

COMPETITIVE INTELLIGENCE AT TRADE SHOWS

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Abstract:

Trade shows have consistently been neglected in marketing research, especially the gathering of market information, what is studied under Market Intelligence and directly related to a company's Knowledge and Innovation. A major reason is that the marketing discipline traditionally has had a strong focus on customers instead of competitors and influencers. In this article we show how the field of Competitive Intelligence is a useful part of the company's Integrated Marketing Communications. Based on a qualitative method encompassing a case study and exploratory research we followed, coached and traveled with two different groups of companies to major International Trade shows. Based on the information gathered a division into three areas of Intelligence was useful. These were intelligence about products, the booths and the behavior in the booths. For each group a number of Key Intelligence Topics and a set of

specific research methods were identified which can make the Market Intelligence process more efficient. We explain why Exhibits or trade shows have much in common with Event Marketing and could be considered a part of the latter.

1 Introduction

TAKAFUL: AN ISLAMIC INSURANCE INSTRUMENT

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Abstract

The Takaful concept evolved from individual common interest from the Industrial era of the early 1900's. Only eighty million out of the world's 2.5 billion poor are currently covered by some form of micro insurance. Only 3 percent of the poor are insured in India and China and only 0.3 percent of the poor are insured in Africa. In 23 of the poorest 100 countries in the world, there is currently no identified micro insurance activity. The majority of the population is in the low-income bracket. On top of that, society's awareness on the importance of insurance is rather low. In this paper, it will be stressed that efforts are still needed to be directed towards educating the public on Islamic insurance, to appreciate the protection aspects that insurance can offer. Conventional insurance involves the elements of uncertainty, gambling and interest, all of which are unacceptable under Islamic law. There are anxiety among Muslims regarding the inconsistency of conventional banking and insurance in compliance with Islamic laws. This allowed the creation of a new industry, *takaful*, which offering risk protection and savings products to the world's 1.6 billion Muslims. One of the greatest challenges facing the *takaful* industry is the misconception that it is for Muslims only. *Takaful* products have attracted even the non-Muslim communities, despite the obvious religious and cultural differences. Nonetheless, the interest shown by non-Muslims and the support of Muslims is not enough to promote the awareness and the growth of *takaful* and what it has to offer. It is this lack of awareness that presents one of the greatest challenges to the development and growth of the national and global industry.

Introductory remark

The fact that the *takaful* insurance is available to Muslim as well as non-Muslim people is of paramount importance. I repeatedly say so in this article and ask the reader to bear with me.

Introduction

The economic recession is fast becoming a world economic catastrophe. This economic crisis is the worst ever, since the Great Depression in the United States in 1930. This crisis breathes fresh opportunities to the insurance industry. Amidst the impending global economic crisis *takaful* is set to continue concentrating on upward business growth. Although facing economic crisis, the low market penetration in the *Shari'ah* insurance opportunity creates an attractive opportunity for the insurance players to continue to grow and prosper.¹

In Islam, the basic principle of investment is that reward must be accompanied by risk. *Takaful* businesses cannot therefore failed to invest in investments which are debt based, have a guaranteed or minimum return on the investment or based on *haram* practices (casinos and gambling companies).² *Takaful*, is the Islamic answer to the modern concept of insurance. In Islam, insurance is free from gambling and interest.³

Origination of takaful

The concept of *takaful* or Islamic insurance, has been familiar for centuries and was practiced by the Muhajin of Mecca and the Ansar of Medina, following the hijra of the Prophet Mohammed over 1400 years ago.⁴

Takaful derived from the '*aqilah* and *diyah* systems whereby people of a given tribe would come to the financial rescue of one of its members should he face an unexpected liability such as paying for the blood money (*diyah*).⁵

¹ Ahmad, Saaiful Yazan (2009). *Takaful in Indonesia: Business Growth amidst Economic Turmoil*. July. icmif Takaful: no. 17..

² Anwar, Habiba (2008). *Islamic Finance: A Guide for International Business and Investment*: 141.

³ Saleh, Nabil A (1986). *Unlawful gain and legitimate profit in Islamic law. Riba, gharar and Islamic banking*: 100.

⁴ Anwar (2008): 129.

⁵ Manjoo, Faizal (2007). *Why Different Takaful Models in the World?:* Number 10: May 2007. sabbir@icmif.org. www.takaful.coop

Takaful is an Arabic word stemming from the verb “*kafal*” which means to take care of one’s needs or “guaranteeing each other.”⁶ According to this scheme, the members or the participants in a group jointly agree to guarantee themselves against loss or damage. The entire group would assist the incumbent person to indemnify his loss and to provide him with financial help. *Takaful* is a legally binding agreement between all the participants of the scheme to pay any of its members who suffer a loss as specified in the *takaful* policy document. According to Catherine⁶, it is an Islamic system of mutual insurance built around the concept of donation. *Takaful* scheme has evolved from the teachings of Islam, on the basis of the *Qur’an* and the *Sunnah*. The Holy *Qur’an* says: “Help ye one another in righteousness and piety, but help ye not one another in sin and rancour.”⁷

Meaning of takaful

Takaful literally means “mutual guarantee” or “guaranteeing each other.”⁸ Under *takaful*, resources are pooled to pay for events/losses that individually none of the members of the pool could afford. For example, a group of people collectively use their combined money to pay for events and large expenses such as births or marriages, or if a financial loss occurs to a member of the group. It is a form of mutual insurance and is not dissimilar to the mutual cooperative schemes that exist in Europe and the United States.⁹

Takaful is based on the concept of mutual cooperation, where the insured is also the insurer and therefore shares in the profit or loss of the institution to which they are paying (the contribution) to.¹⁰ *Takaful* exists primarily to spread a risk and to alleviate a financial loss suffered by somebody. Unfortunately in our contemporary commercial ethos this benevolence has become meaningless. The element of philanthropy and benevolence should be reflected in *takaful* to differentiate it from conventional insurance. If one adulterates this spirit underpinning *takaful* and treats it as a pure regulated and standardized commercial

Angelo Venardos (2005). *Islamic Banking and Finance*: 86.

⁶ Stagg-Macey, Catherine (2007). *An Overview of Islamic Insurance*. Number 8: January .

⁷ Ali, Kazi Md. Motuza (2008). *Present Scenario and Future Potentials of Takaful*: 1 at plicl@bdonline.com

⁸ Anwar (2008): 129.

Ahmad, Mohamad Salihuddin (2007). *Takaful in Southeast Asia: The Growing Pains and Challenges?* Number 11: September. The Malaysian Takaful Act 1984 defines *takaful* as “a scheme based on brotherhood, solidarity and mutual assistance which provides for mutual financial aid and assistance to the participants in case of need whereby the participants mutually agree to contribute for that purpose.”

DiVanna, Joseph & Shreih, Antione (2009). *A New Financial Dawn. The Rise of Islamic Finance*: 66.

⁹ Anwar (2008): 129.

¹⁰ Anwar (2008): 138.

venture then the *Shari'ah* spirit may be dishonored.¹¹ There must be cooperative principles in *takaful*, but there need not necessarily be Islamic principles in conventional mutual or cooperative insurance.¹²

For any legal system to survive, especially in an era of globalization and universalism, one should allow *takaful* to evolve. This proves the versatility of Islamic law.

Development of takaful

In modern day contexts, the first *takaful* company was established in 1979 – the Islamic Insurance Company of Sudan, was founded in Sudan by Faisal Islamic Bank in January, 1979.¹³ The Bank's *Shari'ah* Supervisory Board, approved this endeavour, and in January 1979, the Islamic Insurance Company was established as a public company (under the *Companies Act* 1925). In Malaysia, the Islamic Insurance Company was established as a private limited company. The Malaysian government took steps to form a special body known as “Task Force” on the establishment of Islamic insurance in Malaysia. In its report to the government, the task force suggested that an Islamic insurance company should be established in Malaysia. The Malaysian government then promulgated legislation known as the *Takaful Act* 1984, which regulates the Islamic insurance (*takaful*) of Malaysia.¹⁴

In 1985, the Council of Islamic Scholars in Mecca approved *takaful* as a *Shari'ah*-approved alternative to the conventional insurance system. This led to mutual *takaful* companies being established in different Muslim countries, including Dubai, Bahrain and Malaysia.¹⁵

There was a concerted effort by insurance professionals and trained *Shari'ah* scholars to develop a *Shari'ah*-compliant *takaful* business model that allowed for a shareholder structure. Malaysia developed the *Takaful Act*, 1984, which gave rise to the establishment of Syarikat Takaful Malaysia Berhad as the first *takaful* company in Malaysia and the Far East region. Currently, Malaysia has the most mature *takaful* businesses operating alongside conventional banking and insurers.¹⁶

For the past 20 years, Malaysia, in the Far East, has been at the forefront of *takaful* development. In the Middle East, *takaful* has developed in Saudi Arabia, Bahrain, Iran and Qatar with new operations recently opening in Egypt, United Arab Emirates and Kuwait. Steps have also been taken in Europe and the US.

¹¹ Manjoo (2007): May. Number 10.

¹² Stagg-Macey (2007): Number 8.

¹³ Anwar (2008): 8, 130.

¹⁴ Ali K.: 4.

¹⁵ Anwar (2008): 130.

¹⁶ Anwar (2008): 131.

There is no doubt a tremendous opportunity for *takaful* in those Western countries harbouring large Muslim communities. The potential for *takaful* is enormous. For comparison, in the United Kingdom 12.4 percent of GDP is expended on insurance whilst the figure is 9.4 percent in the United States.¹⁷

According to M Khan, 2008 there were 84 Takaful operators in 2008. In a 2007 report on Takaful Standard & Poor the GCCC Takaful market was growing at 40% per year while the 2007 Oliver Wyman report stated that worldwide annual Takaful premium potential was \$20 billion (in 2007 \$4 billion). Khan 2008, predicted a huge increase in Takaful over the next ten years.

Modus operandi of takaful

Contributions are made into the risk pool. From this pool, direct, indirect expenses and claims are paid. If there is a surplus, this is shared amongst the participants. Deficits are also made up with additional contributions from participants or with an interest-free loan from the operator.

Takaful generally means joint guarantee. It is an understanding among a group of people who agree to reciprocally guarantee each other financially should any event occur. The basic objective of a *takaful* contract is to pay from a common fund, which is set up by the participants of the scheme.¹⁸

The operation of *takaful* practices is supervised by an independent body called the *Shari'ah* Supervisory Board or Council. The establishment of a *Shari'ah* Supervisory Board is a prerequisite before the commencement of the *takaful* operation.¹⁹

Takaful has emerged as a profit-sharing business venture between the Operator and the individual members of a group of participants who desire to reciprocally guarantee each other against certain loss or damage that may be inflicted. *Takaful* contracts are based on the principles of *mudarabah* (limited partnerships), which means profit and loss sharing. Any surplus or deficit of the *takaful* operation has to be shared by the participants, or the members themselves. It means that when a *takaful* scheme is operated on commercial basis, the surplus has to be shared between the operator and in the participants in accordance with the principles of *mudarabah*. The concept of *tabarru* (donation) is also incorporated in a *takaful* life scheme. This means a participant will agree to relinquish a certain amount of *takaful* contributions to fulfill his obligation of mutual help and joint guarantee, should any of the fellow participants suffer a loss.²⁰

Joseph DiVanna and Antoine Shrei (2009), identifies three different Takaful models, namely the *Mudarabah* Model, the *Wakala* Model, and the *Wakala Waqf* Model.

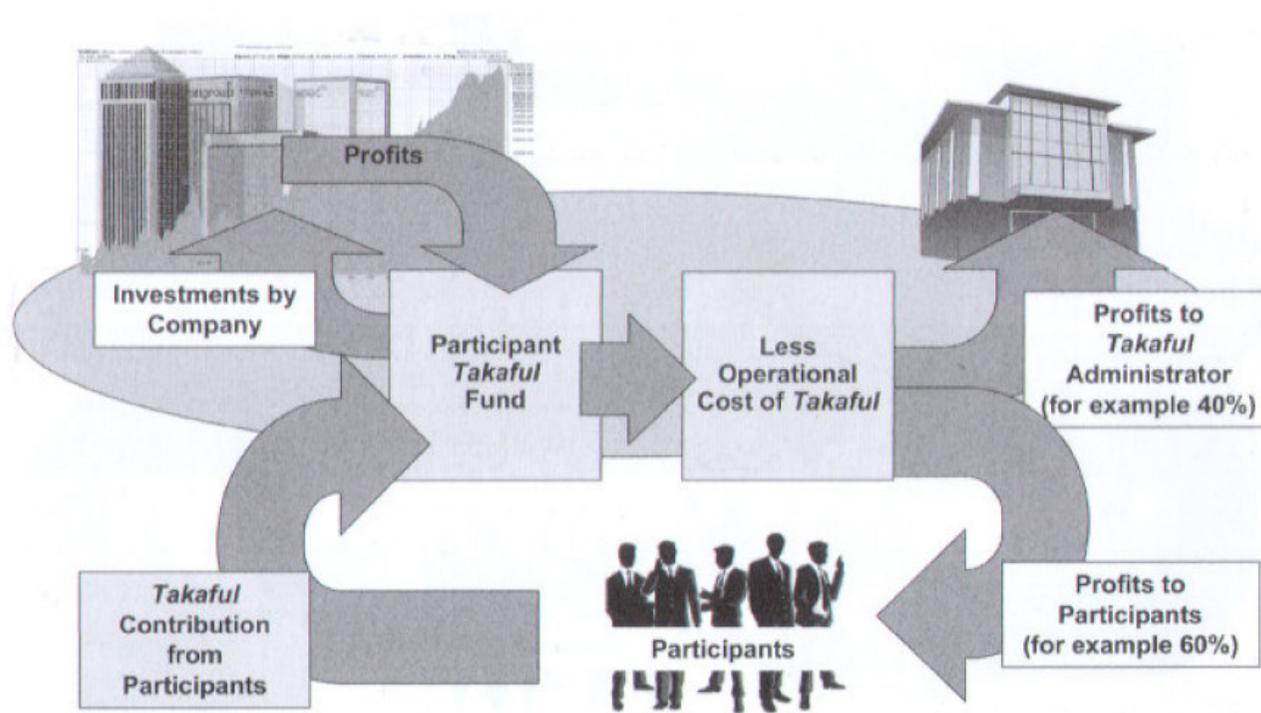
¹⁷ Stagg-Macey (2007): Number 8.

¹⁸ Ali 2.

¹⁹ Ali 2.

²⁰ Ali 2.

DiVanna and Shreih portray the *Mudaraba* Model as follows:



abab takaful model demonstrates a clear distinction between the business of takaful or insurance and the business of investing funds mobilized from policy holders and or shareholders. The takaful operator seeks no returns from managing the takaful business in line with the spirit of takaful, but seeks returns from the business of investing the takaful funds under a mudarabah agreement with the policy holders for managing their funds. The policy holders assume the role of fund provider or rabb-al-maal (capital owner). As a mudarib (agent or trustee), the takaful company receives its share of profits generated on investments.²¹

Profits generated by investments less operating costs are shared between the participants with a takaful operator. The sharing of such profits are based on prenegotiated ratios agreed to by the contracting parties. The structure of the mudarabah and its inherent risk enables the takaful operator to share in

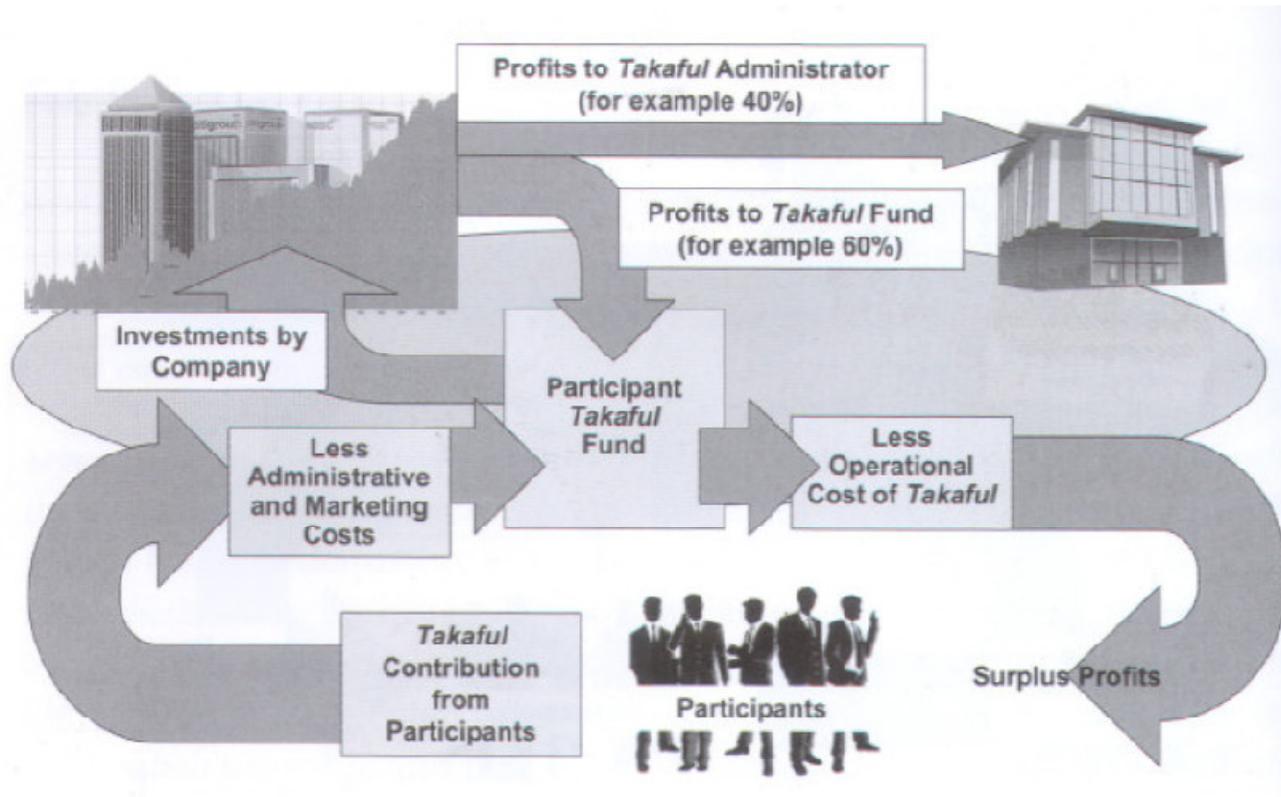
the underwriting results from operations as well as the favourable performance returns on invested premiums. Losses are borne by the provider of capital. In the event of losses, the mudarib does not receive any compensation for his efforts. In a classical mudarabah contract, the rabb al-mal has no operational control over the project or investments.²²

²¹ Joseph DiVanna & Antoine Shreih. 2009. A New Financial Dawn. The Rise of Islamic Finance. MPG Books Group, Great Britain: 67.

²² DiVanna & Shreih 2009: 68.

DiVanna and Shrei illustrate the *Wakala* Model as follows:

Wakala Model

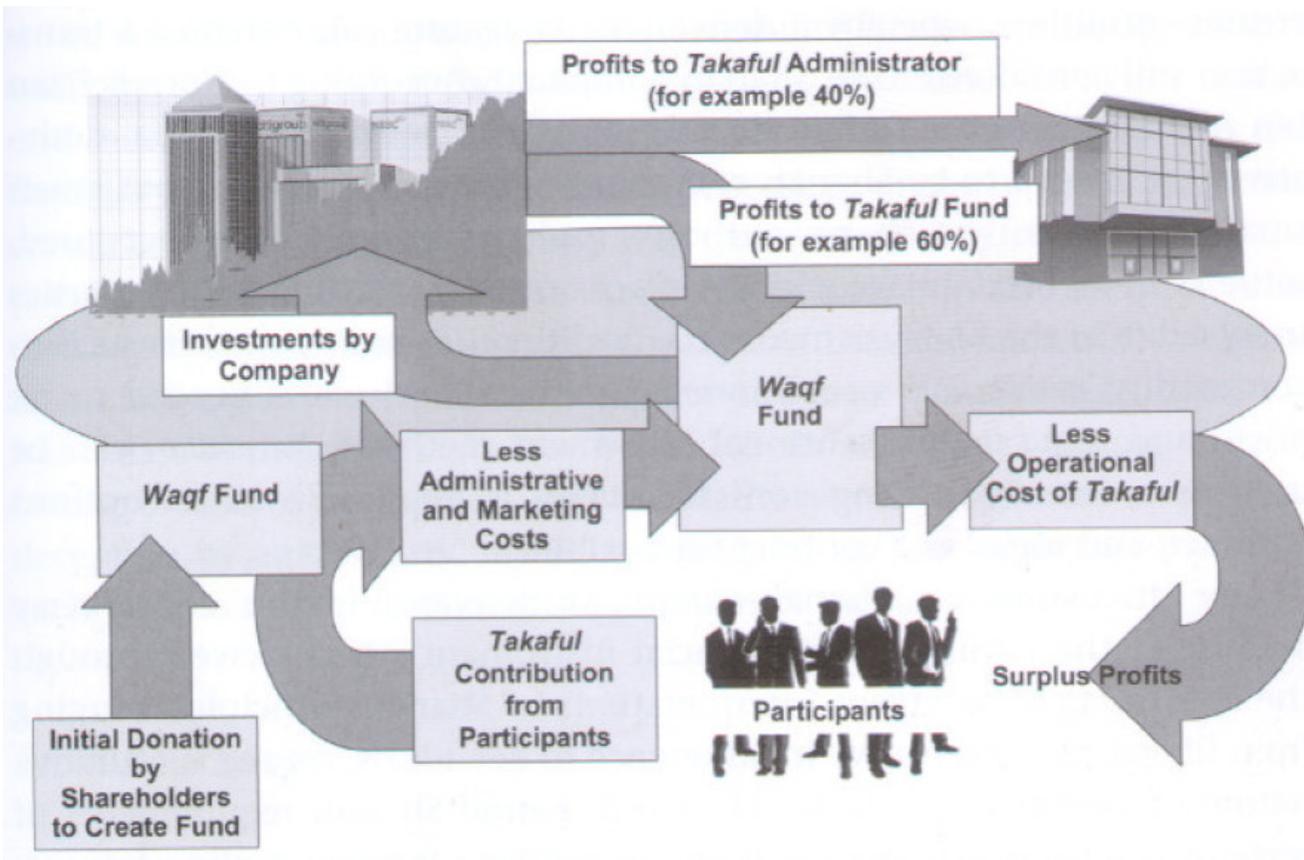


Under the Wakala-based model, the operator acts as the wakeel or agent of the policy holders, and is compensated under a two-tier schedule whereby he is entitled to a known remuneration in addition to the incurrence of operational expenses on behalf of the principal. Agency fees are designed to offset operating costs and compensate and provide incentives for the takaful operator to ensure prudent underwriting, optimize investment performance, minimize direct operating expenses, equity and fairness between participants. The wakala-model offers takaful insurance on a wide range of business and personal activities such as engineering/construction, motor vehicle, property, marine, general accident, liability, personal (mortgage, acci-care, credit shield, critical care and comprehensive care) and medical.²³

DiVanna and Shrei illustrate the Wakala-waqf-based model

²³ DiVanna & Shreih 2009: 68-9.

Wakala-Waqf



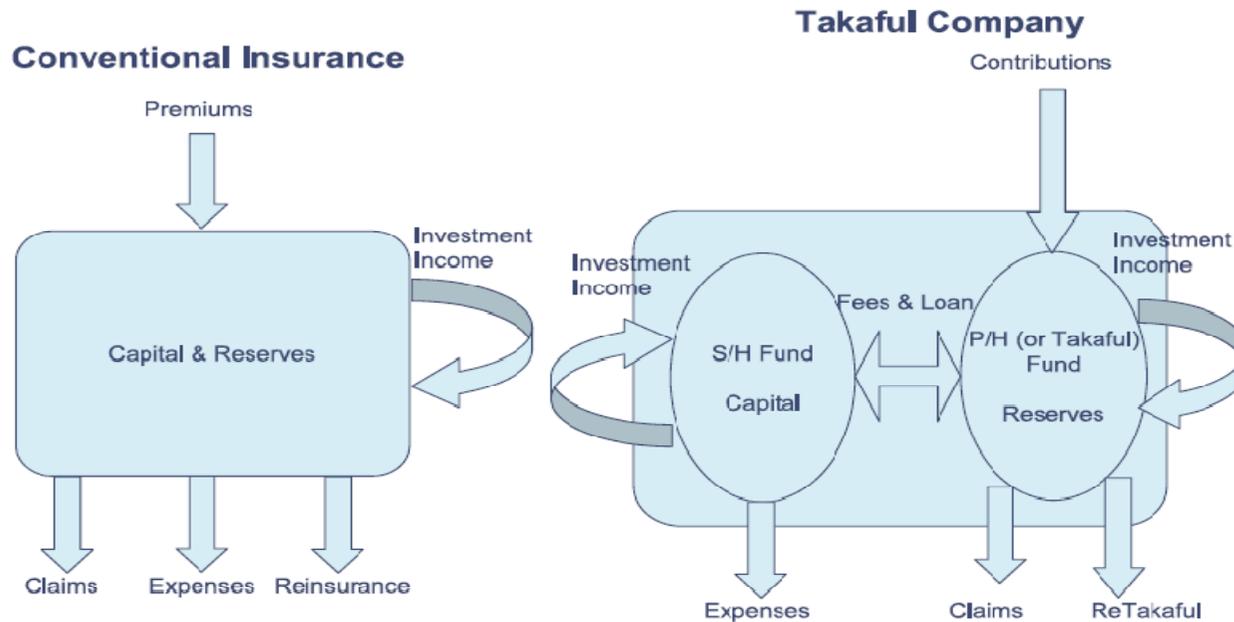
from the same fund.²⁴

Under this model, the operator would initially make a donation to establish a benevolent fund called the waqf fund. When this is created, the shareholders will lose their ownership rights on the waqf. This fund will be administered by the operator. The donations received from the participants seeking takaful protection will also be deposited into this fund and the combined amount will be used for investment. Profits earned will be deposited into the same fund. Participants will be given benefits from this waqf fund. The waqf fund would be allowed to form a contingency reserve fund apart from usual technical reserves. The waqf fund rules would define the basis for compensation and financial help, and rules for sharing surplus between the members and operators. The contributions received are used for investments and the profits earned would again be deposited into the same fund, which also eliminates the issue of gharar (uncertainty). Losses to the participants are paid by the company from the same fund. Operational expenses that are incurred by providing takaful services are also met

²⁴ DiVanna & Shreih 2009: 69-70.

The number of takaful companies is steadily rising. Worldwide takaful premiums are estimated to be in excess of US\$2bn, representing 9 percent of the global insurance market. Takaful is not limited to Malaysia and the Middle East.²⁵

Kahn describes the difference between *takaful* and conventional western model insurance as follows graphically:



The fundamental principle of the Islamic economic system, is that it stands for an equitable distribution of wealth. *Takaful* is a system where people are encouraged to contribute money for mutual help in times of need. The Islamic economic system combats the accumulation of wealth and its concentration in the hands of a small minority. The Islamic Law of inheritance provides for the shifting and distribution of wealth in a manner of which other legal and economic systems are ignorant. It divides the estate of the deceased over a wide range of beneficiaries and not on a single heir

²⁵ DiVanna & Shreih 2009: 67.

to the exclusion of all the others. The nominee in a family *takaful* scheme is only a trustee and the policy money need to be distributed to all the heirs.²⁶

With the *takaful* scheme financial responsibilities are shared to assist each other. It provides mutual financial aid and assistance to those who are members of the *takaful* scheme. It has its origin in the concept of collective sharing of individual's loss. *Takaful* is being practiced now as an alternate of the conventional insurance system. This is an Islamic way of mutual assistance to deal with uncertainties of life.

Advantages of *takaful*

Under *takaful* the up front costs are minimized. Business can be transacted immediately. In this way risk is capped and costs become predictable, whereas under the conventional system, the operator has to invest in software licences, hardware, expensive IT skills. He must wait and hope for maybe one or two years while the system is prepared for use. Additional advantages of *takaful* are the transparent charging of fees and commissions and how these features would assist a *Shari'ah* Board to decide if a *takaful* scheme was really operating in a fair, *Shari'ah* compliant way in handling deductions from its participant's contributions. The ability to hold a separate *tabaruu* fund for each class or sub-class of business and the inherent ability to manage risk in real time is regarded as a big advantage.²⁷

The principles of fairness and sharing each others burden will undoubtedly extend protection to the less fortunate members of the community. In the *takaful* model, surplusses can be use for *zakat* and funds can be channeled into projects which are for the common good, such as a new school or hospital. Based on the principles of fairness, transparency, simplicity, sharing the burden, *takaful* appeals to the very greatness of the Human Spirit.²⁸ On the basis of this ethical dimension, *takaful* will succeed, because it is bound to succeed.²⁹ The *takaful* business has an explicit ethical structure which can be marketed to both Muslims and non-Muslims. The dramatic rise in the demand for *takaful* insurance, is due to this ethical nature of the product. On the basis of its ethical foundation, *takaful* ought, therefore, to be attractive to both Muslims and non-Muslims. This is an important fact which I will stress over and over again in this article.

Takaful practices are free from the elements of *riba* and other prohibited elements and is evolved around the elements of *mudaraba*, *tabarru* and other *Shari'ah* justified elements. Conventional insurance may involve *riba* and some other elements, which may not be justified by *Shari'ah*

²⁶ Ali 6.

²⁷ Ferguson, Tony (2008). "*Takaful 2.0*" *Using the Power of the Web to Realize the Global Potential of Takaful*. Number 15.

²⁸ Ferguson (2008): Number 15.

tony.ferguson@unirix.com

²⁹ Ferguson (2008): Number 15.

principles.³⁰ Although both conventional and *takaful* businesses generate profits for the shareholders, in *takaful* business the expenses paid to the shareholders are explicitly transparent – in conventional insurance they are not necessarily so.³¹

Uses of *takaful*

Typical uses of *takaful* are insuring property, vehicles, goods, valuables, health, accidents and life.³² *Takaful* insurance is offered to a wide range of business and personal activities such as engineering/construction, motor vehicle, property, marine general accident, liability, personal (mortgage, acci-care, credit shield, critical care and comprehensive care) and medical.³³

Hitches/bottlenecks in *takaful* operations

Takaful products reveal themselves in emerging markets, and as such, they face challenges such as immature banking infrastructure and poor communications infrastructure. On top of this, there is little infrastructure for the new business. Many of the challenges facing *takaful* operators are strategic as this formative market tries to establish itself. Skills and resources can be borrowed from conventional insurance markets.³⁴

As *takaful* originates from an Islamic concept, one of the greatest challenges facing the *takaful* industry is the misconception that it is for Muslims only.³⁵ In, for example, multi-racial Malaysia, *takaful* products have attracted even the non-Muslim communities, despite the obvious religious and cultural differences. Nonetheless, the interest shown by non-Muslims and the support of Muslims is not enough to promote the awareness and the growth of *takaful* and what it has to offer. It is this lack of awareness that presents one of the greatest challenges to the development and growth of the national and global industry.³⁶

Another stumbling block that has to be overcome, is that the financial strength, stability and standards of conventional insurers are established and known. These conventional insurers have been in the industry for many years and their service levels are more obvious than those of *takaful*

³⁰ Anwar (2008): 142.

³¹ Anwar (2008): 141.

³² DiVanna & Shreih, Antoine (2009): 66.

³³ DiVanna & Shreih, Antoine (2009): 69.

³⁴ Stagg-Macey (2007): Number 8.

³⁵ DiVanna & Antoine Shreih (2009): 67. *Takaful* is not limited Malaysia and the Middle East. In 2008, the Muang Thai Group formed a joint venture with the Islamic Bank of Thailand to offer Islamic insurance throughout Thailand.

³⁶ Ahmad Mohamad Salihuddin (2007): Number 11.

operators. To overcome this problem, is to offer a wider range of *takaful* products as an alternative to those offered in the conventional market. The needs of the lower income groups must also be addressed. Micro-*takaful*, a concept of providing affordable cover to the poor, come to mind.³⁷ According to the Lloyds Micro Insurance Report, November 2009, “Micro Takaful products, also known as Sharia Microinsurance can increase the outreach of insurance to low income groups who may hesitate to buy conventional insurance out of religious considerations. Lloyds further reports that Allianz Life Indonesia offers a micro takaful life insurance that primarily provides coverage in case of the death of a family breadwinner. According to Jens Reitsch, CEO of Allianz Life Indonesia, the product is the first of its kind sold by an international insurer. Similar products being planned include health insurance and property coverage against natural disasters.

The fact that non-Muslims have come onboard to distribute *takaful* products surprised many and initially offended some. The fact that some continue to believe *takaful* is only for Muslims must be challenged and addressed.³⁸

Takaful and its interaction with the conventional scheme

The global *takaful* industry is growing at 10-20 per cent *per annum*, compared to the growth of conventional insurance of around 9 per cent *per annum* in emerging markets, and 5 per cent *per annum* in Organization for Economic Cooperation and Development (OECD) countries. Anwar asserts that according to Moody the total *takaful* premiums will rise to \$7 billion by 2015. Furthermore, some of the world’s largest *takaful* companies envisage that about one-third of their premiums will come from the West by 2020.³⁹

Takaful products are price competitive with conventional insurance products. *Takaful* businesses, are furthermore by their nature ethical and are structured to benefit the policyholder. As competitively-priced ethical insurance, *takaful*, has the potential to be just as successful with non-Muslim customers as it appears to be with Muslim customers.⁴⁰

What is conventional insurance?

³⁷ Ahmad Mohamad Salihuddin (2007): Number 11.

Types of micro-*takaful* products are: for property: fire, rainfall, theft, agriculture, prices and floods; health: optical, surgical, out-patient, dental, dread diseases and hospitalization; disability: permanent, partial, total, temporary and dismemberment, life insurance: “transition funds,” pensions, endowments, funeral expenses. education life (<http://www.LearnIslamicFinance.com>)

³⁸ Ahmad Mohamad Salihuddin (2007): Number 11.

³⁹ Anwar (2008): 130.

⁴⁰ Anwar (2008): 130.

Conventional insurance can be defined as an agreement whereby an insurer undertakes (in return for the agreed premium) to pay a policyholder an amount of money (or its equivalent) on the occurrence of a specified event. The specified event must have some element of uncertainty about it. The uncertainty may be either the fact that although the event is bound to happen in the ordinary course of nature, the timing of its occurrence is uncertain; or the fact that the occurrence of the event depends upon accidental causes, and the event, therefore, may never happen at all.⁴¹

Modern conventional insurance contracts are unacceptable to Islam. Life insurance involves the use of certain elements that directly contradict the rules of *Shari'ah*. They are: *al-maisir* – this is also known as gambling; *gharar* – also known as uncertainty and *riba* – known as “interest” and can be defined as making money on money. Most conventional insurers invest in interest-bearing assets. *Takaful* is restricted to an interest-free system. A *takaful* entity must ensure that both its policyholder and shareholder funds are invested in assets which do not have *riba* and that any bank that the *takaful* entity deals with should not be involved with the practice of *riba*.⁴²

The main difference between *takaful* and conventional insurance

The customers (policyholders) of the *takaful* business agree to pool their contributions and share the liability of each policyholder. So if one policyholder has to pay a claim, it is paid out of the combined pool of the policyholder's contributions. This eliminates the principle of *gharar* (uncertainty) which is not allowed within Islam.⁴³

As with mutual insurance, the policyholders share in the profit and loss of the *takaful* business – that is, the policyholders all share the insurance risk. They do not give the risk to the *takaful* company (as occurs in a conventional shareholder insurance company). Consequently, if at the end of a financial year, the *takaful* business makes a surplus, this is shared between the *takaful* policyholders.⁴⁴

The assets of the *takaful* business have to be invested in *Shari'ah*-compliant assets. For example, investments cannot be made in gambling institutions, businesses that make alcohol, businesses that sell weapons or assets that pay interest (*riba*).⁴⁵

The operators of the business are paid explicit fees for setting up and running the company on behalf of the policyholder. These fees should cover all the setting up costs, running costs and profit loading of the shareholders and are the only way that the shareholders are remunerated. After the fees

⁴¹ Anwar (2008): 139.

⁴² Anwar (2008): 140.

⁴³ Anwar (2008): 129.

⁴⁴ Anwar (2008): 129.

⁴⁵ Anwar (2008): 129.

are deducted, any surplus arising from the *takaful* business is shared amongst the policyholders only. These explicit fees are in the *takaful* contract that each policyholder signs with the *takaful* company, and are fully transparent.⁴⁶

The structure of *takaful* companies on profit basis is totally different than conventional commercial insurers. The central idea for all Islamic insurance models is the segregation between participants and shareholders funds as the company role is only to manage participants' funds on their behalf. Any *takaful* company is usually called a “*takaful* operator” instead of an insurer. For the Islamic model, contributions (premiums) should be paid on donation (*tabarra*) in order to remove the element of *gharar* from the *takaful* contract. These two principles are considered essential elements, from the *Shari'ah* point of view, and all Islamic models have to comply with these principles.⁴⁷

Takaful practices are free from the elements of *riba* and other prohibited elements and is evolved around the elements of *mudaraba*, *tabarru* and other *Shariah*-justified elements. Conventional insurance may involve *riba* and some other elements, which may not be justified by *Shari'ah* principles. In *Takaful*, the paid premium is treated as both donation (*tabarru'*) and saving (*mudaraba*). In the conventional system, the paid premiums create an obligation against the insurer on a sale and purchase relation. The underwriting profit in *takaful*, is distributed to the policyholders. The shareholders' profit is generated from the return in the investments of the shareholder capital and expenses paid to the shareholder by the policyholders for (i) managing the company on behalf of the policyholders, and (ii) managing the policyholders' investment funds on behalf of the policyholders. In the conventional scheme, the policyholders do not get any share of the underwriting profit (except in mutual companies); shareholders' profit is generated from the company's underwriting profit plus any investment returns. Under *takaful*, the policyholder's funds belong to the policyholders on collective basis and is managed by the shareholders. Under the conventional scheme, all funds belong to the company, though separation of assets may be maintained between shareholders and policyholders for specific insurances (eg. with profits).⁴⁸

End purpose of *takaful*

Modern *takaful* practice is similar to insurance in practice whereby the contribution amount is calculated and is fixed for a standard normal person at a certain age for a certain amount of benefit. Through participation in *takaful* schemes, participants are given the chance to assist one another. The *takaful* operator is required to accumulate as much *tabarru* funds as possible to help those in need.⁴⁹

⁴⁶ Anwar (2008): 129-130.

⁴⁷ Tolefat, Adulrahman (2006). *Mixed Model is Best Approach*. Number 6.

⁴⁸ Anwar (2008): 142.

⁴⁹ Daud, Roslinah. (2009). Number 18. *Underwriting Family Takaful Schemes* © 2009 ICMIF..

When somebody enters into a *takaful* scheme, he is not supposed to have any intention of making money. His intention would be to share his wealth *via* contributing money or giving his money as *tabarru* towards a fund that is used to help somebody else who requires assistance. He should look beyond worldly rewards in the knowledge that when his times comes to face death, the *takaful* operator who manages the fund shall also ease the burden of his family in the same way as he acted towards other in similar circumstances. The goal is to please God and achieve prosperity in this life and the hereafter.⁵⁰

Conventional insurers make use of uncertainty and interest in its business practice. *Takaful* is viewed by Islamic scholars as the acceptable alternative – being guided by *Shari’ah* principles. The social relationships between the scheme members are also significant. Islam promotes cooperation and sharing.⁵¹

Takaful and Re*Takaful*

In a talk to European Reinsurers in 2009 Anila Preston Wickramasinghe (CEO ReOrient Legal) defines Re*Takaful* as “an islamic alternative to conventional reinsurance based on a *Shari’ah* compliant approved concept for reinsurance” She describes the theory as one in which “the *Takaful* Company pays an agreed amount (premium) to the *retakaful* Company in return for the *retakaful* Company providing security for the assurance that the *Takaful* Company is protected against adverse risks.”

She points out, however, that there are no existing *retakaful* companies are sufficiently rated or adequately capitalized to accept business from the Islamic regions. As a result many Islamic insurance companies presently cede their business to conventional reinsurers under a special temporary dispensation.

She points out that the market is growing so rapidly that this will soon be a thing of the past. She illustrates the existing *retakaful* arrangement as follows:

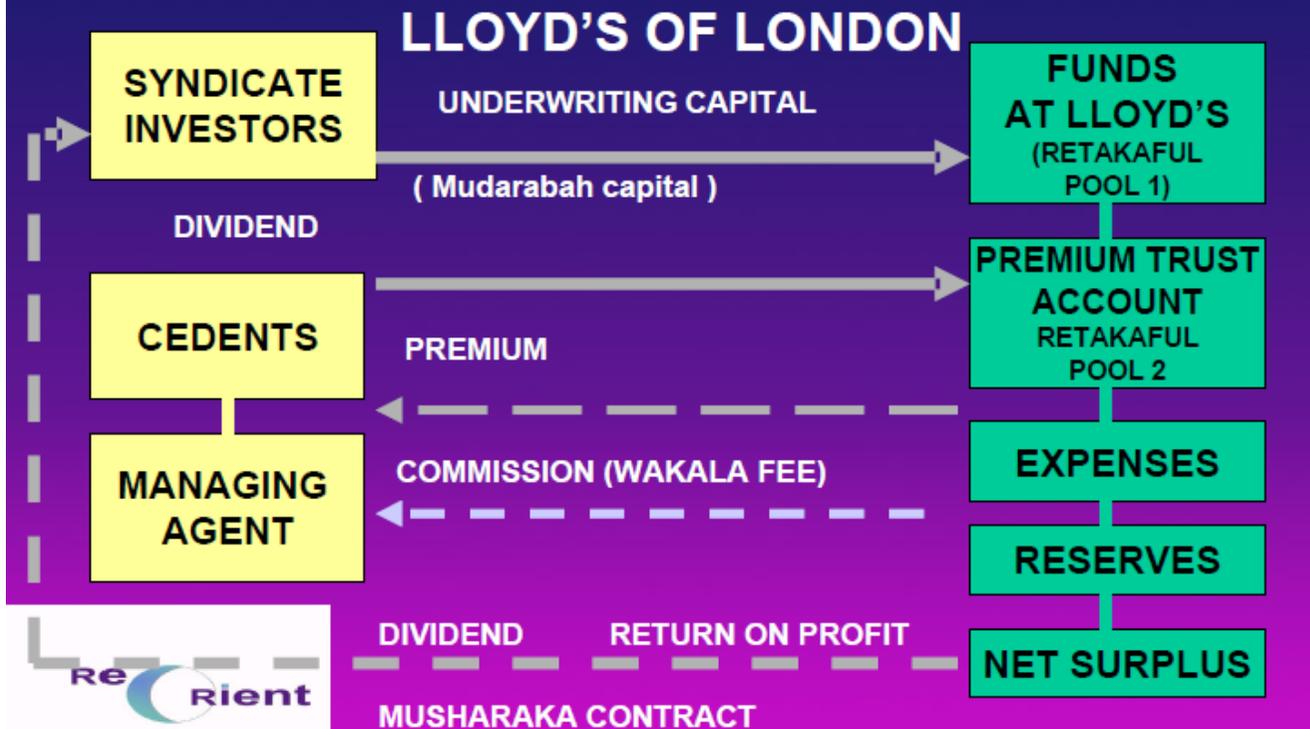
⁵⁰ Daud, Roslinah (2009): Number 18..

⁵¹ Willis, Kevin (2007). *Applying Insurance Credit Ratings to Takaful Companies*. Number 9. Par.: Rating takaful companies.

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HOW DOES THE RETAKAFUL MODEL WORK?



The model is structured in such a way as to ensure full compliance with *Shariah* law.

Another issue of concern for her is the paucity of *Shari'ah* compliant insurance products in which *retakaful* companies can invest. Very few portfolio managers deliberately seek to structure Takaful products.

She recommends several steps by which Western Reinsurers may be of considerable assistance to Takaful Reinsurers. These include:

- “Joint ventures – with Islamic Banks, *takaful* companies or *retakaful* companies that are seeking technical partners from the Western world
- Provision of capacity to a Lloyd’s syndicate to enable a *retakaful* business to be written
- MBO or acquisition of small inadequately capitalized *takaful* companies
- Investment in emerging *retakaful* companies seeking additional capital”

At the same time she stresses the importance of the following considerations:

- “Understanding the cultural issues & perception of the end target audience. I.e. the Muslim consumer
- Working with the *Shari’ah* Scholars or *Shari’ah* consultants
- Co-ordination between legal documentation in the jurisdictions & the understanding of *Shari’ah* laws
- Understanding the regulatory & legal framework of the jurisdiction where the *retakaful* company will be located”

It can serve to benefit all people provided that to share wisdom and knowledge between Western and Islamic methods are developed. There is clear ethical balance in favour of Islamic practices and it will be highly appropriate for western insurers to learn from these and at the same for them to share their administrative expertise in those areas where Islamic law is not in conflict with western methods.

Islamic banking and Islamic insurance

Insurance in modern trade and commerce provides safety for the people as security against accidents and calamities. Likewise, modern trade and commerce cannot be conceived without involvement of insurance and banking. The conventional system of insurance and banking, which are based on interest, cannot be adopted by the Muslims as a *Shariah* compatible system. There is an intrinsic relation between Islamic banking and Islamic insurance. The progress of Islamic insurance depends on a healthy growth of Islamic banking.⁵²

⁵² Ali 11.

Islamic banks have already attained considerable success in the banking sector. It is only the beginning of *takaful* and it is likely to flourish in the insurance sector. To attain the desired level by both the Islamic bank and the Islamic insurance, a strong relationship needs to be built up between the Islamic bank and the Islamic insurance throughout the world.⁵³

Banking and insurance without interest is feasible, viable, competitive and sustainable in the face of competition from the conventional interest-based system.

The current century is going to be the century of Islamic banking and insurance for the benefit of the people at large coupled with equity and justice for all. *Takaful* like Islamic banking has become a viable reality. *Takaful* is a financially viable and competitive alternative insurance for the Muslim countries. Islamic banking cannot be fully *Shari'ah* based unless there are *takafuls* to take their insurance business.⁵⁴

Customers now have the choice between typical as well as Islamic insurance products. Similarity of functions between the insurance and *takaful* products cannot be denied and should be expected given that the concept of mutually helping each other, which is found in insurance, is also a concept applauded by Islam. However, from the conceptual and operational perspective, many differences were noted between *takaful* and insurance, due mainly to elements found in an insurance contract which are prohibited in any Islamic transactions like interest (*riba*), uncertainty (*gharar*) and gaming (*maysir*). Hence, *takaful* products are designed to function as any typical insurance product, but operated differently, to avoid the prohibitive elements.

Takaful and the global market

Takaful is the fastest growing area of the world insurance market. It is growing at 20 percent to 25 percent *per annum*, compared to the world average growth of conventional insurance at 5 percent to 5 percent *per annum*. The validity of this growth was made possible in the demand and the prospects of potential rewards both for the customers and entrepreneurs of Islamic insurance. In a market place, the attraction of *takaful* business may be ascribed to its connection on the Islamic *Shari'ah* as well as its being a better and a more just system. This aspect should be attractive to everyone, irrespective of any religious basis upon which the system stands. *Takaful* business has an explicit ethical structure which can be marketed to both Muslims and non-Muslims. The dramatic rise in the demand for *takaful* insurance, is due to this ethical nature of the product. I would like to stress once more as I have done repeatedly throughout these pages that on the basis of its ethical foundation, *takaful* ought to be attractive to both Muslim and non-Muslim. The *takaful* industry is, however, small in comparison to the conventional insurance counterpart. This market, therefore, needs to gain worldwide brand recognition. This is what this paper purports to do.

⁵³ Ali 11.

⁵⁴ Ali 12.

Conclusion

One of the greatest challenges – the misconception that *takaful* is for Muslims only – has been settled in this paper. Due to its explicit ethical structure, *takaful* can be marketed for both Muslims and non-Muslims as I have just said. In multi-racial Malaysia, for example, *takaful* products have attracted even the non-Muslim communities. The belief that *takaful* is only for Muslims, has hopefully been refuted. This, is however, not enough to cultivate a culture of awareness for *takaful* products. Although *takaful* products are faced with challenges such as an immature banking infrastructure, it can cultivate awareness by offering a wider range of *takaful* products as an alternative to those offered in the conventional market. The strength of *takaful* products to announce its awareness, lies in its ethical structure. The ethical structure of *takaful*, serves as offshoots for the principles of fairness and the sharing of each other's burden. This will extend protection to the less fortunate members of the community. On the basis of this common humanity, *takaful* products stand a chance to be accepted by both Muslim and non-Muslim, despite the obvious religious and cultural differences. It seems probable that *takaful* companies will attract new clients from the existing conventional insurance franchises. *Takaful* is being practised now as an alternative to the conventional insurance system.

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As Metcalf reminds us of, all economies are knowledge based and it cannot be otherwise (2004). The Economics of Knowledge goes back at least to Marshall (1920) and Hayek (1937). For Marshall Knowledge in organizations is a part of “capital”, identified as “the most powerful engine of production” (p. 115). Hayek introduces the idea of Market Knowledge where Innovation is understood as a process. The company gathers knowledge much through its contacts with the market. The firm is a localized innovation system, as opposed to what is delocalized. This research of Location (Standort) and more general Space (Raum) goes back to Lösch (1944), and to Wiedenfeld (1934). Firms can also be understood according to their respective degree of delocalization, as companies are increasingly finding themselves unattached from local limitation, exploring new spaces (Karlsson, 1999). Companies do not only seek market opportunities at these new locations, but also knowledge opportunities. In this article we discuss knowledge gathering at one specific form or group of location, at Trade Shows. We look at how the Marketing function can improve a company’s knowledge and innovation from working with information at

these locations. The data gathered is presented as a case study from working with groups of companies at International Trade Shows. These trade shows work much as alternatives to localized high-tech clusters (Karlsson, 2008).

According to Lagendijk, A., Lorentzen, A. (2007) economic performance relies more on localized capacities to build “global” connections, complemented with an adequate local resource base, than on local networking and clustering. Knowledge transfer involves communications between human being (Albino, 2004). Cook and Brown (1999) suggest that the crucial role of practice in learning processes may suggest relying on face-to-face communications rather than on electronic document exchange. Nowhere else can this kind of face-to-face communications be found in more plenty and with a greater intensity than at trade shows. At no other place can so many firms be seen and studied under a shorter period of time. The importance of such meetings is also suggested by Argote and Ingram (2000), who argue that knowledge transfer is understood as the process through which an organizational unit is affected by the experience of another. Trade shows can be seen as compressed situation of knowledge gathering for innovations through the function of Market Intelligence.

Empirical research suggests that there is a major discrepancy between theory and practice in the world of trade shows. Stringfellow et al. (2006) suggest that current marketing education do not fully comprehend business imperatives. Their research supports that of McKenzie et al. (2002) who found that very few practitioners expect to find anything of “practical use” in academic marketing journals. According to Dallmeyer (1998) only 29 percent of firms that participate in trade shows have developed specific trade show objectives and only half of these actually carry out what the plan says. Research by Weisgal suggest that 83 percent of those prospects are not called on by a company representative within a one year period after the show has finished, and that 80 percent of exhibitors do not follow up on their leads (Weisgal,1997). Only 29 percent of firms that participate at trade shows have developed specific trade show objectives, and only half of these actually follow them (Dallmeyer, 1998). One reason is the lack of interest and understanding among academics and researchers alike for certain specific marketing practices. The study of marketing often misses the handling of trade shows or exhibits, and seldom refers to the competitive intelligence function.

In this article we argue that Competitive Intelligence (CI) has a natural place in Integrated Marketing Communications (IMC). Trade shows or exhibits are one area where the academic field of marketing can learn from the experience and the research gathered within the field of Competitive Intelligence.

The author followed and coached one group of Swedish furniture companies and another group of IT companies for one year. This resulted in a number of observations from interviews with participants and models that illustrate how planning and joint efforts can increase the performance of the companies' marketing efforts.

2 An Increased interest for Trade Shows

Academic contributions on trade shows in the marketing mix, in what is sometimes referred to as the Business Marketing Communications Mix, is a relatively new area of research (Smith, 2004). E.g. it has not been common to include Trade Shows under Kotler's P for "Place". These "places" have instead been reserved for more regular distribution channels, first of all shops. Overall there is little written on exhibit marketing in the academic literature apart from some initial contributions made in the 70s and 80s (Pitta, Weisgal and Lynagh, 2006), and there are few contributions in scientific journals. Chapman (1995) estimated that trade shows accounted for between 16-20 percent of marketing budget a decade and a half ago. Later that figure was well above 20 percent (Barker, 2004). Previous research has shown that 71 percent of top executives in firms with less than USD 50 million in sales are believed to consider trade shows very important. The figure for larger firms, with over USD 400 million in sales was 51, 4 percent (Kerin and Cron, 1986). Since then the importance of trade shows have been increasing, and there are indications that the trend will continue, even though the curve for trade show participation has flattened out over the past few years, of reasons that are still not clear, maybe due to new technology, like the Internet and certainly due to the economic crisis the past few years. The importance of trade shows is indicated by research that shows that companies which had visited a booth at a trade show purchased more often than those who did not (Gopalakrishna, and Lilien, 1994; Gopalakrishna and Williams, 1992).

Trade shows are becoming increasingly popular in Asia, especially in China. Germany has contained the leading role in the world's trade show industry. The country houses five of the world's ten biggest Trade Fair organizations. The CeBIT e.g. is the world's largest IT fair with 400.000 visitors in 2009, compared to e.g. 113.000 for the Consumer Electronic Show. Of the largest 40 Trade Shows that have found pace the last five years 10 were German. About 20% of the world's trade show capacity (in square meters) is found in Germany. Germany also attracts a large number of foreign exhibitors to their own trade shows. In 2008 only around 51,5 percent of exhibitors attending trade shows in Germany were EU companies.

3 The Exhibit Intelligence Framework

Not all companies are at trade shows to buy and sell. Some are there just to meet people, others just to show that they are still in business and not bankrupt. In many industries it is expected that you attend, that you show your face. For that purpose there is not even a need for you to have a booth. It is simply enough to attend. Another group of companies are there for intelligence purposes, as trade shows represent an opportunity to gather information about competitors, their products and services, including their sales and boothmanship skills. As has been suggested by Calof (1997), for Competitive Intelligence purposes it is sometimes enough to get the trade show directories, which can be purchased from numerous locations. They are in themselves a good source of information to help companies become more international. Trade shows are also excellent indicators for companies to predict their competitors' future actions in general (Kight, 1996). As we shall see costs is also a major reason why some companies choose to attend as mere visitors instead of as exhibitors.

Trade shows offer more than opportunities for mere Knowledge management and Competitor Intelligence. These events give companies a possibility to gather information about other actors, like suppliers and influencers. A general model of the company's external environment with all its different actors is provided by Hussey and Jenster (1999). For a specific at-the-show list, trade show participants can be classified according to the following categories: Exhibitors (sellers), visitors (buyers and influencers), suppliers, show organizers and influencers (including industry analysts, industry associations and policy makers/regulators); all of which demand attention. To reduce trade show objectives to a mere question of immediate sales implies that we are ignoring possibilities of gathering information, building relationships, and gaining influence in our industry. All put together these factors are likely to lead to increased sales and a better competitive position for our company in the long run.

The well organized exhibitor makes sure that he has the personnel to fulfill the needs of all the different entrants, and more importantly that he or she knows how to take advantage of the presence of each group: Visitors are there to buy, gather information or test products. Suppliers are there to see if they can sell you something. Show organizers may come by your booth to make sure all is OK. Establishing a good relationship with the organizers may result in a better booth location at a future trade show, and a more efficient handling of the set up, tear down and transportation process. The amount of energy used on post- and pre-show work can make or break a company's at-show performance.

Industry analysts may be there to obtain information for a report, industry associates to see what they can do for clients as a member, and policy makers to hear their opinion about an issue. The handling of the media may give free and valuable coverage. To meet them all as a salesperson - to judge them all according to whether or not they are going to buy products - is not only short sighted but an inefficient use of company resources.

Even buyers must be treated differently. There are: Current buyers, potential buyers and non-buyers. Among the current and potential buyers it should be possible to identify VIP customers. One way to treat each group differently is by having a different give away for each category, according to their actual or potential contribution to the company's expected net profit. To make the intelligence assignment even more complicated, there is often not just one buyer, but a group of buyers – sometimes referred to as the “buying center” – whose members all have an influence on the purchasing decision, but to different degrees. This is particularly true in business to business purchasing. To dismantle these teams demand considerable intelligence efforts, seldom undertaken by regular sales people. Most mid size and large companies who take trade shows seriously have some sort of plan for this, but often find little help and interest in current Management and Marketing Theory.

4 Research method

Based on the case study method using qualitative and exploratory research techniques we followed, coached and at the end of the year traveled with two different groups of Swedish companies to major International Trade shows. Data was collected from observations and interviews from joint group discussions about what seemed to work in practice rather than gathering any single dataset. The method included interviews with multiple participants and was followed by minutes from meetings. The research was a part of two KRAFT projects, using the KRAFT model, funded by the Swedish Knowledge Foundation (KK Stiftelsen):

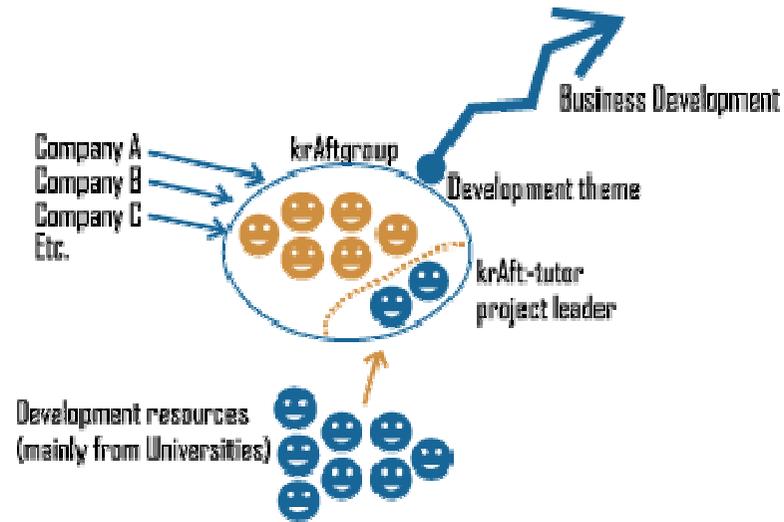


Figure 1: The KRAFT model

The KRAFT model builds on three types of participants; a close teamwork between companies who are often thought to be competitors, a project leader and a KRAFT tutor, who is often an industry expert. Topic experts are brought in to the group as development resources when needed. The model follows the concept of management-in-practice, whereby data is gathered from real life problems. There are 2-3 participants from each company; all belong to top management. The program runs over a period of one year. The group meets once every two-three weeks for a 3 hour session covering about 10 different topics, one of which was trade show effectiveness. The programs started in the fall and ended in late spring. The last KRAFT group ended its work in 2006. The first KRAFT projects started in 2001. The conclusions in this paper are the result of observations, interviews and discussion in two groups:

Table 1 : The participating companies for the study

Small Furniture Group	Number	of IT Group (Blekinge)	Number	of
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<i>(Skåne)</i> <i>(field trip: Milan's</i> <i>International Furniture</i> <i>Trade Show, Italy)</i>	<i>participants from</i>	<i>(field trip: Consumer</i> <i>Electronics Show, Las</i> <i>Vegas, US)</i>	<i>participants from</i> <i>each company</i>
Glimakra Akvamatic	2	ILT Solutions AB	6
Glimåkra	2	EC-Passage AB	1
Mjölkalånga	2	FLUX AB	2
Träindustri			
Tyringe	1	Singleton AB	1
Åberg & Söner in	2	Velocity AB	2
Lönsboda			
Sum	9		12

The data from the trade shows was collected in the form of interviews and group discussions (focus groups) with the participating companies. Each company was present with from 1 to 6 representatives, including the CEO of the company. In the first group the author was a development resource, in the second the project leader. Based on two case studies from two different international trade shows, one in the furniture industry the other in electronics we were able to draw a number of conclusions about Trade Show effectiveness.

A model found useful divides the sources of information obtained from the trade show into three major categories; about the product (product Intelligence), about the companies' people skills (often referred to as the Trade Show Software) and about their booths (Trade Show Hardware):

Table 2 : Intelligence Categories and Sources Model

<i>Product Intelligence</i>	<i>Trade Show Software</i>	<i>Trade Show Hardware</i>
	<i>intelligence: The behavior</i>	<i>Intelligence: The booth</i>
Demonstrations and Observations	Observations	Observations
Brochures and other written material	Direct on-site experience Conversation with booth staff and other experts attending the show	Conversation with experts attending the show
Conversation with booth staff and other experts attending the show	Consultation with experts after the show	Consultation with experts after the show (from recorded material)
Video and audio presentations	Video, audio recordings (upon request)	Video, audio recordings (upon request)

The main focus in Market Intelligence is the product. At trade shows we have an excellent opportunity to see it demonstrated. We also want to know what others, experts, journalists, influencers in general, think about the product.

At B2B shows it is common to have technical staff at the booth to make sure all questions can be answered. Trade Show Software is an indication of the company's ability to organize itself and it says something about the company's marketing competence level. The Trade Show Hardware can be even more revealing. Marketing collateral, even the choice of photos and paper in brochures, are indications of the marketing budget. A trained eye can make up what the physical booth costs. When we add cost of attending the show, the number of staffers and multiply with the number of days, we are starting to see the actual

trade show budget. If we multiply with the average figure for the percentage used on Trade Shows for the industry we will start to see the company’s whole marketing budget for the year. This in turn may give a vague idea about expected sales.

The next model lists the kinds of questions to be answered from each category of intelligence, the Key Intelligence Topics:

Table 3 : Key Intelligence Topics, or Types of questions Model

<i>Product Intelligence</i>	<i>Trade Show Software</i>	<i>Trade Show Hardware</i>
	<i>intelligence: The behavior</i>	<i>Intelligence: The booth</i>
Technical specifications (performance, weight, size, color, design)	Number and composition of staff (age, sex, experience)	Booth specification (size, design, material used)
Product demonstration	Quality of Boothmanship	Booth location
Price	Estimated staff cost	Estimated Booth cost

Both models are the result of our experience with the information gathering at the trade shows attended.

To gain knowledge about the experience and quality of boothmanship we need to engage in a conversation with the staffers. The more difficult questions will reveal the team’s experience, product, and industry knowledge. If one staffer does not know he is likely to ask another etc. Soon we will get a picture of their collective knowledge of the team. This suggests that the staffer himself need not only be highly qualified to know what questions to ask, but preferable an industry expert, preferably linked directly with the company’s innovation function. Other conclusions drawn from the two conferences was the confirmation that Trade shows can be an integrated part of Event Marketing, and Market Intelligence a part of Integrated Marketing Communications (IMC).

5 Trade Shows as part of Event Marketing

Exhibits or trade shows have much in common with Event Marketing and the first is often seen as part of the latter. Both trade shows and general event assignments can be handled by the same on-the-road marketing/intelligence team. The ways of working with the two fields, the competences required, are also often the same. Event marketing includes activities like company anniversaries, openings, receptions, and kick-offs. All of these single marketing activities are there to create a consciousness and build an image around a company or a product, create emotions and activate the actors in the business; through activities like get-together-events and incentive-events, inform and communicate the actors; through congresses, forums, official statements, symposiums, and workshops, and for product communications and sales; like in product presentations, promotional events, exhibitions and trade shows.

We find the same goals in trade show marketing. The evolution of trade shows today, in particularly in business-to-consumer markets, is towards more “festival” than “sales”, making it difficult at times to see the difference between the two (festival intensive vs. sales intensive trade shows). In general we can say that the more “festival” there is in the exhibit, the more emphasize is going to be placed on corporate identity and image. It again means that sales activities are going to be more long term based. Companies build brands first, then later they may get the big sales. The opinion about how much “show” should be put into an exhibit varies; less for B2B, more for B2C, entertainment and leisure goods (Friedman, 2005). What we have observed is that the more marketing research and preparations increase the more “show” is incorporated into the trade show. To treat these events simply as an opportunity for direct sales is less and less relevant and misses the development in consumers’ choices. It is first of all towards entertainment. In general we found that consumers have less and less the need for certain specific products but seek to have fun and build or change their personal identities through the association with certain brands.

One of the great advantages with trade shows is that consumers come to you, so companies do not have to feel pushy. From the perspective of marketing theory trade shows are often handled as a promotional channel. Exhibits are physical locations where groups of companies create a place for customers to come and see their products. Thus it could be argued that trade shows are the revenge of pull marketing. Push marketing, like phone sale, magazine ads and TV commercials, has proved to be less effective as customers have become more critical towards these marketing channels over the past decade. Said

differently, consumers have become more and more annoyed by push marketing activities, and have become increasingly occupied with privacy issues. If consumers want a product they will come to you; and they don't want to buy from you right away. They want not only to search for information and try the product out; they are also seeking to have fun. Consequently trade shows have become a fun thing to do much like an outing. This trend is illustrated in the historical development of trade shows, as it has developed from trade shows that focus on products, to service, to dialog to entertainment (Jensen, 1999). These suggestions were also confirmed by our own observations and interviews. There is a lack in research in all these practical issues. To help improve the situation we suggest that Event Marketing and Exhibit Intelligence are seen as a part of a larger Integrated Marketing Communications (IMC).

6 Intelligence as part of Integrated Marketing Communications (IMC)

Trade shows are more than just buying space and showing up. It is a long, most often repeated and resource intensive business process that requires long and rigorous planning. It has become a specialty for many employees and for some a full time profession, as many larger companies have event crews that are on the road most of the year, who will often travel from one country to another. As in any profession, as opposed to a mere business activity, planning and organization is a Key Success Factor. To achieve this trade shows should be a part of Integrated Marketing Communications (IMC).

Exhibit Management or Exhibit Marketing may be said to be a part of the study of Marketing and Sales. The two terms are often used interchangeably, even though it could be argued that the latter is more narrowly defined and Exhibit Management usually implies participation of senior managers outside of the marketing department. The Exhibit marketing plan/trade show plan is often a part of the company's Advertising and Marketing strategy. In many companies it is the biggest and single most important post in the marketing budget next to external advertising expenses and salaries. As such it is a marketing activity that is normally planned almost a year in advance, which it takes months of work to prepare for. It is also a function closely related to the study of Logistics, as so much need to happen in such a short period of time for the event to be successful. All of this suggests serious planning. We could confirm that there is a strong correlation between the degree of planning and the success of the show, probably more than in most other kinds of business activities.

Despite this many companies take lightly on trade show participation, and worst is often the competitive intelligence function. Research by O'Hara and Herbig (1993) suggest that companies at trade shows do not evaluate "intelligence gathering" very highly. At the same time their sales people would have liked to introduce changes which would "significantly improve intelligence gathering". The reason for not implementing these changes may be the problem of showing that the trade show activities have bottom line effects. As a result, in many cases planning is just something which is carried out in the breaks at the show, when staffers want to. Their findings or observations are rarely recorded, even less seldom analyzed. Part of it has to do with the lack of understanding for the Competitive Intelligence function in Event Marketing. At the end it means missed chances of Innovation.

From before we know that companies are less willing to use marketing resources in activities which cannot show that they are well invested (Cooke, 2003). Some research therefore concentrates on how to build models to make sure investments are well spent (Pitta *et al*, 2006). To try to increase return on investment (ROI) the size of stands/booths are often being substituted for more clever marketing programs as the demand for ROI is heard ever louder from corporate executives. This is not surprising. Earlier research on ROI for trade shows (ROTSI) has shown that only larger distributors have a positive ROTSI (Net Present Value of Incremental Total Gross Profit – Cost of exhibiting) (Smith, 1998). There seem to be little willingness to see trade shows as investments. This makes a particular difficult case for the competitive intelligence function at the trade show which cannot easily trace its value added back through any physical object or service which is sold.

The ROTSI discussion may be a major reason for why intelligence opportunities at trade shows have been underestimated. What is needed for the CI function to merge more fully with marketing and be a part of Integrated Marketing Communications. The CI function on its part can improve its position by becoming less ad-hoc based and more structured, e.g. by developing its own plans and incorporating these into the overall marketing effort.

7 Conclusions

Findings from the case study confirm previous research by Marshall (1920) and Hayek (1937) about knowledge as a powerful engine of production. At trade shows Knowledge transfer between human being involves extensive communication (Albino, 2004). As suggested by Cook and Brown (1999) the crucial role

of practice in learning processes may suggest relying on face-to-face communications rather than on electronic document exchange. This is also emphasized by Argote and Ingram (2000). Furthermore our findings correspond with those of Stringfellow et al. (2006) who suggest that current marketing education do not fully comprehend business imperatives. The same conclusions are found in McKenzie et al. (2002). We also observed poorly defined trade show objectives and an inability to follow them (Dallmeyer, 1998). The trend towards more entertainment as suggest by Friedman (2005) and Jensen (1999) was also confirmed.

Furthermore our study suggests that Competitive Intelligence is a useful part of the company's Integrated Marketing Communications. Intelligence gathering at Trade Shows can be divided into Intelligence about products, booths and booth behavior. Each type of intelligence corresponds to different methods for information gathering. For each group we could also indentify a number of Key Intelligence Topics based on our findings.

An implication of integrating the competitive intelligence function into the Integrated Marketing Communications may be to separate more clearly between on-set and off-set tasks. The off-set team can be used to fulfill a number of crucial tasks besides eating and resting; performing specific assignments of: exhibit intelligence, market surveys and attending conferences.

Future research in the field should focus more on how to organize the Exhibit Intelligence Plan to answer to both strategic and operational questions, as suggested by Christman (1991). There is also a need to perform research on how to carry out operational intelligence activities along the lines of [Shaker and Kardulias \(1996\)](#). The authors define what they call the quarterback technique for gathering intelligence, whereby a group of CI specialists led by a manager goes out to answer new intelligence questions. Findings are brought back to the HQ, analyzed and distributed according to need. As suggested by Tanner and Chonko (1995) it is a problem for exhibitors that booth staff does not perform as they are trained for, but we need to know more exactly why. There is also a need to look in more detail at how personal information is exchanged (Chapman, 1993). To the extent that Trade Shows are about people skills it may find a place within Relational Marketing research, much inclined to the Nordic School of Gummesson and Grönroos (Gummesson, 1987). However this comparison needs to be explored further. We also need to understand Key Success Factors of Pre-show activities better. DM campaigns have shown to be very effective in increasing sales at the show (Walls, 1998).

To further understand how trade shows work we need to expand our list of actors to include the pre and post-show process. These include information about (Morrow, 2002) exposition management organizations, exhibit halls, general service contractors, exhibit designers and manufacturers, specialty contractors, transportation services, industry-specific publications and industry-specific associations. We need to better understand how their needs differ.

A part of the theoretical development for trade shows has to do with the implementation of new technology where Business Intelligence systems play a major role. This changes the way in which marketing and competitive intelligence is performed. Consequently, trade show routines also need to be changed (Friedman, 2005), but we need to show more precisely how. We know that potential customers need to be contacted the same week (Tynan, 2004), but we have not explained why visitors lose interest with time.

Old school sales theories are obstructing progress within Trade Show Intelligence. E.g. many sales people and trade show staffers still learn to divide sharply between buyers and non-buyers. In many cases non-buyers are immediately recognized as such and given a cool shoulder as it is thought that they are just wasting the booth staffers' time. If it is a journalist or an industry expert the opportunity loss to the company can be considerable. This division of visitors comes from the old school of marketing (Bello, 1992), but we still need to suggest how these attitudes can be changed. The information gathering or competitive intelligence process - and not only at trade shows - is still not understood and appreciated. One major reason is that the marketing discipline has always had a strong focus on customers, but there are bound to be more.

People-at-the-booth skills is an area of exhibit management which has been particularly neglected. Research has shown that 50 percent of companies indicate that training is just done prior to exhibition (Friedman, 2004). We need to better understand why. At the same time there is a great difference in exhibitor skills between the cans and cannots (Pitta et al., 2006). Research has also suggested that the actual booth staff training is inefficient (Tanner, 1994).

It is surprising how many still think that exhibiting is just something you "do" (Walls, 1998). Empirical research suggest that companies do not always have a tailor made budget for the trade show (Luse and Mau, 1999). Instead they frequently have a general marketing budget, which is also to cover for trade shows. There is a need to view Trade Shows as more than sales. These marketing activities are also an important source for opportunities in Innovation. As such trade show activities can be seen as a form of delocalization.

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