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Abstract This paper shows how the nature of a trade fair can change over time from a temporary marketplace and field-configuring event towards a temporary cluster and complex learning space. Drawing from market-oriented and knowledge-based conceptualizations of trade fairs that analyze the different dimensions, interaction processes between participants and impacts of these events, this paper suggests that trade fairs are highly flexible organizational forms which need to be analyzed through integrated trade and knowledge perspectives. This argument is illustrated in a qualitative case study of the Canton Fair in southern China.

Keywords. Canton Fair; field-configuring event; learning space; temporary cluster; temporary market

1. Introduction

Along with continuing globalization processes, regional economic development needs to establish a basic infrastructure to mobilize and integrate global resources and knowledge pools. Temporary events, such as trade fairs, can play an important role in this context, especially for developing countries (Bathelt and Zeng 2015), since they generate a much-needed platform for the exchange of products and information between local industries and global markets (Maskell et al. 2006; Borghini et al. 2006; Skov 2006; Ramírez-Pasillas 2008; Rinallo and Golfetto 2011; Bathelt et al. 2014; Li 2014a). The development of export-oriented trade fairs for domestic firms has been a common and effective policy tool for the success of export-oriented Asian economies (Ellis 2000; Poon et al. 2006; Kalafsky and Gress 2013; Bathelt and Zeng 2014; 2015). In China, for instance, the China Import and Export Fair in Guangzhou (famously known as, and henceforth called, the Canton Fair) has played a crucial role in promoting international trade since the late 1950s (China Foreign Trade Center 2007; Jin and Weber 2008; Kim 2013).

In the transformation of the Chinese economy since the 1990s, traditional low-cost advantages have been fading away and become less sustainable. Under these conditions, trade-based exhibitions like the Canton Fair that were designed to capitalize on the cost advantages of the Chinese economy are confronted with great challenges, since the very basis for trade relations is changing. Important questions arise from this shift:

1. Do traditional trade fairs respond to evolving national economies that place more emphasis on knowledge creation and innovation instead of standardized production and how do they adapt?

2. Can these platforms change from trade-based events to places that contribute to knowledge exchange and generation and how does this occur?

These research questions are of practical importance not just because of their implications for understanding economic development in China; they are also pertinent to the debate about the nature and function of trade fairs in the global knowledge economy (Bathelt et al. 2014).

Related events are conceptualized in different ways in the literature. From a transaction perspective, for instance, trade fairs have been viewed as temporary marketplaces, where traders and producers (exhibitors) sell products to buyers (visitors) (Berry and Parr 1988; Epstein 1994; Bromley 1998). With the increasing importance of knowledge in global and local economies, research about temporary events has gained new direction and momentum (Bathelt and Henn 2014). In economic geography, trade fairs have been viewed as temporary clusters where buyers and producers interact, socialize and share information (Maskell et al. 2006; Bathelt et al. 2014). In marketing, it has been observed that trade fairs even exist when ‘atypical’ participants dominate, who do not aim to buy or sell products at all (Sharland and Balogh 1996; Munuera and Ruiz 1999; Borghini et al. 2006). And in management, the capacity of temporary events like trade fairs to configure organizational fields and facilitate practices of sense-making has been emphasized (Lampel and Meyer 2008; Hardy and Maguire 2010; Schüssler et al. 2014). These conceptualizations advance a new understanding of trade fairs that focuses on knowledge and institutions. In knowledge-based views of trade fairs, there is, however, a tendency to downplay traded linkages, as well as to underestimate potential knowledge exchanges in market transactions. This literature frames trade fairs in a way that contrasts with traditional views focusing on transactions and trade (Sarmiento et al. 2015). In this paper, it is argued that such a fragmented understanding of trade fairs does not reflect reality and, using the case of the Canton Fair, that market functions and knowledge ecologies are deeply intertwined and co-evolve in trade fair dynamics.

The argument develops in six sections. Section 2 summarizes the debate about market and knowledge perspectives of trade fairs. After a brief description of the data collection process in section 3, section 4 discusses trade-making processes during the early stages of the Canton Fair and how this event configured the organizational field surrounding China’s export system. In section 5, the recent development of complex knowledge ecologies within the context of traded interactions between exhibitors and buyers that drive the transformation from a temporary

marketplace toward a space of integrated learning and exchange opportunities is documented in detail. Section 6 discusses the findings and concludes.

2. Framing trade fairs: From temporary markets to temporary clusters

While originally developed in traditional societies, trade fairs played an important role in modern capitalist market development (Epstein 1994). At a time when the infrastructure for cross-regional and international trade was underdeveloped and when spatial movements of goods and information were very costly, temporary gatherings of traders, producers and buyers became effective means to promote trade and market development and reduce transaction costs (Verlinden 1965; O’Flanagan 1985). Traditional trade fairs that functioned as temporary marketplaces enabled regional economic specialization in countries such as Italy and Germany (Rinallo and Golfetto 2011) by providing an export platform for regional producers. Economic geographers traditionally viewed trade fairs as periodic markets that emerge in underdeveloped central places and have the potential to impact the later establishment of permanent markets (Berry and Parr 1988). In a conventional market-based understanding of trade fairs, traders or producers exhibit their offerings and visitors buy these according to their needs. Within this setting, participants negotiate mutually acceptable prices in order to make deals.

In contrast to this perspective, knowledge-based understandings of trade fairs emphasize communication and interaction processes between participants that go beyond traded linkages. As in permanent industrial clusters, these events establish agglomerations of a large group of producers, buyers and related organizations in a designated location – albeit for only a few days – and thus provide manifold opportunities for intensive interaction along vertical, horizontal and social dimensions (Rosson and Seringhaus 1995; Maskell et al. 2006; Bathelt et al. 2014; Li 2014a). Vertically, trade fair visitors and exhibitors interact as potential sellers and buyers. This interaction involves knowledge exchanges about product quality and design, market trends, industry dynamics and characteristics of the production process that go far beyond price determination. Horizontally, temporary geographical proximity of competitors generates a microcosm of the market (Rosson and Seringhaus 1995). Competing firms showcase their best product offerings to differentiate themselves from their peers (Bathelt et al. 2016; Callon 2017). Being active within the same organizational field for many years enables firms to keep up-to-date

with new product developments and enables them to prepare competitive exhibits for upcoming trade fairs. Socially, a substantial number of visitors and exhibitors at trade fairs have already been in business relations with other participants or know their competitive environment quite well and are therefore familiar with other actors. Even among representatives of exhibiting firms that may be rivals ‘on the table’, friendships can develop and be sustained through regularly participating at the same trade fairs. In short, interactions at trade fairs mirror the knowledge ecologies that develop between cluster firms in permanent industry settings. Trade fairs in this perspective can thus be viewed as temporary clusters (Maskell et al. 2006).

According to this knowledge-based understanding, what happens during trade fairs can effectively help restructure the business strategies of firms. Importantly, vertical interaction with buyers at trade fairs directly enables firms to get access to international markets at a relatively low cost (Allen 1982). Market development constitutes a major part of the benefits that exhibitors have from attending trade fairs as they establish an important export channel for small and medium-sized firms and enable internationalization (Ellis 2000; Kalafsky and Gress 2013). Besides interaction and knowledge exchange processes between buyers and exhibitors, trade fairs help producers to better understand market changes and improve their capabilities in generating product designs that are in-demand. In terms of horizontal knowledge flows, staying informed about product developments of competitors operates as an incentive for firms to attend these events and provides exhibitors with crucial inputs about how to restructure their innovation strategies.

With these long-term effects on the strategies of participating firms, international trade fairs also play an important role in the upgrading processes of local economies and in making connections with global knowledge communities (Bathelt et al. 2014; Gibson and Bathelt 2014). In the context of Asia, different types of trade fairs generate varying ‘pipelines’ that reach global knowledge pools in different ways and to different degrees (Li 2014a; 2015). In Europe, such knowledge-intensive international trade fairs not only develop out of innovative clusters but also contribute significantly to the success of these clusters (Rinallo and Golfetto 2011). The important flagship events develop vibrant knowledge ecologies with ‘global buzz’ dynamics where different, yet related, communities share knowledge and create innovative ideas (Bathelt and Schuldt 2010). Trade fairs that are able to generate ‘global buzz’ actively contribute to the reproduction of pre-existing organizational fields (Gibson and Bathelt 2014; Schüssler et al. 2014) and sometimes even play an important role in the configuration of a new organizational

field (Lampel and Meyer 2008; Hardy and Maguire 2010). This organizational contribution is achieved through processes of collective sense-making and the generation of a shared understanding about the future development of specific technologies, industries and fields.

Conventional market- and knowledge-based understandings of trade fairs differ substantially in terms of how they conceive the processes that shape the interaction of exhibitors and visitors and their outcomes. From a market-based perspective interaction is primarily vertical in character and restricted to price considerations, as is consistent with neoclassical market models. According to knowledge-based understandings interaction between trade fair participants is multidimensional and more complex, involving not only vertical but also horizontal and social dimensions. Proponents of knowledge-based conceptions argue that, even with respect to market transactions, interaction goes far beyond price negotiations, entailing knowledge exchanges about product characteristics which connect technical details of the producer and user context and link former with future entanglements (Callon 2017). Trade fairs are therefore not only places where transactions of goods are negotiated and decided but also spaces of knowledge sharing, relationship building and sense-making that spread knowledge about changing technological and institutional conditions or configure the developmental course of entire fields and economies.

In much of the literature these different understandings of trade fairs are not fully integrated. Trade fairs are often seen as market-oriented or knowledge-driven – but not both at the same time. Such one-sidedness may mirror the fact that there are various types of events that are organized and function quite differently. And yet such one-sided understandings would be inappropriate if trade fairs had the capacity to change from one type to another or take on hybrid forms. With the Canton Fair, the way the transformation of events from one type to another can happen will be explained, and the way that trade fairs can evolve from temporary marketplaces and field-configuring events into sophisticated learning spaces and temporary clusters that carry out hybrid functions will be illustrated.

3. Case selection and data collection

The Canton Fair in Guangzhou, southern China, which has taken place twice a year since 1957, was originally designed to facilitate the export of agricultural products in order to acquire foreign currency to support industrialization in China at a time when the country was an isolated agricultural economy (China Foreign Trade Center 2007). With the support of the central government, the fair immediately became the largest event of its kind in China. It was very

successful in generating exports and quickly expanded into different industries. The Chinese economy of today is, however, very different from that of the 1950s and has since the 2000s moved from a world factory for low-cost products towards a more innovative technology-based economy. Within this transitional context, the Canton Fair, which was originally designed as a typical market platform, had to change drastically to survive and succeed. In analyzing this event as a critical case study (Seawright and Gerring 2008; Tokatli 2015), this paper contributes to a deeper understanding of trade fair dynamics. Because of its size and importance, the Canton Fair played a crucial role in developing the field of trade fairs and triggering international trade in China.

Focusing on the evolution of the Canton Fair, a research strategy was developed to collect both quantitative and qualitative data about the event in the past as well as in recent editions. As the trade fair is a high-profile event that has been organized by the Chinese central government for about sixty years, well-preserved archives and historical data relevant to the fair are kept by the China Foreign Trade Center (2007). These sources constituted a primary source of information about the development of the event during its early stages. In addition to taking a historical perspective, a goal was to understand the participants' interactions and trace the development of knowledge ecologies over time. To do this, semi-structured focus interviews were conducted during the Canton Fair's 2015 spring edition. The questions were organized in the form of an interview guide, structured in two parts. The first part focused on the reasons for the firms' participation and their impressions of the current and past editions of the event. The second part contained questions about the nature of interaction processes with visitors and other exhibitors, paying particular attention to knowledge exchanges and networking activities. Answers to these questions provided a direct perspective on the nature of the current knowledge ecologies at the event. By talking to long-term exhibitors and asking them about their memories at earlier times, information was collected about the changing dynamics of the fair. This interview data was triangulated with information from the official archives, enabling the development of a solid map of the function and structure of the event and its development (Miles and Huberman 1994).

Attending the Canton Fair also allowed us the collection of first-hand data on exhibitor-visitor interactions through participant observations. The members of the research team in different halls of the fair independently conducted interviews and took on-site notes on the interaction patterns of trade fair participants. The observation criteria and interview questions

were closely aligned to one other. Later, interview results and notes were cross-checked and triangulated to develop a consistent understanding of the event through gradual classification and generalization (Eisenhardt 1989; Yin 2009). This information was used to identify different types of learning in an inductive way. This involved comparing pre-existing findings from former studies (e.g. Bathelt et al. 2014) with the descriptions of respondents about how they gained knowledge and information. The answers of firms regarding their interaction patterns were finally generalized in a stepwise procedure and identified as distinct types.

Overall, 55 interviews were conducted with randomly selected exhibitors, most of which were firms in textiles and garments, shoes, bags and cases, and office products. These were the sectors in the center of the third phase of the three-week multi-industry event from May 1-5, during which the empirical research was conducted. Table 1 summarizes the characteristics of the interviewed firms. Consistent with the fact that most exhibitors are from the coastal areas (Dai et al. 2012), most interviews were with firms from the eastern provinces of China. Before being allowed to exhibit their products at the Canton fair, these firms have to go through two selection processes: first by the provincial government of their home region and then by the fair organizer. Therefore, it is not surprising that larger enterprises are given priority and that many larger exhibitors are long-time participants. The sample of exhibitors represents this feature. Exhibitors that attended the Canton Fair regularly and over a longer time period accounted for the majority of sampled firms (Table 1). In terms of size and age, most interviewed firms had employed more than 100 workers and existed for over a decade. Since many of the firms were quite experienced the interviews were able to draw a longer-term picture of structural changes during the event.

Table 1 about here

4. Rise of the Canton Fair: Market development and active field configuration

In 1957, when the Canton Fair was established, China was a planned economy that was generally isolated from the rest of the world. Products from China were boycotted by most western countries during the Cold War. At that time the economy relied largely on agricultural products and crafted goods. In order to trigger the development of domestic manufacturing

industries, the central government urgently needed foreign currency in order to import much-needed industrial equipment and materials. In this context China began developing international trade fairs as virtually the only way to acquire that currency. Such activities were originally targeted at overseas Chinese in Hong Kong, Macau and other developing countries, especially in Southeast Asia. Guangzhou was a natural choice as a location for an international trade fair because of its long history of commercial activities and its proximity to Hong Kong and Macau (China Foreign Trade Center 2007).

The Guangdong government initially launched two small trade fairs with Hong Kong buyers, both of which turned out to be very successful. Encouraged by these test events, the proposal for a national trade fair was immediately accepted by the central government and the Canton Fair was then organized jointly between both government levels. The fair was set up as a bi-annual event with spring and fall editions in April and October respectively. These dates were synchronized with the harvest seasons of agricultural products and were times when Guangzhou had comfortable weather conditions with moderate temperatures. During the Canton Fair most exhibited products were in storage, ready to be immediately shipped after sales deals were negotiated. Exhibitors in the early editions of the fair were a limited number of state-owned trading firms that were granted the right to export and visitors were their previous business partners that were invited to attend by the Chinese government upon recommendation by the trading firms (Ou 2015). Two-thirds of the visitors at the event originated from Hong Kong and Macao and about two-thirds of trade deals revolved around agricultural products (China Foreign Trade Center 2007).

Since the products to be traded were already available, exhibitors and visitors mainly focused on price and delivery conditions in their negotiations. And since the event was organized by the central and provincial governments with state-owned firms as exhibitors, potential buyers from other countries were not particularly worried about contract obligations going unfulfilled. In fact, the State Council effectively monitored the enforcement of transactions made at the Canton Fair to reduce opportunism (China Foreign Trade Center 2007). With the endorsement of the central government, visitors felt safe to sign contracts on the spot, even without prior relations to their trade partners (Bathelt et al. 2016). The event quickly gained reputation and attracted more visitors over time. As one manager of a large shoe producer from Jiangsu Province (established in 1992, more than 500 employees) interviewed in 2015 explained: “At that time, there were a lot of customers and buyers that came to the Canton Fair. The competition then was not as fierce as

it is right now” (interview #04). Another interviewee of a shoe firm from Fujian province (established in the early-1980s) described the early days of the event as follows: “We made a lot of deals at the fair, and we also had many customers paying serious money during the fair” (interview #38). Based on this specific institutional design that generated conditions conducive to trade deals, the Canton Fair resembled in many respects a typical export platform.

On closer investigation, however, treating the Canton Fair as just a temporary marketplace appears too simplistic. It was also a place for policy experimentation that became a field-configuring event for the establishment of international trade in China (Lampel and Meyer 2008; Gibson and Bathelt 2014). Clearly, support by the central government was crucial for its success. But why did the event gain such strong government support? Table 2 provides an answer by analyzing the turnover of the Canton Fair in relation to overall Chinese exports. The table shows that the event played an important role in the country’s economic development. For instance, the first edition of the event in 1957 led to sales of 87 million US dollars and already accounted for 5 percent of the country’s overall exports. Over time the fair became more and more important as a marketplace where deals between Chinese exporters and international buyers could be made, and its share in Chinese international trade steadily increased. Eight years after its establishment the Canton Fair was already responsible for more than one-third of the country’s exports. The significance of the event increased further in the 1970s, and in some years it accounted for about half of the country’s total exports.

Table 2 about here

As a field-configuring event it created virtually from scratch the institutional conditions for the international trade fair business in China and led institutional changes in the economic and trade system. The Canton Fair also helped pave the way to the opening up of the Chinese economy. First, the success of the event confirmed that the country’s economic reforms toward an open market economy were in fact working. This was important because there was a high degree of uncertainty and conflict of opinion about how to transform the planned economy and whether or not a market economy should be the ultimate goal. The central government needed evidence to justify the choice of reform policies and help those policies gain broad support. Such evidence consisted of statistics about high rates of economic growth, better living conditions and the success of the Canton Fair in promoting export activity. In 1989, still in the early stages of

economic reform, Tian Jiyun, the Vice Premier of the State Council, attended the event and emphasized that “reform and opening up is not just something you [either] like or dislike. It is the fundamental interest of our country. The success of this session of the Canton Fair is [proof of] very convincing action and fact” (China Foreign Trade Center 2007: 272).

The Canton Fair also helped to develop the institutional framework for China’s trade system and established best practices of conducting international business. Before the event was established, most of the country’s trade relations did not involve currency exchanges but just operated by recording trade deficits and surpluses through bookkeeping with other socialist countries. The Canton Fair, by contrast, introduced common international trade practices to the country and helped China acquire foreign currency. As such, the conditions were put in place for the later establishment of currency exchange rates. Many Chinese firms that did not have prior knowledge of how to engage in international business gained experience by attending the fair and by learning what others had done successfully in previous years (e.g. Powell 2007). For example, intellectual property rights did not have a strong basis as a concept in traditional Chinese society but needed to be established and respected in international business (Child and Tse 2001). This required learning processes and changes in attitudes. Local entrepreneurs apparently learned about the significance of intellectual property rights through the Canton Fair (e.g. Li 2014b). In response to the requirements of foreign buyers, the fair organizer introduced a strict method to deal with property rights issues by inviting representatives of the State Intellectual Property Office to the event. When products were found during the event which could potentially infringe other firms’ patents, disputes were immediately resolved onsite and the respective products usually removed from the exhibition grounds. This practice of intellectual property rights protection was later extended to other trade fairs across the country. The event also pioneered other changes in the context of economic reforms. For example, the organizer supported a gradual shift in the exhibitor base from trading firms to manufacturing enterprises and from state-owned enterprises to private firms (China Foreign Trade Center 2007).

However, this field-configuring role of the Canton Fair began to diminish when China became more integrated into the global economy. This change is illustrated by the more recent numbers in Table 2. Since the 1980s, when the country started major economic reforms, the event’s share in overall Chinese exports has steadily decreased from 21 percent in 1985 to only 3 percent in 2015. This is, of course, an inevitable process, as China’s economy has grown too big to be shaped by a single trade event.

The prior dominance of the Canton Fair in China's international trade was related to the priority treatment it received compared to other trade events. In the early stages of economic development other trade events were restricted by the central government in order not to jeopardize the success of the Canton Fair (China Foreign Trade Center 2007). Later, these restrictions for trade fairs were gradually lifted, particularly since China's entry into the World Trade Organization in 2001 when thousands of trade fairs sprung up across the country. Based on initial and repeated contacts between domestic and foreign firms during such events, large firms in particular began to develop stable relationships with international partners and established international business networks. As a result the Canton Fair did not just face a lot of competition from other events but also lost its crucial role as initiator of economic relationships.

In addition, structural changes occurred in the mode of participation at the event (Bathelt et al. 2016). For instance, the profile of visitors at the event began to change, and in 2015 exhibitors commonly acknowledged a decline of actual buyers at the fair. One manager of a large shoe firm from Jiangsu Province (established in 1992, over 500 employees) concluded that “[f]ewer buyers come to this show. The new buyers here that will be interested in our products are from some small countries such as India and South America. They are not our traditional customers. Our traditional customers come from the USA and Europe. I can see as a trend that the number of buyers from our traditional markets is going down” (interview #04). An exhibitor from Fujian province (established in 2000, 100 employees) explained that “[n]owadays, ... many customers go directly to the factories. They do not go to the fair [any longer], especially the big customers” (interview #06). Unsurprisingly, this created a lot of concern among the exhibitors and raised questions about the processes behind these changes and how best to cope with them.

The structural transformations of the event that occurred in recent years overall created substantial pressures on the exhibitors. Indeed, at the time of the research, the Canton Fair had largely lost its former significance as a field-configuring event and its role as a temporary marketplace was also in decline. However, at the same time, the event developed characteristics of a temporary cluster.

5. Emerging knowledge ecologies at the Canton Fair

One long-term participant in the event (the manager of a bag and case export firm, Guangdong province, established in 1988) analyzed the situation at the Canton Fair as follows: “There is no secret in the market right now. The customers know a lot about us and our

competitors. They even know the prices of our raw materials. Thus, we have to bring something new and something special to the fair – so the customers can figure out what is new and what is old” (interview #43). This quote suggests that the trade fair attendees were well aware of the structural changes going on and knew they could not expect many deals to be made on the spot (Bathelt et al. 2016). This research provides evidence that, as a consequence, firms began focus more on innovation, new product designs and the development of longer-term customer relations. Instead of sales relationships, knowledge exchanges became more important and learning opportunities developed. Evidence was found for five different types of interactive learning processes through which firms try to exploit the emerging knowledge ecologies at the Canton Fair (Table 3). Three of these learning channels are fundamental features of knowledge-based trade fairs and are quite common: vertical interacting; horizontal observing; and industry and market scanning. The research also identified two learning channels that are more unique in nature and specific features of the Canton Fair: collecting samples; and shopping exhibitors.

Table 3 about here

5.1 Vertical learning

As the emphasis of the Canton Fair moved from agricultural products to manufactured goods – involving more complex technologies, an increased focus on product design and an extended division of labor – vertical interaction between exhibitors and visitors increasingly included broader knowledge exchanges regarding product development and user preferences. Although price was still an important factor in the discussions between exhibitors and visitors, many interviewees emphasized the greater importance of other aspects. Many local firms, especially small and medium-sized ones, do not have the capacity to conduct their own market analysis. For these firms, the trade fair is a crucial source of information about market and technology developments (Borghini et al. 2006; Maskell et al. 2006; Li 2015). The Canton Fair therefore became a natural place for firms to catch up with new user demands and requests. The manager of an export firm from Fujian province (established in 2010, 80 employees) explained that “[c]ustomers give us a lot of information about the new designs and ideas. We learn what kinds of products are popular this year” (interview #02).

Sometimes, even during an event as large as the Canton Fair, visitors did not find the products they were looking for. In this case, they would typically sit down with trusted exhibitors and discuss their unfulfilled demands, for instance with respect to specific product designs. Producers greatly benefited from such knowledge flows, as these specifications indicated new consumer needs and pointed at design changes in the future. The manager of a producer of bags and cases explained that sometimes “[t]he customer wants something which is not on our list but is related to our current production ability. As a result, this helps us to develop new products and extend to new markets [in the future]” (interview #18). For those Chinese producers that develop design capabilities, vertical communication with global buyers at the fair provides an opportunity to test whether their new offerings are accepted in foreign markets and allows them to learn how the specific needs differ. As the manager of a shoe firm from Jiangsu province (established in 1992, more than 500 employees) emphasized, “[w]e can learn from the customers about new market needs. For customers in traditional markets, we just need to follow our old customers. But for customers in new markets, we must make more of an effort to understand their needs” (interview #04).

Exhibitors did not all benefit equally from vertical knowledge exchanges with global buyers as vertical learning typically depends on pre-existing relationships between exhibitors and visitors (Schuldt and Bathelt 2011). Interactions and discussions beyond price considerations are especially likely when two firms have already engaged in longer-term business linkages and have developed social relations. It was, for instance, a common practice for many exhibitors at the Canton Fair to inform established customers in advance about their booth numbers and invite them for a visit. While important brief knowledge exchanges occurred during the event, communication between embedded producers and users usually continued after the event in the process of regular site visits or otherwise scheduled meetings that enabled ongoing interactions (Bathelt et al. 2016).

For those firms that did not have strong relations with visitors, the event provided unique opportunities for face-to-face interaction with buyers and users that could not easily be replaced by other forms of communication (Bathelt and Schuldt 2010). As those who study the economics of knowledge have argued, many forms of knowledge that are expressed using body language are tacit in nature. Such tacit knowledge, which is viewed as very important in doing international business, can best be gained in a face-to-face context, as the representative of an export firm from Zhejiang province (established in 1989, 400 employees) at the Canton Fair emphasized: “You

need to bond with new customers, to be frank. They will have a discussion with you. They develop a feeling about your knowledge and profession, see your reaction. And they can also see your face: the talking, the expressions, the manners. Sometimes they may like you and start doing business with you” (interview #09).

Overall, face-to-face vertical interaction at the Canton Fair enabled producers to develop initial trust with potential buyers at a relatively low cost, something that could hardly be accomplished so quickly through other means. One interviewee of a shoe firm that attended Canton Fair for more than 10 years explained this as follows: “Customers may not trust you over the internet because you only need to register an ID on the website. But when you show your face and your products during the trade fair, customers will believe that you are real. I am sure that the trade fair has a better effect than the website. Meeting each other face to face here is real: it is more direct – easier to trust – and then easier to get new customers” (interview #39). This observation is consistent with findings that trade fairs play an important role for Asian small and medium-sized firms in their early internationalization stages (Ellis 2000; Kalafsky and Gress 2013).

5.2 Horizontal observing

Horizontal opportunities to learn about technological changes and product developments have increased at the Canton Fair as producers replaced trading firms as exhibitors. During the early stages of the event, domestic trading firms were focused on selling their products to international buyers and, since they did not have manufacturing experience, were less interested in exchanges with other exhibitors. With the structural transformations of the Canton Fair since the 1990s, manufacturers, especially private firms, have become dominant as exhibitors. And as low-cost products are less eye-catching, these manufacturers are pressured to showcase new designs and solutions during the event (Bathelt et al. 2016). All of these changes have generated an important platform for horizontal observation of domestic product and technology developments.

As proponents of a knowledge-based understanding of trade fairs argue, horizontal learning usually occurs through monitoring and observation, and does not necessarily involve active communication or knowledge sharing (Bathelt et al. 2014; Li 2014a; 2015). This is indeed what was commonly found at the Canton Fair. As in many such events, exhibitors with similar product offerings were grouped together. This enabled visitors to get a quick overview of the

changes in a certain product segment. But it also placed the exhibitors in direct vicinity of their competitors' stands. Since professionals in the same business share the same industrial expertise and reference points, they become very sensitive to their competitors' product changes. Most of the exhibitors interviewed said that they systematically go through the exhibition halls and inspect the exhibits of their competitors. The manager of a bag producer (established in 1997, 500 employees, Fujian province) described this process as follows: "We walk around, stop [at other exhibits] and see the materials and structures of their products. Through this, we get a general idea of what kind of product is popular" (interview #08). Since all booths at the event were publicly accessible, peer visits could not be ruled out, although, as the representative of an export firm from Zhejiang province (established in 2007, 200-300 employees) emphasized, exhibitors often did not like this practice: "We have several competitors here. Sometimes we will go to their booth to check what they are doing, and they will also come here to see something of us. But they are not welcomed" (interview #10). Sometimes, exhibitors knew each other from former events but competition prohibited them from communicating with each other during the fair.

However, in some other cases, horizontal learning extended beyond observation practices and entailed active communication. This especially happened when competitors were from the same region and already had some social connections. Firms with complementary specializations in niche markets engaged in friendlier business relations with each other than head-to-head competitors in the same product market. As one manager of a shoe firm from Fujian province (established in the early-1980s) confirmed, "[y]ou can find that many firms around us are all coming from the same place. So we know each other very well in advance. We already have a good relationship [with each other]. We produce different specific kinds of products in this field, and we always have a talk in our leisure time during the fair" (interview #38). This horizontal interaction generated important learning opportunities at the Canton Fair. Because of these opportunities, exhibiting firms did not just send sales managers to the event but also had product designers on site.

It should be mentioned, however, that not all exhibitors benefitted from horizontal learning processes at the Canton Fair. For exhibitors of very specialized products, competitors with similar knowledge pools were hard to find, despite the large scale of the fair. Horizontal observation was for these firms of little value as a source of inspiration. One interviewee from Shaanxi province in western China said that "[o]ur products aim at foreign countries and have

little in common with all others. We look around [at the event] but do not find much valuable information” (interview #22).

5.3 Industry and market scanning

Aside from specific knowledge about product characteristics through vertical interaction and horizontal observation, large international trade fairs such as the Canton Fair also provide opportunities for firms to receive an overview of industry trends, regulatory changes in their organizational field and general market dynamics (Rosson and Seringhaus 1995; Maskell et al. 2006). This is especially important for small and medium-sized firms with little experience and limited internal capabilities. Such knowledge is usually shared on a voluntary basis between members of the same industrial community.

The transmission of industry- and market-specific knowledge often goes hand in hand with horizontal observation and firms systematically scanning the exhibition floor for new developments (Li 2014a). This research found that related learning processes were quite widespread at the Canton Fair since the event had developed into a huge meeting place for thousands of domestic exhibitors and international buyers operating in similar industry contexts (Kim 2013). Because of its sheer size, the event is a microcosm of those organizational fields whose firms are in attendance (Rosson and Seringhaus 1995; Powell 2007). For this reason scanning is possible and becomes almost an automatic process. In the words of the manager of a bag producer, “[w]e will look around to find out about new products and new inventions. [Through this,] we will have better knowledge of this industry” (interview #18). While industry-specific knowledge was usually channeled through horizontal observations, it was also regularly shared through vertical interaction with buyers. The manager of a bag and case producer from Guangdong province gave some illustrative examples: “We learn about [the broader industry] from our customers. They will tell us some information, for instance about the status of factories in Zhejiang, in Yiwu. ... Some of them tell us that firms have scheduled to build new factories in South Asia ... [and in this way] we learn of new trends in manufacturing” (interview #43).

While horizontal observation is a typical way to acquire industry-specific knowledge, market-specific knowledge is often shared through vertical interaction. Exhibitor-buyer interaction at the Canton Fair not only helped firms to identify opportunities to extend their production program but also revealed important information which helped them to understand market dynamics and the differences between markets in the various countries of the buyers. Due

to the large size of the Canton Fair, exhibitors were able to aggregate this information into a broader perspective of developments and changes in the global economy. One interviewee from a Fujian firm (established in 2000, 100 employees) was very clear about this: “There are different customers here and we can learn different information from them. For example, there are German import companies [from which] we can learn details of the German market. They will tell us [that] the European economic situation is not very good. We then have this information and will connect with them again [later on]” (interview #06).

5.4 Collecting samples

The learning mechanisms described above are quite common in temporary clusters (Bathelt et al. 2014). In contrast, the systematic collection of design samples appears to be a form of learning that is more specific to the Canton Fair. Here, producers pose as buyers and collect samples without the intention of actually buying any products. Instead, their intention is to imitate these designs through reverse engineering and after the event integrate them into their own product offerings. This form of knowledge leakage was generally viewed negatively in the interviews. As the Canton Fair has developed into an event that is representative of the breadth of Chinese manufacturing capability, it has also become a place where actors can easily collect product samples from a wide variety of exhibiting firms. The fact that the trade fair organizers do not force foreign visitors to go through a selection process makes such unwanted knowledge leakage relatively easy.

Although visitors were preselected and invited in the early years of the Canton Fair, the event eventually opened up to all foreign firms to enable further growth. The common practice was that anyone with a foreign passport was free to register and enter as ‘foreign buyer’, while Chinese citizens were not allowed to attend the event unless they were sent on behalf of a foreign firm. These practices limited the participation costs of global buyers but also opened the door for unwanted knowledge leakage through firms collecting samples as blueprints for product imitations. As the manager of a shoe firm from Fujian province that attended the Canton Fair for more than 20 years vividly explained, “[s]ome dishonest visitors are producers [themselves]. But they still come to your exhibition stand and tell you that they want to buy your products. They ask for our samples – they say they cannot make a decision right away, go away and never connect with us again. Then, they send the samples to their own production plant and ask them to manufacture similar [products]” (interview #38).

Such dishonest visitors have become an increasing concern for exhibitors. With their practices of spying on product designs and collecting samples, they could threaten the emerging knowledge ecology at the Canton Fair. While visitors were nominally representatives of foreign firms, they were often linked to Chinese competitors. In response to these sample-collecting practices some experienced exhibitors developed a black list of uncommitted or fraudulent visitors (Bathelt et al. 2016). Given the open nature and large scale of the event, however, the effects of such measures are limited. A more effective policy for dealing with this practice of collecting samples would be the introduction of a specific selection procedure for visitors by the fair organizer – a process that would likely discourage the participation of other visitors.

5.5 Shopping exhibitors

The final learning mechanism observed at the Canton Fair developed around several large global buyers, who tried to exploit systematically the knowledge ecology of the event before making buying decisions (Powell 2007). Although these buyers usually had established business relations with numerous Chinese suppliers and did not need to participate in the event to establish new business, the organizer persuaded these firms to attend in order to increase the fair's attractiveness to small and medium-sized manufacturers. Unlike other visitors that go from booth to booth, investigate exhibits and talk to exhibitors, these invited visitors took a different approach. To increase efficiency, the organizer provided them with temporary offices where they could meet with exhibitors. Exhibiting firms at the event would be informed about the presence of the buyer and invited to bring their latest and best products to the temporary office where the buyer would pick those products they liked most and place an order. This type of learning channel is different from practices described at other large events (Bathelt et al. 2014). It leads to power asymmetries between the global buyers and the Chinese exhibitors. In contrast to the learning processes in the exhibition halls, these exchanges primarily entailed one-way knowledge flows from the exhibitors to the buyers, thus creating a different type of knowledge ecology. At the same time, the practices were advantageous for small exhibitors that could otherwise easily be overlooked and now had a chance to showcase their new products to global buyers. However, this shopping among exhibitors was generally less about learning. It had much in common with transaction-based views of trade fairs and was less important for knowledge generation processes.

6. Conclusions

The two key questions investigated in this paper are how trade fairs respond to a developing national economic context and whether they can shift from trade-oriented to knowledge-based events. Using the Canton Fair in southern China as a critical case, the main findings presented in this paper suggest, first, that in a developmental perspective trade fairs put stronger emphasis on knowledge generation processes over time as the economic and political conditions in the country change and, second, that the specific role of such events can be quite flexible and adjust to such changes (Rinallo and Golfetto 2011; Bathelt et al. 2014).

While the literature has developed fragmented trade- and knowledge-based conceptualizations of trade fairs that draw different conclusions regarding interaction processes at these events and their underlying purposes, this paper suggests that a narrow perspective is not helpful in explaining the shift of an event from a temporary marketplace and field-configuring event to a temporary cluster and learning space. The Canton Fair in Guangzhou is an excellent case to demonstrate this conclusion. The event, which has developed into one of largest trade fairs worldwide (Kim 2013), was originally set up in the late 1950s by the Chinese government to support the export of agricultural products with the goal of acquiring foreign currency that was urgently needed to buy foreign machinery and equipment for the underdeveloped manufacturing sector. And as a temporary marketplace that brought together Chinese exhibitors with foreign buyers it was quite successful. This outcome did not occur automatically but required the establishment of rules and practices for international trade that did not exist before. Therefore, the Canton Fair quickly became a field-configuring event that, with strong government support, generated the conditions for foreign trade in China. It also paved a way for later economic opening policies in the country. However, once relationships between Chinese exhibitors and foreign buyers were forged and trade practices established, this field-configuring role diminished. For quite a few years, especially during the 1970s, the event functioned as a temporary marketplace that not only supported but also dominated Chinese international trade. With the fast growth of the Chinese economy since the 1980s, however, the importance of the Canton Fair as a single temporary market has decreased. Different practices and the evolving needs of buyers and exhibitors led to structural changes and the emergence of complex knowledge ecologies that generated a rich learning environment for exhibiting and visiting firms. While still being an

important temporary market, the event has developed into a temporary cluster and complex learning space.

As such, one of the main contributions of this research to the literature on temporary events is to provide evidence of the way in which the role of a trade fair can fundamentally shift even though its basic structure may remain the same (Rinallo and Golfetto 2011). This study shows that even transaction-oriented events can generate rich learning environments over time. Supporting recent studies on trade fairs (Bathelt et al. 2014), this result suggests that there is a need to overcome the tendency in the literature to distinguish between transaction-based and knowledge-related events. Generally, this research shows that trade fairs are not just marketplaces that accompany economic development but that they can also be drivers of such development and places where institutional settings are developed. As such, these temporary events play a much more active role in economic development than is commonly assumed.

By examining the evolution of the Canton fair in a changing national economic and political context, this research suggests that an integrated and dynamic approach is required to conceptualize trade fairs. Such an approach needs to go beyond isolated market-based, field-configuring event or knowledge-generation perspectives. In fact, the application of a narrow conceptualization will not allow a proper understanding of the changes that occurred at the Canton Fair. Viewing it as a field-configuring event, for instance, explains how the Canton Fair needed to establish institutional conditions for international trade but does not show how complex knowledge ecologies have emerged and how field-reproduction functions have replaced field configuration. Similarly, a market-based perspective explains the success and rapid growth of the event in a developing economic context but does not provide a convincing explanation as to why the importance of trade has decreased and how this decline has led to the emergence of complex knowledge ecologies. And, finally, the temporary cluster perspective generates explanations of how interaction processes at the Canton Fair stimulate upstream knowledge generation in production and innovation but fails to recognize the earlier triggers generated through downstream market interactions. Therefore, understanding the shift from temporary marketplace and field-configuring events toward temporary cluster and learning space requires a comprehensive conceptualization of trade fairs as flexible organizational forms that are shaped by a variety of processes – i.e. market interaction, institution building, knowledge generation and learning – all of which operate at the same time or in sequence.

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Table 1. Structure of exhibitors interviewed at the Canton Fair, 2015

A. Origin of exhibitors		Share	B. Experience in participation		Share
	East China	88%		First time (1 year)	11%
	Central China	9%		2-10 years	50%
	West China	3%		>10 years	39%
Total		100%	Total		100%
C. Firm size (employees)		Share	D. Firm age		Share
	Small (<100)	20%		<10 years	13%
	Medium-sized (100-500)	60%		10-20 years	42%
	Large (>500)	20%		>20 years	45%
Total		100%	Total		100%
Number of interviewed exhibitors			55		

Table 2. Share of Canton Fair turnover in Chinese exports, 1957-2015

Year	Business turnover (million US dollars; spring and fall sessions combined)	Share of the Canton Fair turnover in total exports from Mainland China
1957	87	5%
1965	757	34%
1975	2,667	37%
1985	5,676	21%
1995	19,412	13%
2005	58,660	8%
2015	55,066	3%

Source: Data on business turnover is drawn from the Canton Fair website (<http://www.cantonfair.org.cn/html/cantonfair/en/about/2012-09/139.shtml>, accessed May 10, 2016); data on exports is taken from various China Statistics Yearbooks.

Table 3. Emerging complex knowledge ecologies at the Canton Fair, 2015

Feature	Mode of interaction and knowledge acquisition				
	Type 1: Vertical interacting	Type 2: Horizontal observing	Type 3: Industry and market scanning	Type 4: Collecting samples	Type 5: Shopping exhibitors
Agents involved	Exhibitors and visitors	Exhibitors	Exhibitors	Exhibitors and pseudo visitors	Large global buyers and exhibitors
Knowledge flows	Market knowledge; relationship- based	Technology and product development; automatic flows	Industry and market dynamics; automatic flows	Product designs; knowledge leakage	Product designs; based on asymmetric power distribution
Learning process	This is a common mode of learning-by- interacting, especially for small- and medium sized firms; exhibitors with strong buyer relations benefit most	This mode developed when trading firms were replaced by manufacturers; unintended knowledge transfers among exhibitors, based on passive observation and monitoring	This mode results from the enormous size of the event mirroring broad industrial and market changes; acquisition of industry/market knowledge that is 'in the air'; requires 'being there'	This mode is created by dishonest manufacturers that are disguised as buyers aiming to steal ideas for new designs from exhibitors; a threat to the temporary knowledge ecologies	This involves large buyers asking exhibitors to showcase and sell their best products in a secluded space; a chance for small- and medium sized firms to get orders from global buyers