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Sound affects! Competing with quality in the Swedish hi-fi industry

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Sound affects: Competing with quality in the Swedish hi-fi industry

Abstract

Traditionally, literature on competitiveness has focused on innovation in networks and/or embedded in local/regional milieus. This paper examines the concept of quality and quality processes as an additional way of understanding the competitiveness of small and niched industries. In the theoretical framework, applied on the Swedish hi-fi industry, quality is identified as a promise and divided into three dimensions labelled 'performance', 'projection', and 'protection'. The quality framework provides a useful tool for analysing measurable and non-measurable aspects of quality sound and sound reproduction. Also, it is argued that competitiveness is stimulated when a product is associated with one of the quality dimensions and when a strong quality perception is inherent throughout the production network. Moreover, we find that quality processes are spatially embedded and that location facilitates both place-based branding and localised learning.

Keywords: competitiveness, quality, innovation, localised learning, place-based branding, hi-fi industry.

1. Introduction

[p. 316] The starting point of this paper is the question of how we may explain the continued success of small and niched high-end hi-fi manufacturers despite increased global competition from low-cost countries. In contrast to the traditional literature on competitiveness, which has focused on innovation and industrial dynamics when determining the long-term ability of firms and regions to prosper (eg, von Hippel 1988, Porter 1990, Lundvall 1992, Nelson 1993, Edquist 1997), this paper will examine quality processes (citation suppressed) as an additional way of understanding spatially embedded competitiveness.

In this sense, the hi-fi industry, and especially the high-end segment, provides an interesting and illustrative case for discussing and analysing aspects of quality, not least the measurable and non-measurable dimensions. For example, how do we reflect upon questions such as; what is “quality” sound reproduction and “quality” hi-fi equipment? Is it the result [p. 317] of mathematical algorithms and frequency measurements, or it in the “ear” of the beholder? When competing on global markets in the hi-fi industry, it is understandable that in most cases a pair of high-end loudspeakers will perform and sound better than a pair of low-budget, mass-produced loudspeakers. On the other hand, the choice between a high-end loudspeaker developed and manufactured in the UK and an equivalent product made in Sweden is perhaps not as obvious; it is affected by preference, perception, prejudice, etc. We argue that these decisions are based upon, or influenced by, quality processes that also contributes to the competitiveness of certain firms and industries and that these processes are situated in space and are socially and culturally embedded.

In this paper, the overall aim is to understand and analyse quality processes. This is done by applying a framework for analysing quality (as developed in XXXX [citation suppressed]) to

the Swedish hi-fi industry. Following this, the subsidiary aim is twofold: to understand the quality process as an important aspect of competitiveness, and to examine the relation between quality and space.

The paper is organised as follows. We begin by introducing the concept of high fidelity and the hi-fi industry. This is followed by a discussion on competitiveness (bridging literature on innovation with literature on quality) and a presentation of the quality framework. The next section provides a discussion on methods and empirical data used in the study. In the empirical sections, the Swedish hi-fi industry is analysed through the quality framework and actors and processes are situated in time and space. Lastly, concluding remarks are made.

2. High fidelity and the hi-fi industry

The interest in audio reproduction and sound quality emerged in parallel with the development of radio broadcasting in the early 1930s. Hence, the term high fidelity (hi-fi) was coined in order to capture the notion of, or strive for, realistic and uncoloured reproduction of music (Morton 2000). It illustrates an ideal where the “natural” and “original” are emphasised, not only in the playback, but also in the recording and production process.

The price and size of audio equipment became notably reduced and the sound quality greatly improved with the invention of the transistor in the 1940s, leading to a boost in sales and a technology trajectory lasting well into the 1970s. The next big change for the industry came with the development of digital audio technology and the introduction of the CD player in the 80s, the DVD in the 90s, and the Blu-ray Disc after the millennium. At present, hi-fi and home entertainment equipment and technology continue to evolve, and are, in broader terms, part of a wider consumer electronics industry embracing a number of technologies and digital formats used in audio equipment, televisions, computers, game stations, mobile telephones,

MP3 and MPEG-4 players, etc. (see Branch 2008). In the hi-fi industry, subcontracting is an important part of the production process and different types of audio equipment use their own specific production techniques and components. For example, loudspeaker producers subcontract cabinet-makers and speaker element manufacturers and assemblers, whereas producers of amplifiers and CD players are much more dependent on providers of electronic components, such as integrated circuits and D/A converters (see Milne 1991).

During the post-war period and onwards, many producers of hi-fi equipment in the European countries, not least in the UK, as reported by Milne (1991) and May et al. (2001), met increasing competition from Asia. Consequently, large corporations in Japan and South **[p. 318]** Korea such as Sony, Yamaha, Pioneer, Denon, Sanyo, Samsung, etc. have become market or niche leaders in producing and developing quality audio products and related consumer electronics (cf. Chandler 2005). In recent decades mass production of consumer electronics has also been prominent in Hong Kong and Taiwan and recently in China, Malaysia and Vietnam.

Despite the increased competition from low-cost countries, a relatively small number of European manufacturers, e.g. Linn (UK), Audiovector (Denmark), Tidal (Germany), Bladelius (Sweden), have managed to survive by being innovative and leaders in a highly specialist market oriented towards the development and manufacture of quality audio equipment. This segment is largely built around technological knowledge related to sound production and reproduction, as well as knowledge and longstanding traditions in designing and crafting cabinets and loudspeakers (see May et al. 2001). In general, the hi-fi segment is divided into three subsectors based on a notion of price and quality; budget, mid-range, and high-end. Although price certainly has a significant role in defining different levels of hi-fi equipment, even pundits often differ in the exact delimitation of categorisations based on price.

Thus, the hi-fi industry is a highly specialised, niche market oriented towards dedicated consumers willing to invest a substantial amount of time and money in order to find and purchase on audio systems delivering superior sound quality (see Milne 1991, Branch 2008). In the words of Branch (2008, p. 84-85): “Indeed, it [the hi-fi industry] is both consumer- and technology-driven. However, it is characterised by its own peculiar philosophy, practices, consumer stances, and vernacular, which are intertwined with both the historical development of high-fidelity audio, and the nature of the high-fidelity audio market.” Hence, the hi-fi industry is permeated by different ideals of how to create the perfect sound, both among producers and consumers, but also intermediaries such as hi-fi magazines. It is a universe of its own characterised by debates and conflicts concerning opposite views on: analogue vs. digital, tubes vs. transistors, vinyl vs. CD (or any digitised kind of music). In line with this, Perlman (2004) argues that “audiophiles resist the claims of audio engineering by privileging their personal experiences, and they argue against scientific methodologies that seem to expose those experiences as illusory”, thus distinguishing between ‘golden ears’; highlighting their identity as music lovers, and ‘meter readers’; focusing on the technology involved in reproducing music. Definitions of high-end are often accompanied by a more subjective idea of quality and expressed in an illustrative and vivid style, e.g.:

“In a hi-fi context, high-end signifies products possessing the ability to lift the veil from the music and to move the listener to a magical, musical room. It is a range [of products] where the word ‘compromise’ hardly exists.” (Bild & Ljud Hemma 2009, p. 85)

Given the difficulties of defining quality sound and the pricing of audio equipment, hi-fi may be characterised as esoteric, i.e. an activity or interest understandable to and experienced by (mainly) an enlightened inner circle.

3. From innovation to quality

In recent decades, much work on competitiveness has come to focus on industrial transformation and growth in general, and on innovation in particular (cf. von Hippel 1988, Porter 1990, Lundvall 1992, Nelson 1993, Edquist 1997). In this strand of research, the [p. 319] long-term ability of firms to prosper is reliant on learning and innovation. The contribution made in economic geography has shown that these processes are not space-less, nor are they ubiquitous global phenomena. Instead, these processes are situated in space and are socially and culturally embedded (Porter 1990, Krugman 1991, Cooke et al. 1997, Morgan 1997, Malmberg and Maskell 2002). Knowledge creation and innovativeness are also regarded as facilitated by, and considered more efficient in, systems of localised firms; either in specialised regional agglomerations or clusters (Porter 1990, Maskell and Malmberg 1999) or in diversified, primarily urban, milieus (Jacobs 1969, Florida 2002). This has fostered the idea that national or regional competitiveness is not so much about a set of inherited and fixed resources, but rather a result of strategies being more or less planned or intentional (Porter 1990) and constructed advantages (Cooke and Leydesdorff 2006). The major contributions made in regional development and economic geography show that these processes are deeply embedded in space, and stress that they are neither space-less nor ubiquitous global phenomena (Porter 1990, 2000, Camagni 1991, Maillat 1995, Cooke et al. 1997, Morgan 1997, Malmberg and Maskell 2002). However, the effects of clustering and the notion of industrial systems, in different shapes and forms, are not uncontested, as they have been viewed as somewhat ‘fuzzy’ or ‘elusive’ (Markusen 1999, Malmberg and Maskell 2002, Phelps 2004, Gordon and McCann 2005). Substantial critique has also been raised considering the concept or idea of regional competitiveness as being intricate, controversial, and ill-defined (Kitson et al. 2004, Bristow 2005).

In this paper, we argue that the literature and theoretical development on competitiveness has prioritised innovation and the creation of new goods and services and that these ideas have to be complemented by the role of quality or the role of products produced, marketed, traded, and consumed through quality processes. Generally, quality is related to characteristics such as capacity, property, type of material, durability, functionality, and craftsmanship. However, quality is a complex concept and historically a distinction has been made between measurable (e.g. standards, certificates, rankings, laboratory tests) and non-measurable (subjective experiences) quality (Akerlof 1970, Mansfield 2003, Strannegård 2007, Sennett 2008).

Quality, as a concept, has been applied in a wide range of disciplines and is an important topic for firms, consultants, governments, industry organisations and professional journals. For example, in business studies and economics, attention is directed toward organisational management, quality planning, and trade in quality goods (see Akerlof 1970, Garvin 1988), quality management in manufacturing processes (Evans and Lindsay 2001) or the finance industry (Parasuraman et al. 1985).

In recent literature, quality is viewed as a process in which quality is embedded and constructed in a social interplay between users, suppliers, intermediaries, and producers, reflected throughout the entire value chain (Ilbery and Kneafsey 2000, Callon et al. 2002, Ponte and Gibbon 2005, XXXX [citation suppressed], Hauge and Power 2012). In this view economic actors have both an active and a reflective role aiming to “[...] establish a constellation of characteristics, stabilised at least for a while, which are attached to the product and transform it temporarily into a tradable good in the market.” (Callon et al. 2002: 199). Accordingly, quality is experienced as a complex set of socio-material relations between production, trade, and consumption embedded in and emerged from political, cultural, and natural relations (Mansfield 2003) based on, for example, trust (Akerlof 1970). [p. 320] Thus,

the quality processes reflect a means of differentiating and positioning a product in relation to other similar products (Nelson 1970, Darby and Karni 1973).

Although the concept of quality has been elaborated upon in various types of literature, only a few works bring together the geographical and spatial aspects of quality. Perhaps the only exception to this theoretical and empirical shortage is the contributions and literature on quality food production and consumption put forth by, for example, Ilbery and Kneafsey (1998, 2000), Murdoch et al. (2000), Parrott et al. (2002), and Mansfield (2003). Nonetheless, we argue that previous literature focusing on innovation and regional competitiveness has not fully recognised the potential of quality as a means of understanding industrial transformation and growth in various industries and spaces, and also that there has been little in-depth analysis of ‘quality’ itself (see also Parrott et al. 2002, XXXX [citation suppressed]).

4. The quality framework and competitiveness

Departing from the theoretical discussion above we use a conceptual framework developed by XXXX [citation suppressed] in order to study the Swedish hi-fi industry (see figure 1). This framework is based on the notion that processes creating quality lead to a certain kind of quality attachment. This is in line with the literature on quality, where this attachment is understood as an ability to create or mediate a perception of, for instance, authenticity, credibility, safety, reliability, and trust (Akerlof 1970, Ilbery and Kneafsey 2000, Callon et al. 2002, Strannegård 2007). In the framework it is argued that this perception is best explained as a promise: constructed and experienced over time, as well as being dependent on different spatial scales and contexts, by a varied set of actors (categorised as producers, intermediaries, and customers/consumers).

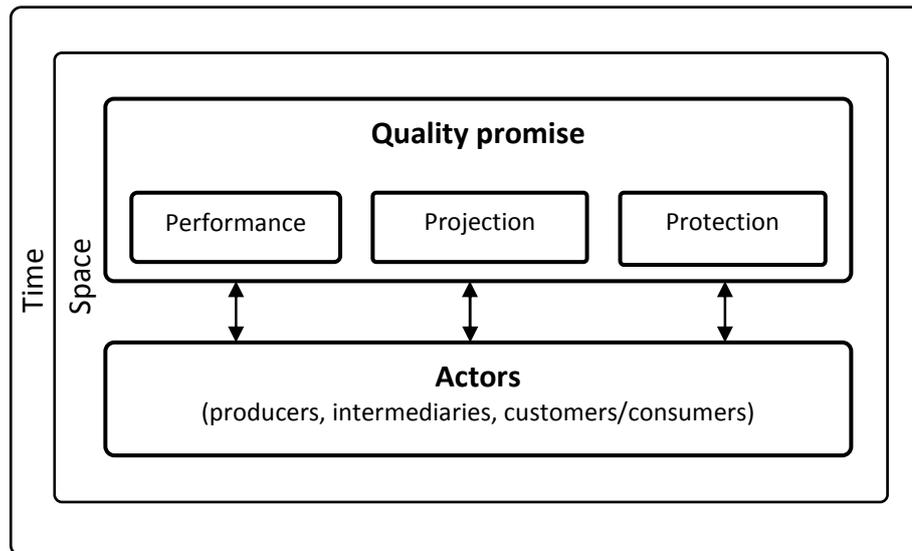


Fig. 1. The quality framework (citation suppressed).

The quality promise is associated with expectations and different products are in one way or another linked to a promise that may be of functional, practical, or aesthetic character. A watch that is not accurate, a pair of jeans with poor stitching, an impolite help desk or bad sounding loudspeakers, are all examples of quality promises not meeting their expectations. Also, the pricing of a quality good or service is closely connected to the quality promise. In general, a higher price indicates a higher level of quality, although a good or a service may be ‘best buy’ within its specific price range.

[p. 321]

4.1. The quality dimensions: performance, projection, and protection

The quality processes leading to a promise are divided into three different dimensions where each dimension in itself constitutes a range of individual or collective processes that affect the outcome of the quality promise.

Performance is closely connected to quality, and perhaps represents the most intuitive understanding of how quality is perceived and often related to concepts such as durability,

quality materials, wearability, functionality, etc., where tests and evaluations are commonly used to differentiate quality products from others. However, not all associations with performance are measurable and possible to test; they could also be evaluated through experiences and perceptions (Strannegård 2007, Hauge and Power 2012).

Projecting quality involves symbols, images, thoughts, feelings, etc. and is about positioning and differentiating a good or a service in relation to others; usually done through branding, marketing, and promotion (Callon et al. 2002, Hauge and Power 2012). Projection takes place simultaneously within firms (strategic management), intermediaries (e.g. testing platforms, magazines, consumer organisations), and consumers as they identify themselves with certain brands and products, and interact in different social arenas (Murdoch et al. 2000).

Protection involves legislation, standards and certification established not only to streamline production and standardise products, but also to ensure safety, health and environmental regulations for producers, workers and consumers (Favereau et al. 2002, Ilbery and Kneafsey 2000). Standards and regulations are often controlled by governments and professional and consumer organisations, as well as paralleled by socially or culturally constructed norms.

4.2. The quality promise in time and space

Time and space are important dimensions of quality, i.e. both measured and non-measured quality associations vary in different time periods and in different locations. From one point of view, goods and services once associated with quality may change their position when new laws, standards, and norms are introduced. From another point of view, if a good or a service stands the test of time, then time itself becomes a quality trademark. The relation between space and quality could be studied from two distinctive, although interconnected, perspectives (citation suppressed). The first has to do with the globalisation of goods and services and the increased demand for compatibility, use of standards, and integration in value chains and

production networks/circuits (see Angel and Rock 2005, Ponte and Gibbon 2005). The second perspective deals with literature stressing issues of untraded interdependencies and social and spatial embeddedness of production and consumption stimulating regional specialisation (Granovetter 1985, Storper 1995, Maskell and Malmberg 1999, Cooke and Leydesdorff 2006), in which differentiation, branding, environmental and ecological concerns are emphasised (Murdoch et al. 2000, Molotch 2002, Parrott et al. 2002, Pike 2009). However, and in line with recent research, it is apparent that local or regional milieus should be viewed not only as arenas providing access to local networks, knowledge and buzz, but also, and equally important, as facilitators of critical external (global) networks and linkages (Gertler 2003, Bathelt et al. 2004, Storper and Venables 2004) in a relational space (Dicken et al. 2001, Dicken and Malmberg 2001, Doel and Hubbard 2002, Yeung 2005).

[p. 322] Common to both the global and local processes described above is how quality relates to specific places and regions. In the literature, this relationship has been emphasised through concepts such as ‘country of origin’ (Bilkey and Nes 1982, Godey et al. 2005) or ‘place in product’ (Molotch 2002), which relates to the place where the product is produced, created or designed, and thus functioning as a brand in itself (Pike 2009). Many so-called quality products are place-based brands linked to certain places, regions or countries, e.g. Parma ham, sparkling wine from Champagne, financial services in the city of London, Parisian fashion, Swiss watches, German cars, etc. In a competitiveness discussion, these spatial connotations refer to what Scott (2000) calls ‘the monopoly power of place’ or the ‘Chamberlainian monopolistic competition’ (1933).

5. Method

In the following case study, we focus on the Swedish hi-fi industry in order to understand quality in relation to competitiveness and space. Even though the industry is relatively small, it serves as a good example of a quality driven industry. Also, we find both similarities and dissimilarities in relation to the hi-fi industry in neighbouring countries and similar economies; for example a parallel restructuring of the industry due to increased competition from low-cost countries or differences in size and industry structure due to internal industrial dynamics. Hence, the claims made regarding quality go beyond the Swedish context, and thus relevant in the larger international hi-fi industry.

To study quality processes in the hi-fi industry, it is important to understand both how individual actors perceive, negotiate and use quality in their business activities, and the characteristics of the industry, e.g. size, structure, type of activities etc. Thus, we have collected data from four different sources: a) in-depth interviews, b) observations, c) Swedish industry literature and, d) public business registers. Table 1 lists the different data collecting methods used and the various sources approached in the Swedish hi-fi industry.

Table 1. Data collection and sources

	Interviews	Observations	Media and industry literature	Public business registers
Producers	X	X	X	X
Intermediaries	X	X	X	
Consumers/customers		X	X	

In-depth interviews have been conducted with key actors ranging from entrepreneurs, producers and design engineers to marketing managers and store owners. The interview

sample is a result of desk research; by browsing internet forums, hi-fi magazines and fair guides a list of the most prominent hi-fi actors in Sweden was created. Also, a snowball sampling method was used to complement the list of relevant actors. From the list, twelve respondents were approached by either e-mail or telephone. Two of these contacts did not have the opportunity to do the interview; one of them had just closed down his business and the other referred to a lack of time, and two never replied. All in all eight in-depth interviews were conducted (including nine respondents). [p. 323] In the interviews, a semi-structured interview guide was employed, which covered a relatively open set of research themes (company history and personal background; industry and market condition; location and spatial embeddedness; networks and collaborations; quality aspects). From the empirical material, data and quotes are sorted and analysed according to themes, key words/concepts and the quality framework presented (although not explicitly discussed with the respondents).

The interviews took place in the store, workshop, or the homes of the interviewees. The shortest interview lasted for about one hour, while the majority of the interviews lasted for more than two hours, and some even up to four hours. In these cases, the interview situation also involved guided tours of the production site/store and product demonstrations. These tours and demonstrations gave valuable insights into the respondents' ideas and thoughts about hi-fi in general. The interviews were conducted in Swedish, recorded and later transcribed. In the analysis, quotes are used to stress significant and illustrative examples and aspects of importance for the study (translations from Swedish to English made by the authors).

Table 2. Expert status of the respondents and type of information.

Respondents	Type of experience	Years of experience (approximate)	Information sources (length)
Interviewee 1	Developer/design engineer and consultant	35	Interview (2 h)
Interviewee 2	Marketing manager	10	Interview (2 h)
Interviewee 3	Developer/design engineer	45	Interview (1 h)
Interviewee 4	Store owner	30	Interview and guided tour (2 h)
Interviewee 5	Developer and store owner	15	Interview, product demonstration (1 h 30 m)
Interviewee 6	Developer/design engineer and previous store owner	50	Interview and product demonstration (3 hours)
Interviewee 7	Developer/design engineer and supplier	10	Interview, guided tour, product demonstration (3 h. 30 m)
Interviewee 8	Developer/design engineer and acoustic consultant	35	Interview, guided tour and product demonstration (4 h)
Interviewee 9	Store owner	35	Interview (2 h)

The observations involved repeated visits to trade/consumer fairs, dedicated hi-fi stores, and producers. These occasions included, for example, attending product demonstrations, informal discussions at trade fairs, and engaging in internet forums. By interacting, listening and observing how the informants demonstrated, talked about, showed, and explained their impressions and experiences of audio equipment, additional information was gained. During the fieldwork notes were taken and, although not explicitly used in the analysis, they have functioned as important inputs both to our general understanding of the industry and the thematic analysis of the empirical material.

Swedish industry literature and documents (hi-fi magazines, fair guides, catalogues, and press releases) are used as a means of identifying hi-fi actors and to gain a general knowledge about the industry. More specifically, hi-fi magazines (foremost Hifi & Musik and Ljud & Bild) [p. 324] are used in order to gain specific knowledge about certain actors and their relation to hi-fi, such as high-profile producers and dedicated hi-fi consumers (or so-called audiophiles).

The public business register (i.e. AffärsData) is used to obtain a general overview of the size, structure and location of the industry. However, not all firms in the hi-fi industry were identified in the public business register. This was partly due to the fact that many firms are registered as a type of enterprise not listed in the public registers (e.g. limited companies), and partly on account of difficulties in linking product or brand name to legal company structure.

In summary, the empirical analysis stems from a number of different sources, complementing each other in different ways. For example, although the number of in-depth interviews may be small, we are confident in the representativity of our sample and the empirical material gathered. Firstly, the interviews are conducted with key actors with long experience in, and thus personal and general knowledge about, the hi-fi industry. Secondly, in combining the sources additional information about size, structure, and location of the industry has been gained as well as valuable insights and knowledge of quality-related issues.

6. The Swedish hi-fi industry through the quality framework

According to the business registers, the Swedish hi-fi industry, as in most European countries, is relatively small, approximately 52 active producers, and the industry is basically dominated by firms that produce a limited range of products, for example amplifiers, loudspeakers, CD players, home cinema systems, studio equipment (e.g. microphones), and high-end cables.

Given the mere size of the industry it is not viable to talk about a Swedish hi-fi cluster. The development in Sweden resembles the decline of mass production consumer electronics manufacturing in other European countries such as the UK and Denmark. In contrast to the Swedish hi-fi industry, both the UK and Danish hi-fi industries are recognised as internationally strong hi-fi clusters; supported by networks of suppliers, related industries and

knowledge flows as a result of firm structure and the existence of anchor firms and corporations such as Bang & Olufsen and the BBC (May et al. 2001; Ajami et al. 2006).

In the following section, the empirical data gained from interviews, field studies, and business literature of the Swedish hi-fi industry are analysed using the concepts developed in the quality framework.

From the interviews conducted it is shown that a Swedish hi-fi producer most often is a firm entirely run and controlled by a developer/designer engineer driven by a deep interest in music, audio, technology, and sound reproduction. Their knowledge about audio equipment is commonly generated through a life-long interest in and experience of sound reproduction and many of the interviewed producers are autodidacts with no formal education within the field. Moreover, producers are often enthusiasts with an ambivalent relation to creativity and commercialisation. In line with the idea of the craftsman (Sennett 2008), the primary interest is usually not to make a profit, but rather to develop and produce high quality audio equipment for its own sake. The producer is often driven by his own specific ideas and ‘philosophy’ of how to construct the ideal sound reproduction. Thus, the hi-fi producer has a personal relation to the product and is highly involved in every part of the production process.

[p. 325] The role of the intermediaries (such as state, interest organisations, and media) is twofold; firstly they establish and uphold laws, issue certificates, and set standards, which contextualises the production and consumption of quality goods and services; secondly, intermediaries review, test and evaluate products, thus functioning as trendsetters.

Characteristic for the hi-fi industry is intermediaries such as specialised, dedicated hi-fi stores and media. The hi-fi stores are often run by enthusiasts, some of whom are or have been engaged in product design and development. They are usually small, located in semi-central locations, and function as showrooms. On the one hand, the location and the type of store give

a strong impression of an esoteric activity; with well-informed, returning customers. On the other hand, many stores are available on the internet, where they market and sell their products. Another important group of intermediary actors is media and there are a number of specialised, dedicated hi-fi magazines (both traditional and web-based) that address different customers and price ranges focusing on tests and comparisons within and between different products and price segments.

Hi-fi and consumer electronics trade fairs are important intermediary arenas for marketing and demoing hi-fi products; for facilitating formal and informal contacts between agents, producers, distributors, and consumers; and for providing an opportunity to experience a wide range of products. Also, in the hi-fi community, internet websites, forums, blogs, enthusiast organisations and different brand name “fan clubs” constitute an essential arena for continuous discussions on and negotiations of products, solutions, ideals and philosophies of quality sound reproduction.

Finally, the hi-fi industry often attracts specific types of dedicated end users/consumers. These can be divided into three stereotypical categories related to issues such as a) love of music and accurate sound reproduction, b) gadgets and technical products, and/or c) status. Characteristic to all three different consumer groups is that they often take an active part in media and internet forums. Certain lead users and audiophiles have an almost iconic status within the hi-fi communities, influencing trends and the ideas of other users. Also, the hi-fi producers themselves may function as sophisticated customers, having the ability to specify its products and demand quality inputs.

6.1. Performance and quality sound reproduction

In the study, it is apparent that the hi-fi industry is interesting in the way it highlights the contrasts and the relatedness between the measurable and the non-measurable. On the one

hand, it is clear that there is a measurable dimension of quality that is pertinent to both sound reproduction, durability and functionality. For many respondents, it is important that a hi-fi product meets a set of predefined quality expectations, and one way of establishing this is to use different standardised measurements. A producer and former store owner explains:

“[In my store] I employed technicians who opened up and checked the construction quality of the product as well as checked measurements. Does it look OK? Does it conform to the specs? And so on. So, we carried out careful inspections [...]” (Developer/design engineer and former store owner)

Hence, it is important that the product meets the expectations and the stated specifications and thus the quality promise. One respondent recalls a situation involving a high-profile [p. 326] brand product failure, where this severely damaged the image and reputation of the brand and such mistakes tend to stick to the brand for a long time. Also, products in the top price segments tend to be extra sensitive to these kinds of errors.

On the other hand, in our attempt to study quality it is apparent from the interviews and people in hi-fi communities (e.g. web-forums, hi-fi magazines, and consumer fair participants) that quality and quality sound also have non-measurable dimensions. This dimension is often expressed in personal, subjective ways, and thus highlighting the relation and dynamics between tangible and intangible aspects of quality sound.

“One would think that it is really important to talk at length about measurements, and of course there is a point in doing that since you should know about the product before you buy it... on the other hand, it is more important to experience [the product] by listening to it.” (Developer/design engineer and acoustic consultant)

Hence, the ideas about quality products and quality sound are not permanent; rather they are dynamic and under construction through continuous negotiations.

Although the production and development of hi-fi equipment are about creating quality products, they are also about lowering the costs of production. In the study, we find numerous examples of producers using both domestic and international suppliers, and irrespective of where the producers source their inputs, they constantly question and worry about the level of quality they get for the price they pay. On the one hand, outsourcing the production/manufacturing to low-cost countries minimises the cost of labour-intensive work. On the other hand, it entails specific difficulties such as the control over the production process and poor finish from suppliers. A number of respondents state that some suppliers do not conform to international quality standards, e.g. when soldering or assembling. Nevertheless, from the interviews it is clear that many manufacturers in low-cost countries (primarily China) provide products and processes with higher quality and that some manufacturers have become world leaders in specific tasks (e.g. high-gloss finishing). However, a striking feature of the hi-fi/high-end producers is the heavy focus on quality and their unwillingness to compromise on their philosophies of how to reproduce quality sound. Consequently, the producers are willing to accept the cost of the time required to develop the products, choice of materials, types of processes, etc.

“It may be expensive, but we get better products. And above all, it is in line with our ideas. [...]

Also, this relates to the assembling of the product: you assemble at a slower rate... [Instead of an assembly line] there is only one person involved and each and every solder is important.”

(Developer/design engineer and consultant)

Although they use more expensive, high-quality inputs, some Swedish hi-fi producers manage to keep the price down on high-end products by minimising costs for advertising, design, retail and distribution. Hence, some of these products are only available through the producers themselves or exclusive network contacts.

In summary, even if quality is viewed as both “simple” (like measuring sound waves) and “hard” (individual sound preferences) to verify, there is a clear relation between performance and the competitiveness of the hi-fi industry. Most of the actors involved strive to develop and produce quality products based on either ‘accuracy’ or ‘musicality’, and [p. 327] although there are numerous philosophies and different strategies for reaching this goal it is evident that quality is achieved through investing resources in knowledge, product development, high-performing materials and inputs, and assembly.

6.2. Projecting quality hi-fi products

In terms of projection, actors in the Swedish hi-fi industry do not have the financial resources for large-scale marketing and to control their brands and reputation in the way that “billboard industries” such as the automotive industry or the fashion industry have. Nevertheless, the hi-fi industry is projecting its quality products through different and specific brand channels. Firstly, different measurements and interpretations of ‘performance’ are utilised as a tool for branding products and mediating ideas of the industry, not least through test and reviews in hi-fi media. Secondly, price in itself is used as a means of branding and differentiation, and expensive products are associated with high quality. This can attract attention to the industry and the products and work as a status symbol for those who can afford it, but it may also deter, detach, and even appear absurd to some people (see Velthuis 2005). Thirdly, the hi-fi industry is propelled by myths and narratives about quality sound, consciously and unconsciously created by producers as brand strategies. Also, the people behind the products (developers and design engineers) are often surrounded by rumours and reputations; in some cases even idolised (Padgett and Allen 1997, Muniz and O'Guinn 2001). These rumours and reputations thrive and are amplified in esoteric communities, internet forums, hi-fi magazines and fan clubs. Fourthly, as in many other industries, design has become increasingly important and to some producers their design is closely associated with their products

(Krause-Jensen 2010). However, for many developers/design engineers, the design becomes secondary and they often claim to be reluctant to make compromises between design and sound performance. On the other hand, most hi-fi products have an unmistakable and easily identifiable design.

In the branding process, the country of origin has a vital role to play in differentiating hi-fi products. It seems, at least to a certain extent, that some people/customers are willing to pay more for hi-fi products made in Sweden and other countries associated with characteristics such as a renowned music industry, craftsmanship and longstanding engineering traditions. Consequently, for hi-fi producers it is important to have a clear connection to certain countries, regions or places. Paradoxically, and as previously discussed, many producers are increasingly using suppliers and sub-contractors in low-cost countries even though many hi-fi producers are trying to avoid being associated with production and assembly that may be of lower quality. This is evident not only in the hi-fi industry, but also in other industries such as the fashion industry. For example, according to the EU, the country of origin should be clearly declared. However, as one respondent states:

“[For instance,] a British company may order their loudspeaker bass elements from China, then transport them to England, add a couple of screws, create a new certificate of origin, ship them back to the factory in China where they are assembled. Then the label will say: ‘Partly made in China regarding woodwork, the rest delivered by European manufacturers’. [...] The companies cannot afford to have ‘Country of origin’ in Sweden or Britain.” (Developer/design engineer)

[p. 328] A concrete example of how place/geography and hi-fi products are used in branding is the case of ‘the Swedish statement’ which was a collaboration initiative between five hi-fi producers (Bladelius, Marten, Jorma Design, Nordic Concept and Woo Design) that toured a number of hi-fi trade fairs worldwide as a way of marketing and creating buzz around quality products from Sweden. Being present at the largest international trade and consumer fairs

(e.g. Consumer Electronics Show, CES, in Las Vegas) is important since trade fairs are key arenas for reaching new markets and getting in contact with suppliers, distributors and consumers, as well as for gaining domestic media attention. One of our respondents states that he personally attends 6-7 trade fairs annually, and that his brand is represented (through distributors) at about 20 trade fairs a year globally.

Also, within the industry, and in relation to other producers of quality hi-fi components and equipment, there are positive effects to be gained from being exposed in the right context and finding the right partnerships with producers within similar quality segments:

“I want to meet the design engineer and discuss his ideas... and listen to the equipment to find out whether it is of high quality or not. I do not want to see my name and my products associated with something that I will be ashamed of.” (Developer/design engineer and supplier)

Intermediaries, such as magazines, internet forums, testing platforms, and specialist and consumer organisations, contribute to the attachment and detachment of products by projecting opinions about products through various tests, reviews and user discussions. On the one hand, good reviews are important for both small and large producers in the industry. On the other hand, large producers can deal with negative reviews by, for example, upgrading the existing product range. To smaller producers, negative reviews may have more severe consequences as they do not have the resources for product renewal.

“Ten years ago it was really important to get good reviews. But things have changed. For starters, the internet... there are more than 50 renowned web-based magazines worldwide, Stereophile, the absolute sound, 6moons, hi-fi+ to name a few. They are so many and no one is more important than the other. Only the largest producers have the capability to get things going and have an impact. Today, even if a product gets good reviews, it only lasts like three months, but it used to be more like two years. It is much faster today.” (Developer and store owner)

It is often harder for smaller producers to get media attention and one respondent argues that getting reviews in domestic media is a matter of “back-scratching”, a reciprocal exchange of favours. Hence, smaller producers have to rely on already established customer contacts and networks, word of mouth and internet forums. Thus, the different types of intermediaries act as gatekeepers having the ability to either promote or demote products and actors. Also, many actors use intermediaries or intermediary arenas, such as internet forums, to be updated about trends and scan for new products and ideas.

In summary, from a projection-based perspective, competitiveness is about positioning and branding the product as a quality good or service by mediating interpretations of ‘performance’ (e.g. tests), using price as a differentiating strategy, and by linking the product brand to myths, narratives and/or place-based associations. [p. 329]

6.3. Protection and quality standards

To a large extent, protection deals with a growing need for standardisation and certification, including, for example, design, production, transportation, distribution and consumption.

Although not crucial in the perception of hi-fi equipment as a quality product, there are several standards and safety regulations that the producers have to adapt and conform to. For instance, the EU has adopted the CE marking (*Conformité Européenne*), which ensures that products sold meet safety, health and environmental standards.

“Among other things, there are EU regulations guiding the use of electronic [components and] material. And then there are environmental regulations concerning emissions and so on. It is like a certification; that you are able to describe your product. So, you can do most of it yourself, but some tests have to be outsourced. This is not a problem, really. We are using inputs that are already certified on potential export markets” (Developer/design engineer and previous store owner)

Another example of standards to which the hi-fi industry needs to conform is the EMC (electromagnetic compatibility) testing of a product. Although many of the standards are global, there are still regional or national differences. A specific example of this is the Japanese Product Safety Engineering Certificate (PSE).

“They [Japan] have the world’s toughest power cord standards [...]. I am the only one in Europe that has managed to pass it [the PSE certification test]. It took me one and a half years”.

(Developer/design engineer and supplier)

Product certification may thus be a both time-consuming and costly procedure. This is also the case in relation to quality control and getting suppliers to meet high quality standards, which is crucial in securing or protecting a reputation as a quality producer.

“Where it has been produced is a quality issue. In some places it is harder to apply quality control, in China for example. It is all a matter of control [of the assembly and production process], since the inputs are already specified.” (Developer/design engineer and acoustic consultant)

Hence, it is more difficult to keep control of the quality processes when there is a both physical and cognitive distance between the producers and the suppliers/sub-contractors. However, one of the respondents, a producer, states that it is, in fact, possible to control these processes, although this would demand constant monitoring and being present at all times. Apparently, the relation between distance and control is complex and in order to circumvent this you either need to lessen the need for control, and thus risk getting products of poorer quality, or to overcome distances by establishing relations based on trust through socially embedded relations facilitating for example in-depth understanding of specific production processes and quality specifications.

In summary, with the exception of common safety and health standards and certificates, there are few regulations that have a direct effect on the creation of quality products. In some cases,

it is, however, important to adjust to national differences in, for example, safety regulations and standards in order to enter specific export markets. On the [p. 330] downside, conforming to specific standards and regulations is costly for smaller producers and may hinder small-scale enthusiast entrepreneurship.

7. Situating the quality promise: actors, time, and space

So far, we have analysed the Swedish hi-fi industry through the quality framework, identifying characteristics related to the three quality dimensions. Although quality is conceptualised as a process, the quality promise is constructed and experienced in the interplay between various actors, and is as such temporarily fixed in time and space.

7.1. Quality awareness

A striking feature of the hi-fi industry is that all actors (from producers to intermediaries to users) have a strong perception of quality and a personal commitment to and relationship with hi-fi products and hi-fi sound reproduction. Almost all producers interviewed state that they have a lifelong interest in hi-fi, which has generated an in-depth understanding of and knowledge about sound and sound reproduction. This knowledge usually originates from two separate types of interests, where one is based on music and the other on materials and technology. Both knowledge sets, or rather the combination of these two, are important inputs in developing new or better products and stimulating competitiveness. However, this personal commitment also seems to cause negative effects on commercialisation and market potential.

“The world does not need any new loudspeakers. We can get rid of many of them, and no one will miss them. Rather, we make them because we think it is fun – actually. It is so much work, and the profit... [...] is not magical in any way. It is driven by pleasure.” (Developer and store owner)

An even more radical standpoint is revealed in the following quote:

“[...] I do not care the least about what other people may prefer, because I do not believe in that way of doing things. It does not become genuine. I rather construct the loudspeakers the way I like them, and I do not care if anyone else wants them.” (Developer/design engineer and acoustic consultant)

Many developers/design engineers tend to want to keep control of the entire production process. This creates another downside of the personal commitment since it tends to become a ‘one-man-show’ where the individual finds it difficult to delegate work tasks and responsibility. Consequently, there is a lack of ‘business mindedness’, which hampers industrial dynamics, large-scale production and growth.

It seems from the interviews conducted that quality awareness is an important characteristic of a quality-based industry such as the hi-fi industry. In order for the developers/design engineers to construct and produce quality hi-fi equipment, this awareness needs to be inherent throughout the entire production network. [p. 331]

7.2. Localised learning and place-based branding

As already noted, space and place are essential to quality processes is often the result of certain traditions in specific geographical contexts. Traditionally, and relevant to the hi-fi industry, Sweden has an industrial knowledge base within engineering, mechanics and wood processing. Related to this, the Swedish music industry has, in recent decades, become established as a major global actor (artists, producers, post-production, software instruments, digital distribution, etc., see Power and Jansson 2004). Also, there have traditionally been a few larger actors within the Swedish hi-fi industry (e.g. Luxor) that influenced both knowledge about sound and sound reproduction, and a general knowledge about consumer electronics and other electric components. However, unlike the developments in Denmark and

the UK, the large actors in the Swedish industry did not survive the severe competition from low-cost countries during the 1970s and 80s and, consequently, the industry has not developed a strong cluster structure. According to one interviewee, Denmark has a dynamic industrial structure that emerged from larger hi-fi actors such as Bang & Olufsen. This has stimulated strong network relations, spin-offs, knowledge transfer, rivalry and competition, and created a structure of related and supporting industries (see also Ajami et al. 2006). Nevertheless, despite the lack of large hi-fi firms in Sweden, there are certain local milieus (the south-western parts of Sweden, especially the Gothenburg region, and the Stockholm-Uppsala region) where cluster-related processes take place.

Also, social and physical proximity is central to both product development and control over production processes and quality issues. As already noted, some respondents express their anxiety and frustration about the difficulties maintaining control when dealing with relations spanning distant locations, e.g. between Sweden and China. However, this might also be equally difficult even within a country when the actors involved are distant. Consequently, proximity is a prerequisite for knowledge sharing, which is a crucial part of the production process, and one of the producers interviewed explicitly claim that industry specific knowledge is hard or impossible to transfer between different people and locations. They emphasise that knowledge about sound and sound reproduction is simply too delicate and complex to be communicated throughout the production network. This suggests that knowledge in the industry has a tacit dimension (Polanyi 1967).

Related to the idea of localised learning is the importance of sophisticated customers. For various reasons, the Swedish market has often been used as a test bed for products in music and design industries (Power and Jansson 2004, Hauge 2007). Because of “consumers’ high demands” (Developer/design engineer and former store owner), the Swedish market was used

as a test bed in the 1970s and 80s when Japanese manufacturers introduced new products to the market.

Finally, there are a number of actors and specific initiatives that are trying to establish 'Sweden' as a place-based brand associated with quality hi-fi products. A collaboration project such as 'the Swedish statement' clearly made a connection between products, quality and geography. Some producers also market their products by using 'Made in Sweden' or by giving them cultural and place-specific names associated with Sweden and/or Scandinavia and Norse mythology. Important to note is that national discourses and subjective understandings (both from a producer and consumer perspective) might favour [p. 332] Swedish manufacturers for reasons other than quality, while internal discussions may also act as self-fulfilling prophecies.

8. Conclusion

By applying the quality framework to the Swedish hi-fi industry, this study shows that many actors are dedicated to a diverse set of quality processes spurring competitiveness. Especially, the distinction between the measurable and non-measurable has been analysed. Hence, this study adds aspects to competitiveness that previous literature on innovation has not fully recognized.

In the study, we find that quality adds to competitiveness at three different levels. Firstly, it is argued that competitiveness is stimulated when a product is positively associated with at least one of the quality dimensions in the framework. Our analysis shows that the hi-fi industry, in general, is highly associated with performance and projection and less so with protection. Secondly, competitiveness is arguably achieved when knowledge about and perceptions of quality and quality processes are filtered through all actors and their activities in a specific

production network, i.e. an increased focus on traditions, skills, competences, and knowledge associated with quality in specific places or industries. As such, this is an accumulative process in which quality awareness among all actors involved leads to better products.

Thirdly, regional competitiveness is stimulated when localised learning and place-based branding are integral parts of the quality processes. In relation to localised learning, proximity (both physical and social) facilitates the efficiency and depth of all stages of the quality process. Although not being part of a larger regional cluster structure, we find that the Swedish hi-fi industry is still being able to compete on global markets. This is not least evident when branding and advertising products, where for example the label “made in Sweden” is frequently used to associate space with quality.

In general terms, we find that a quality-based discourse may provide a better understanding of regional competitiveness, which traditionally has been criticised for being too narrowly focused on regional prosperity and equivalent types of economic growth. Consequently, a focus on quality processes has the potential to contribute to the discussion on regional and urban sustainability, spanning cultural, social, and environmental issues.

Nevertheless, to fully understand the complexity of the concept of quality and its relation to competitiveness, further research is needed. For example, studies of industries based on craft and craftsmanship may contribute to a deeper understanding of the materials and processes involved in manufacturing and use of quality goods and services. Additionally, studies on the linkages between quality and place-based branding may contribute to our understanding of innovation, entrepreneurship, and regional development and their potential for policy implementation.

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