The Roles of Knowledge Generated from the International trade Show Participation on SMEs' Market Selection*

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Abstract

Over the last decade, much research has studied the importance of trade shows in MNEs especially in developed countries. International trade show is considered as a foreign marketing activity in order to gain relevant knowledge on international markets. Despite the critical roles in promoting products and service, international trade show has received little attention in the SMEs' context. Indeed, SMEs' international activities and their internationalization process have become one of the most significant international business areas of study in emerging economies. Thus, this study focuses on the roles of knowledge acquired from participating in international trade shows of SMEs. The paper also aims to indicate the influences resulted from different types of knowledge on SMEs international market selection methods, which are expansive and contractible approaches. Based on literature, there are five types of knowledges which are market, product, cultural, competitor, and technological knowledge involving with SMEs' international market selection. Qualitative interview with a sample of twenty two SMEs was conducted to collect the data. The findings demonstrate that three types of knowledge, which are market, product, and cultural knowledge, play critical roles in SMEs' international market selection particularly expansive approach. In addition, the findings illustrate that market, product, and competitor knowledge are considered as significant types of knowledge for contractible approach. Two internationalization theories, Uppsala and Resource Based View are used to discuss the findings.

Keywords: 1. International trade shows, 2. Internationalization, 3. Network, 4. Market selection, 5. Small and medium enterprises

* This research aimed to identify different kinds of knowledge that SMEs acquired from participating as exhibitors in the international trade show event. It also investigated on the influence of each knowledge on market selection patterns: expansive and contractible approach.

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Introduction

Research on internationalization field emphasis on Multinational Enterprise (MNEs). However, the unit of analysis has shifted from the larger level such as country to smaller one such as subsidiaries of firms (Rugman et al., 2011). However, research in the field of international business has shown interest in the international activities of small and medium enterprises (SMEs) in emerging economies (Zhou et al., 2007). To accomplished in global markets, various literatures view trade show as platform for selling and non-selling activities such as gathering information that facilitate SMEs' success in global expansion.

Previously in international business field, internationalization is explained by Uppsala or Uppsala model, which firms immerse themselves in international trade gradually in form of exact stage of involvement. With present technological advancement which made trade barriers decline, SMEs can enter international markets at faster pace. Many theories have been applied to investigate various phenomenon of SMEs. Particularly, the cases for developing economies remains an attractive area for researchers to explore.

Knowledge is a good enabler of successful internationalization for SMEs. However, the knowledge from trade show which link to market selection aspect is yet unidentified. One of the aspects of internationalization that various researchers interested is market selection. The linkage of trade show, knowledge and market selection are rarely examined. This is because previous studies ignore the investigation of types of knowledge acquired from trade show. Therefore, there was a motivation to conduct the research that fill the gap of the mentioned attributes in the context of smaller units of business and developing countries.

This research aims at examining type of knowledge that SMEs attained from international trade show and how different types of knowledge influence on market selection. The final results are expected to advance international business theory particularly internationalization approach.

Trade show and SMEs

Trade show can be categorized based on various dimensions. Wen and Duan (2008, cited in Karabulut, 2014) stated that trade show can be categorized by geographical coverage, such as international, national, or local trade show. By range of products: universal/general, special interest, industry-specific. Gopalakrishna and Williams (1992) called vertical and horizontal trade show. Vertical trade show is for a single or related industry for special customers whereas horizontal trade show is for many industries and products categories. In addition, they also divided by audience or visitors, weather it is business-to-business (B2B) and

business-to-customer (B2C) shows. SMEs is the enterprise that has low partial ratio in competitive market and cannot influence on market price (Kaffash et al., 2012). According to the report on small and medium enterprises of Thailand in 2016 by Office of Small and Medium Enterprises Promotion, Thailand, the total export value of Thai goods was 7,550,704 million baht in 2016. SMEs exports reached 2,190,550 million baht, accounting for 29.01 percent of the total export value. Thai SMEs use international trade show as one of the tools to expand market abroad.

Trade show as a platform for knowledge acquisition

Trade shows are good platforms for flows of industry information and knowledge. Raychev (2009, p.145) explained the concept of knowledge acquisition in the context of trade show as the skills and knowledge that firms received from business partners from participating in trade show. This research focuses on role of international trade shows in providing knowledge, which different from local trade show in the way that they allow firms to access global rather than local knowledge. Through trade show, firms can access international knowledge about industry trend, evaluate their performance, and develop future strategies and new product (Rinallo and Golfetto, 2011).

Gaining knowledge can be priority role for firms to participate trade show. Rosson and Seringhaus (1995) found that knowledge acquisition between exhibitors and visitors is the reason to participating trade show. Firm can acquire market and product knowledge on trends and developments in their relevant sector. Types of knowledge obtained from trade show research can be categorized into six main categories: Market, Product, Cultural, Competitor, and Technological knowledge.

a. Market knowledge

Most of the knowledge in trade show-related literature focuses on market trend knowledge or market knowledge. Reychav (2009, p. 150) mentioned that trade show provides learning experience of unfamiliar market in the measurement items of the study. Conducting market research is also one of the keys in participating trade show (Rice and Almossawi M. 2002; Menon and Edward, 2013).

Various dimensions of market knowledge were found from existing literature. Market knowledge refers to information about foreign markets, for example, market size, regulations, export opportunities, etc. (Mejri and Umemoto, 2010, Seringhaus and Rosson cited in Tafesse and Korneliussen, 2011). Rules and specific legal issues are also another important dimension

that firm could acquire during trade show event hour (Mejri and Umemoto, 2010; Hashim, 2012). In addition, future trend and general social/ economics such as purchasing power, average spending for target product(s) and average income are component of market knowledge **(**Gottlieb, 2014; Alpha and Vincent, 2015. This research proposes definition of market knowledge acquired from international trade show as the knowledge of target market size, relevant regulation, market trend, and general social and economic issue of related to target market that participant exhibitors received during participating in the trade show event hour.

b. Product knowledge

Various literature indicate that trade show is a good source for product knowledge. Product knowledge can refer to various aspects. Gottlieb, et al. (2014, p. 99) measure trade show effectiveness by various indicators including ability to gather product and/ or service information, identify future trend, and test and see product and/ or service features. Some used trade show as a platform to make comparison with competitors about packaging, quality, price, etc. Four importance dimensions were observed from accessible researchers are summarized in table 2.4.2B. Belussi (2008), referred to the acquiring of product quality knowledge. Tafesse and Korneliussen (2011) conduct research in trade show performance emerging market and cited that firm collected and evaluated displayed competitors' products during trade show event. Evers and Knight (2008) referred to packaging, knowledge in exporting procedures, evaluate displayed products by competitors. For the last dimension, Reychav (2009) conducted research regarding knowledge sharing in the trade show and conclude that knowledge sharing and plays important roles in participating trade show as well as obtaining product modification for customer's need. Therefore, the study defines product knowledge as knowledge on ability to make a comparison between company products and others such as packaging, quality, price, etc. and future trends acquired from participating in the international trade shows in order to adjust products/services according to customer needs.

c. Cultural Knowledge

Cultural knowledge is one of the knowledges that can be obtained from trade show. Culture can be referred to various dimensions. The acquiring of this knowledge impact on firm's direction and performance. Existing literature mentioned that understanding foreign culture is one of the key performance measurement of trade show (Seringhaus and Rosson, 2004). Mejri and Umemoto (2010) describe cultural component to the values, manners, and

people in that particular market. In addition, experience in business dealing is another aspect of cultural knowledge. The cultural distance concept which is similar to Uppsala theory, understanding foreign cultures, and understanding foreign business practices and the way of thinking of people from different culture are key elements pertain to cultural knowledge that Cancino and Coronado (2014) and Seringhaus and Rosson (2004) proposed. In the research, the mentioned authors mentioned the countries that use different language other than domestic country, namely Spanish, as culturally distant. All of these cultural elements are knowledge that firms learn when they engage in business activities such as trade show in overseas countries. The authors cited the situation in which booth personnel have to deal with different kind of visitors. They learnt skill to identified buying intension, making contact, etc. This research defines cultural knowledge as the knowledge, which acquired from participating international trade show, that makes the firm able to understand foreign customers' way of thinking including language, values, manners, collection code of behavior and belief, how to deal with them, as well as cultural distance between the firm and potential customers.

d. Competitor knowledge

Competitors and other companies serve as a source of indirect knowledge in regard to internationalization process. Firm in the early internationalization process participate in trade show to imitate those who enter new market before. (Forsgren, 2002, cited in Soberg, 2012). There are various aspects of competitors that participated firms at trade shows observed. Confronting with competitors and obtaining competitors' knowledge or exchange information to each others can be objectives that firms interested (Belussi, 2008; Menon and Edward, 2013; Karabulut, 2014; Tafesse and Korneliussen, 2011). Assessing competitors's marketing strategies is another dimension of competitors' knowledge Rinalldo and Golfetto (2011). In addition, Ling-yee (2008) mentioned that success rate of competitor and ability to develop customer relationship are two dimensions that firms can acquire from trade show. Therefore, this research defines competitor knowledge as the knowledge about competitor attained from participating international trade shows such as marketing strategies, success rate of competitors in trade show, ability of competitors in developing relationship with customers. attained from trade show.

e. Technological Knowledge

Different type of businesses implies different implication for type of knowledge for internationalization process. SMEs tend to rely on technology advantage in entering diverse international market at faster pace. Business unit with innovative technology often internationalize at faster pace. This type of firm usually utilizes their experience and abilities in order to internationalize at early stage of company formation. The aspects of tech technological knowledge that relevant to firm internationalization cited in existing literature are learning about latest technology **(**Rice and Almossawi (2002), technology level of the product **(**Cancino and Coronado, 2014), Information technology (IT) infrastructure such as a Local Area Network, and Sophisticated programs and applications such as Supply Chain Management, Enterprise Resource (Hashim, 2012). Hence, technological knowledge is the knowledge about latest technology, level of technology available, other related information technology, as well as sophisticated technology in business management gained from participating in international trade show.

International Market Selection

The definition of international market selection from existing literature is extensive. Rundh (2001), stated that international market development can be classified in many ways. Papadopoulos and Martin (2011) define international market selection as the decision that firms selected market, regardless of a well define geographically or otherwise, in which to be presented. Gorecka and Szalucka (2013) explained that international market selection involves the action of firm in identifying target market in which it wants to offer product as international market selection, subsequently, follow by entry mode decision. The two patterns in market selection are expansive and contractible patterns (Johansson, 1997; Root, 1994). Expansive pattern is when firms seek to expand new market that have least psychic distance. This could result in focusing in some geographic area or as many markets as possible if the firms perceive they have least psychic distance. Firms with contractible pattern are those who screen most of the markets available such as evaluate general market information. Follow by evaluate market potential, trend, profitability, etc., The analysis will indicate the most suitable market or markets for overseas expansion.

Different internationalization theory provide alternative emphasizes on market selection. As for Stage or Uppsala model, market selection is constraint by two elements: psychic distance and experiential learning (Johanssen and Valhne, 1977). This is the main reason why firms in this approach choose the market that has similar economic, cultural, and

political system. The psychic distance occurred due to the lack of firm's information regarding overseas markets which create uncertainty of implementing overseas business activities. Hence, firms are in favor of selecting market with similarities in term of economic or cultural aspects.

Born global firms challenge this theory since new technology, and international experience decrease psychic distance, thus, resulting in more choice of market expansion (Sakarya et al., 2007, p.211). Therefore, the theory supports the contractible pattern where firm need to knowledge to justify potential markets.

Furthermore, the concept of Ownership-specific advantage from Dunning eclectic paradigm implied that firm will seek foreign markets that best match to their competitiveness. Therefore, firm with contractible pattern will search for the market that they expect to have best return. The firm will entry to markets with assessment based on cost and expected return of such markets (Dunning, 1988). Xinming He et al., (2016) employed the concept of transaction cost in evaluation firm's decision on market selection. The transaction cost include cost incurred when firm search for potential market. The result is the selection of a particular market on the location basis.

Methodology

The purpose of this study is to explore types of knowledge and effects of them on international expansion especially market selection. Data collection involved research interviews. Semi-structure interviewing is chosen as a qualitative method in obtaining data. Questions are formulated according to literature reviews. Furthermore, the question set was translated to Thai with the reviewed and comments from expert. Twenty two semi-structure interviews were conducted with representative from Thai small firms. Every company is considered to be SMEs type. All of them have experiences in participating international trade show and must have track record of the completion process of international expansion e.g. demonstrated evidence of exporting activities that accounted as part of firm's revenue, be able to identify destination countries of exporting, etc. In addition, the interviewees must act as executor in managing position especially position that directly involve with international business activities such as trade show during exhibiting hour. The interviews are transcribed. Then, results are evaluated according to the research questions. This research used thematic analysis approach in evaluating result obtaining from interviews. The theme obtained from detailed examination of data will be presented. In this respect, coding procedure will be

conducted during analysis. The theme will be assessed in accordance with the dimensions presented in conceptual model (such as market knowledge, network, expansive market selection, etc.). The conclusion will be extracted and written with the aim to identify the themes that match the theories and proposed research framework. Exhibitor interviewees are from various industry including food and beverage, spa, pet supplies, furniture and household items, jewelry, packaging, software, etc.

The guideline of interview question designed for this study is developed from existing literature review on types of knowledge and their connection to market selection types. Different set of questions aims at answering research questions. All of the question guideline has been reviewed and evaluated with comments by two qualified experts. The translation was accomplished with the aim to preserve original meaning in order to avoid any bias.

General facts of companies

Twenty two Thai companies who have track record of international business activities and experiences in exhibiting trade shows were interviewed for the study. Some of them are in the beginning phrase of international market expansion, whereas, most of them has extensive international sale for decades especially export to number of countries all over the world. The persons interviewed have decision making authorities and involve with international operation such as managing director/ owner or marketing manager. All of interviews were conducted face to face and lasted approximately thirty to forty five minutes depending on how the respondents react to the questions. The code of company represent number of companies with the hint of business categories. For example, C01-Jsnack represent company number 1 which operate in snack business. The company is then ranging from 1 to 22 companies, represented in the code C01 to C22.

C01-Jsnack

The company C01-Jsnack produce banana snack targeting end consumers who have similar taste as potato chip and popcorn. The owner does not have any consumer food or related business experience background. Currently, the company export revenue is 80 percent of total sale with overseas market covering every continent in the world including USA, Middle East, Europe, Asia, and Africa.

C02-Sfruit

The original business was selling fruit at Talad Thai, the biggest and well known vegetable and fruit wholesale of Thailand. The company was first officially formation in 2001 due to the necessity in first exporting fruit to China. After indirect exporting for three years, the company start to participate international trade show in 2004 with an aim to increase markets. Currently, the company undertake trade show exhibiting at least three times yearly mainly in China, e.g. SIAL China, Shenzen Food Fair, Guangzhou Food Fair, etc. The international market cover mainly in China, Middle East and Europe.

C03-Pfood

The interviewee is managing director/ partner who established company established since 1983. Currently, the domestic sale still insignificant with less than 5 percent of total sale. The company started to undertake international marketing activities in order to increase variety of customers via trade show in the year 2000. The company exhibits in international trade show such as Thaifex World of food Asia, Top Thai Brand, etc. approximately 5 times yearly. However, the main export markets are concentrated in Japan and USA.

C04-Sfood

The company C04-Sfood offer ready to eat Thai food in a convenience package lunchbox size. The company is small size with only five employees and owner responsible for all managing task. The company was found in the year 2015 with an aim to provide ready to eat food for consumer who love eating Thai food but cannot cook by themselves or difficult to access to Thai restaurants. The company found some success in penetrating to Chinese market a year after participating in some international trade show in Thailand such as China Import and Export Commodities.

C05-Orice

This company is currently well established and offer rice and rice product such as vermicelli exporting all over the world. The company was found in 1993 and seek to export in 2004 by entering all the major food industry international trade shows such as Foodex (Japan), SAIL (France), ANUGA (Germany). Currently the company is able to export to USA, the Middle East, Europe, and South Africa with 60 percent of total sale is from exporting.

C06-Pmulberry

The company was found in 1998 by switching from unrelated to agricultural business to organic farming oneThe product that company offer is various kind of organic tea such as mulberry, roselle, etc. The first international sale occurred in 2006 when one of long established customer import his product to Canada. The company started to exhibit in international trade show in 2011 with target on the country that appreciated organics products especially developed countries or neighboring countries with high purchasing power such as Singapore or Malaysia. The international sale is currently account for 90 percent of total sale from Canada, Germany, USA, Slovakia, Austria, Japan, Singapore, and Malaysia. The main competitive advantage is organic product itself rather than advance technologies.

C07-Ssrup

The company offer syrup for using as ingredient in various drink. This kind of syrup can be used in household and food service business such as restaurant and food catering company. The owner has a strong background in food service experience his family business is related to food and drink industry. Indeed, the product lines are manufacturing from the same factory as product from his family business. In addition, the owner has prior experiences in domestic drinking business with other domestic counterparts. The company started to export to neighboring countries in the year 2015 with the family connection business. Nonetheless, the owner started to undertake international marketing activities such as exhibiting in international trade show in the year 2016. The focused markets are concentrated in neighboring such as Indonesia, Cambodia, etc. However, recently, the Chinese market is in the interest of the owner.

C08-Rspa

The owner is the young generation whose family run business about property development and hotel is very successful. C08-Rspa created a luxury spa business settle in her family business hotel and later expand its horizontal venture through the creation of various spa product lines targeting on upper to high end consumers. C08-Rspa is able to develop various kind of spa products mostly high quality skincare and able to exhibit in various international trade show such as Cosmoprof (Hong Kong). The international sale is presently account for 90 percent of total sale.

C09-Bspa

This interview was taken in the office of managing director of the company. C09-Bspa is a well-established company since 2001 with extensive of spa product line. The interviewing is managing director, as well as owner of a family own business with 15 employees in the company. In addition, the owner took part in organizing one of the spa industry related international trade show in Thailand. The international sale is divided approximately equally to domestic sale with business customers from all over the world including, Europe, Asia, Africa, and USA. The main international trade show that C09-Bspa actively participate every year are Bangkok International Gift and House Ware (Thailand) and Cosmoprof (Hong Kong).

C10-Aspa

C10-Aspa offer both product and service business. The original business for C10-Aspa is Spa service, established in the year 2001, which currently still operating in Bangkok. Business customers are private retail spa and hotel chain. The company is as well successful in establishing its spa business in Hangzhou, China without any Chinese counterpart. The company also offer its own brand spa products line such as skin lotion, facial products, etc. which introduced in international trade show in the year 2001 and be able to penetrate international markets in China and ASEAN countries. C10-Aspa is relatively small company with only 15 full-time employees stationed in Bangkok. However, the revenue from overseas business operation is only 15 percent of total sale.

C11-Dspa

C11-Dspa is currently considered to be medium size firm with approximately 200 employees. The company was started from scratch in 2001 in which the four owners are close friends who passionate about spa business. C11-Dspa has both spa products and treatment services, however, only spa products are currently export. The company started to expand its overseas business since first day of operation. The first participation in international trade show brought them first customer from major shopping mall in Japan. International trade show is one of the strategies in expanding business overseas. The main international trade show that C11-Dspa actively participated are Cosmoprof (Hong Kong), and Beauty World (Japan). The main focus international business customers is still in Asia markets.

C12-Npet

The owner established pet supplies company solely in 2014. Only a few years later, the company was able to generate international sale in many Asian countries such as Taiwan, Korea, and Japan. The interview was set up in owner's office building which considered to be an office for other few unrelated to pet supplies businesses. International trade show with government support is currently only marketing strategy to expand business overseas. The average participation of international trade show is nearly 3-4 times year-round. The example of international trade show are Bangkok International Gift and Houseware fair, Koreapet fair (Korea), etc. The export value is about 30 percent total sale.

C13-Cpet

The owner of C13-Cpet was product architecture and designer prior setting up company in 2008. The company is relatively small with only 5 employees in the home office. Therefore, the owner does not focus on mainstream market where huge volume of production is necessity to supply large distributor. Prior settling company in 2008, the owner was invited to present his pet related design work in international trade show with government incentive in which the business initiation idea was begun from that point. With distinguish design of owner's product, the products are welcome to exhibit in various major international trade show such as Interzoo (Germany). However, the main foreign markets are concentrated in Asia such as China and ASEAN countries with accounted for 30 percent of total sale.

C14-Wdoorlock

The company is medium size with approximately 200 employees including workers in manufacturing place. The interviewee is managing director who is the second generation of his own family business. The company begin to expand business overseas in the year 1988 to neighboring countries where economic development is progressing such as Myanmar, Cambodia, and the Philippines. The interviewee who is currently serve as managing director is currently responsible for international business development of the company in which he himself present over at every international trade show. The major international trade show that the firm participated in is still concentrate in ASEAN region such as Myanmar Build (Myanmar), CAM Build (Cambodia), WORLDBEX (the Philippines), etc. Average participation of international trade show is around 5-6 times yearly. The current export is approximately 40 percent of total sale.

C15-Rjewelry

C15-Rjewelry offer jewelry service such as cutting gemstones. Therefore, the company relied heavily on quality handmade skill. The company prior participating trade show already had international customers from word of mouth referring. However, C15-Rjewelry began to undertake proactive marketing in the year 2011 where exposing itself to international trade show. Currently, the firm, with 16 employees, provides service mainly to Australia and USA markets with account as high as 90 percent of total sale generated from overseas customers.

C16-Tfurniture

The owner was originally manufacture household furniture such as table, chair, bed, etc. for domestically usageThe interviewee is presently the Managing Director/ owner of his own company where he also serves as export manager. The company has extensive international trade show experience such as Thailand International Furniture Fair, Hong Kong Furniture Fair, etc. The foreign markets for C16-Tfurniture is wide range, e.g., UK, Japan, Cambodia, Lebanon, etc.

C17-Tplastic

The interviewee is marketing manager who is not related to family of company's owner. The company offers plastic package, e.g. fruit plastic temporary package boxes, which are used mostly by supermarket. The company have subsidiary in USA where it provides customer service in USA, Canada, and Mexico. The company had established strong network prior entering in North American markets. However, it remains participate in some major international trade show such as Natural Product Expo West (USA), and some other local overseas trade show in order to attract new business customers.

C18-Sbox

The company offers plastic box packaging that use in every household. C18-Sbox has long been establishing since 1977. The interviewees are now served as business development managers who responsible for all international business and marketing activities. The main target markets during 2014-2015 was only Asian countries, however, as they accumulated more experiences, further markets such as Europe and Africa were accomplished later. However, the overall export sale is still 20 percent of total sale as the firm key market is in Thailand.

C19-Ncoconutoil

This is another typically family owned business. The interviewee serves as marketing manager whose father is the owner of company. In addition, he has to lead the international marketing team in participating every trade show. Prior 2013, the original business was selling coconut oil locallyThe company has 120 employees including manufacturing workers. The company went to many international trade shows such as Beauty World (UAE), and Cosmoprof (Hong Kong), which is the trade show for skin care and beauty supplies. Its main foreign markets are China, Cambodia, and UAE in which account for 80 per cent of total sale.

C20-Morganic

The company began exporting activities in 2012, only one year since inception, and is currently exporting at approximately 30 percent of its total sales volume to Asian markets such as China and Malaysia. The interviewee is the managing director and also solely owner of the company. The export opportunity arises since the owner participating various international trade show before settle its strategic in focusing to only Asian markets. The company rely on various international trade show as the tool to expand aboard such as Biofach (Germany), Natural Product Expo West (USA), Natural Expo (Hong Kong).

C21-Seyeglassess

The firm was established since 1962 for domestic market but is currently exporting up to 95 percent of its total sales worldwide. The main products are lens and eyeglasses. The exporting began in the twelfth year of operation, therefore, this firm has been categorized as Uppsala model type of firm. The firm originally visit international trade show as a visitor and later began to conduct proactive international marketing by officially exhibited a trading booth in 1995. The firm exhibited in only one main international trade show which is MIDA (Italy), the biggest international markets for lens and eyewear trading that attract exhibitors and visitors from every nation.

C22-Ntraffic

With a relatively small proportion of its total sale (10 percent) being recently exported mostly to neighboring countries, however, international expansion is in focus of this company. The last firm started exporting in 2016 since its first exhibiting in international trade show in 2015. The company offer service and software development for traffic solution. In addition, the company has been importing strategic software from inception. According to the

interviewee, who is serve as the company's managing director, the main foreign target market are Myanmar, Malaysia, and Singapore. The international trade show that firm participated in since 2015 are Rail Expo and ITS trade show.

Results and discussion

Knowledge and expansive pattern of market selection

Three types of knowledge: market, product, and cultural knowledge were found for their contribution to expansive pattern of market selection. Six out of twenty two investigated companies answered with clearly evidence of expansive pattern (Gorecka and Szalucka, 2013)., which the companies prefer overseas market that have lease psychic distance from domestic market Firm with this pattern explained their expansive pattern starting from geographically nearby markets. Once experience was accumulated, firms tend to go beyond current boundary to markets with greater geographical distance.

Table 1: Knowledge acquiring from international trade show and their contribution toward expansive pattern of market selection

	Types	Expansive pattern of market selection
Knowledge	Market	C20-Morganic C03-Pfood C02-Sfruit
	Product	C02-Sfruit C20-Morganic
	Cultural	C20-Morganic C02-Sfruit C07-Ssyrup C18-Sbox C11-Dspa

a. Market knowledge and expansive pattern

It was found that perception of difficulty level in penetrating to particular market is the key determinant of the effect of market knowledge to pattern of market selection. Mejri and Umemoto, (2010) explained component of market knowledge, which can be observed from respondents is, for example, export opportunity (C20-Morganic, C02-Sfruit) and regulation (C03-Pfood). Focusing on these, C20-Morganic and C02-Sfruit, for example, mentioned that:

> *"We knew that we have to target on Asian market. To make our standards higher. The Asian market is likely to demand more of our products than Europe. Because they also have their own product. Therefore, it is difficult to penetrate those market segments. You must be really strong … We go to trade fair many times and we know that we should turn to Asia. It is easier to access to consumers…Easier access to importer." (C20-Morganic)*

In addition, C02-Sfruit explained the perception of trade show in two big cities in China: Guangzhou and Shanghai as follow:

> *"Guangzhou is commercial country. It is big but people do not focus on only food. But SIAL trade show in Shanghai started from morning until evening and every day for 3-4 days. There were a lot of people interested in product. It's interesting." (C02-Sfruit)*

Base on statement above, C20-Morganic consider an easier access of Asia markets as main reason to penetrate Chinese market. It implied that the company comprehend market knowledge and concluded that Asian market has more potential. C02-Sfruit focus on the Chinese market. Even though the excerpt cited about two difference cities, says, Guangzhou and Shanghai, but the perception is mainly on the Chinese market, emphasis on the city that seems to have larger demand.

b. Product knowledge and expansive pattern

C02-Sfruit gained product knowledge about customers' requirement and cultural aspect including values, manners which is in line with Rachav (2009). Product knowledge regard to gaining knowledge about customers' requirement (Reychav, 2009) and cultural aspect including values, manners, beliefs are in line with C02-Sfruit. The company mentioned about product modification needed and the cultural aspect such as life style that make firm decide to target on nearby countries.

> *"I went to Gulf Food trade show in Dubai in the Middle East. Then I knew that they eat fatty food. Food contains fat that make you gain weight. They do not really care the healthy food. So I have to find some high-end market." (C02-Sfruit)*

Respondent also added:

"It's more about product knowledge...I mean...I believed that I can make product that suitable to market and affordable price. I think I can do that." (C02-Sfruit).

C02-Sfruit gradually expand from Chinese market to another distance market such as Middle East but focus on the segment that match to company's product quality. The company expressed on the knowledge about quality of product in different markets that essential for developing in such foreign markets. The product knowledge impact directly to target market price strategy. From interviewee perspective, C02-Sfruit finally focus less on Middle East's mass market and emphasis more on other familiar markets. It is observed that C02-Sfruit try to find market that suitable for its product, which can possibly mean its establishing current markets, or newly market that match with the product quality. Product knowledge play an important role in determining which market C02-Sfruit choose to emphasis on. This pattern is obviously in accordance with expansive pattern of market selection.

c. Cultural knowledge and expansive pattern

The cultural knowledge aspect plays important role on firm's decision making perception. Eating behavior (C07-Ssyrup), habit and lifestyle of Vietnamese people (C02-Sfruit), etc. Jonsson and Elg (2006) mentioned that this type of knowledge can only be learnt through personal experience, and the firm will utilize their competence for market expansion. All mentioned tacit knowledge influence firm to choose market with less psychic distance over the more difference ones and that also explained the expansive pattern.

Language and communication technique are another cultural aspect that C18-Sbox revealed. In addition to cultural aspect, the example of the quote is cited by C18-Sbox as follow:

"...we have started to expand our market from ASEAN before, it's near, language, experience, communicating technique. It's easier than meeting with the European or Arab."

The similar explanation is for the case of C18-Sbox. The company cited about experience and communicating technique of particular group of customers. This implied that different group of customers require alternative way of communication. The company learn how to deal with customers from participating tradeshow and this learning process influence

company in selecting a specific region to export. Therefore, it is appropriate to conclude that cultural knowledge does impact firm's decision making on target countries.

The perception toward overseas market of those with shorter distance and longer distance such as European and American market is totally different. The similarity among those who emphasis on closer markets are that Asian markets is easier to penetrate. Communication can be delivered with less trouble as well as products are less problematic to be adjusted. After attending many trade shows in different regions. This was greatly influence firms' decision making.

Knowledge and contractible pattern of market selection

Three types of knowledge: market, product, and competitor knowledge were found for their influence on contractible pattern of market selection. Twelves out of twenty two small firms provided evidence of contractible pattern. Table 2 summarize type of knowledge and list of companies that companies acquired from participating trade show and contribute to the mention pattern.

Table 2 Type of knowledge acquiring form international trade show and their contribution toward contractible pattern of market selection.

	Knowledge	Contractible pattern of market selection
Knowledge	Market	C01-Jsnack C05-Orice C06-Pmulberry C12-Npet C16-Tfurniture C21-Seyeglasses C22-Ntraffic
	Product	C06-Pmulberry C21-eyeglassess C12-Npet C09-Bspa/ C19-Ncoconutoil/
	Competitor	C06-Pmulberry C05-Orice C15-Rjewelry/

a. Market Knowledge and Contractible Pattern

Three types of knowledge: market, product, and competitor were found as important sources for strategic shaping that lead to market expansion in contractible form. Companies utilize these three types of knowledge in evaluating market potential and profitability. For example, C06-Pmulberry and C16-Tfurniture deviated away from going to neighboring countries to more advance economy such as Europe as the firms see higher potential profit. After visiting various international trade shows in many regions, C06-Pmulberry expressed the view that:

> *"Yes, our neighboring countries all have herbal tea, except going to Malaysia or Singapore. From what I have noticed, if the products is not compulsory for living...I mean...not food, clothes, medicine, then people will tend to safe their money"*

As for the interview cases, Resource Base View approach can explain such phenomenon. C06-Pmulberry aims at European or high income markets because their products have competitive advantage in price and quality in such markets. In other words, their resources were competitive in term of cost comparing to European countries and made them be able to export. The quality of health related product does not fit less developing countries. Participating in international trade show allow firms to acquired such knowledge that impact firm's decision in selecting markets.

Resource based model explained that valuable and rare allow firm to enjoy competitive advantage, thus, enter international market. Resource base approach implied that growth of firm stem from the inside resources. Entrepreneur should find the new business opportunity that suitable with organization's competitive advantage. The high income target market can be considered to be new set of competition that C06-Pmulberry need to change the fundamental role of operations strategy. The adjustment resulted in product development that match customer's need or changing. Resources can be divided into physical resource such as land, material, etc. and non-physical e.g. knowledge and skills (Gagnon, 1999; Wernerfelt, 1984). In this case, C06-Pmulberry has unique input resource to create inimitable outputs. Therefore, firm need to find market to match their products.

b. Product Knowledge and Contractible Pattern

For product knowledge, C12-Npet, C19-Ncoconutoil, and C21-Sglasses had motive to develop product in accordance with global product trend or target market needs. This type of knowledge influence firms to utilize their competence in developing competitive products. For example, C21-Seyeglasses stated that:

"Ski goggle, the Austrian customer want this type. So, we calculate if we can do that."

Respondent also added:

"The lens that water and fat cannot catch. We may hire scientist from MTEC. Hire the people with PhD from that and proposed our customers that we have this product. And it is in world market trend."

Product knowledge has direct impact on Firms' decision making. SMEs is different from MNEs in the decision making process. The decision maker usually be the owner. Other restrictions, such as resource and internal change limitation, etc. can shape owner's decision (Marchi et al., 2014). Therefore, product knowledge influence owner's decision to make any adjustment to their product directly. The Resource base view approach also explain the phenomenon for C12-Npet, C19-Ncoconutoil, and C21-Sglasses. The company took knowledge attained from trade show and acquired the motivation to develop product in accordance with global trend or target market needs.

The approach that contractible type of firm took product knowledge is contrast with those in expansive pattern. Base on earlier explanation, SMEs in expansive pattern often look for the markets that consume similar products quality or with small adjustment. However, firms in contractible tend to figure out the way to adjust their products to serve different demand. They often involve in further additional research and investment that would allow them to attain larger profit. This implied that SMEs considered such market even if the market is not neighboring countries. C21-Seyeglasses considered developed country markets and began to consider internal resources. The cost of investing in product adjustment is outweigh culturally close perception. The choice of export markets is on the consequences of firm's export performance expectation. If the product knowledge contributes to higher export performance, then the market would be considered as target market portfolio.

c. Competitor Knowledge and Contractible Pattern

C05-Orice, C06-Pmulberry, and C15-Rjewelry use competitor knowledge to evaluate sales possibility. For example, C15-Rjewlery compare products and service quality with its competitors in Australian market. The company identified its competitive advantage and expressed that:

> *"For example, there are many gemstones cutting service in Australia. We are one of that type of company. But we have competitive advantage in term of skill. If they can do at 2 dollars for a carat, we can do at 4.9 dollars. But, if customer want high quality, they will come to us. Because our quality is better."*

C06-Pmulberry, instead, emphasis on their products that has competitive advantage in term of unsubstituted ingredient and price. Supporting this, the statement from C06-Pmulberry stated that:

> *"Yes, we have competitors, but the European zone, they have so much more in term of capital. They have ability to develop nice product packaging that use high technology. So, for packaging, we can't compete with them."*

Further, C06-Pmulberry expressed that:

> *"We then emphasis on the ingredients. The ingredient that they cannot find, for example, butterfly pea flower or pandanus leaf instead."*

The founder of the three interviewing cases perceived competitor knowledge acquired from international trade shows as a significant part of market selection strategy. For example, knowing competitors allowed C15-Rjewlery to realize their superior quality. C06-Pmulberry adjusted their product to avoid direct competing with its competitors. They analyze level of competition in foreign market environment combination with company's resource limitation, hence, decided which markets will generate the highest return (Rowden, 2001). Chelliah et al. (2010) found that there is a positive relationship between motivations to expand business to overseas countries if it can improve firms' return. Competitor knowledge support Thai firms to selected growth strategy in contractible pattern. This is consistent with Malaysia SMEs that used systematic approaches of market selection (Chilliah et al., 2010). Spence and Crick (2004) explained that international activities created various knowledge, including,

competitor knowledge can eliminate the fear of unknown factor in overseas markets. This process makes psychically close irrelevant. Knowing competitors and their qualification allowed firms to conduct internal evaluation and justified set of available target markets.

Conclusion

In conclusion, Thai SMEs with contractible pattern are different from expansive ones in term of approach in incorporating knowledge and network from trade show. Durendez and Wach (2014) mentioned that SMEs usually prefer to expand business to neighboring countries at early state of internationalization. However, the finding on this study show that none of firms with contractible pattern of market selection chose to expand their business in such direction. Psychically close was not cited during the interview. The knowledge and network mentioned influenced them to search for business potential and developing their product to meet customer's need. The phenomenon implied that they seek to enter any markets that they have competitive advantage or try to adjust their product or resource to facilitate emergence of business.

Furthermore, the comparative analysis of firm with expansive and contractible pattern can be further investigated. The similarity between the two pattern is that not every type of knowledge and network contribute decision on selecting market. Technological knowledge, as well as supplier and competitor network were revealed of discovering during trade show, however, make no impact on market selection pattern.

Implication and future research

This research addressed in-depth of variables in the internationalization theories, especially the Uppsala and BG. The mentioned model of internationalization emphasized on experiential knowledge and its impact on exports, but it does not adequately address the type of knowledge. This research provides conceptual arguments that knowledge and can be divided into different categories. They play important roles but unequally contribute to effect on market selection pattern.

For future research, the scope of this research was emphasized on only SMEs by employing Thailand as a representative for developing economies. Future researcher is recommended to attempt to find the general accepted process of each to market selection pattern. Therefore, future research may conduct studying of the similar variable in different developing countries by using quantitative method.

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