



## **THE INTERNATIONALIZATION OF CRAFT ENTERPRISES**

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## Abstract

This research focuses on how craft enterprises can internationalize and manage the tension between geographic expansion and maintaining a craft production process. Based on human skills, the process of production of craft enterprises is challenged by internationalization as it calls for the increase and intensification of production. To answer our research question, we adopted a qualitative approach and conducted a case study on Maison Kayser, a successful French bakery. The results show that exporting a production process is a successful strategy for craft enterprises to internationalize and maintain their craft identity. By producing its breads and pastries on site, in all Maison Kayser shops around the world, the enterprise is able to offer high quality products. To keep this quality that only craft production mode can guarantee, Maison Kayser attaches importance to the training of its foreign bakers and share the craft techniques and values with them. Maison Kayser increases quantity without jeopardizing quality by opening many shops with teams of bakers and pastry chefs worldwide. To establish the brand on foreign markets and gain consumers, Maison Kayser has to raise consumers' awareness about crafts, promoting a traditional and high standard production process based on the renowned French excellent know-how. Maison Kayser success is based on the internationalization strategy to export craft process and tradition supported by Eric Kayser leadership skills.

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**Keywords:** craft enterprise, internationalization, production process exportation, enterprise identity.

## Resumo

Esta dissertação tem por objetivo compreender como é que empresas artesanais podem proceder à internacionalização gerindo a tensão entre expansão geográfica e manutenção do processo de produção artesanal. Baseado na aptidão humana, o processo de produção das empresas artesanais é desafiado pela internacionalização uma vez que requer um aumento e intensificação de produção. Para responder à nossa questão de investigação, adotamos uma abordagem qualitativa e conduzimos um caso de estudo à Maison Kayser, uma padaria francesa bem-sucedida. Os resultados demonstram que exportar o processo de produção é uma estratégia de internacionalização bem-sucedida para empresas artesanais pois permite a preservação da identidade artesanal. Ao produzirem os seus pães e bolos no próprio local em todas as Maison Kayser, espalhadas pelo mundo, a empresa pode assim oferecer produtos de alta qualidade. De modo a manter esta qualidade que apenas é possível manter-se através da produção artesanal, Maison Kayser dá importância ao treino dos seus padeiros estrangeiros e partilha com eles as suas técnicas e valores. Maison Kayser consegue aumentar a quantidade produzida sem pôr em causa a qualidade através do investimento em equipas de chefes pasteleiros e padeiros nas suas lojas do mundo inteiro. Para estabelecer a sua marca em mercados estrangeiros e ganhar consumidores, Maison Kayser tem de aumentar o awareness nos consumidores sobre produtos artesanais, promovendo um processo de produção tradicional com alto nível de rigor baseado no famoso e excelente know-how francês. O sucesso da Maison Kayser é baseado numa estratégia de internacionalização para exportar os processos artesanais tradicionais apoiados pela capacidade de liderança de Eric Kayser.

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**Palavras-chave:** empresas artesanais, internacionalização, exportação do processo de produção, identidade da empresa.

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## INTRODUCTION

“Only 8% of European SMEs export”<sup>1</sup>.

Most of craft enterprises are small and medium-sized enterprises (SMEs) according to their size, 90%<sup>2</sup> of craft enterprises in Europe are composed of less than 20 employees. Within SMEs, 3 industry sectors classified the different types of businesses - primary, secondary and tertiary sector - and craft enterprises own to the secondary sector category<sup>3</sup>, this means that less than 8% of European craft enterprises export. More specific to craft enterprises but at a small scale, less than 3%<sup>4</sup> of the French craft enterprises are making business abroad by exporting or implementing subsidiaries in host countries.

These figures confirm that the craft sector is barely internationalizing.

It is difficult to find statistics, studies and academic researches specifically about craft enterprises. Only few literatures focus on the craft sector and the internationalization of this field is a subject that has almost not been studied. SMEs researches give a global view about craft enterprises, particular to the size of most of the craft enterprises but not particular to the domain of expertise. A clear literature gap is highlighted; knowledge about this topic and the craft sector in general needs to be developed.<sup>5</sup>

Yet, consumers are getting more conscious about their consumption, more interested about quality products and production processes respectful of traditions, economy and ecology (Camfield.C & Piceti.P, 2016). The production mode effects consumer’s attractiveness, they will be more appeal to buy handmade products and the price they are willing to pay for them is higher than for products made by machines (Fuchs, 2015).

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<sup>1</sup> **European Commission 1, Enterprise and Industry**, « Putting small businesses first, Europe is good for SMEs, SMEs are good for Europe », 2008 edition, p.13

<sup>2</sup> **European Commission 2**, Eurobarometer “*Observatory of European SMEs Analytical report*”, Table 8b, p15, May 2007

<sup>3</sup> **Jain, V & Smith, A**, “*Cambridge IGCSE and O Level: Business Studies Workbook*”, Cambridge University Press, 2019, pp5, Table 2.1

<sup>4</sup> (36 thousand craft enterprises in France export abroad) **ISM**, the contribution work of the enterprises financment observatory “*les entreprises artisanales exportatrices ce que l'on en sait*”, DGE, ISM, December 2017

\*100/(1.3 million of craft enterprises exist in France) **DGE**, « chiffres clés de l’artisanat », édition 2017, étude économique, 2017  
= 2.7%

<sup>5</sup> **Niedderer, K. and K. Townsend**, “*Designing Craft Research: Joining emotion and knowledge*”. Design Journal, 2014, vol. 17 (4), pp. 624-648.

In a globalized world where trades between countries are intensifying, this trend concerning craft enterprises keeping local and not developing outside their country is paradoxical. The statistics above describing the percentage of craft enterprises trading abroad seem weak in a context of internationalization. Perhaps, the size of craft enterprises and their commitment to maintain a craft mode of production could explain it.

This tendency is an interesting subject to study to understand why most of craft enterprises do not internationalize and if this trend could be reverse, so if craft enterprises should and could internationalize in the future. The research field about craft enterprises and their position in the current economy needs to move forward to answer empirical questions for which the craft sector is facing at present.

Based on these observations, the objective of this research is to understand how craft enterprises can internationalize managing the tension between geographic expansion and craft production process. Enterprises that use craft manufacturing processes respecting the know-how, tradition and culture of their domain of expertise are studied to assess the internationalization strategies appropriate to their specificities like their mode of production.

This research is interesting from an academic point of view, as craft-based organizations are still under-investigated. Moreover, researchers in the field of internationalization have particularly focused on the internationalization of multinationals and large industries but neglecting craft-based organizations.

It interests also managers of craft enterprises as it can highlight best practices to internationalize and maintain a traditional mode of production.

To answer this question, a qualitative research approach has been used in order to understand deeply phenomenon that could not be quantify, for which behavioural, contextual and on-going changes must be considered and studied<sup>6</sup>. We have conducted a case study about Maison Kayser<sup>7</sup>. This company is an interesting case to answer our research question because it has internationalized worldwide by exporting its craft production mode abroad and it has

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<sup>6</sup> **Cacciattolo Karen**, *'An Analysis of the Combination of Qualitative and Quantitative Methods to Understand Social Phenomenon'*, [https://www.researchgate.net/publication/281109230\\_Understanding\\_Social\\_Phenomenon](https://www.researchgate.net/publication/281109230_Understanding_Social_Phenomenon), University of Malta, 2015

<sup>7</sup> **Maison Kayser**, <https://maison-kayser.com> , consulted on the 20<sup>th</sup> of February 2019

implemented subsidiaries in many countries of different continents. Maison Kayser is especially an interesting example as it belongs to one of the less internationalized craft sectors, belonging to the food craft professions. Indeed only 2% of the French food craft enterprises export<sup>8</sup>.

To analyse the successful internationalization of the craft enterprise Maison Kayser, we conducted interviews.

This research makes contributions to the craft literature, especially about the internationalization strategies adapted to their specificities regarding their mode of production and their traditional way to make business. It also contributes to empirical and managerial knowledge with insights about the challenges that craft enterprises and craftsmen face during internationalization focusing on the tension between company international expansion and craft production process. The main specificity of craft enterprises is their production mode which influences how this type of enterprise develops and competes in foreign markets.

First, the literature review defines ‘craft enterprise’ and shows the adaptation of this sector to modern times (I). Then, the literature review recaps discussions about the internationalization of SMEs and craft enterprises around discussions about internationalization strategy, factors that influence this process of development and challenges to overcome (II).

Second, Maison Kayser, case study of this research, is presented and the global expansion of this craft enterprise is described.

Third, findings of this research are displayed and discussed. The challenges that Maison Kayser faced during its internationalization are listed (I). Then, it explains how Maison Kayser exports a mode of production to maintain a craft production process while internationalizing (II). Finally, it shows how Maison Kayser uses its French craft identity as an asset to conquer the international market and sustain a craft manufacturing (III). Along the discussions around these findings, we observe that the mode of production of craft enterprises is challenging to maintain when developing an enterprise worldwide.

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<sup>8</sup> **Annex 1:** “Part d’entreprises artisanales exportatrices par grands secteurs” ISM, “Les exportateurs de l’artisanat : portrait et trajectoires de développement sur les marchés internationaux”, ISM, February 2012



## LITERATURE REVIEW

In this chapter, we show that craft enterprises are characterized by their authentic technical and cultural specificities that make craft professions distinctive from other professions and that can be perceived as strength or weakness to internationalize. This uniqueness, difficult to grasp and value, opened a debate around what is a ‘craft enterprise’ (I). After an overview on the definition of ‘craft enterprise’, we will review the literature on the internationalization of craft enterprise (II). Finally, we will highlight the challenges and limitations they are facing during this process of internationalization (III).

### I) The revival of craft enterprises

‘Craft enterprise’ is difficult to define as it refers to specificities unique to the sector. It can take different perspectives: legal, economical, sociological, and organizational. This chapter looks at the definitions of ‘craft enterprise’ (I) and displays how the sector of craft reinvented itself (II) to adapt to changes of the globalized world of today without jeopardizing the specific mode of production that characterize ‘craft enterprise’.

#### 1) A controversial definition

There is little consensus about the term ‘craft enterprise’. Most often classified as Small and Medium Enterprise (SMEs) (Torres, 2002), a craft enterprise has no universal legal status. It exists many definitions of ‘craft enterprise’ that vary according to the unique characteristics these enterprises hold. The specificities regarding their method of production is a recurrent condition in most definitions. The particular production process and the practical skills essential to create artisanal products define ‘craft enterprise’ (Dormer, 1994). Popularly linked with manual work, craftsmen add value to a product with their own knowledge and experience (Sennett, 2008).

Beside the common notion of craft-based production, the term ‘craft enterprise’ varies in every country, sometimes even region, as this production process is influenced by cultural tradition

of each specific geographical area (Foltys et al., 2015). There is no European definition of ‘craft enterprise’, even if the European Union tried several times to make one by gathering all the members states (for example in Avignon, France, in 1990), no agreement resulted as this type of enterprise is closely linked with national traditions (Journal officiel des Communautés européennes). The criteria of a craft enterprise are different in every country. In Italy, where craft is important in the culture and the economy, with the textile for example, it is defined and written in the national constitution whereas; in Ireland no legislation mentioned ‘craft’ (Foltys et al., 2015). In Italy and France, the number of employees is a criterion in the legal definition of craft enterprise (Buschfield et al, 2011, p.44) what limits the size of the craft enterprises. In addition to vary according to the culture and legislation of each country, the definition of craft enterprise can take different forms: economical and sociological, for example.

Often chose by literature and also because it represents the consensual criteria’s of European countries legislation, I will use the definition of craft enterprise of Buschfield et al., (2011) who characterize this type of enterprise according to different specific aspects:

- The owner of a craft enterprise has personal responsibilities in his business and is involved at all levels.
- Products and/or services of a craft enterprise are tailor-made and not produced in mass.
- The learning process of craft technique, know-how and knowledge are important pillar to the enterprise and have to be transferred from craftsman to craftsman.
- Craft enterprise maintains close relationships with their clients and plays a role in the local community.
- The individual character of craftwork adds value to the final product/service.

## **2) The reinvention of the craft sector**

Based on traditional practices and knowledge, craft enterprises crossed centuries and are still operating all around the world. They have recently faced several challenges: globalization, technological breakthroughs, economic crises and demographic changes. However; they have overcome these challenges by implementing different strategies.

First, institutions influenced the sector of craft to adapt to political movements and pushes (Madhavan, et al., 1998). Depending on policies and strategies for territorial development, most of European governments try to preserve city centre activities, challenged by industrial areas, by protective laws in favour of craft enterprises.

Second, they have implemented 'soft innovation'. Production processes of craft enterprises are often perceived as conservative and resistant to innovation (Blundel & Smith, 2013). However, to survive to the industrial revolution, craft enterprises had to adapt. The transformations of artisanal activities have been understated. The production process of craft goods and services may have not progress significantly, yet the value of artisanal products from the customer side have grown appreciably (Fuchs, 2015). These changes based on product perception and individual consumer awareness is qualified as 'soft innovation' (Stoneman 2010). The concept of 'soft innovation' explains how the appreciation of artisanal knowledge and its specialized practices participate in the craft-based industries innovation, especially nowadays as industrialization is the norm of production. The history of labels shows that 'handmade' and 'homemade' first differentiated craft products. In 2014, France restricted the mention of 'handmade' to restaurants cooking food respecting craft mode of cooking (Ministère de l'économie, 2019). This example of soft innovation has for goal to raise consumer's awareness and increase their attraction toward craft and high standard products.

Third, they have developed innovative hybrid processes, combining traditional artisanal knowledge with new types of knowledge like Internet for example (Trabalzi, 2007). *Amazon*, the biggest online shopping platform, created an interface only dedicated to handmade products, what facilitates crafts enterprises to sell via new technologies<sup>9</sup>.

Finally, they try to leverage customers' preferences. Nowadays, customers are more educated and conscious about what they consume. This awareness has a positive economic effect on artisanal industries as demand for quality and premium products is increasing and artisanal heritage is understood and protected (Blundel & Smith, 2013).

While the interest of researchers for craft enterprise is growing, our knowledge about their possible internationalization is still poor (Thevenard-Puthod, 2017).

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<sup>9</sup> Amazone, { <https://www.amazon.fr/b?ie=UTF8&node=9699368031> }, consulted the 5 June 2019

## **II) The puzzle of internationalization for craft enterprises**

The meaning of ‘internationalization’ has been debated many times and several academic literatures have defined this term differently using various perspectives included in the process. In this research, I will use the definition of Beamish (1990) as it blends an economic and behavioural side to a dynamic process (Coviello and McAuley, 1999). According to Beamish, ‘internationalisation’ is:

*“ the process by which firms both increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries ”* (Beamish, 1990, p.77).

### **1) The main theories of internationalization**

We can distinguish three main theories explaining the internationalization of companies: the theory of progressive internationalization, the born global theory and the internationalization based on networks. The most famous model of progressive internationalisation is the Uppsala model (Johanson and Vahlne, 1977). This model regards the internationalisation process as a gradual process where the international development of an enterprise depends on its market knowledge level as well as its international expertise (Johanson and Vahlne, 1977). International operations inquire and enable enterprises to gain general knowledge about general internationalization activities and specific knowledge about a market (Hollensen, 2008). Through experience and learning, enterprises acquire knowledge, which set up business opportunities, accelerate the enterprise internationalization, lower financial risks and stronger implementation and engagement in the foreign market (Danciu, 2012).

Uppsala model is built on stages that a company should follow to internationalize progressively (Rubaeva, 2010). According to the principles of Uppsala model, an enterprise should start internationalizing in a country geographically and culturally close to its home country, with limited commitment with the host country (Danciu, 2012). For example, a Portuguese company could choose to go at first in Spain as the language and the culture is not too different from its own and could start with an exportation activity. Slowly, the enterprise will gain competitive advantage from what they learnt by trading in a foreign country and as a result they will be able

to intensify engagement in that country (establishing subsidiaries in the host country, for example) and target farther markets (Thevenard-Puthod, 2017).

Another type of internationalization that distinguishes itself from Uppsala by the speed and the start of the process define the 'born global enterprises' (Oviatt and McDougall, 2005). These enterprises qualified as 'born global' are recent enterprises that make at least 25% of their revenue outside their domestic market (Madsen and Servais, 1997), which target and answer international markets since their beginning. 'Born global enterprises' share common characteristics. They usually are from knowledge-intensive and technologies sectors and sell an innovative product and/or service (Oviatt and McDougall, 1994). Because of their high level of knowledge, born global enterprises adapt more easily and rapidly to a new market. As a result, born global enterprises do not select a new trading market depending on the proximity but according to the potential of this market (Thevenard-Puthod, 2017).

The third internationalization theory focuses on networks as a tool to access new markets. Integration of enterprises in inter-organisational networks accelerates the internationalization process by means of knowledge and resources (financial and technological, for example) brought by external and/or foreign partners to the enterprise (Chetty and Campbell-Hunt, 2003). Partner's knowledge and resources will minimize the main internationalization obstacles of the enterprise, like the proximity gap or the unknown market culture by accessing the right market information, identifying faster the market's opportunities and adapting to the specific market processes (Thevenard-Puthod, 2017).

All these internationalization strategies have been tested and criticised by literature. Some of them attributed the progressive model to traditional enterprises and born global to the newer (Oviatt and McDougall, 2005). However, each internationalization process is unique and depends of the enterprise and the context and environment it trades in. Some companies will burn some stages and get global very fast, while others will stagnate and never reach the international scope they originally set.

## **2) What do we know about the internationalization of craft enterprises?**

The specific case of craft enterprise internationalisation has not been studied before (Thevenard-Puthod, 2017).

*“However, on the basis of existing work, on the characteristics of these companies and the strategies they use, one might think that the process they use to internationalize may be closer to the Uppsala model”* (Thevenard-Puthod, 2017, p6).

To not jeopardize the specific know-how of their production (Polge, 2008) and keep the familial dimension of the business (Wiklund et al., 2003), craft enterprises most often target a limited growth (Stanworth and Curran, 1976). Geographic proximity with domestic markets, clients and all other parties included in the value chain is considered as essential by craft enterprises (Loup, 2008).

The willingness of craftsman to keep their independence is also a reason why craft enterprises are rarely involved in networks (Zarca, 1986). The small-scale development strategy, based on geographically close area, without networks help describe a slow and progressive process of internationalization like Uppsala model. Nevertheless, many factors can change the traditional strategy of craft enterprise toward daring processes turned to born global or networks internationalization process (Thévenard-Puthod and Picard, 2015).

Only few hypotheses are putting forward about internationalization strategies of craft enterprises. Knowledge about this topic is very limited, as literatures did not investigate it deeply. To overcome this literature gap, we review the literature on SMEs internationalization to gain insight into the craft enterprises internationalization, as most of craft enterprises are SMEs.

## **3) The factors influencing the internationalization of SMEs**

Many factors can explain the internationalization processes chosen by SMEs. In this research, three external factors: the size of the domestic market, the internationalization level of SME's clients and the SME's degree of insertion in networks (Thevenard-Puthod, 2017) as well as two internal factors: characteristics of the SME's know-how and the profile of the SME leader, that influence the internationalization process (Thevenard-Puthod, 2017) are being analysed.

The domestic market size is a factor of earliness and speed of the internationalisation process (Oakey, 1995). If a SME is in a niche market, the enterprise will have to increase the quantity of the demand by looking for more clients. In that case, the SME will internationalize rapidly (Cabrol and Nlemvo, 2011).

The internationalization levels of clients influence the internationalization process of a SME. The dependence of the SME toward its clients will have effects on the internationalization of the enterprise (Pfeffer and Salancik, 1978). SME can be obliged to follow their clients abroad if losing their clients represent a main risk for the business to close (Ageron, 2001); this situation concerns mainly B2B activities. The degree of internationalization of SME's client can also be a bridge for the enterprise. If it works for host clients abroad, the enterprise will have the chance to develop more easily in the foreign market.

The degree of insertion in business networks, for example with suppliers, will facilitate the start of the internationalization process of a SME (Ellis, 2000). This support will allow a SME to understand better foreign markets and business opportunities thanks to information's share with networks (Johanson and Vahlne, 2009). The advantage for SMEs to engage in networks is also to increase the chance of success in the new market as the market entry process and the client attraction program is already trace by networks (Meier and Meschi, 2010).

One of the main specificity of SMEs that produce physical products is their focus on the profession they defend (Polge, 2008) that often includes special production process and original product resulting from it. The rarity of the professional's know-how and the degree of innovation in the product offered by the enterprise will make the internationalization process easier to the SME going in a foreign market (Oviatt and McDougall, 1994). The ability of the SME to innovate is also key for the internationalization speed (Cassiman and Golovko, 2011).

In a SME, the director of the business plays a powerful role in the internationalization decision and strategy (Coviello and Munro, 1995). His international positioning and entrepreneurial behaviour influence significantly the degree and speed of the enterprise internationalization as well as the commitment to this strategy (Barbat et al, 2014). As the leader has lots of power in his business, his profile is decisive in the international strategy process (Miesenbock, 1998).

#### **4) The challenges faced by SMEs internationalizing**

SMEs face challenges before and during the internationalization. These challenges can jeopardize the internationalization of an enterprise that take risks to develop in new markets. A SME that exports its products abroad will be less exposed to difficulties caused by entering a new market compared to a SME that set up activities in a host country.

The absence of a strategy at the start of the internationalization is a common problem that penalizes SMEs to implement abroad (Martínez, 2000). The internationalization of SMEs is usually decided in reaction of external demand made by foreign enterprises or clients (Observatoire des PME européennes, 2003). In terms of preparation to the internationalization, SMEs are weak what add difficulties to the establishment of international activities. This planning problem is related to the lack of management skills of SMEs directors. While preparing the internationalization, directors of SMEs will focus more on marketing and structure details not essential to the start of the internationalization process and they will not pay much attention to the strategy and planning which are key to the success of the development and implementation in a new market (Andersson, 1996).

The paradox is that most SMEs recognise the importance of strategic and planning preparations upfront internationalisation process but only few concretely act by making foreign market potential analyses or market penetration strategy planning (Bassen et al., 2001). The awareness of SMEs' leaders concerning strategic management before internationalization and the gap to execute these activities forms a limit to the internationalization of SMEs. The limited managerial and financial capacities that SMEs possess are the main challenges that they need to deal with in order to improve this lack of preparation to the internationalization (Bassen et al., 2001).

Linked to this lack of preparation, insufficient knowledge about foreign market conditions, laws, regulations and culture differences represent obstacles to the internationalization of SMEs (Observatoire des PME européennes, 2003). Acquiring knowledge and competencies concerning international context and activities would prepare SMEs directors to develop and manage their enterprise abroad.

The main challenges for SMEs to internationalize are all related around the additional capabilities, ability and expertise that an enterprise needs to develop in a foreign market.



### Literature review conclusion

Along this chapter based on literature discussions and studies, we observed that craft enterprises are a type of SMEs that have not been deeply studied by literatures. It's maybe due to the fact that the definition of 'craft enterprise' is still debating and knowledge about their internationalization is very limited. The only way to get an empirical vision about craft enterprises is to combine the general knowledge about SMEs, with the specific production mode and a local vision of their businesses, by tradition. The lack of awareness about foreign markets, of knowledge about international business management as well as restricted financial resources due to the little size of their enterprises are some reasons that could explain the low enthusiasm of SMEs directors to develop abroad. Focusing on limitations, SMEs and craft enterprises neglect their assets to overcome the challenges of internationalisation.

## **METHODOLOGY**

### **1) Research design**

We chose to use a qualitative study for several reasons:

First, the literature in the field of craft enterprise internationalization is limited (Edmondson & McManus, 2007) therefore we lack a deep understanding of this organizational phenomenon.

Second, this research is linked to the terminology of craft enterprise that is still being debated. Not well defined, craft sector remain as an exploratory setting that has to be studied deeper to contribute to a literature in evolution, which arouse interest in many countries at the moment, as consumers return to craft and quality products so this sector gain importance in the economy and politics of those countries (Jakob.D & Thomas.N, 2015).

Finally, the on-going problem of craft enterprises to internationalize is complex. With the qualitative research approach, this problem is described and splitted into more manageable parts taking into accounts the context that influence such a phenomenon (Langley, 1999).

To answer our research question and deeply understand a tension, a single case study has been selected: Maison Kayser founded by Eric Kayser, a French baker and pastry chef. Maison Kayser can be defined as craft enterprise according to the definition of Buschfield. This company suits to the research question, as it is a successful example of craft enterprise internationalization: Maison Kayser has more than 200 shops in the world, present in 4 continents: Africa, America, Asia and Europe. This example shows how a small craft enterprise that started with 3 employees in Paris grew globally and counts today more than 2000 employees around the world. Maison Kayser is an interesting case study of internationalization as the enterprise has kept craft manufacturing processes as well as the values and traditions that the craft sector defends.

### **2) Data collection**

The data collection of this research is based on interviews because of the lack of researches about the subject and the on-going process that characterize it. Interviews have been conducted

to get a deeper understanding of a current process, influenced by many exterior factors like context and culture, accomplished by different professionals from the craft sector. In total, 11 interviews have been conducted: 4 people from Maison Kayser, including the founder and CEO of the enterprise, Eric Kayser in person and 7 experts of craft enterprises specialised in different fields like law, European politics and apprenticeship for example. Most of the interviewees have been conducted by phone or email as they are working in different countries like China and France, for example.

<b>Name</b>	<b>Function</b>	<b>Date of interview</b>	<b>Tools</b>	<b>Comments</b>
<b>Eric KAYSER</b>	Founder and CEO of Maison Kayser	05/04/19	Face-to-face meeting at the headquarters in Paris	History of Maison Kayser Reasons of expansion-challenges & barriers Internationalisation strategy Crafts values & traditions Financial strategies Partnerships Craft manufacturing process
<b>Guillaume SIMON</b>	COO of Maison Kayser Cambodia	08/03/19	Written interview	Daily operations sum Raw material supply logistic Cultural differences Asia vs EU Financial investments
<b>Alexandre MATCHERET</b>	CEO and Business Developer of Maison Kayser Asia	19/03/19	Call conference from Kong Hong	Business development strategy New market adaptations Brand image of Kayser HR strategy Know-how exportation Financial challenges Investors from Asia Eric Kayser management
<b>Alexandre BOISSONNET</b>	Director of Maison Kayser México	03/03/19	Written interview	Cultural adaptation Know-how exportation Business development strategy Partnerships
<b>Patrick TOULMET</b>	Inter-ministerial delegate for apprenticeship and ex-president of the trades and crafts chamber	27/03/19	Face-to-face meeting at the French ministry of labour in Paris	Craft definition and Kayser status Internationalisation of crafts enterprises in France Challenges and barriers for craftsmen to internationalize Exportation types of craft enterprises

	in Bobigny, France			
<b>Dominique ANRACT</b>	President of the confederation of the bakers and pastry chefs in France	20/04/19	Call conference from Paris	Craft definition and Kayser status Internationalisation of French crafts bakery Challenges and barriers of bakers to internationalize Kayser as an example for French bakers French culture around bread Bakery history
<b>Alexis GOVICYAN</b>	Managing director of the 'Institut supérieur des métiers', France	10/03/19	Written interview	Craft definition Statistics Theories of internationalisation used by crafts enterprises Data about French crafts enterprises exportation
<b>Luc HENDRICKX</b>	Expert in legislation and lobby for the SMEs and craft enterprises at the European commission	13/04/19	Call conference from Brussels	Craft definition Internationalisation of crafts enterprises in Europe Challenges and barriers of EU craft enterprises to internationalize Kayser status Law and administrative problems EU culture of craft
<b>Claudio CAPPELLI</b>	Head of European politics in the national confederation of handicrafts in Italy	08/04/19	Call conference from Roma	Crafts internationalisation in Italy Evolution of craft professions Definition of craft Challenges and barriers to export Kayser status Consumers awareness for craft Innovation in the craft field Vision of craft know-how Lack of studies about crafts
<b>Linda DEBERNARDI</b>	General manager for trainings and industrial employment unit for the General Direction of	10/03/19	Written interview	Exportation of how-know Trainings Talents recruitments Difference between crafts and industry Data and statistics about French crafts companies and their internationalisations

	Enterprises (DGE) in the French ministry of economy			
<b>Anne FAUCONNIER</b>	Deputy manager of the crafts unit for the DGE in the French ministry of economy	12/03/19	Written interview	Internationalisation models of crafts enterprises Crafts definition Data and Statistics of French crafts enterprises internationalisation Lack of studies regarding crafts enterprises

### 3) Data analysis

Along the investigation, interpretive techniques have been used to perceive non quantifiable outcomes that has been collected through testimony of craftsmen as well as SMEs experts, lawyers of consular network, lobbyists and politicians working close to craftsmen. To analyse data collected, we used a coding method (Strauss & Corbin, 2008), which consists of selecting interesting quotes of interviewees, classified them by code that corresponds to the highlighting points of the research in order to later interpret each coding sections to draw findings and answer the research question of this study.

For example, one of the coding sections was the status of Maison Kayser (table below). All the interviews answers questioning if Maison Kayser was still a craft enterprise was code as ‘Maison Kayser status’. In this section code, the different types of answer were classified under sub-codes, corresponding to arguments used to approach that subject.

Code	Interviewee	Quote	Interpretation	Sub-Code
Maison Kayser status	L. Hendrickx	<i>“According to the French legal definition Maison Kayser is not a craft enterprise since its number of employees exceed the legal limit”</i>	The size of Maison Kayser do not fit in the French legal definition of ‘craft enterprise’	Law dimension Growth limitation

Maison Kayser status	D. Anract	<i>“Maison Kayser is an artisanal enterprise (...) does not industrialized the manufacture of his products (...)”</i>	Maison Kayser is a craft enterprise as it uses craft manufacturing processes	Manufacturing process
Maison Kayser status	P. Toulmet	<i>“Kayser is definitely a craftsman (...) we should not stop to the French legal definition of craft enterprise (...)”.</i>	The size of the enterprise or number of employees at Maison Kayser does not remove the status of craft enterprise to Maison Kayser	Craft enterprise definition  Law dimension
Maison Kayser status	C. Cappelli	<i>“ as long as they still have their hand in the bread dough they are craftsman”</i>	Maison Kayser is a craft enterprise as the manufacturing process is handcrafted	Manufacturing process

Comparing interviewees quotes and arguments about ‘Maison Kayser status’, this analysis highlight findings about this problem. Following the interpretation and sub-codes, we conclude that Maison Kayser is not necessary a ‘craft enterprise’ from a legal perspective, however, many experts agree to classify Maison Kayser as a ‘craft enterprise’ considering its craft manufacturing process that is one of the main criterion in many definitions of ‘craft enterprise’.

## **EMPIRICAL SETTING: Maison Kayser**

It is in 1996 that Mr Eric Kayser, a French baker and pastry chef, opened his first bakery and pastry shop in Paris. From a baker family for 4 generations, Eric Kayser has perpetuated the tradition of a craft profession while internationalising the enterprise and creating the brand ‘Maison Kayser’ all over the world, with more than 240 shops, present in 4 continents<sup>10</sup>.

### **1) Presentation of Maison Kayser**

Born in 1964, Eric Kayser has learned and taught the profession of baker and pastry chef for more than 10 years before opening his first shop by the age of 32. The first shop of Eric Kayser, opened in 1996 in Monge street in Paris, represents the beginning of ‘Maison Kayser’ enterprise composed today of hundreds independent shops<sup>11</sup> implemented with licences or internal partnerships everywhere in the world. This limited liability company employed around 2000 people worldwide.

The concept of Maison Kayser is based on quality products, produced everyday with the traditional process and know-how of Eric Kayser, with a part of innovation and modernity. Maison Kayser is not a chain. It is a company composed of several independent bakeries and pastry shops committed to sell craft products made with traditional production process that Eric Kayser defends. The concept of ‘Maison Kayser’ is also hold in the place and environment where breads and pastries are sold. Present in many different kind of place like airport or old city centre, Maison Kayser products are sold to consumers in well designed shops that vary from their size and the variety of products offered.

Maison Kayser products are traditional and innovative. If the traditional baguette is present all over the world in the same form, many varieties of breads and pastries change according to regions or seasons. The signature of Maison Kayser is the traditional process that makes quality and innovative products by their receipts. For example, every month a new bread is created and sold in limited edition. The craftsmen know-how and the natural products sold are the key to the success of Maison Kayser. Eric Kayser has bet on the return of high quality and fermented

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<sup>10</sup> **Maison Kayser**, <https://maison-kayser.com> , consulted on the 20th of February 2019

<sup>11</sup> **Annex 2** : “Our Bakery locations around the world” **Kayser Eric & Matcheret Alexandre**, “Maison Eric Kayser, artisan boulanger, Paris: Présentation générale 2019”, 2019

bread from the beginning of his establishment in the global bread market. He developed the ‘tradition’ bread made with premium wheat and liquid leaven selected with care, without additives and adding a long fermentation time to the production process to increase taste and preservation quality to his bread. The unique flavour of Maison Kayser tradition baguette is a success around the world. Eric Kayser promotes the French culture with its authentic recipe of bread, croissant... what built his reputation of craftsman. The reputation of Eric Kayser is also based on the creativity of his recipes and his ability to adapt to local market. Maison Kayser products evolve and improve over time, adapting to consumer tastes, preferences and cultures. The continuous development of new recipes of bread and pastry plays an important role in the success of Maison Kayser always surprising his customers and understanding their expectations better. Traditional and modern, Maison Kayser production process is innovative and use the latest technology to maintain a leading position and a constant quality.

## 2) The international expansion of Maison Kayser

It is in 2001, 5 years after the opening of his first shop, that Eric Kayser started the internationalisation of Maison Kayser. Maison Kayser set up its first shop outside France in Japan, with the help of a Japanese baker trainee working for the enterprise in Paris who became a partner. Today, Japan is the second implementation country of Maison Kayser with almost 50 shops. Maison Kayser internationalisation strategy is based on the export of a ‘know-how’, the expertise of the craft bread production. In fact, Maison Kayser produces and sells its products abroad. Every product is made on the spot what requires great care to recruit and train local bakers and pastry chefs. After Japan, Maison Kayser developed its brand everywhere in Europe, Asia, North & South America and Africa<sup>12</sup>.

The internationalization strategy of Maison Kayser does not follow a progressive process like the Uppsala model in terms of the initial country selection. Japan is geographically far as well as culturally different from Maison Kayser home country, France. Concerning the degree of market commitment, Maison Kayser neither did follow the Uppsala model. Eric Kayser decided to set up a shop directly in Japan without exporting some products first and sees the market reaction. Networks are key in the strategy of internationalization of Maison Kayser. Eric Kayser

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<sup>12</sup> **Annex 2:** “Our Bakery locations around the world”, **Kayser Eric & Macheret Alexandre**, “*Maison Eric Kayser, artisan boulanger, Paris: Présentation générale 2019*”, 2019



chooses carefully local partners in every country he enters. Partners facilitate market penetration and shops establishment by sharing their knowledge.

Today, 70% of Maison Kayser revenue is made outside France, in the foreign markets where the brand is present. The process of internationalization is simple and depends on funding. Either Eric Kayser decides to enter a new market by opening a shop with the help of local partners or he sells licences to foreign investors decreasing financial risks but keeping control over the shop management and products production. By internationalizing, Eric Kayser wants to spread his vision of craft bakery around the world, sharing quality products, teaching craft bakery know-how and learning from other cultures. Eric Kayser is working on a project to create two bakery schools, one in Cambodia and one in Africa, to teach his profession to people in needs in developing countries while expanding his business and training his future talented bakers over the world.

## FINDINGS

Maison Kayser case study aims to answer the research question ‘how can craft enterprise internationalize managing the tension between geographic expansion and craft production process’. First, we will list the challenges that Maison Kayser faced when internationalizing (I). Second, we will underline how Maison Kayser overcame these barriers by exporting its mode of production (II). Third, we will explain how the strong French craft identity of Maison Kayser helped the enterprise to maintain a craft production challenged by the pressures of internationalization (III).

### I) Challenges of internationalisation faced by Maison Kayser

#### 1) The lack of knowledge of a craftsman growing his business internationally

Trained as a craftsman, Eric Kayser, founder and CEO of Maison Kayser, is not an expert in terms of business, organisational management and internationalization strategy.

*“I quickly realised, from the beginning of Maison Kayser expansion, that I needed to develop my business skills and knowledge to develop the enterprise at a big scale. I had no clue of what was a financial or a business plan and I had to speak with banks and investors, people from the business and management field while I could only speak about my expertise in craft bakery with them”* (Eric Kayser).

Now, the enterprise Maison Kayser is organized as a company; with the headquarters in Paris and business experts located all around the world where Maison Kayser is present. In Asia for example, Eric Kayser named a CEO and a CFO for this region, in addition to employ professionals in law, marketing, sales and purchases in every country there is shops.

The limited knowledge that Eric Kayser had about foreign markets was another challenge encounter by Maison Kayser at the beginning of its internationalization. Creating and establishing a business, differs in every country. Enterprises have to adapt to the legislation, the business method, the consumers preferences and the culture of each country in order to set up successfully in new countries. Guillaume Simon, COO of Maison Kayser Cambodia, gives the example of the inflation of the cost of raw materials in Cambodia as well as taxes that differ in

every Asian country. Alexandre Matcheret, CEO of Maison Kayser Asia, says that in every country in Asia where he opened a new Maison Kayser shop, he had to adapt his management style according to employees' culture. Eric Kayser insists on the adaptation of the company to consumer's tastes, habits and culture.

Eric Kayser underlined the language barrier as one of the main obstacles to make business abroad.

*“I didn't know how to speak English or any other language than French when I started developing Maison Kayser abroad. It was hard to communicate with employees, clients and investors in the foreign countries. This was a real downside for me as I was the director of the enterprise and I could not speak directly to anyone so I could not create tight relationships with the people that was working for my enterprise or that was buying my products”* (Eric Kayser).

By not speaking the language of the country, Eric Kayser was losing opportunities to grow his business, gain credibility and trust towards his employees and partners.

## **2) Limited resources and networks**

The limited financial resources of the founder and CEO at the beginning of Maison Kayser outside France is the reason why Eric Kayser built a partnership with a Japanese baker who was working for his company in Paris. This partnership had for main goal to make the project financially possible and to decrease financial risks for the enterprise and himself.

*“In addition to financially not be able to invest alone in a new shop in Japan, I was reassured to not be the only entity to invest and bet on a new market, sharing risks with my partner”* (Eric Kayser).

The lack of support to start a process of internationalization could have stop Eric Kayser to develop his business abroad.

*“Opening bakery shops over the world have always been my dream. However, when I saw all the administrative procedures to do and all legislation laws of the host country to respect, I felt demotivated”* (Eric Kayser).

In the case of Maison Kayser, there is not many - or not at all – examples of craft bakery that internationalize for which Eric Kayser could have follow the path. Furthermore, Eric Kayser was not aware of the few supports that France is offering.

The international network of Eric Kayser was very limited at the beginning of the expansion of the enterprise and identifying good partners was difficult. It is even more difficult when the manager does not know the country and its culture. It happened once, that a Kayser license-partner in the USA had for only objective to steal Kayser know-how. This case illustrates the risks of partnerships that can sometimes be bigger than benefits, when brand owner and partners do not have the same vision about their business. The failure of Eric Kayser with a wrong partnership in the USA was mainly due to trust.

*“Always keen to share my know-how to passionate people, I didn’t realize that behind bakers and pastry chefs, shops managers and financial actors were part of this relationship too and they betrayed the trust I had, by trying to steal the know-how of Maison Kayser craftsmen”* (Eric Kayser).

### **3) Entering countries where craft products are little-known**

Entering a new market, establishing a brand and introducing new products to consumers can be challenging. Based on his experience, Alexandre Matcheret recognizes that it was easier for Maison Kayser to target countries where their know-how was demanded by customers and only few competitors was offering it or where their mode of production was likely to appeal to new consumers. However, adapting to countries that do not know about the craft products is a challenge that can be taken according to him.

*“The risk is higher, but it is possible to introduce a completely unknown know-how in a country on condition of doing massive promotion or being helped by local networks that will announce that know-how”* (Alexandre Matcheret).

#### 4) The risk of loosing a craft production mode

One of the risks that Eric Kayser faces expanding its enterprise at a big scale, is to lose control because of the number of businesses and people he has to manage. To maximize Maison Kayser development, Eric Kayser sells licenses.

*“Even though license contract includes clear terms and conditions concerning the partners rights and duties toward me, owner of the company, it authorizes partners to use my brand, concept model and strategy nonetheless”* (Eric Kayser).

Even if partners do not have the full power of decision-making, at a small-scale they decide of the daily activities management, what can jeopardize the business identity that the owner created.

To expand Maison Kayser, Eric Kayser had to increase quantity. When he considered dealing with distributors, he felt the pressure to produce more at the risk of jeopardizing his craft production.

*“The easiest way to produce more is to use industrial production, however this solution has never been an option for Maison Kayser”* (Alexandre Matcheret).

Everywhere, Maison Kayser opens a shop, the enterprise has to recruit talents that will learn and reproduce Eric Kayser know-how. Alexandre Boissonnet, director of Maison Kayser México, explains that Eric Kayser knows the importance of recruiting trusted persons, as they will represent his know-how worldwide. However, Eric Kayser is conscious that *“recruiting bakers and pastry chefs is yet not easy as it is not a profession highlighted and it can be a difficult one with countless hours of work and uncommon schedule as they are working during the night to make product ready for the day after”*.

#### Discussion

Maison Kayser has been exposed to the main SMEs barriers towards internationalization (Annex 4). Those difficulties are linked with administrative procedures, identification of partners and financial investments. In addition to those obstacles, the craft enterprise Maison Kayser have been challenged by the lack of theoretical knowledge from the CEO Eric Kayser and the size of the enterprise to maintain a craft mode of production while increasing quantity

for a higher demand. In the case of Eric Kayser, he learned the skills conducive to the internationalization throughout the process and he acquired the leadership skills needed to manage an international company. He learned English, business codes and cultures of different countries and other management skills with the process of ‘learning-by-doing’. Alexandre Matcheret, CEO of Maison Kayser Asia, explains that the *“personality of Eric Kayser, his energy and willpower play a very important role in the success of the internationalization”* of Maison Kayser. In fact, the profile of the leader plays a determinant role in the development of an enterprise.

## **II) Exporting a craft mode of production**

### **1) Maintaining a high quality of handmade products**

Exporting a production mode is more difficult and costly than exporting a product. However, it allowed Maison Kayser to overcome the barriers of internationalization, keeping craft and expanding the business worldwide. Eric Kayser chose to export his know-how and not simply export his products to keep the quality that only craft products produced on the spot with traditional techniques can offer.

Maison Kayser implement production spot in every city the brand is present. In most cities every bakery has its own manufacturing laboratory that provides its own bakery shop. In the cities where the rent is high and meters squares are counted, so it is difficult to find large spaces to include the manufacturing laboratory in shops, a big laboratory produce all the products for Kayser shops of the city and each shops are supplied everyday by this one (Alexandre Matcheret). Producing in small quantity, several times, in multiples places results to a big quantity produced while keeping control on the quality.

*“Our production process is built around the important principle that quantity does not imperil quality of our craft products”* (Eric Kayser).

With the same objective to maintain quality products, Eric Kayser invented in 1994 the ‘FermentoLevain<sup>13</sup>’, a machine created to “*maintain a liquid leaven at a constant temperature and thus to facilitate its implementation*” (Eric Kayser). This invention allowed Maison Kayser to produce more and sell a product with the same taste, high quality and preservation everywhere.

The success of Maison Kayser and the worldwide recognition of Eric Kayser are based on his specific know-how.

*“Before being an excellent company head, Eric Kayser is an exceptional baker and bakery trainer”* (Guillaume Simon, COO of Maison Kayser Cambodia).

The export of a know-how rests on the values of transmission and trust because it involves:

*“learning processes and sharing knowledge to insure the production of quality products by all bakers of the company to create and perpetuate the signature tastes of Maison Kayser products that consumers recognize and appreciate”* (Eric Kayser).

Eric Kayser passes his ‘know-how’ to his bakers and pastry chefs around the world. He gives a major importance to training because it is by sharing his recipes and his techniques that he is able to assure quality products around the world.

*“Trainings cost money and time but they are essential to transmit the exact gesture of a baker craftsman. Maison Kayser is based on human skills as craft breads and pastries are made in the hand of bakers and their techniques is the signature of Maison Kayser traditional craftsmanship”* (Alexandre Matcheret, CEO of Maison Kayser Asia).

Trust is important in the process of sharing know-how as brand image of craft enterprise come into play.

*“It is essential to build a respectful relationship of trust with his employees as they run your business and represent your brand”* (Eric Kayser).

Multiplying the number of bakers and pastry chefs trained increase quantity produced, satisfy demand and do not jeopardize craft quality products.

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<sup>13</sup> **Maison Kayser**, <https://maison-kayser.com> , consulted on the 20th of February 2019

## 2) Adapting to new market places and foreign consumers' tastes

A craft production process gives the advantage to adapt products to customer's preferences. This production mode is more *"flexible to create or adjust products to different cultures"* (Alexandre Matcheret). In every Maison Kayser bakery around the world, customers can find the French traditional products like baguette and croissant, which are part of the brand essence (Eric Kayser). However, mindful about new cultures, Eric Kayser adapts some of his products to customers' taste, culture and habit of each country he runs a bakery. This strategy of adaptation completes the success of internationalization of Maison Kayser while keeping a French essence to the brand (Alexandre Matcheret). In Asia for example, he learned that the jaw of Asians is physiologically less adapted to hard texture of food and that in their culture Asians are more used to soft texture than Europeans. Most of his bread in Asia will be adapted to this specific characteristic, making bread with softer crust (Eric Kayser). He also offers a variety of product adapted to the country taste by using local spices and ingredients (Alexandre Matcheret). For example, in Japan Eric Kayser bakes pastry made using 'matcha green tea powder'.

Maison Kayser know-how is a knowledge that has more value abroad. Even though baker know-how is taught, the production process of Maison Kayser is unique, and this type of production is scarcer outside its home country.

*"In Asia, craft bread is rare and craft mode of production is considered as innovative"* (Alexandre Matcheret).

By using the traditional craft methods of production from its home country, Maison Kayser gains competitive advantage abroad, with products considered as unique and high standard quality. Furthermore, abroad Maison Kayser is established in markets with low competition what facilitate market expansion.



## Discussion

“Only 8% of European SMEs export”<sup>14</sup> and among these enterprises only 33%<sup>15</sup> export in non-border countries. Furthermore, only 13%<sup>16</sup> of these SMEs have a subsidiary abroad as a form of internationalization. Maison Kayser takes part of this very few group of SMEs that internationalize in non-border countries, setting up shops directly in the country it develops in. Moreover, Maison Kayser took the challenge to use an uncommon form of internationalization by exporting its production process. This internationalization process, more costly and riskier as it is based on human skills and trust, showed in the case of Maison Kayser that it plays a role in the successful development of the enterprise worldwide maintaining craft manufacturing. This internationalization process based on exporting craft production mode helped the company to deal with internationalization pressures associated with the growth of the organization. It allows Maison Kayser to maintain high quality product and adapt to foreign consumers tastes. The enterprise also uses technology to produce more and keep high quality with the FermentoLevain<sup>17</sup> invention. Maison Kayser manages the tension between internationalization and craft production mode as a priority. However, its internationalization relaunches the debate about the definition of crafts enterprise. Maison Kayser is a craft enterprise at all points except in terms of numbers. However, it is its increasing number of employees and its high revenue that represent the success of the company expansion and this growth do not jeopardize its craft production process.

### III) Maison Kayser’s French craft identity asset on the international market

#### 1) Crafts values shared with Maison Kayser’s customers

Preserving direct interaction with customers is a strategy of Eric Kayser to explain his products for his fair value, understand customers demand and keep control over their experience.

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<sup>14</sup> **European Commission, Enterprise and Industry**, « Putting small businesses first, Europe is good for SMEs, SMEs are good for Europe », 2008 edition, p.13

<sup>15</sup> **Annex 3** : “ Quelles sont vos cinq principales destinations pour l’export” **Etude ISM 2011**, included into ISM, the contribution work of the enterprises financement observatory “*les entreprises artisanales exportatrices ce que l’on en sait*”, DGE, ISM, December 2017

<sup>16</sup> **Annex 5**: “The prevalence of different forms of internationalisation among SMEs”, **European Commission 3**, Observatory of European SME’s, “Internationalisation of SMEs“, [https://www.ec.europa.eu/press-release\\_IP-04-687\\_No.4\\_2003](https://www.ec.europa.eu/press-release_IP-04-687_No.4_2003), 2003, consulted on 19th March 2019

<sup>17</sup> **Maison Kayser**, <https://maison-kayser.com> , consulted on the 20th of February 2019

Concerning craft products, Eric Kayser is for the ‘disintermediation’, the reduction of intermediaries for the benefit of direct transactions between clients and suppliers (Guillaume Simon).

*“Without intermediaries, customers feel closer to the brand and people who make their bread. When they enter a Maison Kayser shop, they speak with a sales assistant that can advise them, explain the product and the production process of Kayser”* (Guillaume Simon).

Maison Kayser wants to create a special relationship with consumers in order to understand their preferences and to make them understand what are craft products. Proud of his profession, products and manufacturing process in accordance with crafts traditions and values, Eric Kayser targets consumers who appreciate quality products and sometime who have knowledge about French culture or crafts heritage. All the shops are moderns and have for objective to pass the traditional image of the craft profession of baker in a warm and welcoming atmosphere that fit in the local environment and is favourable to social contacts. The locality and proximity feelings that Maison Kayser tries to transmit with his concept stores reflect the craft production process of the products sold.

Eric Kayser pricing is 20 to 40% higher than the local market price for similar products not necessarily handcrafted. Consumers need to understand what is a craft product to be willing to pay the price. The promotion of Kayser products is built around the values that craftsmen defend, and this has for objective to educate consumers and convinced them to defend the profession. According to Alexandre Matcheret, CEO of Maison Kayser Asia, this pricing strategy is not discriminatory, *“the cost of manufacturing and raw materials of handcrafted products is higher by 20 to 40% compare to industrial product of the same type”*. Furthermore, Maison Kayser pricing is adapted to every cost of life of each country so handcrafted product are accessible to most local people who are willing to pay for high standard products and in some developing countries who can afford to spend more for the quality.

## 2) The French identity of Maison Kayser

By internationalizing Maison Kayser, Eric Kayser is exporting the French culture<sup>18</sup> across the globe.

*“Most people associate the ‘baguette’ or the ‘croissant’ to France and French bread and pastry are famous and internationally recognized for excellence”* (Eric Kayser).

These particularities are competitive advantages in foreign markets, and they are selling points for consumers.

*“In a way, the internationalization of Maison Kayser rests on the French culture reputation and this culture is also part of the craft production mode we maintain”* (Eric Kayser).

The “*French touch*” (Eric Kayser) is an advantage to gain consumers around the world and sell the traditional production process that Maison Kayser use in order to value a craft product. When Eric Kayser opened his first shop outside France, he knew that Japanese worship French pastries. Eric Kayser uses the French culinary reputation as a competitive advantage. It is a good marketing promotion that he subjectively uses, in the name of his products and in the design of his shops to immerse his clients into the French culture during their customer experience at Maison Kayser (Alexandre Boissonnet, director of Maison Kayser México).

*“Eric Kayser is a face in the bakery world, he represents the French art of bakery and pastry recognized around the globe”* (Dominique Anract).

The French identity of Maison Kayser as well as the French nationality of Eric Kayser builds the reputation of ‘Maison Kayser’ as a good ‘school’ to learn the profession of baker and pastry chef.

*“Since Maison Kayser enjoys a brand reputation in Asia, it is less difficult to hire bakers and pastry chefs. Young professionals want to learn from an experience at Maison Kayser”* (Alexandre Matcheret).

Eric Kayser shares the French culture with the bakers he trains. He offers to his foreign bakers and pastry chefs a week of training in Paris in addition to their period of training to empathies on the value of French know-how and those of Maison Kayser, a French bakery that started in Paris.

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<sup>18</sup> **Ministère de la culture**, <https://culture.gouv.fr> , consulted on the 5th of April 2019

*“It is essential to transmit Maison Kayser history, values and traditions to my bakers because they represent Maison Kayser brand” (Eric Kayser).*

In fact, the transmission of Eric Kayser’s know-how is very important in the value chain of Maison Kayser, as the enterprise needs excellent bakers and pastry chefs to maintain the quality product based on human expertise.

## Discussion

The strong craft and French identity of Maison Kayser supports the mode of internationalization that the enterprise strategically chose which is to export a production process. Through his know-how, Eric Kayser is exporting his home country culture as well as the values of craftsmanship, which are sales arguments that have accelerate the internationalization of Maison Kayser. Spotlighting Maison Kayser country culture and craft tradition is conducive to the growth of the enterprise.

The President of the French Republic is defending the ‘baguette’ to enter in the UNESCO world heritage list (Anonymous <sup>1</sup>, 2018). Eric Kayser accompanied the President of the French republic, Emanuel Macron, in April 2018 to a state visit in Washington, in the U.S. to celebrate the relationship between France and the United States what shows the fame of the craftsman Eric Kayser abroad (Rauline & Connesa, 2018). The reputation of Eric Kayser production process around the world is strengthening by awards and labels he won. In February 2019, the Bakery Maison Kayser won the jury price of the competition of the best ‘baguette’ of New York, proving once again the renown of the French know-how (Anonymous <sup>2</sup>, 2019) (Marceau, 2019).

Maison Kayser is known for the quality of its products made thanks to a craft production process as well as because it represents the image of France and French bakery abroad. Consumers do not participate to the process of production so they value a product based on the images they perceive, influenced by facts or stereotypes. The French culture and craft production process are positively seen by consumers as high standard products what helps Maison Kayser to gain consumers in foreign markets. Investors are also keener to invest in a company with a strong brand image.

## CONCLUSION

Although, the geographical expansion of enterprises seems evident in a globalised world, only few SME's try to internationalise. This phenomenon is even scarcer for crafts SMEs that needs to maintain a traditional mode of production. What defines a craft enterprise is its specific production process based on human skills. The internationalization process challenges this characteristic, as it requires the company to substantially increase its quantity of production. Based on this tension, this research answer to the question 'how can craft enterprise internationalize, managing the tension between geographic expansion and craft production process?'.

This research aims to contribute to fill in the gap concerning internationalization process in the specific industry of craft. There is not much literature focusing on the industry of craft regarding internationalization, as craft enterprises barely internationalize at present. The literature gap can also be explained by the historical debate about the definition of 'craft enterprise'.

The case study of Maison Kayser is an example among the few craft enterprises that developed abroad at a big scale, which represents an encouraging success for the craft sector. Maison Kayser's process of internationalization is based on the deeply rooted identity and process of production of craft enterprises.

The results of this research show how Maison Kayser is able to internationalize while maintaining a craft production process. By producing its products on site with bakers and pastry chefs trained by the enterprise, Maison Kayser assures the same craft quality everywhere and it can adapt to the local consumer taste more easily. To successfully set up a craft production process abroad and deal with the different cultural business methods, leaders of Maison Kayser have developed knowledge during the process of internationalization to understand foreign markets, choose trustful partners, stay close to employees and customers and keep control over the different shops of the brand. In order to sell Maison Kayser production process, the enterprise promotes craft product by sharing the craft values to customers to raise their awareness. This strategy is build around a strong brand identity strengthen by the reputation of French food excellence.

Maison Kayser overcame the internationalization barriers exporting a production process based on the traditions and values of crafts, reinforced by a national identity that it promotes. At the

beginning of its internationalization, Maison Kayser faced even more barriers than SMEs due to the lack of knowledge of craftsmen and the limited resources of a small, local and traditional enterprise. By exporting a process of production, Maison Kayser internationalized maintaining craft high quality products. By multiplying the numbers of shops and bakers qualified, Maison Kayser increases the quantity produced without jeopardizing the craft identity of the enterprise. The French craft identity of Maison Kayser, rooted in the brand of the enterprise, is favourable to its expansion. The quality of Maison Kayser products and the marketing strategy build around French bakery reputation and crafts values are Maison Kayser's competitive advantages. It is conducive to gaining foreign markets as it increases consumers' awareness and global demand.

Nonetheless, this research has limitations and further researches would complete the answer to the research question. More interviews conducted with other stakeholders could have offered a different perspective on the process under study. It was not possible to interview other parties of Maison Kayser such as investors and it would add insights to findings. Although, Maison Kayser is a case that illustrates the internationalization of a craft enterprise using the industry specificities as assets, it does not share numbers about the company results and information about the strategy and business model of the company were hard to obtain. Supplementary discussion with craft experts to address topics about politics to encourage craftsman to internationalize could be beneficial to the subject too.

Yet, to further expand this study, the first and most essential stage would be to multiply case studies with different craft enterprises from different countries and professions than Maison Kayser, French bakery craft enterprise.

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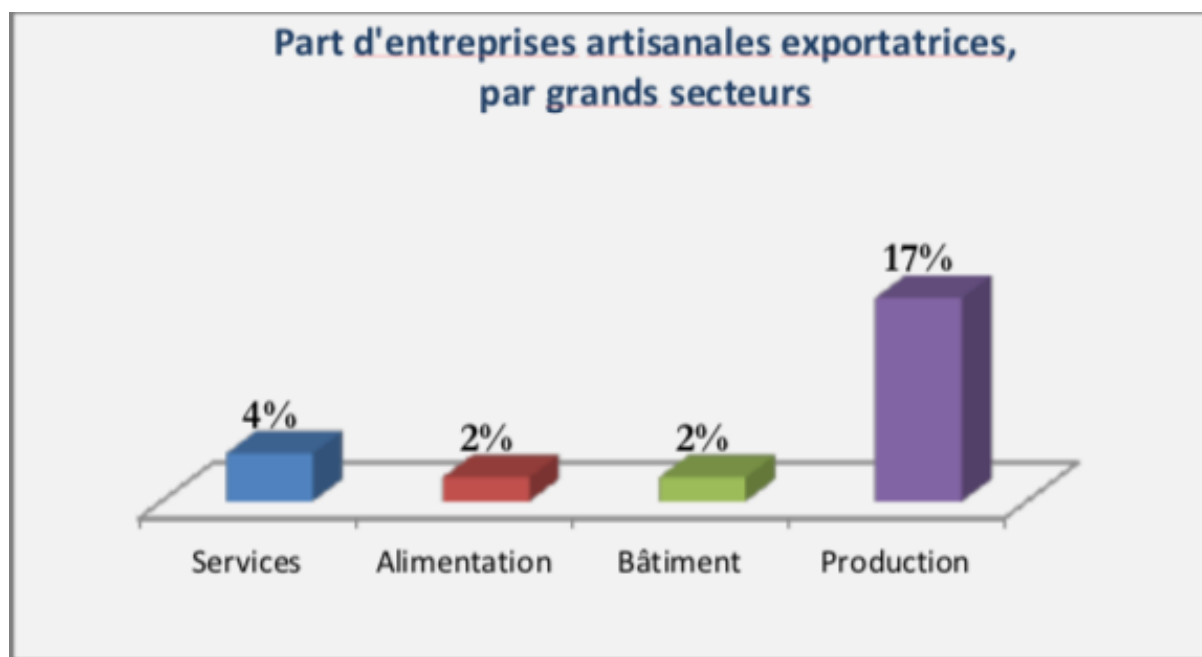
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## ANNEX

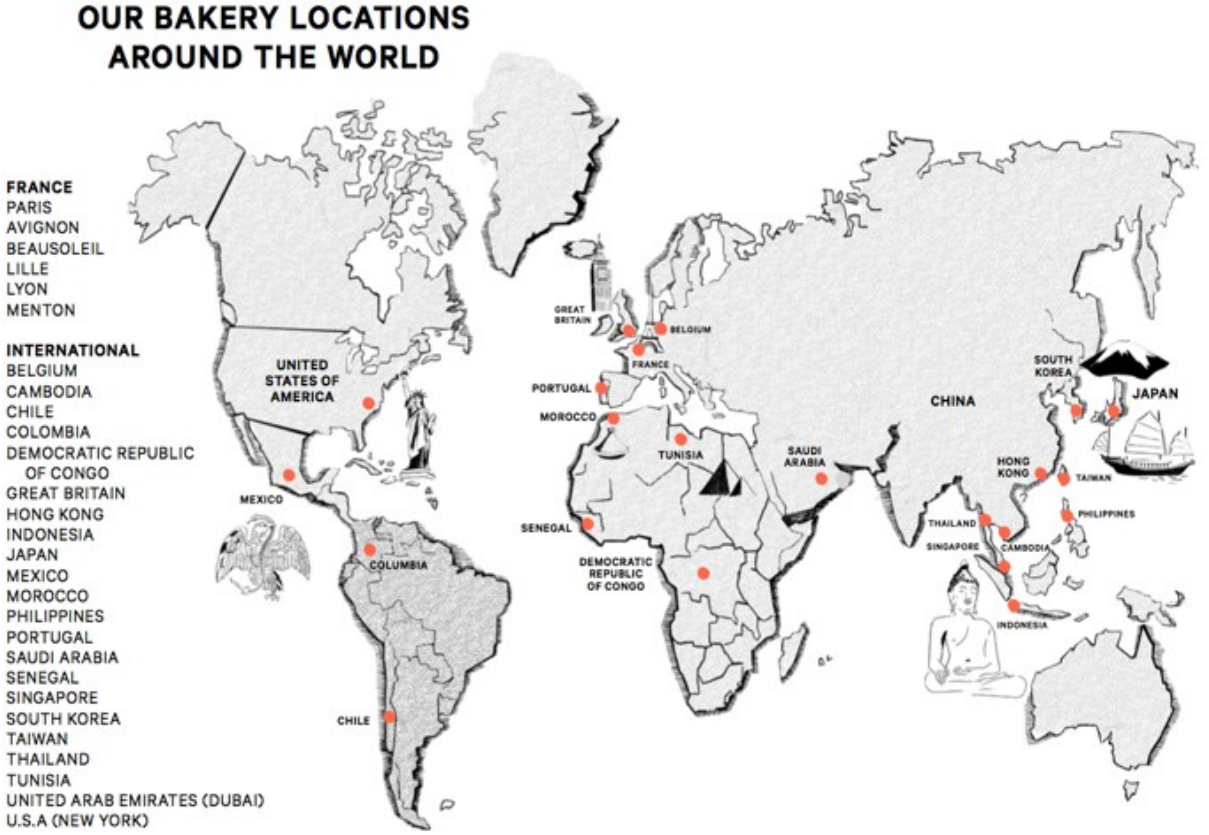
### Annex 1 : “Part d’entreprises artisanales exportatrices, par grands secteurs”



Source : FICUS-SUSE 2007 – traitement INSEE

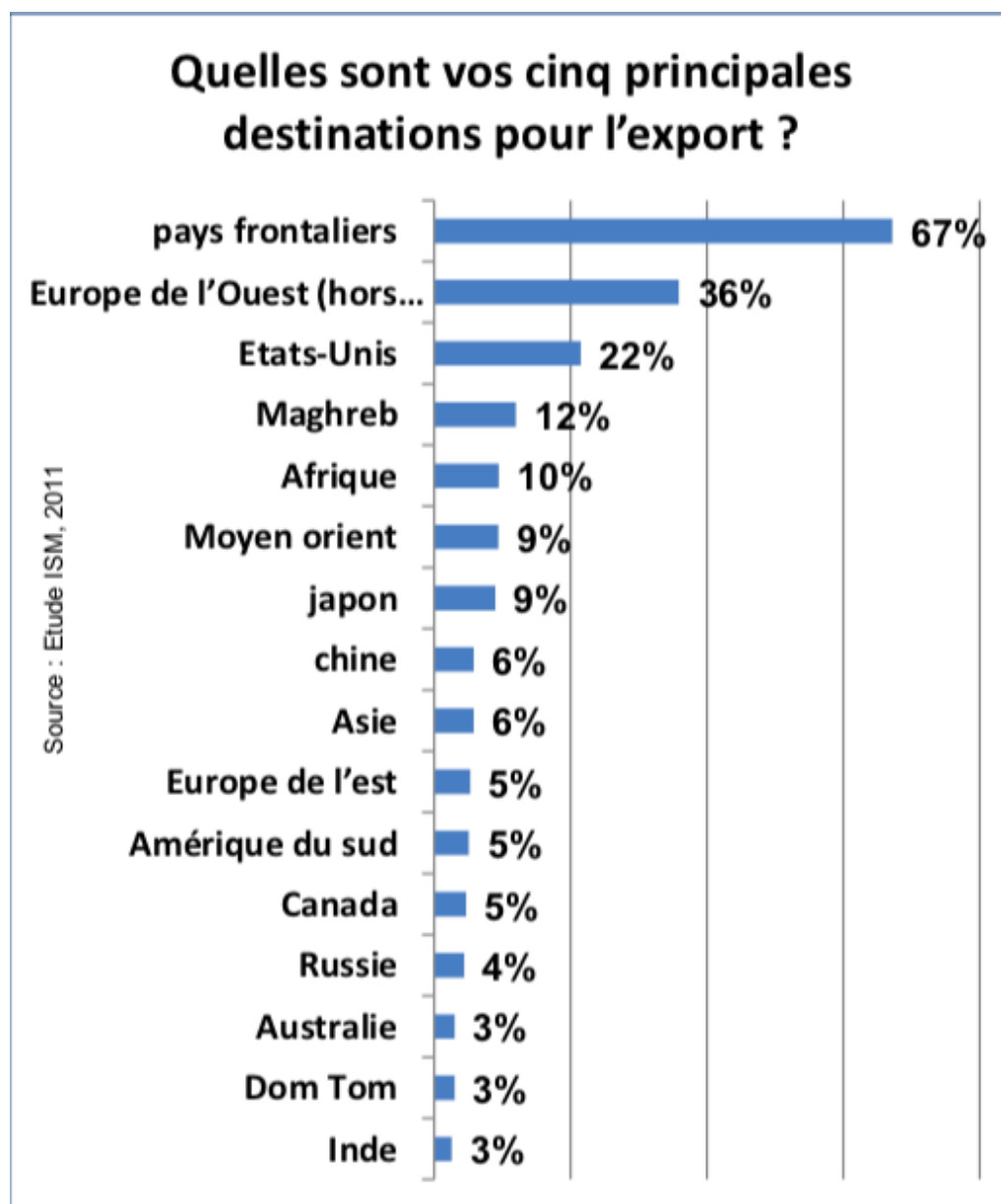
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Annex 2 : “Our Bakery locations around the world”



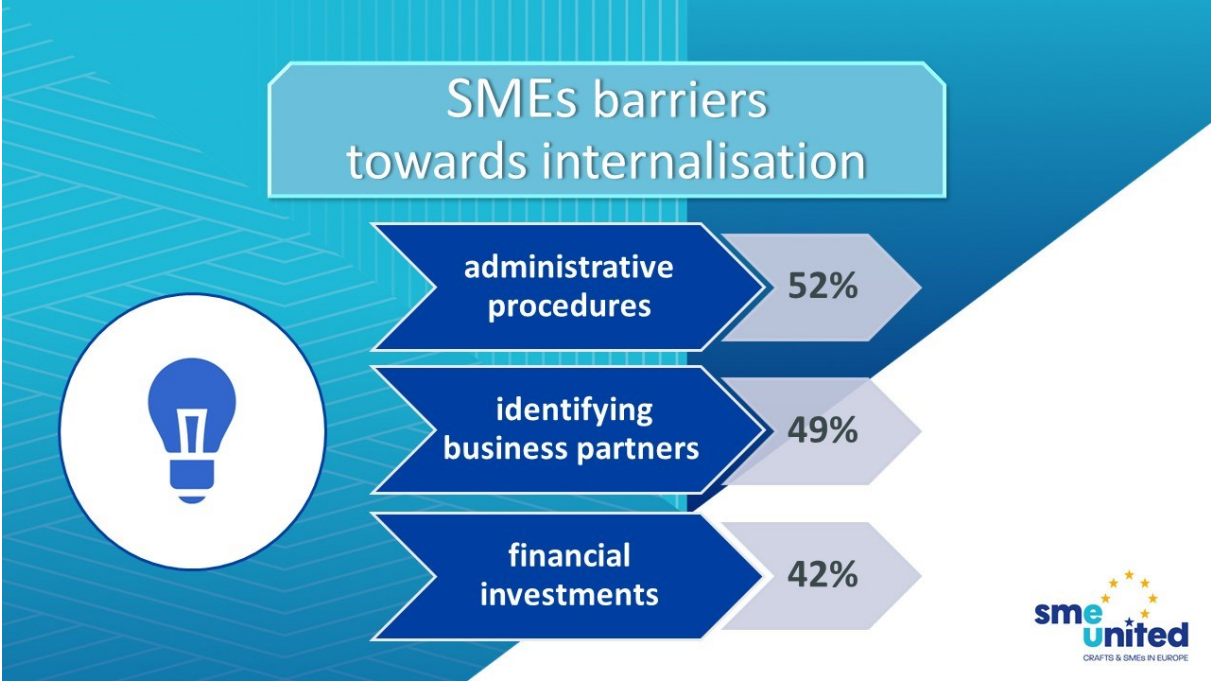
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### Annex 3 : “Quelles sont vos cinq principales destinations pour l’export ?”



Etude ISM 2011, included into ISM, the contribution work of the enterprises financement observatory “*les entreprises artisanales exportatrices ce que l’on en sait*”, DGE, ISM, December 2017

Annex 4 : “SMEs barriers towards internalization”

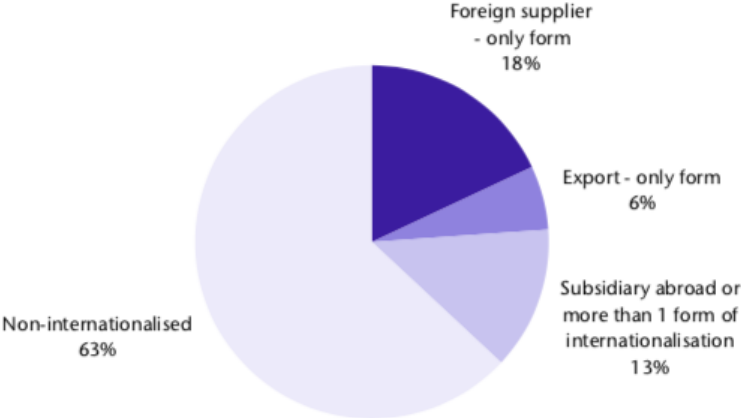


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**Annex 5: “The prevalence of different forms of internationalization among SMEs”**

**Figure 2.1: The prevalence of different forms of internationalisation among SMEs**



Source: ENSR Enterprise Survey, 2003.

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