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## **Abstract**

This research aims to contribute to the understanding of how trade mission work by analyzing the processes that constitute a trade mission and the factors that influence it as seen by commercial diplomats from OECD countries. Research on trade missions is still quite limited due to the difficulties of linking cause and effect, and so far no contribution has been made to understanding how organizers of trade missions tackle this phenomenon. This research aims to do just that by evaluating the literature that has been written on the topics of export promotion and trade missions specifically, and distilling from that a conceptual model that is relevant for this study. This model is used as the groundwork for an in-depth, single-case study, that investigates the processes involved in trade missions.

The findings show an extensive picture of what trade missions are and how they are organized and executed, while also investigating the factors that influence these processes. Trade missions start with planning and objectives setting, a process shaped both by commercial diplomats, business needs, and foreign-economic policy. Trade mission activities translate the objectives that were set into practical ways for companies to capitalize on opportunities and fulfill their objectives. Both commercial diplomats and companies shape this process, with the former being facilitators and the latter being the actors that need to translate the opportunities into outcomes. The activities of trade missions are influenced by the business culture of the host country and the ability of the trade mission participants to mitigate the differences in business culture. The findings for the outcomes show that companies can receive a wide range of benefits from participating in trade missions, depending on their objectives and level of internationalization, which are often very difficult to express in quantitative terms. At the end of the trade mission process, the evaluation takes place by commercial diplomats and participants. This last part is where most improvements can be made, since evaluation practices are often rudimentary, and limited resources are committed to meaningful follow-ups. Furthermore, this study investigates how foreign-economic policy influences the planning process. Sector preferences in the home country can play a role in determining which industries have priority, country relations influence the propensity to organize trade missions and budget allocation puts a constraint on the organization of trade missions. Finally, innovations in trade mission practices show meaningful future potential. By organizing trade missions on neutral ground, organizing joint trade missions, and aiming for strategic partnerships, there is the opportunity to make more efficient use of resources and increase impact.

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# 1. Introduction

Commercial diplomacy has long been an area of interest for research in the field of international business. Different directions of research have been pursued that have analyzed the inputs, throughputs and outputs of commercial diplomacy (Reuvers and Ruel 2012). The world around us has been changing, and the digital age is bound to affect the way in which commercial diplomacy is being conducted. Gathering information and conducting market research is something that companies can do on their own nowadays, this means that embassies and consulates have lost much of their role in this (Rose 2007).

Companies today are more interested in the expertise of commercial diplomats and their access to key figures in the target country. Leveraging these qualities of commercial diplomacy will enable companies to more easily overcome barriers to market entry and decrease uncertainties regarding their new business ventures (Alblaum 1983; Vanderleest 1996). Governments all over the world have an active role in helping companies to increase their competitiveness and exporting success, but have different views on how to achieve this. For this purpose, export promotion programs are widely used to help businesses enter new markets, gain insight into potential markets and expand their operations (Kotabe and Czinkota 1992; Singer and Czinkota 1994; Gençtürk and Kotabe 2001; Alvarez 2004; Yannopoulos 2010; Durmuşoğlu, Apfelthaler et al. 2011).

One of the most important export promotion tools that commercial diplomats have at their disposal is a trade mission. Trade missions combine networking with knowledge gathering. But what are trade missions exactly? So far there has been no clear analysis on the specifics of trade missions and how countries go about organizing them (Seringhaus 1989), even though the content of specific export promotion programs that government agencies offer has been briefly researched (Jaramillo 1992).

Trade missions have a very important role in commercial diplomacy because they directly facilitate the internationalization process of companies. They bring entrepreneurs and multinational corporations in contact with companies in potentially interesting markets. The commercial diplomats and export promotion professionals that organize these missions help companies from their home country to overcome barriers to internationalization by introducing them to potential partners in foreign markets and by letting them observe those markets themselves. Trade missions can thus be very helpful as networking events with 'match-making' opportunities that can result in both inward and outward increase in FDI, the recognition of export opportunities and the potential of finding partners that can help you operate in the target market.

But what happens during such a trade mission and how do commercial diplomats align business and government needs? What activities take place during a trade mission and what is seen as integral to them? How do trade missions contribute to bilateral trade and business activity? Are trade missions organized in the same way for different countries? How do countries perceive the differences between home and host country and how do these differences affect their approach? And how are the outcomes and results measured?

The current body of literature does not provide answers to all of these questions. The different effects of trade missions have been previously looked at (Seringhaus 1987; Seringhaus and Mayer 1988; Wilkinson and Brouthers 2000a; Wilkinson and Brouthers 2000b; Spence 2003; Heuts and Poel 2010). However, little is known about the processes that are involved in organizing trade missions and what factors influence how trade missions

are organized and carried out. The processes and factors might vary depending on the approach that different countries have concerning this. From this notion, the following research question emerges:

*What processes are involved in organizing and executing trade missions and what factors influence these processes?*

In order to investigate this question, a qualitative study is performed. This design is very suitable for the sort of exploratory/descriptive research that is needed to answer the main research question. Commercial diplomats or people with similar roles are responsible for planning and organizing trade missions, so they are the most relevant source of information for this study. Information obtained from them can help us get a complete picture of the different approaches that different countries have towards commercial diplomacy and trade missions specifically. The outcome of this research can serve as a helpful tool in shaping trade mission objectives suiting the operating environment of different countries. At the same time, it will contribute to the understanding of the key success factors of trade missions. No study so far has investigated trade missions from this perspective.

This study is organized in the following way. The theoretical framework will provide background and analysis of the available literature on the topics of commercial diplomacy, export promotion programs and trade missions specifically. The gaps in the literature will be illuminated and will lead to a conceptual model of trade missions. This model will be a guide to the data gathering that is described in the methodology section. Finally, the findings will be presented in the results section with conclusions and a reflection on this research concluding this study.



## **2. Theoretical framework**

In this chapter, a literature review will be performed related to the key ideas that were outlined in the previous chapter. By performing this literature review, an overview will arise of the current research that has been performed on export promotion programs and trade missions. This in turn will help to identify the gaps in existing literature.

The literature review will start off with section 2.2 in which the idea of commercial diplomacy will be clarified and how the research on trade missions fits within this concept. After this, section 2.3 will focus on the existing research that has been performed on export promotion programs, addressing the gaps in existing literature. Trade missions specifically will be discussed in section 2.4. Finally, this chapter will be concluded in section 2.5 where the theoretical framework constructed thus far will lead to a conceptual model concerning the research on the phenomenon of trade missions. This model will give an overview of the relations between the concepts that have been discussed and determine the scope of the research that will be performed. Furthermore, it will be used as a foundation for the methodological chapter of this thesis.

### **2.1. Finding relevant literature**

The Internet databases of Web of Knowledge, Scopus and Google Scholar were used to search for relevant articles on the topics of “commercial diplomacy”, “export promotion” programs and “trade missions”. These three search terms have been used to get a complete picture of the phenomenon of trade missions. By starting the search with commercial diplomacy we get an overview of this field of study. Zooming in on export promotion programs as a whole in turn highlights the activities through which commercial diplomacy is executed and places the topic of interest, trade missions, into context.

Trade missions are an essential part of this set of activities. The search using the term “export promotion” yielded 255 papers, selection through the reading of abstracts and the use of cross-referencing resulted in 50 relevant papers on this theme. The search for “trade missions” yielded 41 papers, applying selection and cross-referencing resulted in 12 relevant papers. It appeared that the amount of literature on trade missions specifically is quite limited, so the literature that is reviewed in this thesis is quite a complete overview of the available literature on this phenomenon.

### **2.2. Commercial diplomacy**

There has been growing attention for commercial diplomacy in the academic world in the past years (Kostecki and Naray 2007; Reuvers and Ruel 2012). It can be seen as a part of the broader field of economic diplomacy (Ruel and Zuidema 2012). The latter term covers a wide range of economic tools available to diplomats for the effectuation of foreign policy goals, whereas commercial diplomacy reflects the assistance that diplomats can offer to the private sector, by supporting their commercial goals through export promotion, attracting inward investment, and facilitating outward investment opportunities (Mercier 2007; Naray 2011). A broader definition of commercial diplomat is in order for this thesis, where staff working at the economic department of embassies without diplomatic status will be included in this definition.

Busschers (2011) has categorized the activities of commercial diplomats into four main groups: (1) provision of intelligence, (2) establishing relationships with authorities in host

country and helping in search for projects, partners, and contacts, (3) promoting home country products and services through different channels of communication, (4) assisting companies in disputes. From this we see that trade missions fall into the first three categories since they can help companies gather intelligence, establish contact, and promote themselves in the host country.

There are more benefits that governments and business seek to garner from commercial diplomacy (Naray 2008). Accessing reliable information in missing markets might be only possible through diplomats that have a certain relation with host country officials. Commercial diplomats can help in maintaining the home country's image, helping business build status and legitimacy. Networking opportunities and partner search are an essential part of the services commercial diplomats can offer considering their local knowledge, contacts, and expertise. Using their network and knowledge of the judicial system they can help in conflict resolution.

Finally, they are responsible for the organization of business and government delegations. Trade missions are of course a part of the latter, and commercial diplomats are at the center of the planning and execution process. The business knowledge of commercial diplomats and the way they work can have a noticeable effect on the way trade missions are organized and implemented. Considering the classification of commercial diplomats into business promoters, civil servants, and generalists, they might have a different approach to this process (Kostecki and Naray 2007).

The final important thing that needs to be taken into account is that commercial diplomacy can have different institutional models. In general, there are two approaches to organizing the ministry that manages the foreign commercial relations: a unified ministries approach in which the foreign political relations and trade relations are managed by a single Ministry of Foreign Affairs and Trade, and having two separate ministries (Ozdem and Struett 2009).

Ozdem and Struett (2009, p. 27) argue that "the unified ministries approach helps create a more powerful bureaucratic organization that handles the foreign political and commercial relations of a state with comparably more independence" and "a unified ministry approach can be useful for drawing linkages between commercial and political policy". In the case of the unified approach, specialized expert personnel has to be placed at embassies and consulates to help deal with commercial diplomacy or current personnel needs to increase their focus on commercial interests in order to better serve their governments goals. Furthermore, it seems that export promotion services can be provided both by private and government agencies (Seringhaus and Botschen 1991).

### **2.3. Export promotion programs**

Exporting has shown to have beneficial effects on firm performance, resulting in above average returns, higher employment growth, and greater productivity compared to companies that do not participate in exporting (Wilkinson and Brouthers 2006). Numerous benefits for the public can also be the result of export activity, such as increased employment opportunities, additional tax revenues, backward and forward linkages in the economy, and ultimately higher economic growth and living standards (Archer and Maser 1989). There is thus ample reason to promote the idea of companies becoming exporters. But the complexity of the international business environment and the severe global competition has put SMEs at a disadvantage in case they decide to venture internationally (Seringhaus 1986/1987).

Firms on their path to exporting encounter various difficulties, or barriers as described by Seringhaus and Rosson (1990) and Leonidou (2004). It is at this point that export promotion organizations can have a profound impact on this process. They can help SMEs in overcoming these export barriers and expand their businesses in foreign markets. By offering a wide variety of activities, state export promotion programs can help (potential) exporters in taking away some of the uncertainties and difficulties associated with international business. We first take a look at what types of export promotion activities there are. After that we focus on the topics that received prominent attention in literature, starting with awareness for export promotion programs, continuing to how export promotion programs are adapted to business needs, how they are evaluated, and finally, what effect they have on firms. In all these sections we want to address the important connections to trade missions that the discussed literature on export promotion brings forward.

### **2.3.1. Types of export promotion activities**

Kostecki and Naray (2007) have identified two types of activities related to commercial diplomacy. The first type of activities are primary ones, these are activities related to trade and FDI, research and technology, business advocacy and tourism. Next to that there are supporting activities that are used as inputs for the primary activities, such as intelligence gathering, networking and support for business negotiations. Lee (2004) has made a different categorization and divided the activities related to commercial diplomacy into three different categories. The first category concerns gathering and disseminating of commercial information and market research; the second one is developing business and government contacts; the last category is promotion of goods and new products in the host market.

In more recent research, Naray (2011) made a distinction through five activity areas: the promotion of trade; IPR protection; cooperation in science and technology; corporate image promotion and finally, the promotion of FDI. Detailed lists of activities related to commercial diplomacy have been included in previous research (Coolsaet 2004; Mercier 2007; Ozdem and Struett 2009), complemented by an overview of the wide range of export promotion programs that governments have at their disposal to assist private-sector firms (Jaramillo 1992; Cavusgil and Yeoh 1994). From this section we see that there are different ways in classifying export promotion and commercial diplomacy related activities, either by categorizing them by importance, by the sort of service they offer or by the resulting effect that they aim to achieve.

In his paper, Mercier (2007) poses that export promotion activities and inward investment promotion activities should be considered together. Rana (2007) points out that there is a difference between activities focused on export promotion (market studies, business delegation visits or trade missions, and international trade fairs) and activities that mobilize inward FDI through 'salesmanship', activities that try to convince potential investors to develop opportunities in the home country.

In the following section we will see that this distinction is not necessarily valid since trade missions can both support home country businesses in internationalizing but also bring potential investors in contact with representatives from the home country. Kostecki and Naray (2007) already touch upon the latter by referring to the extensive 'match-making' activity, which is part of the commercial diplomat's toolkit. However, no clear link to trade missions is made there and how it relates to the success of trade missions. Investigating what effects influence 'match-making' and the development of useful contacts, will help to

adapt these activities to the specific conditions of countries that are targeted by commercial diplomats.

### **2.3.2. Awareness of export promotion programs**

Awareness of export promotion programs is an essential starting point for the success of such programs. Kedia and Chhokar (1986) have evaluated the familiarity, use, and benefits of seventeen export promotion programs. Their results indicate that the export promotion programs they analyzed have not been effective due to low levels of awareness. The minority group of firms that was indeed aware of these programs had a much higher participation rate. This suggests that higher exposure of these programs should be a priority for governmental agencies organizing them.

Ahmed, Mohamed et al. (2002) have looked at the channels through which Malaysian firms obtain information on export promotion programs. Next to that, they assess the level of awareness for thirteen such programs among Malaysian firms. Their results are similar to those of Kedia and Chhokar (1986), indicating that government agencies need to do more to promote their role in developing external trade. Creating a higher level of awareness of export promotion tools, especially towards SMEs, should thus be given greater emphasis. Trade missions are also taken into consideration in this study, with firms having some knowledge of their existence. Investigating how different countries create awareness for trade missions can elucidate the use of tools that can improve the success of such export promotion programs.

### **2.3.3. Adapting export promotion activities to business needs**

A number of studies have looked at the link between export promotion activities and the business needs of exporting companies. Kotabe and Czinkota (1992) investigate the appropriateness of government export assistance and the gap that exists between what the government offers in terms of export promotion and what the private sector needs. It seems that export activities, particularly in early stages of internationalization, produce lower level of profits than do domestic activities. So even though exporting might not seem to be an attractive alternative to firms, public sector needs carry a different perspective.

The prime benefit of exporting is accrued in the area of competitiveness, which is of most interest to the public sector since it determines the future level of jobs and tax revenue. Kotabe and Czinkota (1992) show that there is a discrepancy between firm's needs and the promotion assistance that is provided. They develop a useful methodology that assesses the effectiveness of governmental programs via a gap analysis. This analysis identifies differences between "client" needs and governmental efforts and offers a tool for shaping targeted strategies.

Naidu and Rao (1993) reveal that there are significant differences in perceived needs, awareness, motivations, and effective utilization of programs for firms at different stage of the internationalization process. In order to increase the effectiveness of the export promotion programs, they need to be tailored to the specific needs of the targeted groups of companies. This mismatch in objectives between the public and private sector can also hold for the case of trade missions. Investigating how different organizations that organize trade missions see this, can result in useful insights that could improve the understanding of what approaches work best in aligning these needs.

Leonidou, Paliawadana et al. (2011) show that export promotion programs are more instrumental for smaller firms rather than larger ones and that certain programs can be more valuable for firms with limited experience in foreign markets. This is consistent with

previous findings (Crick and Czinkota 1995; Francis and Collins-Dodd 2004; Volpe Martincus and Carballo 2010b). The reason for this is that firms at different stages of their internationalization process face different barriers in their exporting activities and accordingly have different needs in terms of assistance (Czinkota and Johnston 1981; Yannopoulos 2010).

Smaller and relatively inexperienced firms benefit most from export promotion actions because they are more affected by obstacles associated with internationalization. It is thus crucial for governmental agencies to be aware of these heterogeneous impacts and evaluate whether the program mix they offer is suited for its purpose.

#### **2.3.4. Evaluation of the effectiveness of export promotion programs**

Measuring the effectiveness of export promotion activities is important to both businesses and governments. Businesses need to understand what the benefit of these programs can be for them and governments need to be able to justify the expenses that are made towards these programs. Several studies have concerned themselves with developing and assessing useful methodologies for the evaluation of government export promotion (Pointon 1978; Seringhaus 1990; Hibbert 1998; Weaver, Berkowitz et al. 1998) and the subsequent evaluation of country's export promotion programs (Coughlin and Cartwright 1987; Wilkinson, Keillor et al. 2005; Tesfom and Lutz 2008; Brewer 2009).

Pointon (1978) proposes a quick and low-cost methodology that could provide a quantitative estimate of the effectiveness of export promotion through user evaluation. A pilot study showed that firms have the ability to make meaningful estimates of the gains that they accrue from government export promotion. In this pragmatic methodology, the firms themselves are thus used to evaluate the benefits of the official export services. He concluded that the returns to firms were of the order of 21:1 for expenditure under the programs. Coughlin and Cartwright (1987) confirm these benefits and show an even larger effect. Tesfom and Lutz (2008) used similar customer evaluation methods. Wilkinson, Keillor et al. (2005) consider the relationship between export promotion spending and firm export activity, their results support the notion that U.S. state government spending on export promotion results in increased exports. Brewer (2009) on the other hand indicates that Australia's export promotion programs are failing to meet their targets, not realizing any significant increase in exporting numbers.

Seringhaus (1990) offers a conceptual model for the evaluation of export promotion programs and takes into account program and user conditions. The presence of actionable objectives against which impact can be measured as well as the understanding of the integrated nature of public and private sector variables portrayed in the conceptual model are essential cornerstones. Hibbert (1998) examines various approaches to evaluation, and assessment of impact from government-funded export programs and concludes with empirical approaches to assessing return on investment (ROI) from the positions of both firms and the export-promotion organizations of governments. Setting precise objectives for a given program, against which outcomes can be measured over an agreed and realistic time scale seems to be critical. Weaver, Berkowitz et al. (1998) developed a statistically based weighted checklist for assessing the likely effects of exporting on the firm's profitability. This tool can be used to more effectively allocate limited public funds.

These studies show that there is no general agreement on what the best way of evaluating export promotion programs is because of problems of causal ambiguity and unclear linkages to testable objectives. Next to that we see that export promotion programs generate varying results for different countries, implying that there is a variation in approaches towards these

programs. It seems that there even are variations in success within countries as Gil and Martinez Serrano (2008) note that Spanish regional trade agencies abroad increase trade and the estimated impact seems to be larger than that of Spanish embassies and consulates. Moreover, a disaggregated analysis shows that this effect is not evenly distributed across Spanish regions.

#### **2.3.5. Effect of export promotion programs on firm performance**

A number of studies focus on determining the effect of public programs on export performance of firms (Cavusgil and Naor 1987; Wilkinson and Brouthers 2000a; Gençtürk and Kotabe 2001; Alvarez 2004; Lages and Montgomery 2005; Durmuşoğlu, Apfelthaler et al. 2011). Cavusgil and Naor (1987) conclude their study on the success factors of exporting firms with specific recommendations for export promotion programs to be directed at certain types of firms. Gençtürk and Kotabe (2001) show that there is a direct contribution of export promotion programs to a firm's competitive position as well as an indirect contribution to its profitability. Unfortunately there is a highly publicized reluctance to the use government export assistance programs, especially by smaller firms, that can be attributed to the lack of perceived contribution such programs make to export sales growth. This once again stresses the importance of awareness generation and improvement of the managerial perception of the adequacy of export promotion services (Kumcu, Harcar et al. 1995).

Alvarez (2004) studies various explanations for differences between sporadic and permanent exporters, concluding that export promotion programs contribute positively to export performance in SMEs, but that trade shows and trade missions do not affect the probability of exporting permanently. The findings of Durmuşoğlu, Apfelthaler et al. (2011), who have looked at export promotion programs in the developing country of Turkey, suggest that the use of export promotion services improves all four export performance dimensions considered, namely, financial, stakeholder relationship, strategic, and organizational learning goal achievements.

Wilkinson and Brouthers (2000a) on the other hand conclude that some export promotion programs, trade missions in the case of their analysis, can have a negative impact on exports, resulting from the opportunity costs due to limitations to government funds. However, they also note that in practice, trade missions are used for a variety of purposes. Kotabe (1993) suggests that trade missions are not used to increase exports, but rather are used by government officials to encourage foreign business to relocate to their states. This can be confirmed by investigating these indirect objectives that different countries can have. Another important note here is that Wilkinson and Brouthers (2000a) have looked at private sector trade missions, they state that the involvement of government officials can prove to be essential.

Departing from the traditional approach of linking export promotion programs and export performance directly, Leonidou, Palihawadana et al. (2011) look at this issue through the intervening role of export-related organizational resources and capabilities, export marketing strategy, and export competitive advantage. They look at the problem from a resource-based view (Barney 1991). Their study reveals that the adoption of specific export promotion programs strengthens the firm's export-related resources and capabilities that are essential in developing a solid export marketing strategy. By realizing this strategy, the firm develops competitive advantages that help it to achieve superior export performance in both market and financial dimensions. Export promotion programs can thus enhance managerial perceptions, knowledge, and commitment, which in the end lead to superior export performance (Shamsuddoha and Ali 2006; Shamsuddoha, Ali et al. 2009). Volpe

Martincus and Carballo (2010a) find that trade supporting activities have helped firms reach new destination countries and introduce new differentiated products, thus highlighting the differentiated effects of export promotion programs.

In our view these are very important findings that have not received due attention. These findings suggest that we have to look beyond the usual indicators of export performance and investigate other dimensions that are susceptible to positive influence. Different countries can also have a different understanding of what constitutes a success of an export promotion program, in our case trade missions, and can learn from best practices. For example, according to Volpe Martincus and Carballo (2010c) bundled services combining counseling, trade agenda, and trade missions and fairs are more effective than isolated assistance actions. Countries that are aware of this might thus have more successful export promotion programs in place.

Freixanet (2011) attempts to alleviate the concerns mentioned in the previous paragraphs by taking into consideration the different methodological recommendations and evaluating export promotion programs both collectively and individually, using a wide range of intermediate and final impact measures, segmented according to export involvement. The results of this study reinforce the research that confirms the indirect benefits of export promotion programs.

## **2.4. Trade missions**

When assessing the literature that has been published on the theme of trade missions, it is apparent that this is still a very young area of research considering the limited number of papers that have been written specifically on trade missions. This is peculiar since trade missions are part of export promotion programs of many trade-oriented nations (Seringhaus 1989).

### **2.4.1. What are trade missions exactly?**

The idea of a trade mission sounds very straightforward. However, what constitutes a trade mission exactly has not been clearly defined so far. Mercier (2007) defines trade missions as an activity that allows participants to gain knowledge of a foreign country's culture through direct contact with local business people and government representatives. Seringhaus (1987, p. 249) states that "trade missions provide a firsthand assessment of market opportunities, establishment of direct contacts and a high profile in a target market, assistance in seeking representation or indeed prospective customers, and contact with other participants: in sum, a learning experience in export marketing". Wilkinson and Brouthers (2000a, p. 230) explain that trade missions "function as an on site tutorial, providing a learning experience which allows firms to acquire information and expand their knowledge of the exporting process. Trade missions allow potential exporters to learn (1) how business is conducted overseas, (2) what services and products are available, (3) the receptivity of potential buyers, (4) the extent of the commitment and resources necessary to sell in overseas markets, and (5) the answers to questions about foreign markets and the process of exporting".

Wilkinson and Brouthers (2000b, p. 731) note that "there is an explicit difference between trade shows and trade missions. Trade shows take place at fixed locations overseas. They consist of multiple booths in a convention hall in which firms exhibit their products anywhere from two days to two weeks. In contrast, trade missions are led by export promotion professionals who arrange individual or group meetings between buyers and sellers at appropriate overseas locations".

Even though these are quite elaborate explanations of what participating firms can hope to gain from trade missions, it does not provide an exact definition of what a trade mission entails and what takes place during such a trade mission. For example, can trade shows and trade fairs be part of a trade mission? What activities are at the core of a trade mission? Are 'match-making' events an integral part of a trade mission? Is governmental involvement essential? Do all trade missions have the same objectives? There does not seem to be an unambiguous answer to these questions. This leads us to the intention of finding out what exactly constitutes a trade mission, what happens during such a trade mission and how they are carried out. Considering the ambiguity in the definition it seems natural to assume that different countries will have varying approaches to the way they conduct trade missions.

#### **2.4.2. Purpose of trade missions**

Seringhaus (1989) offers insight into the state of research on trade missions. The current view of trade missions is that they encourage exporters to explore and assess market opportunities, and provide access to decision-makers in the public and private sectors that are otherwise difficult to reach. It can thus be seen as a tool to lay foundations for future business in new markets. According to Hibbert (1985, p. 141), trade missions can have certain positive effects:

- Facilitating market research
- Participants collectively devoting more effort to market investigation
- Greater promotional impact on market
- Carrying a certain news value and serving trade publicity
- Gaining access to high-level business and government officials
- Providing wider and deeper contact coverage
- Raising general consciousness in the home country about foreign markets
- Providing important educational experience for inexperienced exporters
- Providing beneficial intra-group exchanges and contact for experienced exporters

The purpose of trade missions changes with the export involvement process of firms. The more competent firms become in export marketing, the more their specific needs and requirements to trade missions change. Whereas firms in the planning process of exporting might use trade missions as a source of information, new exporters will be more interested in finding personal contacts with agents, industry, and government as well as experiencing exchange with other participants. It is apparent that trade missions can be highly effective in reducing uncertainties of market entry by facilitating personal visits and contact establishment. On the other side of this export marketing experience spectrum, established exporters might be more interested in ongoing learning and knowledge renewal through regular contact (Seringhaus 1989), see Figure 1 for a more complete list.



Export Involvement Process	Key Strategic/Tactical Questions	Decision Focus	Information Acquisition Through Trade Mission
<b>Planning Exporting</b>	What export market opportunities exist / What effort is needed to meet the challenge	<ul style="list-style-type: none"> <li>• Export involvement</li> <li>• Market set selection</li> <li>• Market involvement</li> <li>• Preparation</li> </ul>	<ul style="list-style-type: none"> <li>• Experience of others</li> <li>• Role of mission as information source</li> </ul>
<b>New Exporter</b>	How should market be developed / What effort is needed to access effective demand	<ul style="list-style-type: none"> <li>• Market entry</li> <li>• Evaluation of approach and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Hands-on information on markets, products, competitors</li> <li>• Personal contacts – agents, industry, government</li> <li>• Experience exchange with other participants</li> </ul>
<b>Expanding Exporter</b>	How to systematically expand export opportunities / What effort is needed to expand markets and market share	<ul style="list-style-type: none"> <li>• Expansion and method of commitment</li> <li>• Resource allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Experience new market environments</li> <li>• Evaluation of distribution, sales in target markets</li> </ul>
<b>Established Exporter</b>	How to integrate exporting into overall operations / What effort is needed to reduce or control internal and external inhibitors	<ul style="list-style-type: none"> <li>• Integration of exporting into overall business activity</li> <li>• Systematic opportunity scanning and pursuit</li> </ul>	<ul style="list-style-type: none"> <li>• Re-evaluation and reinforcement of opportunities</li> <li>• Ongoing learning and knowledge renewal through regular contact</li> </ul>

Figure 1 Role of trade missions at various stages of the exporting process (Seringhaus 1989).

According to Heuts and Poel (2010), trade missions are a widely used form of commercial diplomacy that is gaining in importance in recent years. Spence (2003) confirms this trend and notes that low-cost and fast ways of travel have made the organization of trade missions a lot easier and more cost effective.

Two broad types of trade missions exist according to Seringhaus (1989). There are the incoming trade missions where firms from a foreign country visit exporters in the host country with the support of an export promotion program of the host country. But by far the most widely used type, and most relevant to our interest, is the outgoing trade mission that is organized by government export promotion programs. In these missions, exporters travel to foreign markets selected by the mission organizer.

Seringhaus (1989) also notes “while there are missions with a trade policy or development orientation undertaken by ministerial or other highly placed government officials, commodity-oriented missions are most relevant and pragmatic for the private sector exporter”. Commodity-oriented missions can be tailored to suit particular export promotion aims, being organized by either governmental agencies or semi-private organizations. These organizations eventually determine the composition of trade missions through the purpose and objectives that they have determined. Participation can be by invitation only, or through a process where firms can apply and are screened for certain criteria that they have to meet (Seringhaus 1989).

Investigating the reasoning through which different organizations as well as different countries develop their objectives and connected outcomes, and subsequently adapt the composition of the trade missions to meet them can be a valuable addition to the current literature. The home and host country context can play an important role in shaping these objectives. We believe that the foreign-economic policy and business culture are also influential factors in the trade mission process.

### **2.4.3. Effectiveness of trade missions**

Several studies have concerned themselves with the effectiveness of trade missions (Wilkinson and Brouthers 2000a; Spence 2003; Nitsch 2007; Cassey 2010; Head and Ries 2010; Heuts and Poel 2010; Creusen and Lejour 2011). These studies in general indicate that trade missions have a positive influence, although what that influence exactly is differs according to the perspective one chooses to take.

There is no clear-cut answer to whether trade missions do indeed increase trade. Head and Ries (2010) conclude that Canadian trade missions have insignificant effects. Wilkinson and Brouthers (2000a) show that trade missions are negatively associated with high-tech growth exports. Cassey (2010) on the other hand has developed a model that predicts a positive relation between trade missions and exports. Wilkinson and Brouthers (2000b) highlight that trade missions can have great success in attracting inward FDI for states that are predisposed to favor FDI. It would be interesting to investigate whether this is an active objective of the organizers of trade missions. This also shows that there is no consensus on what makes a trade mission successful; it depends on how the trade missions are evaluated. Different countries might thus have different views on what constitutes a success for a trade mission.

Moons and van Bergeijk (2011) state that trade shows and missions are not the most effective commercial diplomacy activities. They have found that embassies and consulates, state visits and dedicated export promotion agencies are significantly more effective than trade missions and trade shows. Despite these tools being more effective, a significant positive effect for trade missions and trade shows is also found.

This separation of effectiveness of embassies and export promotion agencies from trade missions seems strange, since these organizations are often the facilitators of trade missions and decoupling this effect in our opinion cannot lead to a valid assessment of effectiveness.

The effect of trade missions has been researched for Dutch companies by Heuts and Poel (2010) and Creusen and Lejour (2011). The latter study concludes “that the presence of support offices abroad and trade missions in destination countries, particularly middle income countries, stimulate the entry of new exporters and the growth of export volume”. Heuts and Poel (2010) studied the effect of trade missions through user research. The companies were interviewed before their participation in trade missions and were asked to state their expectations. The results the interview indicated four main expectations:

- Participation will generate growth of the firm’s international network
- Participation will offer a better understanding of opportunities in the target country
- Participation will give the opportunity to exchange knowledge with other firms
- Participation will improve the image of their firms and the sector in which the company is active

The research offers some interesting insights. It seems that not only contact with the firms in the target country was beneficial for the participants, but also the interaction with other companies on the trade mission was viewed as very important. Small companies in this way could learn a great deal from the experienced companies about things concerning internationalization. This interaction has often led to continued contact after the trade mission.

Heuts and Poel (2010) also note the benefit of trade missions in limiting the cost of failure. This enables the company to verify opportunities and capabilities before committing considerable resources. Although around one in five firms in the study states they improved their export performance as a result of participation in a trade mission, it remains difficult to determine a causal relationship between these two things as also argued by van van Bergeijk (2009).

The presence of government officials during trade missions is deemed to be very important by participants. These high-ranking officials grant the mission a certain status and open up opportunities for contacts with influential firms and foreign government officials. This in turn offers the essential legitimacy to less-known firms (Potter 2004). The fact that state visits lead by heads of state are viewed as very effective and important only accentuate the importance of high-ranked officials being part of trade missions (Nitsch 2007).

Finally, Heuts and Poel (2010) determine that the quality of the 'match-making' activities is a key aspect in making trade missions a success. The preparation performed by the organizers, the selection procedure and the preparation on the side of the participating firms are important factors in facilitating high-quality 'match-making'. They also note that the involvement of government officials, the quality of the embassy and consulate, the resources committed to follow-up by companies, and a limited group size are also important for the quality of the 'match-making'.

Investigating how different countries ensure the quality and success of these business to business programs can be helpful in creating a pragmatic tool for success. Different countries may commit varying amounts of attention and resources to this specific activity, checking whether they also see this activity as crucial to the success of trade missions can shed light on why some trade missions are more successful than others.

#### **2.4.4. Trade missions and internationalization**

Seringhaus (1987) emphasizes the importance of trade missions as market entry tools. Firms that have used trade missions for this purpose indicate that establishing contacts and evaluating export opportunities without the help of trade missions would have been more difficult. Market entry is motivated by the prospect of long-term growth and survival; organizers of trade missions can be facilitators in this process. Since risk reduction is very important in market entry processes, firms that perceive greater market entry problems can benefit more from participating in trade missions.

What entry modes companies consider and how this relates to their participation in trade missions can be an interesting question to investigate (Burgel and Murray 2000; Perks 2009). This has been researched by Seringhaus and Mayer (1988), but developments in globalization and how firms internationalize call for a renewed look at this, for example relating to the needs of born-global corporations (Knight and Cavusgil 2004). Next to that, firms might be looking to simply start exporting, look for more equity intensive entry modes or are motivated to follow a customer to certain markets (Kohli and Jaworski 1990).

Firms that use trade missions often do not need to undertake additional promotion or participate in repeat visits when comparing when non-users. Trade missions thus can provide a very pragmatic tool that is difficult for firms to replicate on their own (Seringhaus 1987). Essentially, the comparison of users and non-users gives an insightful understanding of the effects of trade missions (Figure 2). Since trade mission users are more systematic in their marketing management practices, causation based approaches could explain their tendency to participate in trade missions (Sarasvathy 2001). Research concerning the

principles of causation and effectuation has shown that the use of causation versus effectuation is linked to removing certain barriers to international ventures such as psychic distance (Harms and Schiele 2012). Firms might even rely on the idea of ‘serendipity’ when participating in trade missions for the purpose of internationalization (Crick and Spence 2005).

	Trade Mission User	Trade Mission Non-User
Marketing management practices	More systematic	Less systematic
Importance of trade mission in market entry	More important	Less important
Trade mission objectives	Performance	Learning
Market entry problems	Greater	Lower
Market entry process	More systematic	Less systematic
Market entry effectiveness	Greater	Lower

**Figure 2 Characteristics of trade mission users and non-users (Seringhaus, 1989).**

Spence (2003) stresses the importance of preparation for trade missions on the side of participating firms. They need acquire specific knowledge about the targeted markets before taking part in a trade mission, as well as establishing communication channels with potential business partners prior to participation. These contacts that are established before and after trade missions should be carefully cultivated. Spence (2003) concludes by stating “overseas trade missions contribute to the generation of incremental sales in foreign markets by enhancing the relationship-building process between business partners”. Finding out whether or not the organizers of trade missions support participating firms in these preparation and follow-up activities can help make trade missions more effective.

Wilkinson and Brouthers (2006, p. 237) contribute to this perspective by looking at firm preparedness through the resource-based view and stating “the potential for enhanced performance satisfaction is dependent upon resource appropriateness, availability, and utilization in the effort to meet business objectives. A firm will have greater satisfaction with export performance to the extent that it can leverage unique resources in international markets”.

## **2.5. Research model**

The previous section has shown that there is still a great deal of unanswered questions related to trade missions. We have also highlighted that the changing environment has also changed the way firms look to internationalize. Trade mission organizers should respond to this by adapting their programs to the needs of the changing business landscape. Czinkota (2002, p. 315) underscores this and proposes “that export promotion programs become the venture capital of international trade by being innovative and iconoclastic”. Becoming more demand-oriented and focusing on the actual buyer, the customer abroad can elucidate weaknesses of export activities. An improved understanding of these problems can put the organizers of export promotion in a better position to successfully help firms. Sharing resources, where a shift occurs from ‘possession’ to ‘usage’, can also be very beneficial. For example, as Czinkota (2002, p. 322) puts it “one could envision boundary-spanning joint activities between a trade or commerce ministry, an international insurance or financing agency and a transportation ministry”.

In this study we want to investigate how trade missions are organized and what factors are important to consider during this process by gathering the views of different countries. One of the research directions proposed by Seringhaus (1989, p. 15) quite accurately captures our aim: “The fact that trade missions are found in many nations’ export programs, and

exporters typically face similar challenges in foreign market entry, offers scope for cross-national comparative research. Not only could different organizational and implementation approaches be contrasted but also the relative effectiveness and associated firm characteristics can be identified as a possible learning model.” The effect of business culture seems likely to play a role in the rationale and approach to trade missions, the way commercial diplomats think trade missions should be organized and what their prospective outcomes should entail. This objective also is in line with calls to investigate how export promotion activities are organized and implemented (Gillespie and Riddle 2004).

The conceptual model in Figure 3 is built upon the limited literature discussed in the previous sections while relying on some general principles of process theory. This theory describes how certain input states will lead to output states following a set process. By incorporating important factors pertaining to trade missions into such a process flow, a model or structure is generated that helps guide the exploratory research. This does not change the nature of the research, which in essence is exploratory and abductive; it simply creates a framework that can help structure the exploratory process. The model captures the various stages of a trade mission and the factors that influence these stages.

The trade mission process starts in the planning stage where trade missions are initiated, awareness is created and relevant objectives are determined (1). Analyzing this stage will help elucidate the reasons behind organizing trade missions, how awareness is created and how objectives are set. This relates to the literature discussed in section 2.4.2 on the purpose of trade missions, section 2.3.2 on awareness of export promotion programs, and section 2.3.3 on adapting export promotion to business needs.

The activities of trade missions (2) operationalize the objectives of trade missions. The literature pertaining to this is reviewed in sections 2.4.1 where the question is put forward as to what exactly a trade mission is comprised of and section 2.3.1 on the different types of export promotion activities.

Trade mission lead to certain outcomes (3) for the participants. Sections 2.3.5 and 2.4.4 review the literature on the effect of export promotion programs and trade missions. Adding to this literature the view of the commercial diplomats that organize trade missions can be valuable.

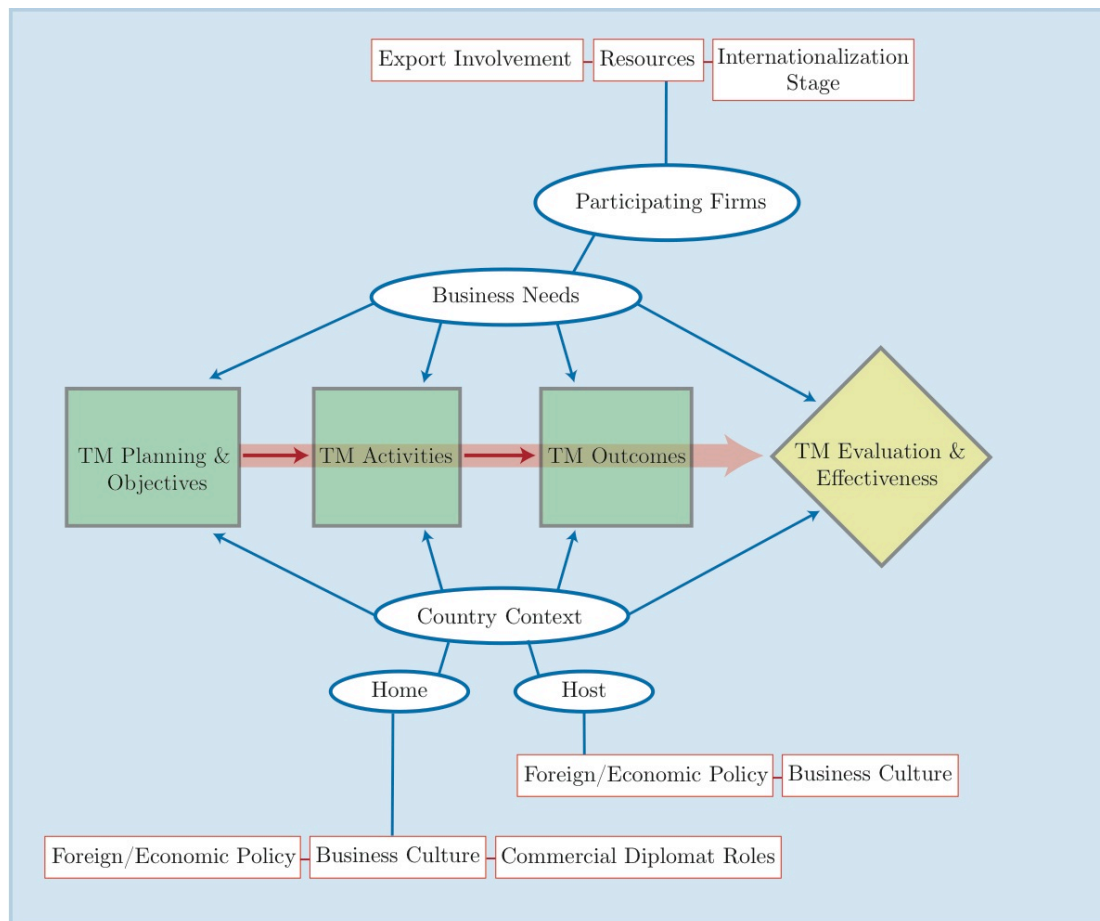
This whole process is finally evaluated and the effectiveness of the trade mission is determined (4). Sections 2.3.4 and 2.4.3 suggest that there is a lot of ambiguity as to how effective export promotion programs are and how they are evaluated. The responses from commercial diplomats can help to provide a clearer picture of this aspect.

Business needs and country context are factors that will likely influence all the stages of a trade mission. Business needs are formed by the participating firms. Their export involvement, resources and internationalization stage will influence the way in which these trade mission objectives and activities are determined and whether they are tailored to their needs. The outcome of trade missions will be influenced by the participating firm, since their level of participation will determine what the outcomes of a trade mission will be, and in turn, the participating firms are of course influenced by the outcomes of the trade mission. Finally, businesses can also be part of the evaluation of the effectiveness of a trade mission.

The home and host context will possibly have an impact on the planning and objectives, the activities, and the outcome a trade missions. Objectives can be influenced by the current

foreign-economic policy, the activities can reflect the business culture of the home and host country, and the outcomes can depend on the objectives that a country has set itself.

Finally, these country-specific factors will influence the way in which the effectiveness of a trade mission is measured, and how effective trade missions are. Since commercial diplomats are the people responsible for the organization of trade missions, their background and roles that they fulfill will also be an important factor.



**Figure 3** Conceptual model highlighting the different dimensions of a trade mission and factors influencing the different components.

### **3. Methodology**

This chapter will describe the methodology that will be used for this research. The research design as well as the data collection and data analysis will be discussed here. The conceptual model in the previous chapter suggests that trade missions consist of different dimensions, which in turn can be influenced by both business and government needs. The aim of this research is to investigate the processes behind organizing and executing trade missions, by looking at how different countries approach this issue. By doing so, different approaches and practices can be identified, which at a later stage can be translated into indicators of success. This study can therefore become a foundation for a larger scale research in which the user side of trade missions (participating firms) can be analyzed to get a complete overview of the trade mission phenomenon.

#### **3.1. Research design**

A qualitative study was chosen to conduct this research and explore the phenomenon of trade missions, allowing a more in-depth investigation of this phenomenon. This design gives the opportunity to elucidate the processes involved in trade missions and identify whether there is a link between certain host and home country factors and the way in which each country tackles the implementation of trade missions. Since there is no literature available that has aimed to connect these things, this study has a purposefully exploratory aim. The conceptual model adds structure to the exploratory nature of this research. Through this design, the responses from the interviewees will gauge the plausibility of the conceptual model and the underlying mechanisms (Eisenhardt 1989; Gerring 2004). In this way, adding this framework to the abductive process improves the strength of the findings. The conceptual model does not aim to give a complete explanation of the trade mission phenomenon, it simply gives a framework that can be evaluated through the responses of the interviewees.

Proving causality with single cases is hard, but links can certainly be identified (Siggelkow 2007). Such qualitative studies can enrich the understanding of a number of similar units (countries/commercial diplomats) and the processes (trade mission) occurring within the single setting (Gerring 2007; Saunders, Lewis et al. 2009) .

This qualitative approach within a single setting has received some criticism concerning external and internal validity (Bennett 2004; Siggelkow 2007), and issues pertaining to reliability (Yin 2003). Gerring (2001); Bennett and Elman (2006) however, note that external validity need not suffer when the selected setting represents a typical one. South Korea has been chosen for this purpose. It has grown to be a typical, developed member of the OECD group. This choice thus alleviates most external validity concerns. Internal validity is improved by having the expectations from the conceptual model reflected on the findings (Yin 2003; Bennett 2004). We should also note that internal validity is not really a concern for this study since it is more of an explorative and descriptive nature than it is about proving causal relationships. Reliability concerns such as observer bias are addressed by the use of case-study protocols (Gerring 2001; Yin 2003).

#### **3.2. Data collection**

##### **3.2.1. Methods**

The study will be conducted through semi-structured interviews that will be held with commercial diplomats or people in similar roles in Seoul. By addressing the different

dimensions of trade missions visualized in Figure 3 and exploring the factors that can influence the way in which they are organized and executed, we aim to find an extensive answer to the main research question. Figure 3 as described in the previous chapter functions as a framework that helps structure the research, though at the same time not infringing upon the explorative nature of it. Semi-structured interviews are well suited for this sort of exploratory research since they give flexibility in addressing open and complex questions. Furthermore, they leave room for contingent enquiry that is necessary to understand the reasoning behind the opinions, attitudes and decisions of the interviewees (Fontana and Frey 2000; Darlington and Scott 2002). The aspects, concepts and gaps in literature relating to trade missions that were identified in the previous chapter guided the formulation of the interview questions. A detailed interview protocol is provided in order to improve the replicability and reliability of this research (Appendix B). This interview protocol features the topics that were discussed in the chapter on the theoretical framework. According to Saunders, Lewis et al. (2009, p. 327) the findings of semi-structured interviews do not necessarily need to be repeatable since they 'reflect reality at the time they were collected, in a situation which may be subject to change'.

The interviews are conducted face-to-face, which increases interactivity and provides a more conducive environment than for example phone interviews. The interviews are recorded (if allowed by interviewee) and the possibility of anonymity is offered. In case recordings are not allowed by the interviewee, notes will be taken during the interview. Notes and transcripts are typed out after the interview and sent to the interviewee for confirmation and review. The reviewed version will be used for data analysis. In case face-to-face interviews cannot be organized with certain individuals, a list of questions will be sent to them, the response of which will then be used for the data analysis as well.

Sending invitations for the interview must be done with great care in order to increase the likelihood of response (Appendix A). No mention is made in the invitation that this research is conducted as part of an MSc thesis (mentioned later), this is done because diplomats will probably take a research conducted by a faculty more serious than a simple student request. The likelihood of the email being read is increased by sending the email from the email-account of the Embassy of the Netherlands instead of sending it from a student account. Anonymity is emphasized in the email and the email is kept deliberately short, increasing the chance of it being read. The main goal of the interview is said to be to get an insight into how different countries organize and execute their trade missions, and how they measure their effectiveness. The interviews are conducted at locations preferred by the interviewees, making them at ease in the environment of their choice.

The results of the interviews will be complemented by systematic observation of trade missions and their organizers where possible. Following the process through which a trade mission is organized by a commercial diplomat (Embassy of the Netherlands in this case) will complement the interviews well by connecting the actions and decisions made by the commercial diplomat to the answers from the interviews. Issues of validity are present for this observation technique, relating to history and maturation (Saunders, Lewis et al. 2009). These problems are resolved because the observation takes place over the entire process of organizing a trade mission.

### **3.2.2. Sample selection**

This exploratory, qualitative study has the aim of getting a broad overview of different perspectives on trade missions. For this reason, a careful self-selection of target countries needs to be made with which interviews will be performed (Darlington and Scott 2002).



Since the group of commercial diplomats at the embassies in Seoul is a homogenous one, the minimum number of interviews that should be conducted is twelve (Saunders, Lewis et al. 2009). To fulfill this requirements the aim is to hold at least fifteen interviews.

For the choice of interviewees, we have chosen to select participants that differ in their home country context and their expected knowledge and experience concerning trade missions (Eisenhardt 1989), but at the same time represent a certain group of countries. For this purpose solely OECD countries were chosen for investigation, increasing the generalizability of the findings to this group of developed countries. The list of potential countries is determined before-hand, whereas the actual interviewees are selected on-site, based on their role in the target organization dealing with commercial diplomacy.

For this study, we have conducted 19 interviews with commercial diplomats, representing 18 OECD countries. From the other countries that were approached, 3 countries did not respond to the interview request, 1 country denied the interview request due to the fact that they had no experience with trade missions and 1 country denied the request due to their lack of involvement concerning the organization of trade missions. Additionally, email contact with the EU delegation was established to gather information concerning EU trade missions.

### **3.3. Data analysis**

The first step in the analysis is to have a transcript of each interview, written out as soon as possible after the interview. After that, the constant comparative method was used to analyze the interview transcripts (Boeije 2002). The process of open coding is the first stage in analyzing a single interview, in which the responses are grouped together according to their similarities and differences. From this, the core content of the interview is elucidated. Next, these groups were compared to other interviews and were categorized according to the processes and factors pertaining to trade missions as presented in the conceptual model of section 2.6. The final step of the analysis extracted the insights from these categories, presenting them according to the structure of the model, while at the same time reflecting on the appropriateness of the model concerning the findings.

## 4. Results

In this section the results of the study are presented starting with an introduction that touches upon the definition of trade missions. We will then go through the analysis of each stage of the trade mission process, based on the data gathered through the semi-structured interviews. The structure of this section will follow the variables that were defined in the conceptual model in chapter 2. We use the words 'commercial diplomat' and 'country' interchangeably when we refer to the respondents, as the interviewed commercial diplomats represent their respective country.

Planning and setting objectives is the first part of the trade mission process that will be elaborated on in the first two sections after the introduction. Next, the actual activities that comprise a trade mission will be discussed. The fifth section will address the outcomes of trade missions for companies. The sixth section will focus on the evaluation and effectiveness of trade missions by looking at how commercial diplomats evaluate their trade missions, what their success factors are and where the cooperation between export promotion agencies and companies goes from there on out. The final section will address other characteristics of home and host country that have been prominent throughout the interviews as well as some of the innovations in the area of trade missions that countries have implemented.

### 4.1. Introduction

The consensus among commercial diplomats is that trade missions are a broad phenomenon and that giving a specific definition for it is not exactly possible. The reason for this is that the purposes for which trade missions are organized can vary, even though all commercial diplomats agree that trade missions in essence are triggered by business opportunities in a certain host country.

The analysis of the findings from the different interviews suggests a broad definition of what a trade mission is, which can be given by the following: *A trade mission is a delegation of companies traveling to a country with potential business opportunities, for the purpose of exploring these opportunities and participating in related activities that need to be pursued in order to successfully capitalize on these opportunities, with or without the presence of institutional backing.*

### 4.2. Trade mission planning

#### 4.2.1. Initiation and awareness creation

According to all commercial diplomats, initiation is the first step towards organizing a trade mission and is followed by awareness creation. The interviews with the commercial diplomats have led to the understanding that trade missions can be triggered in three ways:

1. Business opportunities spotted by commercial diplomats in the host country.
2. Group of companies that sees opportunities in host country and comes together on their own account or is brought together by a business organization.
3. Governmental visit to host country.

**1)** In the first and most prevalent case, the commercial diplomats posted in the host country are actively looking for business opportunities in the host country and when such an opportunity arises they will act on it by contacting relevant organizations and companies in the home country. The majority of the commercial diplomats favour this approach because

it caters to their expertise and experience in the target market. This is thus a *pro-active* approach to organizing trade missions, but unfortunately not all countries (2) have the will or manpower to act in this way. One commercial diplomat described how such a pro-active approach works in practice:

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A: It could be that there are opportunities because Korea is focusing on 'green growth', green technology, wind power, or whatever it could be, well that is something we do a lot in [ ]. So we see the potential in that case and we could also approach relevant business organizations and tell them listen, it is not that there is a big event going on, but there are these things happening in Korea and you may or may not be aware of them. We feel that you should know about this, why don't we put a delegation together?

---

This approach puts the initiative on the side of the commercial diplomat that is located in the target country. In order for these commercial diplomats to be able to translate the things they see in their environment into ideas that are relevant for businesses back home there is a need for that commercial diplomat to have a certain business acumen. For this reason the majority of the countries have opted for a semi-private approach to export promotion, mandating organizations to help businesses in their international activities, or have a dedicated trade section within the embassy. The notion of having a dedicated trade section in the embassy itself or a semi-private organization, both of which offer consulting services for a fee, has a pervasive effect on how trade promotion is conducted and how trade missions are organized. This aspect will be revisited in the section on business needs. One commercial diplomat described the arrangement in his country as follows:

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R: There is an agreement that the trade council needs to perform some duties which are funded by the government. So half of the funding comes from the government and half comes from the consultancy work that they do. So they basically they are selling their services.

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In this first case as described above, the main responsibility for awareness creation rests with the commercial diplomats since they are the initiator. Creating as much awareness as possible is key here because participation in trade missions is not always a straightforward choice for companies. For this purpose, commercial diplomats use both the resources of their export promotion agency, as well as the help of different associations back home. These associations usually have a very close relationship with their members and thus lower the barrier for participation for many companies. One commercial diplomat described the need to have active awareness creation take place and involving relevant parties:

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I: Awareness creation is done through our head-office. They do the acquisition, the marketing for the mission. It is also done by associations if they are involved. Also by us sometimes directly, if we know companies that have contacted us in the past we may make them aware of this upcoming mission. So it is done by everybody basically. It is important to do something, it is not enough to create a nice program, send it out and wait for everybody to register automatically.

---

All of the interviewees note that awareness creation can be a complicated task because there is often a disconnect between the reality in a host country in terms of business opportunities and the awareness of those opportunities that is present in the home country. Bridging this gap is important in helping businesses tap new opportunities. This notion confirms the importance of awareness creation discussed in section 2.3.2.

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**2)** The second approach to initiating trade missions is similar to the first one in the sense that it arises from specific business opportunities that are discovered, which companies decide to pursue. In this case it can be initiated by companies themselves that contact the relevant export promotion offices in the target country or the business organization (association) in the home country, or the business organization itself can decide to gather a group of companies that it deems would benefit from a trade mission to a certain target country. This represents a more *reactive* situation for the commercial diplomats because the initiative comes from the companies in the home country. What both of these approaches have in common is that they are triggered by business demand and business opportunities. This is an essential ingredient to successful trade missions as confirmed by all the interviewees, and as one commercial diplomat put it:

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A: If we are talking about a group of companies, a delegation that is unaccompanied, without ministers or royalty and things like that, it's always driven by concrete opportunities.

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The interviewees note that it is often not enough to be reactive, especially in lesser known markets. The extent to which an embassy or trade representation is reactive or pro-active in part determines the success of such representations. Since these offices usually have the most comprehensive understanding of the country they are in and the market opportunities, they are in the best position to communicate this knowledge to companies in their home country and should try to put this knowledge into practice by actively attracting these companies through for example trade missions.

**3)** The final case relates to trade missions that are organized as a result of governmental initiatives and policies. A high-ranking official (minister, royalty etc.) in this case can decide to lead a governmental delegation to a certain country. The purpose of such visits is often trade, but they often go beyond that by also focusing on country relations etc.

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B: When you have such a big governmental or even state delegation visiting the country, you expect much more benefits than just simple trade. But usually trade and investments is the core of every visit.

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These trade missions are led by government officials and have a much grander scale than the trade missions that can be called "business delegation". In the instance of governmental trade missions, one can think of state visits. State visits usually have a significant business component to them and many companies are eager to join for a variety of reasons that will be discussed in the business needs section. Attention in the press is usually the best asset in creating awareness for these missions, because they are often highly publicized. According to the interviewees, these trade missions can be organized with the following aspects in mind:

1. Reciprocity. In case high-ranking officials of the target country have visited the home country on an earlier occasion, it is customary to respond in kind. In this case a governmental delegation will be set up and a business component will be added to the mission. The focus in this case is thus not necessarily on business opportunities, but businesses are often very interested to leverage the opportunities that the presence of high-ranking officials open up.

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R: You want to create good relationships with the country involved and since Korea had an official visit to [] a few years before, it was about time we did the same and the king and queen have never been to Korea, so reciprocity plays a role here.

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The order in which decisions are made are reversed for the case of state visits, they do not come forth from business opportunities per se, but rather have an added business delegation.

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R: For the state visits, whenever we have the embassy involved, it is not just commercial. I would say it is a political decision and then you will bring in the commercial issues and commercial delegation, the trade mission.

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2. Specific high profile events attract governmental delegations. Often when there is a large international event held in a country, such as a World Expo, countries send out a governmental delegation to be present at their country's pavilion. The group of politicians is then usually accompanied by interested companies.
3. Economic opportunities in a wide range of industries can be a good incentive for countries to send a big governmental delegation. This is clearly seen nowadays in the fact that Western countries are actively sending government led trade missions to emerging markets such as Brazil (recent mission from the Netherlands), Asia (U.S. Commercial Service Trade Winds) etc.

Due to the fact that the trade missions as mentioned above are triggered through different mechanisms, the responsible actors also tend to differ. This can be the embassy or trade council in the host country, the office of the royal household, a government ministry, or it can be a private organization that requires some assistance from the government representation. The role of commercial diplomat as discussed in section 2.2 and visualized in the conceptual model thus differs for the three different approaches, from being pro-active to reactive.

#### **4.2.2. Strategic planning**

Almost all the commercial diplomats (14) note that spotting and leveraging business opportunities becomes more effective when commercial diplomats structure this process and work out a concrete business plan for the upcoming year, designating their focus areas and planning events accordingly.

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H: Generally what would happen is that we have an annual or 12-month business plan. The trade mission would be part of a strategy for a particular country, around a particular sector. We would identify for instance that there is a growing opportunity in the market for mining and resources, look at the activities that we have done to date, we may have had sporadic visits by [] companies, and look how we can build on that. So we might focus on having a trade mission, and we would look if there are any significant events in the market. Sometimes we might focus a trade mission around the same time as an exhibition or a seminar, or a conference. That needs to be set in the business plan and budget would be allocated for that.

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The commercial diplomats feel that these business plans help them to proactively detect promising business opportunities and organize trade missions that enable companies to get a first-hand assessment of these opportunities. The quality of these business plans often benefits greatly from having an active dialogue with the business community.

Strategic planning creates a clear vision on which countries appear to be worth exploring, which industries back home can benefit from entering certain markets and what trends companies can leverage abroad.

From the interviews we infer that when a country is designated as a potentially interesting target, commercial diplomats find that a good way to organize a trade mission is to make it coincide with a big event like a conference or a trade show. This gives the companies an added benefit and an extra incentive to come on a trade mission. Participating in a trade show improves the chances of success, but is often an expensive attribute. In that sense trade missions and trade shows are two separate things with a different focus. Whereas trade missions often focus on exploring business opportunities and meetings potential partners, trade shows are often more focused on promoting products.

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F: To participate in a good trade show is the most efficient way for promotion. But companies don't like it so much because they have to pay 3000 or 4000 euro.

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Large events can be both a trigger for companies that already wanted to visit a certain destination, as well as a motivation to discover this potential market. In the case of larger visits, such as the visit that occurred when the Dutch Crown Prince visited South-Korea in June 2012, a lot of events are organized around the trade missions itself. So it seems that depending on the occasion and the situation, events around trade missions can either result from them or these events can trigger trade missions to be set up.

One commercial diplomat noted that an useful way to improve the quality of strategic planning is to have a data driven approach. Here the focus is not only on qualitatively understanding where business opportunities might lie for companies in the home country, but using a data analysis approach and looking at the developments in different sectors and trade flows in order to determine where things are changing and where there is an opportunity to increase trade. As the commercial diplomat explains this approach:

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N: I have really sought to introduce metrics into that process to make sure that we are kind of getting under the skin of our trade relationships. So understanding what our top twenty sectors are: where are they going, are they increasing, are they falling? Then approaching the [] business associations and showing this is what the data says: what does this actually mean in practice, why is this happening, are there any market access issues here? Is there are a lack of awareness if our exports are dropping? And then trying to tailor our responses, as a function of that quantitative and qualitative analysis, and also making sure our embassy resources and time is aligned with the importance of these different sectors. So there is no point in our ambassador spending 30% of his time on beverages if they only represent only 5% of our trade mix. We really try to equate embassy lobbying efforts with what the data is saying.

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According to the commercial diplomat, this data driven approach helps to allocate governmental resources in a more meaningful way as to generate the most value for home country exports and business. The commercial diplomat also notes that this approach is quite common in the business world where companies look at the market conditions, the environment and perform some background research. This is something that is not necessarily conducive to diplomatic culture but commercial diplomats do see the added value of this. Unfortunately, not all government representations have the necessary resources to spare in order to conduct this kind of thorough analysis.

#### **4.2.3. Conclusion**

In sum, trade missions can be organized because business opportunities are seen in a target country or because there is a governmental incentive to organize a large state visit to a certain country. Governments can organize a trade mission because there is a need to reciprocate, because there is a high-profile event in a host country, or because there is

economic opportunity in a wide range of industries in a target country. Because of the different ways in which these missions are triggered, the objectives for such trade missions vary accordingly and will be addressed in the next section. Strategic planning helps to structure the process of organizing trade missions because it provides a clear vision on where trade missions can have a valuable impact.

### **4.3. Trade mission objectives**

Setting objectives for a mission is an important part of the trade mission planning process because it defines the focus points of a trade mission and makes measuring success a more feasible task. Objectives exist both on the business and government side.

#### **4.3.1. Business**

As we have noted in section 2.3.3 and in the conceptual model, one of the most crucial things to keep in mind when setting objectives for trade missions is to understand what the business needs are of the companies that potentially will join such a mission. The discussion on business needs automatically links itself to the purpose of trade missions since the main aim of a trade mission is to help businesses in their international endeavours.

Many commercial diplomats (12) note that a good approach to understanding what businesses want from trade missions is to actually start a dialogue with them. This may sound trivial but a lot of government agencies do not really understand what companies are looking for because either they already have their own assumptions or because they fail to pro-actively gain more insight into this matter. By combining the knowledge and expertise that commercial diplomats have concerning the target country and the market, with what companies are looking for, trade missions can be more effective.

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G: We usually go out to the companies and ask what their objective is for this mission. We collect all that information and we then try to develop an objective that is common throughout all the companies that are participating. It is usually a combination of getting feedback from the participants as well as what our objectives are and what we see as priorities in the market and what the opportunities in the market are.

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The quote above elucidate the importance of knowing what companies want because these business needs will result in the commercial diplomats having to organize a different set of activities that will match those business needs. Companies however are often too busy to supply the commercial diplomats with relevant information and they need to be actively pushed to do so, this is in the interest of both parties because commercial diplomats often simply cannot know what the specific companies do and what they are looking for in target market .

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D: We are generalists, I cannot determine based on a company name what that company does and how it wants to approach a market etc. We are very dependent on the information that the companies supply us with.

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All of the commercial diplomats note that the communication interface between participants and organizers is a very important aspect of trade missions and can determine how successful a trade mission will be. What helps is to give this process of information exchange a clear structures that companies have to adhere to by for example having them fill out a form with their objectives and needs. Even though in those situations they can still cut corners, it is a good start.

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Q: We have a form that helps them to supply us with important information. Some [] companies are lazy, they just copy/paste information from their marketing materials. But when it comes to what kind of companies you are looking for, they have to think: OK, what kind of partners am I looking for in Korea. In that case, this is the information I need to arrange the meetings with relevant Korean companies.

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Having such a process also makes it easier to manage expectations of the companies. If the commercial diplomats have a clear understanding of what the participants aim to accomplish during such a trade mission, they can manage the expectations of the participants as to what realistically can be achieved and what they can expect from the visit.

Some commercial diplomats (4) experience the problem that the commercial diplomats representing their country in a target market lack the business knowledge that is required to connect business needs and market opportunities. Introducing more people with a business background into this field would certainly be beneficial.

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N: It is important that also those coming in at the bottom of the organization have those skills, so that we bring in the physicists, the economists, those who studied MBAs on how to enter markets. I am not sure we get many of those people.

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Almost all of commercial diplomats (16) note that their countries have opted to have a trade section within (or separated from) their embassy that is dedicated to assisting companies in their internationalization efforts. Often, these trade sections fall under the responsibility of a different ministry, as noted in section 2.2 on commercial diplomacy. These countries benefit from the fact that they can hire people with the necessary experience and in the end better serve companies in their home country by having a more tailored and pro-active approach to their needs. In this case some countries operate this department as sort of a consultancy service that tailors its services to clients' requests. As one commercial diplomat explains their working practices:

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A: The way we work, we don't have products on the shelf that we ask people to pick from. They come to us and tell us the things they want, and we will tailor it exactly to what they want. They also pay hour by hour for our service. You can almost liken us to a private consulting company.

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This approach creates a different dynamic for export promotion in general and for the organization of trade missions specifically because it introduces the need to generate revenue and a higher level of accountability linked to a greater need to justify expenditures.

The interviews infer that there are four general reasons for companies to participate in a trade mission. These are discussed below, with the reasons mentioned first being the most common ones.

1. Cooperation. According to the majority of the interviewees, this is the most important reason for companies to go on a trade mission. They want to find partners and create a network that will help them to do business in the country they are targeting.

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I: If a company wants to export something to Korea, they don't only need to know what the conditions are, most of the companies need a potential partner here. So one of the



goals is really to establish contacts, establish a certain network and eventually helping them at the end of the day finding a partner here.

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Finding a partner and creating a network are a few of the most attractive things that a trade mission can offer to participants. This can be in the form of distributors, agents, launching customers etc.

Some countries, due to their industry structure, are often looking for cooperation on a different level, not for sales or production, but in the area of R&D. Trade missions can be very useful in arranging this by connecting the right people.

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Q: When [] companies come to Korea, for example on an automotive mission, they are not interested in visiting the Hyundai Motors factory in Ulsan, they want to meet their R&D people, their integration people, and this is what we focus on, the meetings part. Less focus on the site visits part.

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2. Exploring market opportunities. This has always been an important reason to take part in trade missions. When companies are considering conducting business in a target market they often want to experience the market first-hand. A trade mission is in that case a good opportunity for them to have experts and locals guide them through the opportunities and obstacles of the market. This can involve both mature markets and markets that are totally new. Participation in a trade mission in this case minimises the costs of exploring business opportunities in a target market.
3. Fact-finding. The purpose here is less of a commercial nature but addresses the need of companies to acquire know-how and see the developments in other countries first-hand so that they can learn from them, see what technologies are being developed, what policies are being implemented. Fact-finding enables participants to get a better grasp of current and future trends in a market. One of the interviewees describes such a fact-finding mission as follows:

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P: We once had a group of [] media people come over to see what was going on in media land in terms of technological developments and to see whether we could implement some of the developments in []. Or maybe if 3D TV is getting big here, we should develop a 3D TV show, things like that. That was more of a fact-finding mission. Another group of organisations came to see what was happening in terms of the digitalization of education. They didn't come here to sell things or to find partners, they came simply to see the developments.

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4. Leveraging government presence. This mainly relates to the bigger state visits or when a trade mission is led by a high-official. Companies can decide to go on a trade mission because they see that the presence of a high-official can open certain doors for them in the host country. They can also be looking to simply come in contact with those officials, something that would be harder in the home country. This does not necessarily mean that companies are new to the host country, some companies might even be already active in that country, but would still look to acquire this extra leverage and benefit from the publicity and exposure that such a mission carries with it.

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K: I must admit that sometimes people want to attend such a mission, because they have the need for being in close contact with some of the other members of the [] delegation.

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R: One of the main benefits of being the official [] representation is that you can open doors and create access to ministries or even high-political officials. So of course when the king comes from [] and the ministers come, then you have this whole publicity and PR event surrounding it, you then of course get access to the kind of people that you normally don't have access to.

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In essence, trade missions need to create value for companies, through various ways as also discussed in section 2.4.2. From the reasoning above we can see that this value cannot always be easily expressed in financial terms or translated into increased trade. This of course poses a question on how the success of trade missions should be evaluated if not in financial and economic terms? We will revisit this issue in a later section.

#### **4.3.2. Government**

The interviewees agree that their main objective is to help companies at home take part in international business. When looking at the commercial diplomat roles in section 2.2 they would fall in the business promoter or generalist categories. Trade missions help in achieving this objective because they are aimed at fostering international trade with the involvement of companies in the home country.

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N: In the loosest sense of the term I define a trade mission as any exchange of people, views, which helps foster greater trade between two countries.

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All of the commercial diplomats emphasize that export promotion and trade missions specifically are aimed at helping SMEs, because they often do not have the resources to internationalize on their own. This is in line with the theory presented in section 2.3.3.

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E: Mostly you do the promotion for SMEs; the [] economy is mostly based on SMEs. We do have some larger companies, those are the ones that generally tend to have more ties, particularly with Korean companies they are cooperating a lot in certain sectors such as logistics or construction.

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C: Our main target is SMEs. Large companies often do not need our help so much. But still, I must say, in Korea, the business culture is so different that even large companies want our help.

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Large companies have their own ties and connections and usually do not rely on governmental help in these matters, even though they do leverage the occasions such as state visits to join and polish their public image. As mentioned above they sometimes require assistance in exceptional cases, for example if the host country's business culture is proving to be complicated.

Although support of SMEs in their internationalization efforts and the cultivation of trade can be seen as the main objective for commercial diplomats, there are also several secondary objectives that governments seek to achieve that in turn reinforce the primary objective. According to the interviewees, there are two important secondary objectives to trade missions:

1. Country promotion. Creating awareness of their home country and promoting its potential is something that governments try to do every step of the way. Trade missions can serve this goal by creating publicity for the home country and showing businessmen in the target country the potential for cooperation. As one commercial diplomat puts it:

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I: One of the interesting indirect objectives for us is making the other side, the Koreans aware of []. [] is totally unknown in Korea, or maybe known for its touristic sites. But generally here, few people know what else [] can offer. You know, [] is a high tech country; it has very good universities and research institutes. All these aspects are rather unknown or ignored. Every event, not only the trade missions, every occasion for us is an opportunity to make them aware of this.

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2. Investment attraction. Encouraging foreign businesses to invest in the home country is a very attractive prospect. Although FDI attraction is not necessarily a focus during trade missions and is often left to separate agencies to work on, trade missions do help in this. The reason for this is that the above mentioned objective is closely linked to this one, by increasing awareness of the home country one can hope to attract more investment. Especially the state visits and other government-led delegations pay a lot of attention to this.

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B: Some missions are strictly concerning trade, but there are also some that have an investment purpose. And then some people from local government, special economic zones, town authorities, join such a mission and bring a proposal of investment in their territory.

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Some commercial diplomats (3) feel that these two things, FDI attraction and export promotion, should be more coordinated and not, as in many cases, necessarily be handled by different agencies.

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J: These two things [export promotion and FDI attraction] work separately. I personally don't think that is the best arrangement but that is the way it is at the moment.

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#### **4.3.3. Mission focus**

The responses of the interviewees suggest that trade missions differ in their focus. Trade missions can be very general, as in the case of business delegations accompanying state visits, where there is a broad range of companies. Other missions can be very specific and focused on a particular sector or product.

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H: The way our trade missions work is that they can be quite varied. They can be very specific, very sectorial, say around mining or mining resources. Or it could be something more general, it could just be a trade mission from [] to Korea or to Mongolia for example. But I think the general outcome that is sought from a trade mission may not be immediate business, but it may be a catalyst or a conduit that would result in business some months or years down the road.

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This quote thus suggests that sectorial missions are often more focused and goal oriented with companies already having an idea of what they would like to do in the target country. The other missions where there is a general company delegation out to explore a new market are often not focused and are very exploratory in nature.

Having a focus in a trade mission though is something that all interviewees agree on to be important for doing business and finding relevant business partners and/or clients. That is why single sector trade missions are deemed to be more effective than multi-sector ones, they garner more interest from the host country because they know exactly what they are dealing with and it becomes easier to find useful partners for business meetings.

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G: From our perspective it is so much more successful as I said if we can be really narrow about our objectives, really specific about the types of companies. So if we do a gaming mission it will for example be all about the sound industry, and when we have five companies with different strengths in that area, we can introduce them to the companies that develop the games and need to buy those kinds of software packages.

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Q: When we work on trade missions, we work according to sectors. From our experience we don't want to mix automotive with for example defense, with clean tech, it doesn't work out.

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Many commercial diplomats (11) feel that in case trade missions do not have a specific topic, they are less effective and less successful because they lack the necessary focus. At the same time many interviewees (13) note that exploratory, multi-sector missions often serve a different purpose. Whereas sectorial, focused missions often look to exploit actual business opportunities and often result in tangible results, the more general missions often go to uncharted territories where participants want to explore the country for themselves and see what is going on there. Myanmar would for example be an example of this: a completely unknown market where governmental-led delegations could be very useful for companies to explore the market. Governmental involvement here is also critical to mitigate potential political risks and help cope with the lower institutional development.

The benefit of the large governmental missions that span many sectors can be found in other areas as well. These missions do not have the sole purpose of simply generating business contacts or finding clients in the way they would do in a single-sector mission. Companies participating in these trade missions, as mentioned before, are looking to leverage the presence of ministers, royalty etc. in order to open certain doors for them that they themselves would not be able to open. So what these missions lose out on due to the lack of focus, they make up for in size, scope, publicity etc.

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E: The strength of this large mission is the institutional part. Especially in countries like Korea or in other Asian countries where the government to government contact is particularly meaningful, and has to precede, come before in a certain way, to open doors and strengthen relationships.

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R: It's always media interest, interest from other companies. For the Korean side if you have the king present somewhere it gives much more credibility, and prestige of course.

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Next to the idea that trade missions can be focused around certain sectors, there is also the possibility of organizing missions that have differences in geographic focus. Trade missions do not necessarily need to visit a single country. For example, a trade mission can cover more than one country when traveling to Asia, giving participants the opportunity to visit China, Japan and South-Korea during one visit.

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Q: What I have learned is that if I am offering the [] companies the opportunity to visit Korea, and Japan, and Taiwan, and China, within one visit, it is easier for them to accommodate it.

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This increases the value of such a trade mission for participants because it enables them to more effectively use their time. There is also the benefit that commercial diplomats in lesser known countries can leverage this notion by making themselves a part of a bigger program.

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L: You really have to push in promoting, telling that there are opportunities, there is potential. It is not self-running. I call it a pull-market.

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#### **4.3.4. Selection of participants**

The majority of the commercial diplomats (17) note that every company that is in a relevant sector and interested in pursuing opportunities in a certain target country is welcome to join a trade mission. So for commercial diplomats it often comes down to really pulling in enough companies to join a trade mission.

Some commercial diplomats (2) though note that their countries have stricter entry criteria, where they look at the readiness of companies to participate in international business ventures, how their participation will benefit the home country, and what impression they will leave in the host country. These considerations relating to 'preparedness' seem reasonable as also discussed in the last paragraph of section 2.4.4.

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H: We are quite selective. We carefully select which companies make up a trade mission because there are two sides to this. The first side is that we ultimately want companies to benefit from being on the trade mission. If for whatever reason their product offering or their service offering is outside of the scope of the trade mission, or if we don't really think they have the capacity or the capability to service that market then we might suggest otherwise. It's at our discretion which companies can take part, and obviously the most critical thing is that they are an [] company so there is economic benefit to [] should they win business. The second thing is that in our markets we have strong relationships with customers and other allies. So we want to be putting forward, just as we identify reputable customers, we want to present to them Australian companies who will meet or fit their needs, or best align with what we have marketed and how we have positioned that particular trade mission.

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For participation in trade missions, all of the countries ask companies to pay a small participation fee that mostly covers the expenses of organizing the events during the trade mission. All the other expenses are for the companies themselves. A few commercial diplomats (3) noted that there are cases when subsidies are available for trade missions, especially when there is a need to stimulate internationalization efforts in a certain sector.

#### **4.3.5. Conclusion**

Trade missions have a broad set of objectives that are related to both companies and governments. The focus is clearly on what companies want to achieve during a trade missions and commercial diplomats are eager to facilitate this, while at the same time trying to address secondary governmental objectives. Companies look to find partners for cooperation, explore market opportunities, engage in fact-finding, and leverage government presence. Governments aim to promote the home country in general and attract investment. Trade missions differ in their focus, how focused a mission should ideally be in terms of sectors or industries often depends on the objectives that define a mission. Focused trade missions usually are effective when the sole objective is to do business and find partners. Larger governmental mission that are often less focused offer the benefit of increased exposure and access to a higher level of officials and business people. Usually, all companies that are in a relevant sector are welcome to join a trade mission. However, some countries have a more demanding procedure for selecting participants, where a company's preparedness is taken into consideration.

#### 4.4. Trade mission activities

As depicted in the conceptual model in section 2.5, the activities that are organized during a trade mission should transform trade mission objectives into trade mission outcomes. According to the interviewees, various factors influence how successful these activities are, such as the preparation of the participants and the quality of business to business (b2b) meetings. This section will discuss these aspects.

##### 4.4.1. Preparation

All of the commercial diplomats feel that participant preparation is an important factor when looking at the trade mission activities. Companies need to be prepared for these activities in many ways. First of all, they need to understand what exactly they are looking to accomplish in the country they are visiting. By defining what their objectives are they can make better use of the activities to achieve these goals.

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J: When they go, they have to know what they want to get out of it. They don't get these opportunities very often.

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Next to that they need to be prepared in terms of materials. They need to have polished presentations, business cards in the foreign language etc. This helps them to create a credible and professional impression on the companies they meet. In general, the professionalism of the participants reflects on the home country, so it is in the interest of commercial diplomats as well to make sure that this is taken care of. How much preparation is required often depends on the specific country that the participants are going to, depending on how different the country they are going to is compared to their home country.

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J: I suspect in the areas where we are more comfortable, particularly in Western Europe and the US, they are a bit more relaxed in advance. But still they know that these are important opportunities, if they are unimpressive it reflects badly on the overall mission and they might not be invited back.

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Finally, it is important for companies to have an understanding about the country and the market that they are visiting. Commercial diplomats often facilitate this by sending out materials about the market and having briefings on the culture and issues the participants should pay attention to. Companies have to go beyond this and really define their strategy.

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G: Understanding the market, understanding where they have that competitive advantage, and where they can find a niche within the foreign market that they are targeting. I think it is crucial before they come on any type of mission.

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##### 4.4.2. Types of activities

Depending on the focus of a mission there is a wide range of activities that is organized during trade missions. Based on the interviews, we can divide these into three groups: business oriented, informational, and networking.

Business to business meetings, or match-making events, are widely seen by the commercial diplomats as the most important activities during a trade mission when the purpose of a trade mission is for companies to meet potential partners in the target country. For large missions that are accompanied by large companies there is also the opportunity to have

institutional meetings between the top management and the host country's authorities. One commercial diplomat describes the importance of business to business meetings:

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J: I think the b2b meetings are very important, because they give the companies the opportunity to meet companies face to face. And when you are so far away, those come around rarely. But ultimately what makes a trade mission different are the events that the companies want to attend because it gives them access to other people.

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What we see here is that while commercial diplomats praise the usefulness of match-making events, they also emphasize that the benefit of trade missions lies in the added value that government involvement can have. Companies could have b2b meetings on their own, but getting that extra access is something that is very attractive. Commercial diplomats have the ability to arrange meetings that companies by themselves would not be able to get.

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L: One of the main advantages of doing this as an embassy is that you have a neutral standpoint. We are able to make cold calls, we are able to introduce [] businessmen to Korean businessmen; we know how important that is. It will not work directly, if the [] guy calls the Korea or sends him an email, it will probably go unanswered.

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Organizing these meetings effectively is a challenging job because it is crucial to connect the right companies to each other and use the limited time efficiently in order for companies to get useful results.

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Q: It is very hard with our small staff to be acquainted with all the companies in Korea. So what we do is we form some sort of alliance with an organization in Korea according to the different sectors where they have members

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Having a large network of contacts as an embassy or export promotion agency helps to organize high-quality matchmaking events. It is thus very wise to have locals employed with a background in the industries that are important for the home country and with access to a large network of companies.

Other activities that are important for trade missions, especially for companies with fact-finding objectives, are activities of informational nature. First of all there are seminars that can be organized for the purpose of getting participants acquainted with the country through some critical facts and figures. Next to that one can have technical seminars or workshops with the purpose of both the home and host country participants introducing their sectors and enterprises. Then there are the site visits to host country organizations, institutes, manufacturing plants, special economic zones, scientific parks etc. These can be combined with roundtable discussions that help participants get a better grasp of more specific details.

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H: Often it is not until you for example see a construction site yourself, for instance if you see the way they do things in Korea it is vastly different from the way things are done in other markets. So that is really important. Whatever it is that you visit, whether it is a business service or a product that you see firsthand how it is applied in that market.

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These activities together, help participants to understand current developments, the nature of the market, and more generally how companies and industries operate in the target country.



Finally there are the networking events. These are informal drinks, receptions at the embassy and trade mission dinner that help the participants connect with local business people and officials, as well as with each other. This last notion, interaction among participants, seems to be a particularly important one and has beneficial effects on trade missions that will be discussed in the coming section on trade mission outcomes.

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S: A big part of it is also networking, both with companies within the delegation and with Korean companies. So even if they are not yet ready to export, it is still important to get some companies in the market so that they are ready when the time comes.

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Section 2.4.2 shows how the purpose of trade missions, and what type of activities companies focus on, varies with export involvement. This is confirmed by the interviewees that note that the further companies are in this process, the more the focus shifts from information gathering to actual business meetings and networking, and later on to a process of ongoing learning.

#### **4.4.3. Business culture**

As visualized in the conceptual model and confirmed by the interviewees, an important factor that comes into play during the different activities, but especially during business meetings, is business culture. The business culture of the participants is often very different from the business culture of the country they are traveling to. For such differences to occur companies do not even necessarily need to travel to other continents.

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L: When they come here [Korea], they pretty much listen to us, or when they come to Japan. They even ask us, what should I pay attention to? When they came to the United States, nobody cared. They all thought: it's the same as in Europe. But it is not!

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Things like business etiquette and customs can be easily explained to participants during short briefings, what is more crucial for successful business meetings is understanding how business is actually conducted. This can for example manifest itself in the way in which business people negotiate and continue business in the long term. As one commercial diplomat describes the nuances of business culture:

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G: Understanding protocol and things like that, that is certainly very important during the one-on-one meetings. But also think it is very important in the follow-up as well. As I mentioned Korea is all about building relationships, so you can't disappear for six months and then come back and expect that things are fine. You really need to figure out how to continue that dialog. It is really about understanding the business culture in terms of how they do business and how the transactions go.

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Although differences in business culture can pose a problem and be an obstacle to successful business negotiations, there are reasonable ways to mitigate these issues pertaining to business culture. Having good briefings by staff that has experience with business in the country are a good start. Some commercial diplomats (5) note that managing expectations is also crucial. By grounding those expectations in reality, companies know what to expect. Another thing that is very valuable is having an expert from the home country that has resided in the target country for a long time accompany participants during the trade mission. They can be very useful in making people understand the way in which business is conducted and give a deeper understanding of the market because of the insider perspective. They can then link that perspective to the perceptions people can have in the home country.



The effect of language differences should also not be underestimated. Even though a lot of business people have a reasonable grasp of the English language, it is often not on the level at which everybody can communicate fluently. Having local staff close by that can help out in case there are difficulties is quite important.

#### **4.4.4. Conclusion**

What we can conclude when looking at trade mission activities is that they should embody the objectives that companies have set for themselves. The business meetings and the seminars, the site visits, the receptions, should all be geared towards helping the participants achieve their goals for the trade mission. The activities can be business oriented, information, or focused on networking, depending on the objective that the participants have. Good preparation can help companies get the most out of these activities. An adequate understanding of the particularities of the business culture in the host country will furthermore help companies to have smoother sailing in their business endeavours.

### **4.5. Trade mission outcomes**

#### **4.5.1. First steps towards international business and gaining market insights**

One of the things that commercial diplomats have emphasized time and again is that trade missions are a very successful tool for commercial diplomacy, but that people should view them in a bigger perspective.

Trade missions are often first encounters for companies with a foreign market and by themselves they perhaps will not generate an immediate return for businesses. Trade missions are thus the beginning of a longer process in which companies call upon the export promotion agencies for prolonged assistance in establishing business with the host country. As one commercial diplomat described this long-term effort:

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S: We also don't see a business delegation as a one time thing for each company. If it is the first time they are here, it is like an introduction to Korea and we then can follow up. We preferably want to follow them during the progress in the market, so try to have a continuous dialogue with the participating companies to see if we can support them further and adjust to their needs, see where we can assist them.

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This also relates to the business culture of certain countries, where continued contact is required to build trust and establish credibility before actual business can be conducted. Business in that case is an incremental process that needs to be nurtured in order to benefit from it later. In that sense looking at concrete exporting or trade data when considering trade mission outcomes is rarely a good idea because the effects of trade missions are so much more complicated and often take some time to develop.

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N: I think especially in a place like Korea, sustaining a relationship is very important. We tend to find small, incremental steps towards a big outcome. So even with a bigger delegation, sometimes it bears fruits immediately and we can sign a big multi-billion pounds contract. Sometimes it is a question of step by step, over several years, fostering those relationships.

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Meeting the right people, visiting the right sites, getting information on the right policies. Together these things generate a certain understanding of the market. Especially for participants going on fact-finding missions, this is an essential outcome of a trade mission, when they get a clear picture of what the country has to offer or when they can bring back new insights that they have picked up.

#### 4.5.2. Network building and creating prospective business

As discussed in the section on objectives, finding potential partners and customers are the outcomes that many companies seek from trade missions. This is a step towards them actually getting value out of this endeavor by realizing some of the prospective business opportunities. Commercial diplomats confirm that this is at the core of what they want to see as a result for companies. The commercial diplomats can do their best to create favorable circumstances in which companies can meet their counterparts and do business, but eventually it is up to the companies to make things happen.

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M: The most important thing is to create chances for businessmen from both sides to meet each other. To facilitate this process, that is our mission, to connect the companies.

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Networking events that are organized around the trade mission also work towards facilitating meetings between companies. These are not necessarily seen as business to business meetings, but sometimes an informal atmosphere can lead to more fruitful results. It also occurs that actual business deals are made during trade missions. If the preparation of the companies is good and they have a lucrative product or service offering they can have several meetings that can lead to a business deal.

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M: Participants are very happy to have b2b meetings. It is very effective, things can happen directly after a b2b meeting.

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A few commercial diplomats (5) also note that an important outcome for participants can also be that they recognize that the target market does not have any prospects for them. Even though this cannot necessarily be called a success, it does show that trade missions are mostly a low barrier way to come to this conclusion with companies wasting little resource, and minimizing risks and cost of failure. This paradoxically also creates value for a company.

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A: The key here for us is whether it is valuable for the company, because value is not necessarily a question of earning money. You can do a lot of trade promotion work that doesn't lead to actual sales but still be very valuable. It could be breaking down trade barriers, it could be maybe helping them finding out that Korea is not the right market for them. That doesn't earn them any money but it saves them a lot of trouble and a lot of heartache.

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#### 4.5.3. Increased public image and political access

The previous two sections on outcomes relate mainly to SMEs, these companies as discussed before are the main priority of export promotion and the main participants in trade missions. Sometime larger corporations join trade missions as well. They usually do not need the help of export promotion agencies but they do benefit from an increased public image and increased political access when traveling with large governmental delegations.

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I: The embassy can open doors. If they want to see a minister, it is not always easy, but if they come together with a high-level trade mission, they can meet a minister. But this is more for the large companies.

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This of course also applies to smaller companies, but they mainly focus on actual business opportunities. This once more highlights the difference in priorities that exists for companies at different internationalization stages.

Positive media attention is also an outcome that governments are looking for in case of larger mission. This attracts attention to their country and hopefully puts it in a positive spotlight that will help companies in doing business but perhaps also attract investment.

#### **4.5.4. Interaction among participants**

Commercial diplomats see the interaction that participants have among each other during the trade missions as a useful byproduct. It gives participants the opportunity to share their views and reflect on their experience during the trade mission.

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S: I think that is one aspect that is quite important. They are together most of the time, there is a lot of interaction, knowledge sharing, discussions and reflections etc. The feedback that we receive from different kinds of delegations is that networking within the delegation is quite important.

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The usefulness of this interaction often depends on the industry the companies are representing. In the case of complex, technologically intensive industries, sharing knowledge and looking for synergies might be more useful than for companies that are simply looking to export wine or similar low tech products. Some commercial diplomats (3) feel that there is little benefit from the interaction that participants have. As one commercial diplomat replies to the question whether interaction among participants is important:

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Q: Not really, because [] is a very small country. The number of people in [] is smaller than in Seoul, we are around 8 million. So in any given field, everybody knows everybody. It might even be a problem, because sometimes competing companies come in one delegation.

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#### **4.5.5. Conclusion**

The outcomes discussed in this section align themselves well with the considerations discussed in section 2.4.3 relating to the expectations companies have for trade missions. In this section we have shown that trade missions can facilitate a broad array of outcomes, depending on the objectives that companies have set for themselves. The outcomes that companies can accrue from trade missions are: taking first steps towards international business and gaining market insights, network building and creation of prospective business, increased public image and political access, and synergies from interaction among participants.

### **4.6. Trade mission evaluation and effectiveness**

#### **4.6.1. Evaluation practices**

Commercial diplomats recognize that evaluation is an important conclusion to a trade mission, but also note that often the evaluation is quite limited. It usually goes no further than an evaluation talk at the end of a trade mission, followed by an evaluation form that is sent out to the participants.

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N: We ask for them to fill in evaluation forms with quantitative and qualitative feedback on embassy organization, members of staff, people they have met, which calls were most useful and least useful to them, whether the format worked for them. Most critically they need to feel that this visit has helped create new business opportunity.

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According to all commercial diplomats, the most important evaluation criterion is whether the participants are satisfied with the value that this trade mission has brought to them. They note that because SMEs are the companies that are mostly involved in trade missions, they really want to have value for their money because their resources are limited. If the

trade mission is not successful for them, next time they might decide not to participate because they simply cannot afford it. Even though the fee that companies usually pay for the mission is quite low, the other expenses combined with the time committed can be an obstacle.

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D: A company is satisfied when they have had a good program, when they have met the right people, if they see a future and potential in this endeavor.

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A few interviewees (5) note that they also have internal evaluations where they discuss their own perceptions on how the trade mission went. By combining both the evaluation of the companies and their own insights, they get a more complete picture.

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P: Also at the embassy we look at what went well, what went wrong, what can be done better next time. We try to learn from that. Mainly on the organizational side we try to understand what were the positive and negative aspects.

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For larger missions, involving government officials, two commercial diplomats note that there is also an evaluation of the government targets. The evaluation is similar: whether politicians are satisfied and see value in what has been done.

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D: For the political dossiers you have more or less the same, only then on the political level. Has progress been made on certain issues, has the mission been in the spotlight, has the press been positive? Can you justify the visit, are the ministers satisfied with the work of the embassy?

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Finally, the opinions of the host country are also very valuable. This gives another view on how the companies from the home country are perceived and how well the organization of the activities has been.

#### **4.6.2. Tracking effectiveness**

The majority of commercial diplomats note that they have little grasp on how effective trade missions are. According to them, the reason for this is that determining the effects of trade missions is such a complicated and subjective issue. The effects can be measured by looking at changes in the trade value, the number of deals that are signed etc. Time lag between the trade mission and the effects of it complicate matters further, as also discussed in section 2.3.4. Most commercial diplomats therefore choose to have a simpler approach by evaluating what is directly within their control.

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L: We mainly set objectives around b2b's. Number of meetings, because that is what can be influenced by us. I cannot influence if they sign a contract. We had this system, the idea of how much business is created. But that didn't really work, now our direct objectives are number of b2b meetings, number of participants from Austria, number of Korean businessmen that we try to meet, so effects in our direct sphere of influence.

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G: That's a good question. I mean we talk about this all the time, also in terms of our services in general, not just specific to trade missions. How do you measure objectives? Again it is about the companies, not about us. You can bring the horse to water, but you cannot force them to drink sort of thing. We often call 'economic opportunities facilitated/pursued' as a success, where we've introduced two companies to each other, they take it one step further, and continue talks. We can't make that sale. So really for us it is more about the question are companies continuing that relationship, are they following

up? Are people taking our advice and following it or are they not? That's kind of how we measure it.

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Follow-ups after several months are widely praised by interviewees as being very useful in tracking the progress companies are making in the target market. This also helps commercial diplomats to better understand the effectiveness of trade missions. Countries that have the resources to conduct these follow ups do actively pursue them, although unfortunately main countries do not pay due attention to this.

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S: Our work doesn't finish when we say goodbye at the airport. We always try to follow up and see if the companies have had any progress, if they have had any meetings with potential partners in Korea. We try to follow up on that and see if we can assist them in some way, through dialogue or by supplying other information.

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A few commercial diplomats (4) note that understanding what happens after the trade mission to the participating companies is absolutely crucial to making missions more effective. When there is an understanding of what goes wrong in the business negotiations after a mission, these issues can more easily be addressed during a trade mission and companies made aware of them beforehand, or offered assistance in the ensuing negotiations.

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Q: If they come here and have a meeting and nothing happens, it is a waste of resources for everyone. Our aim is that something will happen. In that case there is a huge role for my staff here that speaks Korean to be a liaison or a bridge between the [] and Korean companies even after they have visited Korea.

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After the mission, it is sometimes difficult for commercial diplomats to get in contact with the participants of the trade mission in the home country, for various reasons. They may not want to disclose their progress, or simply don't have the time to go into these matters. In those situations it helps to contact the companies in the host country with whom the participants had a meeting to follow the progress.

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Q: When it comes to the follow ups we rarely hear anything. What I have learned is that it is easier for me to do the follow up with the Korean companies than the [] companies because the Korean companies will share that with me.

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#### **4.6.3. Conclusion**

Evaluation is the conclusion of the trade mission cycle and is an important feedback mechanism that helps commercial diplomats improve trade missions and continue to work with companies in the future. By conducting evaluations and continuing the dialogue with companies after they have gone on a mission, commercial diplomats can get a sense of the effectiveness of trade missions. Evaluation usually is restricted to a short talk after a mission and forms that are sent to companies, but a more thorough evaluation process is deemed important in order to understand the long-term implications and effectiveness of trade missions. In general, commercial diplomats feel that trade missions are a very successful tool for commercial diplomacy, mainly because for a very little investment cost from the companies' side it offers them an opportunity to get an insight into a new market, meet potential partners and work on business opportunities. There is a variety of non-monetary benefits that companies get out of trade missions, as also posed in sections 2.3.5 and 2.4.3.

## 4.7. Foreign-economic policy and home country regional structure

### 4.7.1. Influences of foreign-economic policy

As mentioned in the section above, trade missions are considered to be a very useful tool by those who organize them. Nevertheless, commercial diplomats continuously look for opportunities to improve upon how trade missions are organized, improve their effectiveness by looking at how macro factors and considerations on foreign-economic policy can help. The quote below gives a useful insight into these considerations.

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N: I would say they are absolutely critical. In recent times we have been giving more and more thought about what more we can do about trade missions. We feel that trade missions are relatively micro in approach. How can we make sure that the rest of the embassy, which often focuses on the macro, the political and economic sections, really help the micro and vice versa. So when it comes to changing policy, how can the political and economic sections change government policy in a way that helps the trade missions coming out? Or longer term benefits, or business opportunities in Korea. Trade missions very often focus on two-three year time horizons when it comes to commercial opportunities. What can we do in terms of five-ten year business plans? And really thinking forward, if Korea is opening up its healthcare sector, we should start now engaging the key players and positioning our firms. There has been quite a lot of thinking about that. And then finally, there are the softer barriers to doing business here. So once a trade delegation visits, sees the opportunities here and sets itself up, what more can we do to help them with all those intangibles, which can still make business difficult for them: the tax system, legal obstacles, language and cultural barriers. So we have been doing quite a lot of thinking on that.

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There are different ways in which foreign-economic policy affects trade missions. Some of the important ones have already been mentioned as being country promotion and the attraction of FDI. These, as specified, are objectives related to trade missions. Next to that, from the interviews we have gathered that there are three aspects related to foreign-economic policy that have an influence on trade missions.

1. Industry/sector and region preferences of the home country. Countries often have certain sectors that they deem to be important for the country, or where the country in question benefits from a competitive advantage. Such sectors often benefit from increased funding and attention from the government, this trickles down to support in internationalization efforts. So if a country decides to stimulate a certain area of industry, this will affect the focus of trade missions sent by that country. Governments can also decide to increase focus on a certain region, spurring activity.

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L: These kinds of things have an influence. As an initiative we as [] could say we will focus now on green energy. It would take a long time to develop, but it could happen. The governmental initiative for the Black Sea region is an example. Government promoted this, even though this was more our domain, the next ten years we focus our resources on the Black Sea region. And then we made a nice phase and also incorporated it into our strategy.

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These targeted initiatives can also be spurred by certain economic developments in the home and host country. For example, a target country can emphasize its commitment to a certain issue or have a need for something for which the home country's industry is a perfect partner.

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P: We look at what Korea is doing, where does Korea have a need and we connect that to what we in [] can do to fill that need. That is how it went with wind energy, Korea clearly stated that wind energy will be one of their focus areas in the coming years. We have a lot knowledge concerning that in [] so there is a lot of potential. We also try to predict these kind of things, so that we can be there first to leverage those opportunities.

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2. Country relations. This is an important factor that affects trade missions. Even when a target country is not necessarily a large trading partner, simply because there is little awareness of it in the home country, political and country relations can be good. Leveraging these good relations by drafting of economic agreements such as FTAs will often be an incentive to send trade missions, since trade barriers are lowered.

The political infrastructure and institutional environment of the host country can be important in organizing trade missions because it is necessary to know what is required to do business in a certain country. The right officials should be present if there is a need to open doors in countries that value status or power, even though business sense would dictate otherwise.

3. Budget allocation. Economic crises can have an adverse effect on government finances and in turn on the budget that is allocated to export promotion. This can result in less missions being organized. Some countries however think that boosting export promotion in bad economic times can be a good idea to help companies find opportunities abroad, since local markets can dry up.

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E: It regularly becomes an issue in the broader sense of allocation public funding. Since 2010, spending reviews have resulted in heavy budget cuts all over the place. There was a reconsideration of the instruments that the economic policy of [] uses for supporting internationalization and whether internationalization has to be done this way, and with these existing tools and actors.

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There are several factors that indirectly influence trade mission activity, by either shaping the focus for international trade or through budget constraints. The influence of foreign-economic policy was also designated as an influential factor in the conceptual model shown in section 2.5 and it indeed seems to be relevant to trade missions.

#### **4.7.2. Regional complexity of home country**

The complexity of the home country's regionalism determines the efficiency of organizing trade missions, according to the respondents that have to deal with regional complexity. Commercial diplomats want to see their country promoted as one brand abroad; fragmenting that into different regions sometimes makes things more complicated when they try to do business in countries that have little awareness of their country, let alone a specific region. Countries like Belgium, the United States, and Germany, that have very strong states and regional interests, face this issue. Having a clear brand that is recognizable is important when companies go on trade missions, for this reason a lot of trade missions are still organized under the home country banner, even though it can focus on a specific region, province, or state.

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D: Our system is subdivided into export promotion agencies for three regions. Before this, there was a national agency that had a lot of power, but nowadays this power has mainly been transferred to the regions. The national agency for foreign trade now fulfils are more



coordinating role between the regions. But those are mostly internal issues, towards the outside world we are still []. We understand very well that explaining what region we are from in [] while on a trade mission in Busan doesn't work. They usually know our country, and that is the banner we use.

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Especially for countries that have such regional complexities, it is important to have good coordination between the trade missions that are organized. This can lead to a more strategic travel agenda that will combine the strengths of the different regions and deliver a more coherent and effective visit.

#### **4.7.3. Conclusion**

The process of planning a trade mission is influenced by the foreign-economic policy of a country. This can manifest itself through industry/sector, and regional preferences that government officials in the home country might have. Furthermore, country relations play a role in determining how trade missions are used. Government budget allocation is a constraining factor that trickles down to trade missions. Finally, the complexity of the regional structure of a country is an important factor that needs to be managed correctly in order for trade missions to have a significant impact.

### **4.8. Innovation in organizing trade missions**

In this section some of the innovations concerning trade missions will be tackled. What is meant with innovations in this case is new approaches to using trade mission, broadening the possible impact.

#### **4.8.1. Trade missions on neutral ground**

An interesting approach to trade missions was discussed during one of the interviews. That is the approach in which trade missions are actually facilitated on neutral ground. This can be the case when there is for example a large exhibition somewhere in Europe and the home country is well represented. In that case the commercial diplomat in the host country can leverage this opportunity by contacting the, in this case, Korean companies that are planning on going to that exhibition and matching them with the companies from the home country that will exhibit their products there. By sending one of the local staff to that exhibition, meetings can be facilitated on-site. This is a huge cost and time saver, because there is no organizational cost involved, all the participants will be present at that place in any case. The only extra cost that is incurred in this case is the cost of sending one of the local staff to act as a liaison.

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Q: For [] companies it is easier to go to major event since Europe and North America, because it is a bigger market for them, they know the culture, etc. We have noted specific events in Europe that also many Koreans are going to. [] usually has a big national pavilion there. In that case we have a variety of technologies that the [] companies are there to market. Through different channels we try to locate the Korean companies that are going there and then when they are going there we try to pre-arrange meetings for the Korean companies with the [] companies. What we usually do is that if we have enough meetings, we also send our local staff to Europe to support it.

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This in essence is a variation on the incoming trade mission, something that we have not focused on during this study. In contrast to incoming trade missions though there is no extra organizational burden for both the home and host country.



#### **4.8.2. Cooperation partners for business in third country**

Sometimes it is useful not to only look at the host country as a possible market, or a place where you can meet partners with whom you can cooperate, but as a country where you can find partners with whom you can start operations in a third country. There are various opportunities that can be leverage in emerging countries by for example using Korea as a partner country; through this you gain access to large parts of Asia.

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Q: I think that the major potential for [] companies in Korea is not necessarily in the Korean market, it is in working with Korean companies in China, Vietnam, Malaysia, and Indonesia, where Korean companies already have the channels of marketing and sales, they have better understanding of the culture and how to do business there. And I think it is easier for [] to understand Koreans than for example Chinese. I am trying to support this kind of cooperation. So what I am trying to sell, the pitch towards [] companies that are coming to Korea is that you are not only coming for the Korean market, you are also coming for the Southeast Asian market.

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#### **4.8.3. Joint trade missions**

Finally there are joint trade missions, something that is still in its infancy but that offers potential for the future, especially in the context of increased regional integration in Europe and Southeast Asia. There is quite some reluctance though, because countries want to focus on promoting themselves and putting companies from their home country in the spotlight. However, there are a lot of benefits that can be had from combining trade missions, such as cost savings and increased impact.

The EU Gateway Program is an example of such a mission, where there is a clear focus on expanding the horizons of companies towards a specific market while at the same time focusing on certain sectors. There is a selection process through which any European company can apply. In the end you have a strong group of companies, that go on a trade mission under the banner of the European Union. This is very attractive for companies in the host country to attend, given the fact that these are at both large and focused missions supported by the credibility of the EU.

#### **4.8.4. Conclusion**

What we gather from the findings in this section is that there is a lot of room to experiment with trade missions to find new ways to facilitate meetings between businesses, explore new ways of cooperation with target countries and look for smarter ways to utilize resources. Trade missions on neutral ground, facilitation of strategic partnerships, and joint trade missions are examples of how innovation in organizing trade missions can expand the scope of export promotion.

## 5. Conclusion & Discussion

The research question that we set out to answer was: *what processes are involved in organizing and executing trade missions, what factors influence these processes and what are some of the differences and similarities in the way countries organize and execute their trade missions?* Our research aimed to answer these questions by obtaining insight into the trade mission process through interviews with commercial diplomats. The research question states three aims. The first aim was to map the process involved in planning, organizing and executing trade missions. The second aim was to get an insight into what factors influence this entire process. Finally, the third aim was to see whether countries had different views and approaches towards organizing trade missions.

The literature on export promotion programs is quite extensive and covers important issues such as how awareness for export promotion is created and how export promotion can be evaluated and its effectiveness determined. Furthermore, there is a small amount of literature that focuses specifically on trade missions. None of the literature however covers the process through which trade missions are organized and what factors influence this process. In this study we built upon the existing literature to produce an extensive analysis of the trade mission process while at the same time addressing topics deemed important in literature such as awareness creation and trade mission outcomes. By combining these aspects we have generated a better understanding of what happens during trade missions and what aspects contribute to their success.

The conceptual model in section 2.5 was used as a foundation for the research. The findings from the interviews presented a thorough analysis of the 4 dimensions of the trade mission process depicted in the conceptual model. The findings confirm that this indeed is quite an exhaustive categorization of the trade mission phenomenon, and illustrate its plausibility. Table 1 summarizes the findings from this study.

We have described how the planning process works, how trade missions are initiated and how awareness is created. Business opportunities are the core of trade missions and often act as a trigger for trade missions to be initiated. The task of export promotion agencies is then to connect those business opportunities to companies by creating awareness and facilitating trade missions.

Our study shows that both businesses and governments have certain objectives concerning trade missions. Commercial diplomats need to be aware of these in order to produce the outcomes that fulfil these objectives. Whether businesses are looking for partners, market insights or publicity, trade missions need to be tailored to these objectives.

Tailoring trade missions to the objectives of businesses involves carefully organized trade mission activities. The activities need to be such that objectives are translated into desirable outcomes and companies can capitalize on the opportunities in the host country. How successful trade mission activities are, depends partly on the preparation of the participants, the quality of the activities, and the extent to which differences in business culture can be mitigated.

Outcomes of trade missions, as our study shows, are essentially the value that the trade mission activities create for the participants. These outcomes can for example come in the form of first steps towards internationalization or the creation of a relevant network.

Limiting the cost of failure and minimizing risks for international ventures can also be considered as valuable for companies.

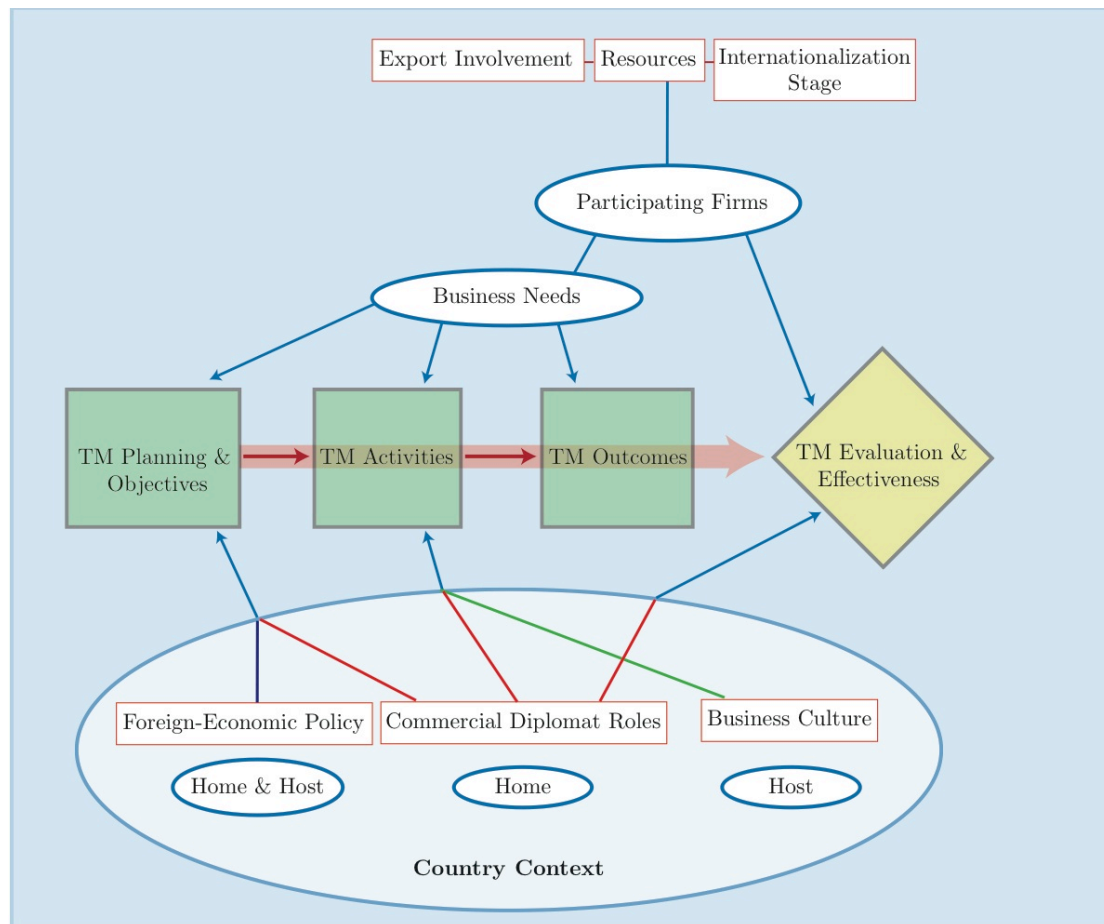
Both the literature and our findings from the interviews have indicated that evaluating the effectiveness of trade missions is a complicated task. The trade mission outcomes that were analysed, indicate that participants receive a wide array of benefits from trade missions. Expressing these outcomes in quantitative terms can be very hard, let alone in concrete export data. Commercial diplomats do seek ways to express the success of trade missions in more objective terms, but the evaluation practice still mainly represents a rather subjective undertaking. This also highlights the main problem of trade missions, the evaluation and follow-up process. Commercial diplomats often do not have the resources necessary to actively monitor the activities that companies undertake post trade mission and follow their progress.

Our study connects the different dimensions summarized above and looks at how they are intertwined because none of the dimensions should be viewed solely on their own. Every dimension in itself is influenced by those around it, for example trade mission activities are essentially manifestations of the trade mission objectives, while trade mission outcomes depend on the quality of the trade mission activities. This holistic approach is a significant contribution to the existing research.

The findings concerning the innovations that are being developed related to how trade missions are used, expand the scope of the currently available research. It broadens the perspective on how trade missions can be leveraged in cases where there is a lack of awareness, resources, or impact. Implementing these innovations can make a difference in the export performance of a country. Seeking out strategic partnerships, organizing trade missions on neutral ground, and looking for ways to organize joint trade missions are all innovations with a lot of potential that should be looked at by commercial diplomats.

By investigating the approach that different countries have towards trade missions we have been able to identify certain universal principles that are at the core of trade missions, such as the importance of creating value for companies. At the same time, our research presents outliers that seek to improve upon what common knowledge dictates. This manifests itself through different selection procedures that commercial diplomats can adapt, improved follow-ups, data-driven planning processes etc. This gives an idea of what commercial diplomats and governments can do in terms of policy in order to stimulate export promotion.

Even though we see that the findings confirm the plausibility of the model, the various linkages between the dimensions of the trade missions and the external factors are different than initially proposed. Figure 4 shows an adapted version of this model, incorporating the linkages that were inferred from the findings. From the findings we can conclude that business needs, i.e. what companies look to achieve during trade missions, influence the whole process from planning to the trade mission outcomes. The participating firms themselves in turn also are part of the evaluation and their success determines the effectiveness of trade missions. Business culture of the host country has proven to be an important factor influencing trade mission activities that needs to receive due attention in order for trade missions to be successful.



**Figure 4 Revised conceptual model visualizing the trade mission process and the implied linkages.**

Commercial diplomats also influence a large part of the of the trade mission process. By understanding the objectives that business has and taking into account government objectives, they can tailor the trade mission activities so that they work towards fulfilling these objectives. Their roles in this process are important, if they are competent business promoters they will more likely be successful in connecting business needs to actionable objectives and useful activities. The commercial diplomats are also actively involved in the evaluation of trade missions and the follow-ups to them. However, they cannot influence the outcomes directly; they facilitate export promotion, but in the end it is the businesses themselves or the visiting politicians that have to capitalize on the opportunities.

Finally, foreign-economic policy of both the home and host country has an impact on the planning process and how the objectives are shaped. We have determined that industry foci, country relations, and budget allocation are aspects of foreign-economic policy that can influence trade missions. Next to that, the larger a trade mission is, the more important governmental objectives will become, because such trade missions seek a larger output than simple business deals and seminar visits. They aim to increase trade on country level, improve relations and put the home country in the spotlight.

**Table 1 Trade mission aspects and their indicators.**

<b>Trade mission aspects</b>	<b>Indicators</b>
<b>Planning</b>	<ul style="list-style-type: none"> <li>• Initiation trigger               <ol style="list-style-type: none"> <li>1. Business opportunities that are spotted by commercial diplomats in host country</li> <li>2. Group of companies that locates opportunities in host country and comes together on their own account or is brought together by a business organization</li> <li>3. Government visit to host country                   <ul style="list-style-type: none"> <li>• Reciprocity</li> <li>• High profile events</li> <li>• Economic opportunities in wide range of industries</li> </ul> </li> </ol> </li> <li>• Strategic planning through annual business plans</li> <li>• Data driven planning mechanisms</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Business               <ol style="list-style-type: none"> <li>1. Cooperation</li> <li>2. Exploring market opportunities</li> <li>3. Fact-finding</li> <li>4. Leveraging government presence</li> </ol> </li> <li>• Government               <ol style="list-style-type: none"> <li>1. Country promotion</li> <li>2. Investment attraction</li> </ol> </li> <li>• Mission focus determines which objectives are set</li> <li>• Ideal participant selection for missions involves relevance and preparedness considerations</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Participant preparation important to trade mission success</li> <li>• Activity types               <ol style="list-style-type: none"> <li>1. Business</li> <li>2. Informational</li> <li>3. Networking</li> </ol> </li> <li>• Business culture is aspect that needs to be mitigated</li> </ul>
<b>Outcomes</b>	<ol style="list-style-type: none"> <li>1. First steps towards international business and gaining market insights</li> <li>2. Network building and creating prospective business</li> <li>3. Increased public image and political access</li> <li>4. Synergy among participants</li> </ol>
<b>Evaluation &amp; Effectiveness</b>	<ul style="list-style-type: none"> <li>• Evaluation practices serve as an important feedback mechanism for improvement of trade missions</li> <li>• Long-term follow-ups need to be incorporated in evaluation work in order to understand effectiveness</li> </ul>
<b>Foreign-Economic Policy</b>	<ul style="list-style-type: none"> <li>• Industry preferences of home country influence focus of trade missions</li> <li>• Country relations influence how trade missions are used</li> <li>• Government budget allocation is constraining factor</li> <li>• Regional complexity of home country complicates export promotion efforts</li> </ul>
<b>Innovations</b>	<ul style="list-style-type: none"> <li>• Trade missions on neutral ground</li> <li>• Strategic partnerships for third country cooperation</li> <li>• Joint trade missions</li> </ul>

## 6. Limitations & Further Research

The fact that this research has been an extensive, qualitative study in a single setting posed a risk of the findings not meeting the requirements of generalizability. The research was performed with South-Korea as the host country of trade missions. However, threats to external validity were greatly diminished because South-Korea is part of the OECD, and represents a typical member of this larger group of countries to which these findings can be generalized. Furthermore, commercial diplomats were interviewed based on their general knowledge of their home country practices concerning trade mission, not necessarily related to their current posting in Seoul.

Nevertheless, further research that would investigate organizational practices concerning trade missions by looking at a multitude of host countries would be beneficial. The reason for this is that even though in economic terms South-Korea might be a typical representative of the OECD, there are many other factors that could vary from country to country. Performing similar research in a European country, and other Asian countries would help strengthen the findings put forward in this study. Since the organizational practices of 18 countries were investigated for this research, the findings serve well to illustrate the conceptual model and can be generalized to all OECD countries. Testing this model on a larger scale and verifying the implications would make a stronger case for it.

Even though case-study protocols help to alleviate researcher bias, it still persists in the analysis of the data. To increase the reliability of the findings multiple researchers should perform a similar analysis, the convergence of multiple observations would help improve the confidence in the findings.

One of the other limitations to this research is its exploratory nature. In our study we describe the overall process of trade missions and investigate factors influencing them. We feel that we have laid a qualitative foundation here for further research on trade missions. Trying to expand upon this by using quantitative measures and empirical evidence would be useful in translating qualitative, practical implications into harder, quantitative data. Furthermore, linking the findings of this research to a study that looks at research from the participant side rather than the organizing side would be very interesting.

Another promising area for future research would be to investigate how trade missions fit within the overall picture of export promotion. This subject was touched upon during the interviews, when commercial diplomats put forward the notion that trade missions are most effective when they are part of a larger export promotion effort. Investigating how companies would benefit from such a packaged approach would be interesting, while also looking at how commercial diplomats aim to achieve this.

Furthermore, a longitudinal study following the process after the trade missions that is focused on companies themselves and how export promotion agencies stimulate companies to go international would be very valuable. It would give a better insight into the effects of trade missions on companies in the long run, and provide a more holistic understanding of the effects of export promotion.

Delving deeper into the potential of trade mission innovations is something that is worth pursuing in future research. Especially the potential of having joint trade missions in the future is promising. First signs of such trade missions occurring have been noted, with the

EU Gateway program being the prime example. Research that would elucidate the benefits and barriers to organizing trade missions through joint efforts would be very helpful.

Next to that we have also stipulated that trade missions can offer the opportunity for companies to go beyond export promotion and look to form strategic partnerships to do business in a third country. Investigating how this notion could be leveraged using trade missions would be interesting for the ever more globally interconnected world.

One thing that this study did not focus on was the use of incoming trade missions. An investigation of this phenomenon should also be performed since there are certainly interesting and unique attributes pertaining to incoming trade missions. They can be an excellent way to bring high-ranking officials, companies, and institutions to the home country and can serve very different purposes.

Finally, a deeper investigation of the role of culture, wider than the context of business culture that we have investigated here would be valuable. In this study we focused on how business processes and relations can be different, but aspects such as lack of acceptance of power distance and individualism can also influence the outcomes of trade missions.

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## **Appendix A**

### **Preparation for the interview**

- For every selected country find relevant contacts.
- Send invitation to contacts.
- Search for information concerning background of interviewee.
- Investigate country's website for information on trade missions and commercial diplomacy activities.

### **Concept of email sent to interviewees**

Dear XXX,

The International Management (IM) Group of the University of Twente (the Netherlands) is currently working on a large-scale international research project regarding commercial/economic diplomacy. During my internship at the Embassy of the Kingdom of the Netherlands in Seoul, I am to get a better understanding of how different countries organize and execute trade missions (business delegations/state visits) and how they measure their success. So far, a clear understanding is lacking of what exactly comprises a trade mission and how different countries tackle them.

On behalf of the IM Group of the University of Twente, I would like to ask you to participate in an interview. This interview will be of an explorative nature and will take 1 hour of your time at most. The focus will be on your views of what trade missions are, how they are organized and executed and of the factors that influence this process. The results will contribute greatly to the understanding of how to make trade missions successful and will be shared with you upon completion. Everything will be absolutely anonymous. This research is performed independent of any governmental body or private partner organization.

Looking forward to your positive response,

Sincerely,

Nikolai Oudalov

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<http://southkorea.nlembassy.org>

## Appendix B

### Start of the interview

- Thank interviewee for the opportunity to interview them.
- Explain goal of the interview. Gaining insight into what trade missions are and how different countries organize and execute them and how they measure their success. Results will contribute to greater understanding of the phenomenon.
- Explain type of questions. These will be semi-structured and open-ended.
- Responsible institution is the University of Twente.
- Findings will be published in Master of Science thesis.
- Ask for permission to record interview. Otherwise take notes.
- Emphasize anonymity of the interviewee for the research.
- Note that transcripts/notes of the interview will be sent to them afterwards for review, feedback and comments.

### Interview content

#### ***1. Trade mission planning and objectives***

What is a trade mission exactly?

What are the main reasons to organize a trade mission?

-How is the topic of a trade mission defined?

-How are the objectives set?

How is a trade mission planned?

-Cooperation with private organizations such as chambers of commerce?

-How important is it for companies to prepare for trade missions?

-Do companies pay for participation?

Are there indirect objectives to trade missions?

-Attracting inward FDI an objective of a trade mission?

#### ***2. Trade mission activities***

What exactly happens during a trade mission?

-What activities are essential?

-How are match-making events organized?

How important is interaction among participants?

-Is continued cooperation between participants seen as important?

#### ***3. Trade mission outcomes***

What outcomes do you foresee for trade missions?

-Do you have measurable targets?

What are the effects of trade missions for the home and host country?

-Increased trade?

-Improved relations?

What are the effects of trade missions for participating firms?

-Improved export performance?

-Indirect effects?

#### ***4. Trade mission evaluation and effectiveness***

How are trade missions evaluated?

-Are you faced with problems of causal ambiguity?

What is seen as a success for a trade mission?

- Do you see a trade mission as a good start for more export promotion activities?
- Do you see trade missions as a successful tool of commercial diplomacy?

### **5. Home/Host country context**

What is the foreign/economic policy of home/host country like and what effect does it have on trade missions?

What is the business culture of home/host country like and what effect does this have on trade missions?

- How valuable is the involvement of high-ranking officials during trade missions?

What role do you as a commercial diplomat fulfill concerning trade missions?

- Proactive or reactive/execution role?
- Do you see yourself as fulfilling government or business needs?

### **6. Business needs**

How are participating firms selected?

- How do you generate awareness for trade missions in home/host country?
- Is it a matter of selecting due to large interest or actively convincing companies due to lack of interest? How to do the latter?

What is done to tailor trade missions to company needs?

- Are you aware of the objectives that firms have for trade missions?
- Is differentiation made for large/small firms, different internationalization stages and different levels of export involvement?
- Do company resources matter?

*Time permitting:*

### **7. Future developments**

Effects of economic crisis on foreign/economic policy and specifically trade missions?

Are there any innovations that you have implemented recently, such as joint missions?

### **After the interview**

- Thank interviewee for this time and cooperation
- Note the location, time & date, setting, background of interviewee and interview impression. Do this as soon as possible after the interview.
- Expand the notes as soon as possible or transcribe the interview.
- Send the resulting document to the interviewee for review and comments.
- Finalize the interview document by incorporating comments and suggestions.