

Louvain School of Management

Using digital marketing as a means to support niche positioning :

Belgian Hidden Champions cases for examination

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Foreword

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1. Introduction

In recent years, marketing has undergone a significant transformation due to the rapidly evolving digital landscape. Digital marketing has introduced new opportunities, especially for companies operating within niche markets. This thesis investigates the role of digital marketing in enhancing niche positioning, with a specific focus on Hidden Champions (HCs), also known as International Niche Market Leaders (INMLs). These niche market leaders were first identified in the 1980s by the German professor Hermann Simon.

Research on Hidden Champions has predominantly focused on their high profitability, strong innovations, rapid internationalization, and robust customer relationships. However, there has been limited exploration into the digitalization of their businesses, particularly their use of digital marketing as a competitive advantage. This thesis aims to fill this gap by analyzing Belgian Hidden Champions, a topic absent in existing literature regarding digital marketing.

To address this research question, the thesis begins with a literature review that examines the characteristics of niche markets and various aspects of niche marketing strategies, including segmentation, positioning, relationship building, and internationalization. Additionally, it explores digital marketing and the tools it offers, such as social media marketing, content marketing, and data analytics.

The empirical research component includes comprehensive desk research on Hidden Champions, their characteristics, marketing strategies, and current use of digital marketing. This is supplemented by a qualitative analysis involving semi-structured interviews with key representatives from Belgian Hidden Champions. These interviews provide practical insights into the current use of digital marketing within these firms and their perceptions of its effectiveness in supporting niche marketing strategies.

By combining theoretical perspectives with real-world examples, this thesis aims to provide a holistic understanding of the role digital marketing plays in the success of niche market leaders.

2. Literature Review

This section presents the key findings derived from a comprehensive review of the existing literature concerning the central themes of this thesis: Niche Markets, Niche Marketing Strategies, and Digital Marketing.

To start, the concept of niche markets is explained, including a definition and the general characteristics of this type of market. The literature review then proceeds to explore the marketing strategies currently used among niche markets. Finally, the last segment delves into digital transformation in marketing.

2.1. Niche Markets

Niche markets are subject to diverse interpretations and lack a universally accepted theoretical framework (Toften & Hammervoll, 2013). However, a common characterization of a niche market is focusing on a restricted segment by addressing the needs of a specific, underserved customer group that other companies might have overlooked (Dalgic & Leeuw, 1994; Stachowski, 2012). Therefore, this type of market is often characterized by a limited number of providers and buyers on the supply and demand side. They usually feature a reduced level of competition, stemming from the specialized nature of the firms' offerings (Toften & Hammervoll, 2009), as well as a highly dynamic environment.

2.1.1. *Restricted segment*

First, concerning the restricted market characteristic, the targeted audience is indeed often tiny because it has a need for special treatment and is willing to pay a premium price to the firm that best satisfies its request (Toften & Hammervoll 2009). A restricted market can arise from different situations; for example, it can be that the products offered are not sought-after by the general public, like medical technology and healthcare industry products, or it can also be that they are not the kind of products that the customer buy in their everyday life. Due to the low number of customers and the specific offerings, the volume of products or services consumed tends to be fewer. However, the market segments should still have a sufficient size and purchasing ability to be potentially profitable in the long run for the niche firms to survive and prosper (Shani & Chalasani, 1992; Stachowski, 2012).

2.1.2. Specialized products

In line with the latter characteristic, products tailored in niche markets are usually distinctive, technologically sophisticated, and of high quality, as outlined by Toften and Hammervoll (2013). Indeed, niche markets are generally more about providing a few highly specialized products rather than diversifying into a broad array of merchandise (Audretsch et al., 2021). Now more than ever, niche formation and dynamic market creation are mainly due to product innovations and technical advancements. This “niche innovation” happens when a new technology creates new market prospects within an established industry and addresses societal needs in a different and nuanced way (Garavaglia & Sartirana, 2022). As a matter of fact, in the current sustainability transition, many niche markets offering sustainable innovations are emerging. Nevertheless, a market niche only arises when the utilization of its niche innovation provides more significant advantages than current technologies to a specific user group, and manages to sustain its market position over time (Fartash & Ghorbani, 2023).

2.1.3. Complex nature of purchase decision

Thirdly, another characteristic of a niche market is the particular nature of the purchase decision, especially in business-to-business transactions. Indeed, decision-making in this context tends to be more complex and multifaceted, involving factors such as product specifications, company reputation, and pricing consideration (Jagodič & Milfelner, 2022). Moreover, buyers involved in B2B niche markets’ transactions are usually well-informed professionals, adding another layer of complexity as they possess a deep understanding of the industry landscape and have expertise in their field (Brotspies & Weinstein, 2017). Overall, it can impact the duration of the selling cycles, which are generally longer.

2.1.4. Few competitors

Then, niche markets are less prone to attracting competitors for several reasons. First, the smaller size of these markets inherently results in fewer competitors. Additionally, the specificity of niche products, often incorporating advanced technologies, makes replication challenging for potential competitors who therefore tend to offer products of inferior quality or redirect their focus to alternative markets outside the firm's primary niche. Ultimately, customers and suppliers of niche markets frequently establish long-term commitments and

robust relationships with organizations, creating powerful brand loyalty that proves challenging to undermine (Thilmany, 2012; Toften & Hammervoll, 2009).

2.1.5. Rapid market evolution

Finally, with innovation and technological change powering the evolution, niche markets are considered to be highly dynamic (Garavaglia & Sartirana, 2022). Shifts occur rapidly due to various factors, such as technological advancements, regulatory changes, or evolutions in customer behavior. Thus, this constant growth, coupled with unique clients' needs, induces niche markets to demand high adaptation and flexibility (Audretsch et al., 2021).

In conclusion, niche markets represent a unique landscape characterized by various factors, including a focus on overlooked and smaller customer groups, highly specialized offerings, complex decision-making process behind the purchase of a product, limited competition, and rapid evolution.

2.2. Niche Marketing Strategies

Having clarified the concept and characteristics of niche markets, the following section will delve into the different niche marketing strategies pursued by niche organizations operating in business-to-business (B2B) transactions.

From a fundamental marketing perspective, niche marketing can be understood through the lens of the four Ps introduced by Kotler: Product, Place, Price and Promotion (Armstrong & Kotler, 2014)

In this context, positioning aligns with Product; niche players develop value propositions tailored for a specific, differentiated audience rather than the general market. Segmentation and internationalization correspond to Place, indicating the specific market segments or niche the company aim to compete in. Price is often not a primary marketing tool for niche players, as they typically do not compete in it; therefore, it is not emphasized in this context. Building customer relationship represents Promotion as niche players usually prioritize developing intimate, strong bonds with a selected group of customers over broad advertising campaigns. Their approach is about personalized engagement and customer loyalty rather than mass-market advertising.

2.2.1. Positioning

A marketing strategy results from a company's positioning decision (Toften & Hammervoll, 2009). In the case of niche companies, niche positioning is already a positioning strategy where firms choose it, as opposed to a mainstream positioning, for example, to prevent brand dilution. This positioning strategy can serve as a commitment tool that enables a brand to convey credible information about its product spread to customers. Indeed, a study conducted by Tony Ke, Jiwoong and Jungju (2023) highlights the fact that sometimes brands must effectively communicate their product range, particularly when limited, by committing to a niche positioning to enhance the anticipated satisfaction of their customers. A strong niche positioning not only aids the firm in effectively communicating a limited product range to customers and averting brand dilution but also has the potential to foster deep engagement from a smaller market. Consequently, brands targeting niche markets can flourish and surpass more mainstream markets (Tony Ke, Jiwoong & Jungju, 2023).

Then, in addition to communicating a niche positioning, firms generally also position themselves through differentiation by using unique skills or assets that facilitate product specialization and enable the delivery of increased value to customers (Toften & Hammervoll, 2013).

Differentiation

The most common way to differentiate a company's position is by offering specialized products and services. However, providing distinct products from the whole market is one thing, but niche market firms should not just be different from the crowd; they must be differentiated and provide substantial advantages to their customers by understanding their genuine values and pleasing them more effectively than any competitors (Dalgic & Leeuw, 1994). Considering the former, niche companies typically concentrate on three or four fundamental strengths to set themselves apart. Of course, to gain a real competitive advantage, the firms should determine if these skills possess sufficient distinctiveness and are adaptable and responsive enough (Thilmany, 2012).

Product differentiation typically relies on two categories of usage criteria: intangible and actual use. On the one hand, intangible use criteria encompass non-economic factors influencing

purchases including standing, style, and firm reputation (Toften & Hammervoll, 2009). Concrete examples of this type of differentiation can be emphasizing how the products are produced (organic, natural, non-GMO), using storytelling and brand identity to create an emotional connection with customers, or using cultural and regional aesthetics on the product design and attributes. On the other hand, the actual use criteria stem from the product's inherent qualities, encompassing aspects like quality, flavor, practicality, ease of ownership, and time (Toften & Hammervoll, 2009). This can be done by using high-quality materials, highlighting specific features that make the product more efficient or durable, or even implementing efficient distribution networks to ensure the availability of products in different locations.

Personalization

In accordance with this perspective, as articulated by Chalasani and Shani (1992), niche marketing can be perceived as a creative process. Rather than solely relying on specialization, companies can employ personalization to precisely align with unique needs. Indeed, niche firms are more predisposed to offer tailored solutions in contrast with a large manufacturer, and this readiness to offer small series of limited and customized solutions can be seen as another form of responsiveness that is very attractive for customers (Kamp & Ruiz de Apocada, 2023).

2.2.2. Segmentation

As said previously, niche markets are characterized by limited demand, catering to a reduced set of buyers with specific needs. Consequently, niche organizations aim to target well-defined sets of customers (Toften & Hammervoll, 2013). This strategy enables them to focus on each customer segment attentively while safeguarding their market position and creating a concentrated demand within a more extensive market context (Kamp & Ruiz de Apodaca, 2023). To define these niches, organizations use segmentation, which is the process of splitting large markets into smaller, more manageable segments; it is fundamental to find profitable business opportunities (Brotspies & Weinstein, 2017; Armstrong et al., 2014). Two approaches are described in the niche marketing literature: the “top-down” and the “bottom-up” methods.

Top-down approach

The “top-down” approach, which is considered the traditional segmentation, is when the differences in the market are emphasized and lead to the division of a broad market into smaller segments; it is generally the first step before targeting, positioning, and niching (Shani & Chalasani, 1992; Audretsch, Lehmann & Schenkenhofer, 2021). For organizational markets, which are the markets targeted in business-to-business relations, this approach consists of identifying and then assessing segmentation criteria to define different segments’ attractiveness and thus detect the ‘best’ ones to target. Those criteria can be both quantitative and qualitative. Quantitative parameters comprise sales, profits, market share, market size, growth rates, and other financial measures. They represent a valuable source of information for assessing the potential of a market, but they only provide a partial view of the segmentation scenario. To complete it, qualitative parameters such as industry dynamics, geographical reach, company size, market trends, business synergies, or company ownership structure must be taken into account. Then, firms also have to evaluate the alignment of their global strategy and capabilities with the segments’ possibilities to make sure that they are able to understand the potential customers and compete effectively in terms of better quality and lucrative profit margins (Britspies & Weinstein, 2017; Toften & Hammervoll, 2009). Nowadays, most B2B firms have shifted from a quantitative and short-term financially oriented focus to a more long-term strategic view of market segmentation.

Bottom-up approach

The “bottom-up” method, contrary to the “top-down” approach, emphasizes similar needs and consumption patterns in the market. It can also be referred to as a benefit segmentation, and it starts by identifying an audience with a specific need and adapting a technology to fulfill this need, and then gradually building up a larger customer base (Shani & Chalasani, 1992; Dalgic & Leeuw, 1994). This process starts by grouping customers based on the specific advantages they seek from a product and then providing tailored solutions for each segment (Mudambi, 2002; Audretsch, Lehmann & Schenkenhofer, 2021). It is particularly relevant for niche firms that often leverage their technological leadership to gain a competitive advantage. Typically, technological leadership is established by adapting the functionalities of specific technologies or devices to a particular audience’s needs (Kamp & Ruiz de Apodaca, 2023). For

instance, with one available technology, a company can become the leader of one or several applications of that particular technology based on the uses and preferences of different sets of users by adapting the utilization of the technology for each set (Kindström *et al.*, 2018). Therefore, businesses can provide customers with individualized products or services. This customization has become almost essential in business markets. Still, it can extend beyond simple technology usage adaptation and encompass aspects such as the quantity of the products purchased or shipping and delivery requirements, for example (Brotspies & Weinstein, 2017).

Proactive approach

Firms can take a proactive approach by focusing on their customers' customers and anticipating their needs. This strategy, while not strictly a segmentation strategy, involves proactive actions aimed at expanding the customer base. The customers' customers focus entails niche market companies engaging directly or collaboratively with its customers, with its clients' customers by offering them new technological solutions.

For example, taking B2B markets, it means that a company, in addition to selling directly to their business customers, will also sell to the next branch of clients, thus using a B2B2B or B2B2C approach (Brotspies & Weinstein, 2017). It is essential to achieve a prominent presence not only in the minds of their customers but also in those of their customers' customers and possibly even their customers' customers' customers. This action can have several benefits for the company, first by enhancing the reputation's company as well as the intermediaries' one within the marketing channel. Then, by working directly with the end customers, niche companies can gain a higher knowledge of the specific industry and create growth directly for those businesses. Finally, sales processes have become much more proactive; indeed, niche firms have shifted from a passive orders receiver position to a seller of added value position (Ottosson & Kindström, 2016).

2.2.3. Internationalization

Internationalization is a strategy used to build competitive advantage as it exposes a firm to different markets and competitive environments (Autio, 2017). Due to their limited customer base compared to mass-market companies, niche market firms' focus on internationalization

is paramount, aiming to meet global demand and enhance profitability (Schenkenhofer, 2022). Niche firms usually initiate international expansion at an early stage to gain relevant market knowledge, which is crucial for their growth (Lehrer & Almor, 2022). Nonetheless, they do not seem to adhere strictly to gradual internationalization processes, nor do they all align with the “born-global” theory either (Braček Lalić & Purg, 2021).

The internationalization strategy is used by many companies operating in niches for different reasons. First, as mentioned previously, niche firms offer distinctive products that appeal to highly specific groups of customers. Therefore, naturally, they have combined market demand from several countries in order to continue to grow their customer base, who could be rather small if they only stuck to the demand of one country, as well as build scale efficiencies (Weerawardena et al., 2007; Stachowski, 2012). Secondly, internationalization is sometimes described as a process of gathering foreign market knowledge, but it can also be seen as a process of broadening network connections overseas. However, establishing credibility can be challenging; hence, effectively addressing customer needs holds greater significance. Due to the concentrated efforts on developing capabilities, leading to faster and more effective outcomes compared to developing a wide array of capabilities, niche companies already have more advantages when internationalizing. Finally, due to the niche orientation, firms are able to build a more cohesive network of interactions with suppliers, partners, and customers (Autio, 2017).

On the business side, to ensure their presence worldwide, Hidden Champions employ a robust vertical integration, relying on direct exporting and wholly-owned subsidiaries worldwide to safeguard intellectual property, maintain quality standards, and minimize contractual complexities during international expansion (Audretsch *et al.*, 2018; Schenkenhofer, 2022).

Regarding the customers side, a successful internationalization is made through the concentration on horizontal segments of homogenous clients overseas, which can lead to lower competition (Magnani & Zucchella, 2020). However, internationalization can represent a few challenges in building customer relationships. First, enterprises aiming to internationalize often encounter unequal power dynamics due to local entities’ predominant ownership of downstream assets. Also, since trust develops gradually, particularly with foreign brands that may lack a reputation in the target market, the international expansion naturally unfolds slowly

and steadily (Autio, 2017). Then, maintaining a strong relationship with customers can be challenging, as well as resolving problems, especially when the company and its customers are far apart and have different cultures (Blocker *et al.*, 2011)

To overcome those challenges, niche firms use proactive customer interaction to improve customer focus. Indeed, according to Blocker, Flint, Matthew and Slater (2011), a more proactive and responsive customer orientation positively affects the perception of customer value in global contexts, especially in business-to-business transactions. Their findings show the importance of continuously adapting to customer preferences. Still, they also highlight that customers in different global markets expect providers to anticipate their evolving needs, rather than merely being responsive to them.

In summary, internationalization serves as a crucial strategy for niche firms seeking competitive advantage by expanding into diverse markets. While they initiate early international expansion for essential market knowledge, they don't strictly adhere to conventional models. Internationalization also facilitates network expansion, but challenges like credibility and cultural differences persist. To overcome these, niche firms prioritize proactive customer interaction by anticipating customer needs, fostering strong relationships, and continuously adapting to global markets, ultimately driving sustainable growth and competitive advantage.

2.2.4. Building Relationship

According to McKenna (1988, p.90): *“niche marketing depends on word-of-mouth references and infrastructure developments, a broadening of people in related industries whose opinions are crucial to the product’s success.”* This suggests that the success of niche marketing relies on, among others, two key factors: word-of-mouth references and infrastructure developments. The reference to word-of-mouth references implies that positive recommendations and endorsements from individuals within the target niche or related industries play a significant role in promoting and establishing the product. Additionally, the mention of "infrastructure developments" in this context is about building a robust and influential support system around a product, leveraging the credibility and reach of key players in related industries.

Due to its strong link to the creation of relationship, niche marketing can also be referred to as relationship marketing, which, in agreement with Shani and Chalasani (1992, p.34), can be defined as *“an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, though interactive individualized and value-added contacts over a long period of time”*. In other words, relationship marketing is the capacity to create robust, enduring, and mutually beneficial, but also personal relationships with both suppliers and customers to foster brand loyalty and a good firm reputation (Shani & Chalasani, 1992; Dalgic & Leeuw, 1994; Toften & Hammervoll, 2013; Koponen & Julkunen, 2022). Such an approach not only serves as a tangible competitive advantage for organizations but also acts as an excellent barrier, dissuading potential competitors from entering the market. Moreover, it is a relevant strategy for organizations operating in niche markets as it would not be effective or feasible with broad segments (Shani & Chalasani, 1992).

A study by Ottosson and Kindström (2016) highlights different actions that niche firms can leverage to have a more proactive niche marketing strategy, notably regarding relationship creation.

Preferred supplier status

One action is quickly establishing the company as the preferred supplier in the marketing channel. A niche company's strength relies in its ability to put itself in a position of trust; for that, firms need to demonstrate superior knowledge and better offerings. This superiority can be gained from a strong heritage and historical credibility. Still, it also has to be nurtured by an excellent actual firm reputation, which is even more crucial in business-to-business marketing (Hammerschmidt *et al.*, 2018). For example, when launching a new product, other brands have to believe in the firm's ability to conceptualize high-quality products for them to take the risk to try the new product. Moreover, as the purchase process happens with well-informed buyers, their decisions will be influenced by factors such as their trust in the company's ability to conduct thorough testing to ensure the quality of the product or their reliability in after-sales customer services if it's needed (Ottosson & Kindström, 2016).

Multi-level customer interaction

Then, niche firms can use a multi-level approach to customer interaction. A significant outcome of this strategy is that it can facilitate the flow of customer insights across various business functions within the niche firm and, therefore, enable achieving a market strategy combining product leadership and customer intimacy. This multi-tiered approach advocates for customers to have direct access not only to sales functions but also to the R&D and production sectors of their suppliers. Establishing customer relationships at different levels of customer interaction is crucial for proactive growth and avoiding the risk of stagnation. In practice, the first level of interaction occurs with the sales functions, a fundamental interaction in every customer-supplier relationship (Koponen & Julkunen, 2022). By engaging in proactive conversations, firms can identify potential customer needs and detect the initial indicators of shifting demands (Xiao et al., 2020). Moving to the second level, direct engagement between the production function and customers is also essential. It can be triggered by asking the customers for feedback regarding defective products and the underlying production processes. The aim is for the production department to gain a deep understanding of customer needs and their own processes, enabling the development of tailored solutions that go hand in hand with them. Lastly, the third-level interaction involves the relationship between the customers and the R&D department. This connection is built to give customers with access to the firm's knowledge and skills through activities like material testing, collaborations, and customized product execution. Despite being offered as a complementary free-of-charge service, this level of interaction is very important for niche firms as it contributes to the premium pricing of their products (Ottosson & Kindström, 2016). Moreover, this information sharing and interpersonal communication are more relevant in B2B relationships as they usually take longer to develop (Koponen & Julkunen, 2022).

Companies can leverage the in-depth knowledge gained to enhance their offerings by finding new niches and applications in "adjacent" markets through this multi-level interaction with customers. This means that, in contrast to merely exploiting products through incremental innovations, firms can grow by exploring potential new markets and customers in business sectors that are closely related to the existing applications of their products (Ottosson & Kindström, 2016).

Servitization

Niche firms can further diversify their focus beyond production to areas such as services, as previously mentioned, alongside business development and various training initiatives (Jagodič & Milfelner, 2022). This aim at expanding their service offerings and providing a broader portfolio. Once again, this “servitization” process has significant relationship benefits, such as positioning the firm as a reliable partner who is ready to assist customers with any issues or inquiries they may encounter. Overall, the companies’ active services orientation is compelling not only because it has a positive effect on customer value but also because it deepens working relations with them, thereby reducing the likelihood of switching suppliers due to the additional value conferred by these services (Blocker et al., 2011).

2.3. Digital Marketing

In the contemporary landscape of business and commerce, companies find themselves amidst an unprecedented digital transformation era. The advent of the internet, coupled with rapid technological advancements, has not only reshaped the way we communicate and interact but has also revolutionized how businesses approach marketing, especially for smaller enterprises (Nikunen et al. 2017). As traditional modes of advertising and customer engagement evolve, this chapter delves into the pivotal role that digital marketing plays in supporting niche marketing strategies, and in this case in the field of business-to-business interactions.

Therefore, the following section will first explore the definition of digital marketing and related concepts, then it will highlight social media marketing and data analysis techniques and the compelling reasons why they have emerged as attractive tools for niche marketing strategies operating in business-to-business markets.

From a fundamental marketing perspective, the topics tackled regarding digital marketing use are mainly related to two of the four Ps, which are Promotion, as we will see that digital tools can be used to reinforce the relationship between niche market players and their customers; and Place as certain tools can play a role in finding and targeting specific market segments, both in the home country of the company and internationally.

2.3.1. Definition and concepts

Digital transformation has profoundly changed how businesses market and sell their products and services. Digital marketing is a very broad field that includes, among other things, digital advertising, e-commerce, online sales funnels, social media marketing, big data analysis, content marketing, and e-mail marketing (Atar et al., 2021). The use of digital tools can enhance many aspects of a business' marketing strategy, such as customer relationship management, market research, competitive analysis, and market expansion.

To better grasp the various themes and perspectives related to digital transformation in the marketing fields, two primary clusters have been established (Cioppi et al., 2023) :

- Macro-themes, which relate to the digital technologies and tools used in the field of marketing;
- Micro-themes, which relate to the effects of the adopted technologies and tools on the different marketing processes and activities.

The following table shows a summary of all macro and micro-themes found in the literature :

MACRO-THEMES	MICRO-THEMES
<ul style="list-style-type: none"> ▪ Social media marketing ▪ Big Data ▪ Mobile marketing (Mobile technology, Smart apps) ▪ Internet of Things (IoT) ▪ Artificial Intelligence ▪ Industry 4.0 and 5C ▪ Machine Learning ▪ Online collaborative / Support platforms / systems ▪ Virtual / Augmented Reality ▪ Websites / SEO ▪ Cloud Infrastructure ▪ Chatbots ▪ Drones/Smart Robots ▪ Security Protection systems ▪ 3D Print 	<ul style="list-style-type: none"> ▪ Customer relationship management ▪ Customer connectivity /centricity ▪ Human resources ▪ Digital metrics ▪ Customer experience / journey ▪ Business process efficiency ▪ Marketing Technology ▪ Market knowledge ▪ Communication policy ▪ Customer behavior ▪ Product policy ▪ Sales processes ▪ Production processes ▪ Buying / Consumption processes ▪ Value co-creation / Value proposition ▪ Supply chain processes ▪ Branding

- Customer service
- Export market orientation / Export performance
- Smart cities / factories
- Drivers / Barriers / Risks of digitalization
- Neuromarketing
- Social responsibility

Table 1 - Digital Marketing Macro and Micro-Themes (Cioppi et al., 2023)

Due to the vast scope of digital marketing and its varying applicability to niche marketing strategies, this thesis will not tackle all the different themes. However, after conducting research, some macro-themes are found to be more relevant to investigate when referring to niche marketing strategies.

2.3.2. Social Media Marketing

Quoting Chaffey & Ellis-Chadwick (2016), from a chapter in their book “Digital Marketing”, a social media marketing strategy is “*engaging audiences on different social networks and on a company’s own site through sharing content and developing great creative concepts which are transmitted by online word-of-mouth or viral marketing.*” (Chaffey & Ellis-Chadwick., 2016, p.541).

From a customer perspective, according to Evans, Bratton and McKee’s point of view in their book “*Social Media Marketing*”, social media is in fact often referred as the “digital word-of-mouth” (eWOM). Customers use social media in addition to traditional media, such as advertising, to obtain better advice. Whether they are business-to-business or consumer-facing, people are looking to individuals like themselves on social media to seek information and make better-informed decisions (Evans et al., 2021). Hence, from a client outlook, social media presence can help companies to build brand awareness, visibility and reputation, as well as gain an audience, and generate a voice in the market (Atar et al., 2021; Wittenstein, 2022).

On the other hand, from a business perspective, social media tools can support many business processes, such as segmentation, brand positioning, promotion, buying, and after-sales (Cioppi et al., 2023). Indeed, social media channels create equitable platforms that enable companies

to outreach customers and promote the brand without exceeding financial constraints compared to traditional media (Atar et al., 2021; Jones et al., 2015). Also, in comparison to conventional marketing, which is limited to specific geographic areas or populations, social media marketing exposes the organization to new markets that might otherwise be challenging to capture (Atar et al., 2021). With an effective digital strategy, businesses can extend their reach to every corner of the globe. It can be very interesting for niche market players who have an international footprint, aiming to connect with customers worldwide. Studies show that it can help companies to internationalize more effectively and affordably, even in the initial phases of their growth (Nikunen et al., 2017), as well as to offer better direct end-customer services without significant financial commitments. This makes it a pertinent instrument for niche market businesses, that typically seek to minimize their marketing expenditure, allowing them to allocate more funds to the research and innovation facets of their operations (Ziółkowska, 2021; Kaplan & Haenlein, 2010; Tiwary et al., 2021).

Content marketing

In agreement with Atar, Jadhav & Wagh's (2021) analysis in "*An Overview of Digital Marketing*", social media marketing (SMM) can be conducted using different approaches. The first one, active SMM promotion, involves creating content that will bring the audience directly to the website and social media networks, which can help improve customer reach. The second one, called passive SMM promotion, involves engaging with users through regular updates of statuses, images, videos, or articles. This approach serves the purpose of understanding user concerns, resolving issues, and addressing dissatisfaction (Atar et al., 2021). Both approaches offer flexibility in choosing social media platforms, the best-known of which are Facebook, LinkedIn, Instagram, and Twitter. The media platform selection must be done carefully and depends on diverse factors, such as the targeted audience, industry and niche, content type, geographic location, or the message to be communicated (Kaplan & Haenlein, 2010; Ziółkowska, 2021).

Social media channels are already known to be highly effective when used by enterprises operating in business-to-consumer markets; however, they are also now important channels for inter-organizational relationships (Sivarajah et al., 2020). Indeed, research by Michaelidou, Siamagka, and Christodoulides (2011) supported that there is a growing recognition of the

importance of social networking sites (SNS) use in B2B marketing and that SNS are now considered new online education resources, especially for companies operating in complex industries. Moreover, they can aid in developing and maintaining of partnerships between B2B companies by supporting and promoting brands, and empowering business customers to voice their ideas (Sivarajah et al., 2020).

Regarding business-to-business marketing in a niche field, it is argued that the most appropriate platform is LinkedIn, where businesses can connect with specific professionals and decision-makers within their niche. It can be used for content marketing, networking, and running targeted B2B ads (Ziółkowska, 2021). As for content marketing, the goal is to captivate readers with compelling narratives that pique their interest. This long-term approach prioritizes building relationships with the target audience over time by giving them high-quality, pertinent information (Atar et al., 2021) that will shape the customers' behavioral intentions. Since the aim is to draw customers to the company's webpage ultimately, it can be an exceptionally efficient tool if it delivers engaging content to the appropriate target audience (Jones et al., 2015). In other words, social media can be used more as a platform for collaboration, sharing, and engagement rather than as a straightforward advertising and selling channel (Kaplan & Haenlein, 2010). Overall, the fact that digital marketing can improve customer relationship management represents a real benefit for niche market players since it is known that the maintenance of robust and long-term relationships with the customers is crucial for their continuity.

Besides helping the creation of robust relationships with clients through emotional attachment created by storytelling and brand awareness, social media are a highly effective tool to gain engagement and communicate with customers as they allow the possibility to offer flexible and direct customer services that are available 24/7 (Ziółkowska, 2021). Indeed, it empowers companies to address customer complaints and listen to and promptly answer to inquiries and suggestions. By improving the dialog with customers, businesses can foster brand loyalty, mitigating the risk of losing customers (Atar et al., 2021), as well as creating new forms of collaborations with the market by allowing the end-consumers to engage in the value-creation process for example (Cioppi et al., 2023). This presents a significant opportunity for niche

market players to provide highly customized products and further align themselves with the specific needs of their clientele.

2.3.3. Data Analysis

The advent of digitalization and the adoption of new technologies have significantly transformed the nature and origins of marketing data, and data-driven decision-making is now a fundamental part of digital transformation. Indeed, data analysis can benefit businesses in many different areas; among them are information performance accuracy, customer segmentation, managerial insight, new market, and product development (Nemati & Khajeheian, 2018). The upcoming sections will explore various strategies for niche markets to harness the power of data analysis effectively; these include identifying niche customer segments and crafting personalized marketing initiatives as well as the different tools that can be leveraged.

According to Somosi & Hajdú (2023), data analysis represents a real competitive advantage to enter the right market or expand market shares by helping companies to divide customers into segments precisely. Therefore, it can help reach niche markets more effectively and has provided marketers the greatest opportunity to cater to segments whose needs have not been fulfilled yet and, for example, launch a new product (Somosi & Hadjú, 2023). In line with this approach, data analysis can inform product development and innovation in niche markets by providing insights into customer needs, preferences, and pain points. By analyzing customer feedback, usage patterns, and market demand, businesses can identify opportunities for product improvements, new product development, and innovative solutions (Miklosik & Evans, 2020).

From another perspective, it can facilitate companies in their global expansion by easing the identification of new customer segments potentially interested in their existing products. In fact, data plays a key role in personalized marketing, and businesses are increasingly recognizing that by addressing the individual needs of each customer, they can enhance customer loyalty, boost sales, and stimulate word-of-mouth referrals (Zhou & Hou, 2024).

Analytical Tools

Organizations need to be equipped to organize and make sense of the data because determining niche markets that suit the resources and competencies of firms is a challenging task without the right tools (Nemati & Khajeheian, 2018). Regarding customer segmentation, enterprises can source data from demographics, social networks, click stream (page views, timestamps, clicks, duration, referrer and exit pages), or survey data. Then, the data can be interpreted with different tools such as Social Media analytics, Natural Language Processing (NLP) or Geographic Information System (GIS) analytics.

Social media analytics are mainly used to monitor and examine customer engagement on social media platforms (Zhou & Hou, 2024). But the constant digital footprint left by users has also given way to data analysis and offers valuable opportunities for in-depth analysis through methods such as natural language processing (Miklosik & Evans, 2020 ; Sivarajah et al., 2020; Shanthi & Pappa, 2017).

Natural language processing involves various computational methods to automatically represent and analyze human languages (Chowdhary, 2020), including text mining and sentiment analysis. Those two techniques are usually combined as text mining is used to extract valuable information and insights from large amounts of unstructured textual data, and sentiment analysis is the process of attributing an opinion or emotional classification to a text, usually positive, negative, or neutral (Stine, 2019). They can then be used for social media analysis, such as the process of comments and publications.

Finally, Geographic Information System (GIS) analytics is mainly used in geo-marketing and refers to analyzing spatial data using GIS software tools and techniques. GIS analytics can be used to assess the potential of a new activity in a particular area, to optimize mailing sales campaigns by adapting contact methods, timetables, etc., to local habits, or to reach the right targets in a geographical zone for the promotion of events, for example.

3. Methods and sources

After considering the various marketing strategies available to companies operating in niche markets, as well as, the different digital marketing tools that can be leveraged to support those strategies, we aim to explore how companies operating in international niche markets utilize these strategies and combine them with digital marketing methods. Given the exploratory nature of the research question and objective, the study employs a case study analysis.

The first section presents a comprehensive desk research analysis examining international niche market leaders, which can also be referred to as “Hidden Champions (HCs)” (Simon 1996, 2009). This analysis draws upon information sourced from databases, industry reports, and pertinent articles, and provides information on the characteristics of Hidden Champions, their marketing strategies, and their current use of digital marketing.

The second section, draws attention to the deliberate selection of Belgian Hidden Champions as a targeted sample for subsequent research endeavors and elaborates on the methodology employed for the qualitative data collection, emphasizing the utilization of semi-structured interviews and the approach taken to engage with the participating companies. Additionally, it elucidates the process through which the interviews were conducted.

3.1. Sampling frame : Hidden Champions

In the empirical investigation, Hidden Champions emerge as the central unit of analysis. Indeed, they are the type of firms that are likely to act in the markets described under the chapter 2 of this thesis and that follow such strategies. Moreover, they are international leaders in their respective niche markets, and due to their intense use of specialization and innovation, they are considered the most successful niche market players, making them pertinent cases for this study on digital marketing. By examining their strategies and the digital marketing support they employ, valuable insights can be obtained on the effectiveness of digital tools to enhance their niche marketing strategies.

3.1.1. Characteristics

Hidden Champions are highly successful innovative companies, usually SMEs, that operate in B2B niche markets and are technology leaders within their niche. They generally have significant export shares in their niche segments and collaborate with clients worldwide

(Simon, 2009; Schenkenhofer, 2022; Lehmann & Schenkenhofer, 2023; Rietmann, 2024). To be considered Hidden Champions, companies have to meet three specific criteria (Simon, 2009):

- Be top 3 in terms of market position, which is determined by the company's market share in the global market, or number one on its continent;
- Upper revenue limit of \$5 billion;
- Have a low brand awareness for their products and services among the general public, meaning they might be familiar to financial institutions and related businesses but should not be known to the general public on a global scale.

Some studies add a fourth criteria regarding the company's number of years in operations, which must be more than five years; otherwise, it can be considered as a "potential Hidden Champion" (European Bank for Reconstruction and Development).

Historically, Hidden Champions were predominantly identified within Germany, often regarded as the backbone of the nation's economy owing to their robust export performances. While approximately 80% of midsize global market leaders are still thought to originate from German-Scandinavian regions, Hidden Champions have since arisen in diverse countries worldwide. These include the United States, Brazil, Japan, South Africa, Korea, and New Zealand, as well as various countries across central, eastern, and south-eastern Europe (Simon, 2009; Braček Lalić & Purg, 2021).

As for this thesis, this species of so called Hidden Champions should comply with some characteristics. First, concerning their value proposition, most Hidden Champions are in the production of technologically complex and knowledge-intensive goods (Schenkenhofer, 2022) such as machinery, precision technologies, advanced materials or specialized devices for different industries like electrical engineering, chemical industry, medical engineering and automotive (Lehmann & Schenkenhofer, 2023). Then, they should have an unwavering commitment to innovation, which is aligned with the idea of incremental advancements, as mentioned in the literature review. Rather than opting for radical shifts, Hidden Champions meticulously refine key aspects of their offerings while preserving the essence of their core concepts. Their innovation strategy can encompass a range of aspects, including product

innovation, process innovation, and business model innovation, all of which contribute to their continued success and industry leadership. Thirdly, they should operate with a global mindset to achieve local impact, meaning they should have high export sales. Finally, they prioritize building solid and enduring relationships with clients. Indeed, Hidden Champions invest significant attention and effort into each relationship fostering trust, reliability, and efficiency (European Bank of Reconstruction and Development, 2019). The below graph from a research conducted by Hermann Simon in 2009 shows that the Hidden Champions themselves consider that their biggest strength to be their closeness to customers before their image and other professional marketing techniques :

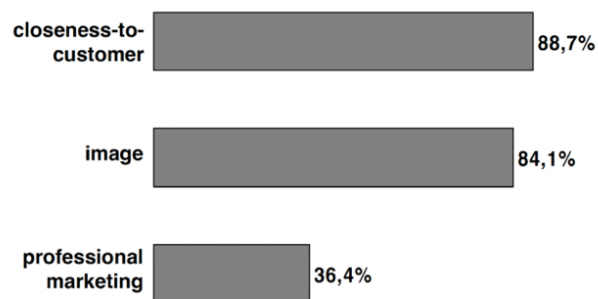


Figure 1 - Market-related strength of Hidden Champions (Simon, 2009)

Another figure from the same study shows once again that Hidden Champions invest substantially in customer proximity and less in professional marketing techniques such as advertising, brochures, sponsoring, and so that they have a different approach from large corporations who, on the contrary, have highly developed marketing functions but usually lack closeness to consumer.

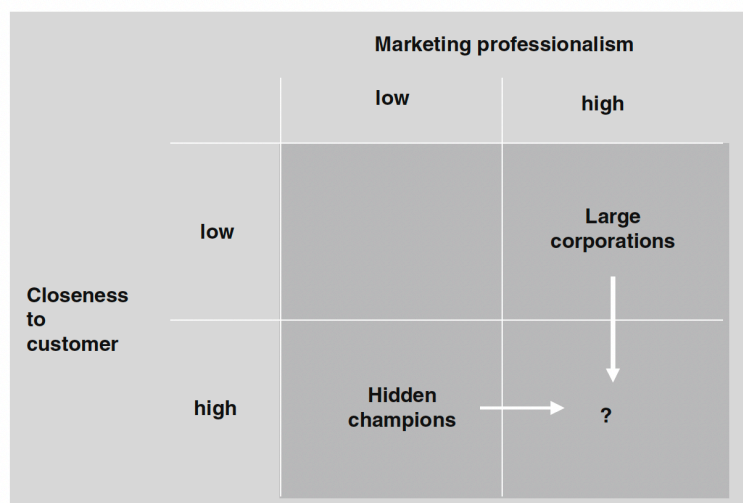


Figure 2 - Closeness to customer versus marketing professionalism (Simon, 2009)

3.1.2. Digital Marketing among HCs

Some studies in the literature examine the digitalization of Hidden Champions, yet only some delve deeply into the realm of the use of digital marketing. One of them, probably the most significant was conducted by Daniel Wittenstein in a book entitled “*Managing Digital Transformation: Evidence from Hidden Champions and Measurement Approaches*” published in 2022. Through this study, Daniel examines the progress of digitalization among Hidden Champions and, for example, compares their digital readiness to that of a control group firm.

Wittenstein’s primary data source for this comparison was the Mannheim Innovation Panel (MIP) survey of 2016, 2017 and 2018. The MIP is the official German Innovation Survey (GIS) and shows the German contribution to the Community Innovation Surveys (CIS) of the European Commission. His study was based on a sample of 116 Hidden Champions and 3 645 non-Hidden Champions that participated to the MIP survey and provided information on digitalization. The non-Hidden Champions were used to create the control group. To ensure that the study yielded meaningful results, Wittenstein made sure that all the firms were operating in manufacturing-related industries, and he also considered the firms’ age and size. The graph below shows the final results found by Wittenstein :

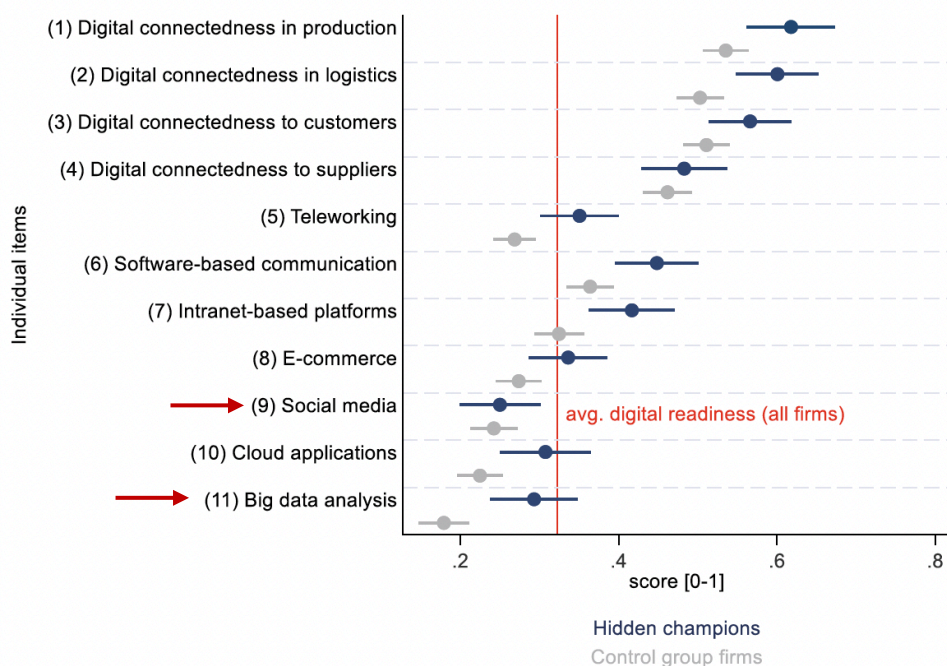


Figure 3 - Comparison of all digital readiness index items (Wittenstein, 2022)

What can be concluded from this graph is that Hidden Champions have a notably elevated average in digital readiness, surpassing the control group firms across all 11 surveyed digitalization indicators. What is also interesting is that the two areas where they score the lowest are social media and big data analysis, which are two digital marketing tools that Hidden Champions could harness to their advantage. Additionally, the Hidden Champions' advantage over the control group is least pronounced in the area of social media. This may be because many of them perceive social media platforms as too noisy and geared towards a broader audience. Finally, another highlight from this study is that, even though Hidden Champions seems to have a higher digital preparedness, a considerable proportion of them (44%) still demonstrate low digital performance, with the use of digital technology mostly restricted to websites and social media channels.

Another study conducted by Lehmann and Schenkenhofer (2023) supports this idea of low/different digital performance, as it showed that Hidden Champions vary in their level of digital presence. They also highlighted that HCs with stronger digital exposure have enhanced trust among stakeholders, a crucial factor in niche markets due to their high asset specificity.

Finally, a joint study project conducted by the IDG Research Services, the Hidden Champions Institute, and ESMT Berlin to compare German Hidden Champions, large corporations, and small and medium-sized enterprises (SMEs) that are not market leaders in terms of digitalization.

Regarding the internal processes, which include the marketing approach, the graph below, which comes from the study, shows that Marketing is the fourth internal process area of action for HCs' digital transformation, behind IT, Sales, and Production. It shows that it is a central area of action for Hidden Champions but not the one with the highest priority, and they do not seem to place more emphasis on marketing digitalization than "All companies" either.

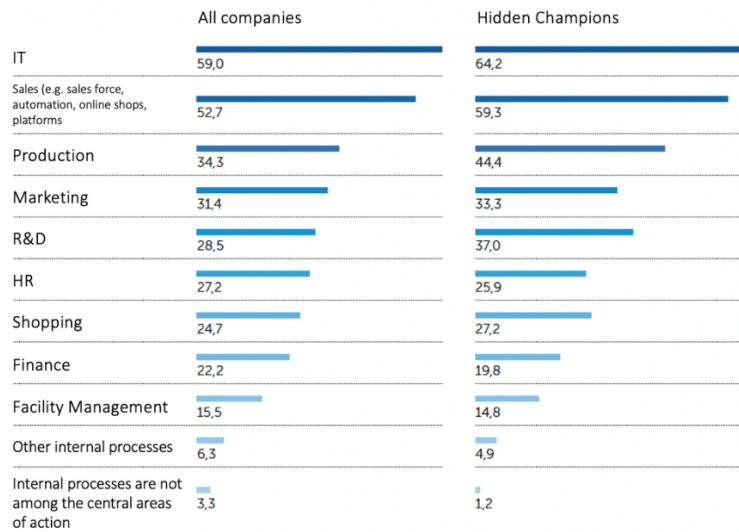


Figure 4 - Internal processes that are central areas of action for digital transformation (Freimark et al., 2022)

Then, in terms of concrete technologies that companies leverage to enhance digitalization, the study shows that the first key technology for Hidden Champions' digitalization is Industry 4.0 (49.4%), then Analytics (46.9%) which seems to be very important, both in the market average (48.5%) and among HCs. Social Networks are at the 11th place with 21%, being lower than "All companies"; and Hidden Champions also score lower than "All companies" in the Conversational User Interfaces, which includes the use of Natural Language Processing (NLP), with 17,3% compared to 20,9%:

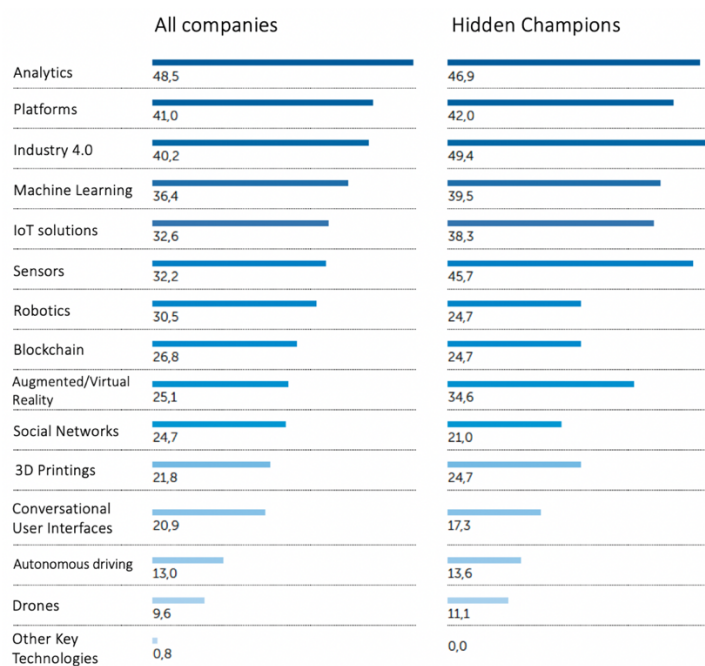


Figure 5 - Technologies HCs consider to be key ones for digitalization in their company (Freimark et al., 2022)

Collectively, these studies underscore the active yet cautious inclination of Hidden Champions toward embracing digitalization and harnessing technological advancements for their internal processing, including marketing. They also underscore the numerous advantages it can bring for niche marketing, such as enhanced innovation performance and productivity gains. Finally, it highlights the fact that HCs are advised to capitalize on these advantages given their reputation for superior innovation competence, entrepreneurial leadership, and organizational agility. However, there remains a gap in understanding the specific utilization of digital tools for niche marketing. Hence, I initiated interviews with Belgian Hidden Champions to delve deeper and uncover more tangible insights.

3.2. Data gathering and processing

As previously mentioned, in order to enhance the depth of the desk research, a qualitative approach was designed and implemented to dig further in the use of digital marketing by Hidden Champions. This method was purposefully selected to bridge the research gap for two primary reasons. Firstly, due to the restricted sample size of the targeted companies. Secondly, Hidden Champions are recognized for their discretion and unwillingness to divulge extensive information about their operations. These factors cast doubt on the efficacy of quantitative research in this context.

3.2.1. Purposive sampling

The cases were sourced from Belgian Hidden Champions, and this purposive sampling was done because they have yet to be examined on digital marketing strategies. In a recent article, Hermann Simon claims there are 3 193 Hidden Champions worldwide, of which 1 573 are located in Germany and 20 in Belgium (Simon, 2022). However, his database remains inaccessible to the public, echoing the challenge encountered in other studies. I also faced the characteristic discretion of Hidden Champions in identifying them, as they commonly prioritize anonymity and confidentiality (Kamp, 2017).

Despite the challenges, a comprehensive list of 62 Belgian companies with Hidden Champions profiles was meticulously compiled. This was done through a rigorous process that involved consulting various sources, including industry experts, previous master theses (Georges, 2017; Sparenberg, 2018), the website of the Wallonian association of companies (Union Wallonne

des Entreprises, n.d.), and LinkedIn research. This exhaustive effort ensured that the final selection was representative of the Hidden Champions in Belgium.

Given the research focus on digital marketing, an additional set of criteria was applied to enrich the investigation. The selected companies had to demonstrate active use of digital marketing strategies, indicating their commitment to leveraging online channels for business growth, and have a significant presence on social media platforms. After thorough research, the initial list of 62 was refined to 33 Belgian Hidden Champions, all of which are written in bold and in blue in the following table.

POTENTIAL BELGIAN HIDDEN CHAMPIONS		
AMOS	Flying Cam	Meura
Automatic Systems	FN Herstal	N-Side
Automation & Robotics S.A.	Galactic	Nanocyl S.A.
Barco	Hamon	Nanocym
BEA	Heimbach Specialities AG	Nomacorc
Biebuyck S.A.	I-Movix	Petersime
Carmeuse	IBA	Pranarôm
Cartamundi	IP Trade	Prayon
Cenaero	Iris	Renson Ventilation
Christeyns	Isomatem	S.A.B.C.A
Codine S.A.	Iwan Simonis	Saluc Aramith
Colinet Mécanique de Précision	Jan Denuil	Sitec
DesleeClama	John Cockerill	Skylane Optics
Devan Chemicals	Lambda X	Sonaca
DSi	Lasea	Soudal
Dumoulin Aero	Lefort	TAC
EHP	Lhoist	Techspace Aero
Elaut	LVD	Vandewiele nv
Enzybel	Magotteaux	Vigan Engineering
EVS	Materialise	Vlassenroot
	Melexis	Zinacor

Table 2 - Belgian Companies with Hidden Champions Profiles

3.2.2. Interviewed companies

Of the 33 companies on the list, 30 were contacted via email or LinkedIn to request interviews. Only ten responded, resulting in a response rate of 33.3%. Four agreed to participate in interviews, while the remaining six declined. The primary reasons for refusal included time

constraints of key personnel and concerns regarding confidentiality. Ultimately, I achieved a positive response rate of over 13.3%, aligning closely with Hermann Simon's findings on similar inquiries, which typically yield response rates between 15% and 20% (Simon, 2009). Therefore, the four interviewed companies were :

- IBA
- Materialise
- LVD
- Magotteaux

The following table provides a summary of each firm's main characteristics (the estimated revenues are expressed in million).

Firm name	Industry	Firm Foundation	No. of employees, average	Niche product	No. of countries they are active in	Estimated total firm revenue	Estimated revenue that comes from their primarily product	Estimated revenue from sales outside of Belgium (%)	Worldwide market share in primarily product (%)
IBA	Healthcare Manufacturing	1986	2 000	Proton Therapy System	40	428 717	229 065	/	71%
Materialise	Digital Manufacturing & Services	1990	2 437	3D Printing Services	21	256 127	101 170	/	/
LVD	Industrial Machinery Manufacturing	1952	+ 1 000	Metal Forming Machinery	48	173 371	/	/	/
Magotteaux	Mining	1918	+ 3 000	Grinding Ball Machines	150	900 – 1 000	850 000	70%	51%

Table 3 - Interviewed companies' data (Sources: Balances sheets, companies' websites)

3.2.3. Research process

Semi-structured interviews were held with those four companies. The spokesperson representing the interviewed companies was either the Marketing Manager, or the Communication Manager, or both; the focus was on those roles as they are knowledgeable about the respective company's overall niche marketing strategy, as well as the digital marketing strategy. The interview guide contains four sections (see appendix 2). The interviews were then transcribed and analyzed using Nvivo software. The coding process began with line-by-line coding; each line was classified into one of the four initial first-order categories, namely:

Challenges, Findings on niche marketing, Findings on digital marketing, and Future trends. Then, connections were drawn between the lines in each code, and “child-codes” were created within two of the four initial codes. This led to the creation of three sub-codes in the “Findings on niche marketing” category and five sub-codes in the “Findings on digital strategy” category (see appendix 7). The table below summarizes the practical information of each interview :

Cases	Firm name	Spokesperson’s function	Date of interview	Duration of interview	Type of interview
1	IBA	Corporate Communication Associate	02/03/2024	43 minutes	Video call
2	Materialise	Marketing Manager	15/03/2024	1h22	Video call
3	LVD	Group Marketing Director	09/04/2024	1h10	Video call
4	Magotteaux	Marketing Manager & Communication Manager	12/04/2024	1h	Video call

Table 4 - Interview details by case

4. Findings

4.1. Findings on niche marketing

4.1.1. *Restricted segment and specialized products*

The four interviewed companies are operating in B2B sectors and selling distinctive, technologically sophisticated, and of high quality products. For instance, at IBA, they have four business units, and their flagship product is Proton Therapy machines, which are machines used by hospitals for proton beam therapy, a technique used to destroy tumor cells.

At LVD, they mainly sell sheet metal working equipment. They have a wide product portfolio, but their star product is bending machines, which is the one LVD started its business with historically. A large percentage of its customer base are subcontractors who buy machines and then manufacture products for other companies. Also, LVD's value proposition is characterized by product customization, offering tailored solutions to meet the specific needs of their clients. This approach allows them to differentiate themselves in the market by providing robust and customized solutions.

At Magotteaux, a manufacturing company focused on the mining sector, their most successful product is the ball mill, a type of grinding machine that uses balls to crush and grind materials. Their primary customers for these grinding machines are mines and cement factories. As part of its value proposition, the company offers customized and personalized products tailored to each client's specific needs, often engaging in "engineering-to-order", especially for the grinding ball machine: *"It is not a single product which is the same for everyone, it exists more than 700 different variants, with for example diverse sizes or recipe of alloys. It is always tailor-made for the customer, and we need to adapt our products to the detailed needs of each customer because on client is not another"*. They also differentiate themselves through tangible innovation, continuously evolving to meet the needs of their customers. Competing against low-cost companies that offer cheap imitations, their strategy is to stay ahead through ongoing innovation and investment: *"We have made several inventions which have radically changed the industries in which we supply, we call them "breakthroughs"".*

At Materialise, they have three business units: the first one is for manufacturing products with 3D printers, the second one is selling 3D printing software, they deliver software to professional companies that use 3D printing, and finally, the third business unit is the medical one where the 3D printers and the software come together to create solutions for surgeons and medical professionals. The three business units are equal in terms of turnover, but the software and medical ones have more growth potential, and they are the market leader in software. In terms of customers, they work with companies that operate in different industries such as, aerospace, automotive, eyewear, medical technology and, machinery and equipment.

4.1.2. Positioning

All four companies adopt a niche positioning strategy to sell their products. Two of them emphasized the different strategies they used. At IBA, they feel like the competition is quite tough as it's a tiny market oriented, mostly towards hospitals. Thus, it is crucial for them to differentiate themselves. One way of doing this is by striving to popularize their complex products and techniques and explaining them in an accessible way. Their goal is to establish themselves as experts who can clarify any aspect of their offerings, ensuring clients understand that IBA is the reference in their field and can make complex concepts comprehensible.

At LVD, they show their expertise in a slightly different way; indeed, they defend their positioning not by promoting their product features but rather by addressing client challenges after looking at what is happening on the market: *“What we need to say is: “Are your parts getting more complex? Is your batch sizing getting smaller? Are you trying to achieve shorter lead time? Are you finding it difficult to find skilled labor to manufacture your parts?”*. They want to show to their customers that they understand their everyday challenges better than the other companies and that they know how to help them: *“Marketing is very strongly about story-telling, whether if it is digital or in person, it is about how you tell the story related to the actual life that the person in front of you is living.”*

4.1.3. Segmentation

As previously mentioned, IBA's strategic approach involves four distinct business units, each with its unique target audience. This segmentation is not just a mere division of the market,

but a crucial strategy to prevent customer interference between the units. It's a testament to the importance of segmentation in effectively reaching each target.

At LVD, the main segmentation strategy is to divide the market according to the size of the company. They use this strategy because the size of the company ultimately defines the way they will approach them.

At Magotteaux, the approach is slightly different because they do not segment customers into small groups to create a tailor-made message for each of them. The first reason is that, as they are addressing a fairly limited number of actors, they actually target all the companies active in mining: *"Our number of existing clients is not huge, apart from the aggregates, which are more family businesses, smaller structures where there are perhaps more, cement factories and mines are very large companies which are easily identifiable and therefore, are on the radar"*. The second reason is that their marketing message is more universal by saying: *"We come to your home, we will understand your needs, your technical reality and then we will apply our expertise to give you the best possible solution for your case and meet your objectives"*. However, they still segment their customers in two different categories based in their needs, which could be on productivity or on cost efficiency: *"The needs of our customers are either an increase in productivity, whether in terms of volume, better finished product, more quantity typically a company that has a growing market, it can be the reality of one group of clients. On the other hand, there will be customers looking for efficiencies, not in terms of productivity but in terms of costs, so it is usually companies that have a declining market or poor prices for their finished goods"*.

At Materialise, their segmentation strategy starts by interviewing their current customers, using focus groups, and checking with them directly to find out what they think is important. They also try to find where they search for their information, what kind of publications they read, how they make their decisions, and anything that can help them have a good view of the niche group: *"The way you do research on your target audience is a big difference because you can do almost qualified research and get really quick feedback from a number of people around you."* Then, they build profiles of companies and professionals in those companies to whom they believe their services and products will make a difference.

4.1.4. Targeting

After the segmentation, there is the targeting strategy, on which the four companies gave interesting insights. At IBA, they attend conferences, which allows them to directly reach the right people from the healthcare industry.

At LVD, once the market has been segmented, they use two different approaches once they are in the campaign to reach the right decision-maker within the targeted company. As said previously, it depends a lot on the size of the company they are dealing with; if they are targeting a very large one, like a multinational company, the ultimate decision is at a certain level within the company; in this case, they need to move further up the chain: *“ You first have to influence the influencers in the company but also reach the decision-making group, so you also have to influence, create a brand presence and get to the consideration stage of the campaign with the person that is ultimately at the decision level.”* However, if the targeted company is a smaller one, the chances are that you are directly going to be speaking to someone who is the ultimate decision-maker. Thus, the approach depends a lot on the size of the company.

At Magotteaux, the sales team also physically performs the ultimate prospection. Once the marketers have provided a good quantity and quality of leads to the sales team, they do the rest of the prospect locally.

Finally, at Materialise, once the profiling is done, they have to find them. Maybe there are a thousand of profiles that are meeting their criteria around them. They don't mind talking to the rest of the world if they are at least sure that they reach those thousands, then select a few of them and get really in touch with them.

4.1.5. Building relationships

At IBA, they put a high focus on developing strong relationships with their customers and providing them with complementary services. For example, they recently opened a training center for their Industrial business unit, so when they sell a machine to customers, they always receive training from IBA expert trainers ensure that they make the best use of the machine. More than providing complementary services, it allows the employees from IBA to connect

with the employees of the companies they sell their products to, as it's something very important for them.

At LVD, they consider that machine tools are mostly sold through relationships: *"Because we are selling an expensive piece of machinery, the relationship absolutely needs to be there. You don't wake up one day and think: "Oh I am going to buy a laser cutting machine from LVD today." It takes a long while, and you need to be able to quantify the benefit that the product brings to the clients."* They also adapt their strategy depending on the size of the company they are dealing with. Therefore, there are different kinds of nurturing paths they take them on, but ultimately, it's always about adding value: *"If you don't add value, people are not going to be interested in continuing to talk or work with you."* Like at IBA, they believe that part of what they need to do as a company when they sell a machine helps their customer to get the best out of their investment: *"That's also part of the ongoing process of customer service and customer support, it is to release the best value-add for the investment."* They also work closely with the industries and use customer feedback for the development and evolution of their services, as well as the development of new products. For instance, during the product development process, they collaborate between several departments, and customer feedback is included. The opinion of their clients is very important because they believe that an organization evolves in the services and the products that they provide and that it has to be in tune with the experiences that the customers are having. Finally, they differentiate themselves in a way that they can bring their personality into the equation: *"LVD is one of those companies where we use our Belgian personality to differentiate ourselves against some of the bigger competition. Our personality is part of the mix it is what makes us, us."*

At Magotteaux as well, having a close relationship with the client is very important. Indeed, they make a point of honor of maintaining a close relationship to understand and really know the challenges of a specific customer to be able to adapt their standard products to their needs: *"The relationship that exists between the seller and the customer is particularly linked to our innovation aspects because our standard products are still often adapted according to the specific needs and challenges that the customer encounters in his own factory."* Moreover, the start and the nurturing of their customer relationships is also mainly done by their local sales teams, who make their own knowledge of the customer through their discovery: *"We support*

our salespeople with classic marketing elements and digital channels, but a good part of the work is done by the salespeople themselves. It's truly a one-to-one interaction since one customer is never like another, technically it's never the same reality and it has to be understood by the seller to make the best offer and the best product." This is something necessary for them to be close to their customers, having teams that directly go on-site, listen to the clients, their needs, and adapt their products. Also, they are always willing to provide more services, support, or advice to certain clients that need it more than others: *"We support the customer from A to Z, so not until the customer has signed the contract and then we disappear, we follow the customer to see that everything is going well."*

At Materialise too, building deep and long-lasting customer relationships is part of their strategy and they believe that establishing genuine points of contact is important in this regard: *"Rather fast you have to go to a real point of contact. In our case, the sales interaction is manual in the end in most of the cases."* This statement aligns with what is done at Magotteaux.

4.2. Findings on digital marketing

At IBA, digital marketing is almost exclusively done now. Everything is digitalized, and they use tools such as mailing and social networks like LinkedIn, Facebook, Instagram, and X (formerly Twitter), where they use corporate accounts.

At LVD, they believe digital marketing in niche markets is mainly about creating a presence online with all the different people who are involved in the decision-making of a purchase. If they spot an opportunity to sell a machine but the company is not on the market to buy a machine yet, digital marketing helps them to create the need to buy that machine. Particularly now that our lives are strongly digitalized, the idea is to remain in the field of view of the people making the decision ultimately; for LVD it's the whole point of digital marketing: *"When we visit a company, we see it when they could be more efficient if we sold them a more sophisticated machine, we know that we will save them money, once we have seen it it's more about how do we get that person thinking "I need to buy a new bending machine".*" Once the idea of buying a new machine is in the mind of the buyer, the purchase must be done with LVD: *"Tailoring a marketing campaign is to work out how many touch points should be there,*

what it should be talking about, it has to be relevant and drip to the point where the customer says "I need to buy a machine and these are the people that I need to speak to"."

Also, at LVD, they think it's important to find the balance between who you are and who you aspire to be. Indeed, the digital part of the customer journey and the "in person" part are directly linked, so when a company communicates online, they have to make sure that they do it with their personality because when they come face-to-face, the touch points all link together. This also has a significant impact on the way the relationship will be built with the client: *"We want to be digital, then we want them to engage with us, and ultimately we want to try to convert them from digital to an in-person, and then only the salesperson can build up the relationship, build up the trust."* In this type of industry, physical interaction is mandatory: *"You need to see a machine working; for example, if you are interested in buying a bending machine from LVD, you will want to see your product being bent on our machines in one of our experience centers."* Essentially, while relationships often start digitally, it's crucial to seamlessly transition from online interaction to real-life connection.

At Magotteaux, they made several choices regarding their digital marketing strategy. According to Amandine Buts, the communication manager, one of those choices was to use their online presence to start a rebranding: *"We had a desire to strengthen our brand on the market, a brand already known since we have been on the market for more than 100 years, but we wanted to revitalize the visual aspect to bring more consistency to our approach to the market."* This aligned perfectly with their customer-centric approach; they aimed to structure their website to personalize the customer journey.

Furthermore, their digital marketing is more driven by a strategic reason than an objective in terms of detailed KPIs like the number of new followers or new contacts. It is pretty difficult for them to measure and quantify the results of their communication, but all they do serve the image of Magotteaux in general, as well as their sales directly: *"We have from time to time feedback from our sales saying that they have come into contact with a client via this or that."* They do not believe that they have ever sold a machine because of a LinkedIn post, for example, but they do believe that it contributes to it and that it's the correlation of different types of communication, reinforced by the one-to-one message and the close relationship with

the client that allow them to arrive to the selling point. Like at LVD, the online presence is essential to create a relationship with the customers and remain on their “radar”.

At Materialise, a shift also occurred during the last years, and they switched almost exclusively to digital marketing, allocating more than 75% of their marketing budget to online marketing. They used to allocate a big part of their budget to participate in trade shows that happened once or twice a year, which could create around 100 leads, and then they would have to live on those leads for a few months. Now, with digital marketing, they have shifted towards a constant online activity that allows them to be much more diverse: *“We still have campaigns that can run around the trade show, but we can also run around a release, or around a specific topic that is trending at that time, we can run around a lot of different things.”*

In addition, this switch has allowed them to better manage their marketing budget and put the money where the results are: *“In the past, when a salesperson suggested going to a trade show, as it’s only once in a year, you could never know if it was going to be successful, you just had to try. But if you put focus on it, put it in your budget and in the end it’s a failure, then you have lost a year.”* IBA also highlighted the fact that using digital marketing is a considerable cost advantage; when they compare the cost of making a LinkedIn post and observing the engagement it creates to the price of an advertisement in a specialized magazine in the mines, the difference is enormous. More than being expensive, printed advertisements are a lot less quantifiable and impossible to track.

4.2.1. Social Media Marketing

At IBA, they put a lot of effort into creating long-term relationships with their customers, and social networks help them reinforce it even more. As said in the previous point, they use different platforms, but the most important and serious one is LinkedIn, where they have created a different account for each of their business unit; this is mainly to counter the fact that certain business units have customers who represent competitors for other ones. However, for Instagram and Facebook, they use a corporate account for IBA in general. They relaunched their Instagram page 2 years ago, but just like their Facebook page, they consider them more “cool” media. Instagram is more used internally: *“It’s more of a platform that IBA employees will appreciate having to throw a quick glance from time to time without necessarily*

having to go to LinkedIn but it's not the main platform that they will use for their client, there is no real interaction." Facebook is more or less the same; they do not use it to engage with their customers, which they do more on LinkedIn, where there are often shareholders and clients who react.

Like at IBA, at LVD, social media marketing is now a natural part of the marketing mix and is used as a proactive tool. They are present on many different platforms, namely Facebook, Instagram, LinkedIn, YouTube and even TikTok. According to Matthew Fowles, the Group Digital Marketeer, all platforms have their place: *"Facebook is perhaps more personal and LinkedIn more business-oriented, but in our experience they all got their role to play."* Another reason why they decided to be present on almost all platforms is that they believe that the decision-makers in the purchasing of a machine are sometimes different age groups, notably depending on the size of the company and that it can help reach them more effectively: *"Facebook will be more for 35-45, maybe even 45-55, while Instagram is more 25-45, but mostly active are 25-35. And when you are looking at a certain group of people of a certain age and gender, the question is: "Where are you going to find them?"*" They think social media is a very key part of a communication strategy now; for them, it's a powerful tool to get into the consideration stage of the purchasing phase, so that when the customer is ready, he thinks of your company.

On the contrary, at Magotteaux, they intentionally decided to position themselves only on LinkedIn. The other platforms are not their target, so it has no interest for them to be present on them: *"We have a very specific target at Magotteaux and it's not necessarily the people who are present on this type of networks (Instagram, TikTok, etc.)."* They know that many things in B2B happen through LinkedIn, so their first objective was to reaffirm themselves there, to show their leadership and their difference. Thus, they recently defined a new approach that is more structured and thoughtful, with different pillars on which they want to communicate while preserving their manufacturing secrets, which is very important for Magotteaux.

Regarding Materialise, their main channel is also LinkedIn, which, according to Stijn De Rijck, they use, for example, for prospecting when they launch a new service/product: *"You always have to start somewhere, so you can create a list of maybe 20 potential companies, and in those companies you are going to look for the profiles you need, LinkedIn is perfect for that."*

They also sometimes still use Facebook, even though it is not a network for professionals, but people are still on it, so they create content that is more “digestible”.

Content marketing

According to LVD, social media marketing is a part of the company’s strategy, so it’s important to get the right balance of product content, people content, and event content. It’s mandatory to get the mix right. Stijn De Rijck from Materialise also highlighted the fact that social media marketing is about making sure that you have enough quantity and quality leads. Therefore, the idea is to move people forward by making sure the content is really attractive to the right audience.

Thus, content marketing is about finding the balance in the type of content people will find on a company’s page, it can be brand awareness, content distribution, customer satisfaction, promotion of new products and services. The following points will highlight what is done, or not, by the interviewed companies.

Brand Awareness

For IBA, a large part of their content evolves around brand awareness and a “popularization aspect”. Indeed, it’s their challenge every day to make materials, such as videos, that really explain what IBA is and how they act to improve and protect lives. Most of their posts are more educational content to explain what they do and how their products work in a simple and concrete way, without being too scientific: *“At IBA, ¾ of the population are engineers, so explaining what is a cyclotron for them is very easy, but from an outside point of view, it can be quite complicated.”* Another important aspect of their brand awareness on social media is to involve the CEO’s profile to show his support; they believe that to communicate digitally via the CEO: *“It is important that a CEO shares what his company does because ultimately, it is the first gateway to society. So the CEO’s profile is very important, especially on LinkedIn, to be referenced, so they should like the posts, re-share, etc.”*

LVD also uses a lot social media to create awareness: *“Most of it, particularly in machine tools, is about awareness; it’s like someone doesn’t just wake up one day and be like: “You know what, I just saw an ad, I am going to buy a laser cutting machine today.””* So, to raise awareness,

they post on different topics, including brand, reputation, and solution selling. For them, the whole idea of a content-driven strategy is to think about its diversity: *“On social media it’s the same as it is with other approaches, it’s about adding value; it might take a fraction of a second to look at your phone but it has to be interesting enough for you to pay attention.”* Furthermore, they use their social media pages as an extension of them to showcase their personality, what makes them as a company but also as people. It is important for building relationships, to build trust, which is done through the personality. As a matter of fact, they share on other topics than the company, such as the solar eclipse that happened in the US; they posted a picture of their event viewing with the team in the US. Lastly, they also do webinars; instead of going to many tradeshows, they decided to launch their own webinars and did 109 of them in the last two years, which were less expensive and could reach more people than traditional tradeshows. But once again, they did not want to do webinars simply for doing them: *“We didn’t want to be one of those people where you watch the webinar and you think “that’s 45 minutes of my life I am never going to get back”. We wanted to add our character.”*

Magotteaux adopts a slightly different, more cautious approach, which is a deliberate part of their strategy. They publish content on the different pillars they defined, such as an expertise pillar, which has more an educational purpose, and their employer branding pillar, which is the idea of making their employees participate in the activity of the page, either by sharing their own stories directly on Magotteaux’ page or by re-sharing the posts. They know that they are a bit behind compared to other companies but they are convinced people will quickly understand their strategy: *“We are not just posting photos to look pretty, to take up space, each time there is a well thought out, well-researched message.”* Like LVD, they define themselves in an added value strategy, they do not often promote their products directly but rather the added value they bring. Lastly, they have recently defined another pillar which is the sustainability one. They had the desire to communicate about what they do as they have always been very active in recycling and sustainability in general, but they never really communicated anything about it: *“We are extremely committed to sustainability but also very discreet about it because we want to be able to give realistic objectives. Now we want to position ourselves and communicate about what we do, this pillar is slowly becoming part of our digital communication, whether on our website or on our LinkedIn.”*

At Materialise, their content marketing is also more for brand awareness, it's about 3D manufacturing in general, the use and the spread of it. Like at Magotteaux, Materialise also tries to involve their employees in online activity. To do so, they use one platform internally where the marketers gather all the interesting content that employees can share: *"You, as a professional who works at Materialise, every week or so, you can have a look at the internal platform and see maybe 20 articles in it, that are all relevant to Materialise, some created by Materialise themselves, some created by partners; and you can easily select the post that you want to share on your LinkedIn profile. It makes it super easy for people to share content, a lot less time-consuming and it allows to have a better control too while giving people the freedom to share what they believe is interesting."*

Recruitment

A point that came in three out of the four interviews is the use of content marketing to attract new talents. According to Amandine Buts from IBA, a few publications on their LinkedIn page are made for human resources to attract new candidates: *"HR goes through a platform called Social Seeder, and every two weeks, there is a post which is made to promote jobs at IBA and the company culture, explaining how it's like to work with us."* This is important for the candidates applying to jobs that are not directly linked to the operational activities; for example, for someone applying in accounting, it's interesting for them to understand what a cyclotron is and what IBA does for their employees. It's a way to create awareness and make IBA known. LVD and Magotteaux also claimed to use social media for recruitment. Magotteaux started doing it recently because they understood the importance of highlighting employer branding as they realized there was a need particularly to attract new experts: *"We are a company that is 100 years old, the name is well established, but we also need to continue to energize it and give it a more modern image."*

Content Distribution

IBA is the only one that emphasized leveraging content marketing to engage with their audience, which was quite notable. For example, what usually generates traffic peaks is when they publish their results on LinkedIn, as it's mainly corporate connections, and it always creates a lot of traffic on their website. In addition, they also bring people to their website by

publishing press releases on their LinkedIn page to provide visibility: *“For a press release we do not simply publish the PDF, rather we publish a link which refers to the press release through their own site. The objective in bringing the person to our website is that they will subsequently find out about our products as the website is designed in a way that it navigates consumers towards our different business units depending on what interests them.”*

Customer Satisfaction

The four companies utilize content marketing to show customer satisfaction. At IBA, they believe social networks improve customer intimacy and collaboration as it allows them to promote what they have accomplished with their clients. They generally do a post when they have delivered and installed a machine to a customer; it helps with the maintenance of their customer relations: *“Delivering a machine like a cyclotron, as it is very heavy and technical, is quite impressive. So for example, hospitals generally promote it on their own page and show that they received an IBA cyclotron, then we repost their publications on our page.”* At LVD, they do customer testimonial stories; they think it adds another layer of validity to directly show the results they bring from their customers’ point of view: *“Customers testimonial stories are quite important for us, it is like: “Do not just believe us, believe them.” Collaborating and interacting with our customers through social media is a very important touch point.”* Finally, Magotteaux also uses their LinkedIn profile to show their proximity with their clients, showing that customer satisfaction is a key indicator in their corporate strategy.

Products and Services Promotion

At IBA, being a corporate page, they rarely promote their products directly. Product advertisements only occur with the launch of a new communication campaign for a specific business unit. However, they do occasionally publish content explaining the functionality of their products. While this serves primarily to raise awareness, it also has a slight promotional aspect, although it's never purely promotional.

At LVD, as they are always in a strategy to promote the added value rather than the product directly, they turn the post into the challenges that their clients could face and offer their different products as the potential solution: *“Sometimes the content will be about the product*

and we will say: "If you are experiencing this, and this, and this, then maybe you should think about this."."

At Magotteaux on the other side they have specific content on their products, which is purely to promote them.

Finally, Materialise does LinkedIn campaigns when they launch a new service or for their existing ones; if they need to get new leads, they create specific LinkedIn campaigns to find new potential customers. They also use this network to promote their events or training: *"For one of our training, we created a "knowledge" campaign where we set up content like "What are the ten things to consider when you start meta 3D printing", then we also published content on the training in itself and finally on the trainers, to position themselves as the knowledge center and show they are the experts because people want to work with the experts."* They believe that once the people have seen and read the content, you know they are interested in it, and it is easier to pull them in the training.

Social media analytics

At IBA, they have used sponsored advertising on Facebook and Instagram to target doctors for a congress event in Malaga: *"The Radio Pharma Solutions business unit did geofocusing on Facebook and Instagram. Geofocusing is the act of addressing a certain audience that is close to a location. For the congress in Malaga we wanted to target people who were within a 30 km radius from this location and who had an interest in being targeted, such as doctors, scientists etc. We wanted to attract them to the IBA stand and it worked very well."* However, they do not use it on LinkedIn because it is very expensive on this platform, and they do not see the necessity.

Like IBA, LVD also thinks social media is a revolution in terms of data because companies are able to use very distinct targeting methods as it provides information on gender, age group, geographical position, etc. They also use geotargeting, for example, after identifying the individuals or the companies that come on their website, if they don't know the company they find out how to target them. One way can be to target the region where the company is implementing its social marketing campaign. This will put their brand and solutions in the field of view of this particular company, and since they have been on their website, they are already

interested in their products, so the idea is to remain in their field of view and turn them into concrete customers.

At Magotteaux, they are going to launch tests on sponsored ads on LinkedIn, but according to them, the free ads already work well in terms of engagement.

International reach

According to Matthew Fowels from LVD, digital marketing from an international perspective is an absolute necessity. The customer journey has been largely digitalized, so it does not matter where the company is in the world, if their customers are abroad, they need to adapt, help them, and make them aware of them. Obviously, it needs to be localized, and they can not necessarily have the same strategy in one country than in another. Regarding social media channels, they sometimes differ a lot from one country to another. For example, in Vietnam, they use a platform called Zalo: *“It’s what they use, so you have to adapt and localize; it’s all about that tailoring to the market, to the customer. Then you have to guess what your target audience is on that particular platform and again have a mix of content to make sure they have the right engagement and interest levels.”*

At Magotteaux, they work mainly through LinkedIn and communicate exclusively in English, they believe it is a good way to reach a gigantic target, especially at lower costs, but they are thinking about creating multi-language posts to localize a bit more directly on LinkedIn.

Materialise has the same viewpoint regarding the widespread and influence of LinkedIn.

All three companies believe LinkedIn is enough to reach customers all over the world, except in China. They all mentioned the fact that it is not used there but since China represents a big potential market, they have to use other means such as WeChat.

4.2.2. Data Analysis

The four companies use different techniques and tools to get data and process it. At IBA, for example, they use a software called Pardot for everything that is linked to mailing; it allows them to see the open rate, bounce rate, etc., for each campaign. On their website, they measure the audience with a tool called Matomo Analysis, which allows them to see the traffic

generated on the website, where it comes from, and where it goes; they do that in order to recreate the customer journey to see what can be improved.

At LVD, they believe data is important for segmenting, but the quality of it can make a massive difference and it has a real impact to be able to achieve a proper, unique, and targeted approach: *“Like there is the “persona” based marketing, there is also the “industry” based marketing. So there are industry-specific approaches because there are certain things in some industries that make them “tic”, and if you can tune your marketing messaging on your sale approach to that then you basically increase the effectiveness. But to have such information you need good quality data.”* They gather data from various sources, such as from the market and from the internet where they find information like company sizes and market sectors. They also use what is happening in the industry directly: *“In the twelve sectors we work with, there are different typic characteristics for certain types of industries. Also, you gather data by knowing the trends and challenges of industries. That is actually a key to building a dataset to be able to offer a niche approach marketing to companies.”* LVD also uses different tools, one of them is Showpad Analytics and Insights, a sales enablement tool that helps them collate all their data and present it to their customers. They also use sponsorship in newsletters; it’s very interesting for them, particularly when they work with trade journals because they have an extended reach: *“Digital sponsorship is much more interesting than printed one nowadays because you can monitor how many people actually looked at the ad, read it and did something with it.”*

At Magotteaux, they analyze data by using artificial intelligence and machine learning, especially for prospecting. They have very specialized databases on their clients’ industries and it allows them to compare existing clients with non-clients and then they compare the probability of conversion. Regarding their social media page on LinkedIn, they observe the statistics but are not too regarding on them.

At Materialise, they also work with online magazines; they try to get articles, interviews, or banners in them. They also use their newsletters, so they pay magazines to put their content into their newsletters. Moreover, like Magotteaux, they use a database of existing customers and potential ones of whom they know, for instance, how many machines they already have, and in which technology, and adapt their content based on this information: *“You then send*

specific content to those that you know have no metal machines, and those who already have a metal machine you send another type of content, as you know they might already have a bit of expertise but they want to add more of it."

Overall, every company insisted on one point which is the measurability of the data and the advantage it can represent. For example, Matthew Fowles from LVD mentioned the flexibility it brought them: *"The fact that you can measure the effectiveness of a campaign, it means that you can first of all analyze why it is not working and see if you can fix it, and if you can't you just stop because you know that the reach, the effectiveness or the conversion rates are not good."* Stijn de Rick, from Materialise, also highlighted the fact that it clearly helps them determine where the return comes from: *"For instance, you know that you've paid 5,000 € to a 3D printing magazine to put your item in, and you can perfectly see where your clicks come from. If they come from them, then you can even see how much of their clicks were converted into leads and in the end into customers."* From that information, they know if it's interesting to continue working with a specific magazine or if they should stop, they can adjust much more quickly and easily.

5. Discussion and recommendations

The aim of this section is to compare the insights from the literature review on niche marketing strategies and the use of digital marketing, particularly by Hidden Champions, with the findings from the previous analysis.

Based on this comparison, recommendations have been developed for niche market players, including Hidden Champions, on how to effectively leverage digital marketing at each stage of their marketing strategy.

5.1. Positioning

All four companies adopted a niche positioning strategy due to their specific value propositions and targeted audiences. Three of these companies aligned with the literature review's findings on the advantages of maintaining a small portfolio: as said in the literature review, strong niche positioning helps firms effectively communicate a limited product range to customers and prevents brand dilution. One company, LVD, deviated slightly by maintaining a wide product portfolio but still focused on a niche positioning for their star product.

All interviewed companies agreed on the importance of differentiation to gain a competitive advantage. This approach aligns with the literature review. However, differentiation can occur via company communication and customer approach or in value propositions through customized and personalized products; it is where opinions diverge slightly. All four companies highlighted the importance of innovating and creating radically new products to differentiate themselves tangibly. Only LVD and Magotteaux, however, emphasized customization and product personalization as key components of their differentiation strategy.

Despite these differences, all four companies underscored the necessity of unique communication styles and customer interactions. They emphasized infusing the company's personality into the marketing mix, providing complementary after-sale services, and highlighting the added value they offer compared to competitors. This supports the literature review's assertion that companies operating in niche markets can strengthen their position by highlighting product differentiation—whether tangible or intangible—and the customization and personalization they offer compared to mainstream brands.

5.2. Segmentation and targeting

As highlighted in the literature review, companies must segment their markets carefully to target each customer precisely. The interviewed companies all agreed on the necessity of segmentation for better client targeting, though their approaches varied slightly. A common theme from the interviews is that each company has a clear understanding of the profiles of their potential clients, who are typically already “on the radar.”

Two of the four companies mentioned using a segmentation strategy aligned with the “top-down” approach described in the literature review, which emphasizes market differences to divide a broad market into smaller segments. For example, LVD sells most of their products to subcontractors and segment them by size, as it is this criterion that influences the way they reach out to them afterwards. Magotteaux initially views all companies in the mining sector as potential clients but further segments them into categories based on their needs—either productivity or cost efficiency.

Materialise, on the other hand, adopts a strategy more in line with the “bottom-up” approach, which is often expected in niche marketing. They conduct in-depth research within their existing client base to profile potential new clients based on their needs and preferences and gradually build their customer base after.

Once segmentation is completed, all companies emphasized the importance of physical interaction with their target audience. First because given the typically small size of their market, establishing real-life interactions quickly, is feasible and usually facilitated by their sales teams, and also because it is very important to create physical touch points from the beginning to initiate the relationship. This is aligned with the methods that the literature predicts, especially for Hidden Champions.

5.3. Internationalization

As mentioned in the literature review, niche firms usually initiate international expansion at an early stage to gain relevant market knowledge, which is crucial for their growth. The interviewed companies confirmed this internationalization strategy and high exportation sales. Indeed IBA sells their products to 40 different countries. Materialise is in 21 countries

worldwide, and Magotteaux covers 150 countries. LVD is active in 48 different countries and mentions the obstacle they faced quickly after their foundation, because of the fact that Belgium is a small country, and thus they had to go international and become global very early.

All companies agreed that they are reaching homogenous segments over the world which is aligned with what has been found in the literature review which says that a successful internationalization is made through the concentration on horizontal segments of homogenous clients overseas.

Only one company out of the four highlighted the obstacles faced through the internationalization process, such as having to compete against competitors who, more and more, come from low-cost countries, and try to copy them with cheaper products. So when competitors arise in other countries, international companies have to make sure that they keep their customers by different means, such as continuing to bring better value and maintaining strong interactions with them. Two companies out of the four mentioned the importance of having local sales teams that create the one-to-one interaction.

5.4. Building relationships

The four interviewed companies all share a common focus on developing long-term relationships with their clients, considering it a cornerstone in their niche industries. This aligns perfectly with the literature review, which underscores that relationship marketing is not just important, but crucial in niche markets as it offers a competitive advantage and creates significant barriers for competitors. These relationships are not built overnight, but require substantial effort and long-term commitment from both the company and the customer.

Each company employs different strategies to foster these relationships, but two of them, LVD and IBA, emphasized the importance of showing how the products work. For instance, IBA has established a training center where clients receive expert training to maximize their investment. All companies incorporate customer feedback into the development and evolution of their services. At LVD, for example, multiple departments collaborate during the product development process, ensuring customer feedback is integrated. This approach is consistent with the literature, which suggests that actions like becoming the preferred supplier through superior knowledge and offerings help nurture customer relationships.

All four companies stressed that their marketing approach focuses more on building close relationships with customers rather than relying solely on professional marketing techniques. This strategy is consistent with the findings on Hidden Champions, who prioritize customer intimacy. Magotteaux noted that while they support their sales team with traditional and digital marketing tools, the core of their relationship-building is driven by local teams, starting with the initial contact made by the sales team. Materialise also highlighted the role of local sales teams, though the other two companies did not specifically mention this aspect.

5.5. Digital marketing

This section analyzes the use of digital marketing by the four interviewed companies and compares their approaches to what has been found in the literature review.

The four companies utilize slightly different digital marketing strategies, but a common theme emerged: they all prioritize digital marketing for customer engagement and brand awareness over high-budget, aggressive marketing techniques. This aligns with the literature on Hidden Champions, which suggests that these companies focus on creating closeness with customers rather than launching large-scale campaigns. For instance, three of the four companies emphasized that they rarely use their online channels to promote products directly; instead, they aim to demonstrate their added value and company identity without being purely promotional.

Regarding the channels, in business-to-business marketing within a niche field, the literature review shows that LinkedIn is deemed the most appropriate platform for connecting with specific professionals and decision-makers. All four companies agreed on LinkedIn's importance, using corporate accounts to engage with customers and stakeholders. Magotteaux exclusively uses LinkedIn, believing that their target audience is not active on other platforms like Facebook, X (formerly Twitter), or Instagram. In contrast, IBA, LVD, and Materialise maintain a presence on these other platforms but use them for less formal purposes. This view aligns with the literature, which suggests that certain social media platforms may be too noisy and broad for niche markets, with LinkedIn being the preferred platform for targeted engagement.

The literature also highlights that digital marketing can significantly enhance customer relationship management, crucial for the continuity of niche market players. While the interviewed companies acknowledged the importance of a digital presence for initiating customer relationships and maintaining a contact, they emphasized that real, trust-based relationships are built through in-person interactions. Digital marketing helps keep the company in the customer's mind and creates the need for their products, but the sales team ultimately fosters these relationships. Therefore, they all agreed that given the long sales cycles for expensive machinery, their primary goal for their online presence is to stay on their target audience's digital radar.

The four companies agreed that digital marketing is valuable for maintaining visibility and drawing customers to their websites. This supports the literature's view that social media can be used for both active promotion (directing audiences to the website) and passive engagement (regular updates and interactions). The literature review also mentions that nowadays, social media acts as digital word-of-mouth (eWOM); this can be considered true in reality, too, as all the companies agreed on using LinkedIn to showcase customer satisfaction and highlight their successes, thereby enhancing their reputation. One important thing to mention is that despite the fact that they all have the same purpose behind their online strategy, they all have quite distinctive approaches, such as IBA, who prefers showing its expertise and knowledge in the field, putting them as the expert, or LVD who uses its profiles to showcase its "Belgian" personality, and finally, Magotteaux, which chose a very cautious approach to show its presence has a meaning and who prefers to create content that has an impact rather than just taking space.

Also, the literature review mentions that digital marketing is particularly cost-effective for niche market businesses, allowing them to allocate more funds to research and innovation. This has been proven by the interviews, as all companies agree that it is much more cost-effective than traditional marketing. Materialise, for instance, has shifted almost exclusively to digital marketing, reallocating their budget previously spent on trade shows and now allocating over 75% of their marketing budget to online efforts. The three other companies did not say anything about their budget allocation but they emphasized the fact that the impact social media has is much more interesting regarding the cost compared to traditional advertisement

in specialized magazines for example. Two companies mentioned their use of sponsorship in newsletters or online trade journals. Magotteaux is the only company out of the four that continues to use traditional marketing methods like brochures alongside their digital strategies.

Regarding the use of data and other digital means, despite a high digital preparedness, the literature shows that Hidden Champions still show a rather low digital performance compared to bigger companies, often limiting their use of digital technology to websites and social media. This is in line with what has been found in the interviews, as they do not utilize advanced tools like Social Media Analytics, Natural Language Processing for example to analyze customer feedback from social media. They all collect and use data through relatively basic and traditional methods. One company highlighted that implementing more sophisticated tools would require additional resources. However, they all agreed that advanced data collection represents a significant opportunity, particularly due to the advantages provided by the ability to measure the data. Only two companies reported using tools like geofocusing and geotargeting on Facebook to attract specific audience profiles for event attendance.

Finally, the literature review highlighted the fact that digital marketing is essential for niche market players with an international footprint, helping them connect with customers globally, notably through their websites and social media. The companies agreed on LinkedIn's widespread use but adapt to local platforms like WeChat in China and Zalo in Vietnam, ensuring they meet their customers wherever they are.

5.6. Recommendations for using digital marketing

After summarizing the answers to the research question, this paper concludes with several recommendations for Hidden Champions to leverage digital marketing to enhance their niche marketing strategies.

First, regarding niche positioning, companies can differentiate themselves by developing a content marketing strategy that focuses on showcasing the company's unique personality, expertise, and added value. Social media can be used to tell compelling stories that set the company apart in the market. Highlighting the company's personality is a powerful tool for building trust with customers, as it humanizes the brand. Therefore, for offerings of this type,

social media should serve as a platform for collaboration, sharing, and engagement rather than straightforward advertising. Communications should be carefully curated to share well-thought-out messages rather than occupying space unnecessarily; for instance, as the ultimate goal of communication is also to drive traffic to the company's website; social media can serve as an entry point into the customer funnel. For B2B companies, publishing results on LinkedIn often generates significant website traffic. Brand awareness can also be enhanced through employer branding, which also aids in recruitment and attracting new talent. Including customer testimonials in content can demonstrate customer satisfaction and build trust by showcasing achievements through client collaborations and results from the customers' perspective.

An online presence can also support rebranding efforts or reaffirm a long-standing brand's relevance. Niche players with strong historical credibility should nurture and showcase their continued expertise. Being active online and communicating effectively can provide a competitive advantage. Additionally, companies can communicate their positioning by selecting appropriate platforms for their content. Different platforms serve different strategic purposes; for instance, LinkedIn is ideal for engaging with customers and investors, while other channels can maintain a lighter, more frequent touchpoint with clients. Selecting the right channels is crucial as it directly impacts the brand's image; certain channels may be perceived as too informal or crowded for B2B markets. Still, a multi-channel presence helps reach diverse targets since each platform attracts different audiences.

Nonetheless, it is very important for niche companies to find the balance of the online presence, to be able to seamlessly transition from online interaction to real-life connection, especially in the case of Hidden Champions, where the close relationship is fundamental. So being present online can be a good support but it does not replace the real-life interaction.

Then, digital marketing is indispensable when competing in international markets. It enables companies to maintain a presence even when not physically there and helps raise awareness among international customers. Digital marketing can facilitate effective and affordable internationalization, particularly in the initial phases. It allows companies to localize content and strategies to resonate with diverse international audiences, taking into account cultural differences, language preferences, and market dynamics. A multi-platform presence is

necessary to reach audiences in countries where certain platforms, like LinkedIn, may not be prevalent. Tailoring content and campaigns to platform-specific demographics and engagement levels is also important.

Finally, regarding the use of data, data analytics can help these companies understand market trends and customer preferences, enabling continuous improvement and adaptation. While the interviews did not indicate widespread use of data analytics, direct customer feedback remains crucial. However, social media analytics can still be valuable for identifying audience profiles for specific events. Geotargeting on social media, for example, can attract the right audience from a specific geographical area.

6. Conclusion

This master thesis aims to identify how digital marketing can support niche positioning, examining Belgian Hidden Champions through their characteristics, marketing strategies, and digital tools utilized. The research focuses on five main topics: niche positioning, segmentation and targeting, building customer relationships, and internationalization, then digital marketing applied to these topics, and comparing findings with existing literature.

Information was gathered through a series of semi-structured interviews with representatives from four Belgian Hidden Champions, meeting specific selection criteria. Data from these interviews were then compared with existing literature and between the four companies themselves.

The findings reveal that a commonality among Hidden Champions is their emphasis on delivering a unique value proposition and building strong customer relationships. They focus on high-quality, specialized B2B products and increasingly recognize the potential of offering complementary services. Customer relationship management is crucial, with companies relying on word-of-mouth and customer feedback to enhance their offerings and maintain a competitive edge.

Regarding digital marketing, the findings highlight that Hidden Champions exhibit varied levels of digital readiness and performance but that it plays an important role in supporting niche positioning for these companies. However, their use of digital marketing remains mostly turned toward website and use of social media platforms, particularly LinkedIn, to engage with customers and build brand awareness. The use of digital tools like social media analytics is still quite low.

Finally, the findings underscore that while digital marketing can significantly support Hidden Champions, it cannot replace the traditional, personal interactions that are central to their marketing strategies. Instead of relying on large-scale campaigns, these companies focus on fostering close relationships with their customers. Therefore, a balance between digital efforts and intimate, physical contact is essential for their success.

7. Limitations and future work

The results of this thesis should be considered in light of several limitations.

Firstly, Hidden Champions are inherently low-profile and tend to avoid the spotlight. This made it challenging to compile a comprehensive list of Belgian HCs, resulting in a list that is likely incomplete or maybe partially correct.

Secondly, the limited number of companies interviewed posed another constraint. Many companies in the sample were difficult to reach or unresponsive. Additionally, several companies either did not use digital marketing or had not developed it sufficiently, as it did not fit their business model or they did not see the necessity. This significantly reduced the sample size. Although a 13.3% positive response rate was deemed acceptable and provided valuable insights, interviewing more companies could have added more nuance to the conclusions.

Thirdly, finding the right person to contact or interview within each company was often challenging. Digital marketing responsibilities varied, with different individuals or departments handling it. Some companies directed me to their communication managers, but they sometimes lacked information on the overall marketing strategy, and vice versa when I was interviewing a person with a more purely marketing oriented role.

Lastly, a methodological limitation involved the use of NVivo software for transcribing and analyzing interview data. While NVivo was helpful for this purpose, its utility for analyzing literature review articles was only realized later. Early use of NVivo for the literature review could have resulted in a more structured and cohesive paper, especially given the broad scope of niche and digital marketing topics.

For future research, a larger study could be conducted across a broader geographical area, also, exploring additional digital marketing tools and techniques such as artificial intelligence and virtual/augmented reality, for example, which are topics that came up frequently when I was discussing future trends and projects in the companies I interviewed. Further research could determine if these technologies are also/more suitable for supporting niche marketing strategies.

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Abstract : This thesis investigates the role of digital marketing in supporting niche positioning, specifically focusing on Hidden Champions (HCs). Given the limited research on how digital marketing impacts HCs, this thesis aims to fill that gap by analyzing Belgian HCs, their marketing strategies, and digital marketing usage. A literature review was conducted to explore niche markets, niche marketing strategies, and digital marketing tools such as social media and data analytics. Following this, a qualitative study involving semi-structured interviews with representatives from four Belgian HCs was conducted. The findings reveal insights into the application, effectiveness, and challenges of digital marketing in enhancing niche positioning. Recommendations are provided for organizations looking to leverage digital marketing to strengthen their niche market strategies.

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