The Challenges Facing Small and Medium Enterprises (SMEs) Participating in Trade Fair: A Case of Dar es Salaam International Trade Fair (DITF) in Tanzania

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Abstract: Trade fair is a most powerful media and important part of the marketing mix. Which enable companies to test their products and at the same time market them appropriately. Previous years it seem that large companies participate in trade fair. However, nowadays many SMEs also want to participate in trade fair although there are some challenges hinder them in participating trade fair effectively. The objective of this paper is to investigate on the challenges facing SMEs in participating in trade fair. Specifically, the study examined the benefits of participating in trade fair by SMEs, analysed the level of participation of SMEs during the trade fair and investigated on major challenges which hinder effective participation of SMEs in trade fair. The study was approached using multiple embedded case study design where six cases which have been participating in trade fairs were involved. Data and information were collected and analysed using qualitative methods. Findings of the study show that participating firms in trade fair benefit in a number of ways. Further, the study has discovered that SMEs do not participate in trade fair adequately. This is mostly caused by inadequate funding and poor flow of information. Also, for those firms which participate in the trade fair do not attend all the events which are organized for them to promote their businesses. Finally, the findings show that SMEs mainly face number of challenges which hinder their adequate involvement in parallel events during the trade fair.

Keywords: Trade Fair, Small and Medium Enterprise, Tan Trade, Dar Es Salaam International Trade Fair (DITF), Tanzania.

1. INTRODUCTION

The trade fairs are one of the promotional events that act as a tool for marketing of goods and services to majority of the SMEs in the world. In Tanzania, trade fair started since 1960s’ and have kept on popularity and increasing in number of participant to more than forty fairs by now which named as Dar es Salaam International Trade Fair (DITF). Normally held ones in a year (7, July) and became famous in East and Central Africa. The first trade fair was started in 1963 by an expert from UK in the Ministry of Trade and Cooperative Unions. At the Trade Fair Ground by then known as SabaSaba and later changed the name to The Mwalimu. J. K. Nyerere Trade Fair Ground[1]. Participants were from all over the country in particular SMEs of local and foreign countries focusing Tanzania as a market for their products. The number of participants kept increasing to date in 2017 the DITF registered more than 2500 exhibitors and about 74% are the SMEs from different 30 countries over the world, with more than 293,476 visitors in the trade fair ground[1]. The exhibitors were different entities including companies and government institutions. The general public utilize this vital event in various manners to show and build strong relationships among exhibitors, visitors and the general public at the trade fair ground. During the early years, participating in trade fair was contended as for corporate and big companies that occupies large proportion of trade fair ground. Currently, the situation has changed where majority of participants in trade fair are the SME’s. [2], verified that, majority of the participants in trade fair are small and medium enterprises (SMEs), that they only participate in trade fair to exhibit their varieties of goods and services, to gain new skills of innovation and improve their businesses during the fair. One of the reasons for this paradigm shift is due to many benefits obtained
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by SMEs from trade fair participation. Such as exchanging of experience with other exhibitors, building awareness, introducing new products, reach customers cost effectively, generate additional sales and gain information about competitors [3]. In addition, SMEs learn from trade fairs in different ways depending on their experience and on the level of support they receive to take part in trade fairs [4]. Trade fair act as a marketing media for advertising and promotion campaign. Because in business, trade fair is one of the major promotional events organized to enable producers meet face to face with customers that enable straight feedback and reaction upon the products or services. [5] views that, trade fair is a vital event that is used by traders, trade support institutions and individuals with different purposes to support their survival and success towards their functions and activities performance. Also[6] clarify that, trade fairs create a good relationship between different local and outside companies. Which enable trade linkages between them, provides a number of key elements like feedback on product taste, spot sales, enquiries, high degree of information to suppliers and producers, as well as customers, manufactures and the service providers. Despite numerous benefits of trade fair participation to SMEs, there are also some challenges encountered by such firms. These include budgetary constrain in participating trade fair and time consuming in preparing goods and services [3]. Furthermore, it was addressed by [7]that SMEs are unable to participate in trade fair due to inability to transform enormous resources into goods and services; inadequate business training and skills; little access to information; limited technological developments partly due to lack of relevant information and poor brand image. It was evidently that, majority of SMEs companies participate in trade fair numerous times. But still are unable to make use of the international trade, to promote products and make business relations and gain trade link with foreign firms when exposed during the trade fair. In Tanzania, SMEs participation in DITF increases every year but there is no clear evidence on improvement in technologies, production of goods and services, expansion of enterprises, and initiate new businesses to attain large volume of supplying and gain market competition. Therefore, this paper investigates on challenges affect SMEs to become effective participation in trade fair. The findings of the study are expected to come up with additional business supporting services to enable SMEs to improve their marketing strategies and growth to competitiveness.

2. LITERATURE REVIEW

2.1. History of Trade Fair

Trade fairs have a long history traceable back to the middle-ages according to study on Roman Empire to “the distant age of the great Celtic pilgrimages” [7]. It was believed that exhibition or trade fairs began almost 600 years before the birth of Christ. While no precise record was available, the book of Ezekiel (in the Bible) written in 588 BC, contained many references to merchants trading in a “multitude of the kinds of riches with silver, iron, tin and lead”. Ezekiel also talked about the city of Tyre which was an important center of trade and commerce [8]. Also [7] addressed history of trade fair and exhibitions come from the term “bazaar” means market or street. So the roots of trade fairs and exhibitions in general start when people are selling things to one another, likely when people started displaying the goods in public places [7]. The term "Fairs and Exhibitions" mostly used synonymously back to its language of origin, "Fair" comes from Latin "feria", meaning "holiday" as well as "market fair". It was argued that trade fairs and trade exhibitions are the same but some authors argue that they are different. [7], [8] emphasize that, the term trade fair, trade show and trade exhibition are often used to indicate the same type of events whose the main purpose is to bring buyers and sellers together and promote trade exchange of goods and services that meet the needs and wants of both sellers and buyers. [6], a trade fair is defined as a market exhibition at which producers, traders and consumers meet, either to barter or to sell goods and services. Also, [4] define trade fair as a significant marketing tool which compare to the other elements of the communication mix can influence considerably one company’s ability to compete on the market place and especially on the global business market.

2.2. Concept of SMEs

There is no universal agreed definition of SMEs, some analyse and define SMEs in terms of their total revenue, while others use the numbers of employees. The Tanzania government defines SMEs according to sector, employment size, and capital investment in machinery. Accordingly, SMEs are
defined as micro, small and medium size enterprises. Micro enterprises are ones with fewer than five employees, small enterprises are those with 5 – 49 employees, medium enterprises are the ones with 50 – 99 employees, and large enterprises are those with more than 100 employees [9]. SMEs in Tanzania carries an important role in the economy not only for the GDP but also contribute more to the household incomes that support livelihood in the family. [10] writes, SMEs are universally acknowledged as major contributors to Gross Domestic Products (GDP) and even larger contributors to export and employment. SMEs play a critical role in the economic and social development of emerging markets by creating jobs and generating income for low-income groups. Small enterprises survive and grow only if they sell their products and services. They use different ways to sell their products, but the best way they apply is to find market opportunities and to sell their goods and services through trade fairs. Small enterprises use trade fair as a tool of advertising their products, to innovate new ideas from the other participants, and to increase business network to other big companies.

2.3. Theoretical Point of View

The Ansoff matrix is a theory about marketing mix strategies. Actually, during trade fair, several marketing mix phenomena exist which enables the SMEs to portray rich information during the event about products as well as market scene. The marketing mix is one of the most famous marketing terms (tactical or operational part of a marketing plan) which are also called the 4Ps (price, place product and promotion) [11]. This theory of marketing contributing the knowledge of participation in trade fair, which can be applied as a marketing strategy that products will be offered to the markets. The theory was developed by Igor Ansoffs in 1957 [11]. According to Ansoff theory, once a decision to participate in trade fair has been made, the exhibition strategy, the exhibition style and exhibition targets have to be determined. This is the point where pre preparation requires proper plan to attend the event and the ability to decide which booth to design, which communication tools to be used for visitors goods position displays, and attend parallel events.

The theory argues that, a business can grow in one of four ways, from the lowest risk to a highest risk strategy for growth. The four ways are market penetration, product development, market development and diversification. These growths does not come by its way ones attended the trade fair event but the objective to attend the fair end up with plan after fair and that is where the growth as an impact after trade fair works, which also had financial implication.

Figure1. Ansoff matrix

<table>
<thead>
<tr>
<th>Product /Market</th>
<th>Present Products</th>
<th>New Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Market</td>
<td>Market penetration</td>
<td>Product development</td>
</tr>
<tr>
<td></td>
<td>Customer oriented exhibition Style</td>
<td>Product oriented exhibition Style</td>
</tr>
<tr>
<td>New markets</td>
<td>Market development</td>
<td>Diversification</td>
</tr>
<tr>
<td></td>
<td>Contact oriented exhibition Style</td>
<td>Advisory oriented exhibition Style</td>
</tr>
</tbody>
</table>


2.3.1. Market Penetration

SMEs increasing sales of an existing product and penetrating the new markets further by either promoting the product heavily or by reducing prices to increase sales. This means the exhibitor tries to boost sales with the help of established products. To this end, old consumers must be motivated to generate higher sales, while new consumers must be convinced for first time purchases. As the application of the products is widely known, attention should be drawn to customer care and relations. In this case, a strong customer-oriented exhibition style is beneficial.

2.3.2. Product Development

Enterprises develop new products in aiming their existing market within, in the hope that they will gain more customers and market share. This strategy emphasizes the selling of new products to acquire new customers. The product has to be presented with its application possibilities. This leads to a product-oriented exhibition style. Besides sales promotion (samples, coupons and give away), special shows of the organizer and special events at the exhibition hall, which help to give the product special emphasis are made. So, the SMEs can use this strategy to participate in trade fair to dig up knew knowledge in order to develop their products and to increase their market share.
2.3.3. Market Development

The enterprises adopt a strategy of selling existing products to new markets. If the strategy is to open new markets, the exhibitor has to gain new customers for its products. Product, company, and brand have to be introduced at the same time. This means that the exhibitor has to make sure that the trade fair presentation is comprehensive as well as attractive. This approach may be used to look for other markets that include going beyond borders (international markets).

2.3.4. Diversification

The enterprise applies Diversification in selling and providing something new out of the product ranges that were used to supply in the markets. This means, moving away from what one is selling (core activities) to providing something new, example moving over from selling foods to selling cosmetics. The exhibitor is looking for new customers apply possibilities and advantages of the products presented. To achieve this, intensive consultation and contacts with experts during the fair event become necessary. Therefore, an advisory oriented exhibition style should be used provided that, during the trade fair exhibitors can obtain opportunity to meet with other companies from different countries that are conversant and competitive.

2.4. Advantages of Trade Fair to SMEs

There are various studies that show advantages correlation for SMEs to participate in trade fair. For instance [3] explains that the important of trade fairs for firms are, introduction of new products to a large number of people, the enhancement of goodwill, uncovering potential of customers, promotion of existing products, reinforcement of existing customer relationships, gathering competitors information and general marketing research. Also [12] elaborate that the main advantage of trade fair is that SMEs have the ability both to involve the visitors and to interact with them. When the company apply the trade fair as a communication tool this means it create the direct and personal interaction between the company and its target group in order to create unique and lasting memories. Moreover, when company participate in trade fair contacting customers at lower cost, as opposed to advertising, they enable companies to test their products at the same time market them appropriately. And also give the foreign companies the possibility to understand the international competitors and lastly provide them the possibility to investigate on potential channels of distribution [13]. Thus, this is an opportunity for SMEs to choose the right fair which help the company to enjoy the advantages which fairs offer to exhibitors for example to contribute the formation of international business relations which are very important on global market. Also [14] emphasize that the application of trade fair become an important market technique for small business because small firm they have limited budgets and centralized management structure compare to a big companies. Many SMEs want create brand image of their company through advertisements and sell promotion for the purpose of attracting customers, increasing sells and as a result enhancing the income of organization, but through budget constrain and insufficient resource SMEs cannot afford to advertise and promote their products through social media. Thus participating in trade fair can help them to reduce advertisement and promotion cost. The study by [15] shows some positive effects of trade fair to SMEs welfare, by concludes that trade fair makes the SMEs to concentrate in a quality product, good ways of product presentation and assessment of buyer reaction, audience interest, reaching the unknown and viewing the competition. In line with this contention, In Tanzania, trade fair has greatly contributed to the development of SME sector and it has been recognized as a significant sector in employment creation, income generation, and poverty alleviation and as a base for industrial development.

2.5. Challenges Facing SMEs in Participating in Trade Fair

Apart from the advantages discussed above, there are host of challenges facing SMEs in participating in trade fair that are shown by different authors. For instance, it is documented that SMEs are confronted with the challenge of management plan, many SMEs participate in trade fair without good plan, [14] clarify that the companies that decide to use trade fair as a communication technique need to plan all activities that should take place before, during and after the events. [16] emphasize, planning for show is a first step in order for fair participation to be successful. As [17] highlight that many SMEs participating in trade fair but they do not even specify their objective when participating at a trade show, much less attempt to quantify them. Company representative use phrases like “we go
trade show because our competitors are there” and “it is mostly a matter of image”. Thus many SMEs they don’t know the meaning of participating in trade fair which leads to spend a lot of money and time while the income is low. Area of stand (booth location) is a crucial challenge to SMEs, many literatures [17] and [18] consider stand size as a tactical variable with an influence on performance from a trade show. Also they continue to say that company’s ability to draw a visitors into its stand is directly related to stand size, an increasing of stand surface area leads to an increase in the number of visitors drawn to it. Accordingly, many SMEs their booth location are not in good position (attracting area) due to high cost which cannot able to pay earlier to get a good location and also to rent larger size. Where many customers are not attracted to visit even to buy the products. Budget constrain and financial plan is a big challenge to SMEs [3]. Many SMEs has low budget which unable to participate in trade fare effectively, for instance to participate other events during and after the fair, like pre show promotion. [17] suggest that pre show promotion attract the target audience. This leads the customers to be aware with company due to company’s advertisement and promotion of the products before the trade fair.

3. METHODOLOGY

3.1. Research Design

This study was conducted at Mw. J. K. Nyerere Trade Fair Ground, Dar es Salaam. Which applied a descriptive case study design. [19], classifies case studies into three parts that are; exploratory case studies, descriptive case studies and explanatory case studies. Apart from using a descriptive case study design, the study employed multiple embedded case approaches as opposed to holistic case. Not only is multiple embedded case designs is good because it allows comparison of data and information between cases. But also allows a researcher to have different realities when cases are selected based on theoretical sampling [20]. Also, the study involved six cases which were engaged with various businesses. Among the six cases, two engage in food processing, one operates a meat shop, one manufactures and sells fabrics, another one processes herbal medicines and the last one manufactures hand crafts and candles. All these firms were selected mainly because they are all local SMEs.

3.2. Data Collection Method and the Research Instrument

This study employed primary data collected through the use of interview. According to [19], interview is the basic data collection technique when conducting qualitative studies like this one. In order to facilitate smooth discussion with the participants, interviews were guided by interview guide or study protocol. [19], clarify that, having a case study protocol is essential especially if one is using a multiple case design as was in this study. The protocol is a major technique in increasing the reliability of the case research and is intended to guide the investigator in carrying out the investigations [19]. Participants who were involved in the study were purposely selected on virtue of their positions. The targeted respondents were the firm managers themselves or their representatives. The study applied qualitative data analysis techniques in giving meaning to information collected. This was done by taking the information organized from the case stories which were built from the interviews conducted with the firm owners who participated in the trade fair. The main data analysis techniques employed in this study were three which are pattern matching of data and information between cases, comparison of circumstances and by using explanation building as proposed by [19]. This was possible because the study had considered multiple embedded case designs.

4. FINDINGS

The study is based on the challenges facing SMEs participating trade fair in Tanzania by taking a Case of Dar es Salaam International trade fair (DITF) that has been put in place in six cases with three specific objectives to attain, namely: examining the benefits of participating in DITF to SMEs, analyzing the level of participation of SMEs during the trade fair, and understanding the major challenges which hinder effective participation of SMEs in trade fair. The study provides case stories which have been organized according to analytical strategy (research questions) as proposed by [19]. Altogether, there are six case stories which provides answers to research questions and pull information from various cases as explained under the methodology section.

4.1. Case Analysis

This section provides answers to research questions. In so doing, it pulls information from various cases.
4.1.1. Benefits of Participating in DITF to SMEs

The first objective of this study was to examine the benefits of participating in DITF to SMEs. This study reported several benefits accrued to SMEs which participate in trade fair. The benefits are discussed below as follows:

a) Exchanging Experience with Other Exhibitors

The SMEs interviewed have indicated that exchanging of experiences as one of the benefits obtained when they participate in trade fair. Thus, they have learned the best practices in their line of businesses. Others have managed even to reap technical knowhow from related companies. For example, some managers who participated said that, their company has managed to meet face to face with other foreign companies to exchange information in a Business to Business meeting. Managers of various SMEs mentioned numerous advantages of exchanging views with other exhibitors from related firms. Such as; helping firms to increase their level of turnover, learning what others are doing and emulate best practices, increase level of expertise in production and provision of services business, improving packaging of products, and understanding about market and what exactly customers need.

b) Presenting Innovation

Another benefit which has been obtained from firms that engage in trade fairs is that of getting a rare opportunity of presenting their innovation. Company not only had managed to present its innovations to the visitors and to other companies. But also has helped to get immediate feedback from other companies as well as from demanding customers. It can therefore be found that the opportunity of presenting innovations helps firms to create better image in the market and also increases market share to the level of turnover.

c) Obtaining Overall Impression of the Marketing Situation

It often happens that many firms produce goods and services which are supply driven. It is like doing business by simply follow what others are doing without making any effort of understanding what the market really wants. The best and swift approach to correct this misnomer is by participating in the trade fair because one gets an opportunity to get the overall impression of the marketing situation. Once this knowledge becomes vivid, a participating firm becomes in a position of producing goods and services that are demand driven. This is important because it assists in understanding the customers with their specifications and to develop products according to customer needs and wants.

Gain more knowledge about goods and services

Some participating firms declare to have gained more knowledge about production and provision of services during the trade fair. This was induced by visiting other pavilions and by meeting with other exhibitors in various events. In addition, the knowledge obtained is not confined to specific products and services that participating firms offer, but surrounds other areas of business that can be used in future plans of the firm. That is, they might use the knowledge gained to diversify their business or expand their portfolio vertically as well as horizontally.

d) Possibility to Increase Sales

Another vital advantage that has been cited by the participating SMEs in trade fair is that of likelihood to increase level of sales. This has accrued as a result of getting new orders of products or services offered. Apart from that, some visitors who are also retailers like to hook themselves to more reliable suppliers who simultaneously offer competitive prices. Thus, the overall participation in trade fair creates a chance of increasing level of sale not only during the exhibitions but also after the exhibitions become closed.

e) Initiating New Business Relations with Other Firms

This is extremely important in undertaking today’s world business of globalization because there is no firm that can stand alone in business endeavors. According to firms interrogated, the networks and relationships created are important because they provide opportunities like getting new markets, getting competitive vendors of raw materials and the like.
f) Creation of good image

Firms which took part in this study also reported as the creation of good image to the public as another benefit they have obtained due to participating in trade fair. This occurs when such firms get opportunity to be covered by media during various events. During such coverage, exhibitors explain about their firms, their offers, their prices, quality control issues, etc. They also get an opportunity to invite prospective customers to their business premises. It often happens that after exhibitions are over, many people visit their firms for business dealings.

4.1.2. Level of Participation of Smes during the Trade Fair

The second objective of this study was to analyze the level of participation of SMEs during the trade fair. In meeting this objective, participation was looked at two levels, namely; frequency of participating in trade fair and active participation in the events organized by DITF during exhibitions. With regards to the frequency of participating in trade fair, all firms covered in this study have participated between 2 – 6 times only. This is an indication that firms do not really utilize this rare opportunity to promote their businesses. But they are constrained by host factors. Among the serious factors that hinder participation of trade fair by SMEs is high cost of acquiring exhibition booth, lack of enough funds for preparation of exhibits, and lack of information flow from the organizing institution. With respect to active participation in the events during the fairs, most of the firms become handicapped to participate fully. In fact, they do participate in one to three events among the five events normally organized. This inadequate level of participation is hampered by two major issues namely; poor organization of the events by Tan Trade and language barrier among the local participating exhibitors.

4.1.3. Challenges Hindering Effective Participation in Trade Fair

The third objective of this study was to understand major challenges which hinder effective participation of SMEs in trade fair. This study has uncovered several challenges which are barrier to effective participation in trade fair by SMEs. The most pressing challenges with this regard are outlined below:

a) Stiff Competition from other Companies

Many participating SMEs in trade fair face the problem of competition during fair. This is mainly caused by presence of large firms which also participate in the fairs. Such big firms are endowed with financial resource as well as technical knowhow. Due to that, they display products of better quality and more attractive compared to the ones displayed by SMEs. Thus SMEs get very difficult time in promoting their products/services.

b) Problem of Language Barrier

Language barrier is caused by inability of local exhibitors to communicate with foreign participants. Also make participating firms unable to participate in several events during the fairs such as, Business to Business meeting and proudly Tanzanian day because they cannot follow the dialogue anyway. They cannot even market their products and services well when they are visited by foreigners who do not speak Swahili language. In a way, these exhibitors cannot go beyond boarders as they cannot create networks with foreign participating firms. Thus, language barrier causes participating SMEs not to adequately utilize the opportunities availed during trade fair.

c) Limited Opportunity given by Government officials leaders

Government officials who visit pavilions do not give priority at all to local based firms. They normally visit the foreign based firms in the fair grounds. While participating SMEs recommended that they would like and appreciate to be visited by these Government officials’ leaders. Because it gives reputation as well as more public awareness to their firms. However, due to the tendency of preference of visiting special pavilion shown by Government official’s leaders make local based SMEs to become depressed and feel marginalized.

d) Limited Involvement in Parallel Events During the Trade Fair

Due to poor organization of the events which caused by Tan trade running the event concurrently in the schedule of activities. For small firms which are normally represented by few exhibitors, it
becomes impossible to attend events which run simultaneously. If participating SMEs are really benefit from the events, there is a need to consider the running events in isolation.

e) Lack of Enough Funds for Preparation of Exhibits

High cost of acquiring exhibition booth and lack of enough funds for preparation of exhibits are among of the serious challenges that hinder SMEs participation in trade fair. It has been noted, the fee charged by Tan trade to acquire exhibition booths is beyond the reach of many SMEs, ostensibly because they do not have financial powers. Many SMEs owners are of the opinion that Trade fairs are not intended for them and that they are more focused towards income generation to the organizing institution as opposed for giving promotion opportunity to growing small firms.

5. Conclusion

This study was put in place so as to investigate on the challenges facing SMEs in participating trade fair by taking six SMEs cases which have participated in DITF. As noted earlier, there were expectations to come out with issues which are peculiar to the context of Tanzania. Findings of the study show that participating firms in trade fair benefit in a number of ways mainly being; initiating business relations with other firms, creating prospects to increase sales, getting overall impression of the marketing situation, and obtaining a rare opportunity of presenting innovation. Further, the study has uncovered that SMEs do not participate in trade fair adequately. This is mostly caused by inadequate funding and poor flow of information. Also, for those firms which participate in the trade fair do not attend all the events which are organized for them to promote their businesses. Finally, the findings show that the study has found out some challenges which have not been documented in earlier. The peculiar challenges documented include among other findings; limited involvement in parallel events during the trade fair, poor scheduling of activities by the organizing institution, limited opportunity given to them by government officials, and language barrier and. Thus, the findings of the study are expected to increase in our understanding on challenges facing SMEs in participating effectively in trade fair. With provide the way forward on how to overcome the various challenges for the betterment of the participating trade fair.

References

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