

Master thesis

KNOWLEDGE TRANSMISSION OF INTERIOR DESIGN FIRMS IN TRADE FAIRS

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Date: June, 2018

Abstract

This research explores on an individual level how interior design firms interact with and manage knowledge through participating in trade fairs. By analyzing the processes of participation from the preparation to the post-event phase, this research identifies points where firms acquire, share, and utilise knowledge.

To gain an in-depth understanding, this research applies a qualitative method using semi-structured interviews with eight interior design firms operating in the Netherlands. The firms are of varying sizes, from 1 to more than 950 employees. Additionally, desk research was conducted to provide a neutral background information regarding the firms and the trade fairs attended by the firms.

The findings show that firms are unfamiliar of the term 'Knowledge Management' despite their intensive interaction with knowledge. Firms' interaction with knowledge happens in each activities starting from the preparation phase to the post-event phase. Firms acknowledge the benefits of trade fairs as spaces for exchanging knowledge, constructing network and symbolic capital, bringing together supply and demand, and conducting experiments.

Trade fairs motivate and facilitate exhibitors to present new products. Due to visitors' expectation for new things and competition from other exhibitors, firms are triggered to be innovative in their exhibitions. As the firms gain feedback from visitors and inspiration from fellow exhibitors, they increase their innovation capability by being able to improve their product offerings and create new products according to the market's needs and taste.

Keywords

Knowledge management, temporary clusters, trade fairs, absorptive capacity, innovation capability

Acknowledgement

This thesis is the result of support and inspiration from a lot of people. My interest in Knowledge Management was triggered when I was doing an internship at UNStudio, an architecture firm. They have been actively improving their Knowledge Management practices within the organization as their aim is to efficiently and effectively manage and utilise knowledge in every aspect of what they do. Therefore, I would like to thank the people at UNStudio for inspiring me, especially my supervisor, Filippo Lodi, my fellow intern, Amirreza Azadeh, who has always been an amazing brainstorming partner since the first day, and other colleagues that I cannot name all individually here.

Then, I would like to express my gratitude to my thesis supervisor, Anna Mignosa, for all the time spent reading my drafts and providing guidance and critical advice. Without her, this thesis would not be the way it is. I would also like to thank my fellow classmates for having each other's back. We have been through the process of writing theses together and I will never forget this experience.

Last but not least, my gratitude goes to my family and friends, who have always supported me and believed in me. A special thanks goes out to my parents, for being constantly available for a call even though they are on a different continent and to Koen van Goeverden, for always encouraging me.

Celine Tandoyo

June 2018

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CHAPTER 1

INTRODUCTION

*“Knowledge is power, but has little value unless it can be easily accessed and put into practice” –
Melany Gallant*

1. Introduction

1.1. Motivation

The term 'Knowledge Management' (KM) is not new in the academic field as it was established as a scientific discipline in the early 1990s (McInerney, 2002). As the term has been maturing, there have been studies about companies proving the importance of managing knowledge, which leads to a more productive, innovative, and competitive organisation (North, Reinhardt, & Schmidt, 2000; Edvardsson & Durst, 2013; Inkinen, 2016). Due to this significant potential of KM, it is interesting to see how familiar firms are with the term and how reflective firms' business processes are to KM practices.

This research focuses on firms in the interior design industry. Being in the creative sector, the interior design firm is a knowledge-intensive industry where creativity and knowledge are the competitive advantage of firms. There are studies regarding the role of temporary clusters as spaces to exchange knowledge between firms that will otherwise not meet (Maskell, Bathelt, & Malmberg, 2005) as well as provide other benefits imperative to the business operation and sustainability of interior design firms (Power & Jansson, 2008).

This study intends to explore knowledge management practices within temporary clusters of the interior design industry. Furthermore, as knowledge management is said to be enhancing innovation capabilities of firms (Scarbrough, 2007), this study extends to explore another theory, namely 'absorptive capacity', which is a firm's ability to absorb knowledge to enhance innovation capability. The aim of this study is to explore the firms' process of translating knowledge into innovation.

Therefore, this study's objective is to create links between these different theories to explore the practicalities of KM and its potential in the context of interior design firms participating in temporary clusters. This study can be of a great interest to interior design firms, design firms in general, which share similar processes to interior design firms, and firms of other industries and entrepreneurs that seek to implement KM in their business processes.

1.2. Structure of Thesis

This thesis is structured as follows. First, Chapter 2 presents theories from existing research studies. Chapter 3 describes the research question and methodology. Chapter 4 covers the results and analysis of the interviews, including how the findings correspond or contradict the theories. Last, Chapter 5 provides conclusion and recommendations for further researches as well as for the industry.



CHAPTER 2

LITERATURE REVIEW

“The essence of knowledge management is to make knowledge productive” – Peter Drucker

2. Literature review

2.1. Knowledge

Knowledge is power, or so cited Sir Francis Bacon with his Latin phrase, “Scientia potestas est” (Bacon, 1597). Knowledge has increasingly become the defining factor that contributes to the success of a firm. In this era of fast-paced technological advancement where flow of information is abundant and continuous, firms must be able to effectively capture information and apply it to commercial ends. Knowledge should not be confused with information as knowledge is what makes information manageable (Beijerse, 2000). Knowledge enables one to identify information and manage it. It is the means to process and interpret the continuous stream of information and turn the complex business environment to become well-organised.

2.1.1. Explicit and tacit knowledge

There are two types of knowledge, explicit and tacit knowledge. Explicit knowledge is the knowledge that is easily accessible, communicated and shared as it is codified and expressed in words, numbers, codes, or other tangible forms. On the other hand, tacit knowledge, coined by Polanyi (1958) in his book *Personal Knowledge*, is difficult to communicate and share, as it is inside the heads and not (yet) expressed in tangible forms. Sometimes, it is even impossible to codify tacit knowledge. An example of tacit knowledge is facial recognition, which employees use to identify each other’s appearances as they get familiar with each other; this takes time and effort.

Tacit knowledge is sticky, which means that it is difficult to transfer over long distances (Hippel, 1994). Due to its sticky nature, tacit knowledge is acquired through geographic proximity or clustering. Being in close proximity helps build trust, allowing for social processes and face-to-face interaction, which are crucial ingredients to sharing tacit knowledge. However, the notion of geographic proximity is challenged by other forms of proximity, such as relational, organisational, social, and institutional proximity (Amin & Cohendet, 2004). In any case, tacit knowledge is acquired by doing and accumulating experience within a cluster’s dynamics (Belussi & Pilotti, 2002).

Personal and context-dependent in nature, tacit knowledge is regarded as the most valuable source of knowledge, which potentially leads to breakthroughs and innovation (Wellman, 2009). Knowledge about its customers, products, processes, competitors, etc. can become a firm’s competitive advantage when managed appropriately. These types of knowledge are often inside employees’ heads and are, thus, tacit knowledge. For example, a firm can craft an accurate marketing strategy in reaching its customers by understanding their behavior, create products tailored to their needs and preferences by knowing their demands, reduce costs in production by learning the principles of an efficient manufacturing process, create a unique strategy for growth by being aware of its competitors’ strategies, etc.

2.1.2. Knowledge Management (KM)

The challenge in managing tacit knowledge leads to the importance of Knowledge Management (KM). KM is the systematic manner to govern knowledge in an organisation (KPMG Consulting, 2000). It is often used as the umbrella term for knowledge creation, valuation, mapping, indexing, storage, distribution and sharing (Parlby, 2000). Essentially, it is about capturing knowledge and experience so that they are retrievable and usable when, where, and by whom they are needed so that they deliver maximal value to the organisation. The process of KM is a loop of capturing new knowledge, creating and developing it, sharing it throughout the organisation, putting it to good use, going back to the capturing process, and so on (Beijerse, 2000).

Leaders in organisations have increasingly realised the importance of KM. The driving force in implementing KM programme comes from board level (32%) and senior management (41%) (KPMG Consulting, 2000). Benefits of successful implementation should be examined holistically, from the financial aspect to the organisational or social and cultural aspect. KM can help organisations build competitive advantage and distinguish themselves in the market through marketing, customer focus, employee development, efficiency in business process, and product innovation (Choi, Poon, & Davis, 2008).

With regards to employee development, KM can create a more efficient and, thus, attractive workplace; it provides a new way of working in which gathering and accessing knowledge are effective (Plessis, 2007). It removes frustrations from previously laborious processes and makes the jobs easier for employees. Through the use of KM, employees become high performance individuals who can optimally fulfill their potential and deliver real business impact to the organisation, its customers and its stakeholders (Cabrera, Collins, & Salgado, 2006).

Having easy and fast access to knowledge when and where it is needed is the benefit of a good KM programme. Lead time to information such as last week's sales volume, who last spoke to customer X, response to business enquiry, methodology for a business process, last week's media coverage, is shortened. This leads to faster response to key business issues and, consequently, better decision making and customer handling (KPMG Consulting, 2000).

With the ability to capture new knowledge and distribute it accordingly, an organisation allows its employees to identify new business opportunities, be it through product innovation or collaboration. Innovation refers to the discovery of new outcomes in the form of products, systems, or processes (Gloet & Terziovski, 2004). Knowledge is the basis for innovation. In other words, innovation depends on the availability of knowledge. Innovation involves the process of knowledge acquisition, sharing and assimilation, aimed at creating new knowledge for the development of commercial viable solutions. This process requires efficient communication and data sharing inside an organisation (Rothwell, 1994) as well as social interaction (Cohen & Levinthal, 1990). The contribution of KM to innovation has been proven through several large multinationals implementing knowledge sharing initiatives across geographical and cultural boundaries (Scarborough, 2007).

To conclude, KM leads to product innovation, increased market share, revenue and profit, and share price. Overall, it drives organisations to become more competitive. Therefore, KM should be a priority and incorporated in organisations' business processes.

2.1.3. KM processes

The KM cycle comprises of four main processes that go in a loop. This cycle is based on the nine knowledge streams that Beijerse (2000) identified in his paper about KM for entrepreneurs. The nine knowledge streams include: 1) Determine the knowledge necessary, 2) Determine the knowledge available, 3) Determine the knowledge gap, 4) Knowledge development, 5) Knowledge acquisition, 6) Knowledge lock, 7) Knowledge sharing, 8) Knowledge utilisation, 9) Evaluate (utilised) knowledge. Several activities that can be conducted are mentioned in each process below.

2.1.3.1. Knowledge acquisition and development

The cycle begins with identifying and developing knowledge. Knowledge, be it explicit or tacit, can be found through many ways. It can be self-developed through research and development or through training and education; nonetheless, when it becomes impossible to develop knowledge in-house, a firm can acquire knowledge by hiring new people with the needed expertise. Explicit knowledge can be identified and developed through the following ways:

- Browse through the Internet or Intranet
- Browse through magazines and publications
- Conduct a customer satisfaction study yourself
- Conduct a customer satisfaction study (by a third party)
- Conduct market research yourself
- Conduct market research (by a third party)
- Conduct competitor analysis yourself
- Conduct competitor analysis (by a third party)
- Purchase knowledge (reports, licenses, software, etc.)
- Read documents and presentations

List 1 The acquisitions and/or development of explicit knowledge (Beijerse, 2000)

Meanwhile, tacit knowledge can be identified and developed through different ways depending on the reputation and network of the firm. When attending networking events and hiring new employees, the reputation of a firm can play an imperative role in attracting potential employees. Therefore, tacit knowledge can be acquired through the following ways:

- Attend trade fairs, conferences, seminars
- Collaborate with universities on research projects
- Conduct brainstorming sessions
- Have conversations

- Hire new employees
- Hire students on work placements
- Organise internal seminars / lunchtime meetings with external speakers
- Participate in trainings
- Participate in associations

List 2 The acquisitions and/or development of tacit knowledge (Beijerse, 2000)

This paper focuses on this process of knowledge acquisition, specifically on participating in trade fairs. This is related to the theory of local buzz (clusters) and global pipelines (temporary clusters) (Bathelt, Malmberg, & Maskell, 2004), which defines these events as a knowledge sharing mechanism. Local buzz and global pipelines are explored more in details in the next section.

2.1.3.2. Knowledge sharing

After knowledge is developed and acquired, it needs to be shared to the entire organisation so that it can be fully utilised. It is essential that a firm transfer tacit knowledge to explicit knowledge as much as possible so that it becomes tangible and easily shareable anytime someone needs it as well as share both explicit and tacit knowledge extensively across the organisation. Knowledge can be shared through the following activities:

- Conduct team building activities
- Conduct work discussion and consultation
- Do a central archiving
- Form work groups
- Implement a mentorship programme
- Implement a job rotation
- Make documents and presentations
- Organise internal lectures yourself
- Organise after work get-togethers
- Share knowledge orally in meetings
- Share knowledge orally in conversations

List 3 Knowledge sharing (Beijerse, 2000)

The goal of the knowledge sharing activities above is to make knowledge available to the right person at the right time so that the person can maximise the value of that knowledge.

2.1.3.3. Knowledge utilisation

Regarded as the central element of the KM cycle, knowledge utilisation is the activity of applying knowledge to concrete results geared towards commercial benefits. Knowledge is utilised when learning is integrated into the firm and capitalised for the development of the firm. The following are knowledge utilisation activities:

- Collaborate with other companies
- Conduct experiment
- Conduct process improvement
- Create new products / services

List 4 Knowledge utilisation (Gloet & Terziovski, 2004)

During the above activities, acquired knowledge is being contested and developed, which can create new knowledge. The purpose is to convert knowledge into real added values to an organisation.

2.1.3.4. Knowledge evaluation

The utilised knowledge is then evaluated to measure the impact of knowledge. Through analysing the impact of knowledge, a firm can determine whether investment in the previous steps, acquiring, developing, and sharing knowledge is worth the results. The next step in evaluation includes using the evaluated knowledge as an input to identify which knowledge is needed (knowledge gap) to proceed further in projects and which knowledge is available in-house. This process is strategically-driven as following the vision, mission and values of the organisation is crucial in determining which knowledge to pursue further. Below are some knowledge evaluation activities:

- Conduct post-project evaluation
- Conduct performance appraisals
- Conduct internal or external audits
- Evaluate the results of the knowledge adoption
- Determine the necessary knowledge
- Determine the available knowledge
- Maintain CV file of the personnel
- Organise experience swapping session
- Determine the knowledge gap

List 5 The evaluation of knowledge and determination of the knowledge gap (Beijerse, 2000)

Based on the four KM processes above, this section has identified practices on an operational level. To support those practices, well thought-out knowledge sharing strategy, system (also referred to as 'knowledge repositories'), and culture are essential (Beijerse, 2000). For instance, having a favorable culture that incentivises social interaction can improve the sharing of tacit knowledge (Cabrera, Collins, & Salgado, 2006).

2.2. Clusters

Among the various activities that can be used in the process of Knowledge Acquisition and Development, this paper focuses on the role of clusters. This section elaborates deeper on the

definition and understanding of clusters, which are categorised into local buzz (regional collaboration) and global pipelines (international collaboration).

2.2.1. Types of clusters

There are two types of clusters: local buzz (regional collaboration) and global pipelines (international collaboration). Global pipelines differ from local buzz as they are temporary in nature. This section explains more about both of them.

2.2.1.1. Local buzz (regional collaboration)

Geographic proximity matters as it facilitates the exchange of knowledge (Plessis, 2007). First of all, there is the benefit in the form of positive externalities for 'just being there' (Bathelt, Golfetto, & Rinallo, 2014). Firms located close to one another are better able to exchange tacit knowledge as the possibility for face-to-face interaction is higher. Furthermore, face-to-face interaction can induce trust which leads to potential inter-firm collaboration. Spatial proximity also triggers knowledge and technological spillover as well as skilled labor mobility, enabling the mingling of different ideas leading to innovation (Aarstad, Kvitastein, & Jakobsen, 2016). Additionally, geographic proximity also reduces transaction costs as supply and demand are easily brought together.

2.2.1.2. Global pipelines (international collaboration)

In order to avoid negative lock-in effect of a cluster and to be outward-looking, global pipelines facilitates interaction between distantly located actors (Bathelt & Turi, 2013). Global pipelines act as temporary clusters bringing together knowledge owners from different parts of the worlds who would otherwise not meet each other. These knowledge owners can share knowledge and learn about new solutions, suppliers and products (Gopalakrishna, Lilien, Williams, & J.D. and Sequeira, 1995). Temporary clusters allow participants to learn about the industry's trends, innovation, and competitors' strategy. Consequently, firms can evaluate their own strategies and make decisions for future strategies pursuant to the industry's direction. Similar to local clusters, temporary clusters have a role in reducing transaction costs by being the marketplace where buyers and suppliers can make a deal.

2.2.1.2.1. Trade Fairs / Conferences / Seminars

Forms of global pipelines are trade shows, conferences and seminars. They are "spaces specifically designed and organised to facilitate exchanges between actors" (Power & Jansson, 2008). First and foremost, it is essential to distinguish the differences between them. Descriptions below are based on a website (Difference between Conference, Trade Fair, Expo and Seminar, 2018).

Trade fair, also called exhibition or exposition, is an event where companies can demonstrate their new products and check out new market trends and opportunities. It is the activity of putting something out for public view. Trade fairs usually limit their access to trade

workers or representatives of companies. The scope of trade fairs can be either regional or global, depending on the actors involved in it.

Conference is an event organised by profit or non-profit organisations to discuss pressing issues. A conference triggers discussion among the participants regarding selected topic, with the aim to inform, inspire, and develop topics which might result in future collaboration. Types of conference includes academic conference, sport conference, business conference, trade conference, science conference, etc.

Seminar is an educational event where participants gather to focus on a particular subject and in which active participation is expected. A seminar usually features a number of speakers, who are experts in the selected topics, delivering information through lectures or discussions. Seminar can be formal or informal. The purpose of attending a seminar is to gain new knowledge in a particular subject area.

This paper is going to focus on trade fairs, as a form of temporary clusters attended by interior design firms.

2.2.2. Role of trade fairs

Power and Jansson (2008) have established a research about the characteristics of furniture trade fairs. Their research has identified five main roles of trade fairs; they act as spaces for: 1) sales and contracts, 2) creating network capital, 3) creating symbolic capital, 4) knowledge diffusion, and 5) recruitment. They are intertwined with one another as one thing potentially leads to another. It is important to note that some aspects explained below might be specifically-related to the furniture industry, albeit, they can be generalised to other sectors to some extent.

Trade fairs act as a marketplace, where sales, purchases and contracts are made and negotiated (Power & Jansson, 2008). Not just for manufacturing firms, trade fairs are also a major sales venue for service-oriented firms, as intellectual property like licenses and licensing agreements are exchanged. It is efficient as events collect abundant alternatives from different countries in one place (in case they are international in scope) and participants can easily scan around for different products. According to a study by the Association of Exhibition Organisers (1999; Power & Jansson, 2008), 90 percent of trade-fair attendees expressed that exhibiting had led to final purchasing decisions. While some participants go home with direct sales; mostly, follow-ups are needed.

Trade fairs act as spaces for constructing network capital with the aim that participants "broaden and deepen their relationships with customers, suppliers, competitors and the press" (Power & Jansson, 2008, p. 432). Building relationships is a long-term process requiring continuous attention. Some firms interviewed by Power and Jansson (2008) reported having noticeable effects on their active business network only after two to five years after the events. In expectation of the events, participants pre-arrange meetings with established contacts but also actively strategise unexpected encounters with new contacts. In other words, they consciously plan for certain interactions to happen. For instance, some participants would standby on the entrance

spots to greet people and invite relevant ones to their stands. They look around for people as much as they do for products. It is not uncommon to stop strangers and start introducing oneself on the basis of a name, firm, or regional association on a badge. It is also considered important to join evening parties or late-night bars to make further contacts.

Trade fairs have a role in creating symbolic capital for their participants. It is especially important for firms whose products necessitate intangible elements, such as 'cultural', 'symbolic' and 'status' capital. For example, placement of stands can be crucial in promoting the 'right' profile. Stands on main corridors and facing entrances are highly prized. Firms usually even cluster together, forming 'neighborhoods', to signal shared values, such as luxurious design, classical style design and so on. Participation also provides the chance of being covered by the media, whose coverage can last throughout the year. As a result, firms can plan for continuous cycle of media coverage through regular participation in several trade fairs.

Trade fairs act as spaces for exchange of knowledge, which is part of the reasons but not the main reason of attending. The flow of knowledge, ideas, innovation involve codified knowledge, which is exchanged in the form of production licenses, co-development contracts, etc, as well as tacit knowledge. As Power and Jansson (2008, p. 436) described it, "trade fair is buzzing with thick and thin knowledge in the air". They are a mix between structured information and chaos, between goal-oriented search and unexpected interaction. According to Power and Jansson's study, participants are seeing competitors' collection, getting 'inspiration', seeing and feeling new innovations in technology and materials and meeting new designers during the trade fair.

Last but not least, trade fairs act as spaces for recruitment. Labor mobility is critical to a firm's "ability to innovate and upgrade their knowledge and skills bases" (Power & Jansson, 2008, p. 437). Therefore, looking for new talent in the events takes a portion of a firm's time. Finding the right talent is not so easy and trade fairs expose firms to a wide pool of ambitious (and mobile) talent. Participants who exhibit their works and gain significant exposure from them usually go home with offers of employment. Thus, these events serve a purpose to young talent to prove themselves in a competitive job market.

2.2.3. Activities involved in participating in trade fairs

Not only are there many benefits, there are also many activities involved in participating in trade fairs (Power & Jansson, 2008). In preparation for the events, firms need to make the materials ready. Firms need to prepare the products that they are going to exhibit. It requires a lot of designing, prototyping and testing, especially for reputation-enhancing pieces. Despite the significant resources (time and costs) that need to be dedicated to create the pieces, they are necessary in convincing buyers and press. Products for exhibition are usually ready two months in advance.

Additionally, firms need to prepare press materials, catalogs, as well as contact the media in order to ensure publicity of their appearance at the fairs. This is usually subcontracted to agents and promoters specialising in trade fairs. Then, firms prepare meetings with clients and existing

contacts. Furthermore, they might need to book accommodation (travel and hotel) if the events are located outside of their city base.

The activities extend to three to five weeks after the events. Firms have to follow up on the contacts they have made to realise collaborations, employment offers, etc. It is also useful to conduct analyses of competitors. If successful, realised orders or projects can occupy firms for many months.

2.2.4. Cyclical nature of trade fairs

Despite being 'temporary' in existence, Power and Jansson (2008) argues that these spaces have a 'cyclical' nature. It is due to the necessity of regular participation in order to harvest the benefits of trade fairs. It takes time and consistency to build a firm's customer base, network capital, reputation and status, as well as skills base. There is no definite starting and end points, instead, there is preparation for and follow-up on these events, which can have lasting consequences on the participating firms. The fairs can even influence non-participants as launches and exhibitions in the fairs usually potentially set the trends in the industry throughout the year.

Not all firms can afford to attend all events due to the time, energy and cost investments tied to it. As explained before, there are abundant activities that need to be coordinated related to attending an event. Furthermore, it can cost a lot of money to participate. For example, smaller firms with 5 to 30 employees spend on average of €50,000 for the stand, €30,000 for the space and another €20,000 to €200,000 for the stand design and construction alone. Some large firms even dedicate full-time teams focused on managing trade fair participation and strategy (Power & Jansson, 2008).

Due to the cyclical nature of temporary clusters, firms usually focus on the most important fairs and attend them repeatedly, year after year. Power and Jansson (2008) studied firms' participation in the Stockholm Furniture Trade Fairs in 2005, 2006 and 2007; they found out that out of approximately 1,200 exhibitors, 23.5 percent participated every year; 23.2 percent had participated twice before; and 53.4 percent had participated once before. Large firms can usually attend five trade fairs annually.

2.3. Absorptive capacity: bridge to knowledge utilisation

This section explores the importance of absorptive capacity (Cohen & Levinthal, 1990) as an ingredient to bridge participation in clusters from the knowledge acquisition to the utilisation process so that concrete benefits of knowledge can be reaped.

Mere participation in trade fairs does not guarantee the success of reaping the benefits from these trade fairs or of improving firms' innovation capabilities. Participating in trade fairs stimulates knowledge sharing between different firms that leads to knowledge acquisition of each participant. Knowledge sharing has a positive impact on the generation of new ideas and it is an interactive process in nature (Obrenovic, Obrenovic, & Hudaykulov, 2015). Through the generation of new ideas, firms are able to identify numerous opportunities for incremental improvement as well

as radical innovation. Firms can also better distinguish which of the new opportunities have a greater potential for development.

Cohen and Levinthal (1990, p. 128) introduced the term 'absorptive capacity', which refers to "a firm's ability to recognise the value of new, external information, assimilate it, and apply it to commercial's ends". The new ideas firms have acquired from knowledge-sharing activities in temporary clusters have to be fused with firms' existing knowledge, skills, shared language, and technological development. Through combining external with internal knowledge and skills, firms are able to utilise external knowledge properly.

An organisation's absorptive capacity is the accumulation of the absorptive capacity of its employees. Therefore, it is the task of the KM manager to integrate expertise of each individual across departments. This work will concentrate on the use of the term absorptive capacity referring to absorbing benefits from participation in trade fairs.

The term absorptive capacity is used by Aarstad et al. (2016), which analysed the notion that regional collaboration (as an indicator for local buzz) fosters product innovation when combined with international collaboration (as an indicator for global pipelines). Based on macro data of more than 6,500 firms from various industries in Norway, the study argued that absorptive capacity is influenced by the size of the firm. The analysis has shown that bigger firms are better able to cope with the dual challenges of regional and international collaboration and, thus, realise innovation from participating in both. It is possibly due to the bigger firms having more organisational and, therefore, the absorptive capacity to recognise and assimilate the value of new and external knowledge.

The analysis showed that in small-sized enterprises with less than 50 employees, there is a subtractive effect. It means that product innovation derives from either regional or international collaboration. Hence, one excludes the other instead of getting reciprocal advantage. Meanwhile, in medium-sized enterprises with about 50 employees, there is a substitution effect, which means that there is a positive effect on product innovation when participating either in local buzz or global pipelines; however, participating in both of them does not increase the effect compared to participating in one of them. In large-sized enterprises with 50 to 200 employees, there is an additive effect, which means that there is a positive effect on product innovation in participating both in local buzz and global pipelines; however, the effect of local buzz is not strengthened by the effect of global pipelines and vice versa. Last but not least, in very large-sized enterprises with more than 200 employees, there is a multiplicative effect, which means that there is a positive effect on product innovation from participating both in local buzz and global pipelines; additionally, the effect of local buzz is strengthened by the effect of global pipelines and vice versa. Therefore, the possibility for product innovation increases with the firms' sizes.

This paper intends to analyse the absorptive capacity as well as the strategies used in absorbing knowledge by interior design firms in trade fairs. The next chapter describes in more details the research questions, aims and methodology of this study.



CHAPTER 3

ABOUT THE RESEARCH

“Methodology is applied ideology” – Mason Cooley

3. About the Research

To bridge the theories of social research methods and the empirical results, this section is dedicated to delve into the methods applied to this study. Hence, the research question and aims are first explained. Then, the methodology used to collect data for answering the research question is elaborated. Finally, the unit of analysis, interview design, ethical concerns, and limitations are examined.

3.1. Research question and aims

The research question is, “To what extent do interior design firms absorb knowledge from participating in trade fairs?”. The sub-research questions are, “Do the firms employ specific (KM) strategies to do this?” and “How do firms convert knowledge into real benefits, such as improvements and innovations?”.

The aim of the research is to elaborate on how interior design firms of varying sizes participate and absorb knowledge in trade fairs. Deriving from the existing studies regarding the activities surrounding the fairs, their benefits and impact on the firms, this study adopts a deductive approach. Besides aiming to strengthen existing theories, this study will also shed light on the level of awareness that firms’ managers have of KM as well as reveal the process of managing knowledge in trade fairs. Firms might have conducted KM processes but lack the consciousness or understanding of what KM is. However, as elaborated before, being aware of and understanding KM will enable firms to make better decisions and guide their business processes to deliver maximum value in an efficient way, such as achieving employee satisfaction, business efficiency and innovation.

3.2. Methodology

This study adopts a qualitative approach. It uses the paradigm of constructive empiricism relying on empirical sources. Yet, it also recognises the importance of soft facts, which are contextually interpreted for researches within the social sciences sphere (Bryman, 2012). In order to build the scientific foundation of this study, theories from existing empirical studies are used, as presented in Chapter 2.

The literature review has summarised the understanding of KM and the different processes related to it (Beijerse, 2000). Attending trade fairs is one of the ways to acquire tacit knowledge, which is the point of interest in this study. Then, it goes on to cover the theory of clusters and their roles in the process of knowledge acquisition. Two types of clusters are identified: local buzz (regional collaboration) and global pipelines (international collaboration) (Bathelt, Golfetto, & Rinallo, 2014). Trade fairs, which is a form of global pipelines, is chosen as the focus of this study.

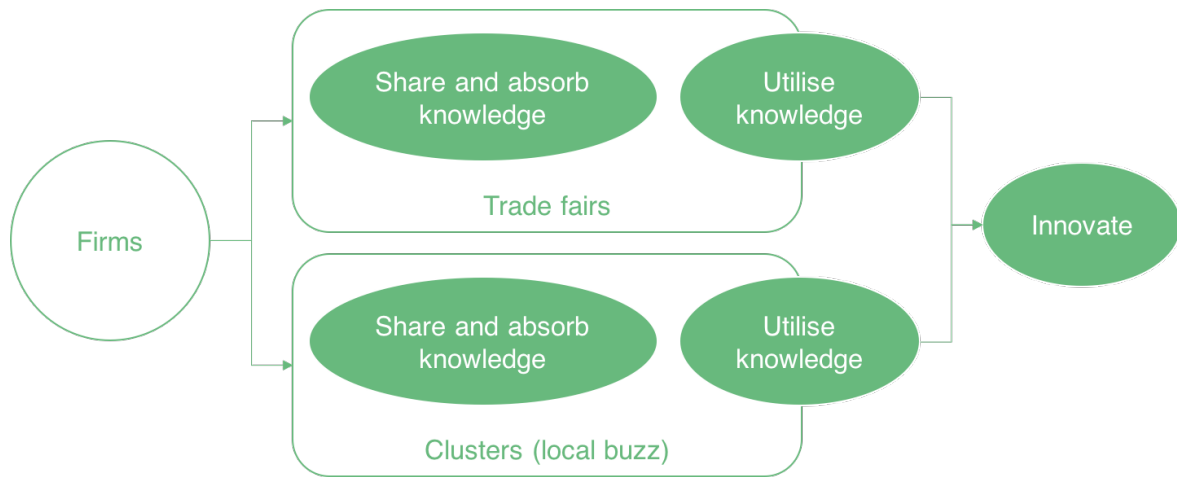


Figure 1 Methodology (Author's elaboration)

The activities revolving around trade fairs are presented to provide a glimpse of firms' (KM) strategies in participating in trade fairs based on a longitudinal study on Swedish furniture firms (Power & Jansson, 2008). Every firm should be able to put the knowledge and benefits it gets from trade fairs into practice; this ability is referred to as absorptive capacity (Cohen & Levinthal, 1990). Attending trade fairs should improve firms' innovation capabilities.

With this point of departure, this study proceeds further to collect qualitative and explanatory data, employing the principles of constructive empiricism to explore firms' absorptive capacity on a micro-level perspective.

3.2.1. Qualitative: interview

To answer the research question, this study adopts semi-structured interviews. A general set of questions is developed by the researcher according to the literature presented in this study as a guideline in directing the conversation. Nevertheless, the conversations have more flexibility, compared to structured interviews, to go to the direction where the interviewees have more experience and knowledge on (Bryman, Social Research Methods, 2008). As Bryman (2008) described it, a qualitative study should focus on on the interviewees' point of view and interests, therefore, it allows for more in-depth exploration on the topics that are relevant to the interviewees (Babbie, 2011; Boeije, 2010; Guest et al., 2013). Denzin (2010) also stated that the purpose of qualitative studies is to capture multiple realities and not a single reality, where a commitment to dialogue is sought after. Furthermore, this might also lead the researcher to new perspectives or new findings that are not covered in the existing studies.

This method is the most suitable for this study as the objective is to gain insights into the processes of how firms participate in trade fairs. It serves to test existing theories developed from previous studies. It contributes to more in-depth explanation of the general phenomena observed and established by previous studies.

3.2.1.1 Interview design

This study is exploratory. The first questions serve as an introductory phase, allowing the interviewee to explain in his or her own words what the firm is about as well as what he or she does in the firm. After identifying the trade fairs that the firm attends to, the questions focused on how interior design firms strategise their attendance with regards to pre-, on- and post-event activities that they conduct for the trade fairs.

Furthermore, the study intends to delve into firms' motivation in participating related to the five roles of trade fairs by Power and Jansson (2008), which are as spaces for connecting buyers and sellers, building network capital, building symbolic capital, exchange of knowledge and recruitment. Therefore, the questions asked next revolve around the perceived benefits of attending trade fairs in the eyes of the interviewees.

Additionally, the study looks into the impact of participating in trade fairs on innovation capabilities of the firms. The internal knowledge-sharing practices that the firms adopt are also explored as they may have implications on the firms' innovation capabilities. The indicators of innovation used are the identification of incremental innovation and radical innovation. This is based on the study of Gaston and Hugo (2007). Additionally, the formation of partnerships or collaborations as a results of the trade fair is also used as one of the indicators in innovation based on the research of Pöllmann (2013), which argued that innovation is stemmed from the 'collaborative conversion of information into knowledge'. Pöllmann (2013) also argued that trade fairs are a form of social network, and therefore, provide ample opportunities for partnerships or collaborations to be developed.

Last but not least, the study aims to check if the firms belong to a cluster (local buzz), in other words, if firms are located in close proximity to other firms with related business activities. This question looks to check upon Aarstad et al.'s (2016) theory on the combination of local buzz and global pipelines and how firms of different scales are impacted differently. The list of interview questions is attached to Appendix of this study.

3.2.2. Qualitative: desk research

Additional data is collected from desk researches besides gaining data and information from the interviews. The purpose is to provide context to the discussions, especially regarding the firms and the trade fairs that are of interest to the firms. Therefore, official websites of the firms and the trade fairs are evaluated in order to examine the vision and mission of the firms and fairs, product offerings of the firms, as well as practical information, e.g. schedule and number of participants of the fairs.

3.3. Unit of analysis

The sampling is chosen in three-steps. First of all, a desk research is conducted to scan multinational firms in the interior design industry. The interior design industry comprises of "professionals engaged in the planning, designing, decorating and administering of projects in interior spaces" (IBISWorld, 2018). Official websites of current trade fairs, such as the Design

District, Salone del Mobile, IMM Cologne and Maison & Objet are visited to look for the exhibiting firms for more accurate targeting. Preliminary selection ensures that firms chosen are those who actively participate in trade fairs. This study focuses on exhibiting firms due to the higher degree of complexity with regards to the activities and KM process of exhibiting firms compared to that of firms merely visiting trade fairs. The firms scanned are those who operate in the Netherlands and of various sizes, from those employing 1 people to more than 950 people. The reasons for this wide scope of reach is to gather perspective both from the small-sized and the very large firms.

Secondly, the interviewee candidates were contacted by email or phone call for an invitation to participate in the research study. A number of 57 firms were contacted at this stage. At the end, 13 firms declined to participate due to various reasons, such as being too busy at the moment in preparation for trade fairs, having strategically decided not to participate in such research studies, etc. 36 firms did not respond. Eventually, a total of eight firms decided to participate in the research study. These eight firms are ABET Laminati (Firm 1), Family W (Firm 2), Spoinq (Firm 3), TOOtheZOO (Firm 4), Çedille (Firm 5), Bulthaup (Firm 6), Fest Amsterdam (Firm 7), and Mokka (Firm 8). Six of the firms are small in size with 1 to 20 employees, while two of them are very large in size with more than 200 employees. With regards to product offerings, six firms provide furniture, such as tables, chairs, and sofas; one firm sells exterior and interior laminate; one firm sells kitchen furniture. More about the firms, according to the interviewees and official websites of the firms, is described in the Appendix.

Thirdly, face-to-face or telephone appointment was made to conduct the interview. Each interview conducted was approximately forty-five minutes to one-hour and thirty minutes long. During the interviews, recordings are made and the recordings transcribed. The transcriptions are interpreted and scrutinised to identify concepts, which then are categorised according to the main topics discussed (coded). Analysis across interviews is conducted to find recurring patterns and differences, from which results are derived. Results are elaborated in details and conclusions are presented in Chapter 4.

3.4. Ethical concerns

Neither sensitive materials nor ethical issues were discussed during the interviews. The interviewees were provided with sufficient information related to the subject. Furthermore, recordings were made and names of interviewees published with the consent of the interviewees.



CHAPTER 4

RESULTS AND ANALYSIS

“Sharing knowledge is not about giving people something, or getting something from them. That is only valid for information sharing. Sharing knowledge occurs when people are genuinely interested in helping one another develop new capacities for action; it is about creating learning processes.” – Peter Senge

4. Results and analysis

The research findings are structured based on the topics elaborated in the literature review. The findings are then compared to the theories to identify confirmations and contradictions.

4.1. Choice of trade fair

There are a couple of trade fairs mentioned during the interviews. Firms attend trade fairs either as exhibitors or visitors. This section gives an overview of selected trade fairs, where more than one interviewed firms attend as exhibitors. The overview is based on the fairs' official websites (through desk researches) as well as what the firms said about them in the interviews. In general, the findings confirm Power and Jansson's (2008) role of trade fairs in the sense that the chosen trade fairs fulfill those roles. The benefits of the trade fairs in general are then connected to and further explained in Section 4.2.

It appears that firms have specific reasons in attending certain fairs besides the benefits that the fairs provide. A common theme identified from most of the interviews is that there is a shift to the 'project market'. By 'project market', the firms refer to architects, interior architects, designers, and project managers, who buy products for the purpose of their projects and not for personal use. All the interviewed firms are interested in establishing their positions in the Business-to-Business (B2B) community (or the project market). The B2B market is interesting for these firms because of the scale and frequency of transactions, which are larger and more frequent, respectively, compared to those of the Business-to-Consumer (B2C) market (Firm 6). Architects and designers also have an advice function to the end-consumers, which gives them power of influence in the B2C market (Firm 6). The presence of architects, interior architects, designers, and project managers has become one of the main attractors of trade fairs.

Fairs with reputation and track record of being visited by the 'right' profiles, or the profiles targeted by the firms, are selected. It shows that firms have been utilising 'knowledge' even before they begin preparing for the fairs, that is when they choose which trade fairs to exhibit at or to attend to. It also shows that firms have possessed this knowledge of what can be expected from the fairs when they choose to exhibit there, which is probably obtained either through past experiences, peer recommendations, or desk research. According to Beijerse's (2000) way of acquiring knowledge, firms might browse information regarding the fairs on the Internet as all of the fairs mentioned by the interviewees have easily accessible and sufficiently informative websites. Additional research is needed to reveal more about this process.

A limitation to participating in trade fairs mentioned is cost. This corresponds to Power and Jansson's (2008) study which mentioned that there is considerable costs associated to exhibiting, leading to firms prioritising a few fairs. Some fairs are affordable, while some others are expensive (Firm 2). As a result, the firms have to make choices. Firm 1 goes to two to three fairs a year in the Netherlands. Firm 6 prefers participating in less but very well-executed fairs. It participates in one to two fairs in the Netherlands, exclusive the Milan fair, which is executed by the headquarter and

not the local branch in the Netherlands. Nonetheless, Firm 5 said that it will never skip on trade fairs as it will surely participate in at least one fair a year. Having the right network can also help firms get access and discounts to exhibiting in certain fairs, just as Firm 2 was able to exhibit one time in Dutch Design Week for a cheaper fee.

Nonetheless, the following sections proceed to explain further the reasons why firms choose to exhibit at certain trade fairs. There are six trade fairs mentioned more than once: Design District (Rotterdam), Salone del Mobile (Milan), Dutch Design Week (Eindhoven), Maison et Objet (Paris), IMM Cologne (Cologne), and Material Xperience (Rotterdam).

4.1.1. Design District

Six of the interviewed firms exhibit at Design District, which is a B2B trade fair for interior design firms in the Netherlands. The three-days fair takes place in historical places, this year in Van Nelle Factory, Rotterdam in June (Puur Design Producties BV, 2018). Seven of the firms indicated that the presence of architects and interior architects is crucial and six of the firms participating in Design District explained that this fair is visited by a lot of architects and interior architects. Therefore, Design District is a space used mostly for constructing network capital (in the B2B community) and transactions (Power & Jansson, 2008).

As Firm 7 put it, there is a shift to the project market in the industry and they are developing their furniture with the project market in mind. Firm 8 also aims to enter the project market and an acquaintance has informed him about Design District being a “big serious design fair that is fully focused on the B2B”. Thus, it believes that participating in Design District will help it to network with the right parties, such as architects, interior architects, and shop owners, who potentially use its products in their projects. Firm 1 aims to inspire architects through its exhibition in an effort to enter the project market. Similarly, Firm 6 intends to connect more architects and interior architects to its local dealers as they believe that its dealers can benefit substantially from increased orders through projects.

4.1.2. Salone del Mobile

Firm 1, 4, 5, and 6 exhibit at Salone del Mobile and Firm 8 visits it as a visitor. The yearly Salone del Mobile, founded in 1961 with the aim to promote Italian furniture and furnishings exports, is hosted in entire Milan (Federlegno Arredo Eventi SPA, 2018). The fair is chosen due to, amongst other things, it being visited by a lot of architects and designers (Firm 1 and 4). Most importantly, Firm 5 claimed that the giant fair is the center of design in Europe, where both big and small designers from all around the world come together (Bathelt & Turi, 2013). With its international allure, firms receive high-esteemed image and reputation by ‘just being there’ (Bathelt, Golfetto, & Rinallo, 2014). It presents significant opportunities for branding and building reputation. Salone del Mobile is a space mostly used for constructing symbolic capital and knowledge exchange.

Firm 6 aspires to create a strong global image with its worldwide presence. For it, Salone del Mobile is the only trade fair that the headquarter is responsible for. It participates actively in

local trade fairs as well, but then they are focused on the needs of the local dealers and are executed by the subsidiaries (see Appendix 1: Interviewee Profile: Firm 6). Firm 8 affirmed that brand visibility is enormous in Milan.

In addition to the chance to strongly present oneself, the fair opens up opportunities to talk to people. By saying that one “is participating in Milan”, it gives a firm a certain credibility. Firm 4 utilised this positive externalities from trade fairs (Bathelt, Golfetto, & Rinallo, 2014) to arrange to talk to its neighbors in the Netherlands by using its participation in Milan as the opening subject. Besides that, there are abundant new and innovative things being displayed at the exhibitions and there is a lot to learn (Firm 3, 6, 7, and 8)

However, the big fair also come with its costs and efforts. Known to be expensive, Firm 5 stated that it needs to sell approximately 30 to 40 furniture pieces to cover up the costs of participating in Milan, which is not easy. Firm 7 also revealed that the fair is Italian-oriented, favoring designers and exhibitors from Italy. As a result, it is difficult to get decent stand spots for the exhibition as they are prioritised for Italian exhibitors, with decent spots being “the place where most designers walk around” (Firm 7). Firm 4 mentioned that he was placed in a location where not much traffic was passing by.

Besides being expensive and Italian-oriented, the presence of big designers does not make it easier for the smaller designers, such as Firm 5, to stand out (Firm 5). Firm 5 said, “You have to build up against those big designers, so you have to be well-prepared to go there” (Firm 5). Firm 5 exhibited two to three times at the fair as a part of a big group with other small designers. However, it mentioned that it is better to stand alone rather than with a big group as it is better perceived (reputation) by the visitors and “better for selling your products” (Firm 5).

4.1.3. Dutch Design Week

Two firms, Firm 5 and 8, participate in the Dutch Design Week (DDW). DDW is a yearly design event in Eindhoven, presenting the work and ideas of more than 2,600 designers to more than 335,000 visitors (dutch design foundation, 2018). Similar to Salone del Mobile, DDW is conducted throughout the whole city for nine days, with its various activities such as exhibitions, lectures, prize ceremonies, networking events, debates and festivities.

Firm 5 and 8 used DDW as a launching platform to introduce their brand to the public as they believed that DDW’s reputation can support the image they want to convey to the public. Being seen more as a consumer trade fair, DDW’s solid reputation in the design industry provided credibility to Firm 8’s effort, being an entrepreneur with no prior design background, that it could be taken ‘seriously’ in the market (Firm 8). Meanwhile, Firm 5 sees DDW as a strong advocate to Dutch designers, as there are mostly Dutch brands represented there. Firm 5 identifies its design as being ‘Dutch’, therefore, there is a match between the profile of DDW and Firm 5. Thus, DDW is a space used mostly for constructing symbolic capital.

4.1.4. Maison et Objet

Maison et Objet is mentioned by two firms, Firm 3 and 7. It is a trade fair for home decor, interior design, architecture, and lifestyle culture and trends conducted twice during the year, in January and September in Paris (SAFI, 2018). It attracts international designers and project owners, which is one of the reasons that the two firms choose to exhibit there. Firm 3 admitted that Maison et Objet has brought them a lot of international customers, especially from the French market. Thus, Maison et Objet serves as an efficient marketplace for Firm 3 (Power & Jansson, 2008).

Interestingly, Firm 7 indicated that the January version is more international than the September one as it falls almost on the same week with IMM Cologne, another trade fair in Germany; thus, a lot of international visitors are flying to Cologne and then, at the same week, to Paris. Nonetheless, it is an affordable fair that allows the exhibitors to “rent a nice place” (Firm 7). On top of that, the fair has been getting better in quality in the recent years (Firm 3).

4.1.5. IMM Cologne

IMM Cologne is a one-week interiors show for professionals in the industry in January conducted in Cologne (koelnmesse, 2018). Firm 3 and 7 exhibit at and Firm 8 visits IMM Cologne. What appeals to Firm 7 is the presence of many international retailers who are making their purchase in the beginning of the season (the January version). Therefore, IMM Cologne serves as a marketplace (Power & Jansson, 2008).

In line with this, IMM Cologne positions itself as the first interior design fair of the year that sets the trends in the industry for the year (koelnmesse, 2018). Besides that, the fair is not too expensive (Firm 7). However, Firm 3 stated that their participation in IMM Cologne was not successful due to the lack of an agent in Germany.

4.1.6. Material Xperience

Firm 1 and 4 exhibit at Material Xperience, now renamed “MaterialDistrict”, which takes place in March in Rotterdam. It focuses on innovative materials in six sectors: architecture, interior, fashion, mobility, product, and graphic (Materia, 2018). Its purpose is to encourage “joint innovation on the road to a more beautiful, sustainable, and high-quality built environment” (Materia, 2018). There are 140 exhibitors and more than 250 new materials are presented during the three days of Material Xperience. As both firms are interested in networking with architects and designers, Material Xperience is a good fair to go as it is visited by a lot of these types of people (Firm 4), thus, it serves as a space for constructing network capital. With the focus on exploring new materials every year, it also serves as a platform for exchanging knowledge in the field of materials (Power & Jansson, 2008).

4.1.7. Other trade fairs

Other trade fairs mentioned are Architect @Work (Firm 1), OBJET Rotterdam (Firm 2), Designkwartier (Firm 2), Host Milan (Firm 3), Stockholm Furniture and Light Fair (Firm 3), Workspace Expo (Firm 4), Clerkenwell Design Week (Firm 4), Orgatec (Firm 4), Design Shanghai (Firm 5), VT Wonen & Design Beurs (Firm 6), Heimtextil (Firm 7), Canton Fair (Firm 7), and ShowUP (Firm 8). Firm 4 was informed by its dealer in Paris about Workspace Expo and its dealer in London about Clerkenwell Design Week, which represent Firm 4 in the exhibitions (Firm 4). Design Shanghai is mentioned as an ambition for future plan as Firm 5 is looking into expanding into the upcoming Asian market (Firm 5). Meanwhile, Heimtextil is the biggest international trade fair for home and contract textiles held in Frankfurt (Messe Frankfurt Exhibition GmbH, 2018) and Canton Fair is a Chinese import and export fair, which is visited by buyers from more than 210 countries (China Foreign Trade Center, 2018). Firm 7 visits these two fairs to look for suppliers, using them as marketplaces (Power & Jansson, 2008).

4.2. Benefits

In understanding the benefits that the firms gain in participating in trade fairs, the interviews were structured based on the five roles of trade fairs by Power and Jansson (2008). Therefore, the results below are also structured in those categories.

Based on the different focuses in the benefits different trade fairs provide, the interviewees make choices in exhibiting at certain fairs. Firms choose one fair to another according to the goals of the firms in a particular time and location as well as the opportunities presented to them.

For instance, Firm 6, which has established a dominant position in its segment; the local branches exhibit at fairs focused on building network and increasing transaction opportunities locally. Design District is a good choice for them, being more as a space for constructing network capital than for constructing symbolic capital. Its headquarter in Italy, on the other hand, is the one responsible for creating symbolic capital by representing the brand at Salone del Mobile. Other firms, who are just starting out on their ventures, are more concerned about constructing network capital and exchanging knowledge as they are in the phase of learning from other established players.

4.2.1. Trade Fairs as a marketplace

All of the firms interviewed see trade fairs as a marketplace especially as most of them aim to enlarge their B2B network through more contacts with project managers, architects, and interior architects (Firm 1, 2, 4, 5, 6, 7, and 8). Firm 2 and 5 explained that they aim to sell both to end-consumers as well as architects and project managers. As mentioned above, the benefit of selling to architects and project managers is the large scale of transaction. Firm 6 affirmed this by explaining that as it sells kitchen systems; the frequency of purchase from project managers is higher compared to that of end-consumers, who typically buy kitchen system once every 15 years

(Firm 6). Additionally, when architects and interior designers do renovation or recreation of houses, they can recommend their clients to use certain design, in this case, Firm 6's kitchen system. Firm 3 said that it takes orders from every fair, albeit not a lot each time. Power and Jansson (2008) also mentioned that market participants exchange licenses or licensing agreements, however, the interviewed firms did not mention anything about this.

Firm 7 explained about how it compares the costs and benefits of exhibiting. As it incurs a certain amount of costs, it seeks to sell its products, to cover at least these costs. Of course, it aims to generate a steady stream of additional sales from establishing relationships with new clients from the fair, which means that there is a vision about benefits and growth that cannot be directly measurable.

4.2.2. Trade Fairs as spaces for constructing network capital

All of the firms interviewed emphasised the importance of building and enlarging network in joining trade fairs. Firm 2 emphasised the network benefit as the most important one as it leads to sales and reputation benefits. Then, networking leads to knowledge as talking to more people gives the firms access to a more diverse knowledge and expertise, which potentially leads to innovation and breakthrough (Wellman, 2009). Being in the right trade fairs provides the firms the opportunity to build the right network that is impactful to their businesses.

Being part of a trade fair gives a certain credibility and an opportunity to reach out to people (Firm 1, 4). By saying that a firm is going to exhibit at a trade fair, that firm can contact other people with an invitation to visit the fair (Firm 4). In Design District, the exhibitors can provide free entrance tickets to anyone they would like to invite (Firm 4). Firm 4 specifically mentioned the power of Salone del Mobile's reputation; participating in it provides certain credibility to grab the attention of the people a firm aims to reach out to. Firm 4 even gets to know its neighbors and other Dutch designers through participating in the Milan fair. Firm 1 also mentioned that there are many Dutch players visiting Milan, thus, Salone del Mobile is interesting not only for building an international network but also the Dutch network (Firm 1, 4).

Being part of a fair also opens up possibilities for discussion with potential partners not limited to the visitors of the fair, but also with non-visitors through digital communication (Firm 1). As a result, trade fairs are important for establishing new contacts. In Design District, for example, Firm 6 gathers the information of new contacts by scanning the nametags of the visitors. The nametags, given by Design District to each visitor upon arrival, contains a QR code¹. When scanned by exhibitors, the QR code provides personal information of visitors that they have provided to Design District. Firms can use this personal information to get into contacts with

¹ QR code (abbreviated from Quick Response Code) is the trademark for a type of matrix barcode (or two-dimensional barcode).

relevant parties later. The firms provide their business cards as well as receive business cards from other parties (Firm 4 and 5). Firm 5 said that receiving business cards of other parties allows it to proactively make the follow-up contacts instead of waiting to be contacted back, which does not always happen.

Then, there is a possibility to meet interesting people who can inspire the firms. For example, Firm 5 met a designer that inspired her to use recycled materials as well as another designer with whom she is interested to collaborate with in designing lamps. Firm 6 elaborated more on this point; it mentioned that trade fairs give the opportunity to partner with other companies in creating exhibitions (Pöllmann, 2013). Collaboration for the trade fairs establishes long-lasting relationship as the parties get to know each other better by working together for a few days (Firm 6). Firm 6 has established experiences working with different parties and knows who to contact if it faces similar projects next time. Through doing collaborations with others, firms are applying knowledge to achieve concrete results, conforming to Beijerse (2000).

Being in trade fairs also strengthens existing networks, or as Firm 7 calls it, “relationship management”. Building relationships is a long-term and continuous process (Power & Jansson, 2008). Trade fairs enable firms to maintain contacts they have established before, such as customers and suppliers. In the fairs, Firm 7 meets its current customers as well as suppliers face-to-face and discusses things that cannot be discussed over the phone. Firm 7 can also show its new design directly. Similarly, Firm 3 and 5 point out the importance of their existing customers being able to see, feel, and talk about the products.

In building the right network, firms have to go to the right trade fairs. As mentioned before, the interviewed firms emphasise the importance of building network in the B2B community, with architects, interior architects, and project managers. This has driven their choices of trade fairs as they select fairs attended by these particular profiles. Firm 6 stressed how B2B network is valuable and how it indirectly increases their influence in the B2C market since parties in the B2B network, such as architects, have an advice function to the end-consumers. If they are positive towards the brand, it leads to more end-consumers being interested (Firm 6).

4.2.3. Trade Fairs as spaces for creating symbolic capital

All of the interviewed firms claim that trade fairs have become an important platform for establishing presence and building reputation (Power & Jansson, 2008). As their main competitive advantage is mostly their creativity, they can show this by displaying their (new) products through inspiring exhibitions, which visitors can see, touch, and feel.

Firm 1 aspires to build a reputation that it is continuously creating and inspiring both in the physical and digital spheres. Meanwhile, Firm 6 aims to communicate its worldwide image and design vision, especially through Salone del Mobile, which it considers having a worldwide allure as parties from all over the world come to Milan for the fair. Firm 4 affirmed the strength of Salone del Mobile’s reputation in promoting its reputation.

Furthermore, the reputation of the trade fairs is crucial in supporting the image that the firms aim to convey to the public. For instance, Firm 5 and 8 launched their brands through DDW as they believe that the fairs' solid reputation in the design world validates their reputation as young designers.

Taking a part in a trade fair that has a good reputation in the design industry provides the credibility and the context to reach out to other parties. Firms reported being better able to grab the attention other parties by saying that they are going to be at a certain trade fair (Firm 1 and 4). Firm 4 even gets to know its neighbors through participating in trade fairs at different countries.

By joining trade fairs, firms get the opportunity to be publicised by journalists (Firm 2, 5, and 7) (Power & Jansson, 2008). As journalists come to the fairs to observe the trends and development that are happening in the world of design, they have to fill in their magazines with new and interesting coverages (Firm 2). If a journalist is interested in a firm, it would request to cover the firm for an article in the magazine for free (Firm 7). Firm 7 explained that a normal advertisement page in a magazine costs on average 10,000 euros and it does not have any advertisement budget. However, through trade fairs, Firm 7 is in contact with around 95 journalists worldwide today, including in Taiwan, Australia, and all around Europe (Firm 7).

In addition to gaining publicity through journalists, the firms can gain visibility through the buzz of a fair through social media posts by visitors (Firm 3 and 5). Visitors who walk around, take pictures of the products, and post them on social media, such as Instagram and Pinterest, help the public to get to know the brand (Firm 3). Continuous presence is also important as Firm 4 said, "if you do not participate, people will forget you in the end". As a result, most firms attend the same trade fair year after year, confirming the cyclical nature of fairs (Power & Jansson, 2008).

4.2.4. Trade Fairs as spaces for knowledge exchange

By being at the same location, exhibitors and visitors are able to exchange knowledge (Plessis, 2007). Firstly, the firms learn from architects (Firm 1, 4). As Firm 1 aims to inspire architects, it also learns from having conversations with the architects, as they are usually willing to think along with the firm regarding possible applications for the products. Firm 4 said that architects are creative and talking to them always helps it to adapt and develop its product design accordingly.

Secondly, the firms learn from their competitors (Firm 1, 2, 3, and 5). Observing what the others are doing has helped Firm 1 to position itself in the market as it understands its' competitive advantage and the competitors' competitive advantages. Firm 2 said that as it just began, it is still in a learning phase and it learns a lot from observing other designers, especially about their design values. Firm 5 mentioned that getting feedback from other designers is valuable to help improve its design; Firm 5 compares it with being in a university, where professors give feedback to improve the students. As the owner just got out of university, trade fairs replace the role of university's professors in providing neutral and insightful feedback.

Thirdly, the firms learn from end-customers (Firm 5, 7, and 8). As customers see and touch the products, as well as talk to the designers directly, they give feedback (Firm 5, 7, and 8). Input

from customers helps the firms adapt their products to better meet the market's expectations. Firm 7 and 8, for instance, see trade fairs as a space for experimentation where they test their new products.

Finally, trade fairs help firms identify trends and development in the industry (Firm 1) (Power & Jansson, 2008). For instance, when there was a significant amount of exhibitors using Circular Economy as the focus of their exhibition, Firm 1 identified that the industry is going to pay more attention to sustainability with regards to their product offerings and business processes.

Some firms admitted that they do not always learn a lot of new things as the same parties exhibit the same products year after year that it becomes a repetitive exhibition (Firm 1 and 3). For instance, Firm 3 has been a part of Maison et Objet for seven years so they know most of the companies exhibiting there; it has accumulated experience in the fair's dynamics (Belussi & Pilotti, 2002). Milan is an exception as there are more new and innovative things exhibited there (Firm 3, 6, 7, and 8). This finding confirms Power and Jansson's (2008)'s cyclical nature of trade fairs with firms attending the same fair year after year.

This cyclical nature has impact on the type of knowledge being circulated in the fairs. When the same parties participate every year, they bring in the same expertise and knowledge, as a result, some knowledge is repeated and recycled. Interestingly, some of the interviewed firms attend Salone del Mobile every year, and so do other parties, but the cyclical nature does not really affect the freshness of the knowledge being circulated there. Possible explanation to this is the presence of big and established designers who drive more innovative exhibitions from the smaller firms in an attempt to compete for attention. As mentioned by Firm 5, there is a pressure of building up against the bigger and more established players and a lot of commitment needed to participate in Salone del Mobile. Additionally, with the strong reputation and high costs of the fair, firms might see it as a push to put more effort in creating innovative exhibitions as they want to gain as much value in return as possible from their investments. Surely, another research study can explore this topic further to support or improve this notion.

As the firms are able to gain and exchange knowledge a lot during trade fairs, it shows that they intensively interact with knowledge. Section 4.4 explores the activities of firms in organising for trade fairs in order to identify and explore the touch points where these interactions take place. Then, the way the firms organise and manage the process of acquiring, sharing, utilising, and evaluating knowledge can be observed.

4.2.5. Trade Fairs as spaces for recruitment

None of the interviewed firms explicitly use trade fairs as a space to look for new employees. However, Firm 6 and 7 look for potential new agents; Firm 6 calls them 'exclusive dealers'. They set up meetings with interested parties to discuss the possibilities (Firm 6 and 7). Firm 5 is open for other designers who might be interested to sell their products at Firm 5's store as it provides some spaces for other small Dutch designers who are just getting started on the business. As Firm 5 puts it, it would like to "scout for the other Dutch small designers".

4.3. Knowledge Management

This section aims to answer the first sub-research question, “Do the firms employ specific (KM) strategies to do this?”. All of the interviewed firms are not aware of the term ‘Knowledge Management’. However, these firms unconsciously conduct KM activities throughout their participation in trade fairs, as described in more details in Section 4.4. Them being exhibitors of trade fairs itself is an effort to utilise, share, and acquire knowledge; while them being visitors of trade fairs is mostly an effort to acquire knowledge as they mostly look for inspiration or suppliers (Firm 4, 7, and 8). Despite being unaware of KM, these firms have unconsciously gone through the process of acquiring, sharing, utilising, and evaluating knowledge.

Some companies have quite structured KM practices in place in organising trade fairs (Firm 1, 6, and 7). Firm 7 has a kick-off meeting every morning at 10 o’clock, where everyone updates each other on what they are planning to do for the day. In doing projects, Firm 7 uses Trello, a project management application, to help the employees keep track of the tasks that they must do for each project, including for trade fairs. Firm 7 showed how it uses a Trello board, where different columns with tasks to be done for the trade fairs are pinned. The board helps them to prevent forgetting tasks in order to be fully prepared for the fairs. In addition to Trello, Firm 7 also uses Evernote, an organiser and planner notebook application, to take notes of meetings’ results as well as ideas gained from fairs. The notes are shared to relevant employees and they can be used during meetings to discuss the next steps after the fairs (Firm 7).

Firm 1 has a weekly meeting every Monday where the employees in the sales department update each other on what each member has done in the previous week and what he or she is going to do during the week. They also have regular meetings with the headquarter in Italy to share what they have learned from trade fairs (Firm 1). In supporting its knowledge sharing activities, Firm 1 uses a CRM² system where they put visiting reports and an internal communication system where they can publish posts (Firm 1).

Firm 6, which is the biggest in size compared to the other interviewed firms, gather different teams from multiple countries during Salone del Mobile. There are also meetings in the headquarter in Germany, where the local branches come to share knowledge. By having employees working remotely from each other in one place, Firm 6 facilitates the transfer of tacit knowledge (Hippel, 1994). As Firm 6 has its own team of designers, the designers attend Salone del Mobile as well as travel frequently around the world to visit different events in order to ensure that they are aware and continually updated about the trends and development in the industry (Firm 6). Its Product Development department, with full-time employees focused on developing new products, is located in a separate building but close to the factory to accelerate development of new products. Firm 6’s dedicated Product Development department is a way for the firm to

² Customer Relationship Management

acquire and utilise knowledge in-house (Beijerse, 2000). In continuously keeping up with the latest trends and development, Firm 6 also collaborates with third parties, such as academics (Beijerse, 2000). It invites some designers from the Design Academy in Eindhoven to spend some time with the firm and share information (Firm 6). In addition to that, Firm 6 partners with industry experts, in this case, chefs, to learn more about how they cook and use the kitchen space.

Meanwhile, the smaller firms, Firm 2, 3, 4, 5, and 8, admitted to not having any structured KM practices due to them only having one to three employees. Employees in Firm 2 and 3 continuously talk to each other as they meet regularly. It is also the case in Firm 5 and 8 as they have regular interns, while Firm 4 is a one-man firm. Firm 2 uses Excel spreadsheets to help organise and make sense of all the information that it is continuously receiving and Firm 8 uses Google Drive to save all the necessary information, keep an overview of it, and use it to share information with the intern. The Excel spreadsheets and Google Drive serve as knowledge repositories (Beijerse, 2000) to the firms.

4.4. Activities

This section aims to answer the first sub-research question further as it observes how firms manage knowledge in conducting the different activities. In exhibiting, the firms need to conduct certain activities to prepare for the fairs and ensure that they will reach their desired goals. The activities are categorised into three main phases: Pre-Event, During-the-Event, and Post-Event to indicate the time structure in which they are conducted. However, it is important to note that the activities explained in each of the category are presented not in the order of how they are done, instead, in practice, they are often done simultaneously and, sometimes, in an unstructured manner. The findings confirm Power and Jansson's (2008) description of activities in the literature review, especially regarding those in the Pre- and Post-event phase. This study adds more detailed descriptions with regards to those activities as well as a description of what happens during the fairs.

Each phase is crucial to ensure success of participation. As Firm 2 described it, the whole process is like building a momentum. In the preparation phase, firms make sure that every element is ready for the fair. The fair itself is the peak where all of the elements come together.

Nonetheless, the process does not end the moment the fair ends, as the firms still need to do some after-event activities, such as following up on contacts. However, firms "let some steam off and chill down" during this phase (Firm 2). Regarding the activities involved in participating in trade fairs, the research findings match those in Power and Jansson's (2008) study, especially for the preparation and after-event phases. The research findings, however, provide additional insights into the activities conducted during the trade fairs and the touch points when firms interact with knowledge.

4.4.1. Pre-event activities

4.4.1.1. Prepare product

First and foremost, the firms prepare the products (or pieces) that they want to exhibit, which is the most important element as products are the core essence, the main attractor, and the content of the fair. Firms' purpose in exhibiting is eventually to sell their products. As Power and Jansson (2008) put it, the products are reputation-enhancing pieces that are necessary to convince buyers and press. Thus, they need to select the products they want to present and present them as attractively as possible. There are significant efforts to prepare this element as some firms even collaborate with other firms in order to create the exhibitions the way they envision them to be. In this case, the very-large firms, Firm 1 and 6, do this.

Firm 1 collaborates with external designers in order to create innovative applications of its products as it aims to inspire architects showing what they can do with the products. This case is slightly different than the other firms as Firm 1's products' type, decorative laminates, are not finished products themselves. Firm 1 needs to coordinate meetings with the designers to provide them the necessary information so that the latter can design the exhibition's display according to Firm 1's vision and desires. Meanwhile, Firm 6 collaborates other firms with complementary products to present a complete kitchen exhibition; as it provides the kitchen system, it partners other companies for lightings, kitchen appliances, some catering firms for the food ingredients, etc.

The smaller firms try to prepare the products as creatively as possible themselves. Firm 2 gathers all the furniture pieces that it has. Firm 3 uses its existing pieces of furniture with novel combination of fabrics, colors, material, etc.

4.4.1.2. Prepare branding, catalogue, price list

Secondly, the firms prepare branding (e.g. name, profile, logo), catalogues, and price lists. Firm 4, 5, and 8 specifically mentioned this. As it was launching its brand at DDW, Firm 8 remembered that a part of its preparation was working on the brand name. Then, Firm 4 admitted that it needed to update its price list to incorporate the change in the materials' costs, unfortunately, it did not always have sufficient time to do so as there were many other preparations to be done. Firm 5 pointed out that it had to dedicate a lot of time creating a catalogue and a flyer of its products, along with their specifications as well as prices. In order to prepare catalogues, flyers, and any other marketing materials, the firms need photos of their products, thus, do a photo shoot (Firm 3, 7, and 8).

4.4.1.3. Marketing and communication

Thirdly, the firms publicise their participation to the public, communicate to relevant parties, and arrange meetings with them. Publication can be as crucial as the exhibition itself as it lets the world know that the firms are actively and physically present in prestigious design events. The reputation of the trade fairs validates the reputation of the exhibitors. Thus, firms make sure that their participation is well-published offline (through magazines) and online (through social media).

Four firms indicated the importance of social media (Firm 1, 5, 6, and 8). In doing this, these firms aspire to gain as much attention as possible. Firm 1 explained that a strong presence in the digital sphere might even be more important than participating in the fairs itself as the scope of the audience that it can reach digitally is limitless. Firm 4 also emphasised that it is critical to let its clients and potential clients know that it will be a part of a fair. Firm 8 uses social media to invite friends and families; Firm 6 also spread the invitation by posting at different social media platforms. Platforms mentioned are Facebook, Instagram, Whatsapp (Firm 5, 8).

Other firms, who are not using social media, also invite other parties via email or the phone (Firm 4, 5, 6). There are some firms who plan meetings during the fairs with people that they would like to talk to (Firm 1, 6, 7). Firm 6 specified the types of people it makes appointments with: potential new dealers, suppliers, designers, interior architects, who are working, potentially will be working, or used to work with the firm. Firm 2 tries to actively reconnect with journalists by contacting those who had previously written about the firm. On the contrary, Firm 5 does not plan for meetings as it expects spontaneous encounters with visitors and people to whom it has communicated with through email regarding its participation. Firm 3 admitted that it sometimes forgets to prepare publication materials due to abundant other things that need to be prepared.

4.4.1.4. Create a stand

The firms need to build the exhibition stands where they display their products. Firm 5 and 8 create and build their own stands. Firm 5 lets an intern co-design the stand and then the two employees would make the stand together in the workplace. The owner of Firm 8 is helped by his sister in creating a professional but simple stand. Meanwhile, Firm 3, 6, and 7 design their own stands; they decide on the layout of the stand, colors to use, decorations, etc., but they work with a third party to build the stand. Firm 1, on the other hand, works with interior builders who help with the design of the stand in addition to building it.

4.4.1.5. Arrange travel and accommodation

The firms arrange travel and accommodation in case the trade fairs are located outside the city or country (Power and Jansson, 2008). For example, during DDW which takes place for more than a week in Eindhoven, Firm 8, based in Amsterdam, needs to arrange a place to sleep and transportation in Eindhoven. Other preparations are studying the list of other exhibitors to see if there are particular exhibitors they would like to talk with during the fair (Firm 2) and briefing its own personnel to ensure that they are ready for the fair (Firm 3).

4.4.2. During-the-event activities

4.4.2.1. Show products and network at the stand

All of the firms stand-by at their own stands and network with visitors. They talk to designers and architects and show them the collection. As they have prepared brochures or catalogues of their products and business cards; they spread these out on tables for the visitors (Firm 3 and 4). Firm 4 explained that sometimes he is not able to have conversation with all visitors, therefore, the visitors can just grab his business card and contact him later. Even though not all visitors are able to talk with the owners, it is more important for the visitors to be able to see and touch the products (all firms). Some firms provide some drinks and snacks for their visitors (Firm 3, 6, and 8). Firm 8 said that it is nice to be able to offer something to its visitors. Firm 6 mentioned that the nice thing about a fair is the opportunity to talk informally about business but also about other things while enjoying a good wine and a good meal together.

4.4.2.2. Walk around and see other exhibitions

Some firms mentioned that they also walk around to see other exhibitors (Firm 1, 2, 5, and 7). Not all firms can do this due to lack of capacity, for example, Firm 4 is a one-man firm where the owner is doing the exhibition alone, thus, he cannot leave the stand. The same happens to Firm 8. There was one exception, which was when he was at Salone del Mobile. There was not much traffic passing by his location at that time and so he decided to walk around. By walking around, the firms can observe what the other exhibitors are doing (Firm 1, 5), look for some inspirations (Firm 5), and talk to other designers and increase their network (Firm 2).

4.4.2.3. Look for potential partners

Additionally, the firms look for potential partners as trade fairs provide plentiful opportunities for firms to discover other firms that might be interesting for them (Pöllmann, 2013). Firm 6 scans for new exclusive dealers as part of its expansion strategy. Through a fair, Firm 6 is able to show potential exclusive dealers its vision through its exhibition, and guide them through its working processes. Firm 6 might also bump into parties with whom it can collaborate for putting an exhibition together. Firm 5 might find potential Dutch designers whom want to sell their products through the Firm's store, as it refers itself as "scouting for the other small Dutch designers" (Firm 5).

4.4.3. Post-event activities

Once the trade fairs have ended, there are still many activities to be done in order to reap the maximal benefits of participating (Power and Jansson, 2008). Firm 3 said that it starts with processing all the information it has received during the trade fair, which takes approximately two weeks. Firm 6 described that the process of preparing for a trade fair is like building momentum

towards the fair, the fair itself is the peak where everything comes together. After the fair has ended, “people let go a little bit and put off some steam” (Firm 6).

4.4.3.1. Marketing and communication

The marketing and communication activity extends to after-the-event. Firm 1, 6, and 8 mentioned that they publish posts on their social media channels to report how it went in the fair (Firm 1) and thank everyone for their presence (Firm 6, 8). Besides that, some firms also prepare press kit for interested journalists (Firm 7, 8). The coverage of journalists, such as through magazines, provide the firms with some noises and acknowledgement in the public sphere which lasts longer than the duration of the fairs (Power and Jansson, 2008).

4.4.3.2. Follow-up calls and meetings

The firms conduct follow-up calls and meetings with parties they have met during the fair (Firm 1, 2, 3, 5, 6, 7) (Power and Jansson, 2008). The firms call these parties and ask if they have any questions (Firm 3, 6). Firm 6, for instance, has a lot of follow-up appointments booked in the agenda after the fairs. In Firm 3’s case, it sends all the contact information to its local agent and lets the agent do the follow-up calls. Ultimately, the goal is to receive orders or contracts. As Power and Jansson (2008) asserted, follow-ups are mostly required in order to make transactions happen. However, Firm 5 explained that not everyone responds back despite the many business cards that it received from the fair. Firm 2 described the follow-up process as follows,

“In trade fairs, there are always a lot of leads and sometimes leads lead to a person being able to help you with something, where you come across somebody who already has a lot of experience. And sometimes you meet interesting people and sometimes they are very enthusiastic about you but you are not very enthusiastic about them. Well, they come with ideas that you think of, well perhaps not now but in the future, you send them an email and in a half year, you send them another email to see how they are developing, etc.”

Thus, even though the contacts created do not always lead to direct transaction or collaboration, they build up the network, which can potentially become useful in the future. This confirms, once again, what Power and Jansson’s (2008) said regarding the long-term nature of building relationships, which requires continuous effort. The network built today might not deliver benefits today, but in several years to come, when the opportunity arises.

4.4.3.3. Start production

As the firms receive orders through the contacts they get from the fair, they need to start the production, especially for Firm 1, 5, and 6, who do production in-house. Meanwhile, Firm 7, which outsources its production, needs to place production order.

4.5. Absorbing knowledge for innovation

When asked if there is a direct link between participating in trade fairs and innovation through development of new products or improvement of business processes, the firms indicated close relationship between the benefit of trade fairs as spaces for exchange of knowledge and their innovation capabilities. The knowledge that the firms have gained from the fairs can be utilised for making improvements on products or business process, creating new products, and conducting experiments.

After receiving input from the fairs, be it feedback from customers, opinions of other designers, or by observing the other exhibitors, firms are able to improve their products and business processes (Gopalakrishna, Lilien, Williams, & J.D. and Sequeira, 1995). The input gathered include products' price, materials, etc. (Firm 8). By observing other exhibitions, firms can get inspiration for expanding their own collection (Firm 2, 5, and 7). It has helped Firm 2 to rethink their business strategy and develop their design values. This explains Cohen and Levinthal's (1990) idea of absorptive capacity that firms need to assimilate new knowledge to their own knowledge, skills, shared language, and technological development in order to utilise knowledge properly. In this case, the firms make comparison between what the other exhibitors have and what they have. Discussions with architects or other clients also help to adjust and even create new products that are more suitable to their needs (Firm 3 and 4), displaying knowledge spillover that leads to innovations (Aarstad, Kvitastein, & Jakobsen, 2016).

Additionally, being in trade fairs automatically means that the firms have to present something interesting for their exhibitions. Sometimes, firms present their existing collection in an innovative way, just like how Firm 1 works with external designers to come up with creative and inspiring exhibition concepts. Sometimes, some of these firms collaborate with other parties in putting up an exhibition (Firm 1 and 6). Firm 1 collaborates with other designers and Firm 6 collaborates with other parties who complement its product.

Sometimes, firms introduce new products at the trade fairs as the expectancy of visitors to seeing new products pushes the exhibitors to innovate for the purpose of the exhibition (Firm 2, 3, 7, and 8). Visitors will always ask, "What is new?"; "if there is nothing new, people will wonder why you are at the fair", said Firm 3. Firm 7 also said that dealers are expectant of new products when they visit fairs. Firm 8 mentioned that it aims to introduce new products each year. In this case, firms schedule their design and production of new products in accordance to the schedule of the trade fairs.

Some firms see trade fairs as opportunities for experimentation (Firm 2 and 7). Firm 2 adopts the Lean Start-up methodology (Reis, 2011), which is based on the Build-Measure-Learn loop. The Lean Start-up way promotes going fast through the loop, e.g. when creating a new product, so that it is quickly tested. Through the testing, feedback is gained and the product can be adjusted and developed further to go through the loop all over again, until it is suited to the market's needs and taste. Thus, the two owners try to produce furniture quickly so they can receive

quick feedback from the trade fairs. They have had incremental changes since the beginning, for example, they have improved the packaging (Firm 2).

Firm 7 also utilises the fairs to introduce and test new products in order to minimise risks. It produces a small batch of the new products (as prototypes) and gathers feedback from potential customers in the fair; if there is high demand or positive feedback, the new products will be added to the collection and produced in larger batches. Firm 5 and 8, both having only two full-time employees including an intern, also create new products for trade fairs. Firm 5 started two months before the fairs in developing a prototype.

To conclude, trade fairs help firms improve their innovation capabilities (Scarborough, 2007). Firms are able to incrementally (through improvement on existing product) and radically (through new products) innovate. Trade fairs facilitate knowledge exchange between exhibitors and visitors (Plessis, 2007) as well as motivate exhibitors to always provide fresh and inspiring exhibitions. At the end, stronger exchange of knowledge between exhibitors and visitors will enable the exhibitors to adjust their product offerings to better meet the market's taste and needs as well as come up with innovative ideas, either for products or exhibition concepts (Aarstad, Kvitastein, & Jakobsen, 2016). Thus, this section answers the second sub-research question related to how firms transform knowledge into innovation.

4.6. Being a part (or not) of a local cluster

An additional question asked in the interview was whether firms were located in a cluster with other similar firms or not. This question aims to touch on Aarstad et al.'s (2016) theory about larger firms having more absorptive capacity to translate knowledge into innovation from both regional collaboration and international collaboration compared to smaller firms.

Only Firm 5 and 8 are located in close proximity with other firms from the interior design industry. Firm 5 is located on a street full of interior design stores. However, instead of collaboration, there is competition between the stores. Firm 5 explained, "When people walk out of this store and see something else in another store, they do not come back", which is why Firm 5 is planning to move to another location soon that has less competition (Firm 5). This finding shows that being in a cluster does not only trigger collaboration but also competition.

Firm 8, on the other hand, has its base in an open space called 'Contact Amsterdam' where it rents a desk and a studio. Firm 8 said that it can learn useful insights from other designers, architects, and entrepreneurs who are based there. For example, it was interesting for Firm 8 that there were some people with a lot of knowledge about design programs (Firm 8). In this case, a form of collaboration is identified based on Firm 8's description, as the designers located at Contact Amsterdam seem to be on friendly terms exchanging insights with each other.

Meanwhile, Firm 2 expressed a desire and plan to be in a cluster as its current workspace at the time of the interview was at the owner's home. A whole room in the house was filled with furniture, boxes, glue, etc. Within the next two months, Firm 2 planned to have a dedicated workspace in, possibly, a co-working location. Nonetheless, one of the owners of Firm 2 has been

participating in a talent program with 25 other designers, which is a type of collaboration. In the talent program 'Driving Dutch Design', the participants learn together about building a business. This talent program is also a form of temporary clusters that facilitate exchange of knowledge (Plessis, 2007).

4.7. Summary of findings

To conclude, trade fairs have become a valuable part of interior design firms' business processes as they find a permanent place in the firms' yearly schedule. The interviewed firms pointed out the benefits that trade fairs provide: 1) they enable both existing and new firms establish and strengthen their presence in the industry; 2) they enable exhibitors and visitors to find each other; 3) they motivate and facilitate firms to innovate.

Some firms used trade fairs as a platform to launch their brands to the public. Existing firms use trade fairs to stay fresh in the minds of the consumers and continuously build their reputation. By being in the same space, firms are able to meet a group of people that they are interested in, such as, in this case, architects, designers, and project managers. It is because the firms believe these parties to be potential clients. Affirming Power and Jansson's (2008) study, trade fairs act as a space to build network and symbolic capital and marketplace to meet supply and demand.

As visitors expect to see new things, firms are empowered to create new products or innovative exhibitions to attract them. Firms are able to test the market in a fast and low-cost way as they can create new products or prototypes for the fairs and then gain feedback from visitors. When the new products receive positive feedback, firms can produce them in a larger volume; if not, firms can stop producing them. This means that the firms' schedule of developing new products might be influenced by the trade fairs.

The interviewed firms make a close link between the innovation capability and the knowledge they gain from trade fairs. Firms interact intensively with knowledge throughout the pre-, during-the-, and post-event phases. The flow of knowledge between different exhibitors and visitors as they talk to and inspire each other during the fairs helps improve innovation capabilities of firms as they get ideas on existing products improvement and new products creation.

All of the interviewed firms are unfamiliar with the term KM. Nonetheless, the two very large firms and the firm with 20 employees have more structured practices in managing knowledge compared to the smaller firms. This implies that the bigger the firm is, the more structured the firm is regarding managing knowledge. The small firms explained that they have no need of certain structures as they are sharing knowledge easily between each other.

Based on the finding that the firms interact continuously with knowledge throughout their participations in trade fairs, this study recommends adopting KM concept as early as possible. With more people on a firm, there are more tacit knowledge separated into more people's heads as each person experiences and learns different things on a daily basis. KM culture and systems can help the share of tacit knowledge between different people and the transfer of tacit into explicit

knowledge so that it is easily accessible (Plessis, 2007). Firms can instill KM culture and systems that can be developed gradually as the firms grow. This way, firms can consciously acquire, develop, share, utilise, and evaluate knowledge in an efficient way. As a results, they can deliver maximum results to customers and stakeholders (Cabrera, Collins, & Salgado, 2006).



CHAPTER 5

CONCLUSION AND RECOMMENDATION

“And knowledge management is a means, not an end.” – Bill Gates

5. Conclusion and recommendations

5.1. Conclusion

This section explains how the different parts of the paper come together to answer the research questions. This study aimed to explore how interior design firms absorb knowledge through trade fairs participation. More specifically, this study intended to observe whether or not and how firms are employing specific strategies to do this, as well as elaborate on how they transform knowledge into real benefits.

After illustrating in the literature review, existing theories are described: about the importance of 'Knowledge Management' (KM) in contributing to an organisation's effectiveness and competitiveness; the processes to acquire or develop, share, utilise, and evaluate knowledge; the role and nature of trade fairs as temporary gathering spaces of distantly located actors; and absorptive capacity, that is the capability to transform knowledge into improvements and innovations.

The findings reveal that awareness of the term KM is non-existent even though firms deal with knowledge throughout the process of participating in trade fairs. The findings mostly confirm the existing studies regarding the benefit of trade fairs and the way firms participate. Trade fairs are regarded as spaces to build network and reputation, search for potential transactions, and exchange knowledge. However, the interviewed firms do not view trade fairs specifically as spaces to recruit potential employees. Additionally, firms view trade fairs as spaces to experiment new products as the findings describe how firms transform knowledge into real benefits, which is through the improvements of existing products or business processes and creations of new products. In order to optimise firms' potential for innovation, this study provides recommendations in Section 5.4 that interior design firms can implement.

Having to choose a focus in this study, several phenomena are deliberately ignored. Therefore, limitations are acknowledged and recommendations for further research are presented in Section 5.2.

5.2. Limitations and academic recommendation

As has been discussed in Section 3.5, this research study includes a small number of sample of interior design firms with various sizes. Therefore, it is difficult to draw any conclusion and generalise the findings, instead, the research study contributes to a micro perspective of how interior design firms perceive the benefits of trade fairs and participate. Further research on interior design firms with larger size and will enable generalisation of findings. Besides that, focusing on firms with specific size groups can lead to more tailored recommendations to how firms can apply KM principles to reap the benefits from trade fairs. It is because smaller firms might need a different approach to KM compared to bigger firms. A similar research can also be conducted with firms from different industries. Distinctive nature and characteristics of different industries might present interesting insights, provoking interindustry learning.

Furthermore, this study focuses on firms that exhibit at and not those who visit trade fairs. The activities of visiting firms are certainly less complex than those of exhibiting firms. Nonetheless, it might be interesting to investigate how visiting firms absorb knowledge and transform it into real benefits. Comparisons can be made between the benefits of visiting and of exhibiting. Such a study might reveal useful insights to help firms strategically make decisions on whether to participate in certain fairs as exhibitors or visitors. Participation in other types of temporary clusters, such as seminars and conferences, by interior design firms can also be studied.

One of the interview questions asked whether firms are located in a cluster with other firms from similar industries or not (see Section 4.6) in an attempt to touch lightly on Aarstad et al.'s (2016) quantitative study on absorptive capacity. However, this study did not endeavor to compare the dynamic between being in regional and international collaboration and the impact of having one (or more) collaborations to innovation capability. A study dedicated to qualitatively explore this topic might be interesting to reveal in-depth explanations on the phenomena identified by Aarstad et al. (2016). For instance, a study with firms of a selected size group, e.g. less than 50 employees (small), might disclose how regional and international collaborations combined can have subtractive effect to small firms' innovative capability and provide meaningful recommendations on how small firms can better focus on either one of the two types of collaboration.

5.3. Industry recommendation

Despite the interviewed firms' unfamiliarity with the term KM, they are unconsciously doing KM practices. Therefore, a proper KM can be of great value to firms to operate more efficiently in participating in trade fairs. By embedding a well-thought-out KM strategy throughout the process, firms, no matter how big or small, can maximise the benefits provided by trade fairs. KM potentially improve firms' innovation capability as the finding has shown that firms identify a close link between knowledge and innovation.

One way to begin adopting KM is by having a proper knowledge database. To begin with, firms need to evaluate what types of knowledge that go into the database. When exploring deeper into the activities around participating in trade fairs, there are touch points identified where firms interact with knowledge and the types of knowledge pinpointed. Based on this, an example of interior design firms' KM database, connecting it with what the firms do to prepare, execute, and finalise participation in trade fairs, is as follows:

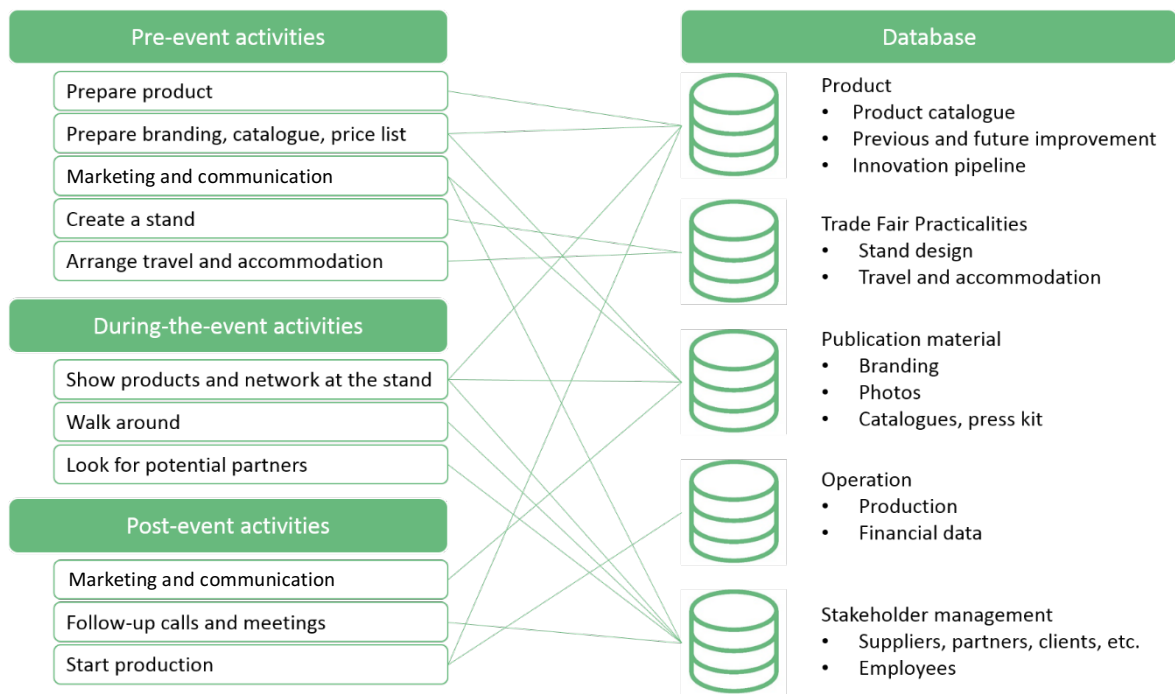


Figure 2 KM Activities and Database (Author's elaboration)

It is essential that firms keep a record of any changes a firm has undergone in improving its product offerings. It is also valuable to keep record of any ideas of improvement or innovation and feedbacks that the firm has considered and received regarding its products. For example, firms can create a record of innovation pipeline, where ideas gained from trade fairs are documented for further discussions and analysis.

Practical information regarding trade fairs, including stand design, branding, publication materials, price list, and production schedule can be documented. A list of trade fairs that the firms have participated in and those that are interesting for the future can be useful too. With the list containing more information about the trade fairs, firms are able to plan ahead for which fairs they should participate in for the year. Having a structured storage and easy access of the materials can help employees prepare for trade fairs more efficiently.

Operational data related to production and financial performance provides support for the firms. When they receive orders after trade fairs, they are able to appropriately plan for their purchase of materials (when producing in-house), production activity, distribution channels, and other practical details in executing orders.

Then, as firms gain a lot of new contacts from trade fairs, it is critical to keep a record of the contacts made in each fair. This will help the firms follow up on the right contacts at the right time based on the firms' priorities. It enables a firm to better coordinate relationship (or stakeholder) management and spread the tasks to different employees in order to maximise reach. An exceptional stakeholder management opens opportunities to potential partnerships or collaborations in innovation.

By keeping an accurate record of knowledge identified in trade fairs, firms avoid knowledge loss and repetitive market research. Firms are better able to identify the right opportunities as access to acquired market research is ready anytime; as a result, they are able to grow faster. There are outgoing and incoming employees, even the small firms interviewed have outgoing and incoming interns. Easy access to knowledge accumulated in the past will be useful to ensure knowledge transfer between outgoing and incoming employees; thus, when an intern is not working for the firm anymore, his or her knowledge is readily accessible to the next interns. This way, employees from generation to generation can build upon each other's work instead of repeating similar work. In other words, KM ensures firms' efficient development of knowledge.

Nevertheless, having a proper KM does not mean installing expensive IT infrastructure to support storing and sharing of knowledge. It needs to be strategised, taking into account costs and benefits, as no firms wish to have a huge burden on administrative tasks, e.g. storing knowledge. The ambition and needs of the firms are to be analysed carefully before making investment decisions on adopting KM. Smaller firms might need less investments as they have less needs for complex systems. However, as they are growing, their KM systems might need to grow along to ensure efficiency in managing knowledge between more employees.

Being aware of the concept of KM is a first step so that business owners embed it to their firms' business processes since early stages of the firms. When the businesses grow, it is easier for them to develop KM and apply it to their way of working. Additionally, culture is needs to be instilled in the DNA of the firms. Incorporating an empowering culture to share knowledge within an organisation since early stages will build a robust culture base for further expansion and development.

Proper KM serves as a strong foundation for firms to scale up as the more people they employ, the greater the need is to have a strong foundation of storing and sharing knowledge in place. It is because each employee experiences and learns different things from different sources, yet they might need knowledge from each other. By integrating all acquired knowledge from different sources and making it accessible to every employee, the firm facilitates and empowers its employees to utilise the knowledge and innovate with it.

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Appendices

Appendix 1: Interviewee profile

Firm 1: ABET Laminati

Website: <http://abetlaminati.com/en/>

ABET Laminati was founded in 1946 and it is a leading global manufacturer of decorative laminate, both for interior and exterior purposes. With the industry's broadest range of colors, textures, and patterns in laminate, ABET Laminati provides design professionals with limitless possibilities for any space, whether it be hospitality, healthcare, corporate, education, retail, or residential. In selling its products, ABET Laminati works with several dealers, including in the Netherlands, who distribute the products to various clients. In 2015, ABET Laminati is employing more than 950 employees, 760 in Italy and 190 around the world, as of 2015 (ABET Laminati, 2015).

The interviewee, Menno Bouwens is the Marketing and Project Manager. He is responsible for sales through the dealers network in the Netherlands. He has worked for ABET Laminati since 2004.

Firm 2: Family W

Website: <http://www.family-w.nl/>

"Family W is set up as a furniture label, which invites designers to design furniture for them. It is founded in 2017 by two brothers, Friso and Foppe Wiersma. Friso, graduated from Design Academy in Eindhoven, is the designer, thus, he is in charge of the creative part of the company. Meanwhile, Foppe, the interviewee, comes from a financial and law background, he worked at a bank and trained diplomats at the Clingendael Institute. He is responsible for the non-creative part of the company. Currently, these two people work full-time for Family W. Its collection includes a bookshelf, cupboards, stools, a bedside table, and a ladder. It aims to provide timeless, well-made furniture that can last a generation.

Firm 3: Spoinq

Website: <https://spoinq.nl/>

Spoinq was stemmed in 2011 in Brabant from another brand, which was mainly importing furniture to the Netherlands. Christian Prijt together with Angela de Geus, the interviewee, decided then to create Spoinq, collaborating with Dutch designers, to create a collection of furniture that is produced in Holland and exported all over the world. It started with a collection of chairs made of steel; customers can choose any fabric for the chair, color for the legs with that collection. Today, Spoinq has grown its collection to bar stools, sofas, tables, coffee tables, and coming up soon, lightings. It currently has three full-time employees and two agents responsible for contacts in the Netherlands, Germany, France, England, Italy, and the Scandinavian countries. Its clients include interior designers, architects, restaurants, and shops.

Firm 4: TOOtheZOO

Website: <http://www.toothezoo.nl/>

TOOtheZOO is a Dutch label, started in 2011 by Jules Vreeswijk, the interviewee. It focuses on developing inspiring design furniture for offices, hotels and public spaces. TOOtheZOO is inspired by the new way of working, which is highly mobile. Employees used to have their own desks and offices, but now they are not in the office about 30 percent of the time. TOOtheZOO collaborates with a Dutch designer, Joost Waltjen, in creating most of their products, such as TOOaPICNIC.

Firm 5: Çedille

Website: <http://www.francoiseoostwegel.nl/>

Studio Çedille was founded by Françoise Oostwegel, the interviewee, in 2014, right after she graduated from Maastricht Academy of Fine Arts and Design. It was launched in Dutch Design Week, which took place in October 2014, when she exhibited her three lamp designs. Shortly after, Volks Magazine from de Volkskrant requested to feature her design in an article. From thereon began Françoise with her own company. Currently she and an intern works full-time for the company. Today, Çedille's collection includes lamps, chandeliers, a vase, a chair, a stool, and a side table. In their store in the heart of Maastricht, around 22 other designers sell their products. Françoise aims to provide an affordable platform for young Dutch designers to sell their products.

Firm 6: Bulthaup

Website: <https://bulthaup.com/en/>

Bulthaup is well-known designer and producer of kitchen furniture from Germany, with 250 full-time employees working in the company and many more exclusive partners worldwide. It was founded by Martin Bulthaup in 1949. Since then, Bulthaup aims to create kitchen spaces where people can meet each other, relax, and feel like home. With its headquarter at Aich, Germany, Bulthaup has its own teams of designers as well as research and development in continuously improving the product offering that it has. Also, it has subsidiaries in the UK, France, Italy, Spain, the Netherlands, Switzerland, Hong Kong, and the United States.

The interviewee, Tore van Rooij, is the Business Development Manager and he is responsible for managing the exclusive Bulthaup partners as well as looking for new opportunities in the Netherlands. He has worked in Bulthaup for a year.

Firm 7: Fest Amsterdam

Website: <https://www.fest.amsterdam/>

Fest Amsterdam was born in 2013, founded by Femke Furnée, with the desire to provide well designed but affordable furniture and home accessories. Its collection from sofas and dining tables to candle holders and rugs. Fest adopts an omnichannel strategy and its products are sold in 120

shops and 150 retailers worldwide. Currently it has 2 physical stores in Amsterdam and Utrecht. It employs in total 20 full-time employees.

The interviewee, Jorrit Tol, is the Supply Chain Manager and he is responsible for product development, suppliers' contact, quality management, as well as managing trade fairs. He has worked for one year in Fest Amsterdam but has worked in the design industry for 10 years.

Firm 8: Mokka

Website: <https://mokkaamsterdam.com/>

Mokka is an Amsterdam-based design studio and furniture brand founded by Aad Bos, the interviewee, and launched at Dutch Design Week 2017. Mokka has a permanent furniture collection and creates custom furniture pieces for private clients and projects. Its collection includes shelves, a chair, a table, and a vase. A great source of inspiration is found in abstract art and in Japanese aesthetics and woodworking - hence the name Mokka, meaning woodworking in Japanese. Currently Aad and an intern work full-time for the studio.

Appendix 2: Interview questions

As the interviews are semi-structured, they follow the questions in this list as guiding topics, but are open to elaborations on other topics, where the interviewees have more knowledge onⁱ.

INTRODUCTION

1. Could you tell me briefly about the firm and what you do in the firm?

TEMPORARY CLUSTERS' PARTICIPATION

2. Is the firm participating in trade fairs / conferences / seminars?
 - a. If yes, to how often and to which events, if you can name some examples?
 - b. Are they regional / global trade fairs? / What is the scope of these trade fairs? / Who attended the fairs?
 - c. What is the last trade fair that you participated in?
3. Why these trade fairs / conferences / seminars?
4. Is the firm attending as exhibitors or participants? (*general + last*)

ACTIVITIES

5. How does the firm prepare for the events (taking into account motivation)?
6. What activities does the firm usually do during the events?
7. Does the firm still need to do something after the events have ended? (post-activities)

BENEFITS

8. How valuable do you think attending is?
9. Can you mention specific benefits that you gain from attending? (*general + last*)
 - a. Ex: marketplace, network (connections), recruitment, reputation
 - b. Knowledge regarding competitors, customers, trends, etc.
10. Among this, which benefit is priority to you?

INNOVATION

EXPLANATION ABOUT INNOVATION

Incremental innovation is a series of small improvements or upgrades made to a company's existing products, services, processes or methods. The changes implemented through incremental innovation are usually focused on improving an existing product's development efficiency, productivity and competitive differentiation.

Breakthrough Innovation – changes to an existing product, service, or process that has a significant impact on the business.

Example: In business and technology terms, radical innovation happens when a new entry completely disrupts a business or industry. Many point to the rise of Netflix, first as a mail-order movie service and later as a provider of streaming video, as a radical innovation that put the retail-based movie rental model -- and industry giant Blockbuster -- out of business.

11. Based on your last trade fair, had you been able to identify opportunities for **incremental improvement, radical innovation**, alternatives and new uses for already existing technologies, and clearly distinguish which of the new opportunities identified had a greater potential for development?
12. Based on your last trade fair, had you been able to establish partnerships/collaborations from the network you have developed during the fair?

KNOWLEDGE-SHARING

13. Does the firm have some practices to share knowledge within the firm, in particular to share knowledge about attending events?
- a. How much time is devoted for sharing knowledge and how many people are active in sharing knowledge?
 - b. How does the culture of the company encourage or discourage knowledge sharing?
 - c. Does the firm adopt some system, practices, or tools to boost internal knowledge sharing? E.g. ICT systems.

LOCAL BUZZ VS. GLOBAL PIPELINES

14. Is the firm located in a cluster of similar firms?

If yes, does innovation come from this local cluster? How would you compare it with your participation in trade fairs?

¹ The transcript of interviews and coded results are available upon request to the author.

