UCL Université catholique de Louvain

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Marketing and innovation characteristics of Belgian International Niche Market Leaders

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Table of content

Introduction

In the 1980s, a German Professor, Hermann Simon begins to spread the term of "Hidden Champions", aka International Niche Market Leaders (INMLs). Despite their recognized high profitability, very little literature has been dedicated to them until now (most of it written by Simon himself).

Among the available documents on the subject, the main topics to be found are specificities of the INMLs products, globalization trends, innovation approach and relationship with the customer. As literature focusing on the Belgian market is missing, the purpose of this work is to address this issue by providing characteristics of our local INMLs.

I start with a list of existing niche companies, followed by a selection of candidates to interview in order to gather general information about them, focusing afterwards on Marketing & Innovation areas.

The goal of this analysis is to single out Belgian specificities in the matter, if any. Another purpose of this document is to highlight similarities and discrepancies between Belgian and foreign INMLs.

Chapter 1: International Niche Market Leaders' characteristics

This first chapter is dedicated to provide an overview of the literature about the International Niche Market Leaders worldwide. As the literature in this area is limited, it focuses on 4 main characteristics: Products, Globalization, Innovation and Relationship with the customers.

1.1. Value proposition

INMLs manufacture high quality products, the best of their market. Their products and/or services quality is renowned within the value chain they target, which typically allows them to set higher prices than others. The premiums reaped by the higher prices they apply allows them to dedicate a bigger part of their revenues to research and development (R&D) in order to carry on innovating and providing better products to the clients (Guinchard, 2013). However, even if INMLs tend to be market leaders, some of them face fiercer competition, which implies that many of these firms also need to compete on price, and thus have to operate in a cost-effective way as well (Simon, 2009).

Product quality also provides the advantage of naturally creating barrier of exit , which obviously protects the company against customer leaving for competition. Indeed, consumers are less inclined to switch providers if it is known that the quality of the competitor's products is lower than the one they are currently using (Voudouris, Lioukas, Makridakis, Spanos, 2000).

Another barrier of exit comes from the pioneer position INMLs hold on their markets. In 1989 Carpenter and Nakamoto (mentioned in Kamp, 2017) highlighted the fact that the first mover on a market benefits from the mental association to the new product, creating a psychological barrier of exit for the customer. And Kamp, in his 2017 study, discovered that most of the interrogated INMLs entered their markets as pioneers. Therefore, creating this psychological barrier of exit. Kamp (2017) outlined as well that "similarly, first movers are almost per definition viewed as innovators and differentiators, which appeals to specific client segments (Von Hippel et al., 2005; Kim and Mauborgne, 2005)"

Most of the INMLs are providing business to business products (Kamp, 2016). Business to business (B2B) products are goods that are sold by a business to another business, usually in order to enter the value chain of a bigger product, then aimed at being sold to the end consumer. This is one of the main reasons why those products (and companies) are unknown to the end consumer who sometimes uses goods without knowing the inner composition of such final products, and which producers contribute to the end product that arrives on the consumer market.

The fact that INMLs' products are not the kind of products consumers can buy in their everyday life also contributes to keep the INMLs hidden and unknown from the public (Kamp, 2016).

The number of products that a single INML offers to the market tends to be limited as they do not target diversification (Simon, 2009; Kamp, Ruiz de Apodaca, 2015). Rather they will try to give preference to sustaining their "cash cow". They are often aware that they are leaders of a specific field of expertise and they want to stick to it as they know their business better than anyone else. This is the reason why they do not want to lose themselves in diversification. INMLs are in favour of incremental innovation instead of breakthrough innovation. That means that even if a product works perfectly well, they will still try to make it more efficient (Guinchard, 2012).

Even though they are leaders of their markets, INMLS have to be aware that a product can decline and must observe the market to prevent product sales from declining. And if a product is threatened, they have to be able to follow new trends or develop a new product to stay on top (Simon, 2009). The substantial amount of money they invest in R&D helps them to stay on top of the market and to counter possible breakthrough innovations from competitors.

Historically, products were the first source of revenue for INMLs, hence their quality was these firms' first concern. But, nowadays, services linked to the products (such as delivery or after-sales maintenance) are increasingly important for INMLs. They are in some cases becoming even more important than product selling. Being able to provide a good after-sales service is creating the difference between companies, as products tend to be more and more similar to each other (Simon, 2009).

Moreover, the profits coming from services are higher than the ones coming from products as the margins obtained from them are typically higher. A challenge for INMLs is to stay in pace with globalization and to be able to provide good quality service everywhere in the world while having less means than large corporations (Simon, 2009).

1.2. Globalization

INMLs have first been documented in the 1980s, after scholars like Hermann Simon started to dissect what kind of companies were behind Germany's exceptionally high exportation rates. In fact, a high export rate is one of the typical characteristics of INMLs. Indeed, they often export more than they sell inside their own country (Guinchard, 2013). On average, they realize a significant part (at least 50%) of their revenue outside of their home market (Kamp, 2016).

This high rate of exportation is the consequence of the type of products INMLs manufacture. As they produce specific goods, their home market is often too small or even inexistent, in the case of particularly small countries (Simon, Coeurderoy, Guinchard, 2014). Therefore, to expand their market size and stay competitive, they cross the borders at an early stage of development (Simon, 2009). The only exception to this home-market limited size is the USA, considering the size and the development of the country, where some companies find enough customers (Guinchard, 2015).

Implementing globalization is tough and takes time; because even though most INMLs think about globalizing since the beginning, only a few people know the company enough to represent it abroad at that early stage. However, those same people are needed on the home market to strengthen the company, therefore globalization goes at a slow pace. Afterwards, when the company grows stronger on the national soil, the number of people that can represent the company abroad increases as well and internationalization can accelerate (Simon, 2009).

According to Hermann Simon (2009), doing business abroad is easier if your people already have had an experience outside of the country. This can be of any type: living, working or even studying abroad. Through such an experience, a person has already faced uncommon situations linked to cultural or language differences and these advantages will definitely help them to do a better job. Another way to open your mind to other cultures is to learn a foreign language. That's the reason why several INMLs give mandatory language classes to all their employees (Simon, 2009).

INMLs like to conquer foreign markets by themselves. They do not want to rely on anybody to promote and sell their products as they fear an outsider may harm the business because the outsider does not know the INMLs ways to make business. Moreover, they cannot really control how the contact with the client has been made and how the outsider is handling critical situations. However, entering a foreign market may be a tricky thing to do on your own, given the several differences that exist between all countries. Barriers of entry can come from the government, if the industry is heavily regulated, or from the language, from the lack of knowledge about the brand, the product or even the technology. To overcome those barriers, INMLs sometimes contract joint ventures with a national company (Kamp, Ruiz de Apodaca, 2015). The partnership is used by the IMNLs to get to know the new environment and as soon as they feel comfortable, they launch their own subsidiaries (Kamp, 2016). The creation of their own subsidiary also facilitates the contact with prospected clients (Voudouris et al., 2000).

Even though globalization has always been INMLs goal, it has been eased and accelerated this last decade thanks to technology development in transportation as well as in communication (Venohr, Meyer, 2007). Air and sea frights are nowadays safer and cheaper than ever, which allows companies to outsource a bigger part of their value chain while communications breakthrough has granted smaller firms with an easier access to expand their network from an early stage.

Europe is an ideal location to do worldwide business. Indeed, every location is reachable within a reasonable flight time and both Asia and America can be reached during EU working hours (Simon, 2009).

1.3. Relationship with the customer

All the authors (Guinchard, 2013; Guinchard, 2015; Kamp, Ruiz de Apodaca, 2015; Simon, Coeurderoy, Guinchard, 2014; McKierman, Purg, 2013; Venohr, Meyer, 2007; Voudouris et al., 2000) writing about INMLs go hand in hand with the fact that the relationship and more precisely closeness with the customer is one of INMLs' biggest attribute. Even INMLs attest that long-term customer relationship is one of their biggest strengths as Hermann Simon discovered in 2009 after interrogating a big part of them. He outlined the results of his discoveries in the Figure 4 below.

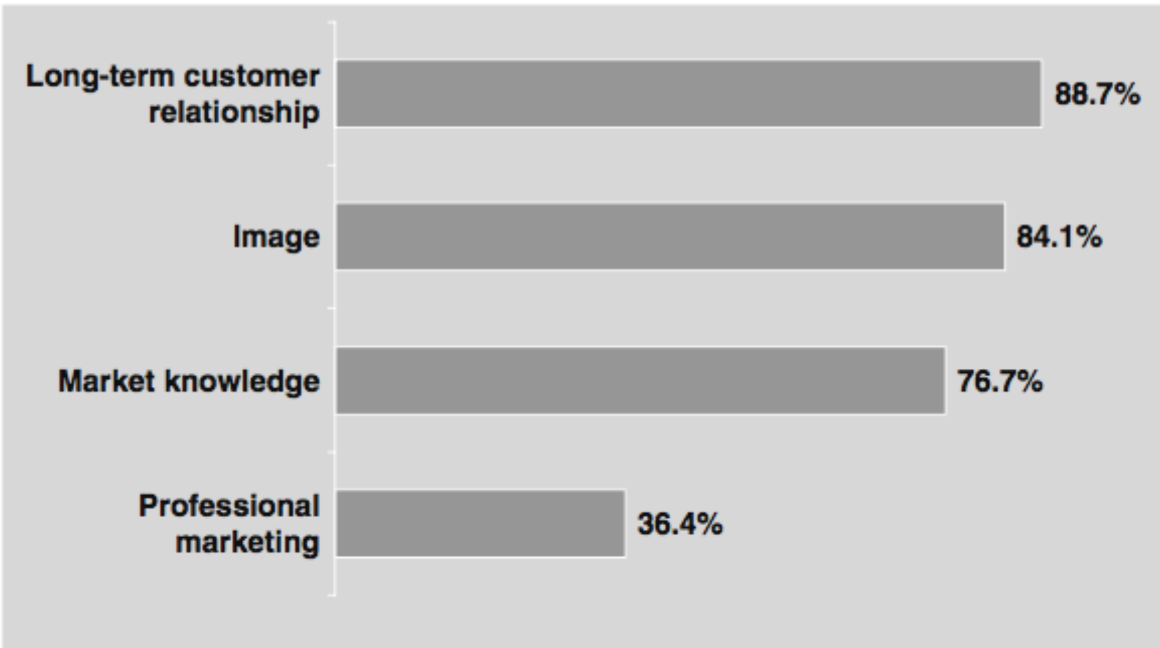

Figure 1: Customer-oriented strength of INMLs (Simon, 2009)

Another thing that can be underlined in this chart is the position of professional marketing as the weaker strength. Indeed, as long as they aren't too big, INMLs do not need it to be known from their target customers and favour word-of-mouth as well as a more personalized approach (Simon, 2009).

The main difference on that point of view between INMLs and large companies is underlined by the number of employees in relation with clients. “On average, more than a third of INMLs employees have frequent contacts with their clients while only 7% are in big companies (free translation)[1]” (Simon, Coeurderoy, Guinchard, 2014).

A clear advantage INMLs benefit from their peculiar relationship with their clients is the motivation they drive from it, mostly from their biggest clients’ request (Guinchard, 2013). Some INMLs choose to work with only their top clients, the most demanding one. Their feedbacks are very valuable and then help new products development thanks to their insight on the utilization of the product on a day to day process (Kamp, Ruiz de Apodaca, 2015). New products development afterward allows INMLs to reach other, less demanding customer with the best of the products (Simon, 2009).

Another thing INMLs have developed to keep clients satisfied is service surrounding the products. As they know their clients are their main source of advertisement, thanks to the word-of-mouth, INMLs take care to pamper them with a large range of services, now included in their value proposition (Venohr, Meyer, 2007).

Maintaining a close relationship based on trust is of primary importance for INMLs (Voudouris et al., 2000) as most of them realize the biggest part of their revenue with only 20% of their customers, following Pareto’s rule which says that “80% of a company’s sale come roughly from 20% of its clients” (Kamp, Ruiz de Apodaca, 2015). On another hand, some of them also have a lot of customers, and each customer only accounts for a small part of the revenues (Simon, 2009). It is therefore more difficult for these companies to maintain intimacy in the customer relationship.

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[1] En moyenne, plus d’un tiers des champions cachés ont des contacts réguliers avec leurs clients, alors qu’au sein d’un grand groupe ce n’est que 7% des employés.

In cases where INMLs only have a few customers buying the biggest part of their production, this can create dependence on these customers (Voudouris et al., 2000) and therefore give the latter more bargaining power than expected. If the customer has a strong bargaining power, it can put the company in a weak position (Johnson, Whittington, Scholes, Angwin, Regnér, 2014) and lead it to accept conditions that are in reality not good for its profitability, such as low delivery time, price cut, etc.

Decentralization of units allows companies to be closer to their customers and be aware of every detail about them. INMLs top managers' knowledge of their clients is impressive. However, because of internationalization, contacts with customer can prove to be harder to maintain (Simon, 2009). This is the reason why some of the INMLs organize their decentralization through the multiplication of smaller structures in different countries, often based on project-level (Guinchard, 2013; Simon, 2009). Then, they manage to stay in touch with the customers and to visit them more often. Large corporations cannot provide that degree of closeness to their consumers or when they try to do so, managers are not trustworthy because they are not familiar enough with the products details and/or the clients (Simon, 2009). Hermann Simon insists on the fact that customer relationship is a matter of good organization more than a matter of good employees (2009).

1.3.1. *Public Relations*

Public Relation's and marketing's focus usually are the brand awareness. The more your brand is known from the end customer, the better. To reach reasonable awareness from the general public, companies use different ways such as television or online advertisements. Strong media presence is also sought. As soon as the firm does something new and wishes to make it known, they want the press to circulate the information, to benefit from the mere exposure effect. The mere exposure effect was discovered in 1986 by Robert Zajonc who stated that "mere repeated exposure of the individual to a stimulus object enhances his attitude toward it". Therefore, marketers aware of that fact try to make the most of every time the brand name appear in the paper (de Moerloose, 2015).

However, unlike other companies, INMLs do like privacy and do not try to stay under the media spotlights. They enjoy the shadow and deliberately choose to remain there because it allows them to develop their strategy and their leadership without being annoyed by other players (Simon, 2009).

But sometimes, this absence from the press can also be the consequence of the lack of interest from the public for such enterprises, with respect to other subjects such as politics or well-known companies (Kamp, 2016).

Even though INMLs are not the press favourite subjects, and therefore do not rely on it to be known worldwide, brand awareness of such companies is strong inside the circle of the targeted brands (Kamp, Ruiz de Apodaca, 2015).

1.4. Innovation

1.4.1. ***Approach***

The literature agrees on the key importance of innovation for INMLs, even more than for large companies. Kamp (2016) argues that these companies often "obtained a prominent position in their respective markets thanks to the continuous efforts they put into innovations activities" while Stephan Guinchard (2013) declares that "hidden champions often dedicate important efforts to innovation" and Voudouris, Lioukas, Makridakis, Spanos (2000) report that "a great majority of hidden champions place emphasis on innovation".

There are 2 different types of innovation: incremental and breakthrough. Incremental innovation is an innovation that improves the product step by step (e.g. the seven generations of the same range of smartphone), while breakthrough innovation is creating something entirely new from scratch. IMNLs are the best in incremental innovation (Guinchard, 2013). The first product they manufacture is usually coming from a breakthrough innovation, but then they manage to stay on top by means of incremental innovations (Venohr, Meyer, 2007), thanks to their day-to-day exchange with clients to better understand the expected enhancements. This modus operandi has also been observed by authors such as Baumol

(2004) and Von Hippel (2005) who were not studying INMLs per se. Indeed, Baumol says (2004) that most of the technological breakthroughs since the industrial revolution came from small, new companies rather than major firms. Afterwards, those small firms became bigger and they focused more on incremental innovation than on creating a totally new product. As for Von Hippel (2005), he outlines the fact that, often, “lead users” (“lead users” being “users at the leading edge of the market with respect to important market trends (Von Hippel, 2005)”) proceed to product improvements based on their own expectations that sometimes are not captured by manufacturers as interesting innovations to make. Von Hippel therefore recommends companies to take into account these modifications from the lead users, which is already done by INMLs.

1.4.2. *Innovation sources*

Innovation can be driven by two different forces: one is internal (R&D department, top management, …), the other one is external to the company (customers, suppliers, …). One of Simon’s conclusions on the topic is illustrated in the Table 1 below, which outlines each of these internal and external factors importance. It highlights that top management and customers are key players when it comes to innovation.

Impulse	Percentage very important/important	
	internal	external
Top management	93%	
Customers		92%
Other company departments	67%	
R&D department	64%	
Competitors		61%
Affiliated enterprises		54%
Suppliers		44%
Science		40%

Table 1: Importance of stimuli of innovations (Simon, 2009)

Having top management involved in product innovation might seem odd: do they not have bigger things on their plates than worry about that? But as INMLs tend to be smaller than large corporations, CEOs manage to stay closer to the developing teams and follow the different projects. This is difficult to achieve inside large corporations because of their size: they are so big that top management cannot follow the flow of new things. Even though INMLs are now bigger than before, they solve that problem by decentralization (Simon, 2009).
Having customers involved in the innovation process is one of the key of INMLs' success. Intimacy with the customer and investments in research are strongly correlated (Guinchard, 2015). Closeness with the customers allows INMLs to be more efficient and to cut costs while developing new products. They can use their feedbacks to enhance current products or create new ones (Simon, 2009).

Besides the importance of internal or external forces, innovation can also be market or technology driven. During his investigations on INMLS, Hermann Simon wanted to know whether one or the other was leading to more results. From his study (2009), it appeared that whereas large corporations usually focus on only one of the two forces (either market or technology), most of INMLs focus on both ones at the same time (see Figure 1). This leads to better products and better reactivity to market, but it is a harder strategy to implement (Simon, 2009).

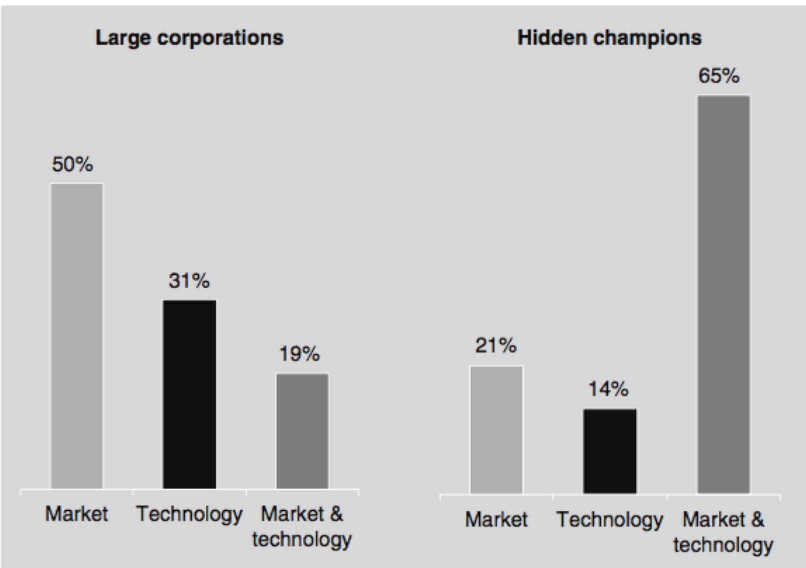

Figure 1: Driving forces of innovation in large corporations and in INMLs (Simon, 2009)

1.4.3. *R&D Budget*

Various studies (Kamp, Ruiz de Apodaca, 2015; Guinchard, 2015; Simon, Coeurderoy, Guinchard, 2014; Guinchard, 2013) agree on saying that INMLs spend a bigger percentage of their turnover in R&D than large companies. In average, they spend twice the amount of larger companies (Simon, Coeurderoy, Guinchard, 2014). In 2013, the strategy cabinet Booz & Company (now Strategy&) concluded that large companies "dedicate 3,6% of their turnover in R&D. For hidden champions, this rate reaches 6% of the turnover and even 10% in some cases (free translation)[2]".

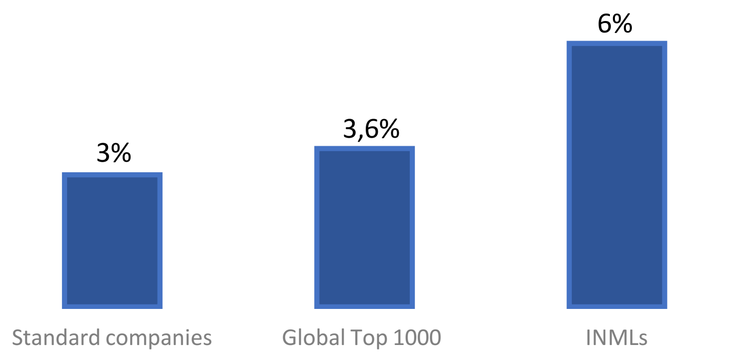

Figure 2: R&D investments as a proportion of the revenue (Simon, Coeurderoy, Guinchard, 2014)

In an interview he gave in 2013, Stephan Guinchard supported that this strategy allows INMLs to create a virtuous circle: "the company manufactures high end products, which allows it to sell at a more expensive price than its competitors, clear a higher margin and plough it back into R&D (free translation)[3]". However, the absolute budget spent by INMLs in R&D is overall smaller than the one spent by larger companies as their turnover is significantly lower (Simon, 2009).

Plus, thanks to this virtuous circle, INMLs can afford a lot more of "good" market shares. Indeed, in opposition to the common thought of the last years, market shares and profitability are not related. Hermann Simon (2009) would rather talk about "good" and "bad" market

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[2] "consacrent 3,6% de leur chiffre d'affaire en R&D. Pour les champions cachés, ce taux atteint 6% du chiffre d'affaire et même 10% pour un quart d'entre eux".
[3] "l'entreprise fabrique des produits haut de gamme, ce qui lui permet de vendre plus cher que ceux de ses concurrents, de dégager plus de marge et de réinvestir celle-ci dans la R&D".

shares to explain this phenomenon. “Good” market shares are the ones driven by exceptional technology and quality whereas “bad” market shares are created thanks to price reduction (Simon, 2009). If the market shares increase because you have dropped your prices, you may not be profitable and the market leadership may not last. Most INMLs capture “good” market shares, based on good quality and technology, maybe with higher prices than the competition. As they have “good” market shares, they generate a lot of profit and will last.

1.4.4. *Patent*

A lot of money is invested in R&D each year, but is it leading anywhere? What are the results? One way of attesting the efficiency of R&D is patenting. The more patents you introduce, the more the R&D department of the company can be considered effective. However, pears cannot be compared with apples and as companies do not have the same size and the same investment possibilities, considering the number of patents published per year -without any other way of comparison- will not reflect reality correctly. This is why Hermann Simon chose to compare the companies by number of patents published by employees.

If we look at the numbers, INMLs issue more patents than large corporations, with comparison to the number of employees (Simon, 2009). As the figure below illustrates, INMLs release of patents is five times bigger than in large corporations (given the number of employees) (Simon, Coeurderoy, Guinchard, 2014).

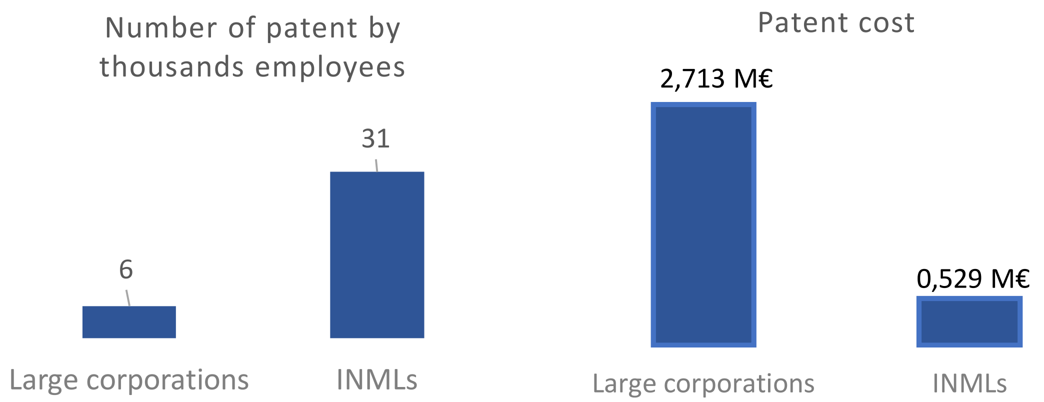

Figure 3: Innovation performance of large corporations and INMLs (Simon, Coeurderoy, Guinchard, 2014)

Nonetheless, INMLs opinion on patent may vary. Some of them make “use of patenting as part of their innovation and competitive strategies and consider it to be relevant in reaching and defending market leadership” (Kamp, Ruiz de Apodaca, 2015) while “some say that publishing patents gives competitors critical insights” (Venohr, Meyer, 2007). Moreover, patents are arduous to obtain so some of the smaller companies sometimes choose to not protect their new discoveries (Simon, 2009).

Patents can be issued not only for the company’s utilization but also to prevent the competition from using it (Simon, 2009) or to be aware of what already exists on the market (Kamp, Ruiz de Apodaca, 2015).

Chapter 2: Methodology

This study's purpose is to make a situational analysis of Belgian International Niche Market Leaders, focusing on Marketing and Innovation techniques. In order to gather information on such companies, my first mission was to decide what would be the characteristics of the companies I considered as being Belgian INMLs. Therefore, I determined the various selection criteria I would follow during my explorations. Once these criteria were established, I used several sources such as press release, contest results or personal conversations, to help me find the companies. After that I was able to draft a list of Belgian INMLs.

Once the list was established, I decided to proceed to a qualitative study and to run several interviews among the listed companies to gather insightful information directly from the involved person. The companies were contacted by e-mail or through their website's contact forms. The interviews were realized inside the companies' offices and lasted on average one hour. The discussions took place with employees working either in the marketing or in the R&D departments.

I compiled all the interviews I performed in an excel file to compare the answers. The responses were sorted by questions which in turn could be divided into several topics. This division of the topics allowed for comparisons to be made and several points or trends to be outlined. Afterwards, a comparison framework was elaborated to draw certain conclusions on the previously outlined topics. The topics I will therefore focus on are the INMLs' marketing (value proposition, companies' globalization, relationship with their customers) and their innovative approach. The purpose of the study will be to outline the similarities and the discrepancies between Belgian and foreign INMLs and afterwards to highlight the differences among Belgian peers only.

2.1. Selection criteria

My thesis focus being to analyse Belgian International Niche Market Leaders (INMLs) and then their marketing and innovation characteristics, the first obvious selection criteria was for the companies to be Belgian-owned. Afterwards, selection criteria were chosen according to what the literature (Guinchard, 2015; Kamp, Ruiz de Apodaca, 2015; Kamp 2016; Simon, 2009; Simon, Coeurderoy, Guinchard, 2014; Venohr, Meyer, 2007) had agreed upon when dealing about International Niche Market Leaders, i.e.:

1. Being in the top 3 global market or number one on its continent;
2. Revenue below 2,5 billion[4];
3. Low level of public awareness

The first one is obvious when looking for international leaders, and the two following ones have been chosen to refer to the main characteristics of the firms I am looking for, which is being in a niche market. As a niche is a small, specialized market for a particular product or service, companies of the sector cannot generate a huge revenue (compared to larger corporations) and therefore do not beneficiate of a high level of public awareness neither.

Besides those three criteria, I also wanted the companies to be in the “growth” or “maturity” stage as described in the below product life cycle:

[4] This is the only point of the definition where the authors do not quite agree. Indeed, Hermann Simon, who is considered a reference on the topic, increased the value from 1 to 4 billion between his first book in 1999 and the second, published in 2009, while others stuck to a threshold of 1 billion (Kamp, Ruiz de Apodaca, 2015) and even less (Venohr and Meyer say in 2007 that the company “should not generate more than circa 800 million €”). On another hand, Guinchard sets up his mind on a maximum of 3 billion € in 2015 as well as in his 2014 publication with Simon and Coeurderoy.

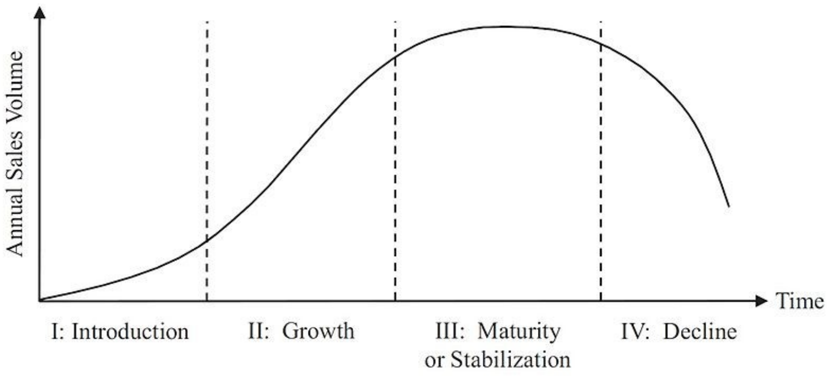

Figure 4 : Product Life Cycle (Interaction design foundation, 2016)

This characteristic was motivated by the assumption that, in the "introduction" stage of the life cycle, the market is very "fluid" and changes year after year and competition is entering and leaving the field at any time. As the market keeps evolving, one cannot say whether the market will remain a niche or if the company will remain market leader. However, in the next stages, these competition fluctuations appear to stop and the market does not change significantly anymore.

There is no clear information in the literature about the product life cycle longevity. Therefore, I made the assumption that, after ten years, a company was out of the "introduction" stage and added this to the criteria to be applied.

The complete list of selection criteria is thus the following:

- Belgian owned
- Top 3 in the global market or number one on its continent.
- Revenue below 2,5 billion
- Low level of public awareness
- At least 10-year-old

These selection criteria were verified thanks to several sources. Most of the information about the companies came from the companies' websites, the crossroad bank for enterprises the companies' balance sheets and the Trends top website[5].

[5] "Trends Top is a one-stop-shop for up-to-date company information and advanced web tools for financial analysis, targeted prospection, geomarketing and sales management." (Trends Top, 2017)

Chapter 3: Sampling activities on Belgian International Niche Market Leaders

Given the kind of products they manufacture, INMLs are not easy to find. This is one of the reasons why these leaders were also named “hidden champions” by Hermann Simon. Here is a list of the Belgian International Niche Market Leaders I could find during my research. Some of them were pointed out to me by people I know, while others were found on the “Union Wallonne des Entreprises” (UWE) website.

3.1. Belgian INMLs list

After my researches I came up with the following cloud of 42 Belgian INMLs. A small description of each of these companies is available in appendix 1.

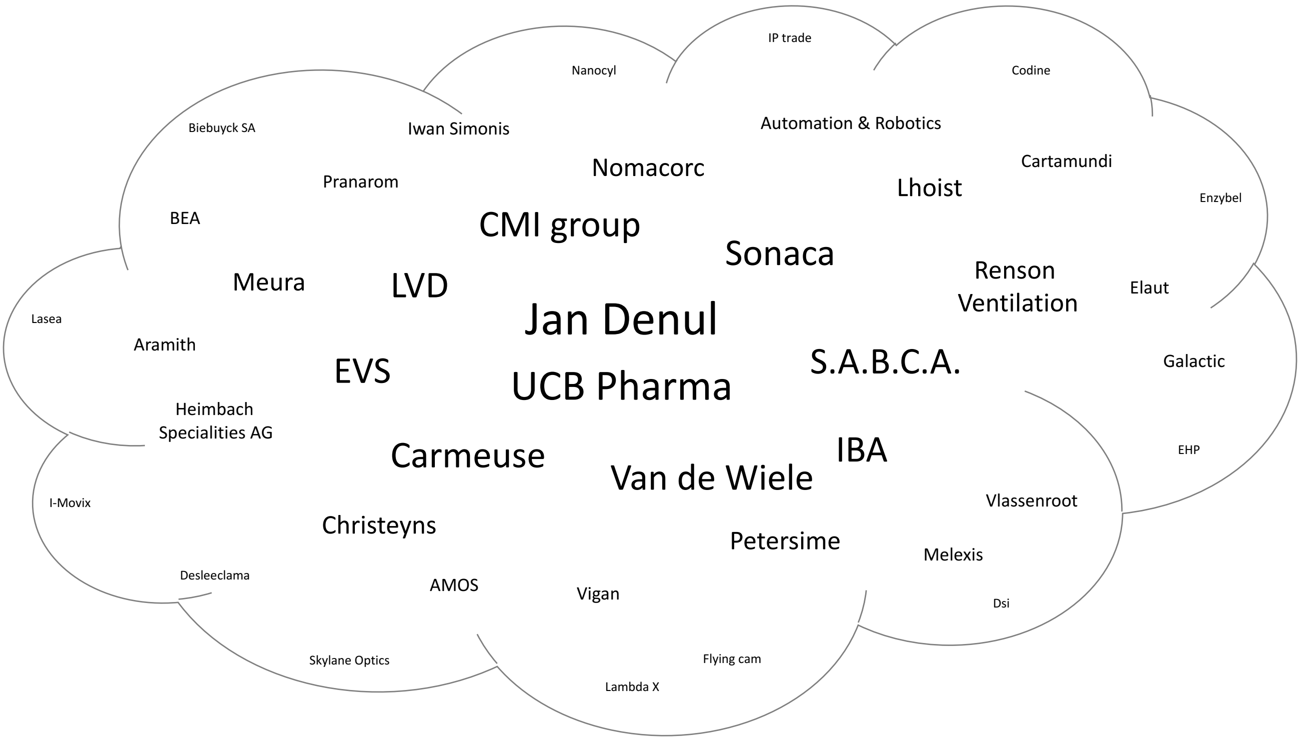

Figure 5: Belgian International Niche Market Leaders

The companies at the centre of the cloud and in bigger letters are the biggest Belgian INMLs I discovered so far. Then, the farther from the centre and the smaller the letters, the smaller the company. Ranking is based on last year revenue (found on Central Balance Sheet Office)

3.2. Analysis of the characteristics of the companies that make up the base sample

The average age of the companies listed above is 76 years old, with a standard deviation of 70,7. This significant deviation comes from the fact that some companies, Iwan Simonis and Cartamundi for instance, are much older than the others, respectively 337 and 252 years old. There are therefore companies significantly younger as well as elder than 76. Indeed, the youngest of these companies is 11 years old while the eldest is 337 years old. In this case, it is more relevant to consider the median which is 55 years old. This means that half of the companies are less than 55 years old while the other half is more than 55 years old. The distribution of the companies according to their age is illustrated in the bar chart below.

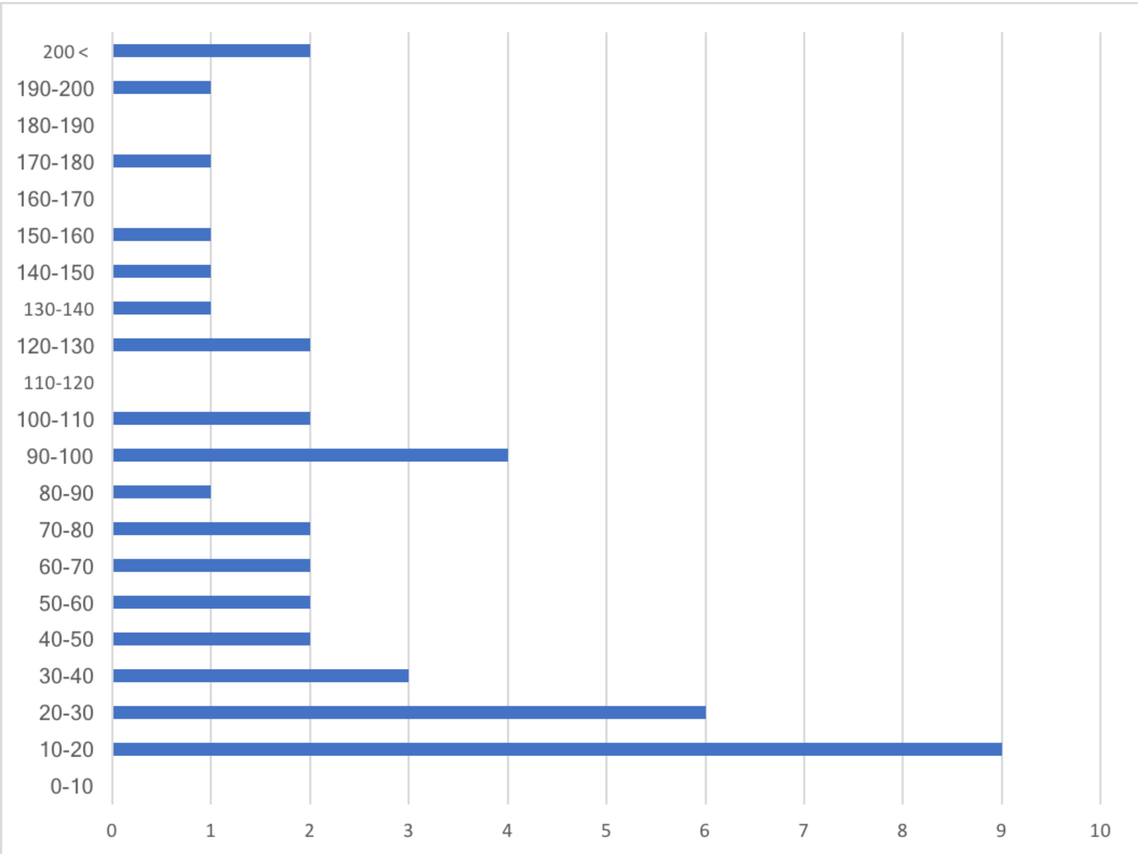

Figure 6: Belgian INMLs Age classification

On the x-axis, increasing gradually by 10 years, age intervals are outlined while the y-axis reveals the number of companies included in each interval. From this graph, we can conclude that slightly more than one fourth (26%) of the companies are more than 100 years old, which is “a convincing demonstration of these companies’ ability to survive” (Simon, 2009).

However, even though some companies are pretty old, most of them are between 10 and 20 years old. The absence of companies in the 0-10 interval is a consequence of the selection criteria explained in the previous section.

More than two third of the companies listed above are from Wallonia, the French-speaking part of Belgium. But this does not necessarily mean that most of Belgian International Niche Market Leaders are from this part of Belgium. Indeed, during my investigations I had the chance to find a Walloon source (the UWE website) underlining some of the companies of the list. Unfortunately, I was not able to find the Flemish counterpart and this skews a bit the conclusion.

It is also interesting to have a look at companies' revenues and number of employees to have an idea of their sizes. Belgian INMLs' average revenue is 134.931.155. However, given the standard deviation size (373.597.244), this number must be used with caution.

Revenues	
Annual revenues <10 million €	31%
Annual revenues 10-50 million €	31%
Annual revenues 50-100 million €	14%
Annual revenues 100-500 million €	19%
Annual revenues > 500 million €	5%
Number of employees (FTE)	
< 50	38%
50-100	14%
100-250	26%
250-500	7%
500-1000	10%
> 1000	5%

Table 2: Belgian INMLs: Key figures

As outlined in Table 4, more than 60% of the studied companies have a revenue lower than 50 million €. Only 5% of them reach a revenue higher than 500 million €. The number of employees is also outlined in Table 4. Most of the companies employ less than 100 people. The conclusion that can be drawn from this table is that Belgian INMLs stay quite small

companies, with only a few of them reaching the 500-employee and 500-million marks, which is not much compared to big multinational companies.
The number of employees has been calculated based on the Full Time Equivalent (FTE) ratio unit. The FTE ratio is the total amount of hours worked by all the employees divided by the number of hours in a normal full time working-day (i.e. 7,6 hours) (Belgium.be, 2017). Therefore, this ratio gives the number of employees working full time for the company (i.e. if two people are working half time, they will account for only one person).

The entirety of the data is available at the appendix 3.

3.3. Interviewed companies

In order to get better and deeper information about the type of companies INMLs were in Belgium, I contacted several companies of the list to ask for an interview.

I reached out to 32 of the 42 abovementioned companies. The answer rate to my request was 28% as 9 of them answered to my e-mails. From those 9 responses, 4 companies agreed on meeting me while the other 5 sent negative answers. The main reason of those refusals was a lack of time from the required persons, even though the subject of the study seemed to interest them. One of them, however, replied that they were not willing to share such information (see appendix 2 for the interview guide) about them with anybody. In the end, I thus had a positive response rate of over 12%, which is acceptable and matching Herman Simon results of 11% for similar enquiry in 2009. According to him, “less intrusive studies of this kind usually achieve response rates of 15%-20%” (Simon, 2009).

On another hand, Eisenhardt (1989) stated that researches should aim at a number of cases to study ranging between 4 and 10, because “the iteration process stops when the incremental improvement to theory is minimal.”

I therefore decided to proceed with the four enterprises which had accepted a meeting to be interviewed:

- IBA
- Renson
- Skylane Optics
- Vlassenroot

The respective data – limited to the Belgian Market- of the interviewed companies are the following:

	Company's age	Annual revenue (last available)	Number of employees (FTE)
IBA	31	218,577,810 €	644.70
Renson	108	83,875,938 €	195.80
Skylane Optics	19	2,066,343 €	13.00
Vlassenroot	91	16,693,658 €	47.60

Table 3: Interviewed companies' data (Source : Central Balance Sheet Office, Trends Top)

Comparing these figures to the analysis performed on the 42 INML's, some similarities can be found between the 4 companies of my sample:

IBA and Renson are in the upper ranges for annual revenue and number of employees while Vlassenroot and Skylane Optics are in the lower ranges.

From another perspective, IBA and Skylane Optics are the youngest companies in the group (below the average of 52).

The same interview process was used as a guideline for each one of the four interviews. All interview transcripts appear on the appendix 4 to 7.

Chapter 4: Findings

The purpose in this chapter is to offer an overview on marketing and innovation techniques specific to Belgian INMLs.

For each sub-chapter, I have sorted the findings by topics raised by all the interviewed persons.

Information and details from the interviews were processed through to an excel file (see appendix 8) which helped to emphasize some relevant points.

4.1. Findings on marketing

Marketing is rarely treated as a topic in the INMLs literature, even though authors do study several points inherent to marketing, such as value proposition, globalization and the relationship with customers. Those topics were therefore discussed during my interviews, as well as several others like competition and brand awareness. The results from the interviews are outlined in this section.

4.1.1. *Value proposition*

The companies have in general one cash cow. Only Renson responded that they had more than one (three). However, all the cash cows are pretty new (less than ten years old). For most companies, the current cash cow is no longer the products they were selling when they were created.

IBA, who began in 1986 by developing medical imaging devices, decided to slightly change its business scope when, during its researches on radiotherapy, it discovered the abilities of the proton therapy in order to cure cancers. Proton therapy is now considered better than radiotherapy, because it targets the tumour more precisely while being less intrusive for the patient's body. Therefore, the main part of IBA's current business is selling proton accelerator to hospitals all around the world.

In 1909, Renson's story started by selling door and window accessories. After the second World War, and with the spreading of heated bathrooms, ventilation of a house became important and Renson developed its first aeration process. Afterwards, with the diversification of the isolation means which prevent heat exchanges, aeration was not enough anymore and Renson begun to develop ventilation systems. Nowadays, Renson keep developing its ventilation systems in order to make them less energy consuming and easier to hide in a house façade.

As for Vlassenroot, the company has always been acting in the steel industry, but it is only in 1996, after being taken over by Mr JC Wibo (the current owner), that they focused on manufacturing telescopic cranes. Indeed, telescopic cranes were already part of their business, but accounting for only 10% of the turnover. When he took over the company, Mr Wibo saw an opportunity on this market and decided to invest in it. Nowadays, 90% of their turnover is linked to telescopic booms and the company's turnover grew from 2-3 million in 1996 to 100 million in 2008.

Only Skylane Optic's cash cow is the one with which they entered the market. Skylane is manufacturing transceivers for optical communications. A transceiver is an item able to transmit and receive communications, thanks to switches, and serves as an important sub system in fiber optic communication networks. Skylane's transceivers differ from the other on the market because they are generic. This means that a Skylane transceiver can operate with different switches brands (Cisco, Dell, …), while the transceivers from those brands only match theirs.

It is also relevant to mention that, besides their cash cows, IBA and Renson said they were now selling services along with their products.

a. Pioneer

Although all the interviewees qualified their companies as a pioneer in their fields, we must differentiate here 2 types of pioneers. The ones creating a totally new product and the others improving an already existing product.

The first category is represented by IBA and Renson who both developed totally new products. Of course, radiotherapy and proton therapy already existed when IBA entered the business, but IBA revolutionized the proton therapy world thanks to its new type of cyclotron with a simpler and more effective way to create proton (IBA, 2017). Moreover, they were the first company to create a smaller (and therefore cheaper) proton accelerator allowing even smaller hospitals to get the technology. As for Renson, they were the first ones to think about the health box. The health box is a device allowing the ventilation system users to measure the air quality of their houses, thanks to air component analysis tool (CO_2, H_2O and volatile organic compounds). Before the health box was created, the people ventilating their houses couldn't assess the benefits of the ventilation system.

The second category is represented by Vlassenroot and Skylane which did not create entirely new products, but they chose to upgrade either the fabrication process of one product or a product itself. Vlassenroot improved the telescopic booms fabrication process as it was the first company to reunite all the shops (bending, welding and fitting) for telescopic booms in only one company. Before that, the telescopic boom had to go through several companies to be finished. Skylane Optics, on another hand, saw an opportunity in the transceiver market when they realized it was fastidious for transceiver users to carry a different transceiver for each different switch brand. It was both expensive and space consuming. This is the reason why Skylane developed a top quality transceiver (i.e. as good as those manufactured by switch brands), able to work with any switch brand. Renson can also appear in this category thanks to their sun protection screens, because, after buying a bankrupted screen company, Renson chose to change the screen technology, as Olivier LAMBERT said:
The competition before only offered screen that had no fixations on the side. So if the wind started flapping, it started to tear. And that's where we changed the game because we went for fix screens. So that was clearly our pioneering effect.

Consequently, as they have 'only' improved an existing product, Vlassenroot and Skylane both considered being on a mature market (i.e. a market where competitiors offer similar products and competition is more based on price than innovation) while IBA and Renson considered being on a more immature and less stable market (i.e. competition does not have the same products).

b. Price, quality and costs

Managing the right price/quality balance of a product is tricky for all companies. In this case, the companies have decided to focus on the quality rather than on the price of the products. A main reason on this choice is that a decrease of the price is often done at the expense of the product quality, and they value quality more than anything else, as demonstrated in the following extracts.

Quentin BOLLE (Skylane Optics) said: “If we want to decrease the transceiver’s price, we would have to decrease the quality as well, and that’s something we are not ready to do”.

Olivier BLONTROCK (Vlassenroot):
We always say that you have to be in the cloud. Being in the cloud means that you have to be in the interval (plus/minus what the customer expects). So, you have to be inside that interval. And then, I think the most important thing is that you focus on quality as a priority of everything and then price is less important.

Olivier LAMBERT (Renson): “No, it (the price) is not our priority. Our priority is about the quality of the air”.

In IBA’s case, however, the quality requirements are legally set, which means that quality differences among competition are very small. Therefore, and given the tender the hospitals have to make, price competition is fierce and price is one of the main competition points. So, given the high quality standards required, the only way to cut prices is managed through cost efficiency and economies of scales. In his interview, Nicolas BRONCHART said: “If we manage to sell 10 to 15 small accelerators a year, this goal is reached and will enable a considerable decrease of the production costs.”

c. Diversification

Opinions on diversification were divergent. On one hand, IBA declared they were not looking for diversification, as it was already hard enough to make business right now. On another hand, Vlassenroot and Renson answered that it was relevant as long as the new offers are in line with the current company's mission. Olivier LAMBERT from Renson declared, about diversification:

Yes, it is important, but with a conceptual view. It needs to stick together. To have the concept. It has to be in the mission. If it has nothing to do with what our mission is about, then what are we doing?

In Vlassenroot's case, the need for diversification came from the crash of the crane market along with the financial crisis in 2008. As the market has never recovered, they now have to find other types of clients and other applications for their machines.

d. Standard or custom-made products

Skylane is the only one of the interviewed companies which was selling standard products. Indeed, as they had to fit the switches sold by other companies, Skylane does not have room for customization. They have to follow the standards set by others.

IBA and Renson are classified between standard and customized products. They have a product range that clients can ask to improve according to what they want. As for Vlassenroot, they only manuacture custom-made products as all is made according to the client's requirements.

4.1.2. *Globalization*

The four interviewed companies have customers coming from all around the world. IBA, Vlassenroot and Skylane Optics asserted that more than 95% of their products were exported outside Europe. Renson's exportation rate is lower, but still significant as 50% of their turnover is generated outside of Belgium.

The majority agreed on the fact that marketing and sales activities increase in function of the remoteness of the clients. For Skylane, the hardest part is to find the right person of contact outside Belgium. Quentin BOLLE said that "… it is already difficult to find the right interlocutor in Belgium, but it is even harder to find them in foreign countries". In Vlassenroot's case, the hurdle come from the difficulty to keep a close relationship with the clients. Olivier BLONTROCK said "We have to find time to meet our customers as you have to combine that with daily activities so that's difficult".

As for Renson, the difficulty is coming from the large number of people they have to advertise about the brand. Not only do they want the distributor or the house builder to know the brand, but they also want the end consumer to know it, value it and therefore be willing to spend a higher amount of money for the Renson brand. However, such a marketing at a national scale is expensive, hence they have to develop it step by step, which is fastidious.

Only IBA isn't sharing the thought that marketing on an international scale can be hazardous. When questioned on this matter, Nicolas BRONCHART answered "All our clients are abroad as we export more than 90% of our products. (…) Therefore we only make business abroad and it is not that complicated. We fly and visit clients all the time, and it is not more complicated abroad than elsewhere". About that point, IBA was not the only one to outline that they were often visiting their clients. Renson and Vlassenroot also shared that they were often on the road to meet their clients and made sure that they were aware of any customer feedback they should know of.

4.1.3. *Relationship with the customers*

Incontestably, it is the closeness to customers that was the most outlined marketing technique, every company began by this point. Olivier LAMBERT from Renson said "We want to get closer to the customer. That is an important aspect for us", and Olivier BLONTROCK, from Vlassenroot shares the same point of view as he said: "And (we focus on) customer intimacy as well. Those are the most important ones".

Customer intimacy allows them to have feedback on the products. Indeed, even though these companies are the ones manufacturing the products, they are not the ones using them in a day-to-day life. Therefore, customer's feedback is utterly important. Based on these feedbacks, they can plan the next series of improvement or launch new R&D ideas.

a. Customer profiles

Customer profiles for such companies are significantly different, given the fact that the products they manufacture have targets that differ from one another. However, similitudes arise anyway, such as the fact that Vlassenroot, IBA and Skylane only have a few customers. Indeed, because of the nature of the goods, the number of buyers is limited. Their products are either too specific or too expensive to be of everyone's interest. Indeed, IBA can only sell to hospitals big enough to proceed to such an important investment while Vlassenroot only supplies the 4 bigger telescopic boom manufacturers and Skylane's product is very specific and only used by a limited number of companies. As for Renson, the company is producing more commonly accessible kinds of goods, and some of them are now required when building a house.

4.1.4. *Market size*

Given the type of products they are selling, the companies interviewed do not face a big number of customers. This is the reason why most of them are currently trying to expand their market by thinking of new customers they can reach with their existing infrastructure.

Skylane, which initially sold its transceivers to telecommunication companies only such as Proximus and VOO, now also turned to data and game centres. IBA created a smaller proton accelerator that allows them to target smaller hospitals and Vlassenroot, which originally was only addressing the main telescopic boom manufacturers is now also addressing smaller crane manufacturers. For Vlassenroot, this need for diversification came from the decline of the construction market triggered by the 2008 financial crisis. That year, 6000-6500 cranes were manufactured and in 2009 it fell to 1500-2000, which meant a decrease of about three quarter of the production, and "(…) then everybody had the capacity to make 1000 cranes". Hence, they started to be interested in smaller crane manufacturers which were not in their scope before.

Nonetheless, some are luckier than others and see their market expand with the occurrence of external circumstances. This is the case for Renson which market is growing on its own thanks to new Belgian legal obligation. Nowadays it is mandatory to install ventilation system when building or renovating a house, whereas is was only optional before. This new obligation thus increases the ventilation system demand.

4.1.5. *Competition*

Given the small size of each company's market, there is no room for a lot of players and the competition they each face is quite small.

Nonetheless, there are still differences between them and competitors' products. IBA, Skylane Optics and Renson asserted that their products were different from what the competition offers. Only Vlassenroot said that they had similar products, at least among larger crane manufacturers, which is their largest market. As for smaller cranes, there are more differences between the different players.

The offers can demonstrate small differences with the competition or big ones, but the biggest divergence they outlined was the level of quality. Skylane and Renson insisted on the fact that they differed from the competition on a quality point. Olivier LAMBERT, from Renson even said: "There is nobody that has the same quality that we have with the same technology". Olivier BLONTROCK from Vlassenroot, on another hand, said "I think quality-wise and price-wise, there is not a lot of differences. I think quality definition is very broad: you can have just quality of your products but you can also have the quality of all the rest." He meant that not only product quality was to be considered from a competitive point of view, but that what also mattered was the service quality surrounding the product. Thus, they now concentrate on providing their clients with top-quality contact and services.

The lack of quality variation between IBA and the competition is coming from the environment they are evolving in. Indeed, not everybody can play with patients' health and there are legal constraints assessing the quality of the accelerator. Therefore proton accelerators developers must stick to it and deliver high quality.

Barriers of entry seem to play a role in the limited number of players. As Olivier BLONTROCK said: "(…) barriers of entry are high because investments are important, it's difficult (for others) to get to know the customers, to have the quality, etc."

However, some INMLs face fiercer competition. As it was outlined before, Renson sees its market growing thanks to new legal obligations. Therefore, other companies with means, as heater companies (such as Viessmann) which see their market shrinking because of other legal obligations (i.e. isolations obligation) are now investing a lot in developing their own ventilation system and thus enter this growing market.

4.1.6. *Brand awareness*

Brand awareness is also a key element of their marketing strategy. Even though there are usually only a few players in each market, being recognized as the "top of the mind" brand is important for them. On that topic, Olivier LAMBERT (Renson) said "Recognition of the brand name, that's what we want to achieve".

At IBA, even though it is a very specialized market and therefore all the players are known by the customers, they decided that they wanted to stand out from the crowd of other medical firms. To do so, when they refreshed their logo, they chose the green colour, because on the medical market all the logos are red or blue. And it worked! On medical fairs, their green logo stands out from the sea of red and blue and it is the only one that is clearly seen and remembered.

4.1.7. *Advertisement*

Two main opinions were expressed about advertising. On one side, there are Skylane Optics, Renson and Vlassenroot, agreeing on the fact that advertising is important for them, and on the other side there is IBA, thinking the opposite.

In IBA's case, they do not feel the need of advertisement. Indeed, as there are only a few competitors in that area, every medical publication on the topic of proton therapy mentions all of them. Moreover, the decision of buying such a device takes time, therefore the person in charge of the purchase will have read a lot about it beforehand, and as IBA is the market leader, they will read a lot about them as well. Furthermore, as health is publicly financed, hospitals must call for tender before making their choice, and IBA is automatically informed of hospital willingness to buy a proton accelerator.

Nonetheless, this is not the case of every company and many of the respondents said that they had to advertise a lot to maintain the brand awareness. For Renson, advertising is a key element of the marketing strategy. Not only do they have to create awareness around their brand, but they also must inform the end consumer about ventilation necessity. Therefore, there are two sides to their advertisement strategy: on one side they want visibility and on the other side, they want acknowledgement on ventilation advantages. For the visibility, they are making football and cycling sponsorings as well as advertising campaigns in the papers whereas for the ventilation advantages, they have, among other things, a partnership with www.gezond.be regarding air quality. As for Olivier BLONTROCK (Vlassenroot), he nuanced his answer. Indeed, it is not necessary for Vlassenroot to keep advertising for the four big crane manufacturers which already are their clients and are well aware of the company. But they need to advertise and to get their brand known from smaller crane manufacturers. (cf supra: in 2009, the worldwide crane supply demand fell by almost 75%)

4.2. Findings on Innovation

Even though most of the companies agreed on innovation importance in business, they are not necessarily (even proportionally) dedicating the same means to it. My purpose in this chapter is to expose the differences in both means and goals regarding innovation.

4.2.1. *Approach*

On one hand, IBA and Renson have developed their whole strategy around innovation and keep investing more and more as well as hiring new people in the R&D department. Nicolas BRONCHART (IBA) declared: “Product innovation, this is what we do. We are looking to innovate and to create new products. The small accelerator, for instance, is a product that comes from the R&D department” and Olivier LAMBERT (Renson) said:

At any time, we are trying to find which are the products that we can develop where we could be different than all the rest. And we are not going for the big markets, we are going for those niches. Finding out where we can make a difference and then focus on it and go for the sales on that.

Both attested that none of their competitors were as innovative as they were. When asked if they had competitors which were more innovative, Olivier LAMBERT from Renson simply said: “More innovative? I can’t see them”.

On another hand, Vlassenroot and Skylane Optics do not put innovation in the center of their development strategy because there is not that much room for innovation in their area of expertise. But this does not mean that they do not think innovation is important, as Olivier BLONTROCK (Vlassenroot) outlined during his interview:

If you define innovation by finding something new, by innovating, then you have to do that as a company. There are 2 things you can do: you can manage what you already have (and that’s good) but if you want to take a step forward, you always have to innovate, whatever the area you are working in. As soon as you stop and you say we are okay and we are going to continue to manage what we have now, without improvement, then you are out of business in a couple of years. It’s really about continuing to find ways to be better.

The three companies agreed on the fact that you always have to look forward, to keep one step ahead. Next years' release needs to be thought of from now on, even though the final idea is not there yet. If innovation stops, the company is out of business within a few years.

4.2.2. *Innovations sources*

During the interviews, several innovation sources have been outlined, either internal or external to the companies. Every time a relevant remark come to the companies' ears, they investigate and decide if they can take something out of it to improve their products.

On this topic, Olivier BLONTROCK (Vlassenroot) declared:
It's (innovation) coming from everywhere. Innovation can come from an operator that says "maybe we should try to do it this way", it can come from a customer, it can come from a competitor, it can come from everywhere. I think that as manager or CEO (which I am not, I am country manager here in Belgium), it's something you have to constantly do. You have to read, you have to listen and then you have to try to find the bigger picture and you have to find the way of defining your strategy and say let's go for this, let's go for that.

As it was outlined in a previous section, a big source of innovation is coming from the user's side. Thanks to the privileged relationship the companies share with their customers, they have constructive feedbacks they can use to improve the current products. In Renson's case, they organized discussions groups to harvest interesting feedback, as Olivier LAMBERT mentioned during his interview:
So […] we had discussions with end customers, we've had discussions with installers and we have had quality discussions with them. In a specific environment. And you get to hear a lot of things: what they are looking for, what could be improved, what's their interest, all those kinds of things. At least you can start working on a product that is going to meet the requirement that are in their heads.

These feedback sessions with the customers also allow the company to check if their new ideas are worth developing. Indeed, sometimes companies can have development ideas that ultimately are of no use for the clients. If they know it from the beginning, they will avoid spending a lot of money in a feature the client doesn't value and for which they won't be ready to pay more. Olivier LAMBERT's conclusion on that point was that you have to innovate with a purpose, not just innovate for the sake of it. Olivier BLONTROCK shares that point of view and even declared: "(…) but of course you have to find out what adds value to your customers. That's really important."

As for IBA, customer's feedback is a bit less important because they benefit from the profusion of medical articles on the subject. As a matter of fact, the medical environment is highly competitive and this competitiveness leads to a lot of publications, because the first individual or company to publish on a topic is recognized to have a pre-emptive right on the idea. Therefore, they are eager to publish new discoveries. On IBA's side, this means that they have people reading these articles and looking for the new possibilities it entails, creating a roadmap for R&D.

4.2.3. *R&D Budget*

The R&D budget can be difficult to compute for companies, mostly if they do not really have R&D activities, as Skylane. However, the companies said it fluctuates between 2-3% (Vlassenroot) and 10-15% (IBA) percent of the turnover.

Along the last 5 years, R&D budget has grown for IBA and Renson, while Vlassenroot kept dedicating the same amount every year.
Nonetheless, in IBA's case, even if the amount invested increases every year, it is decreasing as a percentage of the turnover, -the turnover growing faster than the R&D budget.

4.2.4. *Patenting*

Patenting is the surest way to protect a discovery from the competition. Once a product has been patented the competition cannot use the technology for a certain number of years.

As they do not concentrate on innovation, Skylane Optics and Vlassenroot do not register a lot of patents. IBA and Renson, however, register a lot of patents. IBA has registered 30 patents last year, but on average they usually register around 15-20 new patents per year. As for Renson, the interlocutor could not tell the amount of patents registered per year, but he declared Renson was now the owner of 140 patents.

Register a patent is relevant for various reasons. Three main reasons stand out of the interviews: technology/product protection, generation of a competitive advantage and cash contribution coming from the government.

Technology/product protection and generation of a competitive advantage are somehow linked. Indeed, if the new technology/product is a success and the competition cannot copy it, all the clients will turn to the provider of the novelty. Therefore, the company will attract a larger number of consumers and generate more revenues.

On another hand, the Belgian government wants to reward innovation of Belgian companies, by participating to innovation expenses. As innovation effectiveness is difficult to assess, the government grants allowances in function of the number of patents registered. This participation will, to a certain extent, decrease the expenses of the investment allocated to the new discovery, which is always profitable for a company.

Chapter 5: Analysis

Belgian International Niche Market Leaders seem to share a lot of the specificities that specialized literature considers to be inherent to the International Niche Market Leaders.
For each topic outlined in the literature review (value proposition, globalization, relationship with the customer and innovation), similarities and discrepancies with Belgian INMLs will be discussed. Afterwards divergences between Belgian INMLs themselves will be highlighted.

5.1. Value proposition

5.1.1. *Similarities*

The four interviewed companies offer B2B products, which is in line with what the literature outlines (Kamp, 2016). The only exception could be Renson, as they sell products that will ultimately be placed in a house and that can be chosen by the end consumer. However, most of the time, architects or house builders chose the ventilation system without the buyers' opinion, therefore Renson is considered to be more in the B2B market.

Belgian INMLs agree with the authors (Guinchard, 2013; Simon, 2009) on the product quality importance. Moreover, all the interlocutors asserted that they favour quality over price.

Until now, the companies were mostly selling products. But once again, the interviews confirmed a tendency outlined in the literature (Simon, 2009) that demonstrated that half of the companies were selling more and more services to their clients, along with the products.

The companies do not target diversification, which is in line with the literature conclusion (Kamp, Ruiz de Apodaca, 2015). However, they might have to diversify if their market suddenly shrinks, as it was the case for Vlassenroot in 2008. Nonetheless, if they choose to diversify, they do it with an eye on the company's mission and still in their field of expertise.

Finally, accordingly with Kamp's conclusion (2017) on the link between INMLs and being a pioneer. All the companies declared being a pioneer in their field of expertise, even though only two of them have created an entirely new product.

5.1.2. *Discrepancies*

Surprisingly, on that point, no discrepancies arise from the literature. Everything the interlocutors told me was in line with what previous authors had noticed during their studies on similar foreign companies.

5.2. Globalization

5.2.1. *Similarities*

Belgian INMLs, as well as foreign INMLs must export to survive. Indeed, given the specific type of goods they manufacture, INMLs' market often prove to be too small at some point (Simon, Coeurderoy, Guinchard, 2014) and INMLs have to look for customers outside their borders.

Another similarity is the fact that globalization can be hold back by entry barriers, such as the language or home regulations (Johnson, et al., 2014). This is Renson and IBA's case. The products they manufacture (ventilation system and proton accelerator) have to meet specific requirements set by the legislation. Therefore, before entering a foreign market, they may have to run new R&D projects in order to modify the products to match the new country's legislation. This is a heavy process that takes time and might prevent them from entering a foreign market.

5.2.2. *Discrepancies*

As said here above, globalization is common to all INMLs. However, whereas the current literature talk about at least 50% of exportation (Kamp, 2016), Belgian INMLs export on average 85% of their production. Belgium market small size is the reason for such a high exportation rate. The other reports on INMLs were studying France's and Germany's companies and those countries' populations are at least 6 times bigger than Belgium's (PopulationData, 2017). Therefore, Belgium's buying potential is smaller than other countries and INMLs develop a bigger need to sell abroad.

5.3. Relationship with the customer

5.3.1. *Similarities*

Regardless of their localization, INML's biggest characteristics is the relationship they manage to create and to keep with their customers. Belgian INMLs are no exceptions. The four companies visited insisted on the relationship they share with their customers and the resources they put into it to keep it that way. As well as the foreign INMLs, Belgian INMLs benefit from this relationship as a source of feedback on the product as well as a source for new innovations.

5.3.2. *Discrepancies*

Public relation and press release is usually something INMLs are not looking for. They like the shadow and don't lose precious time to run after the press (Kamp, 2016; Simon 2009). However, Renson and IBA admitted making public relation and press release part of their strategy. Renson uses the press not to get the brand known, but to educated the end consumer on air quality and the importance of ventilation. While IBA benefit from the visibility press release gives them at each proton accelerator contract they close.

5.4. Innovation

5.4.1. *Similarities*

Once again Belgian INMLs concur with the literature on that point. Even though only IBA and Renson declared innovation being one of their main characteristic, the four of them agreed on the fact that innovation was central to stay in business. It is worth mentioning that companies' current cash cows are not the product that the companies were selling at their creation, except for Skylane Optics. This demonstrates the importance of innovation. At some point, the product will become obsolete and companies have to foresee their market's futures and be ready when the change occurs. In Skylane's case, we can assume from their relatively young age that they have not faced such a challenge yet. However, they know that the expected standards will ultimately increase and they declared they already have the technology for the years to come. The literature authors insist that leading the changes and foresee the market's next trends was one of the manager's missions in the company (Simon, 2009). Belgian INMLs agree on that point as well. Managers have to read a lot about their markets and their new opportunities to be always one step ahead of the competition.

Another topic on which my interviews reinforce the literature is the kind of innovation INMLs are practicing. None of the companies' product is coming from breakthrough innovation, but all of them keep developing their products thanks to several incremental innovations, according to what Guinchard (2012) and Venohr and Meyer (2007) have outlined in their respective papers. Also, most of the interviewed companies take their users' comments into account when planning the next innovations, following Von Hippel's advice (2005) to insert the consumer in the innovation process.

5.4.2. *Discrepancies*

However, one point where literature and the interview findings differ is the willingness to register patents. Whereas foreign companies are not patent-centered at all (Simon, 2009; Venohr, Meyer, 2007), every Belgian companies interviewed said that they were trying to patent their discoveries as much as possible. This difference might come from the Belgian government's allowance granted to companies to reward innovation.

5.5. Differences among Belgian INMLs

Despite the similarities existing between all the INMLs around the world, some relevant differences appeared among the Belgian sample. To demonstrate these differences, the following framework was drawn.

		R&D spending	
		High-Medium	Medium-Low
Company's orientation	Product	Renson	Vlassenroot
	Technology	IBA	Skylane Optics

Table 4 : Companies classifications

In the light of the above framework, three main observations can be laid out.

5.5.1. *Link between immature market and high R&D spending*

Unexpectedly, it is not the 2 technologic companies that are the most focused on innovation. Indeed, Renson and IBA are the most focused on innovation and even though IBA is a technology-oriented company, Renson, on another hand, is a product-orientated company. However, both companies declared being in an immature market. Therefore, the maturity of the market seems to be impacting the R&D budget more than the company's orientation.

5.5.2. *Link between higher brand awareness and high R&D spending*

High investments in R&D appear to increase the brand awareness. Indeed, Renson and IBA, the companies spending a bigger part of their revenue in R&D also benefits from a higher brand awareness than the two other enterprises.

This would mean there is a correlation between the high level of R&D investments, the number of discoveries companies can make and the brand awareness. Indeed, the more innovations the companies make, the more visible they are on their field (because of the publication around this novelty).

Similarly, first movers are almost per definition viewed as innovators and differentiators, which appeals to specific client segments (Von Hippel et al., 2005; Kim and Mauborgne, 2005 mentioned in Kamp, 2017) and create a wider brand awareness.

5.5.3. *Link between diversification and being in a product oriented market*

Diversification is not that popular among INMLs, however it might be necessary in some cases, and it looks like product-oriented companies are more susceptible to embrace of it. Indeed, only Renson and Vlassenroot admitted they were looking to diversify their range of products. However, both mentioned they were not doing it just for the sake of it, but that it had to stay in their area of expertise and allow them to stay in business with a wider range of solutions for the problem they address.

Conclusion

This master thesis' purpose was to identify Belgian International Niche Market Leaders, their general characteristics and then study their marketing and innovation specificities more in depth. Marketing being a very broad subject, I decided to limit the researches to the main three topics found in the literature: value proposition, globalization and relationship with the customer, and then to compare the findings to what had already been written.

The information was harvested through series of interviews among four companies fulfilling previously set selection criteria. Information was then compared first with the available literature and then between the four Belgian companies themselves.

Most of the Belgian International Niche Market Leaders are quite young companies. Among the 42 companies identified, half are younger than 52 years old and 15 of them have not reached 30 years old yet. The revenue of 62% of those companies is below 50 million and only 5% of the sample have annual revenue above 500 million euros.

Belgian International Niche Market Leaders share a lot of characteristics with their foreign peers. The main two similarities between all INMLs are their value proposition and the emphasis they put on customer relationship. So far, INMLs' value proposition has been limited to one specific, top-quality, B2B product, well renowned in their area. Nowadays, INMLs begin to realize they can also provide services besides their products and this contributes to their success.

However, regardless of the type of good (product or service) traded, quality is INMLs' main focus and price comes later on the list of priority.

As for the customer relationship, all INMLs are aware that customers are key elements in a business, as word-of-mouth is one of INMLs strategy to get known. Therefore these companies like to pamper their customers and look for constant feedback on products and/or services in order to get valuable insight on a day-to-day basis, to improve both product and service quality.

Globalization is necessary for INMLs to stay in business. Indeed, given the specificity of the product they manufacture, their home market often reveals to be too small and they soon shift to foreign markets as well to survive. Globalization is necessary for the companies but might come with some hurdle. Barrier of entry in the form of home companies or legislation can prevent or slow down INMLs expansion in new countries.

Even though innovation is of bigger importance in immature markets, all INMLs, Belgian and foreign ones, agree on saying that it is crucial for company's development and perennation and that the company is lost if it stops innovating. Innovation sources are multiple, but two sources are heavily highlighted: leadership and customers. Company's management are staying on top of new technologies and trends to give their R&D department the best insight on the shape of the years to come. Moreover, customers feedback are most valuable to improve the next products or to get new ideas. Innovation also seems to give companies more visibility and brand awareness.

Despites those common points, two divergences with the literature were outlined during the investigations: the higher exportation rate of Belgian INMLs as well as a bigger willingness to register patents. However, those divergences with foreign INMLs are linked to Belgium itself. Indeed, Belgium's small size forces INMLs to look abroad for customers sooner rather than later, which triggers a higher exportation rate. As for Belgian's tendency to register patents, it is driven by the fact that the Belgian government regularly grants reward for innovation based on registered patents.

Finally, even though marketing features specific to the sector often seem to be missing from the INMLs literature, all marketing techniques outlined by my interlocutors were mentioned at some point by the specialized authors. The topic everybody (literature as well as Belgian INMLs) converge on is the fact that customer intimacy and product quality are International Niche Market Leaders' biggest marketing strengths.

Limitations

The results of these thesis should be put into perspective in the light of the following information.

Given the fact that one of INMLs' inherent characteristic is to be unknown from the large public and to avoid the spotlight, the list of Belgian INMLs was not easy to compute and is certainly not exhaustive.

Two third of the Belgian INMLs list is composed of Walloon companies and only one third of Flemish companies. This asymmetry comes from the sources I managed to find during my investigations. Indeed, one of them was the "Union Wallonne des Entreprises" website, giving a list of the Walloon international leaders. Unfortunately, I was not able to find such a list for the Flemish companies, creating irregularity among the data.
With more time and resources, an interesting study could be done to gather all the Flemish and Walloon INMLs and then see if discrepancies arise among them.

Finally, another limitation comes from the limited number of companies interviewed. Even though a 11% positive response rate was determined acceptable and already gave interesting insight on Belgian INMLS, interviewing more companies might have allowed to give more nuances to the conclusions.

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