

UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

**ANALYSIS OF THE PERCEIVED BARRIERS TO INTRA-EU SALES
FOR SMALL BELGIAN BREWERS**

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SYLVAIN DE BUEGER

AUTHORSHIP STATEMENT

The undersigned Sylvain De Bueger, a student at the University of Ljubljana, School of Economics and Business, (hereafter: SEB LU), author of this written final work of studies with the title ANALYSIS OF THE PERCEIVED BARRIERS TO INTRA-EU SALES FOR SMALL BELGIAN BREWERS, prepared under supervision of prof. dr. Aleš Groznik.

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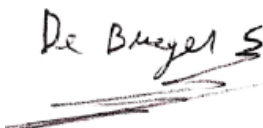
A handwritten signature in black ink, appearing to read 'De Bueger S', with a horizontal line drawn underneath it.

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LIST OF ABBREVIATIONS

B2B – Business to Business

B2C – Business to Customer

EU – European Union

EU28 – European Union (28 members)

e.g. – Exempli Gratia

FDI – Foreign Direct Investment

hl – Hectoliters

SME – Small and Medium Enterprises

USA – United States of American

VAT – Value Added Tax

INTRODUCTION

Beer is the oldest known beverage and the third most popular one, after water and tea. In Belgium, beer is considered as a national treasure and is part of the Belgian identity for most of the population. Breweries have always been in the landscape and have a worldwide reputation when it comes to history, traditions and quality. On the European level, the beer industry represents a non-negligible economic sector and the popularity of small productions has been rising. Exportations can thus represent a great deal of opportunities for small Belgian brewers but this process does not come without challenges.

Academic authors have been studying the different parts of the exportation process for decades. While some have explored the benefits of exporting, others have analysed and categorized the multiples obstacles that exporting SMEs could face. More recently, studies about the importance of the different export stages and the perception of the barriers have been added to the accumulated knowledge about this topic. Some researchers also investigated distinct economic sectors but there is currently no work on this aspect of the beer industry and more specifically research that could apply to the small Belgian brewers.

In this thesis, I decided to resolve that lack of knowledge by analysing the impact of the perceived importance of export barriers on small Belgian brewers. After reviewing the broad academic knowledge on export barriers and related topics, I conducted a quantitative study among brewers, using a questionnaire to collect a large sample of data and interpret a statistical analysis. Later, I also organized 2 interviews with well-established Belgian brewers to discuss the industry and my research. The goal of these discussions was to acquire a practical view on the problematics and to fill the possible gap between academic knowledge and reality.

1 INDUSTRY CONTEXT

This chapter of the thesis presents the current state of the beer industry and is divided into 3 parts: a foreword about the Covid-19 pandemic context, the European industry position and the Belgian industry position.

1.1 Covid-19's impact foreword

Before researching and analyzing properly this master's thesis topic, an industry presentation and contextualization was pertinent to fully understand the sector in which small Belgian brewers evolve. While national and European brewers' associations published multiple relevant statistics and reports over the years, the ongoing pandemic perturbs greatly possible projections as uncertainty reigns.

Indeed, there is very little data already available related to the impact of Covid-19 on the beer industry, making accurate prospects nearly unforeseeable. Since March 2020, many brewers adapted their business models quite quickly. Multiple respondents contacted during my researches declared to have started online sales services and to have adapted their production process during the highest peak of the crisis. Other bigger brewers even started to produce hand sanitizer instead of their usual products (Courant, 2020).

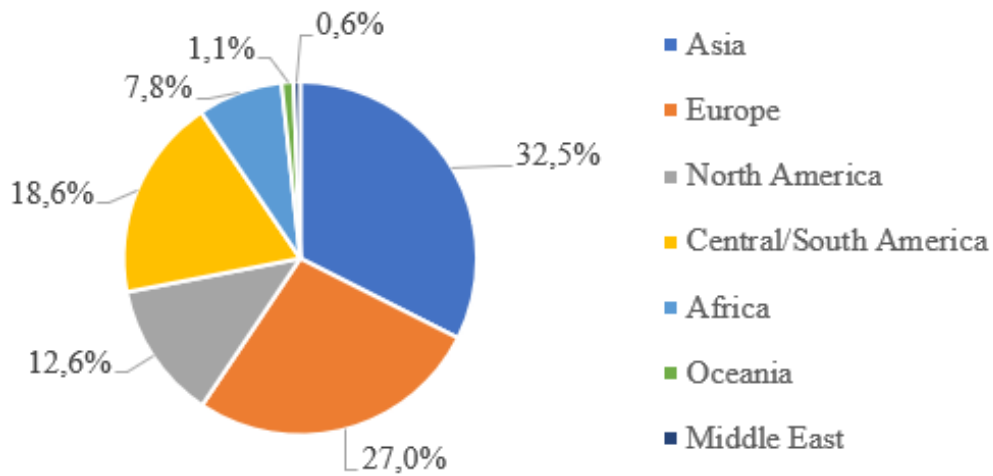
However, the Brewers of Europe association highlighted that these adaptations and the positive effects of possible increases in retail's beer sales were only limiting the damages of the massive losses coming from the restrictions of social events and gatherings as well as in the hospitality sector (Brewers of Europe, 2020).

Therefore, the following industry context was made using pre-Covid-19 outtakes. While it is really likely that a lot of players and mechanisms will change by the time this crisis disappears, I personally consider this sectorial preview to be relevant as I can hardly imagine a long-term reduction of beer consumption.

1.2 The European position

The European Union (defined here as the EU28 as the latest dataset is prior to January 2020) is the second biggest player in the global beer industry. In 2017, the EU represented 27% of world production, only to be topped by Asia (32,5%). In third position was the Central & South America region with 18,6%. Given the differences in population size between Europe and Asia, this market share clearly illustrates the dominant position of the European beer industry (Kirin Holding, 2020).

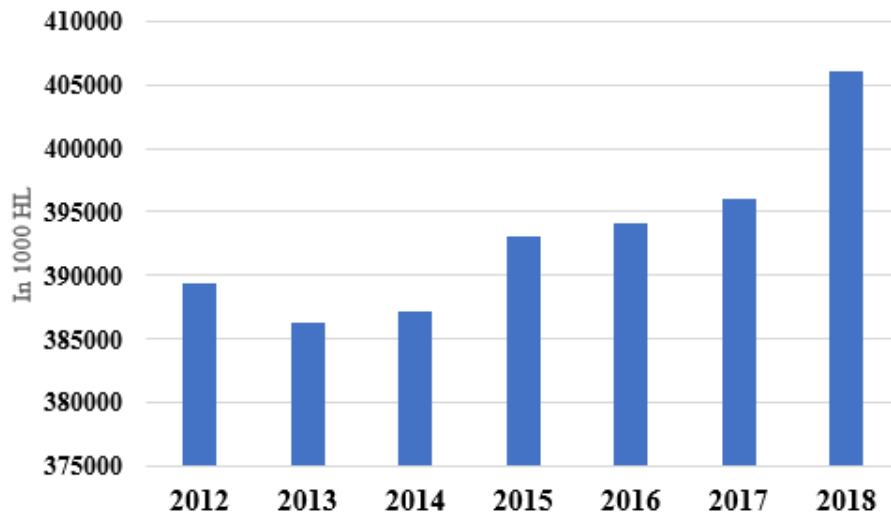
Figure 1: Regional market shares of the global beer industry in 2017



Adapted from Kirin Holding (2020).

After facing a continuous decrease from 2008 to 2012, the EU28's beer production started increasing again starting 2013 to reach a long-time high level of 406 050 thousand hectoliters in 2018. This trend shows a regain of interest for beer manufacturing in Europe (Brewers of Europe, 2019e).

Figure 2: EU28's beer production from 2012 to 2018



Adapted from Brewers of Europe (2019e).

One important element behind this increase in production is the craft beers and microbreweries trend. The popularity of these small productions led the number of active breweries in Europe to double between 2012 and 2018 from 4 849 to 10 154 (Brewers of

Europe, 2019e). The link between this expansion and small brewers is made even clearer as this is not proportionate with the increase of the European production.

Another interesting figure is also the number of active brewing companies that nearly tripled during this same period, going from 3 298 to 9 730. The difference between a brewery and a brewing company is that the term brewery designates directly the place where the beer is manufactured while a brewing company designates a company that sells beer. A brewing company can thus own multiple breweries or even none by outsourcing their receipt and selling their production under its commercial name. This practice is quite common among low volume brewers. (Brewers of Europe, 2019e).

The fact that the number of active breweries doubled while active brewing companies tripled clearly shows the development of smaller and more numerous productions.

Table 1: Numbers of breweries and brewing companies in EU28 (2012-2018)

	2012	2013	2014	2015	2016	2017	2018
Active Breweries	4849	5574	6297	7188	8210	9054	10154
Active Brewing Companies	3298	5331	6107	6976	7927	8774	9730

Adapted from Brewers of Europe (2019e).

Since 2013, the volume exported by EU28 countries increased by 16%, going from 76 673 to 88 786 thousand hectoliters in 2018 (Brewers of Europe, 2019e). Compare to the previously mentioned numbers, these exportations represent between 20 and 22% of the European total production. These figures include both intra-EU exports and extra-EU exports and need to be analyzed by country as well, because their intra/extra ratio varies.

Table 2: Evolution of EU28’s exportations compared to total production

	2013	2014	2015	2016	2017	2018
Export (in 1000 HL)	76673	77588	82095	84698	86880	88786
Total production (in 1000 HL)	386364	387155	393133	394127	395982	406050
% Exported	20%	20%	21%	21%	22%	22%

Adapted from Brewers of Europe (2019e).

Another report made by the Brewers of Europe in 2020 calculated the economic impact of the beer industry in the European Union in terms of employment, government revenues and value added (Brewers of Europe, 2020):

- **Employment:** In 2018, the beer industry represented 2,3 million jobs in the EU28, directly or indirectly. Nearly 75% came from the hospitality sector, the retail sector weighted for 10%, the supply sector for 11% while the brewing sector itself only for 6%. Most of the created employment thus came from indirect functions.

- **Government revenues:** In 2018, the European beer industry generated a total 44 billion euros in state revenues and this through multiple channels. The VAT on beer sales (on-trade and off-trade) were nearly half of it with around 20 billion euros revenues, the excise duties on the said sales were around 11 billion euros revenues and finally the taxes on the direct and indirect employment added over 12 billion euros revenues.
- **Added value:** The contribution of the Beer industry to the EU28 growth in 2018 was around 55 billion euros. The Brewers of Europe association used the interesting comparison that it represents the GDP of Croatia. Just like employment, this added value came from multiple sectors. The brewing sector itself generated 16 billion euros, the supply sector 10 billion euros, the hospitality sector 24 billion euros and finally the retail sector for 5 billion euros.

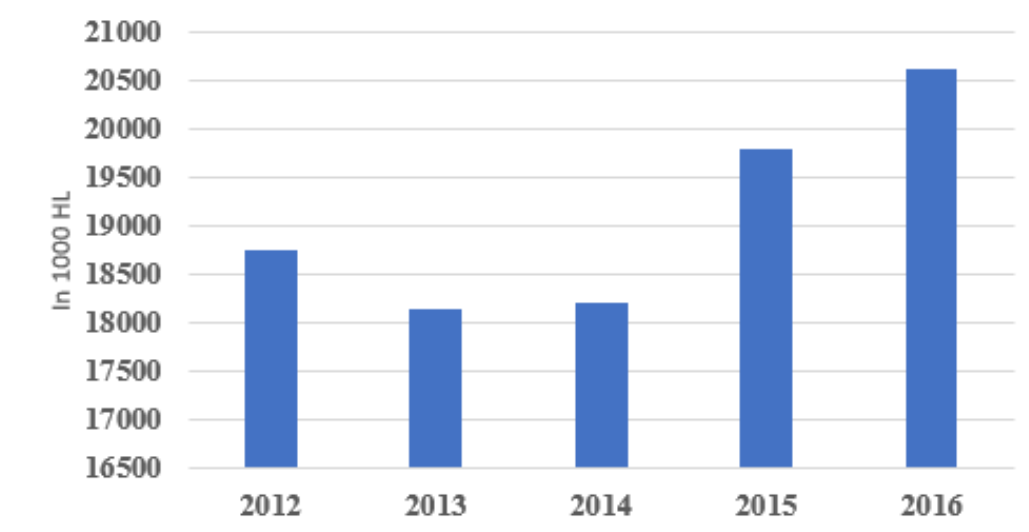
1.3 The Belgian position

While being a country one could easily consider small, Belgium is a key player of the European beer industry and managed to secure a worldwide quality reputation.

Belgian beer culture is indeed so notorious that it recently got added to Unesco's prestigious list of Intangible Cultural Heritage of Humanity. According to the organization, this recognition is not only due to the variety and quality of the beers themselves but further to the gastronomy and food-pairing that come with it (The Guardian, 2016). Belgian brewers are also predominant in the World Beer Awards competition, where their work gets rewarded every year by multiple nominations and prizes (World Beer Awards, 2020). Brewing is additionally a traditional and historical part of Belgium. For instance, the majority of products listed by the strictly regulated International Trappist Association comes from Belgian monasteries (International Trappist Association, 2020).

Although the only data available on Belgian beer production stops after 2016, the general increase in production observed on the EU28 level can be clearly seen. The production reached 20 616 thousand hectoliters, representing a 13,6 % rise in 4 years (Brewers of Europe, 2019a).

Figure 3: Belgian beer production from 2012 to 2016



Adapted from *Brewers of Europe (2019a)*.

Other similar trends between Belgium and the EU28 are non-negligible. From 2012 to 2018, the official number of active breweries doubled, reaching 304 breweries. The number of active brewing companies rose even more significantly as it nearly quadrupled from 60 to 2018 (Brewers of Europe, 2019b).

Interestingly, there is no estimate of the number of Belgian micro-breweries. This could show a difficulty to report these numbers and could support the veracity of the growing small production trend as much as the previously mentioned indicators.

Table 3: Numbers of breweries and brewing companies in Belgium (2012-2018)

	2012	2013	2014	2015	2016	2017	2018
Active Breweries	150	160	168	199	244	266	304
Active Brewing Companies	60	No Data	No Data	No Data	147	184	218

Adapted from *Brewers of Europe (2019b)*.

Exportations are crucial for the Belgian beer industry. Indeed, Belgium was the biggest exporter of Europe in 2018 while competing with countries having 4-5 times bigger national productions such as Germany or France (Brewers of Europe, 2019c). Since 2013, exports represent 60 to 70 % of the total Belgian beer production and these numbers are increasing over the years. Of these exportations, the main part was intra-EU trade. Extra-EU trade was however non-negligible (Brewers of Europe, 2019d).

Table 4: Evolution of Belgian Intra-/Extra-EU exportations compared to total production

	2013	2014	2015	2016	2017	2018
Production (in 1000 HL)	18138	18207	19811	20616	No Data	No Data
Intra-EU exports (in 1000 HL)	8247	7906	8891	9332	10241	10795
% of production exported in the EU	45,47%	43,42%	44,88%	45,27%	/	/
Extra-EU exports (in 1000 HL)	2827	3316	4134	4753	5568	5390
% of production exported outside of the EU	15,59%	18,21%	20,87%	23,05%	/	/
Total exports (in 1000 HL)	11074	11222	13025	14085	15809	16185

Adapted from Brewers of Europe (2019c) and Brewers of Europe (2019d).

2 LITERATURE REVIEW

SME's exportation process has been widely explored in academic literature. That broad knowledge is represented by diverse subtopics, going from the reasons behind SME's internalization, the main exportation obstacles description and categorization, the multiple stages of foreign presence advancement, to the importance and variations of exportation barriers perception in those different stages. All those topics are pre-required insights for a deep understanding of the subject and their review is therefore relevant in this thesis.

2.1 Export motivations

The first part of this literature review covers the reasons that lead SME's to engage in international activities. While multiple authors published their vision of what internalization represents, the description presented in Calof & Beamish's work seems to be the most relevant in our context as it allows for a broader panel of criteria to fit in. They define internationalization as "the process of adapting a firm's operations to international environments" (Calof & Beamish, 1995, p. 116). This interpretation includes not only increases in commitment but also possible decreases or strategic changes.

Internalization tends to increase the probability of SMEs' survival and allows firms to reduce their difficulties in their home markets by escaping competition with domestic larger players (Lee, H., Kelley, D., Lee, J., & Lee, S., 2016). In their 2014 study among Czech SMEs, Kubíčková, Votoupalová & Toullová (2014) found out that the majority of SMEs starts to carry out international activities due to demand from international market (e.g. the reception of unsolicited orders from foreign customers), will to diversify customers portfolio, reduced domestic demand or highly competitive domestic market. The same study applied to Austrian firms brought related elements such as higher sales prices or lower competition abroad. (Kubíčková, Votoupalová & Toullová, 2014, p. 327). Another research conducted in Sweden concluded that even though domestic market saturation/stagnation/shrinkage was a major motivation, it was not the most important one (Rundh, 2007). This shows that SMEs can be motivated to internationalize even when performing well on national markets.

International activities can take diverse forms and multiple academic authors worked on the different exporting modes, contracting modes (e.g. licensing or franchising) or financial modes (FDI) used by firms to internationalize. Exportations tends to be an entry mode among businesses as it is a rather easy and low-risk way to start a presence abroad without limited resources (Narayanan, 2015, p. 107). When it comes to SMEs' behavior specifically, studies conducted in Italy and Spain showed that exportations are the major form of internalization for this category of companies (Eusebio, Llonch & Belbeze, 2007).

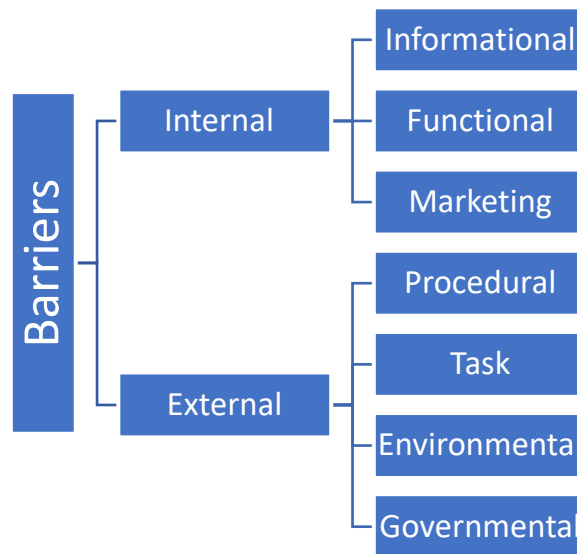
2.2 Export barriers classification and description

Exporting activities come of course with multiple obstacles that firms must overcome if they want to be successful abroad. As the severity, significance and frequency of these challenges vary depending on time, place and industry, managers must identify their priorities to plan suitable strategies (Leonidou, 2004).

While some academics chose to research deeper on specific barriers, others attempted to classify it by its nature, origins or impact to provide a more unified theory. The most popular classification was designed by Leonidou in his 2004 paper that was cited more than 900 times on Google Scholar. He based his work on 32 empirical studies that explored 39 different export barriers. By categorizing obstacles, he aimed for a better understanding of the inherent problematics for small business managers, public policymakers, business educators and exporting researchers (Leonidou, 2004). Other authors also attempted to create different forms of classification. In their study of Spanish SMEs from 2010, Arteaga-Ortiz & Fernández-Ortiz (2010) for instance divided export barriers in 4 main categories: knowledge barriers, resources barriers, procedural barriers and exogenous barriers. However, those alternative classifications were mostly used for study design facilitation. The results of researches conducted in alternative classifications can be reorganized and are not in opposition with Leonidou's model. For these reasons, the following review is based on the logic of Leonidou's classification work of 2004.

This classification structure starts with a split in 2 sub-groups: internal barriers or external barriers, internal being obstacles within the company itself and external being elements outside of the firm's control. Those 2 groups are later divided according to the nature of the issues.

Figure 4: SMEs exportation barriers organigram based on Leonidou's classification



Adapted from Leonidou (2004).

Internal barriers can be of an informational, functional or marketing nature.

The informational obstacles were presented by Morgan & Katsikeas (1997) as “Information that is a prerequisite for effective activities planning”. Firms with limited knowledge about foreign markets gather and identify the relevant data or opportunities before even considering exporting. Four obstacles fell into that category in Leonidou's work:

- Limited information to locate or analyze foreign markets: Information is needed to reduce the uncertainty level. Firms are not always familiar with information sources and even when they retrieve it, they can face difficulties to interpret it.
- Problematic international market data: Issues related to the data reliability, the used methodologies or even the existence of the data itself.
- Identifying foreign business opportunities: Closely related to the 2 previous obstacles, this difficulty is usually solved by consulting external agents or thanks to unexpected orders from foreign customers.
- Inability to contact overseas customers: It can be encountered due to high geographical distance, low quality previous information research or limited access to sources listing potential customers.

The functional barriers represent the limitations due to the firm's functions of production, capital and human resources. SMEs tend to be more sensitive to these limitations due to the concept of “Liability of smallness”: smaller companies have restrained financial resources and can be less attractive for skilled labor (Kahiya, 2013). In their 2012 study among German companies, Arndt, Buch & Mattes (2012) confirmed three hypotheses: the firm size and productivity are one of the main determinants of foreign activities, unstable labor markets affect exportation decisions and financial limitations tend to not be a major issue.

Four obstacles fell into that category in Leonidou's work:

- Limited managerial time to deal with exports: Small firms are in general managed by one decision-maker who can lack time too much to even consider exportation.
- Inadequate or untrained export personnel: It can be caused by an overly restricted number of employees, lack of export knowledge in management, language barriers, cultural differences or lack of experience in general. Hutchinson, Fleck & Lloyd-Reason (2009) also mentioned lack of vision and fear of losing control as managerial limitations.
- Lack of excess production capacity for exports: It is usually due to a shortsighted approach of exportation.
- Shortage of working capital to finance exports: An engagement in exportations leads to extensive expenditures. However, multiple sources of financing exist for exports only (e.g. letter of credit, government aids, ...).

Marketing related barriers include marketing mix related issues but also distribution and logistics challenges. It shows multiple similarities with what Morgan & Katsikeas (1997) referred to as operational obstacles in their 1997 study. They described it as a combination of marketing mix (product adaptations, labelling requirements, ...), of competitiveness tensions due to a cost-plus pricing approach and of logistical difficulties. SMEs can adapt by using adequate strategies. Basing his researches on Porter's work, Namiki (1988) developed 4 types of differentiation strategies for SMEs abroad: market differentiation, segmentation differentiation, innovation differentiation or product service.

In Leonidou's classification, marketing barriers are subdivided in 5 categories:

- Product related barriers: Developing new products for foreign markets (SMEs are inferior when it comes to investments in innovation and development due to a lack of global expertise and finances); Adapting export product design (Adapting to the sociocultural settings helps to gain in product acceptance but can also lead to a rise in unit cost or variations in marketing support activities); Meeting export product quality standards; Meeting export packaging and labelling requirements; Providing technical aftersales services (geographical distance issues).
- Price related barriers: Offering satisfactory prices to the customers (Exports often have a higher unit cost due to small runs, possible product modification and distribution costs); Difficulties in matching competitors' prices (It can depend on controllable or uncontrollable factors and can be compensated with niche positioning or non-price considerations); Granting credit facilities to foreign customers (Foreign markets present greater credit risks and require sometime the use of less risky payment methods or specialized agencies' assistance).
- Promotion related obstacles: Anything related to the need to adjust export promotional activities (Target audience composition, appropriate content, restrictions/differences in advertisement media use, ...). Da Rocha, Freitas & Silva (2008) also developed the impact of an inadequate marketing budget on product promotion.

- Distribution related obstacles: Complex foreign distribution channels (Retailing outlets dispatching, different distribution systems or variations in quality of services); Accessing export distribution channels (Access gain, competition power over channels, high costs linked to distribution chain length); Obtaining reliable foreign representation (Structural, operation or behavioral requirements, possible representation firms might already be engaged with the competition); Maintaining control over foreign middlemen (dependence can increase if parties are bound by strong legal agreements, finding a suitable partner can be difficult and middlemen can be attracted by more profitable contracts).
- Logistics related obstacles: Supplying inventory in overseas markets (Resupplying issues can lead to a non-credible image, the loss of potential sales or extra costs due to the requirement for fast transportation); Unavailable foreign warehousing facilities; Excessive transportation or insurance costs (Higher distances and risks reduce the competitiveness with local firms).

External barriers are elements on which SMEs do not have any control and can only adapt. It can be of a procedural, governmental, task or environmental nature.

Procedural obstacles represent every operating obstacle that do not depend on the firm itself, in opposition to internal functional barriers. Morgan & Katsikeas (1997) referred to interactions between firm and external parties as “Process-based obstacles”. The detailed parties were distribution channel firms, services bodies and regulatory entities. They also developed the issues of being unfamiliar with government export assistance and the discouragement caused by bureaucracy. Three obstacles fell into that category in Leonidou’s work:

- Unfamiliarity with exporting procedures or documentation: Overcoming procedures and documentation can lead to extra costs and be time consuming. The help of government programs, specialized financial institutions or consultative agencies (e.g. freight forwarding companies) can also be needed to deal with this kind of barriers.
- Problematic communication with foreign customers: Geographic or psychological distances can cause misunderstandings with customers, decisions delays, losses of activities control or inadequate feedbacks on development.
- Slow collection of payments from abroad: The distance and the credit facilitations can force the firms to use tailored solutions such as letters of credit.

Governmental barriers are characterized by the duality of their natures: these obstacles can either be related to the home country favorable or unfavorable interests or to foreign market restrictions on exports. Multiple authors have worked on the influence of government programs on SMEs’ activities. Morgan & Katsikeas (1997) mentioned the lack of national interest in exportations promotion and restrictive regulations (or lack of initiatives) in foreign countries as “possible strategic obstacles”. Wilkinson & Brouthers (2006, p. 237) showed a positive correlation between promotional programs and firms’ export performances in their

2006 study. Moreover, Sousa & Bradley (2009) also confirmed in 2009 that export assistance programs and distributor supports were key determinants in Portuguese SMEs' success abroad. Finally, possible home government incentives presented in Leonidou's model were granting guaranteed loans, subsidizing export prices, organizing trade fairs, sponsoring trade agreements or publishing market data. The lack of state incentives and assistance represents a solid disadvantage while competing against foreign firms that might benefit from it themselves, in their own country. Trade obstructions such as restrictive regulations, prohibitions or quotas can also arise as barriers and can be implemented by both the home country and the foreign prospects (Leonidou, 2004).

Task barriers focus on SMEs' foreign customers and competitors. Both have a direct impact on the firm's strategy and operations as an inadequate positioning would restrict exporters from gaining possible market shares. Leonidou's work presented the first aspect as obstacles related to different foreign customer's habits or attitudes. New entrants need to adjust their strategies on for instance local preferences, price level expectations or communication methods. Such adaptations can lead to higher costs or operations delays. The second aspect represents the strength and characteristics of the competition overseas. A keen competition in foreign markets needs to be known and analyzed by new entrants in order to be successful. Competition elements are the sources of competition, the different strategic orientations, the different firms' positions and the different marketing strategies (Leonidou, 2004).

The last category of external barriers comes from the business environment. Those are in general political, economic or societal elements and can arise from a local to a truly global level (Wach, 2014a). It can influence the firm behavior in a real impactful way as SMEs usually lack the required knowledge for a fast adaptation (Kahiya, Dean & Heyl, 2014). Eight obstacles fell into that category in Leonidou's work:

- Poor or deteriorating economic conditions abroad: It can lead to complications such as activities disruptions or the loss of potential sales.
- Foreign currency exchange risks: If unstable exchange rates can represent extra costs, issues related to the sales repatriation can also occur in case of unconvertible currencies.
- Economic, societal or political instability in foreign markets can threaten the activities.
- Strict foreign country rules and regulations (e.g. entry restrictions, price controls, special tax rates, exchange control, ...).
- High tariff and non-tariff protectionist measures (e.g. administrative subtleties, quotas, complex customs bureaucracy, ...).
- Unfamiliar foreign business practices (e.g. aversion to risks or changes, negotiation processes, ...).
- Different sociocultural traits (e.g. values, religion, education, behaviors, ...).
- Differences in verbal/non-verbal languages: It can impact the cultural context knowledge, the local society access, the gathering of market information, the communication process or the marketing components.

In conclusion of this review on barriers descriptions and classification, the mention of some additional academic findings is pertinent. In 2012, Al-Hyari, Al-Weshah & Alnsour (2012) retrieved multiple evidences of correlations between export barriers and firms' performance. Even though society is evolving fast and business needs to adapt proactively, it has been verified that the natures of export obstacles themselves have not really changed since the 70s-80s. Those findings allow older literature to still bring relevant knowledge to the table (Uner, Kocak, Cavusgil & Cavusgil, 2013).

2.3 Different export stages and importance of barriers perception

Already in the mid-80s, Bourgeois (1985) linked the business environment perception with the strategy formulation. Thus, a company perceiving as high risks the possibility of an export-axed strategy will be unlikely to initiate any internationalization process. A firm's exportation process can be divided into multiple steps from the starting point until the solid implementation in the aimed foreign markets. As the management mindset and the faced barriers will likely depend on how advanced the overseas activities are, academics have explored different export stages and have confirmed a correlation between those stages and perceived exportation obstacles. Therefore, multiple studies have been conducted on the reasons justifying variations of SMEs export barriers perception.

Respectively in 1995 and 1997, Leonidou and Morgan & Katsikaes published different findings on this topic. The first argued that the perception of export barriers differ across firms and organizational characteristics (Leonidou, 1995). It was later completed by a home country dependence factor (Cahen, Lahiri & Borini, 2016). The seconds confirmed a set of hypotheses showing a variation of barriers perception between different stages of internalization. Firms were classified in 3 groups: weak export intenders, strong export intenders and current exporters. The study showed a general statistical difference in obstacles perception strength: weak intenders would perceive stronger challenges than strong intenders, while already engaged firms would identify those obstacles to be less impactful than non-exporters. The biggest measured perception gaps were related to overseas rivalry, competitive pricing and unfavorable currency exchange movements. Product characteristics were least influential for all groups but still differed as weak intenders were unwilling to modify their products. Weak intenders tend to confine to domestic markets as they lack export marketing knowledge and communication possibilities, making them rely on intuitions only and leading therefore to a higher risk perception (Morgan & Katsikaes, 1997).

Suarez-Ortega's (2003) study conducted among Spanish SMEs in 2003 measured differences in barriers perception of 4 groups of commitment. The research was based on the nature of the obstacles in order to have results divided between 4 types of challenges: knowledge, resources, procedural and exogenous. The 4 process stages analyzed were uninterested in exportation, interested in exportation, initial exporters or experienced exporters. An extra stage compared to Morgan & Katsikaes' work allowed to include

differences in behavior within exporting companies. When it comes to knowledge obstacles, significant statistical variations were observed between non-exporters (both groups) and exporters (both groups). It could signify that information gathering activities are primordial before starting to export. Resources-based barriers perception unquestionably decreased between uninterested and interested in exportation, showing a link between intention and resources possibilities. Facing procedural challenges only become less threatening when the experienced exporters stage was reached, confirming the importance of experience to overcome procedures. Exogenous obstacles are the barriers on which companies have no control. The only significant statistical difference observed was between non-exporters (both groups) and experienced exporters. Suarez-Ortega's work also showed a higher number of employees among experienced exporters, suggesting that export experienced SMEs tend to reach a higher size, closer to medium than small.

Pinho & Martins (2010) made a study on insights from Portuguese SMEs regarding export obstacles views from non-exporters and exporters. Non-exporters main issues were related to strategic barriers such as market knowledge, qualified human resources, financial support or degree of industry competition (foreign but also domestic). Exporters' important barriers were more operational such as warehousing or control of physical flows. These findings show that non-exporters' approach is based on their perception of international activities challenges while exporters have a more "experience-based" process.

In 2011, Kneller & Pisu (2011) used data from the 2005 UK Trade Investment support program to determine the most important export barriers and the probability to face it multiple times during the process. They showed that, even if making initial contact with foreign partners and initial marketing costs represent crucial obstacles, the likeliness to face it again decrease with experience gain. The same goes for other challenges related to languages, information, legal, financial or taxation procedures. However, initiating contact with prospective customers and maintaining relationships tend to remain obstacles.

More recently, Uner, Kocak, Cavusgil & Cavusgil (2013) designed a more precise classification of export commitment stages. The different groups developed were non-exporters, pre-exporters, experimental exporters, active involvement firms and committed involvement firms, with the addition of a born global companies side category. If such precise division can be useful to collect more accurate data, it can also confuse the respondents by the detailed limitations between each group.

Wąsowska (2016) conducted a survey on a sample of 7 515 European SMEs to explore the perceived differences of internal and external barriers during the exportation process. She used a classification with a precision similar to that of the one built by Uner: uninterested exporters, future exporters, pre-exporters, experimental exporters, involved exporters, active exporters and committed exporters. The main difference was the born global category being replaced by failed exporters. Her results showed accurately the general variations between every step of SMEs' export commitment:

- Uninterested exporters presented a high difference in perception in both obstacles' categories (internal and external).
- Future exporters showed lower perceived obstacles than uninterested exporters but still higher than the already engaged categories. The gap with uninterested firms was more significant when it comes to internal barriers than with external ones, and future exporters also presented interesting similarities with failed exporters. Those results indicate that internal challenges perception is an important determinant to initiate firms' interest in exportations.
- External issues were the most indicative variation between future exporters and pre-exporters, making the views on out-of-control elements the fundamental element in transition towards international activities.
- External barriers perception did not change significantly from pre-exporter stage to committed exporter stage while internal barriers strength kept decreasing at every more advanced stage.

More than statistical obstacles intensity ranking, Wąsowska's work also presented 2 interesting elements that can be linked to other authors' researches. The first finding concerns failed exporters that left foreign markets after unsuccessful attempts. Those firms still had lower barriers perception than uninterested ones, meaning they may still be favorable to exportations. It can be associated to Welch & Welch's concept (2009) of "re-entering foreign markets after a time-out" in their 2009 paper on re-internationalization. The second finding is the research conclusion assessing that perceived barriers change during the export process but that not all differences are statistically significant. Those results can be crossed with Kahiya' studies (2016) showing that even if some barriers are export stage dependent and some only exists during the early steps, others do not change accordingly to the activities development.

2.4 Possible strategies developed in literature

Even if the barriers faced and the perception of these vary depending on the firm's situation or industry, studies showed evident similar patterns among SMEs' exportation process. Therefore, multiple academics developed in their work possible strategies that could be used to effectively implement an international presence while of course requiring prior context analysis from managers as there is no concrete solution that applies to all challenges

Morgan & Katsikeas (1997) defined export intention as a construct of 4 elements: action, target, context and time. While the last three mostly depend on SMEs' knowledge of their own situation and industry, taking action requires the constitution of strategies. A strategy is composed of 2 ingredients: it must be formulated prior to actions implementation and it has to be developed in a systematic way. To quote Forsgren (2002), "There are other numerous ways to overcome the psychic distance in internalization than experimental learning". This means that firms are frightened to start an international activity as they see it as a blind shot

into the unknown, while there are multiple strategies to facilitate the process and reduce the risks.

The first developed aspect is the fast acquisition of knowledge. Wach (2014b) empathized the need to collect enough information for it to become actionable knowledge and to allow the firm to reach the initiating stage for internalization. By favoring a fast knowledge acquisition over a slow self-learning process, SMEs can spare time and resources. Gaining access to the required information can be done by multiple ways: hiring staff with international experience or relevant training, using appropriate partnerships or networks, participating in government support programs, ... (Narayanan, 2015).

The second aspect is the notion of strategic alliances. An increasing trend among SMEs, a strategic alliance has been defined in Zhao's work (2014, p. 887) as "a long-term agreement between two or more firms at a strategic level where they together improve their performance level by sharing resources and risks". By working together with firms conducting similar or complementary activities, a newly exporting company can palliate multiple obstacles. An alliance can facilitate the market knowledge collection already mentioned. It can also provide needed operational expertise and allow to reduce logistics or distribution costs thanks to economies of scale. Sharing activities with an involved partner tends to reduce both financial and perceived risks (Narayanan, 2015).

Following a similar logic but usually less formal collaboration, the third aspect is the importance of business networks. Business networks shape the export process and are a vehicle for a fast internalization (Chetty & Campbell-Hunt, 2003). According to Francioni, Pagano & Castellani's work (2016), established and varied international networks allow a greater comprehension and knowledge of international markets, facilitating effective decisions making. However, being part of a network can also cause a limited vision and restrict the outside opportunities. A great way to solve distribution barriers is to "piggy-back" on another similar exporter network, always an accelerated and less expensive exportation start (Leonidou, 2004). Customer networks and the participation in international fairs can also represent a powerful asset for SMEs as it increases the visibility and credibility of the company in both domestic and international markets.

The fourth and last aspect to be developed here concern the benefits of government support programs. Those programs can take multiple forms and therefore help SMEs to overcome different obstacles. While some are mostly providing guidance, others aim to facilitate export loans or grant subsidies. Companies can use those initiatives to gather knowledge about foreign markets, gain experience to overcome procedural issues or to mitigate a lack of resources. Of course, the accessibility and quality of those programs depend on the national interests to promote exportations (Narayanan, 2015).

3 RESEARCH METHODOLOGY

This chapter of the thesis defines my research methodology and is divided into 3 parts: the research details presenting the research's purposes, goals and hypotheses; the questionnaire design and the sample description.

3.1 Research details

While the importance of perceived export barriers has been widely developed by academics, there is no research specific to the beer industry and especially not applying to the small Belgian brewers. The purposes of my research were to understand how the perception of export barriers impacts small Belgian brewers and how these barriers can eventually be overcome.

The goals of my research were to define multiple stages of advancement among the export process and then to determine if the perceived importance of the export obstacles groups vary depending on these stages.

Methodologically speaking, I first conducted a questionnaire survey to gather quantitative primary data for a statistical analysis. This analysis was supported by 2 qualitative interviews conducted later to fill the potential gap between academic research and reality and to determine possible relevant recommendations. The details about the data collection and the interviewees' profiles are developed extensively in further chapters of this thesis.

The research hypotheses were:

- H0: Export stages have an impact on the perception of knowledge related barriers.
- H1: Export stages do not have an impact on the perception of knowledge related barriers.
- H2: Export stages have an impact on the perception of resources related barriers.
- H3: Export stages do not have an impact on the perception of resources related barriers.
- H4: Export stages have an impact on the perception of procedure related barriers.
- H5: Export stages do not have an impact on the perception of procedure related barriers.
- H6: Export stages have an impact on the perception of exogenous barriers.
- H7: Export stages do not have an impact on the perception of exogenous barriers.

3.2 Questionnaire design

To collect the required data for my empirical research and survey Belgian breweries, I designed a questionnaire that was later sent to brewers. That poll was created in French on Google Forms and divided in 5 parts:

1. These were demographic questions about the age of the brewery, the number of people working, the annual level of production (in hectolitres) and whether the brewery is

exporting. Depending to the answer to that last question, the respondents were redirected to the second or third part.

2. If there is existence of exportations, the brewers were asked where to (Countries sharing borders with Belgium, other members of the European Union or an open field to specify destinations; Multiple answers were possible), what volume does it represent (in hectolitres) and who are the customers (B2B, B2C or both).
3. If the company is not exporting, the brewers were asked about their interest in planning such activities: first with a dichotomous question, followed by a five-point scale going from “Inexistent interest” to “Strong interest”. Finally, respondents also had the possibility to notify if they used to have an export activity in the past or if they were currently initiating it.
4. All respondents were asked for their opinion on the importance of a list of 20 obstacles. Their perception of each individual items was gauged using a four-point Likert scale. The points were “Not an obstacle”, “Somewhat of an obstacle”, “Obstacle of moderate importance” and “Major obstacle”. No neutral position was offered in order to limit item avoidance.

The 20 obstacles asked were:

- Lack of knowledge of possible export assistance programs
- Lack of awareness of possible benefits coming for exports
- Difficulties to identify the best markets opportunities
- Lack of know-how related to exportation process
- Lack of competent staff to start an exportation activity
- Lack of finances to initiate market researches
- Lack of capital/access to credit to finance a new export activity
- Inadequate international expertise in local credit institutions
- SMEs credit access
- Capacity of production
- Lack of export marketing firms with relevant beer industry knowledge
- Transportation costs
- Differences in consumption habits abroad
- Trade barriers to Belgian exports
- Language/cultural barriers
- Exportation documents requirements and bureaucracy
- Strong foreign competition
- Risk of exchange rate variations
- Risk of payment defaults
- Risk of financial losses

The last part was 2 open field questions to gather possible out-of-scope interesting observations from respondents. The first one asked brewers if they adopted specific

strategies during the Covid-19 crisis while the second one was a free space for eventual comments.

3.3 Data collection and sample description

The questionnaire was sent by email to a total of 150 breweries. In 2018, Brewers of Europe made a count of active breweries in Europe, reaching the number of 304 in Belgium (Brewers of Europe, 2019). Therefore, 50% of the possible sampled population has been reached. This percentage can increase furthermore by taking out the bigger players out of the total population. Indeed, I limited the scope of the research to a production under 10 000 hl per year, as in-deep interviewees considerate this level to be a change in dynamics and the limit to the notion of small brewery. An initial screening has been processed before contacting possible respondents to reduce the risk of sampling errors.

Out of the 150 email inquiries sent, 45 questionnaires were fully completed. However, 4 of the answers were not taken into account as 3 were out of the production level scope and 1 presented a clear case of respondent error. Therefore, the corrected response rate was 27% which is acceptable as there was no real incentive for the respondents. The sample represents 14% of the 2018's gross number of breweries, all productions included.

Among these 41 breweries, the central tendencies showed that the average number of employees working tends to be included between 1 and 3 people, depending on the descriptive statistics used. One-person activities were well represented (mode = 1), while median number was 2. The average mean was higher as the biggest brewery of the sample employs 20 people.

When it comes to the age of the sampled breweries, both median and mode calculations lead to an average age of 5 years. In this case, the mean is not relevant as some respondents were active for more than 100 years, the oldest being 267 years. This can be explained by brewers perpetuating a familial tradition or the takeover of a former active production.

Table 5: Average respondent's number of employees and age

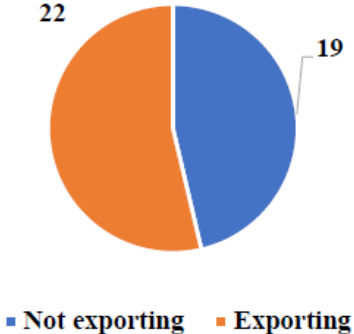
	Number of employees	Age of the brewery
Mean	3,17	27,24
Median	2	5
Mode	1	5

Source: Own work.

The sample represented a balanced number of exporters and non-exporters. Out of 41 respondents, 22 were conducting export activities. In percentages, that repartition is 53,7%

exporting and 46,3% non-exporting. Export sales were mostly directed towards businesses as only 18% of the exporters stated also selling in B2C in addition to B2B.

Figure 5: Percentage of sampled breweries exporting



Source: Own work.

Further, the 22 exporters were asked about the destination countries of these activities through a multiple choices question (Border-sharing countries, other EU countries or Rest of the world countries to specify). All the targeted respondents stated they were selling their products to countries sharing borders with Belgium (France, Germany, Luxembourg or the Netherlands). Surprisingly, 7 subjects answered that they had ventures in other EU countries compared to 13 in non-EU countries. The respondents present in other EU countries were also active in non-EU countries.

This could signify a developed existence in the EU only in case of a global presence while other breweries decide to limit their activities to the surrounding countries or to target specific overseas markets. The most cited non-EU territories were Canada, the USA and Asia with predominance of Japan and China.

Table 6: Exports destination countries

	Exporting to border countries	Exporting to other EU countries	Exporting to non-EU places
Frequencies	22	7	13

Source: Own work.

To quantify their activity, respondents were also asked about their annual production levels and if it applied, the sales share represented by exportations. As already mentioned, the research scope was limited to an annual production of 10 000 hl. After setting some group limits to classify breweries, general central trends of the sample appeared. 30 respondents out of 41 had annual production levels under 1000 hl. 13 of those were under 150 hl per

year, which could seem to be really small productions but were relevant nonetheless as 150 hl still represents 45 000 33cl bottles of beer. Bigger breweries were also part of the sample with 11 subjects manufacturing more than 1000 hl, including 8 reaching higher than 2500 hl basket.

Table 7: Respondents' production levels overview

	Frequency	Percent
Less than 150 hl	13	31,7
Between 151 and 500 hl	8	19,5
Between 501 and 1000 hl	9	22
Between 1001 and 2500 hl	3	7,3
More than 2500 hl	8	19,5
Total	41	100

Source: Own work.

For exporting brewers, I calculated the ratio between exported production and global production. By grouping these numbers, it showed that the majority of the sample were exporting less than 20% of their production (14 out of 22 exporting respondents). 6 were exporting between 20 and 50% and only 2 more than 50%.

Table 8: Respondents' exported production ratio overview

	Frequency	Percent
Less than 20%	14	63,6
Between 20% and 50 %	6	27,3
More than 50%	2	9,1
Total	41	100

Source: Own work.

Ultimately, all the previously mentioned characteristics allow me to believe the collected sample is broad enough to be representative and that the respondents' data will reflect the researched differences in the perception of exportation obstacles between the multiple process' stages.

4 STATISTICAL ANALYSIS

This chapter of the thesis presents the different steps of my statistical analysis and is divided into 4 parts: the definition of the different export stages and groups of respondents; a descriptive statistics analysis; the scale reduction and reliability testing; and finally the analysis of the perception of the barriers groups at the 4 different export stages.

4.1 Definition of export stages and grouping of respondents

Before proceeding to any further analysis, it was necessary to define the different export stages and the criteria to classify respondents within it. In the literature, a few papers on similar topics have used various export stages structures. While researches such as Suarez-Ortega, S. (2003) or Shaw, V. & Darroch, J. (2004) decided to work with respectively only 2 or 3 groups of respondents (Non-exporters, Likely exporters or Exporters), others used wider classification panels. For instance, Wąsowska (2016) developed a precise self-clustering system of 8 categories (4 non-exporters and 4 exporters).

In my thesis, I divided the respondents in 4 groups. Indeed, deeper separation would only be confusing given the limited activities of companies entering the small brewers' definition. However, 4 groups allow nuancing in the analysis of the non-exporters' interest and of the exporters' experience.

The 4 export stages are thus:

- Uninterested: presenting the respondents that are currently not exporting and measured their interest in exporting as low (1 or 2 out of 5 at the five-point scale in the questionnaire). That group pictured 17,1% of the sample.
- Interested: presenting the respondents that are currently not exporting and measured their interest in exporting as high (3 or more out of 5 at the five-point scale in the questionnaire). That group pictured 29,3% of the sample.
- Experimental: presenting the respondents that are currently exporting less than 25% of their total production and limiting their sales to countries sharing borders with Belgium. That group pictured 19,5% of the sample.
- Active: presenting the respondents that are currently exporting more than 25% of their total production or selling to countries other than the ones sharing borders with Belgium. That group pictured 34,1% of the sample.

Table 9: Export stages description

Stage	Frequency	Percent	Description
Uninterested	7	17,1	Breweries that currently have no export activity and indicated no interest in starting one in the future.
Interested	12	29,3	Breweries that currently have no export activity but indicated an interest in starting one in the future.
Experimental	8	19,5	Breweries that have a current export activity that represent less than 25% of their production and limited to countries sharing borders with Belgium.
Active	14	34,1	Breweries that have a current export activity that represent more than 25% of their production or not limited to countries sharing borders with Belgium.
Total	41	100	

Source: Own work

4.2 Results analysis: Ranking of the most important individual obstacles

Using the respondents' ratings of the individual export barriers (Four-point Likert scale), I was able to generate descriptive statistics to rank the perceived importance of these obstacles as a general tendency but also within each different previously developed export stage. The purpose was to identify the most recurrent issues in a global view and to further investigate their variations depending on the advancement of the possible activity. Later, those obstacles were grouped in clusters according to their nature to conduct deeper statistical correlation verifications.

The ranking was made based on the Mean Averages of the values collected from brewers. With a measurement scale going from 0 ("Not an obstacle") to 3 ("Major obstacle"), a mean over 1,5 could be considered as high. Other descriptive statistics (Median and Mode) were also calculated to support the analysis and verify the absence of anomalies. Of course, non-exporting groups presented higher average than already exporting groups as the presence of major obstacles was slightly lower.

Table 10: General ranking of importance of export obstacles based on descriptive statistics

	Export Barriers	Mean	Median	Mode
1	Exportation documents requirements and bureaucracy	2,05	2	2
2	Difficulties to identify the best markets opportunities	1,68	2	2
3	Lack of know-how related to exportation process	1,66	2	3
4	Lack of capital/access to credit to finance a new export activity	1,56	2	2
5	Lack of finances to initiate market researches	1,54	2	1
6	Risk of payment defaults	1,51	2	2
7	Strong foreign competition	1,46	2	2
8	Lack of competent staff to start an exportation activity	1,41	1	1
9	Risk of financial losses	1,34	1	1
10	Transportation costs	1,27	1	1
11	Inadequate international expertise in local credit institutions	1,24	1	1
12	Trade barriers to Belgian exports	1,24	1	1
13	SMEs credit access	1,17	1	0
14	Capacity of production	1,12	1	0
15	Differences in consumption habits abroad	1,07	1	1
16	Lack of awareness of possible benefits coming for exports	1,02	1	0
17	Lack of knowledge of possible export assistance programs	0,98	1	0
18	Lack of export marketing firms with relevant beer industry knowledge	0,90	1	1
19	Risk of exchange rate variations	0,80	1	0
20	Language/cultural barriers	0,78	1	1

Source: Own work.

All groups considered, the most important perceived obstacle was doubtless the exportation documents requirements and bureaucracy. It was followed by the difficulties to identify the best markets opportunities, the lack of know-how related to the exportation process, the lack of capital/access to credit to finance a new export activity, the lack of finances to initiate market researches and the risk of payment defaults.

Table 11: Ranking of importance of export obstacles for Uninterested group based on descriptive statistics

	Export Barriers	Mean	Median	Mode
1	Exportation documents requirements and bureaucracy	2,29	2	3
2	Risk of payment defaults	2,29	2	3
3	Capacity of production	2,14	2	2
4	Risk of financial losses	2,14	2	3
5	Lack of know-how related to exportation process	2,00	2	3

Source: Own work.

For respondents belonging to the Uninterested non-exporters stage, the exportation documents requirements and bureaucracy were the most important obstacle. It was followed by the risk of payment defaults, the need for a higher production capacity, the risk of financial losses and the lack of know-how related to the exportation process. Those categories represent barriers that would prevent uncertainties avoiders to gain interest in conducting an export activity.

Table 12: Ranking of importance of export obstacles for Interested group based on descriptive statistics

	Export Barriers	Mean	Median	Mode
1	Lack of know-how related to exportation process	2,42	3	3
2	Exportation documents requirements and bureaucracy	2,42	3	3
3	Lack of capital/access to credit to finance a new export activity	2,33	3	3
4	Lack of finances to initiate market researches	2,33	2	2
5	Lack of awareness of possible benefits coming for exports	2,00	2	2

Source: Own work.

When it came to the Interested non-exporters stage, the top barriers of the ranking were the lack of know-how related to exportation process and the exportation documents requirements and bureaucracy. Pursuing were the lack of capital/access to credit to finance a new export activity, the lack of finances to initiate market researches and the lack of awareness of possible benefits coming for exports. Those obstacles represent uncertainties that need to be overcome before initiating an export activity.

Table 13: Ranking of importance of export obstacles for Experimental group based on descriptive statistics

	Export Barriers	Mean	Median	Mode
1	Strong foreign competition	1,75	2	2
2	Transportation costs	1,75	2	1
3	Exportation documents requirements and bureaucracy	1,63	2	1
4	Difficulties to identify the best markets opportunities	1,25	2	1
5	Lack of finances to initiate market researches	1,25	1	0

Source: Own work.

For respondents that were part of the experimental exporters group, the most important barriers were the strong foreign competition and the transportation costs. Further were the exportation documents requirements and bureaucracy, the difficulties to identify the best markets opportunities and the lack of finances to initiate market researches. The obstacles represent interferences that new entrants must master in order to establish a solid position on the exportation market.

Table 14: Ranking of importance of export obstacles for Active group based on descriptive statistics

	Export Barriers	Mean	Median	Mode
1	Difficulties to identify the best markets opportunities	1,86	2	3
2	Exportation documents requirements and bureaucracy	1,86	2	2
3	Strong foreign competition	1,71	2	2
4	Differences in consumption habits abroad	1,50	2	1
5	Lack of capital/access to credit to finance a new export activity	1,29	2	1

Source: Own work.

Finally, the Active exporters stage respondents highlighted the difficulties to identify the best markets opportunities and the exportation documents requirements and bureaucracy as the primary barriers. The next important obstacles were the strong foreign competition, the differences in consumption habits abroad and the lack of capital/access to credit to finance a new export activity. These rankings show an overview of the strongest difficulties encountered during the whole exportation process and are still accurate when expending the activities.

To summarize, the exportation documents requirements and bureaucracy are the most constant and important obstacle as it is faced at every stage of the export process and is outside of brewers' control. Other principal barriers tend to vary among the groups even if some stay present during multiple stage. While uninterested non-exporters perceive financial risks and production limitations as major blocks, interested ones consider their lack of knowledge and the initial market expenses to be more influential. Experimental exporters still recognize market researches related obstacles to be meaningful but also face additional difficulties due to transportation costs and foreign competition. Active exporters valued a broader set of challenges as they acknowledge the entire path but also as they can always expend their activities.

4.3 Scale reduction, reliability testing and factor analyses

In order to conduct further statistical analyses, it was required to reduce the scale dimension of my data. For that purpose, I chose to follow the logic presented in Suarez-Ortega's work (2003) while researching similar aspects in the Spanish wine industry, namely grouping obstacles by their theoretical nature. These categories are knowledge related, resources related, procedure related or exogenous barriers.

The knowledge related barriers are barriers that come from a lack of awareness of opportunities, a lack of information access or a lack of know-how related to exportations. The obstacles fitting this definition were:

- Lack of knowledge of possible export assistance programs
- Lack of awareness of possible benefits coming for exports
- Difficulties to identify the best markets opportunities
- Lack of know-how related to exportation process
- Lack of competent staff to start an exportation activity

The resources related barriers are barriers that come from a lack of finances to inject in an export activity, a lack of other resources factors such as production levels or lack of resources partners with adequate knowledge. The obstacles fitting this definition were:

- Lack of finances to initiate market researches
- Lack of capital/access to credit to finance a new export activity
- Inadequate international expertise in local credit institutions
- SMEs credit access
- Capacity of production
- Lack of export marketing firms with relevant beer industry knowledge

The procedure related barriers are barriers that come from practical matters that occur during the actual exportation process. The obstacles fitting this definition were:

- Transportation costs
- Differences in consumption habits abroad
- Trade barriers to Belgian exports
- Language/cultural barriers
- Exportation documents requirements and bureaucracy

The exogenous barriers are barriers that come from elements totally outside of the company's influence. The obstacles fitting this definition were:

- Strong foreign competition
- Risk of exchange rate variations
- Risk of payment defaults
- Risk of financial losses

Following similar methodology as Suarez-Ortega's work, I verified the new scale dimensions' reliabilities before executing factors analyses by calculating Cronbach's alpha coefficients. The aim was to calculate the levels of internal consistency within the barriers' groups and to determine if using these was secure or should be taken with a grain of salt. Usually, the recommended value to assume reliability is 0,70.

Knowledge related barriers group showed a Cronbach's alpha of 0,80 and was thus determined as very reliable. As for Resource based barriers and Exogenous barriers groups, they both presented a coefficient of 0,71 and were therefore reliable. However, the Procedure based barriers group only reached a coefficient of 0,53. Hence, this group was not to be analysed without due attention.

Further, factor analyses were conducted within groups to highlight explained variances levels and high factor loading barriers. Explained variances allow to assess how much the factors within each category influence each other. Such influences should not be too high as it would mean they are strongly interdependent, but too low a level would also signify that the group is made of unrelated variables. Factor loading draws attention to the most influencing factors within a group.

The 4 groups all showed acceptable levels of explained variances: Knowledge barriers scored 56,83%, Resource barriers 44,29% and Exogenous barriers 58,20%. As for Procedure based barriers, the number was 37,10% which is lower than the other groups but not in an alarming propension.

The barriers presenting the biggest weight in the Knowledge related group were the lack of knowledge of possible export assistance programs (Load: 0,83) and the lack of awareness of possible benefits coming for exports (Load: 0,82).

The barriers presenting the biggest weight in the Resource related group were the lack of finances to initiate market researches (Load: 0,81), the lack of capital/access to credit to finance a new export activity (Load: 0,86) and the inadequate international expertise in local credit institutions (Load: 0,84).

The barriers presenting the biggest weight in the Procedure related group were the trade barriers to Belgian exports (Load: 0,76) and the language/cultural barriers (Load: 0,70).

The barriers presenting the biggest weight in the Exogenous group were the risk of payment defaults (Load: 0,94) and the risk of financial losses (Load: 0,94).

Table 15: Reliability tests and factors analyses within barriers groups

Knowledge Based Barriers			
Explained variance → 56,83 %	Cronbach's alpha : 0,82	Communalities	Load
Lack of knowledge of possible export assistance programs		0,69	0,83
Lack of awareness of possible benefits coming for exports		0,67	0,82
Difficulties to identify the best markets opportunities		0,34	0,77
Lack of know-how related to exportation process		0,59	0,74
Lack of competent staff to start an exportation activity		0,54	0,59

Resource Based Barriers			
Explained variance → 44,29 %	Cronbach's alpha : 0,71	Communalities	Load
Lack of finances to initiate market researches		0,65	0,81
Lack of capital/access to credit to finance a new export activity		0,73	0,86
Inadequate international expertise in local credit institutions		0,70	0,84
SMEs credit access		0,40	0,63
Capacity of production		0,08	0,28
Lack of export marketing firms with relevant beer industry knowledge		0,10	0,32

Procedure Based Barriers			
Explained variance → 37,10 %	Cronbach's alpha : 0,53	Communalities	Load
Transportation costs		0,18	0,42
Differences in consumption habits abroad		0,20	0,44
Trade barriers to Belgian exports		0,58	0,76
Language/cultural barriers		0,49	0,70
Exportation documents requirements and bureaucracy		0,42	0,64

Exogenous Barriers			
Explained variance → 58,20 %	Cronbach's alpha : 0,71	Communalities	Load
Strong foreign competition		0,03	0,18
Risk of exchange rate variations		0,53	0,73
Risk of payment defaults		0,89	0,94
Risk of financial losses		0,88	0,94

Source: Own work.

4.4 Perception of the barriers groups at the 4 different export stages

The last step of the statistical analysis was to conduct one-way ANOVA tests for each group of obstacles. The goal of these tests was to determine if there were statistical differences between the 4 export stages when it comes to the perception of each barriers theoretical categories previously developed.

In the total of 4 tests that were conducted, the dependant variable was always one of the barriers groups (Knowledge, Resource, Procedure or Exogenous) while the individual variables were the export stages (Uninterested, Interested, Experimenting, Active). Tukey post hoc tests were also used in the process.

Regarding the Knowledge related barriers category, statistical differences were observed in the One-way ANOVA test: $F(3,37) = 8,028$; $p = .000$. The Tukey post hoc test allowed to explore these results in detail between each export stages.

There were 3 statistical differences:

- Between Uninterested exporters and Experimental exporters (Mean difference = 0.93)
- Between Interested exporters and Experimental exporters (Mean difference = 1.25)
- Between Interested exporters and Active exporters (Mean difference = 0.88)

This means that Uninterested exporters perceive knowledge barriers to be more of an obstacle than Experimental exporters, while Interested exporters see it more restrictively than both Experimental and Active exporters.

H0 is thus confirmed, in opposition to H1: export stages have an impact on the perception of knowledge related barriers.

When it came to Resource related barriers category, statistical differences were also observed in the One-way ANOVA test: $F(3,37) = 3,417$; $p = .027$.

Again, Tukey post hoc test permitted to develop this outcome into 2 statistical differences:

- Between Interested exporters and Experimental exporters (Mean difference = 0.74)
- Between Interested exporters and Active exporters (Mean difference = 0.63)

These results mean that Resource related obstacles play a major role in the decision of Interested exporters to go one step forward toward exportation and to initiate an activity. Interestingly, there is barely any difference between Experimental exporters and Active exporters, which shows that this group of barriers is not an element that interfere in this part of the process.

H2 is thus confirmed, in opposition to H3: export stages have an impact on the perception of Resource related barriers.

Further, running One-way ANOVA test on the Procedure related barriers group led to non-significant differences. The results were: $F(3,37) = 0,646$; $p = .590$. This would signify that procedural obstacles are always perceived as important and that this perception is not dependant on the advancement of the respondent in the development of an export activity. While it would be relevant to determine the most important barriers within this category by using the results of the previous factor analyses, this aspect will discuss during interviews instead as Cronbach's alpha test showed this group to be non-reliable.

Neither H4 or H5 are confirmed: the data is not reliable enough to safely affirme that export stages do not have an impact on the perception of procedure related barriers.

Finally, the analysis of the Exogenous barriers group also presented no significant statistical differences. The results were: $F(3,37) = 1,477$; $p = .237$. This means that the perception of the obstacles outside of the exporters' control does not change significantly with their involvement in foreign activities.

H7 is thus confirmed, in opposition to H6: export stages do not have an impact on the perception of exogenous barriers.

Table 16: SPSS output of One-Way ANOVA testing of the perception of the barriers groups at the 4 different export stages

Knowledge related barriers					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9,330	3	3,110	8,028	,000
Within Groups	14,333	37	,387		
Total	23,662	40			

Resource related barriers					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3,774	3	1,258	3,417	,027
Within Groups	13,621	37	,368		
Total	17,394	40			

Procedure based barriers					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	,486	3	,162	,646	,590
Within Groups	9,272	37	,251		
Total	9,758	40			

Exogenous barriers					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2,503	3	,834	1,477	,237
Within Groups	20,897	37	,565		
Total	23,399	40			

Source: Own work.

5 EXPERT INTERVIEWS: PROFILES AND INSIGHTS

This chapter of the thesis presents the expert interviews and is divided into 3 parts: a interviewee profile of the Brewery 3 Fonteinen, a interviewee profile of the Brewery Verhaeghe-Vichte and the actual takeouts of these interviews.

5.1 Brewery 3 Fonteinen profile

The first interview conducted was with Werner Van Obbergen from the traditional lambic brewery 3 Fonteinen. This brewery has been managed by the family De Belder in Beersel for decades. They are specialised in the lambic and geuze products which are types of beers that use long fermentation (2-3 years) in old oak barrels. This market is considered as a niche within the beer industry as it comes from centuries long traditions, and consumers are usually quite knowledgeable about the products. 3 Fonteinen's stubborn take is to offer high quality lambics that keep these traditions alive, without any compromises.

Before 2013, 3 Fonteinen's annual production was limited to 1000 hl in bottles. Given the long period spend in barrels, the storage capacity was actually 4000 hl in order to reach a regular bottling. Starting 2013, an expansion plan led to an annual bottled production of 3000 hl and a storage capacity of 8000 hl. These sales are dispatched between national consumption and exportations: 45% are sold in Belgium, 25% in the USA, 20% in Europe and 10% in the rest of the world. While being a niche market and having a micro-production level, 3 Fonteinen are among the best-established breweries in the world.

When it comes to brand promotion and marketing, 3 Fonteinen are selling their products using mainly their high-end reputation. Their beer is known for its authenticity, as they stubbornly work only through local loops to maintain the traditional production process. Their exports started with unexpected orders from the USA in the late 90s. During this period, traditional products were losing popularity in Belgium while word of the quality of their products was spreading in the booming North American market. For example, one of the most famous beer authors Michael Jackson wrote multiple times about the brewery in his work.

The only items qualifying as miscellaneous marketing objects are glasses and they are only made to satisfy some specific big customers. The brewery is also taking part in a few beer festivals but the goals of this presence are to interact with the public and to maintain an active relationship with the US importer that is organising it.

The export process used by 3 Fonteinen is very simple: the customers are in charge of the transportation and of all the related administrative requirements. The company invoices foreign sales without excises or VAT, using the export taxes system. This way, the importers have to deal with the tax's obligations of their countries. This process allows the brewery to move most of the exogenous risks to the partner, in addition to benefiting from a simplified

export process. Such position is however only allowed by the attractive reputation of 3 Fonteinen.

The pricing strategy is high-end and no discounts are offered to foreign customers. Only some little adaptations for big customers are sometimes made, such as a Swedish label printing for instance. However, importers benefit from different payment terms than local buyers.

5.2 Brewery Verhaeghe-Vichte profile

The second interview conducted was with Amaury Kervyn d'Oud Mooreghem, export manager for the family brewery Verhaeghe-Vichte. This brewery was created in the end of the 19th century and is now managed by the 4th generation of the founding family. They are specialized in old Flemish style brown beers, their main brand being Duchesse de Bourgogne.

With an annual production of 25 000 hl, the brewery is considered to be middle-sized. 90% of this production are exports. The reasons behind this very small local presence is that they believe the Belgian market to be fully saturated and are also restructuring their European network. Most of their sales are thus outside of Europe: their Asian market share is booming; their North American market is stable and they are currently expanding in South America. Historically, their export started with border-sharing countries thanks to a high-quality reputation, then randomly with importers from Japan and the USA.

The brewery Verhaeghe is active on the special beers market and sells its products to B2B customers. Their main targets are pubs and specialised distributors. They work with only one exclusive importer that splits the products between distributors and countries. This importer needs to meet volumes requirements to keep his exclusivity, and also to benefit from marketing funding proportional to the number of hectoliters sold. This system gives the partner a motivation to boost sales while also allowing the brewery to pressure him in case of low performance.

The brand identity is totally based on the high-end products quality but unlike 3 Fonteinen, the brewery is very active in marketing. They organize events and tastings; they also recently used the Covid-19 lockdowns to work on a new website and on a rebranding of the labels. Their goals are to promote the quality of their beers to be able to sell it at a high price.

Although their importer is present in multiple beer festivals for brand awareness purposes, the brewery itself uses these festivals to reach networking goals. Indeed, these events usually organize a day reserved for beer professionals from all over the world and are the best places to meet potential customers from new foreign markets.

Administratively speaking, the work is shared between the importer and the brewery. The brewery fulfills the requirements in terms of VAT and excises taxes while the importer takes care of all the export documents paperwork and insures the dispatching to the distributors. The brewery also adapts their packaging to the bestselling formats of the end country. For instance, beers exported to the USA are sold in cans while the European market prefers bottles.

5.3 Interviews takeouts

In addition to questions related to the breweries' profiles and processes, interviews brought the possibility to discuss the views of experts on the most important elements to take into consideration while starting an export activity as well as on the beer industry in general. When the timing allowed it, the results of my primary empirical research were also part of the discussion.

The main point of advice from the 3 Fonteinen's interview was to be product oriented. Brewers need to create something special before starting any expansion as it is what the end customers are looking for. While Werner Van Obbergen emphasized that small companies should not launch on the international market alone, he also mentioned that, in most cases, export access is only one file away. What matters is the need for a good partner that will support the new exporters along the implantation process. Online sales were also discussed as a possibility for brewers to increase their customers base and their reputation, especially in the current context of the Covid-19 pandemic. In his opinion, a brewery leaves the small brewery dynamics when it starts producing more than 10 000 hl per year.

Amaury Kervyn d'Oud Mooreghem from the brewery Verhaeghe had similar views on the importance of offering high-end products before any other business aspects. According to him, Belgian beers really have a reputation advantage on foreign markets as they are known as "the best beers in the world". Combining quality with this reputation and an adequate marketing can allow small brewers to sell abroad at high price and to limit the impact of foreign competition.

The brewery Verhaeghe business model is export oriented. One of the essential opinions of the interview is that exports are beneficial for brewers and that not exporting is usually a short-sighted bias. Indeed, the Belgian beer market is highly saturated due to numerous small producers and the strong presence of the behemoth AB-InBev. In addition, the Belgian beer reputation advantage does not exist on the domestic market, making the local competition even tougher. When it comes to the export process in practice, Amaury Kervyn d'Oud Mooreghem insisted on the necessity to have a full-time export manager and a qualified importer as partner. The rest is a matter of networking and market research, for which Belgian export support programs can supply useful information. The only real limitation can be the need to reach a certain volume to be cost effective.

Further, we had the opportunity to discuss the results of the descriptive statistics and the one-way ANOVA tests from my researches. In the ranking of obstacles based on descriptive statistics, the uninterested non-exporters stage perceived the production capacity and the financial risks as the most important barriers. While volumes can be considered an issue, as increasing the production sometimes represents a solid investment, the financial risks perception is a short-sighted view as good planning allows to limit these risks easily. The next stages considered knowledge related barriers to be the most important ones. Having a full-time export manager focusing on this process is a solution to these issues. The more advanced exporters ranked the transportation costs and the foreign competition as biggest obstacles. High-end products and quality reputation are a great way to counter these limitations as it allows to charge a higher price to improve the margins while bringing more added-value than the foreign competitors.

In the last part of my analysis, I used one-way ANOVA tests to identify statistical differences in perception of obstacles (grouped by nature) between the four export advancement stages. 2 categories out of 4 presented statistical differences: knowledge related barriers and resources related barriers. I discussed these results with Amaury Kervyn d'Oud Mooreghem to assess if in practice these perceptions were based on actual facts or if it was only linked with a bias shared by respondents. In his opinion, the capacity to face knowledge related barriers depends on networking. A strong partnership with an importer allows a brewery to benefit from assistance whereas a lack of contacts will cause struggles. The resources related barriers can indeed represent a challenge for newcomers. While exporting is financially manageable with the adequate volumes, developing the production capacity can be costly and the access to finances and loans is not easy for small brewers due to the Belgian market saturation. When it comes to production related obstacles, having a full-time export manager focusing on the whole process was once again mentioned. This element does not depend on the export stages and thus explains the absence of statistical differences. Finally, the flexibility in pricing allowed by product quality was consistently considered as the best way to face the exogenous barriers

CONCLUSION

The purposes of my master's thesis were to understand the impact of the perception of export barriers on small Belgian brewers' activities. Determining the different stages of advancement in an export process allowed me to figure out if this perception could vary with involvement and interest, and eventually how to adequately overcome obstacles.

Following a literature review of the broad general academic knowledge on export barriers, I designed a questionnaire specific to the small Belgian brewers and collected data from 45 respondents. After using descriptive statistics, separating these respondents in 4 groups based on their involvement in an export activity, and creating categories of obstacles based on their nature within the dataset, I managed to verify - using one-way ANOVA tests - if the perception of these barriers categories was related to the brewers' involvement or interest in exportations. While there were no statistical differences in perception of procedure-based obstacles and exogenous obstacles, a clear relation appeared in the case of knowledge related obstacles and resources related obstacles. These findings showed that the importance given to these types of barriers depends on how advanced a brewer is in the process of their export activity.

Further, I had the opportunity to conduct 2 interviews with industry experts representing 2 well-established breweries. These interviews allowed me to gain a deeper understanding of the industry but also to discuss their views, linking my results to the practical reality. The intakes of these exchanges led to the conclusion that exporting is beneficial for small Belgian brewers but is subject to proper preparation. A high added-value product combined with adequate marketing and the Belgian beer reputation could allow a small brewer to set viable margins abroad without having to fear cheaper foreign competition. When it comes to procedural challenges and lack of knowledge issues, the solution could arise from the employment of a full-time export manager and from solid partnerships with importers. Resource wise, the main difficulty for small brewers is to reach the production capacity required to be cost-effective as it could represent an important investment.

Hopefully, my work might allow foreign readers to one day enjoy a new Belgian beer, without even knowing the thesis they read helped in this process. This is something I would raise my glass to.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

Magistrsko delo predstavlja analizo zaznanih ovir majhnih belgijskih pivovarjev pri intra-EU prodaji. Vpliv izvoznih ovir in zaznavanje le-teh na izvozno dejavnost majhnih in srednje velikih podjetij (MSP) je v literaturi dobro dokumentirana tema, vendar se nobeno od teh del ne osredotoča specifično na rastočo industrijo majhnih pivovarjev. Namen je bil torej razumeti, kako zaznavanje izvoznih ovir vpliva na majhne belgijske pivovarje in kako je te ovire možno sčasoma premagati. V magistrski nalogi sem želel opredeliti več stopenj izboljšanja izvoznega procesa in ugotoviti, ali se zaznana pomembnost skupin izvoznih ovir razlikuje glede na te stopnje. Zbral sem kvantitativne podatke iz 45 belgijskih pivovarn in izvedel statistično analizo, ki je potrdila povezavo med zaznavanjem ovir, povezanih z znanjem, in ovir, povezanih z viri, ter 4 možnimi izvoznimi stopnjami anketirancev. Vendar statističnih razlik pri postopkovnih ovirah in eksogenih ovirah niso opazili. Prav tako sem opravil intervju z dvema strokovnjakoma v industriji, da bi zapolnil morebitno vrzel med akademskimi raziskavami in prakso ter določil morebitna ustrezna priporočila. Glavna dognanja teh intervjujev so se nanašala na pomembnost ponudbe visokokakovostnih izdelkov ter potrebo po osredotočenosti in partnerstvih za uspešno izvajanje izvozne dejavnosti.

Appendix 2: English translation of the questionnaire survey

1. How old is your brewery? (in years)
2. What volume do you produce per year? (in hectolitres)
3. How many people are employed by your brewery ?
4. Is you brewery currently exporting?
 - a. If no, is the idea of exporting interesting for you? Can you rate this interest on a scale to 1 to 5, 5 being a strong interest and 1 no interest at all ?
 - b. If yes, where do you export? Which volume? Are you selling in B2B or B2C or both?
5. In your opinion, are the following export obstacle “Not an obstacle”, “Somewhat of an obstacle”, “An obstacle of moderate importance” or “a Major obstacle ”?
 - Lack of knowledge of possible export assistance programs
 - Lack of awareness of possible benefits coming for exports
 - Difficulties to identify the best markets opportunities
 - Lack of know-how related to exportation process
 - Lack of competent staff to start an exportation activity
 - Lack of finances to initiate market researches
 - Lack of capital/access to credit to finance a new export activity
 - Inadequate international expertise in local credit institutions
 - SMEs credit access
 - Capacity of production
 - Lack of export marketing firms with relevant beer industry knowledge
 - Transportation costs
 - Differences in consumption habits abroad
 - Trade barriers to Belgian exports
 - Language/cultural barriers
 - Exportation documents requirements and bureaucracy
 - Strong foreign competition
 - Risk of exchange rate variations
 - Risk of payment defaults
 - Risk of financial losses
- 6) Did you adopt specific strategies to face the covid-19 crisis?
- 7) Other comments free space

Appendix 3: Transcript of the interview of Werner Van Obbergen from the 3 Fonteinen Brewery (conducted on the 19th of March 2020)

First, do you agree to be recorded and to have this transcript included in my thesis?

Yes, I do. It is not a problem.

What is the production level of 3 Fonteinen?

Before 2013, we were producing around 1000 hl of bottled production. We are talking about traditional lambic, which means that we first stock a lot of beer in wooden barrels for a long period. In 2013, Armand (founder) and his small team had about 4000 hl of lambic in oak barrels, allowing an annual production of about 1250 hl. It takes on average 2,5 years between the brew and the bottling. 2013 was the start of a plan to expand production a bit. Today we have a storage capacity in barrels of 8000 hl and last year we bottled and sold 3000 hl.

This is a steady growth, but we never compromised with the traditional lambic production process. It led to structural changes and today we are quite professional when it comes to structuring our bookkeeping, the market, excise duties, ... So now we are a team of 20 people divided between multiple departments.

What percentage of your turnover are exportations?

45% of our sales are within Belgium. 55% are sold abroad and of those 55% you can take roughly half that is the US (around 25%) and the 30% remaining would be divided 20% Europe and 10% rest of the world.

Did those exportations start at the beginning of the activity of the brewery or later on?

Actually, that bring us to the history of traditional lambic: Beginning of the 19th century, there was a very fragmented variety of wide Belgian breweries. Every town had his own brewery or even more. Beersel (3 Fonteinen town) had 13 for instance. Traditional lambic had around 90 breweries and almost 300 blenders, it was a culture on its own. In general, there were around 3000 breweries. Today, we are around 500 and the all-time low end of the 90s was something of 200 and a bit. It is going up right now with the craft beer trend, if they survive the current coronavirus crisis.

After the 2 world wars, things were starting to happen:

Tastes of the consumers started to change. Coca-Cola and lemonade in general became more present everywhere, the golden 60s led to cheap wine in terms of purchasing power, people could afford wine in restaurants and other. The industrialization of breweries, especially for pills beer, saw a steady increase because of the way it was served (cold and on tap).

After the 60s and 70s, we also saw the consolidation wave of brewers that was led by Interbrew.

All those things together made lambic breweries focus on sweet beers and 1997 was the all-time low on the interest for traditional lambic. The only traditional ones that were left were 3 Fonteinen and 3 other brewers.

In this context, lots of traditional beers were not popular and consumed but at the same time mid-80s, president Carter in the US allowed home-brewing again, starting the craft revolution. 10 years later, the Americans wanted to go back to the traditional Belgian style brewing such as lambic. Around 1998, Dan Shelton (head of 3 Fonteinen's importer in the US) started to develop interest for what 3 Fonteinen was doing and became the first export customer. At this time, it was pallet per pallet so a really small amount.

Not soon after, Japan and Scandinavian countries (especially Denmark) followed. We are talking about the 2002-2005 period. The interest for traditional lambic beer grew again and our popularity today is really related to that dynamic around that period.

So, your exports came as unexpected foreign ordering customers or were you also prospecting?

No, it really came from the reputation of our beer and the very strong family tradition (De Belder founding family) that was really localized but there were no pre-active/pro-active moves or marketing scheme behind it. It was really that people discovered something from mouth to mouth and people started to pick it up again. There was one person in particular called Michael Jackson (not the pop star) that wrote about the traditional lambic style from the old world of beer that was Europe at that time. Up to today, he is still considered as one of the biggest beer authors in the world.

Are your sales abroad only in B2B or do you also do B2C?

In the US, the system is quite complex: there are 3 levels on which every party should be active: importation, state distribution and the retail level. So specifically for the US, we sell the beer to an importer, that sells it to a distributor and then to retailers as every state has its different laws, taxes, controls of the whole chain.

In the other countries, especially Europe, a lot of distributors have their own bars/shops/... and sometimes, the closest to Belgium, it is easier to deal with the best bars or restaurants directly (e.g.: Amsterdam, Berlin, ...).

However, we do not deliver ourselves. We do not have a delivery service. All our deliveries are exports, that means up to our gates. Then, it is the customers' responsibilities to pick up the beers and to organize the transport to their premises.

That way of exporting moves a lot of bureaucracy such as excises to the customers?

Yes indeed, there are 3 types of excises: Belgian ones, then the excises said “Inter-community” where the local partner is responsible for arranging his own excises (for within the EU) and then you have International Agreements. For both other European countries as well as exports, we actually invoice the beers without excises. It is up to the partners abroad to arrange or to deal with their own excises or excise system. It is a similar system as for VAT.

Do you deal yourself with specific product adaptations such as labelling or packaging?

When it comes to labelling, we do not do it for all countries: we do it for Sweden that is a big customer, for the US, for Canada and then of course for Belgium. Most of our partners, especially when it comes to foreign languages besides some very specific Swedish words, we can just put everything on it in English. That's not a problem. But for example, for Japan, South Korea or China, they put in another label over the back label with all the information in their own language and specific information that needs to be communicated.

When it comes to pricing strategy, do you act the same in Belgium and abroad?

That is very simple. We don't give any rebate to foreign customers. The prices are our shop prices and exports prices and it is only in Belgium that we give a bit of rebate on the standard beers. The 3000 hl I talked about; it is very small. We are a very small Brewery the fact that we are 20 people. We only do 150 hl per capita. 3000 hl in Belgium, it is not even a drop.

I always give the example of Boon. It is incredibly good beer. It is one beer and they cannot follow the demand neither, even though they make 60000 hl a year. That is in our opinion one of the best Belgian breweries that delivers quality on the highest skill.

The average in Belgium is 60000 hl more or less per brewery (if you don't count AbInbev). If you add AbInbev, the average goes up to 250000 hl per brewery.

Is lambic beer considered a niche market?

Traditional lambic is considered a niche market. You also have the sweet variance from commercial and industrial brewers like Bellevue or Lindemans that are another scale. That is really a channel story. They push everything into major channels. Traditional lambic like ours is really a niche product. The niche of consumers is not hard to understand: you take the top hundreds of the best breweries in the world, then you take out the breweries that make hazy IPAs and Pastry Stouts, then you have about, I think, 10 to 20 brewers left.

If you have those left it is the same consumer. It is a super niche, but its consumers are very critical about what they consume. They are very knowledgeable about the beer they drink. You do not have to explain to them anymore what lambic is, what the values are of traditional

Lambic, who the good producers are of decent craft beer, and see if they also have a willingness to pay for it.

That's also the reason why we do not want to be the cheapest lambic brewers. We want to be the most stubborn one, we are the only one currently working with 15 farmers to go back to local cereals. We have 70 families that bring in their cherries every year. Those are the values that we go by. And we see that with the current discussion on climate change or resilience when it comes to a virus like Corona, the solution is local loops. We have to go local again. And that is the stubbornness that we want to put into lambic again, to keep traditions relevant even in today's crazy world.

So, you are mostly addressing competitiveness issues with the argument of quality and no pricing competition strategy?

Yes, but do not under-estimate the challenge. I will give you an example from something we know from discussions that we have with our closest colleagues like Cantillon: they do give a lot of rebates. Otherwise, they cannot get rid of their beer. We are fortunate enough not to have to do it per say, it is not an option that we are looking into. But we do have in the market everybody says that 3 Fonteinen is expensive but at the same time if you ask what is the best gueuze, they also answer 3 Fonteinen. So, it is a catch 22 situation.

But then again if you go to a bar, they do enough charge, of the factor tree to four.

Of course, it does not rotate as fast as for example Cantillon that puts more and more of their gueuze in barrels or keg cans. This is something we do not want to give in on, gueuze is a bottled beer, not in a keg can. So, we find ourselves in I won't say a tough position, but we need to push the button, or we need to do to keep pushing through communication on the values that we are living by.

Are you considered like the luxury of gueuze and lambic?

This is a bit contradictory because we want to be the standards. We are very stubborn. We are not the most pleasant lambic brewer to talk to. We have been taking decisions against what is becoming the norm in the lambic world and we are doing things opposite to what is happening today. It is not that we do opposite to be opposite, but we want to do it for the better reasons, and the better reasons are how can we keep the whole culture of Lambic alive.

One of the examples I always give is "Saison": You still have a couple of breweries in Belgium that are still making Saison the way it should be. But there was a yeast lab that came up with "Saison yeast lab" and now Saison style is being exploited all over the world. Going back to the history of Saison, it was really a beer of season. It was made during winter for the workers on the field, in springtime, in summertime, ... It was a beer for seasonal workers. That whole culture is lost, that whole story is lost because you have now Americans

that make 12% Saisons while Saison was a very light beer (4.5 - 5% of alcohol). And that is something that is bound to happen to Lambic as well. That is the reason why we were writing our own story.

When it comes to promotion, you only work with word of mouth marketing, no advertising?

We do not advertise, the only “marketing” that we do is two things. For example, in China, a bit as part of commercial culture, they ask for marketing coasters and glasses. Besides coasters and glasses, we do not do umbrellas, tables or other and even with the glasses, we are doing our own gueuze glasses ourselves. So, it is again that stubbornness: that is the type of projects that we were also putting our efforts in.

The other part in terms of marketing and promotion, it is a beer festival that we tried to do more and more. Last year, we did 2 international festivals, the Shelton Fest in Buffalo (US) and also the week before, a festival in Toronto. That one, we only did it because it was so close to Buffalo.

How did those festivals impact your sales?

The thing is with Shelton, it is kind of a service that we provide to them because they are a good customer. It is not that we need to sell more but it is because we like to do it. We are also thankful that thanks to them, 3 Fonteinen still exists. They were the first one of the new wave of beer aficionados to be present in Belgium, while in Belgium, nobody was drinking lambic. They said “Okay we want to position 3 Fonteinen in the US”.

So, we kind of do the festival by gratitude. What we do see during the festival is that everybody wants to get a piece of 3 Fonteinen and to get some lambic. That is nice in the one-on-one interactions with consumers. You see that you can really make the split between those that are there to tick (ticking culture is trying something new and exciting and to “tapped” it on Untapped or something) and the visitors that just stay for half a day at our boots because they want to talk, to understand. They want to ask questions and that is the type of consumer that we like the most. They want to know what the difference was between one blunt compared to the other because we never make two blunts of gueuze in the same way. That is the one-on-one interactions during those festivals that, I think that are the biggest takeaway for us. That, it is a growing niche. A niche is still a niche, but it is growing.

People want to understand because what we do, especially in traditional lambic, it is not controlled at all. And there is still a lot of artisans that comes in between, a lot of expertise as well, experience because of the blending part, getting a certain flavor or aroma in gueuze. It is something you cannot learn from books.

So yeah in terms of promotion, we do a bit of sales marketing collateral material, but it is very small. More and more, we do beer festivals as well.

Do you get some assistance from Belgium or other export support institutions (consultancy, information, special loans, subsidies, ...)?

Well, we do get a lot of invitations for international economic missions, like the few ones a couple of months ago and years ago typically to Asia, to China and so on. We get a lot of invitations, but we do not participate because we are just too small, and it is time lost in our opinion. We do have in Flanders the FIT - Flanders Investment & Trade. We sometimes approached them proactively to get some information on some markets when it comes to beer.

But no, I would not say that there is a structural support from government organizations.

Do you sometimes face differences in consumer profit between Belgium and abroad? For instance, in consumption habits, bottles size preferences, ...

Hum yeah, in the US, the bigger the better when it comes to lambic. Magnums. They want to show off a bit. But in terms of purely the product, that is the only difference I can think of.

In terms of consumption, there is quite a difference between Belgium and the rest of the world, but that is my own perception or my own observation. Bar culture outside of Belgium is a lot richer than in Belgium. When you go to the Netherlands, when you go to Norway, when you go to the US, the bar and restaurant sector is a lot more than in Belgium itself.

Do you consider macro-level influences such as the economic conditions abroad, the currency exchange fluctuation risks, political stability, languages, ... as a barrier to your activity?

I think that because we are a niche and because all the financial risks are with the partner abroad to take. The currency exchange ratios and others are for him to handle. Again, I think it is a nice position to be in, that we are not depending on that as we make a niche product.

That way did you manage to give most of external challenges to the partner?

Yes indeed, all our sales are in euros for instance and they must deal with it. There have however been some changes: for example, with the US, they used to pay everything up front, so they took the whole risk. Now, we are more balanced with our payment terms, that's the challenge that we are going through right now in terms of working capital. They are now lagging behind on payments, so we are facing a structural problem of beer distribution itself and this way the brewery is the last party to be paid.

Are you using the same payment terms with Belgian and foreign customers?

No, we give Belgian customers 30 days on the invoice date (typical Belgian terms). On exports since that takes a while before it gets there and some states are richer than others, they also can pay up front, but we do mostly about 30% down payment, half of it after 30 days and then the rest after 60 days.

Did you ever notice a switch in the perception of the importance of some export obstacles to a country between no-exporting time, the moment exportations are planned and during/post exportation process?

Not really no, mostly because while we do a bit more proactively now (for example looking for countries in which we could then start to sell), we would not undertake anything ourselves. We will look for people that all do already some importation and ask them if they would be interested or get them over or we go over there. But yeah, that is where the reputation of 3 Fonteinen plays. I think we are number 5 established microbrewery in the world. That reputation opens a lot of doors and we do not have to take a lot of front risk. We just talk to the right people. We sit together. We talked about the go-to-market strategy or plans, which are not that elaborated, and then we go further. All the possible barriers you are talking about that are where the expertise of the partner will solve them.

For some countries, we need to have a very detailed plan before you can enter beers into the country. For example, in China or South Korea, you need to provide even a blunt/bench, a very detailed production process but it is just an Excel file or a Word file away. So that is something we can do very fast because we are a small company.

What would you recommend to a new Belgian player that wants to start sales in Europe?

Online sales. Beer production is a high cash rotation – low margin business. So, every impact or possible hits will have a big effect on the operations and a crisis such as coronavirus right now can lead to a bloodbath. And as a brewer again, you are the last one to be paid. You're the first one to create value, but you are the last one to get money. If there is one way to counter that, it is online sales.

But as brewer, even before starting to expend, I would first go and see that you can consistently create your own tastes because that is something where the consumers will follow you. I think small breweries, once they have established their name and reputation, should not go proactively into international sales. They should first search for a good partner (Internet is a very good source for that), search for the best partners and let them come to the brewery.

If you reached volumes bigger than 6-7-8000 hl, then you need to go to a channel strategy and then you are talking about really the national company, but I cannot talk a lot about that because I know that is completely off-limits for 3 Fonteinen.

In your opinion, starting from which volume does a brewery leave the “small brewery” category? Something bigger than 10000 hl a year. That is a completely different dynamic in terms of distribution.

Appendix 4: Transcript of the interview of Amaury Kervyn d'Oud Mooreghem from the Brewery Verhaeghe-Vichte (conducted on the 21th of October 2020)

First, do you agree to be recorded and to have this transcript included in my thesis?

No problem.

Can you tell me about the history of the brewery?

We are a family brewery that was founded in 1885. Now, it is the 4th generation of the same family. We are specialised in old Flemish brown beers; we are a typical Belgian style brewery. Today, I think we are a middle-size brewery, we produce around 25 thousand hl per year. We are not the biggest in term of hectoliters but our prices per volume are above the average so our turnover is middle-sized for a brewery in Belgium.

What kind of customers are you reaching? Mass market or more specialized points of sales/bars?

We are still a niche market, the special beers market. We are not a big brewer at all, we are really in the special beers sector and our main customers are the pubs and specialized distributors. We do not do a lot of retail. Until last year, we did not even have retailers but now with the Corona, we are pushing it and it's growing really fast for us. My main target is the consumer that will drink our beer in a special beer café.

What percentage of the production do you export?

This year, it will be 90 %.

And where to?

Europe is my go-to market; another important market is Asia. I export a lot in Japan, in South Korea, in China and in Taiwan, I started also in Vietnam and in Thailand. My biggest customer as a country is Russia, my second are the USA. North America is not a growing market for us, the USA, Canada and Mexico are stable. Now we are trying to push a lot in Asia because we see that the Asian market is exploding. We are also pushing in South America who are starting to understand special beers. In fact, in Europe we do a little in Italy, France but Europe is a nightmare for us because we are working on it, we are changing all our importers there so in 2020, Europe is not really important for us.

What volume are we talking about in Europe?

To be honest, not much. If I do 3000 hectoliters in Europe, that is a lot.

Are your customers abroad only B2B sales or do you also do some B2C?

I only have one importer, who will import my beer and sell it to distributors; these distributors will sell to pubs, retails, shops or whatever.

So, the importer is managing everything?

The importer is managing all our exports and is dividing it between distributors depending on the country. In the USA, every state has a different distributor so my importer is managing for the country and dispatching it to the distributors who then distribute it to the pubs locally.

How has the brewery been exporting?

I think it started in the late 80s to Holland.

Did it start from a proactive move or was it unsolicited?

It started in a strange way as my boss went there and learned that people from Maastricht were buying it from a shop in Liège. An importer from AbInbev contacted him and started distributing it all over Holland. Then, we started to export also in Lille as we are very close to the French border. Later, we became quite randomly active with Japan and the USA.

Do you deal with the bureaucracy, export documents and excises taxes yourself or is the importer doing a part of it?

We are working exclusively on an export basis. It means that if the importer wants some beer from me, he needs to do the paperwork. We will make the VAT, the excises and all this nightmare but all the import process is for him.

Do you have specific pricing strategies abroad or is it similar to Belgium?

Yes, never high enough of course! What we are doing is that my importer has the chance to be exclusive so he will be the only company importing my beer. It is a very good advantage for him, what I am asking in return is for him to reach an annual volume. If he does not, he may lose his exclusivity and every year, the volumes are higher. So, it is pushing him to keep fighting to keep his exclusivity. What I am also doing is giving him a marketing price per hectoliter. Every hectoliter sold makes him gain an amount of money. We like to work that way because we believe that people will fight to promote our beer and if the numbers are bad, we have some pressures to use. It is really positive as hard work is rewarded by a lot of discounts and money. They fight more and more because our markets are growing and our volume increase. They know that our brand is becoming well known and that we could easily

find another importer that would be very happy to work with us and benefit from all the hard work they did to promote us.

In terms of promotion, do you base your reputation on the quality of the products?

Yes, we are basing ourselves 100% on the quality. Now, there are so many beers on the market that even though the liquid is very important, the marketing around it is very important. We do events, we do tastings, ... We are currently busy rebranding our labels because they need to be classy. So, we are fighting to be a high-class brewery with high-class end products to be able to sell them at a better price. But if we sell our beer at an expensive price, the product needs to be perfect as the consumer today really wants a high-level product. I think that the marketing is becoming more and more the key of the success of our brewery.

Are you taking part in a lot of beer festivals? Outside of the pandemic context of course.

My importer does a lot of beer festivals in Japan for example, he invented the Belgian beer weekends, that attract 180 000 Japanese so it is important. Of course, in Belgium, we have multiple festivals. As export manager, I do not do them, I only do the Belgian Beer Weekend in Brussels and the HoReCa Expo in Genk but the importer does a lot of festivals in other countries.

Do you see a direct impact on sales from these festivals?

Last year during the Brussels' Belgian Beer Weekend, I met 3 new foreign clients on the Friday. You have to know that the Friday is the day for exporters. Thanks to that, my beers are now in Finland, Equator and Argentina. So, the trade shows are very important because you meet importers who will buy your products and make your brand famous in a new country.

More like networking events then?

Yes, fully networking, we do not care about selling beers during the weekend. We sell it at a very cheap price, the idea is to make new contacts to make 10 times more money afterwards.

Are you receiving any assistance from Belgian support programs?

I work very closely with the Flanders Investment Trade. I helped them to organize diplomatic missions in Shanghai together with the Delirium Brewery, there was a lot of people and important customers there so it was good promotion. I am also in contact with the Food and Beverage Association of Flanders. When I have questions about a foreign market, I call them to see if they can assist me.

Do you see some changes in consumption abroad? For example, in packaging or format size.

Yes, in America they do not want bottles anymore, it is finished. They really prefer cans so we sell it in cans. Not in Europe, there it is still bottles. What I see more and more are big keg cans. That is the new trend, if it is good, I do not know. I also see on the side IPAs and craft beers.

How did you adapt to Corona?

It is not easy to be honest; I am very lucky because I also cover the marketing for the brewery. We are a family brewery so the marketing was not up to date anymore. During the first lockdown, I took the time to create a new website and to reorganize our portfolio. Now, we can see a second lockdown coming so we are busy creating new labels to make a relabelling of all our products. Otherwise, I am always rushing between orange and red zones. For example, Yesterday I was in Nantes but I was unable to sleep there because it is a red zone so I had to drive around 1h30 to find a hotel that was not restricted. It is a big mess to organise. I cannot see my biggest customers because they are outside of Europe. I really see that when you cannot see your customers, you speak less and less with them and if you are not close to them, their effort to sell and promote the products diminishes. They are becoming more focused on their local beers as we are less in contact and I am not there anymore to push them.

So, your issues come from relationships more than shipping or production?

Yes, definitely. Of course, pubs sales are down as they are closed. I am actually growing faster in Asia so it compensates a bit. I think I will finish the year at -10%, it is alright but I was forecasting +40% at the beginning of the year. I am really glad that the Belgian market does not represent a lot for us when I see how we dealt with the crisis locally. The government did nothing to support us and it must be really hard for small breweries that are not exporting.

What would you recommend for new players who want to start exports?

The best way to export is to have someone in the company that manages it full time. You need an export manager and an importer. What I never understood with the small breweries is that they sometimes have multiple people managing the same Belgian regions while they do not realise that they would double their sales if they had one guy managing exportations. They can be very stupid by willingly limiting themselves to local only sales. There are I do not know how many breweries in Belgium and they forget that the Belgian market is only 10 million people, AbInbev is absolutely everywhere so you do not have a lot of space to promote your products.

Do you consider the Belgian market to be saturated?

Absolutely. Belgium is fully saturated. The old breweries have been there for way too long and the small breweries do not have the capacity of investment to make the same quality of beer as them. They are happy when they sell it in maybe 10 pubs while they would reach a way bigger public if they were exporting. And it is not so much extra difficulties if you have an importer that manages it.

In your opinion, starting from which volume does a brewery leave the “small brewery” category?

I think that if you are not producing more than 3000 hl per year, you are not making any money. To become an important player, I would say you need to reach 20000-25000 hl.

Thank you, that was it for the questions part. Now, I am going to explain what results I reached in my research so we can discuss it.

I collected data via a questionnaire completed by 45 small Belgian brewers on how important they consider 20 different obstacles to exportations to be. Then, I grouped them in 4 different groups: uninterested in exports, interested in exports, experimental exporters or active exporters. The limits between the last 2 being exporting more than 20% of their production or exporting to countries that do not share borders with Belgium.

I first ranked these obstacles by using descriptive statistics for each group and in general. The most common barrier was always the export documents and bureaucracy. (Hard the first times then it is always the same, you just need a good logistics manager). The uninterested group showed a very high importance to financial risks and production limitation. Do you see it is only an impression or is it really a risky activity to start?

I think it is really a short-sighted vision because if they plan it correctly, there is no reason to be scared.

The second group, the interested non-exporters, ranked knowledge related obstacles as the most important ones. Do you consider the export process to be difficult to learn?

You really need to have a full-time export manager and a good importer. It is not difficult but you need to have someone focusing on the process, that is the only way in my opinion.

The already exporting groups added the transportation costs and the foreign competition as important obstacles. In your opinion, what is the best way to transport beers while still being cost competitive?

The cheapest way is by boat in containers. Of course, you need to be compensated for the transportation cost. This is why you need a high-quality product to bring some extra value over competition. But this is not only about the exportations, it is the same in domestic markets as well. People will pay the price for a quality imported beer if they consider it worth it but if your product is a simple IPA that tastes exactly the same as all the others, you will not sell it easily. Nobody cares about the price of an Orval, Delirium or Rochefort beer, because these are great products.

So, the key to everything is the taste and quality?

Well you know, every company that wants to sell needs a good product. It is the basis of everything, before any good marketing or efficient logistics. People really think that Belgian beer is the best beer in the world so they will import it anyway. We have a unique privilege on that aspect.

Later in my analysis, I grouped these obstacles in different groups based on their nature: Knowledge related, Resources related, Procedure related or Exogenous. Exogenous being obstacles outside of the company control such as foreign competition but also exchange rate variations or risk of payment defaults. For each of these groups, I ran statistical tests to see if there were statistical differences in the perception of these obstacles, based on the 4 export stages we discussed previously.

For the knowledge related obstacles, I observed statistically significant differences between the uninterested and the experimental group as well as between the interested and both experimental and active groups. It shows me that the perception of the importance of knowledge related barriers increases with the gain of interest, compared to the currently exporting groups.

In your opinion, is export knowledge in the beer industry something easy and fast to gain or is it complex and restrictive?

I think it is all about networking. You really need an importer that will assist you and come with great opportunities. If you do not know the right people, you will struggle.

For the resources' category, there were differences between the interested group and both experimental and active groups. It seems like access to resources could be the reason that would make someone interested in exports actually start it. Does exportation really require a strong access to capital and resources or is it more an impression that beginners can have?

I think it is more a feeling. It does not cost you a lot to send 10 containers to China and to go there twice a year, it is not very expensive. You just need to export enough volume. Mainly the difficulty for small breweries is that they do not have the production capacity to produce that kind of volume. They can increase their capacity but it represents an investment

and they are not sure about exporting. It would not be in their country, they do not really know their partners well, it makes them afraid to start. But the only real obstacle I see is this production limitation.

Is the capital access easy for Belgian brewers?

I think Belgian breweries used to be well seen by banks but not anymore because there are a lot of small breweries. The banks want less and less to loan money to the very small ones so a solid export plan is needed. I believe the Belgian market is really saturated so I would not invest in a small brewery nowadays. Maybe 10 years ago.

When it came to procedure related obstacles, I did not have any statistical differences. Are procedures and documentations always a difficulty that can appear, even if you are experienced?

Yes, it is of course more difficult than to sell it in Belgium. But again, if you have a full-time export manager and an importer or someone in the inside managing the logistics, I do not see the problem.

The last group, the exogenous barriers, did not show statistical differences either. Do you think that these kinds of obstacles such as fluctuation in exchange rate, foreign competition or risk of payment defaults are not dominant factors in the decision to start an export activity?

I think that exchange rates are an important point because it can happen that sometimes you change nothing in the process or in the price but your margin will drop because the exchange rate changed. I face it especially in Russia, in Europe it is not a problem with euro obviously. But right now, it is better to export to Asia as it is a booming market. Once again, if you are in the special beers market and that you have something special to offer, people will not really care about a 5-10% price increase.