

Haute Ecole
Groupe ICHEC - ISC St-Louis - ISFSC



BRUSSELS MANAGEMENT SCHOOL

Enseignement supérieur de type long de niveau universitaire

**Development of an export strategy
of micro-spraying technology
on the French market:
A case study for Wouters Tecnolub**

Mémoire présenté par
Genevieve DESCHENES

Pour l'obtention du diplôme de
Master en Gestion de l'Entreprise

Année académique 2016 - 2017

Promoteur :
Madame Marie-Lise HEINEN

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Genevieve Deschenes

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Introduction

Development of the project

This thesis is an Export Business Plan for Wouters Tecnolub, a Small Medium Enterprise in Wallonia. The company works in the industry of micro-spraying technology. They already export in a few countries in Europe and in North America. We had the opportunity to collaborate with this company throughout an internship earlier this year. This collaboration is part of the academic curriculum for the Master in International Business in ICHEC Brussels Management School. The internship was made possible by the program "Explort" of AWEX (Agence Wallonne à l'exportation et aux Investissements étrangers). Each year, they allow collaboration between the students and the SMEs in Wallonia who would like to export outside of Belgium. The organization guides the student during his mission and gives an incentive by helping to pay for the trips in the field. The question addressed in this thesis is the following: Which strategy should Wouters Tecnolub adopt in order to commercialize its micro-spraying technology in France?

Currently studying in International Business, I wanted to focus on Interculturalism. The goal was to find a subject that allows me to discover a new culture, either analyze it or live with it. AWEX helped me to find an internship with a Belgian SME in Wallonia. They had a project to export in France. I helped them to make this project a reality. I am very happy to have found this internship because it enabled me to discover the culture of France but I also to find out that the culture in Wallonia is quite different from the one in Brussels.

Definition of the problematic

Wouters Tecnolub being a small SME in Belgium, it does not have the resources to be able to export all over the world. The prefabricated concrete market in Belgium is not very big so the company needs to find its clientele elsewhere in the world. This is why the commercial department needs help to develop the international market, as they cannot be in every country at the same time. Also, the commercial department counts only one person: the Commercial Director.

The goal in this project is to help the Commercial Director to develop the French market. After the two months' mission in France, the company has now multiple commercial contacts that will help to find future contracts.

As said earlier, the question in this thesis is: Which strategy should Wouters Tecnolub adopt in order to commercialize its micro-spraying technology in France?

To be able to answer this question, we had multiple tasks to do during the last year. First of all, we needed to make sure that the market was appropriate for the company. We needed to know if there was an attractive market for the products of Wouters Tecnolub. Also, we needed to make sure that the future customers had a need towards the products. We had to evaluate the numbers of potential clients in the market. The market was too big and we had to adapt the strategy to a smaller market since France is a big country with different regions. We needed to have a good idea about how much the consumers in the market produced and what were their needs. After analyzing this data, the second step was to find prospects.

We needed to find future clients. We needed addresses and phone numbers. We also needed to contact them. In a first step, we contacted them only to be sure that the address and contact

information were correct. The second call was to present the company and its products. We proposed a 15 minutes meeting in order to present the product. If they were interested, we organized further meetings with the Commercial Director.

The third step was to follow up with everyone regarding our previous conversation. It was important to keep a good calendar to keep track of meetings and attendees we had to take notes after each meeting to remember what we talked about. The last step was to report to the manager, the Commercial Director.

The thesis will be divided into nine chapters.

The first chapter is about the contextualisation of the project. We will find information about the company and the project management. We will also find specificities of Wouters Tecnolub: the products and services they offer, and the clients they are targeting. We will also conduct an export analysis. The company will be analyzed under different aspects to identify their forces and weaknesses towards the international project. This is an essential step in the development of a consistent strategy with specific capabilities to the organization.

In the second chapter, we will explain the reasons why the company wants to export in France. We will then verify the pertinence of this choice with different methods. We will also extend the research to other countries that would be an appropriate target for Wouters Tecnolub.

The third chapter will document the opportunities and threats that the French market can bring to Wouters Tecnolub. We will use the PESTEL analysis to detect those opportunities and threats. We will also analyze the market. We will first do an analysis of the industry of lubricant in France and of the concrete industry. Then, we will analyze the direct and indirect competitors. We will also look for the demand in the market. To ensure sufficient prospects we will finish this chapter by analysing the risks associated to the exportation in the French market.

The internal and external analysis will be resumed in the fourth chapter with a SWOT analysis related to the strategic expansion process in France of Wouters Tecnolub.

In the fifth chapter, we will describe the development of the international strategy. We will first explain the optimal mode of entry on the French market by considering the strengths and weaknesses of Wouters Tecnolub as well as the opportunities and threats identify after the external analysis. After, we will segment the potential market into homogeneous subgroups in order to apprehend more effectively and will identify those that we recommend to Wouters Tecnolub's target. Finally, we will attempt to determine the ideal positioning of the company relative to its competitors given its target customers.

The sixth, seventh and eight chapters will be about the export strategy that Wouters Tecnolub will have to implement. We will suggest marketing, organisational and financial strategies so the company can implement at their discretion.

Finally, in the ninth and final chapter, we will criticize the analysis, the methodologies adopted and the solutions proposed to Wouters Tecnolub for their internationalization project. We will finish this thesis by considering the future possible perspectives and developments of this project.

Chapter 1: Presentation of Wouters Tecnolub

1.1 Presentation of the company

Wouters Tecnolub SA is an enterprise situated in Thimister-Clermont in the province of Liege, Belgium. The company is specialized in **micro lubrication** and **micro spraying** of release agent.

The company is present in **4 sectors of activities**:

-Machining industry

During some activities like milling and turning, the lubrication of tools and pieces is necessary. If we do not put oil, the tools will be damaged very quickly and the pieces won't be of good quality. Thanks to the department of research and development, the necessary quantity of oil is calculated, case-by-case, and sprayed under low pressure. This method allows having a major economy of oil on the long term and facilitating the maintenance of the work environment by avoiding mist of pollution, rivers of oil and other type of pollution. Those advantages will be clearly detailed thereafter.

-Steel industry

With a uniform spray of lubricant, constant and under low pressure, Wouters Tecnolub can certify an economy of oil on the long term while maintaining a clean work environment.

-Food industry

Some production chain in the food industry use spraying agent like oil; protector agent or even agent that improve the aesthetic of their products. The technology developed by Wouters Tecnolub is then sought to help spray the right quantity of agent on the food.

-Prefab concrete industry

The production of prefab concrete and cellular concrete like blocks, slabs, walls, paving blocks, roof tiles and autoclaved aerated concrete, require the use of oil. Thus, like for the baking of a cake, the molds used need lubricant. Without it, the product will stick to the sides of the mold. Without that lubricant, the products cannot be removed efficiently.

1.1.1 Organizational chart

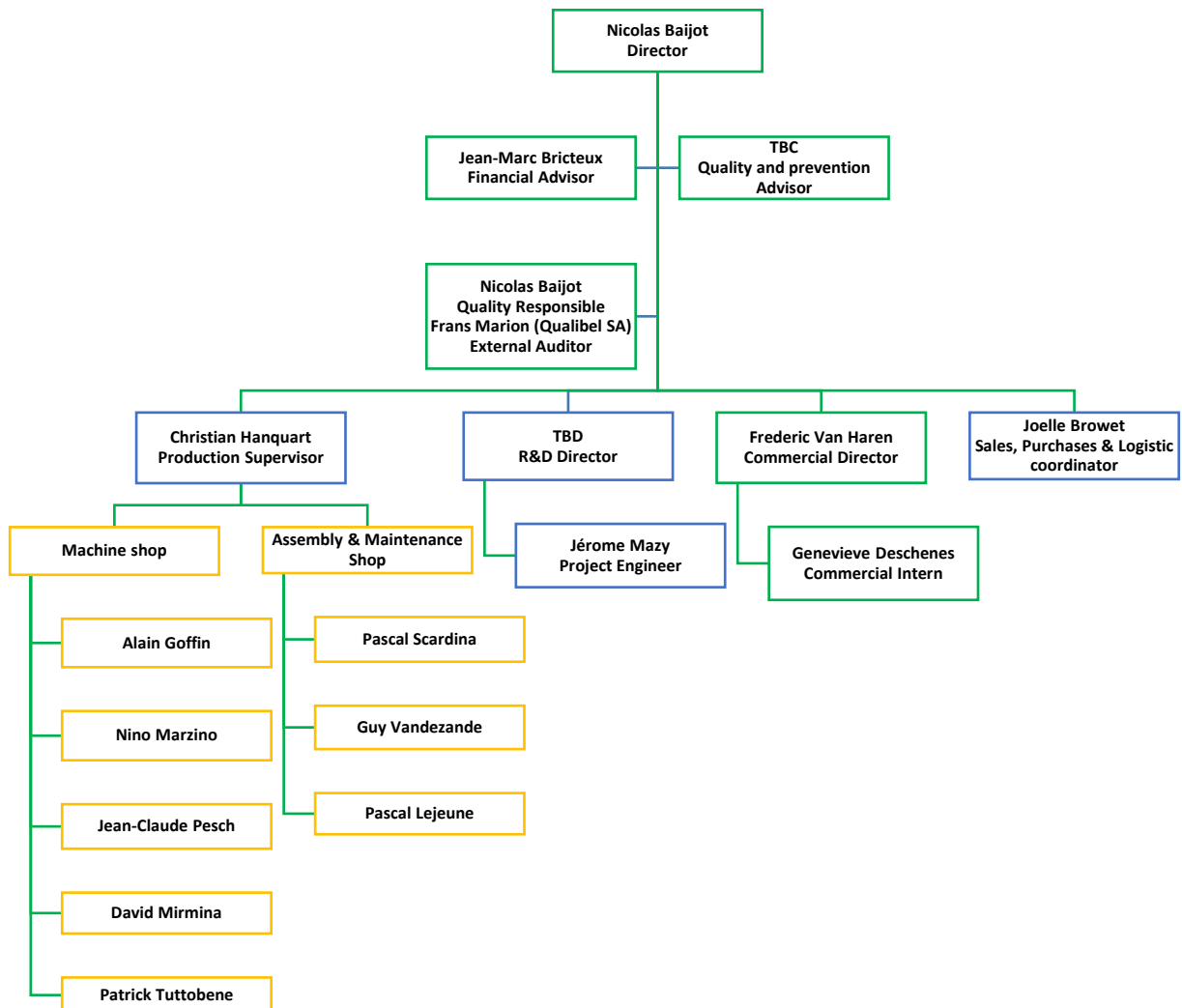


Figure 1.1 - Organizational chart of Wouters Tecnolub

The office is divided into 3 different zones: the Directors office (in Green), the office (in Blue) and the factory (in Yellow).

1.1.2 Historic

In 1926, Henry Wouters founded the company Wouters. He started working alone before being a subcontractor for Air Liquide in Seraing. Since then, the company started to develop and diversify its activities. In 1979, Jean-Marc Wouters joined the company and became the manager in 1986. Back then the company had around **12 employees**. In 2000, ETABLISSEMENTS WOUTERS obtain the status of official European supplier of Air Liquide.

Blaise Raymond founded TECNOLUB in 1988. Initially, the principal activity was to sell **lubricant products**. In 1989, TECNOLUB developed its first system of micro-lubricant. During the 90's, this innovative technology evolved and its sectors of activities diversified. The reputation of TECNOLUB kept growing and in 2006, AIRBUS and BOEING ordered their first micro-lubricant system.

In 2013, Wouters incorporated the activities of the consulting firm Tecnolub within its activities. The company became **Wouters Tecnolub** and employed around **15 employees**.

Here is a list of the major activities of Wouters ETS:

- Turning and milling of metal parts
- Bore of metal parts
- Plastics machining
- Producer
- Distributor
- Service provider
- Installation and maintenance of equipment for metalworking
- Decolletage
- Decolletage by industry
- Machining of metal parts
- Thread of metal parts
- Cutting metal parts
- Drilling metal parts
- **Systems of micro-spraying**

1.1.3 Localisation

The company is situated in the Industrial Zoning Plénesses in Thimister-Clermont.



Figure 1.2 - Satellite view of the office of Wouters Tecnolub

Source: Google Maps. Rue de l'Avenir 14, Thimister-Clermont, 4890 Belgium. Retrieved March 14th, 2016 from <https://www.google.co.uk/maps/place/Rue+de+l'Avenir+14,+4890+Thimister-Clermont,+Belgium/@50.6353895,5.8708182,466m/data=!3m1!1e3!4m5!3m4!1s0x47c08c3d6366a8bf:0x36ba00876f800663!8m2!3d50.6353861!4d5.8730069?hl=en>

1.1.4 International Presence

Wouters Tecnolub is headquartered in Belgium but also export to Poland, France, Luxembourg, United Kingdom, Germany, Ireland, Romania, Belarus, Russia, China, Canada, United States and Mexico.

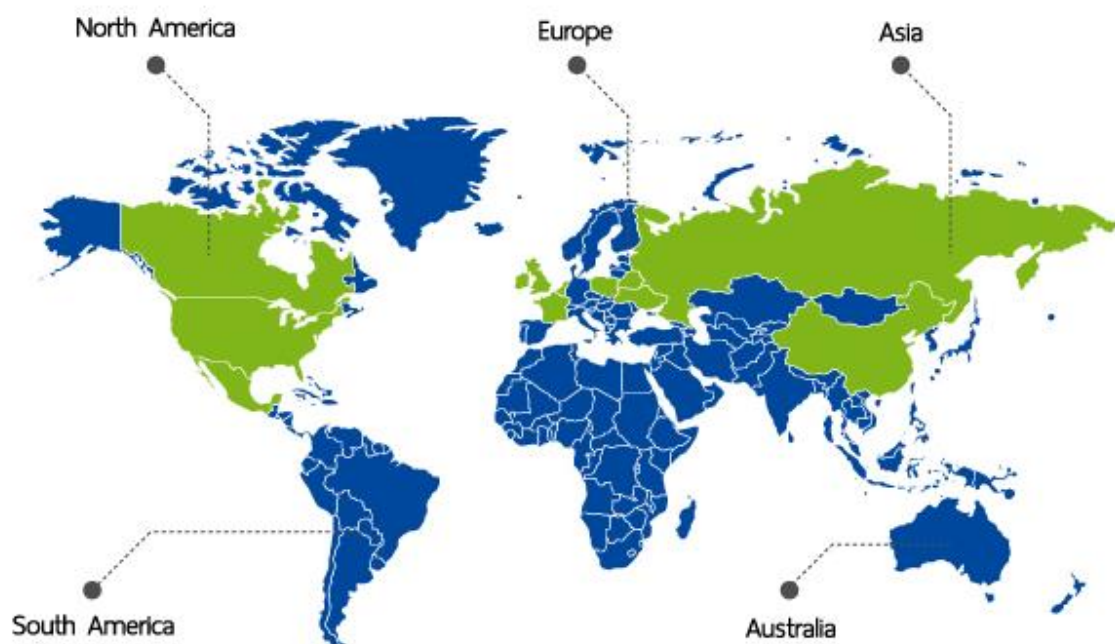


Figure 1.3 - Map of the world with the markets of Wouters Tecnolub

1.2. The Offer

1.2.1 Industry of prefab concrete

The industry in which the mission took place is in **prefab concrete**. This sector has a high potential for sales. It is still at the stage of **Blue Ocean**. Companies do not look for innovations yet. They are satisfied with their current lubrication system and are not aware that better systems now exist. Wouters Tecnolub has the door open since there are only few companies that propose this type of system, which is **revolutionary and cost saving**.

We know that Wouters Tecnolub is in a Blue Ocean because it answers to all the criteria of this strategy PAVEAU and al (2013):

- The system creates **new market space**.
- It achieves this by making the **competition irrelevant**.
- The producers are used to high-pressure spraying. Micro spraying **creates and captures** a new demand in the concrete industry.
- Wouters Tecnolub provides a system that gives **greater value** to the customers with **lower cost**.
- The company focuses on **non-customers**.
- Finally, the innovative technology brings **differentiation and low cost** to the market. It is a unique system.

Most of the companies selling systems for spraying release agent use a **high-pressure system**; either manual or automatic. Contrarily to those systems, Wouters Tecnolub use a very **low pressure system** that spray **micro particles** on the product using a ramp that facilitate assembly and adaptation to all sizes of boards/molds. There are a lot of advantages for the final users and this list gather some of them:

- The system sprays a very **precise quantity** of release agent on the molds.
- The system provides a considerable **economy** on the quantity of oil needed in the process (between 40 to 70% less oil needed), This allows a return on investment very **quickly** (between 4 to 12 months).
- The system offers a **cleaner work environment** (no oil pollution, no mist).
- The system helps with the **quality of the final product**, which is increase (no rise of oil in the sprayed element).
- The system **extends the lifetime** of the molds and the pallets.
- The system is **inexpensive** (the installation starts at 5,000€).
- The spraying system is simple, efficient and requires **low maintenance** (none of the parts are in movement).
- The system provides a commitment to **sustainable development** and gives an environmentally image to companies using Wouters Tecnolub's product.

All those advantages will be further explained in detail during this paper.

1.2.2 Description of the spraying ramps

1.2.2.1 Description of the nozzles

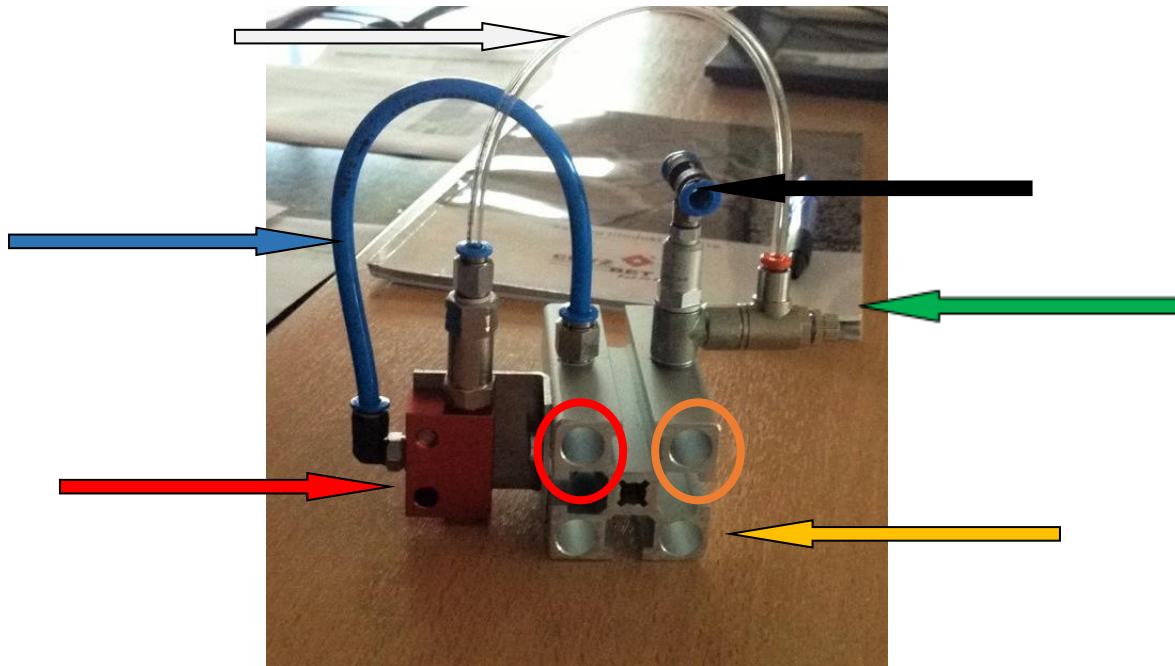


Figure 1.4 - Nozzle of Wouters Tecnolub

Yellow arrow: The ramp on which the nozzles and the accessories are fixed and where the release agent passes before being sprayed.

Red circle: Air supply sent from the cabinet

Orange circle: Oil supply sent from the cabinet

White arrow: Oil passage

Black arrow: Tap ON/OFF controlled by the cabinet to avoid casting

Blue arrow: Air passage

Red arrow: Box compartment that separate air from oil

Green arrow: Valve that allows manually increasing or decreasing the oil flow depending on the needs

During the spraying, the air forms a **protective cone** around the oil droplets that are around 30 microns (which is the limit because at 20 microns, the droplets evaporate and do not go on the element). This is how Wouters Tecnolub **removes** the pollution and **regulates** the sprayed quantity.

1.2.2.2 Description of the cabinet

The cabinet is the secret recipe of Wouters Tecnolub. For this reason, we will not use a photo to explain how it works but we will use a schema. For confidentiality reasons, the company does not wish to communicate how its cabinet works from the inside. We are still authorized to explain the functionality with a schema.

The cabinet is link to an oil pump and an air pump. It is during the installation process that the cabinet will be calibrated to offer the **minimal quantity** necessary of release agent. Inside, air and oil arrive to a pressure reducer to allow passing from a normal pressure to a low pressure (0.5 bar). After being set to the right pressure, the air and oil will be send on the ramp where they will be sprayed. (See schema of the ramp below)

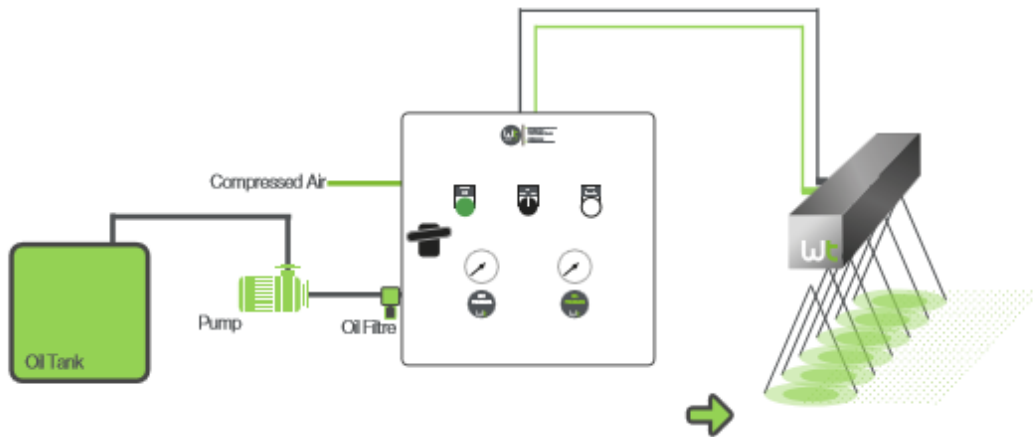


Figure 1.5 - Schema of the pulverization system of Wouters Tecnolub

Source: WOUTERS TECNOLUB. (June 29th, 2016). *Système de pulvérisation d'agent démoulant pour l'industrie du béton*. Retrieved from <http://www.wouters-tecnolub.com/wp-content/uploads/2016/06/Wouters-Blocks-Slabs-Walls-fr-email.pdf>

It is important to know that depending on the prefab concrete product in use, the spraying will play a different role. Depending on this role, Wouters Tecnolub will charge **different prices**. These changes can be related to the installation, the selling price, the amount of oiling (the number of sprayers) and the cabinet settings.

After analyzing the prospect, Wouters Tecnolub will classify the company under 1 of the 2 production processes. Depending on the type of product, the client will be either placed under the category **slabs and concrete walls production process** or **under blocks and paving blocks production process**.

Here below, we can find pictures of the pulverization system of Wouters Tecnolub:



Figure 1.6 -Hydropneumatic Cabinet of Wouters Tecnolub

Source: WOUTERS TECNOLUB. (June 29th, 2016). *Système de pulvérisation d'agent démoulant pour l'industrie du béton*. Retrieved from <http://www.wouters-tecnolub.com/wp-content/uploads/2016/06/Wouters-Blocks-Slabs-Walls-fr-email.pdf>



Figure 1.7 - Pulverization ramps of Wouters Tecnolub

Source: WOUTERS TECNOLUB. (June 29th, 2016). *Système de pulvérisation d'agent démoulant pour l'industrie du béton.*
Retrieved from <http://www.wouters-tecnolub.com/wp-content/uploads/2016/06/Wouters-Blocks-Slabs-Walls-fr-email.pdf>

1.2.2.3 Production process 1: slabs, walls and other similar elements

The production chain is made of molds that circulate throughout the chain. During the first step, they will pass under a **pulverization ramp** that will spray a uniform release agent all over the surface of the mold. It is necessary so the concrete do not stay **glued** to the mold. The second step would be the filling of the mold with concrete. The mortar will be poured. The molds will then pass to the third step. They will be put aside during approximately 48 hours until the concrete is dry. Finally, the final step is to demold the concrete. The product is now ready to be sold.

1.2.2.4 Production process 2: blocks, paving and other similar elements

In this type of production, the product use is a mix of sand, cement and a little bit of water. The product needs to be **almost dry**. The quantity of water in this system is a smaller amount than in the other system. The product looks like it is dry.

In this process, we use **pallets** in the production chain instead of molds. The pallets move throughout the different steps. The pallets start the production chain by being **cleaned**. They are being **brushed** to make sure that no product is still stuck on the pallet. After that, the pallets pass under a pulverization ramp. It is important that the pallet is **oiled** because the concrete could stay stuck on the pallet. We find 3 types of pallets in this industry. We have **steel pallets**, **wooden pallets** and **composite pallets**. Depending on the type of pallets, we will use a different quantity of oil. After the pallets are oiled, a mold is drop over the pallet and the concrete is flown inside the mold. This whole system is then pressed and begins to shake to make sure that the concrete takes the entire place in the mold. The vibration allows having a smoother surface.

Like in the first production process, the pallets are now ready for **drying**. The drying time is shorter because the products are smaller. Certain types of products like paving require another step. They need to pass under a second step of pulverization. A **beading agent** will be sprayed to serve as a water-repellent protection on the outer surface of the paving.

We can see in the two pictures below that the wooden pallets are damaged. When a company does **not oil the pallet**, parts of the pallet can stay stuck in the product. Also, the pallet becomes uneven (right picture). The blocks are then good for trash because you cannot use blocks that are uneven. It is very dangerous. **The construction would not be safe**. The pallets are also damaged because concrete is corrosive. By oiling the pallets, you can **increase the lifetime** of the pallets by 30-60%.



Figure 1.8 - Photos of boards that are used

Source: WOUTERS TECNOLUB. (June 29th, 2016). *Système de pulvérisation d'agent démoulant pour l'industrie du béton*. Retrieved from <http://www.wouters-tecnolub.com/wp-content/uploads/2016/06/Wouters-Blocks-Slabs-Walls-fr-email.pdf>

1.2.2.5 Other processes that to not require an automatic oiling system

In this category, we find structure elements, concrete stairs, T or L elements like we find during construction work on the road, concrete pipes, concrete walls whose dimensions vary, manholes and others. All those products are characterized by the fact that they need a **custom manufacturing** that falls more in the domain of the form (or adjustable tables). If they need oiling, it will be done manually.

For concrete pipes, they need to be oiled but they need a **vertical circular ramp** and Wouters Tecnolub do not have this type of system yet.

Concerning T or L elements, either they will be **prefabricated** in a production factory and will fall under the production process 1, or they will be produced by extrusion, which is an "instant" production method.

Finally, we can also add in this category some types of slabs. We put the slabs that are **custom made** or **longer than usual** or also other parts that are made with **benches**, which will be oiled manually or not at all.

1.3. The Project

1.3.1 The goal

Wouters Tecnolub being a small SME in Belgium, it does not have the resources to be able to export all over the world. The prefabricated concrete market in Belgium is not very big so the company needs to find its clientele elsewhere in the world. Therefore, the commercial department needs help to develop the **international market**, as they cannot be in every country at the same time. Also, the commercial department counts only one person: the Commercial Director.

The goal in this project is to help the Commercial Director to **develop the French market**. After the 2 months' mission, the company will have multiple contacts in France. The Commercial Director cannot be in every country and thus needs to find a way to **enter the country** of France. We will analyze later in this paper the **different possibilities** to enter the French market.

1.3.2 Planning the project

The mission was divided into four different parts. The mission started in **Belgium**. We spent three weeks in the offices in Thimister-Clermont in July 2016. The goal was to **learn** about the company and the products but also **prepare the list of prospects** in France. Before going to the exporting country, you need to prepare a list of target enterprises and contacts to meet when you are there. The second step of the mission was to **call the prospects** and make sure they are interesting for the company. We needed to find out what they produce to see if the products of Wouters Tecnolub could help them. We then **visited all the future clients** that agreed to meet us for 15 minutes in order to give them information about the company. Few days after the meetings, the final step was to **write them an email** or to directly contact them on the phone for a follow-up and see if they are interested in a demo with the French agent.

Step 1: Identifying the prospects

Using the list of prospects that the company provided us, we selected the **proper clients** to contact during the mission. With a project duration of two months, it was impossible to see all the prospects in France. We decided to focus on the **North East of France** since there is a huge concentration of industrial companies. The goal here was to make a list of clients to meet in order to **maximise the time** we had in France.

Step 2: Phone calls

Once the list of prospects was done, we had to **contact the clients** and convince them to visit their factory. The goal here was to get the maximum meetings as possible as we could only book 2 meetings per day. The meetings were purely to **give them brief information** about the company and its products. If they were interested, we would schedule an appointment for a demo with the French agent.

Step 3: Meetings

The meetings were short. They would last 30 minutes to 1 hour. The goal was purely to give them a brochure and tell them about Wouters Tecnolub.

Step 4: Follow-up

Finally, the last step was to follow-up with the clients we met. It was important to keep contact with them after the **initial meeting**. This was the perfect opportunity to provide additional information and/or provide a quotation if interested.

During the last week of the mission, we returned to Belgium to present the report to the company.

1.4 Export Audit

Before starting an internationalization project, a company needs to **analyze its internal skills** regarding its future development on foreign markets. The desire to explore new markets can be mingled with the capacity to execute.

Companies need to be **realistic** and **self-critical**. They need to evaluate their forces and weaknesses before thinking about establishing a strategy and an action plan for exportation related to the result of the export audit.

In this case, the export audit presented by HEINEN (2015) was very useful: it allowed a comprehensive analysis of the company in all its forms with the use of these six indicators:

- Product adaptability and specificities
- Production process adaptability
- Financial resources and investment strategy
- Coherence with marketing strategy
- Preparation for export technique
- Quality of the management

Sources of information used for the Export Audit:

- Interviews with Nicolas BAIJOT, CEO of Wouters Tecnolub and Frederic Van Haren, Commercial Director of Wouters Tecnolub.
- Personal observations during the internship with the company in July 2016

1.4.1 Product Specificities

According to HEINEN (2015), you need to evaluate the adaptability of the process the company offers regarding the exportation by using **physical specificities**, **commercial criteria** and **regulations**.

Ability to adapt

Technical adaptations

Wouters Tecnolub does not face many problems regarding the **technical adaptations**. Its pulverization ramps are easy to customize to every production chain. The numbers of nozzles vary according to the width of the pallets or the molds. The ramp just needs to be fixed before the pallets receive the concrete.

As for the **customs policies** or **national standards**, because the technology of Wouters Tecnolub creates **zero pollution** and a **better work environment** compare to the other systems in the market right now, the system helps the factories to reach national standards in terms of environment.

Commercial adaptations

The product is **standard** for every country of the world. In the prefab concrete industry, all the shops look and work approximately the same way regardless of the culture, religion or location in the world. The product can be use as it is everywhere in the world. The only thing that changes is the **length of the ramp** and the **number of nozzles**.

Specificities

Transportation

The pulverization ramp is quite **easy to transport**. It can be transported by truck or plane. The package consists in a pulverization ramp and a control box. The nozzles on the ramp are very sensitive. It is important that the ramp is not crushed because it can damage the nozzles. If one nozzle is damaged, the ramp will not spray uniformly on the pallets or on the molds.

Installation

Because the system is very sensitive, Wouters Tecnolub uses a **technician** to calibrate the ramp during the installation. The technician will make sure that the nozzles are not damage and that they spray at the same pace. It is also to make sure that the ramp is in **good conditions** and that the client does not complain that the system is not working. Using a technician helps the company to **assure a quality product**.

Storage

Wouters Tecnolub stores only the different parts of the ramp in their factory. Because the product needs to be **customized to each client**, Wouters Tecnolub does not assemble a ramp before an offer. All the parts are stored in the factory but in small quantities. The company works with **just-in-time**. They order almost the exact quantity to their suppliers so they do not have a lot of stock. Having stock cost money and a small SME like Wouters Tecnolub does not have the money to have a large inventory. Also, it is useless to have a huge inventory. The company is able to have supply in a relatively short period of time. Their different suppliers always have stock in surplus. On the flip side, Wouters Tecnolub needs to keep an eye on because when they will have more customers and production will increase, they will need to check if their suppliers can still supply them in a short period of time but bigger quantities.

Life length

The pulverization ramps **do not perish**. And because the product is not assembled in advance, there is **no life length of the product in stock**. As for the final product, companies need to do some maintenance on the product but there is **no limit as for the life length of the product**. If it is well maintained, the product can be used as long as there is a production chain.

After sale service

Wouters Tecnolub is relatively new on the international market. It is still an unknown company so it needs to be careful with their **image and quality** of their products. It is important for the company to have an excellent after sale service. Some products used for spraying can cause problems. They can clog pipes. Wouters Tecnolub needs to be present for a short period of time if this situation occurs because the whole production chain is affected. It needs to react rapidly and find solutions. If they give

a good after sale service, companies will start talking about Wouters Tecnolub and word of mouth will take place. Wouters Tecnolub will get **recognition** and will get more clients. If the company gives a bad after sale service, the clients will not speak highly of Wouters Tecnolub, therefore lose potential clients.

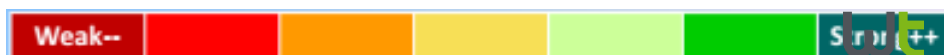
Margin per unit

To be profitable, Wouters Tecnolub needs to have a **profit margin of at least 40%** of the final price. Usually, they try to have a higher margin because 40% only recoups the costs of production. For the moment, the company is profitable but if we look only at the micro-lubricant activity, it has not reached the break-even point yet. It is important to note that this branch of activities started only 3 years ago.

Visibility

The goal of Wouters Tecnolub is to be a **company of great renown** in order to get clients directly to them. For now, they have to do a lot of prospection in order to get one client. The companies are suspicious of the product because it is unique and perhaps too good to be true. The goal of Wouters Tecnolub is that companies come directly to them because they know the product. Wouters Tecnolub would then have more time to devote to opening new markets.

To conclude this first part of the export audit, we will grade this indicator as **strong** because it is relatively easy for the company to export its products without any major changes



1.4.2 Production Process

According to HEINEN (2015), if a company wants to perform in a foreign market, it needs to make sure that it can **adapt the production** to the additional demand generated by new markets. The company needs to adapt the production **quantitatively** and **qualitatively**.

Production capacity

For the pulverization ramps activity of the company, the production is only at **25% of its capacity**. Wouters Tecnolub is really counting on the exportations to increase its production because the Belgian market is too small. The product does not require any tools or equipment; it only needs assembly.

A weak point of the company Wouters Tecnolub is the fact that the whole production process is manual. **There is no automation**. This means that if an employee is missing, the product cannot be done. Also, the production is slower. It would be impossible for Wouters Tecnolub to automate the production of the pulverization ramps. The product needs to be **manually assembled**. The company is however working on a way to automate as much as possible the production of the pulverization ramps.

The pulverization ramp needs a **lot of different pieces** from different suppliers. Some pieces can be bought with only 24 to 48 hours' notice. Wouters Tecnolub does not hold stock of this type of pieces but other pieces require up to 8 weeks of delay between the order and delivery. The company needs to keep an **inventory** for these pieces but it has a hard time managing the fluctuations with demand. Having too much stock is too costly and the company cannot afford it. If they do not have the stock and a client order an item, they can lose the client if they do not deliver fast enough.

Adaptability of the process

Quality control system

Wouters Tecnolub will **test every product** several times before they leave the factory. Before being delivered to the client, the product will be tested by the workers in the factory during the assembly of the product and will also be tested by the Commercial Director right before leaving for transportation to the client. It is to be noted that the company is ISO9001. Once delivered, the technician will also test the pulverisation ramp with the oil provided by the client to make sure the density of the oil does not affect the spraying system. Every nozzle needs to be tested each time to make sure that they spray the same amount of liquid. This is a long process and it is not standardized.

Flexibility of the manufacturing process

Since every product is **customized to the specifications of the client** and is manually assembled, the product is very flexible. It is possible to customize in many ways but Wouters Tecnolub would prefer to standardize their products to make them easier to sell. Right now, every time Wouters Tecnolub receive an order, they customize the product and calculate a specific price for it. It takes a lot of time. Wouters Tecnolub is trying to standardize its products and services and provide a specific price so all the clients have the same price list. As demand grows, processes need to be made more efficient.

For the second indicator, we put the grade of yellow. The company needs to standardize its quality control system so it takes less time but it is still efficient. Also, because the company is growing rapidly, the management should start thinking about adapting the production capacity before it becomes a problem. The company predicts an increase in sales for the next year. They need to make sure that the production can follow.



1.4.3 Financial Resources and Investment Strategy

HEINEN (2015) also indicates that an export project requires financial investments. It is necessary to look at the **financial resources available** and also look at the management's willingness to invest.

Financial possibilities

The segment of activity of the pulverization ramp started almost 3 years ago. Since then, the break-even point has not been reached. The turnover is growing each year. We can see on the graph that 2015 (267,000 euros in turnover) was a bit lower than 2014 (307,000 euros in turnover) but the company was confident that 2016 will be the best year. In 2016, the company made **469,500 euros in turnover** for the micro-lubrication only. It is a huge increase if we compare to the previous years. They are forecasting to make 750,000 euros in turnover in 2017. It is important to keep in mind that the micro-pulverization activity is for the **four type of industry**: machining, steel, concrete and food.

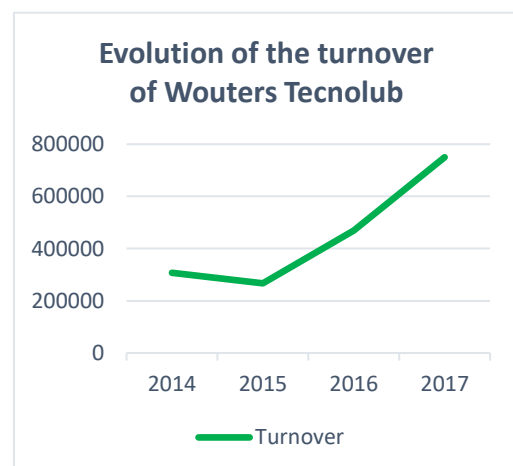


Figure 1.9 - Evolution of the turnover of Wouters Tecnolub

It has to be noted that there is **no special need of working capital requirement** for this activity of the company. Wouters Tecnolub tried to enter the micro-lubrication market in the past three years in the industry of machining, steel and food. These three industries were **not receptive** to the system. Since beginning of 2016, Wouters Tecnolub is now concentrating their effort on the **concrete industry**. Opposite to the other ones, this industry is **highly receptive** to this type of system. They started selling in June 2016. Since then, they received a lot of demand. This is why we see an important increase of the turnover in 2016 and probably 2017 will also be the case.

To finance the export activities and the growth of production, the company needs to find funding. Some solutions are available to them. Firstly, the company has already **two lines of credit**. If production increases, they will ask the banks to **increase their lines of credits** even more. They can also use the **treasury** of the company.

A method they are using right now with contracts in Eastern Europe is a request for a **50% deposit up front** to proceed with the order. This covers the cost of production. The balance is due at delivery of the product.

Another method to finance the activity is to **standardize the product**. The more a product is standardized, the less expensive it is to manufacture. The company is slowly beginning to standardize its pulverization ramps. The cycle order to cash was very long before. Some orders took **8 weeks** before the final product was sent to the client. The product was custom made and a lot of engineering was needed for every product. The pulverization ramp was modified to the needs of the client. From now on, the company is trying to reduce that cycle and want to be able to **produce 1 ramp per day**. With the standardization of the product, engineering won't be needed and the costs will decrease.

Management willingness to invest

The management of the company is composed of **two people**; Nicolas Baijot and Jean-Marc Bricteux who are partners and responsible of the company. The company can also count on the support of two shareholders overseeing the treasury; Mecalub Holding and Nibso. The management is aware that to be profitable, they need to **count on exportations**. Belgium is a small market and the concrete market is even smaller within the country. It has to invest in exportations if they want to see the company grow. For the past three years, the efforts of the management have been **concentrated** on the segment of activity pertaining to the **pulverization ramps**. With the new industry of concrete, the company is confident that profit will arrive soon.

For this indicator, the color yellow appeared to be the most appropriate because the company does not see any profits for the moment but is in the right direction. It has some solutions to finance their activities but needs to reach break-even point soon because the debts are increasing. It is in the yellow section but moving slowly into the green one.



1.4.4 Marketing Strategy

HEINEN (2015) also propose to analyze and compare the actual marketing strategy with the one the company will need to use during the international expansion. We will use the **Satisfyer model** developed by professor CRACCO (2015). We will evaluate if the **tangibles and intangibles elements** of the marketing mix are ready to be exported.

How similar/different are the Basic Intangibles in the export market?

Functionality: How does it work? The products are the same even if the market changes. Throughout the world, the production process of prefab concrete is similar. The pulverization ramp stays the same in every market. Only the length of the ramp and the number of nozzles change depending on the boards/molds to be sprayed.

Security: Is it safe enough to be used elsewhere? The product will not fail and if it is unsuccessful, it will not put the economic life or the life of someone in danger. If the product fail, the only thing that can happen is that the boards/molds are not sprayed. Also, Wouters Tecnolub's product is safer than most of high pressure spraying system because it creates no pollution and a cleaner work environment.

Quality: Regarding the quality, there are no differences between the markets. The company is ISO9001, which means that they are certified to a certain consistency in their quality of products. Still, the prospects have trouble believing that the product is good quality and that it is better than the competitors. Thus, Wouters Tecnolub has to go in the factories to show the clients the performance of its product. After the demonstration, the clients are usually satisfied and believe the quality of Wouters Tecnolub's product.

Honesty: Directly after a demonstration, the Commercial Director will send a quotation to the prospect so he knows what to expect concerning the price. Wouters Tecnolub has a fix list of prices for their products and services. They do not offer special prices for certain customers. The only customers who are allowed to a discount are the distributors but only because they are not the final users. Whatever the country, the process is always the same. The prospect will receive a quotation after the demonstration made by Wouters Tecnolub. If the prospect is satisfied with the quotation, he will then receive the final contract to sign.

Continuity: Companies always want to deal with other companies that have many years of knowledge on the market and who have achieved well. It is hard for Wouters Tecnolub because they have little experience with the spraying ramp technology. They are just starting to expand their business in the concrete market. In every market they are, they need to prove that they have a good product. The Commercial Director takes a lot of pictures and videos during his demonstration at a client's place because he wants to show that their product works and that they have clients.

Dynamic Intangibles

Why should the consumers be attracted by the products and services promoted by Wouters Tecnolub? Firstly, the company is the only one offering a spraying system with **extremely low pressure** (0.5 compare to 5-6 like the existing competitors). This system gives a **cleaner work environment**, provides **economies** on the purchase of release agent, and **eliminates the pollution** in the factory. Secondly, Wouters Tecnolub prioritizes the relation with the customers. The Commercial Director always goes personally at the factory of the client wherever it is in the world to make sure that the product is well

installed and that the client is well informed about the particularities of the product. It takes time to build a good relationship but it is well worth the effort.

Are the Tangibles ready for Export? How to adapt all the Tangibles?

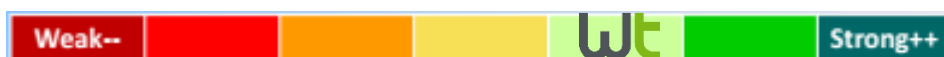
Communication: In Belgium, Wouters Tecnolub is known thanks to word of mouth and the hard work of the Commercial Director who visits all the factories in the country. In the exporting countries, the company needs to participate in trade events to promote their work. With the help of the organism AWEX, the company can have access to lists of prospects and to international exhibitions and fairs. The company mainly does its communication through their brochures, Youtube videos, web site and exhibitions in multiple countries.

Solution: In the concept of satisfier, "the consumer always buys a solution, never buys the product. It's the product and everything that belongs and compliments the product (and all the services necessary to consume the product in an ideal way) that can bring satisfaction" TLATLI (2015). Wouters Tecnolub offers products of spraying release agent (oil) but also services of transportation and installation. Now, customers across the world are asking the company if they can also sell the release agent because they feel like Wouters Tecnolub's products are good quality. By selling the release agent, Wouters Tecnolub would propose a complete formula. The consumers will be likely to have a high satisfaction. This project is still under discussion.

Value: Wouters Tecnolub always try to give a price lower than its indirect competitors (since they do not have direct competitors yet). Each time Wouters Tecnolub sees a client, they will give them a return on investment Excel sheet. In that document, the customer can see how much they consume in oil and the economy that a system like Wouters Tecnolub's will provide them. The client has also a basic quotation for a system and an estimated time of reimbursement of the system. The return on investments is usually between four and twelve months. It is a great value for the company to be able to show this data to the future client.

Accessibility: The visibility and accessibility are in fact weaknesses of Wouters Tecnolub. Indeed, what should the consumers write on Google to find the company? This needs to be improved to increase brand recognition. The company does not currently invest a lot in marketing and do not promote its products on any platforms except its own website. Only the Commercial Director gives visibility for the system.

For this indicator, the rate is in the bright green area. The reason is that Wouters Tecnolub has strong Tangibles and Intangibles but is not perfect. They still need to focus on communication and accessibility.



1.4.5 HR, Organization & Procedures

This indicator analyzes the aptitudes and capabilities of the Human Resources department of the company regarding exportation. To do so, we need to evaluate the **export experience**, the **HR potential** for international business and the **management** of international transactions.

Export experience of the company

For the pulverization ramp product, **90% of the turnover** is due to **exportation** like we can see in the figure 1.3. The product is relatively new for the company (3 years) but it was clear from the beginning that Belgium would not be sufficient for the business. For the moment, the **level of activity** for this branch is **small**. If the company can achieve great results with exportation, it can become extremely profitable. The concrete market is booming so it is a good place for business and prosperity.

The Commercial Director spends most of its time abroad meeting clients. Because the company is not known in the world, the Commercial Director needs to do a lot of **prospection**. When calling a prospect, he proposes to visit and demonstrates his product because companies do not believe that his product can use a very small amount of release agent and still be efficient. He travels around Europe mainly and visit **potential clients**. He can spend a whole week in another country. Because he cannot speak every language, he often visits his clients with an agent present in the country.

To have more visibility, Wouters Tecnolub participates in **international exhibitions and fairs**. The next exhibition they are planning to attend is the World of Concrete Europe. It will take place in Paris, France in April 2018. France is a huge producer of concrete products. This event will be beneficial for the company. Here are other exhibitions and fairs where Wouters Tecnolub has or will participate in 2016-2017:

- ICCX – Ossa (Poland): Eastern European markets (shows in 02/2016 and 02/2017)
- BIBM – Madrid (Spain): European and North African markets (05/2017)
- World of Concrete – Dubai: International markets (11/2017)

To help them find exhibitions and also to have information about foreign markets, Wouters Tecnolub works in collaboration with the **organism AWEX**, a governmental company that promotes external commerce into Belgium and welcome external investors into the country.

HR potential for international business

In the company, only the Director and the Commercial Director speak **English**. The rest of the company only speaks **French**. This can be a problem when doing international business because you can have a communication problem with your prospective clients. Wouters Tecnolub's solution is to **hire agents in foreign countries** to communicate with the clients. It is a good solution but when it comes to signing contracts, Wouters Tecnolub has to write them in the preferred language, which often they do not speak.

This is a problem because there can be **misinterpretation** of the contract. For example, Wouters Tecnolub has a few clients in Poland. When they need to translate the contract, they use a translating company because it is a legal document. But the rest of the time, when the company needs to contact them, they will either use Google translate or ask the agent to translate for them. It is very dangerous because they are not sure of what they are saying to the client.

The whole management team is very motivated with their internationalization project. They see a great opportunity for the company to flourish. It is the only way the company can expand because the Belgian market is very small.

Management of international transactions

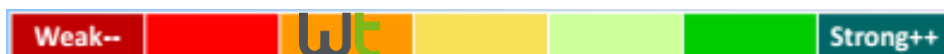
Due to the small number of employees working at Wouters Tecnolub, the Commercial Director does everything when it comes to sales. It is hard work because one person has to do the work of 2-3 people. It is difficult to be efficient because the Commercial Director is the only one dealing with the client. Here is what the Commercial Director has to do when he is dealing with international transactions: first, he needs to do **prospection** to find new clients. He needs to **identify** the targets and meet with them. At the same time, he needs to **follow up** and meet with all the clients. Finally, he also needs to **write the offer** and establish a **financial budget** for the project. He is also required to **negotiate** with the client and convince clients to sign with the company.

The Commercial Director is required to work on sales development, marketing and market analysis. After that, the Director can help him with other tasks like follow up with customers and the production. This method is good for Wouters Tecnolub because each employee knows what he or she has to do. The Commercial Director is in the front line and the Director takes care of the production.

The production is entirely managed by the Director. He deals with the delivery of the concept and the control of the costs. The Commercial Director gives him the financial budget with the profit margin and the Director is responsible to dispatch the resources so at the end they still have a good profit margin.

In order to be able to assume the cost of production, Wouters Tecnolub always ask their client to pay 50% of the system during the **order of the product** in euros. The clients will have to pay the second slice during the **delivery** and the rest during the **installation**.

The method works well for the moment but it will become problematic once the company gets more and more contracts. The Commercial Director won't be able to do all the work. He will need to only concentrate on one segment and maybe **hire someone** to help him with the **quotations** and the **contracts**. This is why we put this indicator in the **orange zone**. The technique works as of today but will become very problematic in a near future.



1.4.6 Management Commitment & Quality

This last indicator allows to analyze the managerial commitment to the international development and to point out its forces and weaknesses.

Managerial Commitment to the international development

Wouters Tecnolub is a small company with only about 15 employees. In the managerial department, there are only 2 people: The Director and the Commercial Director. **Taking decisions is simplified** because the company does not need to pass through many administrative processes.

The Commercial Director started around a year and a half ago as a **marketing consultant**. With the help of the Director, they rethought the brand and made a prospection plan for the next years to come. The Commercial Director started working on the **development of the market** around one year ago. The direction is very motivated because sales are doing great. The company has a lot of new projects

in stand-by: they are just waiting on the approbation from the owners. Also, many other countries seem interested in their product. The **motivation is high**. To help with the development, the Commercial Director is meeting with different agents across the globe that would be interesting in selling the product. The Commercial Director needs help because he cannot meet with every client as they are situated in many countries. He tries to have **partnerships with agents** in each country that the company targets. This is a red flag for the company. Right now, the Commercial Director is responsible for finding new clients wherever they are. He decided to hire agents that would help him to find new clients. In the future, if the company performs well, he won't be able to do prospection as well as managing all the agents the company has. He will have to concentrate on only one task.

Because the Belgian market is not the best for the prefabricated concrete industry, it is crucial for Wouters Tecnolub to develop its activities outside of the country. If they stay in Belgium, the company will find it difficult to survive. We have to know that 90% of the sales are done outside of the Belgian market. Developing in France could be a great opportunity for Wouters Tecnolub because France is a big market and a neighbouring country. Exports are facilitating. Before opening to other market, Wouters Tecnolub wants to export to its neighbouring countries like Germany, France, United Kingdom and Netherlands. They are very important markets for the concrete industry.

Experience in the sector

The company started 90 years ago, but its pulverisation ramps are a relatively new product. The company started its international expansion less than a year ago. The **experience in exportation is new**. Since last year, the whole branding of the company has changed to make them look more appealing. Wouters Tecnolub is reborn and focusing on their micro-pulverization systems activity.

The weakness of the Commercial department is that they only speak French and English. When exporting to different countries, the Sales department needs to **adapt to the language of the client**. Therefore, the Commercial Director needs the help of agents to help him communicate with the prospects and clients.

For this indicator, we selected the **yellow space** on the scale because there are opportunities for improvement within the company. Wouters Tecnolub is just starting to grow on the international market and still need some experience. In the short future, they will need to **rethink the management** of the company if they still continue to grow. Using agents is a good idea in the beginning but maybe they will need to change their tactic when they will start to be stable.



Chapter 2: Choice of the market

The export audit helped us to understand the **forces and weaknesses** of Wouters Tecnolub regarding the exportation. In theory, we would have to analyze the different potential markets and then choose the ones in which the company should focus on first. But since we already chose **France** as our targeted market, this analysis will be to verify the choice and make sure that we selected the right one.

Thus, to determine the best market to expand, we used a previous report made by another intern at the company, **Johan Villegas Martinez**. He analyzed the different countries in Europe and their production of concrete products.

2.1 Method for selection of the targeted market

2.1.1 The targeted country

To begin with, since all concrete prefab products are not good candidates for an automatic spraying system of release agent, it is important to understand **each market share** occupied by **each product** in this area.

Indeed, concrete products like blocks, slabs, tiles and walls of predetermine dimensions, autoclaved aerated concrete known as “Ytong blocks”, paving and other prefab elements whose production efficiency is high, will only be produced in factories with a **production chain**. Those products will generally be produced using **molds or boards** that need to be oiled with a release agent.

Other key elements like facade parts, concrete elements for construction of sports complexes, schools or shopping malls, are usually **custom-designed parts** and require to be **manually oiled** with high-pressure instruments. This category of products is not interesting for Wouters Tecnolub because the **automation of the oiling system is impossible**.

In the category of not interesting products, we will add **prefab concrete pipes**. We have to exclude this kind of products because Wouters Tecnolub does not yet produce ramps with **vertical curves**.

Wouters is a company in Belgium. It is a small SME that do not have the same budget for investment as multinationals. Before exporting across the world, the team feels like it would be best to stay within Europe and develop this huge market before going outside.

Thanks to the analysis of a previous intern Johan (provided below), we have the repartition in terms of **turnover** of each piece of concrete product in every country in Europe. From this, we can determine the **5 countries** with the **highest turnover** in the industry of prefab concrete. We can also see the proportion of targeted products relative to the total products in the industry. By multiplying those 2 factors, we find the potential rate for the company Wouters Tecnolub.

Here are the representation tables:

Table 2.1 - Turnover of each piece of concrete product in every country in Europe

	Blocks	Paving	Slabs	Structure	Pipes	Decoration	Others	Total Value EUR28
	K EUR	K EUR	K EUR	K EUR	K EUR	K EUR	K EUR	K EUR
Belgium	78,507	194,891	726,094	39,745	40,000	59,585	99,586	1,238,409
Bulgaria	8,749	39,859	10,859	3,798	5,199	5,562	10,762	84,79
Czech Rep.	72,278	149,356	157,310	:C	15,764	58,816	74,580	528,105
Denmark	19,284	99,975	460,480	:E	:E	:E	45,345	627,171
Germany	565,897	1,351,159	:C	:C	157,748	:C	:C	5,445,397
Estonia	21,520	6,277	:E	0	0	1,413	1,413	30,622
Ireland	:E	:E	:E	CE	:E	:E	14,693	14,693
Greece	3,091	1,862	3,153	12,350	3,252	17,190	20,442	61,339
Spain	52,370	87,124	675,632	93,295	32,085	35,529	67,613	1,043,647
France	461,627	:E	1,493,013	141,450	113,657	:E	:C	2,397,249
Italy	194,241	288,648	625,131	753,863	62,780	520,387	583,167	3,028,217
Latvia	13,353	12,340	19,826	23,113	430	1,436	1,866	72,365
Lithuania	12,698	23,338	74,392	0	365	878	1,243	112,915
Hungary	26,022	35,583	84,468	CE	21,999	2,743	24,743	195,56
Netherlands	393,001	159,427	477,534	:C	20,610	97,501	118,111	1,266,184
Austria	61,012	197,816	289,921	33,288	37,360	8,018	45,378	672,793
Poland	271,284	514,854	548,095	16,206	:C	44,982	68,185	1,463,606
Portugal	16,116	77,005	88,025	32,775	:C	22,403	32,064	268,39
Romania	78,014	57,346	55,906	4,097	12,459	:C	12,900	220,723
Slovenia	10,315	13,985	23,767	:C	:C	:C	16,219	64,286
Slovakia	54,633	23,337	39,976	:C	:C	19,407	19,631	156,983
Finland	38,485	49,400	518,054	0	17,455	0		623,394
Sweden	52,385	520,461	206,110	:C	36,352	:E	134,531	949,838
United Kingdom	608,899	793,945	775,350	:C	90,293	126,898	217,191	2,612,576
Croatia	4,827	12,957	17,200	1,324	2,154	10,772	12,926	62,16
Island	0	5,098	15,574	0	:C	0	:C	20,673
Norway	7,854	50,650	480,790	22,657	46,550	30,755	77,306	716,562
Value EU28	3,240,048	4,922,518	12,000,000	1,484,555	727,460	2,100,000	2,800,000	27,274,580

Legend:

- :C is confidential data
- :E data estimated by Eurostat
- Structure: prefabricated walls, beams
- In gray are the products not interesting for Wouters Tecnolub

Top 5 countries in Europe are

1. Germany
2. Italy
3. United Kingdom
4. France
5. Poland

With these numbers, we can calculate the proportions in turnover occupied by each product within each market. We can then calculate the **potentiality rate of each country**.

Table 2.2 - Proportions in turnover occupied by each product within each market

	Blocks EUR	Paving EUR	Slabs EUR	Structure EUR	Pipes EUR	Decoration EUR	Others EUR	EUR28 value	Proportion of country / Europe	Interest rate for WT	Potentiality rate
Belgium	6%	16%	59%	3%	3%	5%	8%	100%	4,54%	83,92%	3,81%
Bulgaria	10%	47%	13%	4%	6%	7%	13%	100%	0,31%	74,62%	0,23%
Czech Rep.	14%	28%	30%		3%	11%	14%	100%	1,94%	71,76%	1,39%
Denmark	3%	16%	73%				7%	100%	2,30%	92,44%	2,13%
Germany	10%	25%			3%			100%	19,97%	35,21%	7,03%
Estonia	70%	20%				5%	5%	100%	0,11%	90,77%	0,10%
Ireland									0,05%		
Greece	5%	3%	5%	20%	5%	28%	33%	100%	0,22%	33,35%	0,07%
Spain	5%	8%	65%	9%	3%	3%	6%	100%	3,83%	87,04%	3,33%
France	19%		62%	6%	5%			100%	8,79%	87,44%	7,69%
Italy	6%	10%	21%	25%	2%	17%	19%	100%	11,10%	61,48%	6,83%
Latvia	18%	17%	27%	32%	1%	2%	3%	100%	0,27%	94,84%	0,25%
Lithuania	11%	21%	66%			1%	1%	100%	0,41%	97,80%	0,40%
Hungary	13%	118%	43%		11%	1%	13%	100%	0,72%	74,70%	0,54%
Netherlands	31%	13%	38%		2%	8%	9%	100%	4,64%	81,34%	3,78%
Austria	9%	29%	43%	5%	6%	1%	7%	100%	2,47%	86,51%	2,13%
Poland	19%	35%	37%	1%		3%	5%	100%	5,37%	92,27%	4,95%
Portugal	6%	29%	33%	12%		8%	12%	100%	0,98%	79,71%	0,78%
Romania	35%	26%	25%	2%	6%		6%	100%	0,81%	88,51%	0,72%
Slovenia	16%	22%	37%				25%	100%	0,24%	74,77%	0,18%
Slovakia	35%	15%	25%			12%	13%	100%	0,58%	75,13%	0,43%
Finland	6%	8%	83%		3%			100%	2,29%	97,20%	2,22%
Sweden	6%	55%	22%		4%		14%	100%	3,48%	82,01%	2,86%
United Kingdom	23%	30%	30%		3%	5%	8%	100%	9,58%	83,37%	7,99%
Croatia	8%	21%	28%	2%	3%	17%	21%	100%	0,23%	58,41%	0,13%
Island		25%	75%					100%	0,08%	100,00%	0,08%
Norway	1%	7%	67%	3%	6%	4%	11%	100%	2,63%	78,42%	2,06%
EU28 value	12%	18%	44%	5%	3%	8%	10%	100%		79,37%	

Top 5 most interesting markets for Wouters Tecnolub in Europe are

1. United Kingdom
2. France
3. Germany
4. Poland
5. Italy

Since Wouters Tecnolub already has a presence in the United Kingdom and Poland, we have to choose between **France**, **Germany** and **Italy**. France and Germany are neighbouring countries to Belgium. The exportations between these countries are facilitated because of **geographical distance** and **no borders**. Due to the fact that no one in the company speaks German or Italian, it is best to concentrate our effort within France.

2.1.2 The targeted region

France is a huge country with about **20 different regions**. These regions have many differences and have to be separated because the way they do business can vary. The mission duration being only for 2 months, it is impossible to cover the whole country. This is why we decided to concentrate on a few **specific regions** of the country. To decide on what regions to choose, we took the source FIB (fédération de l'industrie du béton en France) and we did a **sector analysis** of the regions to prospect. It is true that not all existing companies are members of this federation but Mr. Van Haren suggested that the numbers are a good representation of the **potentiality rate in the market**.

Table 2.3 - Regions in France with their number of concrete producers

Regions	Departments	Number of prod/depart	Number of producers	Total
Bretagne	Morbihan	4	18	7%
Basse Normandie			11	4%
Haute Normandie	Eure	5		
Nord Pas De Calais	Nord	7	14	5%
	Pas-de-Calais	7		
Picardie	Oise	4	5	2%
Ile de France	Seine-et-Marne	8	22	9%
	Yvelines	5		
	Hauts-de-Seine	4		
	Val-de-Marne	5		
Champagne-Ardenne			3	1%
Lorraine	Moselle	5	10	4%
	Vosges	5		
Alsace	Haut-Rhin	9	13	5%
	Bas-Rhin	4		
Pays de Loire	Maine-et-Loire	4	15	6%
	Vendée	7		
Centre	Cher	4	13	5%
	Loiret	9		
Bourgogne	Saône-et-Loire	4	8	3%
Franche Comptée			8	3%
Poitou Charentes			7	3%
Limousin			1	0.4%
Auvergne			4	2%
Rhône-Alpes	Isère	11	27	11%
	Drôme	11		
	Rhône	5		
Corse			0	0%
P.A.C.A	Bouches-du-Rhône	15	25	10%

	Var	6		
	Vaucluse	4		
Languedoc Roussillon	Gard	9	15	6%
	Hérault	6		
Midi Pyrénées	Haute-Garonne	10	15	6%
	Tarn	5		
Aquitaine	Gironde	9	13	5%
TOTAL			247	100%

We put every company on a map and identified the departments with the **largest concentrations** to **optimize** the travels. Going to a department where there is only one prospect would not be a good use of time.

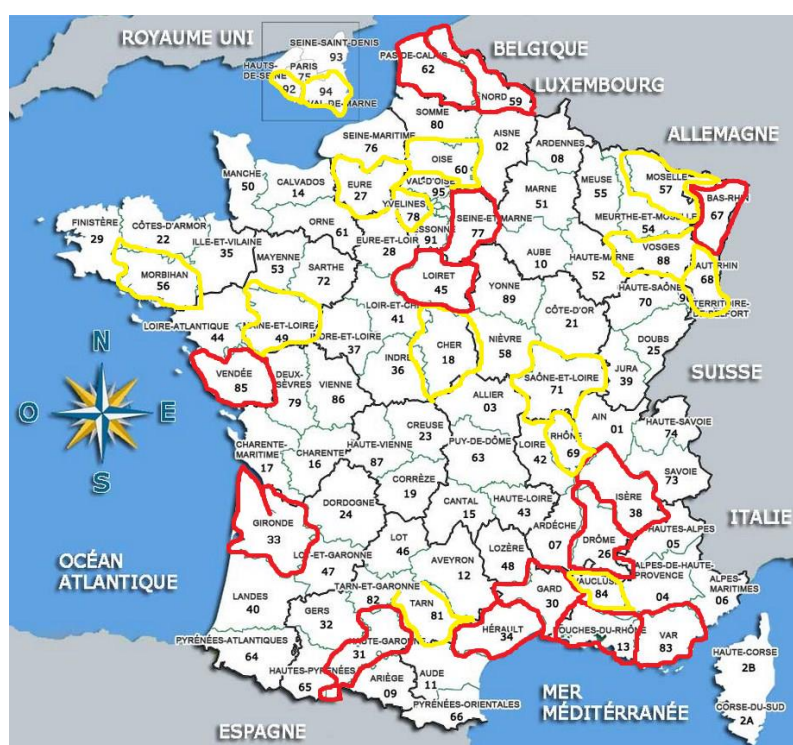


Figure 2.1 - Map of France with its departments

Source: Arts-Voyages. (March 14th, 2016). *Cartes département France 2016*. Retrieved from <http://evasion-online.com/search/carte-departements-france-2016>

In **yellow**, departments with 4 to 6 prospects.

In **red**, departments with more than 6 prospects.

Knowing that we can only visit 3 regions during the 2 months in France, we regrouped the prospects into **3 groups**. Each group had around **20 to 30 prospects**. We can visit only 2 clients per day so in 2-3 weeks in one region, we can visit maximum 10 prospects. We also need time to **follow up** with the meetings and take new meetings with prospects. Knowing that some companies might refuse to see us, we choose 20 prospects by knowing that **half of them** won't agree to see us.

The zones that we chose are **close to Belgium** because the Commercial Director needs to be able to visit them if they request a demo or if they want to buy a product. For the moment, Wouters Tecnolub

needs to install the products themselves. They are in **negotiations** for a partnership with a company in France that will install the ramps and also do the after sales service in the whole country. Since this partnership is not official yet, Wouters Tecnolub still needs to send technicians **onsite** to install the product. Choosing the northern part of the country provides easier access for Wouter Tecnolub employees.

Here are the 3 zones that we will prospect during 2 months.

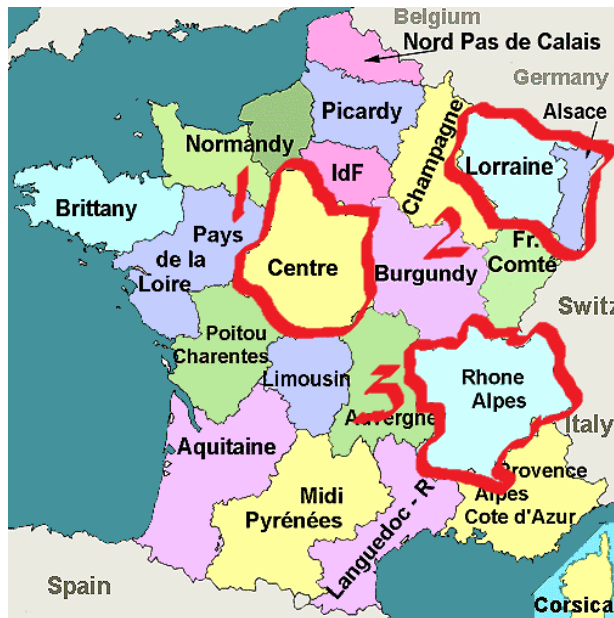


Figure 2.2 -Map of France with the regions

Source: CartesFrance. (March 14th, 2016). *Carte des régions de France*. Retrieved from <http://www.cartesfrance.fr/carte-france-region/carte-france-regions.html>

2.2 Validation of the country

If we reflect on the market potential, the final choice for a new exporting country among the countries of Europe would be **United Kingdom, France** and **Germany**. However, Wouters Tecnolub already have a distributor working in United Kingdom. As for Germany, export business must be conducted in German. This would require hiring an employee or agent

France proves to be the **best strategic choice** for the company because of the potential the market offers, the proximity to the company's headquarters and the cultural ties between the 2 countries.

By entering the French market, Wouters Tecnolub benefits from a potential of **247 new suspects**. We can find in the table above the repartition of the different products related to the number of potential clients. Thanks to AWEX and the FIB, Wouters Tecnolub now has access to information pertaining to **247 new prospects**. We will only cover 83 potential clients in the regions of **Ile de France, Alsace, Lorraine** and **Rhône-Alpes**. The French market shares strong cultural ties with the region of Wallonia in Belgium, which is an advantage for the Belgian company. The business between both countries is facilitated due to the fact that they are both members of the **European Union**. As a consequence, there are **no barriers of entry** between the countries. They are also **geographically close**.

Chapter 3: External Analysis

In the previous chapter, we confirmed the choice of the market: **France**. Before starting our international project, we should investigate the country and the market. This is accomplished using an external analysis. It is an important part of the decision process. This is done by establishing a profile of the future market. This will help validate whether to proceed or not, therefore avoiding **costly mistakes** linked to **inadequate strategy** during penetration of the market. This analysis allows confirmation of the concordance of the product-service-market.

We will first start this external investigation with a **PESTEL analysis**. This examination will give us a global view of the market, France. We will then do a short analysis of two industries: **concrete and lubricant**. The goal is to identify the **main actors** and the **tendencies** in these two industries. We will continue the external investigation with a **demand analysis** to see the potential of the market related to the concrete industry and a **competitor analysis** to see who is already in the market.

To end this external analysis, we will **evaluate the risks** related to the project to expand to France. This investigation will be done with the risks analysis method proposed by HEINEN (2015). We will study the risks associated with the **commercial aspect**, the **financial aspect**, the **cross-cultural aspect** and the **country aspect**.

3.1 PESTEL Analysis

The PESTEL analysis allows us to understand the environment of the project following a **systematic approach**. This analysis focuses on six environments: **Political, Economical, Socio-cultural, Technological, Ecological, and Legal**. For the mission of Wouters Tecnolub, we will focus the research on the particular elements that can represent a **treat** or an **opportunity** for the business. We will also restrict the analysis around the concrete and lubricant industries.

3.1.1 Political environment

In this first section, we will try to understand the **political environment** in France. We will answer questions like: Does the actual government promote a stable political environment and demand regarding the offer of Wouters Tecnolub? Is the level of freedom for trade and corruption limiting the activities of Wouters Tecnolub in the country? What are the international agreements that promote business between Belgium and France?

Political stability

The French government recently published a **stability program** for the years 2015-2018. In this program, the recovery of the activity is back in early 2015. The purchasing power of household earnings, link to the weakness of inflation and to the decrease of the taxes on the revenue, translates into a **sustained strong consumption**. The policies implemented in favour of enterprises restored their margins.

The increased **competitiveness** between companies, reinforced by the euro depreciation, combined with the economic recovery of major trading partners in France, are creating a **conducive environment** for exports to grow. The recovery in demand mix with the high increase of companies' margins and very good financing conditions propose by the European Central bank allows progressively the investment to take up. The last decisions taken by the government of France in early April helps to **amplify** that movement.

Level of corruption

According to the Non-Governmental Organization (NGO) Transparency International, France ranked in **23rd position** back in 2015. On the map, the country is represented in dark yellow, which mean that it has a **clean level of corruption**. The country has a **score of 69/100**, 0 being highly corrupted and 100 being very clean.

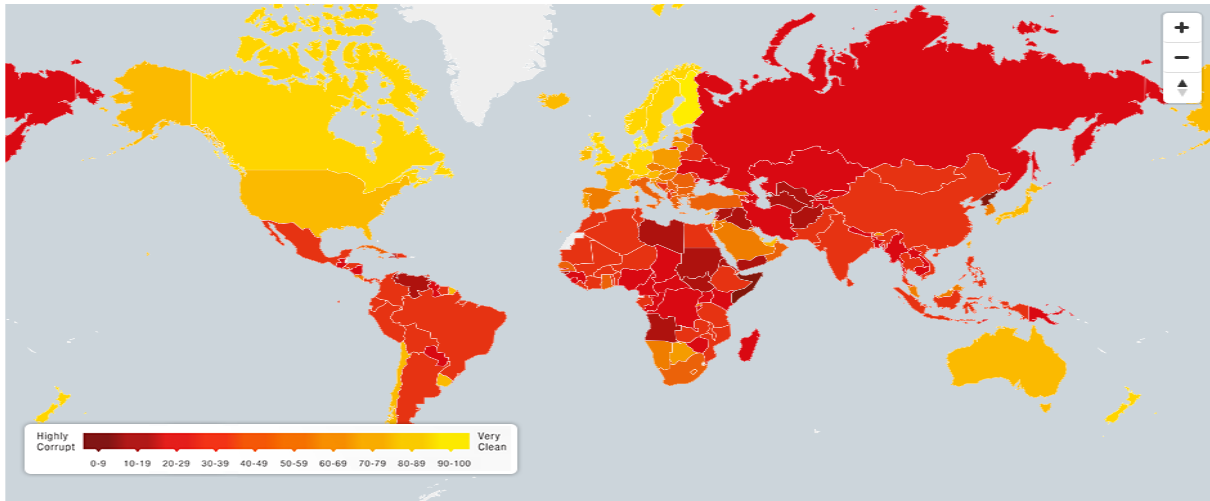


Figure 3.1 - Map of the world and the level of corruption by countries

Source: Transparency International. (July 11th, 2016). *Corruption Perceptions Index 2015*. Retrieved from <http://www.transparency.org/cpi2015>

This organization works in partnerships with governments, businesses, and civil societies to put active measures in place to block corruption. They are very independent. No contributor has any participation into Transparency International's policies.

The NGO also classified the different regions of France depending on their **level of corruption** and the **number of known corrupted cases**. The region Ile-de-France is the most corrupted region of France with 87 cases of corruption. The city of Paris alone counts 42 convictions. The second region to look for is Provence-Alpes-Côte-d'Azur (Paca) with 26 cases. The two regions are key prospects for Wouters Tecnolub. The company will need to be **extra cautious** in these regions.

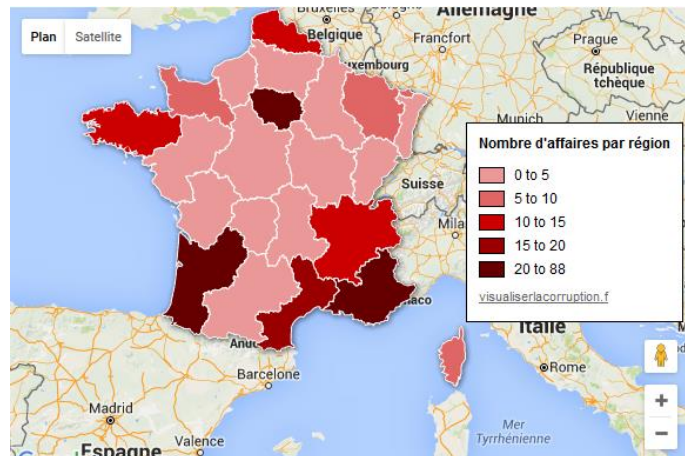


Figure 3.2 - Map of France and corruption cases

Source: Transparency International. (July 11th, 2016). *Corruption Perceptions Index 2015*. Retrieved from <http://www.transparency.org/cpi2015>

The NGO also listed the **most recurrent infractions** in France. The most recurrent infraction in the French market is the **breach of trust**. This type of infraction happens when someone or some company misappropriate a good (either a commodity, a sum of money, a bank document) lend temporarily by a third party. The second type of most recurrent infraction in France is the **illegal taking of interest**. In other terms, it is a conflict of interest. There is an illegal taking of interest or conflict of interest when a person of public authority takes, directly or indirectly, an interest in an enterprise or an operation that he or she had to monitor, to administrate, to liquidate or to pay.

This most recurrent infraction can be seen by Wouters Tecnolub in the French market if they decide to work with partners.

Trade agreement between Belgium and France

The neighbouring geographic closeness between France and Belgium means that the countries enjoy **solid trade relations**. France has many trading partners. Germany being the biggest one followed by Italy and Belgium.

Belgium is France's **second biggest buyer** (6.8 % of French exports), while the United Kingdom remains the third largest seller (7 % of French imports). France is also Belgium's **second largest buyer** (16 % of Belgian exports) and **third largest seller** (11.5% of imports).

French businesses have a solid presence in Belgium and hold prominent places in the fields of energy, transport equipment, finance, distribution and telecommunications. Development potential still exists for them, mostly in the agro-food sector.

France and Belgium are both part of the EU. Which mean that they benefit from a **free trade agreement** between the countries of the member states. Trade between the two countries is facilitated by the **lack of borders**.

3.1.2 Economic environment

In this analysis, we will be able to understand the **economic environment** of France as well as the relationship with Belgium. We will try to underline the differences between the two countries. We will answer questions like: what is the level of economic development and the GDP in the country? Does the actual economic partnership demonstrate interest to innovate in the concrete industry? Do inflation, wage levels, and rates of taxation in France concord with Belgium?

Level of economic development

According to a report from OECD, the Organisation for Economic Co-operation and Development, the economic growth in France is **weak** and the country needs **significant organisational reforms**. The OECD is proposing to reduce public spending to lower taxes, improve the efficiency of the labour market, improve skills, increase competition and make green growth a priority. These reforms are necessary if France wants to **increase growth** and **create jobs** in the future.

This report also concludes that the following factors are contributing to a lower growth:

- Great public spending that lead to an extreme tax weight
- The labour market that remain fixed
- The lack of training for the low-skilled and jobless
- The excessive regulations that are complex and some of them constrain competition

Trends of GDP

The report of the OECD also allows us to have information about the GDP of the country. France had a GDP of 39,813 US\$ per capita in 2015. For the next year to come, France is expected to **grow its GDP** by 1.5%.

In the figure below, we can see that France has a GDP similar than the rest of Western Europe. However, its GDP is higher than the countries in the Eastern part of Europe.

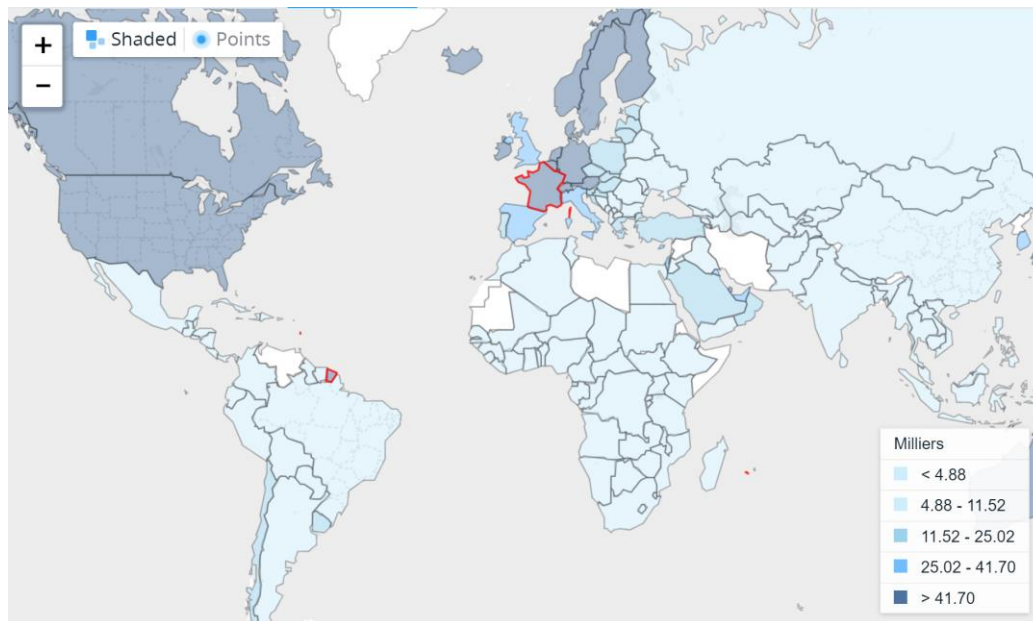


Figure 3.3 - GDP per inhabitants in \$US

Source: Banque Mondiale. (May 15th, 2016). *PIB par habitant (\$ US constants de 2010)*. Retrieved from <http://donnees.banquemondiale.org/indicateur/NY.GDP.PCAP.KD>

Rate of inflation

As we can see on the graph below, the inflation in 2016 in France is **zero**. Between 2014 and 2015, the prices stayed the same. There are multiple factors that can explain this zero inflation. The main one is the **decrease in the price for oil**. Between 2014 and 2015, pricing declined by half.

Zero inflation is good news for the power of the buyers but will not stay good for long. If the activity does not restart, the government will need to **adjust the salaries...** downward.

Chart – historic HICP inflation France (yearly basis) – full term

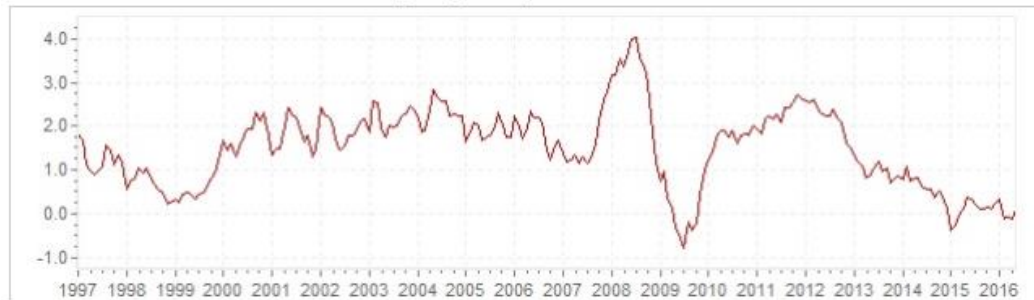


Figure 3.4 - Historic HICP Inflation France

Source: Inflation.eu. (July 11th, 2016). *Historic harmonised inflation France*. Retrieved from <http://www.inflation.eu/inflation-rates/france/historic-inflation/hicp-inflation-france.aspx>

Incentives to innovation

France has some incentives for R&D. In all the countries part of OECD, France has one of the **most generous incentives for R&D** for SMEs. The country also helps the new claimants, the young firms and start-ups. R&D tax payments are tax reductions up to a certain percentage of the R&D spending and can be used to offset taxable revenue. R&D tax credits **decrease the real amount of tax** that must be paid. It helps to promote innovation even to companies that do not have a huge budget for it.

Since Wouters Tecnolub is a Belgian company, it will not benefit from these incentives.

Wage levels – level of unemployment

According to the report of OECD, in 2014, the level of unemployment in France was 10.4%. This percentage is a **bit higher** than the EU28, which had 10.1% of unemployment in 2014.

Rates of taxation

France has a very **generous social security system**. To be able to have such generous system, the residents need to pay by social charges and income taxes. There are three key types of individual taxation in France: **income tax, tax on goods and services, and social security contributions**.

You are accountable to pay tax in France if:

- France is your main place of residence or home, if your wife and children live in France and you work out of the country, you could still be considered a French tax resident
- You are resident in France for more than 183 days in a calendar year, not essentially successively
- Your core occupation is in France
- Your most considerable assets are in France

We also know thanks to OVSENIK (2016) that the countries member of the EU 28 also benefits from a **double tax treaty**. There is a convention between Belgium and France for the **avoidance of double taxation** and to establish rules for **mutual administrative and legal assistance** related to taxes on income.

3.1.3 Socio-cultural environment

In this analysis, we will evaluate the **socio-cultural aspect** of the country, France. We will answer questions like: what is the growth rate of the population and the age distribution in France? Where are the industrial zones? Does the level of education promote the offer proposed by Wouters Tecnolub? What elements of culture does the company need to worry about?

Growth rate of population, age distribution

Based on the United Nations estimate, the population in France can be estimated at **64,675,758 people** as of Monday, July 11, 2016. The country of France is very old and has a lot of history. This translates into to 0.88% of the world population. making it the **22nd most populated country** of the world. Most of its population is urban (80.2%). Like most Western countries, France sees its population leave the countryside in favour of urban cities. Since the number of birth is decreasing, the population in France is getting older. The average age in France is 41.3 years. WORLDOMETERS (2016)

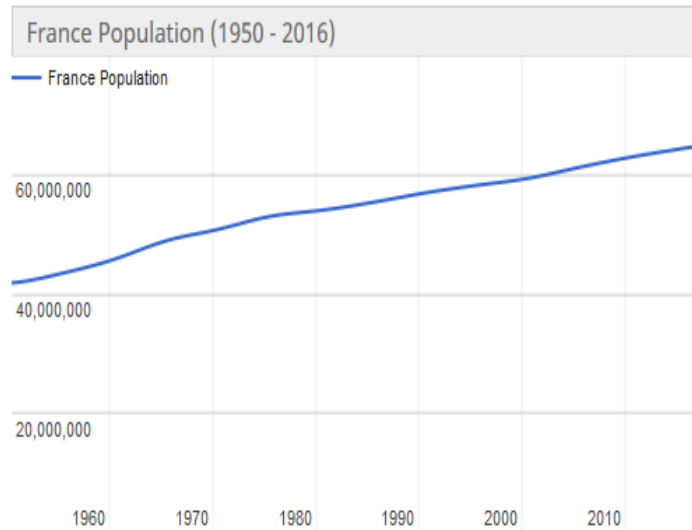


Figure 3.5 - Evolution of the population of France

Source: WorldOmers. (July 12th, 2016). *France population*. Retrieved from <http://www.worldometers.info/world-population/france-population/>

Industrial zones

France is one of the **most industrialized countries** in Europe. Behind United Kingdom and Germany, France is the third most important center for industrialization. It is a big country with multiple industrial regions:

- **The North-East industrial region**
- **Lorraine industrial region**
- **The Greater Paris Basin**
- Central Plateau industrial region
- Mediterranean industrial region
- **Rhone Sone Valley region**

The Greater Paris Basin, The North-East industrial region, Lorraine industrial region and the Rhone Sone Valley are the regions that are more interesting for the mission. The Rhone Sone Valley is an important industrial region because of the river Rhone that passes through Switzerland, Lyon, Avignon and Nimes.

Level of education

Since the past 40 years, the level of education in France has **increased** considerably particularly in higher education. According to a report from OECD (Education at a glance 2014), the group age between 25 and 34-year-olds are **40% more educated** than their parents. This has a positive impact on the population and economy. Consequently, it is far easier for the skilled individuals to enter the work market. In France, diplomas have great importance is you want to find a good job. The **least skills** you have, the **most vulnerable** you become in the labour market.

Level of social cohesion

The government of France is making efforts to **reduce inequalities** found in the country. In 2008, the average living standards of 10% of the richest French were about 7 times higher than the bottom 10%. This huge difference will diminish more and more over the years.

In France, inequalities like wage labour, capital income and savings are very **strong**. The country needs social benefits and withdrawals to decrease those inequalities by 30%. This transfer rate is one of the **highest** in the countries within OECD. Offering public services like health and education does the redistribution of resources.

France has a **low level of intergenerational mobility**, which tends to maintain socio-economic disparities. The influence of socio-economic status of parents on student performance in secondary education is particularly strong. Children wage levels are highly interrelated with those of their parents. Educational strategies have here a major role to play, particularly through the fight against early school failure.

To conclude the social analysis, this aspect will not affect the project to export to France. The elements raised before do not give the company any particular threats or opportunities related to their activity.

3.1.4 Technological environment

The analysis of the **technological environment** will help us to answers questions like: does the transport infrastructure and the costs in France will help Wouters Tecnolub to prospect in this territory? To what extent the spending in R&D and the degree of perceived innovation in France influences the way companies will welcome Wouters Tecnolub's product in the market?

Transport infrastructure and costs

France has a **strategic place** in the world. It is in the **center of all the continents**. Because of that, the country has a very developed transportation system. In Europe, it is the country with the **densest road, railway and navigable waterways network**. France also has a lot of airports. They are amongst the busiest in the world. Before, Paris was the center of France. Most of the transportation systems were departing from this city. Now the country has improved connections between all large provincial cities. We can say without a doubt that it is easy to circulate in that country.

Road

Roads are a **popular mode** of transportation in the country. This mode of transportation carries $\frac{3}{4}$ of the nation's freight and $\frac{4}{5}$ of the passenger traffic. The country has different types of high-speed roads. They have **highways** but also **superhighways** allowing for faster traveling speed. To finance those superhighways, the government asked **private companies** to construct them and financed them

by charging **tolls**. If you take the highways, you will need to stop frequently to pay fees. It can be costly if you do a lot of travelling.

Rail

Trains are popular in France for passenger travels. The railways system allows people to go almost everywhere in the country. This is an important mode of transportation in the country because it has **8% of all passenger trips**. To make the travel even more efficient, the country invested into **High-Speed Trains (HST)** that can go up to 300 km/h.

Sea

France has the **longest system** of navigable rivers and canals in Europe, with **8,500 kilometers**. Most of these rivers were built before the invention of big vessels so they cannot receive large industrial vessels. This mode of transportation is not as popular as it was before. People are moving to more rapid methods of transportation.

Innovation system

If we use the number of intellectual property registrations and trademarks as an indicator of innovation and commercialization, we can say that France grant **importance to intellectual property** and so, to innovation. On the website of the World Intellectual Property Organization, we can see that the country is ranked at the **21st position** with Belgium in 77th position. In 2014, the country placed 72.369 patents, 353.700 trademarks and 66,774 industrial designs, WIPO (2016). France filed more patents and industrial design than Belgium but Belgium still has more trademark filings. The number of intellectual property filings keeps increasing year after year. We can safely say that **innovation** is an **important value** in France.

It is to be noted that Wouters Tecnolub cannot protect its system. The company is therefore subject to copying. It needs to be very careful. Asking for a patent for this type of system is not possible.

3.1.5 Ecological environment

In this analysis, we will be able to determine how the French **ecological politics** can influence the activities of Wouters Tecnolub in the market. Ecological impacts have a direct link with the company that offers a non-pollution method for spraying oil. We will answer questions like: What is the government position regarding the ecological issues linked to the company's mission? What actions have been implemented by the customers to face these ecological issues?

Ecological issues linked to the company's mission

Every four years, the government of France publishes a report on the condition of the environment. This report was summarized on the site of the European Environment Agency. We used this summary to better understand the **position of the government** regarding the ecological issues that France faces.

Over the years, France has switched its industrial activities towards **services activities**. As a result, the amount of some pollutants and the consumption of natural resources have decrease over time. The transfer of the industrial activities to other countries means that the environmental pressures that were present before like greenhouse gas emissions and consumption of natural resources have diminished. This has helped the country to **reduce** its impact on the environment but more work remains to be done. While maintaining the ecosystems of the country and potential impact on

neighbouring countries, a number of solutions have been implemented. To protect the wildlife and the nature, the government **increased** its number of **sites protected by Natura 2000**; a network of protected areas in the EU. The territory covered by this network account for 12.6% of the territory of France.

The government is **influencing changes** in **consumption** and **manufactured configurations**. The goals are also to reduce environmental inequalities and to reduce emissions of pollutants in the water. To achieve these goals, the government is offering incentives. It supports the development of new **environmentally friendly businesses**. By supporting eco-innovation, the government can accelerate the incorporation of environmental concerns in the economy.

Awareness of these issues among customers

Because the political authorities and other international corporations are focused around **environmental issues**, the people in France are more and more concerned about environmental awareness. This is reflected progressively with construction companies using **eco-friendly materials** and erecting **environmentally sustainable buildings and houses**. Materials like concrete are better for the environment because they reduce the need for heating in the winter and the need for air conditioning in the summer. OECD (Environmentally sustainable buildings)

3.1.6 Legal environment

Finally, in this last analysis, we will understand the **legal aspect** that can affect the commercialisation of Wouters Tecnolub's products and services in the French market. We will answer questions like: what are the competition laws and policies in the country? How can the French legal system defined? Which laws can be applied during a dispute with a French partner?

Competition law and policy

France applies the law and policy of the European Commission when it comes to competition in business. The EU Commission applies restrictive norms about agreements and abuses. Belgium uses this system too. If two companies from these two countries enter a conflict regarding unfair competition, they will be subject to the **policies and the jurisdiction of the European Commission**. OECD (2015)

"The Commission of the European Union monitors:

- Agreements between companies that restrict competition, cartels or other unfair arrangements in which companies agree to avoid competing with each other and try to set their own rules.
- Abuse of a dominant position where a major player tries to squeeze competitors out of the market.
- Mergers (and other formal agreements whereby companies join forces permanently or temporarily) legitimacy provided they expand markets and benefit consumers.
- Efforts to open markets up to competition (liberalisation) in areas such as transport, energy, postal services and telecommunications. Many of these sectors used to be controlled by state-run monopolies. It is essential to ensure that liberalisation is done in a way that does not give an unfair advantage to these old monopolies.
- Financial support (state aid) for companies from EU governments allowed provided it does not distort fair and effective competition between companies in EU countries or harms the economy.

- Cooperation with national competition authorities in EU countries (who are also responsible for enforcing aspects of EU competition law) to ensure that EU competition law is applied in the same way across the EU” European Commission (2012).

French legal system

France uses the system of **civil law**. LEFEBVRE (2014) tells us that in a civil law system, some professionals benefit from a **professional secrecy** that allows them to exercise their profession. For example, doctors and lawyers can have some personal information about their client and they cannot in any circumstances divulgate such information. Even the law cannot ask to divulgate such information.

The origin of the French legal system was born with the **Civil Code** or Napoleon Code in 1804. Since then, the document has been modified multiple times. The Civil Code contains rights and obligations of inhabitants, laws of property, contract, inheritance and many other subjects. The system is based on the **Roman law**; used for centuries. They also use the **Penal code for criminal law**.

There are two branches of the French law: the Private law and the Public law.

Private law is the law of the country. It is managed through the **judicial courts**. In France, there are two different judicial channels. The first one deals with **civil litigation**. The second one deals with **criminal offences**.

Public law organises the relations between **governments and international societies**. LEFEBVRE (2014) tells us that public law determine which government has the rights and obligations for a certain case. It stipulates that if an international company does not respect certain rights, this government can enforce its power. Because **no government can be sued** before a court of another state, we say that states are sovereign. They are equals.

Dispute with a French partner

Before signing a contract with a French company, it is always recommended to **add a clause in the contract about dispute**. In this clause, we may find information regarding the resolution of the dispute take place (country), which judge will be appointed, etc.

LEFEBVRE (2014) tells us that before going to a court for a dispute, you will want to resolve the dispute on your own. Court costs a **lot of money** and attracts **bad publicity** for the companies. There are multiple ways to resolve a dispute without a court. The companies can use **arbitration**, **mediation** or even **negotiation**. If those methods do not work, then the companies can go to court because they cannot agree to a consensus.

3.2 Analysis of the industry

3.2.1 Prefab concrete industry

This investigation will be done using the report made by Rory Masterson about Concrete Pipe & Block Manufacturing in collaboration with IBISWorld.

In this sector, companies are divided into **two groups**: the first group produces **pipes used in sanitary systems, sewer, storm and culvert pipes for roads**; the second group produces **blocks used in either manufacturing or residential infrastructure**. The companies specialized in blocks are the one that interest us the most for the analysis. Wouters Tecnolub does not have the technology for the pipes segment. The segment that manufactures concrete blocks produces products like bricks, paving blocks, architectural blocks. This type of blocks is used for the construction of bridges, for residential buildings or also for road construction. The life cycle of this industry is in the **mature stage**. Concrete is use all around the world for all types of constructions. Even if the stage is mature, it is not on the edge of declining.

A great advantage in this industry is that the **import competition is negligible**. The products are heavy and thus, very hard to export or import. There is a natural barrier to exportation because of the nature of the product. Nevertheless, companies face **competition from the substitute products**. For example, cellulose fiber cement can replace concrete products easily because they are lighter and less expensive. Companies can also replace concrete by using plastic or glass-reinforced products. Fortunately for the concrete companies, concrete is **extremely durable**. It makes this choice of product on the top list when deciding which matter to use in your construction.

If we look at the industry repartition of products, we see that **concrete blocks are the most popular product** and account for 59.5% of the concrete industry. They can now come in multiple sizes or color. They are mainly used for **decorative and structural functions**. Concrete pipes are the second most popular product in this industry with 37.9% of the market share. They are mainly used for **draining or sewer purposes**. Finally, concrete bricks are the less popular product with only 2.6% of the market share. They are mainly used in the industry for **outdoor living spaces construction** like patios or terraces. We can also use the bricks for the construction of exterior walls. This type of construction is more and more widespread since they are **environmentally friendly**.

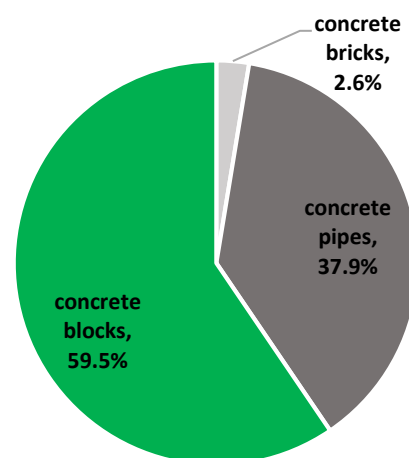


Figure 3.6 - Industry repartition of products

In a world where LEED-certified buildings are more and more popular, and when being environmentally friendly become important, concrete construction gains in popularity. The constructions are **durable** and they allow reducing **the costs for heating and cooling** because of the high thermal mass of the product.

3.2.2 Industrial spraying equipment industry

This investigation will be done with the report made by Max Oston about Industrial Spraying Equipment Manufacturing in collaboration with IBISWorld. Because micro-spraying is a small niche market, it is difficult to find reports on this subject. This analysis will be done on the spraying industry equipment in general; meaning **low and high-pressure systems**.

The products in this industry, the sprayers, are used to apply coatings and chemicals to certain products. The **automobile industry** is the **major player** in this industry because they use the spraying systems to apply paint and sealant to their vehicles. The industrial sprayers can be use in a variety of industries like to spray lines on the roads or to spray anticorrosive products, metallic coatings or various finishes and paints on furniture.

The industry of industrial spraying equipment gets its revenue from the **manufacturing sector**. The different manufacturers buy the industrial sprayers to use in their own factory to assist with the painting, finishing or coating of products.

The industry is in a **mature stage**. This is due to the fact that technological changes are slow in the industry. There is also a defined customer market. Only **few technological changes** have been seen in the market. They are usually innovation related to an existing product. For example, we now see micro-spraying systems. They allow spraying very precisely and reducing the waste of spraying products. The industry of industrial spraying equipment is already in a lot of markets. Finding new markets is hard to find because their markets are already broad.

If we take a closer look to the demand in this industry, we can see that it is **cyclical in nature**. The demand follows the fluctuations of the industrial economy, which make sense since the clients are only manufacturers. The more the manufacturers produce, the more they need to spray and hence the rise in the need for industrial spraying equipment.

3.3 Competitors

In this part, we will measure the competitors already in the targeted market. To be able to do so, we will use the analysis tool of **PORTER's five forces** as explained in JOHNSON and al (2014). This tool explains the competitive environment with 5 forces. The competition does not only depend on the direct competitors. We also have to consider the potential new entrants, the substitute products, the power of buyers and the power of suppliers.

Rivalry between competitors

As explained by JOHNSON and al (2014), we can describe competitive rivals as companies or organisations that **offer a similar product or service to the same group of customers**. Here, we will divide the competitors into two groups. The first group will be the **direct competitors** and the second group will be the **indirect competitors**.

Direct competitors

Wouters Tecnolub does not have direct competitors in the concrete industry for its micro-spraying systems. It has, however, **direct competitors in the machining industry**. By doing research on the Internet and by asking the population, we found that many companies provide micro-spraying systems in the machining industry but none of them has transposed this technique to the concrete industry.

The major threat for Wouters Tecnolub in the French market is **Pomac Automation**. Pomac is a Dutch company based in Tolbert. They are very popular in the French market and specialize in automation equipment for the gravity casting, die-casting, and coquille casting industry.

We can find other direct competitors in the world like **Unist** who provide micro-spraying equipment. In the United States, **SKF** has a division specialized in micro-spraying in the Scandinavian countries. **Micro-jet, Steidle and Bielomatik** are present in the German market. They all provide products and services related to the micro-spraying for the machining industry. They are direct competitors because they offer products that are similar to the ones at Wouters Tecnolub and they can enter the French market at any time.

Indirect competitors

Wouters Tecnolub also has to deal with indirect competition. These competitors would be all the companies that offer **high pressure spraying systems**. We can find a lot of companies in the French market but also all over the world that provide products for high pressure spraying. For example, companies that sell **paint spray guns** would be part of the indirect competitors. We also have companies in the concrete market that still **lubricate their tools manually**. Manual lubrication would also be part of the indirect competition because the consumers are using another spraying method than micro-spraying.

Threat of substitute products

JOHNSON and al (2014) tells us that substitute products are either products or services that give a **similar benefit** to an industry's products or services but that are different than the other products. Taking that definition into account, we can say that micro-spraying systems have two possible substitute products. The first one is to use high pressure spraying and the second one is to oil manually.

High pressure spraying is a substitute product to micro-spraying because it offers the same benefit to the customers. If you have to oil your boards/molds, we can either use micro-spraying or high pressure spraying. The job will be similar either way. However, high pressure spraying can damage your products because it gives too much oil to the boards/molds. The whole system will be covered with oil, which can be dangerous for the employees and damaging to the products.

Manual oiling is also a substitute product to micro-spraying. The inconvenience is that it takes a long time to oil your own boards/molds. Also, there is a risk that the oil is not spread evenly. This may cause some parts of the board/mold to become too much or too less oily causing potential damage to the product and other parts of the board/mold. Therefore, companies usually opt for an automatic oiling system. It is time saving but also insures a better quality of spraying.

Threat of new entrants

As explained by JOHNSON and al (2014), the threat of new entrants influences the degree of competition in a market. The easier it is to enter an industry, the greater the competition. The book suggests that it is **more attractive** to a company to enter a market with **high barriers** because it means that the threat of new competitors is **low**. The barriers are factors that a new company needs to overcome in order to compete in the particular industry. We can find five very important barriers: scale and experience, access to distribution channels, expected retaliation, legislation or government action and differentiation.

The barrier that is the most important in the case of micro-spraying technology is **differentiation**. Companies have to prove that their micro-spraying system is somehow different from the competition and better. If a company producing concrete blocks have a well-established high-pressure system, it might be hard for them to change for a micro-spraying system that is pricier because they do not see the difference between the two products. Wouters Tecnolub needs to be careful and explains why their micro-spraying system is different from the others and how their product will help to increase the quality of the concrete the companies are producing. **Focusing on the difference will be the best sales technique for the company.**

Power of the buyers

We learned in the book that if the buyers are important, they could demand cheaper prices or products/services/improvements, which can **cut profit** for the company. They are the immediate customers. The buyers have a great power when they are **concentrated**. This means that a **few buyers account for the majority of the sales**. Also, the buyers have the advantage when they are low switching costs from product to another or if they can develop this technology in-house.

In the case of Wouters Tecnolub, the **power of the buyers is low**. None of the three conditions for a powerful buyer apply for their systems. The buyers are **widespread** across the country. Of course, some regions are concentrated with a lot of buyers but they are all from different companies. The **cost of switching** from one micro-spraying system to another is **great**. Such system costs around 5.000 to 7.000 euros. Before buying a micro-spraying system, the companies need to think and evaluate if the return on investment is favourable. Finally, **buyers cannot develop this product themselves**. It would not be profitable for a company to create their own spraying system. A company needs only one system; which is expected to last 5 to 10 years. It would not be profitable to develop a system that would need to be replaced every 5 years. For these reasons, the power of the buyers is low in the micro-spraying industry.

Power of the suppliers

In JOHNSON and al (2014), we learned that suppliers are the ones that provide the companies with the equipment and materials needed to build the products.

In the case of micro-spraying systems, the parts needed to produce the systems are simple. Most companies producing pieces of metal can produce them. **The difficulty** does not reside in the pieces but in the **automation case**. It is fairly easy to obtain parts for this type of product. The difficulty resides when you have to build the system.

3.4 Demand analysis

In this next section, we will analyse the demand of the new market. On a first analysis, we have to **identify the right suspects**. There are a lot of companies that produce concrete products. However, Wouters Tecnolub's systems cannot work for every type of concrete product. We will have to determine which companies are suitable for us. Then, we will have to make a second analysis. We will **separate the market into strategic regions**. As seen previously, there are some strategic regions for concrete production in France. The demand will be increased in these regions. We will finish the examination by analyzing the quantitative and qualitative variables of the demand.

Evaluation of the demand by products

To begin with, since all concrete prefab products are not interesting for an automatic spraying system of release agent, it is important to know each **market share** occupied by each product in the area of prefab concrete. As said in the previous chapter, concrete products like blocks, slabs, tiles and walls of predetermine dimensions, autoclaved aerated concrete known as “Ytong blocks”, paving blocks and other prefab elements whose production efficiency is high will be produce in factories that have a **production chain**. These products will generally be produce using **molds or boards** that need to be oil with release agent.

Other elements like facade parts, concrete elements for construction of sports complexes, schools or shopping malls are usually **custom designed parts** and require to be **manually oiled** with high-pressure instruments. This category of products is not interesting for Wouters Tecnolub because the automation of the oiling system is impossible. The diagram below helps us to understand which factories will be adequate for an automatic pulverization system.

Evaluation of the demand by regions

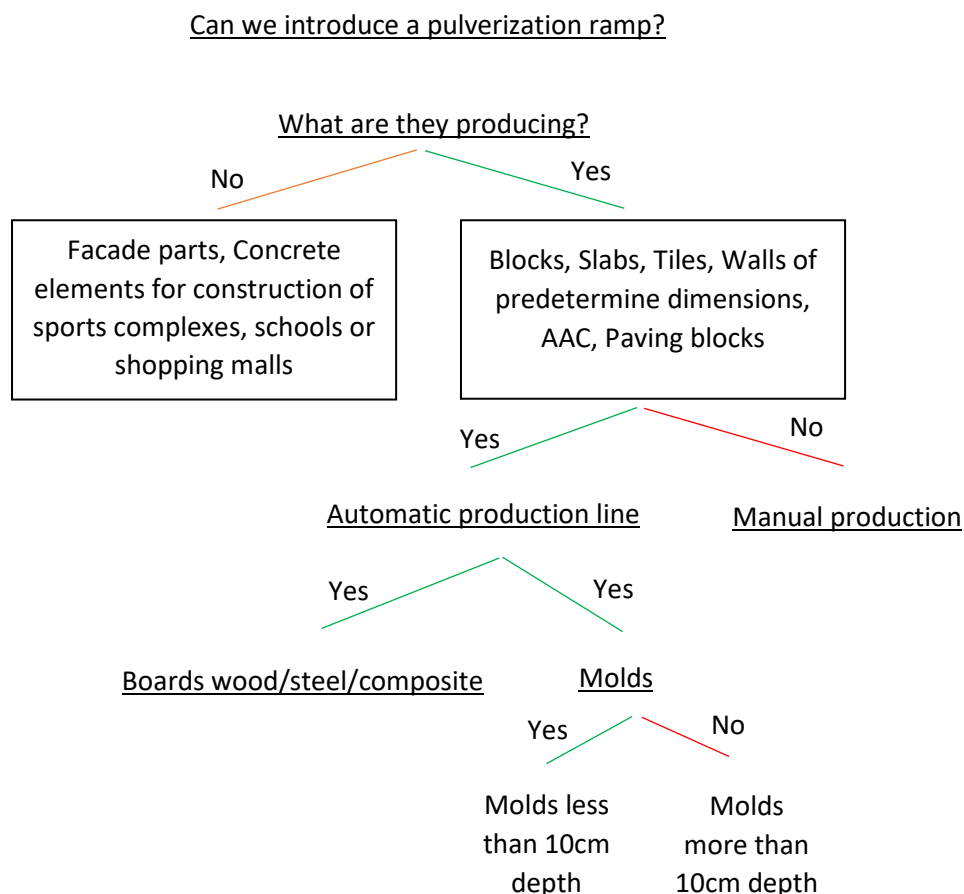


Figure 3.7 - Chart of decision process if Wouters Tecnolub can implement its system

France is a huge country with a lot of different regions. These regions have **many differences** and have to be separated because the way they do business is not the same. We took the source FIB (fédération de l'industrie du béton en France) to find all those companies. It is true that not all existing companies are members of this federation but Mr. Van Haren is certain that the numbers are a good representation of the **potentiality rate** in the market. By knowing the number of companies in one region, the Wouters Tecnolub will be able to target the right area to visit. This is a way to make sure they **maximize their time** and not waste it on a department that only have one concrete manufacturing company present. We can find a table with the regions and their number of producers in Appendix 1. It will help them to determine in which region they should spend more time.

Quantitative analysis of the demand

The quantitative analysis of the demand helps us to identify if there are some openings in the market. The study needs to evaluate the demand and its evolution. (PAVEAU and al, 2013)

Indicator	French market
Volume of demand	From the table above, we identified 247 producers. If they acquire one system each, this means that the volume of demand will be of 247.
Value of demand	The average price of a system is 5.000 euros. $5.000 \times 247 = 1,235,000$ euros
Number of buyers	There is a potential of 247 buyers.
Frequency of the sale	The frequency of sale is only of 1 pulverization ramp. This is a great weakness for the company.

The value of demand will not be achieved in one year. With the help of the Commercial Director, we estimate that the company could sell around **10 systems the first year**, 20 systems the second year and 30 systems the third year. Knowing that, the full value of demand will not be achieved in the first year. Therefore, making Wouters Tecnolub **present** in the market for **several years**. It is to be noted that the company sells a **one-purchase product** for the moment.

These estimations have been based on the **previous experiences** on the different markets. Since the system is new, producers of concrete products are more reluctant to use it. We have seen in the previous markets that **word-out-mouth is extremely powerful** in this industry. If a client is satisfied, other producers will be willing to try the system. This is why the sales are increasing over the years. For the first year, we based our estimation also on the work of the intern. During the two months' mission in France, the intern called several places, out of that, only **27 were potential prospects**. On that number of prospects, **nine companies decided to meet** with us. Out of these nine companies, **five asked for a quotation**. Based on the previous numbers of Wouters Tecnolub, 30% will decide to buy. We can assume that **two of the previous prospects will decide to buy**. This mission was of only two months. If we multiply that number to a full year, Wouters Tecnolub should be able to sell 12 systems in 2017. However, the intern was dedicated **full time** to this market and system. The company has a lot of other markets to see. Therefore, we will subtract some sales from our estimation. This is how we estimated that Wouters Tecnolub would sell 10 systems in 2017.

It is important to know that companies take a certain time before buying the system. In the first year, we will contact a lot of people. Some will take months before contacting the company again. We estimated that there will be more sales in the second and third year because of that phenomenon.

Since their presence on the market, we found out that the industry in France has been **declining recently**. Fortunately, the outlook for 2017 seems to be better. The factories have been busy. The good weather in the country is partially responsible for this increase in activity. People are finally able to finish their construction and develop their courtyard. Unfortunately, ready-to-use concrete is very sensible to the **economy and the weather**. If there is **good weather**, people will be more **inclined** to start small construction projects. On the flip side, if the weather is bad and cold, people will not invest in their property (these information are based on the observations made on the market during the internship).

Qualitative analysis of the demand

The qualitative analysis of the demand is done once we have identified the demand. We now need to find information about the consumers so we can develop segmentation. (PAVEAU and al, 2013)

<p>WHO?</p> <p><u>Who buys the pulverization ramps?</u></p> <p>Usually, the director of the factory buys the products. If it is a big group, the director of procurement will be responsible in purchasing this type of machinery.</p> <p><u>Who consumes?</u></p> <p>The production line itself will be the one leveraging the pulverization ramp. The employees that work in the factory will be the ones affected by the product.</p>
<p>WHAT?</p> <p>The most popular products on the market are spraying systems using high pressure. They cannot compete with Wouters Tecnolub's product, which sprays at a low pressure.</p>
<p>WHERE?</p> <p>The consumption of the product will take place at the factory.</p>
<p>WHEN?</p> <p>The product will be use everyday or every time the production line is running. There is no need for a repeat purchase. The ramp can be used for many years if maintained correctly. The nozzles and tubes might need to be change after a certain time but these changes are not expensive. A nozzle is around 187 euros.</p>
<p>HOW?</p> <p>Because this is the core business of every prefab concrete producer, the purchase will require a high involvement from the customer in order to limit the impact on production. Because the return on investment is normally under one year, the decision process is usually shorter.</p>

In order to understand better the sale cycle of the pulverization ramp, we will conduct a **SPANCO analysis**. HEINEN (2016) taught us that the SPANCO analysis would help to better understand each step in the **sale cycle** from suspect to client.

The first step is to **identify the suspects**. The suspects are all the prefabricated concrete producers on the market. We have 100% at the point.

The second step is to **identify the prospects**. The prospects are all the producers of blocks, slabs, tiles and paving blocks, AAC that have an automatic production line. On all the suspects, only around 50% can be possible prospects. The other 50% are producers that do not have an automatic production line or other reasons that make the sale impossible.

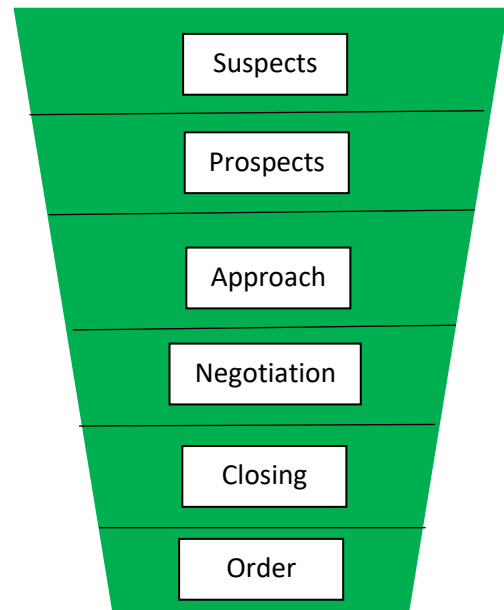


Figure 3.8 - SPANCO analysis

The third step is **the approach**. We have to evaluate the needs and identify a solution. Here, the need is the oiling of release agent. The current systems frequently use too much oil and thus, waste money on unnecessary product. We will contact these prospects by phone and try to schedule a meeting to explain our systems and our solution. We will be able to schedule a meeting with 30% of the prospects.

The fourth step is **the negotiation**. Here, we will send them a quotation form as well as an ROI. The quotation form is the price of the system for their production line. The ROI will estimate how long it will take to reimburse the system using their current rate of consumption. We will be able to give quotations and ROI to 50% of the prospects.

In the fifth step, the client will make a purchasing decision. It is the **closing step**. If they choose to take the system, they will have to pay 50% immediately. Once the deposit is received, the team at Wouters Tecnolub will start building the ramp. We estimated that 30% would take the system in the first year.

The last step is **the order**. The ramp will be delivered and the rest of the invoice will be due.

For this type of industry and product, the **director of the factory** is the one deciding to move forward. The director of production may influence this decision. He is the one that supervises the factory and knows exactly what is needed. For larger groups, a **director of procurement** is sometimes involved in the purchasing decision process. When meeting with a prospect, the company needs to talk to either the director of the factory, the production director or the director of procurement. It will be an **internal-direct contact**.

The future clients will also experience **external-indirect contact**. Influencers like satisfied clients, word-of-mouth will also influence decisions. The company needs to put forward **satisfied clients** and display their experience to future clients. The decision will not only be made by the directors of the factory and also with the **previous experiences** of other customers.

3.5 Risks analysis

In the previous chapters, we analyzed the potential of the French market in the macro and microeconomic environments. We found the competitors and their impact in the market. We also researched the demand for such a product. The external analysis of the environment is almost done. We have one more step to complete: the analysis of the risks in the future market. We need to find those risks before entering the market so we are ready to counter them or minimize their impact. HEINEN (2016) taught us that there are **four types of risks** that we need to be aware of: commercial risks, financial risks, cross-cultural risks and country risks. We will explain all of them and give recommendations on how to avoid these risks or diminish their impact.

3.5.1 Commercial risks

HEINEN (2016) taught us that there are multiple commercial risks like the risk of a weak partner, the risk of the image of the company and the risk of competitiveness.

Weak partner

Wouters Tecnolub might be interested in a third party to take care of the French market since the company cannot be in every country at the same time. There are different types of third parties. The first one would be a **partnership with another company** that would sell the products and service of Wouters Tecnolub. There is a risk here because the third party might be incompetent or dishonest with the customers. Since the name of Wouters Tecnolub is on the products, it is the company that will suffer as well as the merchant.

The company can also use the services of a **distributor**, an **agent**, a **representation office** or an **employee** to work in the new market. These possibilities can lead to setbacks if the people do not perform their job correctly. To prevent these unfortunate situations, Wouters Tecnolub will have to choose carefully their partner or employee in order to minimize the risks.

Image

The reputation and image of a company can easily be tarnish. Events like an international deal gone wrong or poorly represented products can diminish the image of Wouters Tecnolub. In order to avoid these situations, the company needs to install a **strict control policy** when dealing with clients. The policies can be to be on time when meeting clients. Examples include sending an email after meeting with a client, and delivering products of quality. It will be crucial to find solid partners and evaluate them carefully before agreeing to a partnership for example with agents, distributors and others. The more awareness there is about delivering quality, the more Wouters Tecnolub will certify that their image will remain intact. These partners will be the face of the company in the international market.

Competitiveness

Since the pulverization ramps of Wouters Tecnolub are easy to copy, the company needs to be very careful when dealing with partners. They do not wish to divulge the **secret recipe** to a partner and then learn that this partner sold this recipe to a competitor. To be sure this kind of situation does not happen, the company needs to sign strict contracts with future partners. A **clause of non-competitiveness** needs to figure in the contracts and the company needs to include a large fine if this clause is not respected.

Finally, when we look at Credendo's web site, we see that France is a safe country for most part. There is however a **medium impact** when it comes to commercial risks. The country is rated B. This means that the commercial risk in this country is **normal**. All the other factors are at the lowest rank. However, having a normal commercial risk factor is not a threat for the Belgian company.

3.5.2 Financial risks

HEINEN (2016) educated us that there are multiple financial risks like the currency risk, the taxation policies risk and the inflation risk. Since both countries are using the **same currency**, this risk will not apply for this market.

Taxation policies

As explained in the PESTEL before, countries member of the EU 28 also benefit from a **double tax treaty**. There is a convention between Belgium and France to avoid double taxation and establish rules for mutual administrative and legal assistance related to taxes on income. There is **no risk** associated with the taxation policies as long as this treaty exists.

Inflation

As explained in the PESTEL before, **the inflation rate** in France is currently **zero**. This means that the growth is also low. If the inflation does not increase soon, it will be risky to invest in this country because it will mean that the country is in **recession**. The buyers won't be inclined to buy products. They will want to save and spend when the inflation is back up again.

3.5.3 Cross-cultural risks

HEINEN (2016) taught us that there are multiple cross-cultural risks like the language misunderstandings risk, the communication mistakes risk, the negotiation styles risk, the decision-making styles risk and the corruption tolerance risk. Since the two countries speak the same language, we will skip the language misunderstandings risk. We are aware that some words can be use differently but are globally similar. We will focus on the negotiation styles and decision-making styles risks since they can surely affect a sale in this market.

Negotiation styles

In an article found on Business Insider entitled "*Here's The Trick To Negotiating With The French*", we learned that the **negotiation style** of the French is very **particular to their nation**. The first thing to know is that even if you are European, you are not French so you are different. You can be better or worse but you are different. If you do not speak their language, you will have problems negotiating with them. Fortunately, the people working for Wouters Tecnolub all speak French. But they are Belgians so they will be perceived as **different**.

Always keep in mind that French people are **very formal**. They will arrive to a meeting in formal clothes and will speak politely and in a formal way. The **hierarchy** is very important for them; even more so when dealing with executives. This can be an issue when negotiating in France. Belgians will need to be more formal than what they are accustomed to. To manage that risk, the Commercial Director and the potential partners will have to keep in mind during their business discussions.

Decision-making styles

In the same article written by LEWIS (2014), taught us that a French partner will never decide on a contract in the **first meeting**. They want to build a **long-term relationship** and not just a one-time deal. Before taking a decision, they will want to think about it and ask their supervisor or other actors in their company. Therefore, the justification for the initial purchase decision could be lost in these long administrative procedures. Wouters Tecnolub needs to have multiple follow-ups with the company during their thinking process so they do not forget about them or forget why they wanted to do business with them.

3.5.4 Country risks

HEINEN (2016) opened our eyes on the multiple country risks. They are related to political instability, government intervention, administrative difficulties and legal systems risks. We will not focus on this risk indicator because the country is stable at the moment and does not show any signs of deterioration.

Chapter 4: SWOT Analysis

Before thinking about exportation or even before selling your product, it is important to take a moment and think about the **Strengths, Weaknesses, Opportunities and Threats** the company may face. When selling outside the home market, the company needs to be aware of all their strengths and weaknesses. The future clients will ask a lot of questions and the company needs to be prepared to answer them. It is important to know your weaknesses so you can turn them into strengths. Being totally aware of the internal environment can help when facing a challenging client.

4.1 Strengths

- Innovative system
 - The spraying system is driven to regulate the liquid flow rate according to the **production necessities**. The low pressure spraying technology offers a **precise spray** control that can **easily regulate** the sprayed liquid to the **lowest quantity needed**.
 - The spraying system is **simple, efficient** and requires **low maintenance**. This technology can be easily adapted to all dimensions of molds/boards.
 - This technology provides a **reactive** and **perfect** spraying precision.
- Economy
 - With huge **savings on oil purchases** (between 30 to 70% reduction), the return on investment is rapid (between 4 to 12 months).
 - **Inexpensive** installation and service (installation starts at 2605€).
 - Boards/Molds lifetime **extension** (perfect oiling = no rust).
- Environment
 - The work environment is **cleaner** because there is **no oil pollution** in the air and **no mist** from the high-pressure spraying.
 - The technology is a commitment to sustainable development and provides a **positive environmental image** for users.
- Trend of the market
 - **Environmentally-friendly construction products** (like concrete) are becoming more and more trending on the French market.

4.2 Weaknesses

- Specific clients
 - This revolutionary system does not work for **producers of prefabricated parts** of concrete that do not have a production chain and who oiled their boards/molds manually.
 - Certain clients have production chain but do not correspond to the type that Wouters Tecnolub pursue; for example, clients that have **custom made molds** that need to be oil manually.
 - If the **annual volume of production is too low**, it is not profitable for enterprises to install the automatic ramps sold by Wouters Tecnolub.
- Type of products
 - For now, there is no system for **circular molds**. This type of system is required for fabricating concrete pipes.
 - Custom made is not possible. Only standardized concrete products are currently available.
- Unknown product
 - When we talk about spraying systems, the majority of clients think this is **useless**. Most of the professionals in this industry think that 4 bars are low pressure (Wouters Tecnolub use 0.5 bars). The common spraying system in the industry works with that pressure. No one actually researched an alternative so **the demand for very low pressure spraying is inexistent**. Publicity would not help. Wouters Tecnolub needs to contact every future customer to tell them about the new technology. Because the only way to identify new clients is by doing prospection, the company does not get as many clients as they would like because finding a client is too **time consuming**.
- Simplicity of the system
 - Since it is impossible to **protect the technology** of the pulverization ramp, other companies can copy it. If that is the case, Wouters Tecnolub will lose their market share.
- The sale
 - For the moment, the systems provided by Wouters Tecnolub are fabricated in such a way that only one purchase is sufficient. There is no need for a **repeat purchase**.
 - There is a **need for a technician** for the installation of the product. Wouters Tecnolub needs to **find and train qualified people** to install their ramps in the international markets.

4.3 Opportunities

- Competitors working with low pressure spraying are **non-inexistent**
 - Wouters has the exclusivity in the market and can use it to implement itself as the **best system for micro spraying**. Because there are no direct competitors, Wouters Tecnolub should reach out to prospective clients to quickly secure additional market share. Wouters Tecnolub is in a **blue ocean**.
- High demand
 - The concrete industry is **growing** because it becomes **trendy** to use environmentally friendly products and looking for new innovations that will help enterprises to be more efficient. The technology that Wouters Tecnolub offers can be just what enterprises are looking for.
- Size of the market
 - The French market is important. We already identified **247 prospects**. We do not have the whole population. There might be even more prospects.

4.4 Threats

- Short term vision
 - The bigger threat the company faces is that certain enterprises do not want to look at the long term and only focus on the short term. They refuse to consider something better. They do not want to invest into a system that can help them be more efficient because their current system works correctly. Some of them do not even oil their boards/molds because **they do not see any advantages**. These are the observations that we made during our time in the French market.
- Competitors
 - Competitors selling **high-pressure systems are a threat** to the company because they can still sell to the old-fashioned enterprises refusing to innovate. If long-term vision is not a priority for a company, they will not hesitate to keep the high-pressure spraying.
 - Competitors selling high-pressure systems or other competitors can **try to copy** the technology of Wouters Tecnolub because it is not protected.

Chapter 5: International Strategy

5.1 Mode of entry

Before deciding on which mode of entry to choose, we need to analyze mainly **internal** and **external** factors. After being aware of these factors, we will be able to identify what kind of mode of entry is best for our company. HEINEN (2016) tells us that first, we need to choose if we want **indirect mode of entry** or **direct mode of entry**. The difference is in the **degree of control** we want over our product and the marketing mix. After that, we need to determine if it is better to use **in-house resources** or **external resources**.

Internal factors

Product

The pulverization ramps of Wouters Tecnolub are **easily transportable** and can even go on a plane. They are transported in a wooden box so the nozzles do not get damaged. The product is also **not perishable** and can be stored anywhere. However, when the client receives the package, the product is not assembled and the cabinet needs to be calibrated. The client cannot do that by himself, therefore the need for a technician. The product is not technically complex; we can even say that it is **simple to copy its mechanism**. Therefore, it can be difficult to trust another company to be technician in the export market because you need to trust them with the confidentiality of the product. Another weakness of the company is that the product is **not perishable** and **does not need a lot of maintenance**. This means that after the sale, they will not generate a lot of profit from that same customer. The only things the customer will have to change are the nozzles if damaged. They are around 187 euro each, which is **not expensive enough** to generate profit for the company.

Company considerations

The biggest strength of the company is that it provides a system that eliminates most of the oiling **pollution** in the factory, which is great for the factories, which use high pressure oiling. The return on investment is acquired usually in **less than a year**. No company will say that it is not a great system. However, the biggest weakness of the company is that the product is **simple** and **can be copied easily**. Wouters Tecnolub needs to be careful when dealing with external partners. The company prefers to take **full risks** when it comes to the marketing, financial and technological aspects. Other consideration to know is the willingness to export is high. Indeed, the Belgian market is very small and so the company cannot be viable if it stays into that market.

External factors

Target market – customers

Wouters Tecnolub needs to find prospects that have **semi-automatic** or **automatic** production lines in the concrete industry. They concentrate their efforts on clients that produce concrete blocks and paving blocks. The size of the company does not matter as long as there is a minimum of one production line. It is more interesting for them to see a big company because they have **more than one production line**, which means that they can sell more than one pulverization system to them. The companies that produce paving blocks are also interesting because they need more than one system on each production line. They need systems to apply oil on the pallets but they also need a pulverization system to apply coating on the paving blocks. Depending on the company, there could

be different amounts of layers to put on the paving blocks, which require a spraying system at each layer.

Availability of the distribution structure

For the moment, when Wouters Tecnolub sells a product on a foreign market or even at home, they **send a technician from the home country** to the new customer for the installation part. Since their primary customers are in Belgium or in the neighbouring countries of Belgium, it is easy to send someone directly from the company. Wouters Tecnolub is now in Poland, they could not send a technician there because it was **very costly**. They made an agreement with a technician nearby who now works for them when they need an installation or an after-sale service. In France, there are also a lot of companies that provide services of technicians specialized in the prefab concrete products. They are specialists in the concrete industry and could easily **assume the installation** and the **after-sale service** in the country. Wouters Tecnolub cannot send its own technicians in France as it is a big country and the costs would be too high to be profitable. We can also see in France a lot of independent agents that provide services in the name of other companies. It is common in the concrete industry to send agents in order to sell our product.

The solution

Since the company wants to be present 100% of the time, they need a mode of entry that is **direct** because they want a real engagement in global marketing. They want to control the export process as much as possible in order to keep the system secret. Since the company is a SME with around 15 employees, they do not have the investment to **open their own facilities** in the export market. In order to save cost, and also since the product has not reached the break-even point, it is better to choose a mode of entry that would use an **intermediary**. The pulverization system for the concrete product industry is a new product of Wouters Tecnolub. It is only three years old. This mode of entry is a **risk** because the intermediary has access to **private information** about the company. On the positive side cost is reduced and protected if the intermediary fails. Also, using an established intermediary means access to a database of suspects. It is easier to find future clients. Therefore, I would suggest to Wouters Tecnolub to use **commercial agents** in France. Since the country is big, there could be more than one in the territory. They can also use a partnership with a **group of technicians** that would assure the **installation and after-sale service**. Finally, another way to enter the market would be to do a partnership with a **company that sells release agent (oil)**. These companies usually sell or even give pulverization ramps to their customers in order for them to use the products.

5.2 Segmentation

MUNINGER (2016) tells us that there are three approaches when segmenting in the B2B industry. We can do **firmographics segmentation**. Firmographics segmentation is based on geography of location of the companies, companies' size and stock value of the companies. We can also segment the market by their behaviours. **Behavioural segmentation** is based on what companies buy and how company produce. Finally, we can segment the market by their needs. **Needs-based segmentation** is based on what drive companies in their actions. We need to identify their needs. For this report, we will segment the market in **two ways**. The first segmentation will be **firmographic**, in orders to find companies that are in the right location. The second segmentation will be **behavioural**. In order to segment companies on how they produce.

Firmographics segmentation

The first step to segment the market is to find all the companies that produce concrete products in France. We want to find the **major industrial poles** in the country. Usually, concrete industry will be situated near a source of water because they need a lot of water to produce the concrete. The second step is to find companies that are not too small. We want concrete producers that have **certain number of employees**. If the production is too small, there will be no production line and so, no need for a spraying system. To find these two criteria, we will look at the **information on the Internet (FIB website)** or look in the **database of AWEX**.

Behavioural segmentation

The third criterion is to find companies that use **semi-automatic** or **automatic** production line. This information is not readily available on their website. We need to **call and ask ourselves** to find answers. Companies that are small will probably use manual production line since they do not produce a lot. The bigger the company, the more production lines they have and the more interesting it becomes for Wouters Tecnolub. We need to find how the company produces. Another behavioural segmentation to consider is **how the company evaluate their impact on the environment**. The products of Wouters Tecnolub reduce the pollution made by the oiling process. At this moment, the pollution in a concrete factory is **important**. There is pollution from the **noise of the machines**, there is pollution from the **dust of the concrete** and there is pollution from the **oil that is sprayed by high-pressure systems**. The three kinds of pollution are reduced with the system produced by Wouters Tecnolub. If a company wants a clean environment for their employees and even for the environment, they will be inclined to buy the product. If a company does not care about the environment, they will continue to spray with high pressure and will not invest in a cleaner system.

Another behavioural segment would be companies that want **cost saving products**. Since the pulverization ramps of Wouters Tecnolub allow to save considerable costs in oiling purchase, producers that are looking to **reduce costs** at maximum would be interested into this type of system.

We have to understand that Wouters Tecnolub can use a **Global or Pan-Regional strategy** when it comes to segmentation. The strategy can be integrated across national borders. Indeed, Steenkamp & Hofstede (2002) explained that national borders are becoming **less and less important** in many industries. This is due to the **rapid evolution** of open economies, urbanization, education, the emergence of global media and many other factors. Knowing that, Wouters Tecnolub's targets have the **same needs across borders**. The company can thus benefit from cost reductions through economies of scale, competitive power, increased bargaining and improved quality of products.

5.3 Positioning

The last step of the international strategy is to determine the positioning of the company. WARREN (2015) defines the positioning into the value proposition that will differentiate the company from its competitors. This will define the position in the minds of the clients. MUNINGER (2015) highlights five types of positioning: **attribute or benefit, quality and price, use or user, competition, global, foreign and local consumer culture.**

At this moment, Wouters Tecnolub presents its systems has an innovative spraying system that will enhance the productivity and the quality of the concrete products. They sell their pulverization ramps with the **advantage** that it will **decrease the pollution** in the factory and will **increase the quality** of the products.

This type of positioning is the **attribute or benefit position**. It is the most frequent type of positioning and it implies exploiting a specific product attribute or benefit. For Wouters Tecnolub, it is the **no pollution solution**. And it has worked well so far.

We think that this positioning should be kept for the French market. Pollution caused by oiling is a **great problem** in the concrete factories and the **main attribute** of Wouters Tecnolub's product.

During the different meetings with prospects, we saw that the **main criterion** that was surprising the producers of concrete was how clean the system was. Right now, they work in a **dirty environment** full of oil and dust. Wouters Tecnolub's system removes that pollution by creating a **healthy environment** for the workers while **enhancing** the quality of the product. These great attributes should be highlighted frequently with prospects and commercial agents.

Therefore, we suggest to Wouters Tecnolub to **keep pressuring** on the cleanliness of their product. The positioning of putting their attribute first works very well for them because it matches a real problem in the concrete factories: **the pollution**.

Chapter 6 – Marketing Strategy

After understanding the last chapter pertaining to International Strategy, we are now ready to develop our Marketing Strategy for the selected market. The choice of the mode of entry, the segmentation and the positioning will help us develop this strategy. We will use the marketing mix and the four Ps (**Product, Price, Place and Promotion**). We know that our offer is for companies that are in the prefabricated concrete production industry with **semi-automatic** or **automatic** line of production manufacturing blocks, paving blocks, slabs, tiles and walls of predetermined dimensions. We want our product to be positioned as **cleaner** with the most **precise** pulverization system in the market. This data will help us realize the marketing mix. Investigating the four Ps before going to a new market is essential. DAVIS and YOUNG (2002) proved to us that not examining these elements can become **costly** for the company and may even lead **to failure**.

6.1 Product

This marketing mix is responsible for influencing the international product/brand strategy. We will determine if the product should **standardize or adapt**. We will decide on the packaging, the warranty and the after-sales service.

Adaptation or Standardization

In the past, Wouters Tecnolub was always adapting their pulverization ramp to the need of the customer. It was a long process. Delivering a ramp could take months because they had to **develop a specific system** for each client. The cost of R&D and engineering was **high** and it was hard to make profit. The company is now moving to a more **standardize product**. We think it is the best solution for Wouters Tecnolub because it will **save some cost in R&D** and the company will be able to make **economies of scale**. They will also assure that there is **consistency** amongst all customers. It will be easier to plan and control the **quality** of the products delivered.

The standardization of the product means that we supply each client with an **identical product**. In the case of Wouters Tecnolub, the product will only change on the number of nozzles because they need to adapt the length of the ramp to the **specific production line**. The control cabinet will be standardized to all clients. It will also lower the production process to **less than 1 week**, which is a great improvement compared to previous sales that lasted for 2 months.

Standardization is the best option for Wouters Tecnolub since they are limited in **human, financial and production resources**. Also, the adaptation costs are very high because they need a lot of R&D each time. It will allow Wouters Tecnolub to distribute its limited resources to the **right places**. Since the product is used the same way in each market, there is no need for an adaptation. **Standardization is possible**.

Global product/communication marketing strategy

Another aspect that the company needs to figure out before entering the new market is their product communication strategy. Do they want to deliver the **same message** on the **new market**? Will they use the exact same packaging, product and after-sales service?

We just analyzed that keeping the **same product** and **standardizing** was the **best option** for Wouters Tecnolub. As for the communication, since the product will be used in the same way and for the same purpose in each country, Wouters Tecnolub can keep the **same communication** because it will be

understood across different cultures. The product helps with a global problem across all prefabricated concrete producers: the **over oiling of the boards/molds**. This type of communication is frequently used in the industrial sector. The company will sell the same product with **no adaptation** and will use the **same advertising and promotion approach**. This product-communication strategy will also help to reduce Marketing costs.

However, the company needs to carefully choose their message because it will need to be understood by all prospects across **different cultures**. There is a risk that some cultures might **interpret the message incorrectly**. The message needs to be **simple** and **direct**, with no ambiguity.

Packaging

Since the products provided by Wouters Tecnolub are sold to other businesses, we won't encounter the same packaging as we see in consumer goods. We won't find that type of product in a conventional store. The products are sold **individually** to businesses. Since there is no packaging per se, Wouters Tecnolub needs to make sure that the **brand** and the **logo** are represented on the product. It is important to display the logo of the company on the product because it creates **free publicity** to anyone that passes near the system. This will increase product visibility and brand recognition; which could translate into sales in the future.

Warranty

In a case of a new product, it is important to **guarantee** the overall quality. Wouters Tecnolub's pulverization ramps are fairly new on the market. Since these are **revolutionary**, clients are **reluctant to purchase them without a written warranty**. Therefore, Wouters Tecnolub needs to invest great **time** and **money** to make sure that if there is a problem, the clients will get **help or be reimbursed quickly** and without any problems. The warranty of the systems is of 8 days after the delivery. However, past this delay, the specialists of Wouters Tecnolub will still assist the clients if there are any needs. The quality of the after-sale service is very important to the company because they do not want a bad reputation. One or two weeks after the purchase, the Commercial Director will usually contact the client to see if everything is ok.

After-sales service

Wouters Tecnolub needs to bring an **excellent after-sales** service to complement their warranty. The product is in the **introduction phase** and the opinion of the clients is critical to the reputation of the product but also of the company. **Delivering on time** and assuring a **fast repair** in case of a problem are very important aspects that Wouters Tecnolub needs to carefully assess. These are the foundation for a good reputation and future business. The prefabricated concrete production industry is a small world. Word of mouth is extremely important and will affect the well being of any companies.

6.2 Price

The price is the amount of money or goods charged to consumers in exchange for goods or services, MUNINGER (2016). For this project, we will have to determine the price that Wouters Tecnolub needs to set in order to sell a pulverization system to a client. When you go international, some factors influencing pricing need to be taken into consideration. They also need to determine if they will sell at the **same price in every country** or if they will **adapt the price to the specific country**. Finally, they need to select a pricing strategy.

Factors influencing pricing

As said in the introduction, some factors will influence the pricing strategy when companies decide to export internationally. Those are **environmental**, **market** and **product-company** factors.

Environmental factors

Going to France means going to a new country, which means dealing with a new government. The government influences and constraints in France can be different with the ones in Belgium. Fortunately, we **do not see any constraints** that are different than in Belgium but laws can change and Wouters Tecnolub needs to prepare for any **change in the legislations**. The **level of inflation** can also play a role in the price fixing as for the **currency fluctuation** but Belgium and France use the same currency at the moment.

Market factors

Another important factor is the one affected by the market itself. Since we are in a new country, the **consumers' perceptions and expectations** are different. Their ability to pay might also change. Some countries are **more willing to invest** in innovation and other countries are **more reluctant** to the risks that innovation brings.

Product-company factors

The last factor will be the company itself. Does Wouters Tecnolub have the right cost structure, manufacturing and experience to enter the French market and compete in it? How will they deal with the shipping costs? Is their product unique in the new market or are there a lot of competitors?

All these factors need to be taken into consideration when determining the selling price. They also need to be monitored regularly to adjust pricing whenever necessary

Adaptation pricing

Wouters Tecnolub faces three different alternatives when determining its price in France. Either they decide to change nothing and sell the product at the **exact same price** as it is in Belgium. This means that they will have to absorb freight and import duties. It also means that they will not maximize their profit. They can also decide to **adapt the price** to the specific market. They will be more sensitive to local market conditions and will encourage the use of local distributors. Finally, they can decide to be very dynamic and proactive and **set the price by country**.

Currently, the first option is used. Wouters Tecnolub standardize its products but also its prices. The price will however change due to the distance. The product itself will stay the same but the costs related to delivery and installation will change according to the client's location. The company will calculate the delivery price based on the numbers of kilometers they have to travel to get to the client. It is to cover the charge of the technician who has to travel there and install the product.

We will recommend keeping this strategy. In the industrial world, the needs are the same and the product will be use the **same way** everywhere, especially in France. There is **no difference** in the expectations and the ability to pay for such product in Belgium or in France. Of course, the company needs to **pay for the travels** of the technician but they will need to find a partner in France that can install their products because if a client is in the south of France, its delivery will be very expensive if we count the kilometers between the company and south of France. Finding a partner that is present

in **multiple locations** in France will be beneficial for the company and will **lower** the price of delivery for the clients.

Pricing strategy

Finally, we recommend to Wouters Tecnolub to use the pricing strategy of **export price escalation**. This pricing strategy **increase** the final selling price depending on where the goods are traded. Wouters Tecnolub will sell its product at the same price in France but will include a **distance factor**. Depending on where the client is situated, it will pay a different price for delivery and installation. The company needs to make sure however that the delivery price does not get too high because the clients will not want to pay if the prices are too high. They need to determine the maximum delivery price that consumers are **willing to pay** for a pulverization system.

It is to be noted that the systems of Wouters Tecnolub are not costly compare to the indirect competitors. This is due to the fact that the company is in a **Blue Ocean** and this strategy brings **differentiation and low cost** to the market.

6.3 Place

The place is one of the four elements of the Marketing Mix. In this element, we will discuss the distribution of the product; where the clients can have access to the product and where they can buy it. DAVIS and YOUNG (2002) explained that how products are placed or distributed in other markets can be the **most significant** international business choice a company makes. We need to be careful when deciding on our distribution channels because many factors can **impact** our strategy. We will discuss them at the end of this section.

Distribution channel

The distribution channel is any path through which our product, the spraying ramp, will travel from the vendor, Wouters Tecnolub, to the final consumer. For the moment, Wouters Tecnolub uses a **direct path**. There is a direct transaction between the vendor and the final consumer. There are no intermediaries.

The company is moving to another distribution channel with the help of **commercial agents**. The clients won't be in direct contact with the company anymore but with an agent that works in the name of the company but **does not have any ownership over the products**. YOUNG and JAVALGI (2007) warned us that confidentiality and trust are the two most important aspects when it comes to choose a vendor.

We will suggest to Wouters Tecnolub to also use other intermediaries like **distributors**. The company wants to export in many countries internationally. It is impossible to keep full control of the sales in each country. They need partnership with other specialists in order to keep growing. We will suggest establishing contracts with some distributors that carry product lines on a selective basis. They have a great **database** and are **already known** in the country. If they can propose to their clients the products of Wouters Tecnolub at the same time they are selling other products, it will **enhance** the sales of the company. Of course, the distributors would have a **percentage over the sales**.

As seen in MUNINGER (2016), there are 7 golden rules when working with channel intermediaries:

- 1- Select a list of distributors
- 2- Look for distributors capable of developing markets
- 3- Treat local distributors as long term partners
- 4- Commit money, managers and proven marketing ideas
- 5- Maintain leadership and control over the marketing strategy
- 6- Make sure the distributors provide the company with detailed market and financial performance
- 7- Build relationships among national distributors as soon as possible

If the company keeps in mind these 7 rules when deciding which distributors to partner with, they will reap the benefits.

Entry channel

We already saw in Chapter 5 that the best option for Wouters Tecnolub is to enter the market with the help of **commercial agents**. More than one agent should be working on this market because the country is wide and there are a **lot of potential future clients**. Wouters Tecnolub can decide to separate the market into zones where each agent would be working on. If one agent goes on the market of the other one, they need to make sure that the agents will have to **share the commission** because they cannot overcome the territory of the other.

Transportation and delivery

Another important aspect of the sale is the **transportation** and the **delivery**. For the moment, Wouters Tecnolub in Belgium provides these two services. The company already has a few clients in the North of France. However, if the company establishes contracts in the South of France, they won't be able to send technicians and the cost of transportation will be great. We suggest that they **partner** with a company in France specialised in the prefab industry with multiple offices in place. Wouters Tecnolub will **train** people from the other company to assemble the products and to solve problems if there are any. It will allow Wouters Tecnolub to assure a **perfect delivery and after-sale service**. If they continue to do everything themselves, they will soon experience problems with production and transportation costs. They will not be able to be present for each client as they are **widely spread** through a vast territory.

Factors affecting the choice of the channels

Finally, the choice of the channels is affected by six great factors.: cost, control, character, capital coverage and continuity. We need to monitor them before choosing the final channel but also after establishing the channel to make sure that we are always performing well. Through time, **channels may have to change** to keep aligned with the company growth.

Cost is an important factor. The company needs to make sure that they can afford to always maintain the selling force. The agents need to have formations and brochures continually to keep current.

Capital requirement is the second factor we will analyse. It has to do with the fact that the company needs to be sure they have sufficient funds to pay their intermediaries and that they have enough inventories to produce the needs of the market.

Control over the whole selling process is still very important. Even if Wouters Tecnolub chooses to delegate its selling activities to a third party, it does not mean that they do not have to monitor every step. They still need to make sure the company and the product is well represented by the agents and that the promotion corresponds to the one established by the company.

The fourth factor is about the **coverage**. The company needs to make sure they have the maximum coverage on the market because maximum coverage translates into optimum sales volume.

The channel that the company will choose **needs to fit with the company itself but also with the market**. It might be a good fit at the beginning but both the company and market can change and this means that there will also be a need for a channel change so the distribution channel still fit the company's needs and the market's needs.

Finally, the last factor will be to assure **continuity**. There is a need to control the intermediaries as they can decide to move out of the line of business or just won't have the same intensity to sell as in the beginning. Wouters Tecnolub needs to make sure that their services are always the same, ensuring continuity. If they begin to see that the quality of the service declines, they need to react quickly so it does not affect the bottom line.

These six factors are important when using a distribution channel, especially when you are using the help of a third party. Monitoring these six factors regularly will make sure that the company **always perform well in the market**.

6.4 Promotion

Since the company is in a very specific market, the consumers have the same needs and the same use of the product. The company can leverage its marketing in all markets. They do not have to adapt the strategy to another market. This is good news because the **cost of marketing is reduced**. Knowing that Wouters Tecnolub is a small business in Belgium, they do not necessarily have the budget to invest a lot in advertising and marketing.

Advertising

Wouters Tecnolub will have to do **global advertising**. The campaign will be the same but they still need to **adapt the language** of the advertising to the specific market. In France, all documents and advertising will need to be translated in **French** because it is common to see a French person speaking only one language, French. If you want them to understand your advertising, you will need to adapt the language. A suggestion would be to focus the advertising on **images and videos** instead of texts. The less writing there is, the less translation there needs to be.

A good advertising will need to show **relevancy**, **build awareness** for the consumer, **foster behaviour** and **influence the purchase decision**. Basically, after reading or watching advertising, the consumer will want to purchase the product.

Wouters Tecnolub sells in the **business-to-business sector**. Their advertising will be very different from a company who operates in the business to consumer sector. Since it is a very specific product, they cannot use the main advertising platform like television, radio, prints and so on. In the case of business-to-business sales, it is better to use **direct marketing** and send agents directly to the prospects to tell them about the product. Other strategies that Wouters Tecnolub can implement for its advertising strategy are **Internet**, **word-of-mouth** and **fairs and exhibitions**.

Sales force

The role of the commercial agents will be to **communicate and promote** Wouters Tecnolub's products on the French market. The message they need to transmit to the prospects is that the product is **revolutionary**. It is clean and ecological. It will reduce considerably the pollution inside the factory and will therefore increase the quality of the environment but also the quality of the products. The agent will need to meet with prospects that answer to the specific characteristics of the target of Wouters Tecnolub.

Internet

The web site of the company is its **main asset**. It is very important that the company keeps its web presence **updated, dynamic** and visitors engaged. This first impression is key. It needs to reflect the soul of Wouters Tecnolub by demonstrating their expertise in their industry. In an article by MATHEW (2013), it is suggested that the web site provide testimonials from previous customers, explain the technical aspects of the products, and include articles that are related to the subject.

Having said that, the company's website is primarily in English. Prior to developing business and expiring to France, it would be wise to translate the entire content in French. Selecting a language on the home page could redirect visitors based on their preference.

Improving the current content is a good thing because most people understand English but this will not sufficient if they want to become a global enterprise.

It should be noted that the company is currently posting videos to explain how the product works. We believe this is an **excellent idea** as a dynamic way to advertise with minimal translation costs.

Fairs and exhibitions

Since the concrete industry is a small world, businesses usually attend **fairs and exhibitions** to learn more about other companies and the new trends in the market. During these events, big players are represented as well as smaller ones. Everyone is there. It is an event not to miss. Unfortunately, only few of these events are accessible each year. The next one will be in Paris in April 2018. It is the **World of Concrete Europe**. It will be a fantastic opportunity for Wouters Tecnolub to make a lot of contacts. They should make sure to formulate a plan and include sufficient funds in their 2018 budget in order to attend.

It should be noted that associations like AWEX are also a great resource for events like these. They provide sponsorship and plenty of information to small businesses. Wouters Tecnolub should not hesitate to reach out to them at their earliest convenience.

Chapter 7- Organizational Strategy

In the last chapter, we developed a Marketing strategy for the entry of Wouters Tecnolub in the French market. We decided on what type of advertising the company should do and how they should enter the market. We used the **four Ps** to do so (Product, Price, Place and Promotion). In this chapter, we will continue to improve our strategy by answering the questions related to the partners we will have to choose, when to use them and with what tools. We will first start by analysing **the partners** we will have to find in order to implement our strategy. We will need to find partners for **commercial agents, distributors** and **other partners**. We will then detail the work done by the intern that was prospecting the market for the last two months. We will see whom she met and the results of her meetings. We will have a better understanding of the next steps in preparation for the expansion in France. Finally, a plan developed by the intern will be proposed. It will guide the company and its partners during the first few months in the targeted country

7.1 Human Resources

Before implementing the strategy we developed in the previous chapters, we will have to find the different partners that Wouters Tecnolub will need to enter the French market. Some of these partners will be **directly linked** with the company and some other partners will be **working part time** with the company. We need to find the resources to integrate the following roles:

- The Exploirt intern
- The commercial agents
- The technicians
- Other partners

The internship of the Exploirt student

Wouters Tecnolub enrolled the help of a student from ICHEC to prospect the new market. The internship will be conducted in two phases. The first phase will be done **inside the company** headquarters in Belgium. The goal is to understand the product and the values of the company. The intern also prepared her trip to France and established a list of companies to visit while away in the targeted market. The second phase of the internship will be in **France**, meeting with agents, partners and future clients. A detailed calendar will follow in this chapter, explaining the purposes, the objectives and the results of every meeting. She will prepare the field before the entry of all the partners.

The Commercial Agents

Since the company cannot be everywhere at the same time, it will need assistance to prospect, visit the clients and take care of the after-sales service. As seen in the section mode of entry, **commercial agents** will be the best choice for the company because it is **less expensive** than opening a facility in the new country or sending its own employee. The company still has some control because the agent **does not have ownership over the goods**.

We will suggest to Wouters Tecnolub to use the help of **more than one agent**. The reason is that the country is big and it is not possible to meet all the clients. If the agent is in the North of the country, he will not take care of the clients in the South and if there is a problem, the clients will have to wait several days. Therefore, we suggest having more than one agent. The company needs however to **separate clearly the territory** so there is no ambiguity between the agents and their respective

commission. The country can be separated between **the North and the South** or between **the East and the West**. Also, if the product becomes very popular, the company might find that two agents is not enough and might need to recruit more.

Choosing the right agent for the company is also very important. When finding an agent, it is important to do a **background check**. You need to make sure they are **financially secure**. After that, you need to sign a contract. The contract needs to be very specific. It is better to include more clause than forgetting one. There needs to be incentive to the sale but also **sanctions for competition clause**. This means that the company needs to **protect itself** against agents that would learn how the product work and then sale it in their own name. There needs to be a **clause on the territory**. To make sure there is no ambiguity between the company and the agents, each agent will receive a very detailed map of their territory. If they conduct a sale outside of the territory, they might not receive the whole commission. Finally, the company needs to have a **good relationship** with the agent. They need to meet with them on a regular basis and **monitor** their meetings with clients and related sales. Especially at the beginning, the agents will need more supervision from the Commercial Director since the product is new to them. The Commercial Director will act as mentor. They need to work in teams to make sure the agents are ready to sell and understand the product very well. As mentioned before, a **regular follow-up** will need to be done by the Commercial Director.

The company just signed a contract with a commercial agent named **Jean-Christophe Pitois**. He is known in the concrete industry and has been working in that sector for more than 20 years. He owns a company that provide different services for the concrete industry, Comatech. He knows the different products very well and is able to give great advice to the clients. This partnership seems to be working well. Looking ahead, we hope this new relationship will be beneficial for both parties.

Since the mission in France, we know more about the country and the prospects. The agent will have to keep in mind that it takes several calls and visits in order to have one sale. The agent will have, in a first time, to **call the list of suspects** that Wouters Tecnolub have. The first call will be to know if the factory is producing in a way that they need a pulverization system. After that, the agent will need to **make an appointment** with the prospect in order to present the company and the product. If the prospect is interested, the agent will have to return to the factory to **demonstrate** the system. After that, the agent will have to contact the prospect regularly to see if they are interested into buying the system or not.

A good way of working that we discovered during the internship is to **visit prospects every other week**. That way, the agent can make calls during one week and try to get meetings with prospects from one region. The following week, the agent will visit the different prospects in one particular region. This way of working will be more efficient than just visiting random prospects from all over the country. The agent has to keep in mind that **30%** of the prospects will **want to meet** with him. This number might seem low but it is due to the fact that prospects might not be available during that specific week or they already have a system that satisfy them. Over the years, this percentage will probably increase because people will already know the systems of Wouters Tecnolub and will be more willing to see a demo.

The technicians

Since Wouters Tecnolub cannot assist every client it will have in the market of France, it needs to use **the help of a technician** or a specialist in systems for the concrete industry. Sending technicians to assemble the system and provide after-sales service throughout the country would be very expensive as there is too much territory to cover. The goal is to find a company that would want to **work in partnership** with Wouters Tecnolub. They would be the specialists delivering excellent after-sales service. The agents would remain in contact with the client but they are not equipped to assemble the system.

The company is already in discussion with some businesses interested in being technicians for the assembly of the product. The strategy would be to assemble the cabinet and the ramp in the office in Belgium and then send the pieces to the company in France. They would then send a technician to assemble the system at the client's factory and will, of course, calibrate the system and make sure that it is working well. The future partner they need to identify would require a **few offices across the country** to keep travel and cost to a minimum.

This kind of technicians can be found during **exhibitions and fairs** about the concrete world. It is important for Wouters Tecnolub to be part of such event because they do not only meet future clients but mainly, they can find **partnerships with other companies**. These exhibitions and fairs regroup a lot of specialists in different activities related to concrete products. It is an excellent way to find technicians and specialists that can help Wouters Tecnolub to **grow** in the French market.

Other Partners

Wouters Tecnolub is considering a **new global strategy**. They would like to create partnerships with release agent producers. This partnership would **benefit** the company because the release agent producers would propose the systems of Wouters Tecnolub when selling their products. Basically, the producers would be selling an **all-in-one solution**. For the moment, the producers are selling different types of oil or other liquid for the concrete industry. The client has to find how to spray it himself. If they do a partnership for Wouters Tecnolub, they would be selling a complete solution: **the release agent and the system to spray it**.

It would be a good solution for the clients because they would not have to find a system themselves and they would be sure that the system works well. It is a **win-win situation** for the three parties: the client, the oiling producers, and Wouters Tecnolub.

The company is currently in negotiation with multiples companies across Europe, some in Poland, Germany, and France. We met with an agent from **Chryso**, a company that specialises in release agent liquids and other liquids for the concrete industry. The agent thought this approach had merit. However, the discussion is now **pending** management approval at Chryso.

7.2 The Calendar of the mission

In this section, we will document the intern's calendar during her mission in France. We will understand **whom** she met and the **results** of her meetings. We will then be able to develop a strategy for after the mission.

The intern prepared her meeting agenda according to the seminar she attended during the summer of 2016. The two guest speakers were Jan Melsen and Marc-Alexandre Legrain. All interns attended classes on how to secure a meeting with prospects and how to meet future clients. These are the results of her work:

Week 1 – Feb 27 to March 3rd	Thimister - Clermont
Meeting with Jean-Christophe Pitois	<p>Mr. Pitois is a specialist in the concrete industry. He owns a company called Comatech. He recently became an agent for Wouters Tecnolub working on the East of France.</p> <p>Objectives: Meet each other for the first time and exchange respective contacts on the French market.</p> <p>Results: Exchanged several contacts on the French market. Mr. Pitois knows the French market well. He has been working in this industry for more than 20 years. He also gave me advice and recommended some clients. We will be induced to work together during the following weeks.</p>

Week 2 – March 6 to 10	Region of Paris
Meeting with Marlux Cantin (Client)	<p>The factory of Marlux Cantin is a new client. The system was installed just 8 days prior to my arrival.</p> <p>Objectives: Check if the client is satisfied with his new system and making sure there are no problems or complaints.</p> <p>Results: The ramp is now working perfectly. They had some problems at the beginning because of inadequate pressure. We advised him to increase its pressure to eliminate air bubbles in the system. Overall, the client is very satisfied and recommended us to the other factories of Marlux's group.</p>
Meeting with Marlux Limay (Prospect)	<p>The factory of Marlux Limay heard about our products from their coworkers at Marlux Cantin. They requested a demo to see how the system works.</p> <p>Objectives: Introduce the pulverization ramp by doing a demo of the system on the production line of the factory.</p> <p>Results: We spent 3 hours demonstrating the system to the maintenance and production directors. They were really impressed with the lack of pollution and overall precision while oiling the boards. They asked for a quotation for two ramps of 140 cm. We should have an answer in the weeks to come.</p>
Meeting with Mr. Frederic Renard from Chryso	<p>Chryso is a company that sells release agents and other type of oil in the manufacturing industry.</p> <p>Objectives: Present the products of Wouters Tecnolub and see if there is a possibility for a partnership between the two companies.</p> <p>Results: Mr. Renard was really impressed with the product and appeared interested. He will present the product to his management and see if there is an opportunity for a partnership. We are waiting for them to contact us.</p>

Week 3 – March 13 to 17	Orléans
Meeting with Le Bloc (Prospect)	<p>This company produces blocks. They are an independent company. We met with Mr. Deliens who oversees the production.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or quotation.</p> <p>Results: Mr. Deliens was surprisingly happy with the system. They are currently using an oiling system that is using high pressure and creates a lot of pollution. The company built this system themselves. They asked us for more information and a quotation. We will contact them again in a few weeks to see if they can be interested in a demo of the system directly on their production line.</p>
<p>Calls with multiple companies:</p> <ul style="list-style-type: none"> - SA Jonchere - SEAC Fusco - S.L.M. - SEAC Herme - SEAC Lorris - SEAC Chateauneuf-sur-Loir - SEAC Meung-sur-Loir 	<p>Objectives: Present the products of Wouters Tecnolub. We could not meet with these companies in person. Opted to send information via e-mail.</p> <p>Results: Mr. Guarnelli from the company SEAC Lorris asked us if we could come for a demo at the beginning of April.</p>

Week 4 – March 20 to 24	Strasbourg
<p>Calls with multiple companies:</p> <ul style="list-style-type: none"> - SEPA - Stradal Illkirch - Stradal Kilstett - Fimaco Vosges - Préfarhin - Eurobéton - EVBME - Klein Agglomérés - Kronimus - BIHR - Klein Agglomérés Atton - Klein Agglomérés Uckange 	<p>Objectives: Present the products of Wouters Tecnolub. We could not meet with these companies in person. Opted to send information via e-mail.</p> <p>Results: Mr. Magniez from the company Klein Agglomérés asked us for a meeting the following week. He is responsible for the production of multiple factories in the region of Alsace and Lorraine. We will meet him March 28th.</p>

Week 5 – March 27 to 31	Metz
Meeting with Mr. Magniez from Klein Agglomérés	<p>Mr. Magniez is the director of production of many factories in the region of Alsace. He is the one that decides if a factory buys a new system or not.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or giving them a quotation.</p> <p>Results: Mr. Magniez was really interested in our system. He had already received information by email so he knew exactly what he wanted. He was impressed with the technology used and requested a quotation for 2 systems. He wants to see the return on investment before proceeding further with discussions.</p>
<p>Calls with multiple companies:</p> <ul style="list-style-type: none"> - Pradier Blocs - Eurobéton - François Perrin Matériaux - GGI - BML - Novatab - SEAC Villette d'Anthon - Socarel 	<p>Objectives: Present the products of Wouters Tecnolub. We could not meet with these companies in person. Opted to send information via e-mail.</p> <p>Results: We booked meetings with Mr. Veilly from Pradier Blocs on April 19th, Mr. Ulmschneider from GGI on April 7th and with Mr. Novarina from Novatab on April 18th.</p>

Week 6 – April 3 rd to 7	Valence
Meeting with Mr. Ulmschneider from GGI	<p>Mr. Ulmschneider is responsible for two factories in the region. There is a possibility of selling four pulverization systems to this company.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or provide a quotation.</p> <p>Results: Mr. Ulmschneider is interested in the product for one of his production line. They use plastic boards on this production line and they oil too much causing problems on the final product.</p>

Week 7 – April 10 to 14	Lyon
Meeting with the company CCI: Mr. Dussart	<p>CCI has been mandated by Fabemi Lyon to create a machine for one of their product. Fabemi wants to integrate a pulverization ramp on its machine.</p> <p>Objectives: Make sure we can integrate a pulverization ramp into their machine. Request specificities of the machine to design a compatible ramp.</p> <p>Results: We discussed with Mr. Dussart who oversees CCI as well as this project. We asked questions about how the machine will be built so we can send a ramp that they can be integrated.</p>
Meeting with the company Fabemi: Mr. Bonnard and Mr. Lampilas	<p>Fabemi Lyon Agglo asked Wouters Tecnolub if it would be possible to create a ramp that could be integrated to a new machine producing beams.</p> <p>Objectives: Follow up with the client and report the meeting we had with CCI. We reported the advancement of the project.</p> <p>Results: The client is satisfied with how the project is going. By the same occasion, we presented the ramps of Wouters Tecnolub and their many applications. The client is considering the acquisition of such ramps for the oiling of other factories.</p>

Week 8 – April 17 to 21	Valence
Meeting with Mr. Novarina from Novatab	<p>Novatab is an independent factory that produces blocks and specific products. They asked us to see them because they had problem with the oiling for the blocks.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or quotation.</p> <p>Results: Mr. Novarina is interested into one system for the oiling of the molds use during the production of blocks. We sent him an ROI and a quotation. Follow-up with demo soon.</p>

Meeting with Mr. Veilly from Pradier Blocs	<p>Pradier Blocs is a company that possess multiple factories. I went to Montélimar. Mr. Veilly could not see me but asked Mr. Delecour to do so.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or provide a quotation.</p> <p>Results: Mr. Delecour is responsible for the factory of Montélimar. He believes that oiling is not necessary. He was not expecting me because Mr. Veilly forgot to tell him. He suggested rescheduling the appointment with Mr. Veilly since he is the technical director of the company.</p>
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Week 9 – April 24 to 28	Paris and Thimister - Clermont
Meeting with Mr. Guarnelli from SEAC Lorris	<p>SEAC Lorris is a factory from the SEAC group. Mr. Guarnelli contacted me a few weeks ago to schedule a meeting.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or provide a quotation.</p> <p>Results: For the moment, the factory is a high-pressure spraying system for the oiling of their boards. They only have two nozzles so only half of the board is oiled. They are not satisfied with their current system. They would really like to change but the Head Office prohibits them from buying expensive technology. We will come back for a demo soon.</p>
Meeting with FIMAT (supplier for Point P)	<p>FIMAT is a company that produces borders and blocks.</p> <p>Objectives: Present the products of Wouters Tecnolub for the purpose of scheduling a second meeting for a demo or provide a quotation.</p> <p>Results: We went to visit the factory with the commercial agent. The initial purpose was to help them with another system they currently have. We took the opportunity to present Wouters Tecnolub. The commercial agent will be coming back in a few weeks for a demo.</p>

7.3 After the project

After the mission abroad is completed, there will be a need for an **exchange of information**. The intern will spend two months in France and will gather a lot of **sensitive information** on the new market. Even if she reported weekly to her supervisor, she will need to hand out a **clear and concise report** of her findings on the new country.

The first document that she will hand out is the **calendar of the mission**. In this calendar, the company will have a clear idea of who was contacted and the other actions that took place. They will know who received an email and need to be contacted again and who asked not to be contacted again. Also, the intern updated the **CRM** system every week. It will be very easy for the company to retrieve the information because it will be encrypted on **many platforms**.

In two months, a lot of prospects have been reached and a lot of seeds have been spread. It is certain that the company will receive some emails or calls of companies that are interested in a demo or a presentation of the product. It will be important to in a first time, always put the Commercial Director in CC's when sending an email and in a second time, it will be important for the Commercial Director to **monitor the mailbox** that the intern was using because it might receive some emails of prospects. Since the intern was using a general email address: france@wouters-tecnolub.com, it won't confuse the prospects that another person answers their email. It will keep to **continuity of the sale**.

In the same range of idea, the intern collected a lot of information during the mission. The role of the intern was to **give information** about the product and the company but also to gather information on the factories. The second step is to **make a demo** of the product on the production line. The Commercial Agent or the Commercial Director will do this part. Since there is a change of person, we do not want the prospect to repeat what has been said and demonstrated. The demo team has all the information needed to make a demo and a sale proposition while ensuring continuity after the initial meeting. Wouters Tecnolub seems prepared and serious about providing a united front. It is important to communicate all the information we need and share everything because it shows that the company is **united** and that we are a team and not just individuals commercials that try to sell a product.

Chapter 8 – Financial Strategy

The last aspect in the export business plan is the financial analysis. We will determine and study the financial perspectives of the expansion to France. Basically, we will quantify the Marketing and Organizational strategy into monetary terms. The financial prospection will be done for the next three years of activity of the company. We chose to forecast the financial analysis over 3 years. We estimated that a longer time would not be optimal since the market can change drastically in five years. Less than three years would be too short and it would be impossible to draw conclusions from it.

We will need to make an analysis of the number of customers that we think Wouters Tecnolub can acquire in the market of France. After that, we need to establish how much revenues the company can make in this market. We will also need to calculate the costs of expanding to France. The costs include the agent they will need to hire, the transportation of the product in the country, and other costs related to exportation. We will then make some scenarios. These scenarios will be made based on the number of systems we think we can sell over three years. The Commercial Director and the French agent recently hired, provided this information

8.1 Estimation of revenues

The first step in this financial analysis is to estimate the revenues that the company can generate each year considering the potential of the market.

In appendix 2 and 3, the company projected the revenues they wish to gain in 2017. It will be the fourth year of activity for the micro-pulverization in the concrete industry. They created two different projections. The first one realistic and the second one is aggressive. The first estimation of revenues is the one they wish to achieve. The second estimation of revenues is leveraging the commercial agents around the world. It is more aggressive because the company wants to push sales to the maximum. It is a bit higher than the, realistic one to be sure that the minimum objectives will be reached.

In the appendix 2, the objectives for this year in the French market are eight concrete ramps and three paving blocks systems. These objectives will probably be achieved because the company already sold a few systems. There is no doubt that the commercial agent will achieve his objectives this year.

Because we want to plan for the next three years, we need to forecast year 2018 and 2019. Currently, the company only has goals for 2017. After meeting with the Commercial Director, we established that 11 systems for the first year would be a good objective but we would need to double that the following year. We believe that Wouters Tecnolub can sell 11 systems the first year, 20 the second year, and 30 the third year. These estimations were compiled with the help of the independent agent in France considered an expert in the local market as well as the Commercial Director. To validate the numbers, he compared them to other countries in which Wouters Tecnolub does business.

In the table below, we can see the future forecasts of revenues for the next three years:

Table 8.1 - Sales objectives for 2017-2018-2019

OBJECTIVES

	Concrete ramp 5,000.00 €	Paving systems 12,500.00 €	AAC 60,000.00 €	
2017	8	3	0	77,500.00 €
2018	14	6	0	145,000.00 €
2019	22	8	0	210,000.00 €
TOTAL	44	17	0	432,500.00€

But how are these revenues calculated? When Wouters Tecnolub sells a system, it always takes a profit margin of 45 to 55%. They know that 10% will go to the agent that sold the system and the rest to the company. Therefore, they cannot afford to go under 40%. If they sell separate pieces, they will charge higher because it is a specific demand. The profit margin will be of 60% in that case. In the appendix 4, we can see a quotation and ROI (Return On Investment) that Wouters Tecnolub gives to their prospects. The ROI is to show the client how much they will gain if they choose a Wouters Tecnolub's system. The quotation part is to give them an idea of how much a system cost. The pricing in the quotation does include a profit margin of 45 to 55%.

8.2 Estimation of costs

In order to determine the operating result, it is necessary to subtract three types of expenses from previously calculated turnover: variable costs, fixed costs and depreciation.

8.2.1 Variable costs

The variable costs are made of these elements:

- The commission of the commercial agent in France
- The cost of travelling and expenses for the commercial agent
- The cost of delivery and installation

The commission for commercial agents at Wouters Tecnolub is fixed to 10% of the sales. We recommend keeping a competitive and attractive salary for the commercial agents to secure long-term partnerships. The costs related to finding and training a new agent is not negligible. Therefore, it would be wise to keep these recurring costs to a minimum

Last but not least, there is the cost of delivery and installation. The company estimates that it takes six hours to install one pulverization ramp. However, depending on how the production line is constructed, it may be more difficult to assemble the ramp. Also, depending on the liquid used to spray, it might take more time to calibrate the system. Six hours is an average but some systems might take more time to assemble and calibrate. Also, the first hours in production are very important. We might have to recalibrate the system to satisfy the client. These costs may vary according to the client.

Installation and delivery require a technician. The company uses the table in appendix 5 to estimate the cost of installation and delivery. Wouters Tecnolub pays their technicians 53 euros an hour. They also need to pay 0,95 euro/km. The installation usually takes around 6hrs. If the installation exceeds 10hrs, they also need to add a night in hotel at 122,50 euros. When charging to the client, Wouters Tecnolub also adds 300 euros as a security margin to cover potential problems and delays

8.2.2 Fixed costs

The project does not require any fixed costs. Since the company will enter the market with an independent agent, the only costs they will have will be variable (like the commission of the agent) or investments and depreciations (like the brochures, web site, training). The company will not carry an inventory due to “just-in-time” manufacturing of their products.

8.2.3 Investments and depreciations

The investments and depreciations costs are made of these elements:

- Translation of the brochures
- Adaptation of the web site
- Research for an agent
- Training of the agent
- Marketing activities

The company will have to invest in translating all written collaterals (brochures, web site, quotation, installation templates, etc.) to French. It is important that their promotional materials like brochures and web site be in the language of the country. During the internship, we found out that most producers of concrete products speak only French. They could not understand our current brochures and quotation because they were in English.

The company also needs to set funds aside for hiring future agent(s) and providing training. Since they already have one agent on board, this cost can be differed. If they decide to hire another agent, this cost will apply. It is important to re-iterate that training is very important. The company needs to make sure these agents can represent their company very well.

Finally, the company will have to invest in marketing activities. Since they have a global marketing strategy, most of the budget will be for the global strategy but a small part will be designated to each country individually to assure that each market is well served.

8.3 Different scenarios

After looking at the different costs, we realized that there are no fixed costs related to the exportation in France. Indeed, if the company chooses to enter the market with an independent agent, and if this agent is only paid in commission, there are no fixed costs to be added. If the agent sells a system, the company will make profit. If the agent does not sell any systems, the company will just make no profit but will not lose any money.

Therefore, it is not necessary to conduct a ROI (Return On Investment) for the project or a NPV (Net Present Value) analysis. Instead, we will analyze how the revenues to be acquired in France will affect the operating margin of the company.

To do that, we created three scenarios. There will be a realistic scenario, a worst scenario, and a best scenario. Using the numbers from 2015 and 2016, we will make predictions for the next three years: 2017-2018-2019. We will look at how the EBIT margins evolve depending on the number of sales in the French market.

8.3.1 Realistic scenario

In this scenario (see table below), we used the sales forecast given by the Commercial Director. The EBIT is calculated with the revenues from the whole company, including the revenues from France. Knowing that Wouters Tecnolub takes around 40% of profit margin on each sale, we can extrapolate that planned revenues of 77,500 euros this year will yield a profit of 31,000 euros.

Table 8.2 - Sales and operating margin – realistic scenario

	2015	2016	2017	2018	2019
Sales	€ 1,324,243.20	€ 1,966,779.00	€ 1,850,000.00	€ 2,000,000.00	€ 2,150,000.00
Sales Growth		49%	-6%	8%	8%
Sales France			€ 77,500.00	€ 145,000.00	€ 210,000.00
Sales France/Total Sales			4%	7%	10%
EBIT	€ 61,824.80	€ 80,275.00	€ 80,939.68	€ 87,502.36	€ 94,065.03
EBIT Margin	5%	4%	4.4%	4.4%	4.4%

The Sales Growth between 2015 and 2016 was quite high (49%). We know that a company cannot sustain this growth every year. As a matter of fact, it might well be negative this year (currently -6%). We are optimistic that everything will return to a more normal rate. A company should always grow by at least the inflation rate. It is normal to see a company grow each year by 3%. For the case of Wouters Tecnolub, the growth might be higher than usual because the company is still on a blue ocean. We can see by the previous years that they are growing rapidly. It would not be surprising to see Sales Growth of 8% in 2018 and 2019.

For Sales, the numbers were obtained from Wouters Tecnolub's balance sheet. For confidentiality reasons, the company asked us not to disclose this financial document. Most of these numbers can be found in the documents posted on the NBB site (National Bank of Belgium). For projected sales in 2017 and 2018, we used the forecast made by the company. It is to be noted that the Sales are for the whole company and not just the activity of micro-pulverization. To be able to calculate an EBIT, we had to take an average of the EBIT Margin for the year 2017-2018-2019. It was not possible to calculate an EBIT otherwise. We, therefore, took an average of the EBIT Margin of year 2015 and 2016. These numbers are real numbers from the balance sheet.

With these different scenarios, we will be able to see how the sales in France will influence the operating margin of the whole company. We are aware that the French market is not the biggest market for Wouters Tecnolub. It is therefore expected that the operating margin will not be greatly affected. We gather from the realistic scenario that the sales in France will account for less than 10% of the total sales of the company.

8.3.2 Worst scenario

Table 8.3 - Sales objectives for 2017-2018-2018 – worst scenario

OBJECTIVES (worst scenario)				
	Concrete ramp	Paving systems	AAC	
	5,000 €	12,500 €	60,000 €	
2017	6	2	0 €	55,000.00
2018	12	4	0 €	110,000.00
2019	18	6	0 €	165,000.00
TOTAL	36	12	0 €	330,000.00

In the worst scenario, we diminished the forecasted sales over the next three years. We then incorporated the new numbers to our realistic calculations. In the table from the realistic scenario, we saw that Wouters Tecnolub estimated the Sales to be of 11 systems in 2017, 20 systems in 2018 and 30 systems in 2019. We will use these numbers for the reasons explained before in the previous chapters. For the worst-case scenario, we diminished the number of systems sold each year. We will now calculate the Sales and operating margin with the revised numbers.

Table 8.4 - Sales and operating margin – worst scenario

	2015	2016	2017	2018	2019
Sales	€ 1,324,243.20	€ 1,966,779.00	€ 1,827,500.00	€ 1,965,000.00	€ 2,105,000.00
Sales Growth		49%	-7%	8%	7%
Sales France			€ 55,000.00	€ 110,000.00	€ 165,000.00
Sales France/Total Sales			3%	6%	8%
EBIT	€ 61,824.80	€ 80,275.00	€ 71,275.00	€ 73,502.00	€ 76,065.00
EBIT Margin	5%	4%	3.9%	3.7%	3.6%

In this scenario, we can analyze how the French activity will influence the operating margin of the whole company if the activities go worst than expected. The operating margin is decreasing each year. The proportion between the Sales and the operating costs are diminishing. Before the activity in France, the EBIT margin was of 5% in 2015 and 4% in 2016. In the worst-case scenario in France, the EBIT margin will diminish over the years 2017-2018-2019.

8.3.3 Best scenario

Table 8.5 - Sales objectives for 2017-2018-2018 – best scenario

OBJECTIVES (best scenario)				
	Concrete ramp	Paving systems	AAC	
	5,000 €	12,500 €	60,000 €	
2017	10	4	0 €	100,000.00
2018	16	8	0 €	180,000.00
2019	26	10	0 €	255,000.00
TOTAL	52	22	0 €	535,000.00

These new sales objectives are based on the best scenario the company could achieve. Once again, we began with the forecast: 11 in 20117, 20 in 2018, and 30 in 2019) and padded the numbers. In the table below, we can now analyze the new numbers for the best-case scenario.

Table 8.6 - Sales and operating margin – best scenario

	2015	2016	2017	2018	2019
Sales	€ 1,324,243.20	€ 1,966,779.00	€ 1,872,500.00	€ 2,035,000.00	€ 2,195,000.00
Sales Growth		49%	-5%	9%	8%
Sales France			€ 100,000.00	€ 180,000.00	€ 255,000.00
Sales France/Total Sales			5%	9%	12%
EBIT	€ 61,824.80	€ 80,275.00	€ 89,940.00	€ 101,502.00	€ 112,065.00
EBIT Margin	5%	4%	4.8%	5.0%	5.1%

In this scenario, we see how the activities in France will influence positively the EBIT margin if they sell more than expected. The EBIT Margin will grow each year but very slowly. Again, the Sales in France are only a small portion of the total Sales of the company. Therefore, we do not see a big change in the EBIT Margin. The Sales only account for 5% of the total Sales in 2017, 9% in 2018 and 12% in 2019. It is not the biggest market for Wouters Tecnolub.

Chapter 9 – Critical outcome

In the last chapter, we analyzed the financial aspect of the project. The results were **positive**. We are now **ready** to start the exportation in the new market. We have all the elements to assure us that the strategy is ready for export. **The export business plan seems achievable.**

During the whole export business plan, we made sure to adopt a **rigorous** and **coherent** approach. However, the study is still subject to certain limitations. We will elaborate about the limitations and the difficulties of the project in this chapter. We will finish this paper by underlining the possible development that Wouters Tecnolub could adopt in the future.

9.1 Limitations of the study

During this project, we faced three main limitations. The first one is about the **subjectivity of the export diagnosis**. The second limitation is about the **demand analysis** and finally, the last limitation is about the **financial analysis**.

The first limitation we need to give attention to is the **subjectivity** during the export audit diagnostic. The information that we used is based on **affirmations and interviews** with Nicolas Baijot and Frederic Van Haren. They are both from the team of Wouters Tecnolub and there is a possibility that the information has been **unintentionally embellished or underestimated**. Since the two sources are internal, they do not have the external and neutral point of view. This is why their judgement might have **altered** the information given for the export audit analysis.

The second limitation will be about the **demand analysis**. In this industry, many companies do not have a website and/or do not advertise on social media or the Internet. The biggest companies have a website but the smaller and independent ones do not. They do their business purely on the **word-of-mouth**. It is thus very difficult to find all the concrete producers on the market. We had the help of AWEX, the FIB and the Internet but it is **still not enough** to find all the producers and players in this market.

Therefore, we did the analysis based on the **suspects that we found**. We are aware that it exists many more factories of prefab concrete blocks but it was **not possible to identify them all**. A more in depth study should be performed in order to have the exact number of prospects in the market as well as their production numbers. Another difficult aspect during this analysis was to determine **what the factories are producing and how much**. This is important because Wouters Tecnolub cannot use its system on every type of production. Since there is no information readily available on that subject, we had to **call and ask**. This is why this is a significant limitation. Organizations like FIB and AWEX provide some statistics about the numbers of producers on the market but no one has the **whole view**. It is very difficult to **identify all the independent factories** and know what they are producing.

Another difficulty in identifying the demand is figuring out **how many pulverization ramps** the clients will need. Every factory produces in its own way. Some oil the boards on one side and some oil the boards on each side. Also, some factories have **more than one production line** and require more ramps. For the calculation of the demand, we assumed that each client would buy only one ramp. There again, it is very **difficult to estimate** how many ramps a client will buy so the final number might differ.

The current analysis on the demand is **superficial** and need more **in-depth studies**. The sample is very limited but would represent the total population. It is a **partial segment** that we think represents the

whole view but we might be wrong. It would be beneficial for the company to conduct another study about the demand in order to **validate our research**.

The last limitation we will focus on is about the **financial analysis**. It is difficult to **estimate the market share** that Wouters Tecnolub would acquire in that particular market. It is even more difficult to **estimate the growth** that such product could have. It is a revolutionary product and it is relatively new on the market. We do not know how the players will perceive it. We can only **guess the numbers** and **compare them to the other markets** where the company has been conducting business. Each market is different and they do not welcome innovation the same way. Some market will **embrace innovation** and some will be **more reluctant** to use it. Therefore, it is difficult to know how the French market will react to this product even if we know how other markets like Poland adopted it. France is a new market and will **react differently**.

During the financial analysis, we tried to estimate as **closely** as we thought possible. We did not want to target too low or too high. Only time will tell us if our **predictions** were correct.

Finally, we are aware that this project had some limitations but the study was conducted to the best of our knowledge. In little less than 6 months, we already saw that the product was welcomed in the market and that the **feedback was positive**. We received some calls from factories that wanted a demo because they heard from other factories (word-of-mouth) that the system was working well. This shows that this market is **open to our innovation**.

9.2 Project perspectives

One of the big downside for the company is that after the initial sale, there is **very little need** for repeat business. The ramp could work **for years** if the maintenance is done well. Of course, they might need to replace some nozzles but the cost is minimal. We think that the company should concentrate its effort on a way to bring **stable revenue** and **increase its current revenue** since they did not reach breaking point until now.

The first recommendation that we already talked about in this project is to do an **alliance with oiling producers**. These producers already have a network of loyal customers. It is easy for them to suggest a pulverization system to go with their products. It also benefits the customer because it provides an **all-in-one solution**. Wouters Tecnolub would have a share of the sales.

Secondly, we think it might be beneficial for the company to **sell its own release agent**. Passing by oiling producers to sell our product is a good idea but selling your own release agent could be an even better idea. Why count on other companies to sell our product when we can expand horizontally our company to offer a more complete solution? The major advantage of this strategy is that the selling of the release agent would be a **continuous sale**. It will assure revenues to Wouters Tecnolub even after the sale of the ramps.

Once the French market has generated profits, it would be wise to **hire a full-time help for the Commercial Director**. He/she would be responsible for coordinating and controlling the French operations as well as other markets. In this sense, we suggest that Wouters Tecnolub invest in a resource that would **support the Commercial Director's activities**.

In a future study, it might also be interesting to analyze the desirability of **hiring a second French commercial agent**, once the resources permit it. It would be based on the eastern side of the country, in order to save time and money related to the commercial agent's travel and to increase efficiency.

The current commercial agent is from the Northeast side of the country. He has to travel a lot in order to cover the whole country. It is **not the most efficient solution** for him but also for the company. Hiring additional help could be the better solution.

Conclusion

The last year of the Master in International Business at ICHEC Brussels Management School was about formulating the export business plan. This project was an integration of the internship and the final thesis. The internship lasted 84 days. During this time, the Commercial Director at Wouters Tecnolub gave us a mission to develop an export business plan for the company in the French market. The company wanted to export their products to France but first needed the help of an intern to research and develop the market.

Wouters Tecnolub is a fusion between two companies, Wouters and Tecnolub. They have been in the micro-spraying technology for 25 years. In the last 3 years, they developed a pulverization ramp of release agent for the concrete industry. The export business plan (this document) is based on this newer product. It is worth noting that the company is not only present on the prefabricated concrete industry but benefits from some activities in the machining industry, the steel industry, and the food industry.

The internal analysis of the company was done based on the six indicators of the export diagnosis shown by HEINEN (2016). We learned that the production processes were a weakness for the company because they needed to standardize their products. The team of engineers developed each product individually and there was a lot of cost in R&D invested. Moving forward, the standardization of the products will help the company achieve economies of scale. The financial instability was also a weakness for this project. The company had not yet reached breaking point since the development of the new pulverization ramp. They have however financial aid and non-financial aid from AWEX. Finally, the human resources dedicated to exportation were insufficient. This constitutes a weakness for the company.

If we look at the strengths of the company, their innovative pulverization ramp is on the top of the list. The company can provide a system that reduces the pollution generated by the oiling to the minimum. This extends the life of the boards in the production line, decreases the cost of oiling needed to purchase, and improve the quality of the products. This system provides considerable economies and also provides a cleaner working environment.

The macro-segmentation study done to select the market, the external analysis based on the PESTEL, competitors, as well as demand and risks analysis, allowed us to confirm that France is the perfect destination for exportation.

Indeed, we found out that the market potential was high compared to the national market. The current agreement on trade is an important factor. It will allow Wouters Tecnolub to conduct business like it would do in Belgium. It will not have to pay customs or other exportation fees. However, the administrative procedures are more important than in Belgium. The company needs to be careful about this aspect as the French customers may request more time before deciding on a sale or a payment.

A commercial agent is the best option for Wouters Tecnolub; it is cost effective and will bring great number of new customers. Of course, the company needs to monitor the activities of the agent throughout the partnership but more specifically at the beginning to make sure he is on the right way and that the concepts of the product and the company are well understood.

From a strategic point of view, positioning the company based on their attributes and benefits is a wise choice. The benefits that the product brings to customers are the main value proposition of the

company. It is a revolutionary product that solves the biggest problem that factories face: pollution created by the oiling of the boards/molds. Emerging from a recent recession, factories, especially independent factories, do not have a lot to invest in such technologies. Wouters Tecnolub proposes a product that is inexpensive with an excellent return on investment (less than a year).

The marketing strategy used at this moment seems the most adapted to the market and the industry. The word-of-mouth is very important in this industry since it is difficult to use the main ways of advertising such as radio, newspapers and television. The company should make it a priority to attend every exhibition and fair pertaining to this industry. These venues provide great visibility as well as the opportunity to make business connections. To maximize word-of-mouth, the company also needs to perform excellent after-sales service to ensure customer satisfaction. A satisfied customer might share his experience within the community.

To make sure that each client's experience is outstanding, Wouters Tecnolub needs to continually coach and train its commercial agents. They are the face of the company on the foreign market. They will influence the reputation of the company. Wouters Tecnolub needs to make sure they have all the information they need to work effectively and give the best service possible.

Finally, the financial plan demonstrates that the project is viable. The proof is that in less than six months, the company secured contracts in factories in the North of the country. More are on the way. Future clients are beginning to hear about the revolutionary system and are calling headquarters in the hope of scheduling a demo of this groundbreaking pulverization system.

It seems reasonable to conclude this thesis and related export business plan by recommending the implementation of the international strategy as well as the proposed marketing plan. Wouters Tecnolub is on the right path to success.

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