

Global Niche Leadership Through Exports: A Systematic Review of Hidden Champions' International Market Strategies

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ABSTRACT

Hidden Champions—high-performing, specialized firms that dominate global niche markets while remaining publicly obscure—exhibit export behaviors that challenge established SME internationalization theories. This systematic review synthesizes evidence from 58 peer-reviewed articles published between 1992 and 2024 to clarify how Hidden Champions build and sustain their international presence. The findings reveal a distinct export logic characterized by exceptionally high foreign revenue dependence, selective and deeply rooted market expansion, and strong preference for control-oriented entry modes. Customer intimacy emerges as a central mechanism enabling market penetration, continuous learning, and adaptation to local needs despite limited firm size. These patterns suggest that Hidden Champions follow a capability-driven internationalization path shaped by technological specialization, long-term orientation, and relational advantage. The review identifies major conceptual gaps—particularly in emerging markets and digital internationalization—and outlines avenues for future research to advance theoretical understanding of global niche strategies.

Keywords: Hidden Champions, Export Strategies, Internationalization, Global Niche Market

Introduction

Since the early 1990s, the concept of Hidden Champions has attracted growing attention among scholars seeking to understand how small and medium-sized enterprises (SMEs) secure global leadership in highly specialized market niches. The term was introduced by Simon to describe firms that are world leaders in narrow segments, maintain exceptionally high-performance levels, yet remain largely invisible to the broader public [1]. Hidden Champions typically combine deep technological specialization, strong customer orientation, and a long-term strategic mindset, enabling them to outperform larger rivals despite their limited size [2,3]. Subsequent studies have confirmed their critical role in industrial ecosystems, particularly in advanced manufacturing economies, where they act as key suppliers of specialized components, systems, and technologies (Audretsch et al., 2018) [4].

A common and defining characteristic of Hidden Champions is their remarkable degree of internationalization, especially

through exports. Unlike most SMEs, whose internationalization is often gradual and constrained by resource limitations, Hidden Champions display unusually high export intensity, often generating 50–90% of their revenue from foreign markets [5,6]. This phenomenon challenges established SME internationalization theories and invites deeper exploration of how such firms overcome typical barriers related to market entry, foreignness, distribution, and customer acquisition. The literature suggests that their international competitiveness is grounded in a unique configuration of strategic behaviours—selective market entry, control-oriented export modes, intense customer intimacy, and deep learning from global markets—yet research on these aspects remains scattered and underdeveloped [7,8].

Despite increasing interest, scholarship on Hidden Champions remains limited, fragmented, and geographically imbalanced. Much of the existing research is rooted in European contexts, particularly Germany's *Mittelstand*, which raises questions about the extent to which the phenomenon generalizes across other regions and institutional environments [7]. Furthermore, although empirical studies recognize the centrality of export

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behaviour and global niche strategies, no systematic literature review has yet synthesized what is known about how Hidden Champions internationalize. Existing reviews have rather focused on characteristics, success factors, innovation patterns, or broad strategic features, leaving a clear conceptual gap regarding their export trajectories and international market strategies [8].

To address this gap, this study conducts a Systematic Literature Review (SLR) of 58 peer-reviewed articles published between 1992 and 2024. The SLR approach provides a transparent, replicable, and comprehensive synthesis of dispersed knowledge, allowing the identification of recurring patterns, theoretical inconsistencies, and underexplored dimensions [9]. By focusing specifically on export patterns and international market strategies, this review contributes to international business research by clarifying the distinctive pathways through which Hidden Champions expand internationally and sustain global competitiveness.

The findings of this review demonstrate that Hidden Champions follow a unique internationalization logic characterized by early and intensive export engagement, deep penetration of selected markets, strong control over distribution channels, and sustained customer-oriented learning. These insights not only refine theoretical understanding of SME internationalization but also offer valuable guidance for managers, policymakers, and support institutions seeking to promote globally competitive niche firms.

The remainder of the article is structured as follows. The next section presents the systematic review methodology, including search strategy, eligibility criteria, and selection process. The Results section synthesizes the main export patterns and international strategies identified in the literature. The Discussion interprets these findings in relation to existing theories of SME internationalization and dynamic capabilities. The final section presents the conclusion, theoretical and managerial implications, limitations of the review, and future research directions.

Materials and Methods

This study employs a Systematic Literature Review (SLR) approach to synthesize academic knowledge on the export patterns and international market strategies of Hidden Champions. A systematic review is a structured, transparent, and replicable method designed to identify, evaluate, and integrate existing research using explicit selection criteria and a predefined protocol [9]. Unlike narrative reviews, which often rely on subjective interpretation, an SLR minimizes bias by following a standardized process of data retrieval, screening, and synthesis. This method is particularly appropriate for the present study because research on Hidden Champions; especially regarding their export behavior and international market strategies, is still relatively fragmented, geographically concentrated, and theoretically dispersed.

The objective of using a systematic review is threefold. First, it allows the consolidation of findings scattered across more than three decades of research (1992–2024), providing an integrated understanding of how Hidden Champions internationalize. Second, it produces a transparent and replicable evidence base by clearly documenting inclusion criteria and methodological

decisions. Third, it identifies conceptual gaps and emerging patterns, enabling the development of a refined framework for understanding how Hidden Champions construct and sustain global niche leadership.

Search Strategy and Data Sources

To ensure comprehensive coverage, the literature search was conducted using two major scientific databases widely recognized for their relevance in business and management research: Scopus and Web of Science (WoS). Search strings included combinations of keywords such as “Hidden Champions”, “internationalization”, “export”, “global niche”, “market strategy”, and “export performance”. This search, covering the period 1992 to 2024, yielded a total of 252 documents (Scopus $n = 196$; WoS $n = 56$), representing the initial pool of potentially relevant studies.

Screening Process and Inclusion Criteria

Following identification, all documents underwent a rigorous screening process based on pre-established inclusion criteria. Only studies meeting the following conditions were retained:

- **Time Frame:** 1992–2024 (from the introduction of the Hidden Champions concept to the most recent contributions)
- **Subject Areas:** Business, Management, Finance, Economics
- **Document Type:** Peer-reviewed journal articles (excluding books, book chapters, conference papers, editorials)
- **Language:** English
- **Relevance:** Explicit focus on Hidden Champions or directly related constructs, with attention to export behavior or international strategies

The selection process followed a PRISMA-inspired flow, progressing through four sequential stages. In the identification phase, a total of 252 documents were retrieved from the two selected databases, with 196 records sourced from Scopus and 56 from Web of Science. During the screening stage, these documents were assessed against the predefined inclusion criteria, which considered the publication timeline (1992–2024), relevance to the subject areas of business, management, finance and economics, document type (peer-reviewed journal articles), and English-language availability. This step reduced the initial pool to 75 studies deemed suitable for further evaluation. The eligibility phase involved full-text assessments to ensure conceptual alignment with the focus on Hidden Champions and their internationalization patterns. Finally, in the inclusion stage, 17 duplicate articles—retrieved simultaneously from both databases—were removed. The process yielded a final corpus of 58 unique peer-reviewed articles, which served as the analytical foundation of this systematic literature review.

Results

The systematic review of 58 peer-reviewed articles published between 1992 and 2024 reveals that export behaviour and international market strategies constitute central pillars of the Hidden Champion model. Although the literature on internal characteristics and innovation capabilities is comparatively richer, a substantial portion of empirical and conceptual work highlights that the internationalization of Hidden Champions is both distinctive and paradoxical: these firms are small and discreet yet achieve disproportionate penetration in foreign

markets [1,2]. The analysis of the corpus shows that the export patterns and market strategies of Hidden Champions can be grouped into several recurring themes, including.

- high export intensity and early external commitment,
- selective and sequential internationalization,
- customer intimacy as a driver of foreign market success,
- strong reliance on direct exporting and tight control of distribution channels,
- adaptation capabilities in global niches,
- cumulative learning mechanisms that reinforce global competitiveness.

Collectively, these characteristics demonstrate that Hidden Champions do not internationalize by imitating large multinationals but by following a unique path grounded in niche specialization, quality leadership, and deep customer interaction.

High Export Intensity and Strong Foreign Market Commitment

One of the most consistent findings across the reviewed literature is the unusually high export intensity of Hidden Champions. Several studies report that these firms often generate 50–90% of their total revenue from international markets, significantly more than typical SMEs [1,4]. This foreign dependence is not incidental but reflects the structural nature of global niches: the small size of domestic markets compels Hidden Champions to expand abroad early and decisively, often shortly after their establishment. The literature confirms that many Hidden Champions engage in early-stage exporting, in some cases within the first years of operation, a pattern that resembles but is distinct from “born globals.” Unlike classic born-global firms, which emphasize rapid scaling, Hidden Champions proceed with disciplined, capability-driven export expansion [7]. Their model blends early commitment with measured, strategy-led development, resulting in a gradual accumulation of international market share.

This high export intensity is also linked to market concentration. Many Hidden Champions are global leaders in extremely narrow markets—such as specialty machinery, precision components, or industrial materials [6]. Because global demand is geographically dispersed, internationalization becomes a non-negotiable strategic necessity. This necessity explains why Hidden Champions routinely outperform larger competitors in global penetration rates despite their smaller resource base.

Selective, Sequential, and Deep Internationalization Paths

The literature strongly suggests that Hidden Champions do not pursue random or opportunity-driven internationalization. Instead, they follow highly selective and sequential geographic expansion strategies. Early studies by Simon (1996, 2009) describe a “step-by-step” pattern: firms first expand into psychically close or economically linked markets, such as neighbouring European countries for German or Italian Hidden Champions. Later research extends this observation, showing that Hidden Champions tend to prioritize markets where their technical expertise or product differentiation offers a clear competitive advantage [8].

The reviewed studies also highlight a strong preference for deep penetration of selected markets rather than broad diversification.

Hidden Champions typically invest in long-term relationships, intensive customer service, and consistent presence, even when entering only a few markets at a time [4]. This approach reflects their long-term strategic orientation and avoids the resource dispersion typical of fast but superficial internationalization.

Some empirical studies show that Hidden Champions exhibit elements of the Uppsala model; particularly experiential learning and incremental commitments (Johanson & Vahlne, 2009), but they diverge in two ways:

- Their niche specialization accelerates foreign market entry.
- Their capability base allows them to internationalize deeper and with more precision than typical SMEs [7].

Thus, their internationalization is neither rapid nor slow but strategically paced, with each new market chosen for its alignment with the firm's technical strengths and long-term orientation.

Customer Intimacy as a Core Export Strategy

A striking finding across the 58 articles is the centrality of customer intimacy in driving export success. Hidden Champions maintain exceptionally close, long-term relationships with customers—often engineers, industrial buyers, or highly specialized users—which enables them to anticipate emerging needs, engage in co-development, and deliver customization at a level typically unattainable for larger firms [3]. This customer-driven approach reduces uncertainty in foreign markets and provides continuous feedback loops that inform incremental innovation [8].

Studies consistently show that Hidden Champions rely heavily on direct customer interactions, including intensive technical visits, permanent communication channels, and personalized after-sales service [6]. This practice enhances trust, strengthens reputation, and increases switching costs for customers. Export markets also serve as a valuable source of knowledge: firms learn from advanced clients abroad and integrate this knowledge into improving products, upgrading processes, and adapting solutions to new applications.

Moreover, customer intimacy mitigates one of the main challenges faced by SMEs in internationalization—the liability of foreignness. By building trust-based, long-term relationships, Hidden Champions effectively overcome the barriers traditionally limiting small firms' international expansion.

Control-Oriented Export Modes and Distribution Strategies

Another important finding is that Hidden Champions exhibit a strong preference for control-oriented export modes. Unlike many SMEs that rely heavily on intermediaries, Hidden Champions prefer:

- Direct exporting,
- Subsidiaries or wholly owned sales offices,
- Tightly monitored distributor networks.

Simon argues that this control-oriented approach stems from their need to maintain quality, ensure efficient communication, and preserve customer intimacy across borders [2]. Studies confirm that when intermediaries are used, they are carefully selected, closely supervised, and often integrated into long-term strategic relationships [7].

Several articles highlight that Hidden Champions gradually increase their control in foreign markets as their international experience grows. They often start with direct exporting and later transition to local subsidiaries to improve responsiveness, shorten delivery times, and increase technical support [8]. This evolution resembles the internalization logic of the Uppsala model but is applied much more selectively and strategically.

The focus on control ensures that the firm preserves its brand reputation, technical quality, and customer relationships—key assets that are difficult to protect through third-party channels.

Adaptation Capabilities in Global Niches

Although Hidden Champions often rely on highly specialized, standardized core technologies, the literature shows that they excel in strategic and selective adaptation to local market needs. This capability is crucial because global niches are not homogeneous; industrial requirements, regulations, and customer preferences vary across countries. Studies report that Hidden Champions carefully balance standardization for efficiency and adaptation for relevance [6].

The literature identifies several adaptation mechanisms:

- Modular product architectures allowing flexible customization [7].
- Local technical support teams capable of rapid problem-solving.
- Compliance with local industry standards, certifications, and regulations.
- Co-development of solutions with lead customers abroad.

This selective adaptation reinforces competitiveness by ensuring that products remain globally relevant while benefiting from the efficiency of standardized technological cores.

Knowledge Accumulation and Learning Patterns in Export Markets

Hidden Champions use international markets as engines of learning. Numerous studies highlight their ability to acquire, assimilate, and integrate knowledge from foreign customers, competitors, and institutional environments. This learning orientation manifests in several ways:

- Continuous refinement of products based on international feedback [3].
- Rapid identification of emerging trends through close customer monitoring.
- Integration of foreign knowledge into innovation and process improvement [8].
- Development of unique technological trajectories shaped by global exposure.

Through this learning process, Hidden Champions build dynamic capabilities that reinforce their international presence and sustain competitive advantage over time [10]. Learning from international markets thus becomes a strategic asset that enables them to remain ahead despite their limited size.

Overall, the results demonstrate that Hidden Champions exhibit a distinctive internationalization logic characterized by early and intense export activity, deep market focus, strong customer intimacy, high levels of control, selective adaptation, and

continuous learning. Their export strategies are not reactive but deliberate, shaped by long-term orientation, niche specialization, technological expertise, and cumulative experience. These patterns differentiate Hidden Champions from typical SMEs and explain their global competitiveness.

Discussion

The findings of this systematic review reveal that the internationalization of Hidden Champions follows a distinctive strategic pattern that departs significantly from traditional SME internationalization frameworks. While much research on SMEs emphasizes constraints such as limited resources, liability of foreignness, and incremental learning, Hidden Champions demonstrate an exceptional capacity to overcome these barriers through niche specialization, technological leadership, and long-term commitment to foreign markets [5]. The review shows that their export intensity is not merely a consequence of firm ambition but a structural necessity rooted in the global dispersion of demand for highly specialized products [2]. This challenges the conventional assumption that SMEs naturally begin by serving domestic markets before venturing abroad. For Hidden Champions, the domestic market is often too small to sustain growth, compelling them to adopt an early and proactive international posture.

A key insight emerging from the literature is the centrality of customer intimacy in shaping export strategies. Unlike many SMEs that rely on intermediaries to mitigate risk, Hidden Champions actively cultivate long-term, direct relationships with clients; often technical experts or industrial users. This distinctive mode of engagement supports not only market entry but also continuous learning and co-development. The literature suggests that this close interaction creates informational advantages that compensate for their smaller size, enabling them to adapt offerings with precision and to pre-empt competitor moves [6]. This reinforces the idea that international competitive advantage for Hidden Champions is anchored in relational assets rather than scale economies.

Another important finding concerns their control-oriented approach to foreign market presence. Traditional models suggest that firms with fewer resources tend to rely on agents or distributors when entering foreign markets [11,12]. Hidden Champions deviate from this expectation by favouring direct exporting or establishing their own sales subsidiaries once they acquire sufficient experiential knowledge. This pattern suggests that their competitive advantage depends heavily on maintaining quality control, safeguarding customer proximity, and protecting specialized knowledge; assets that are difficult to manage through intermediaries [4]. Their selective yet increasingly committed market presence aligns with the logic of internalization theory while also reflecting the high value placed on knowledge protection. Furthermore, the review highlights that Hidden Champions develop unique learning trajectories conditioned by their presence in global niche markets. Their incremental learning is not sequentially geographic, as suggested by the Uppsala model, but thematically anchored in customer problems, technical challenges, and industry-specific demands. This reveals a conceptual shift: internationalization for Hidden Champions is not primarily about entering psychologically close markets but about following their technological, industrial, and

customer ecosystems across borders. As such, global expansion becomes an extension of their technological mission rather than a diversification strategy. This distinction adds nuance to SME internationalization research and clarifies why Hidden Champions often outperform larger rivals in foreign markets despite resource asymmetries.

An interesting paradox identified in the review concerns standardization versus adaptation. While these firms rely on core standardized technologies to maintain global quality leadership, they simultaneously display strong adaptive capabilities, tailoring solutions to local applications and regulatory contexts. This balance suggests that Hidden Champions achieve a dynamic configuration of capabilities that blends efficiency with responsiveness; supporting arguments from dynamic capabilities theory but extending them with empirical evidence specific to global niche contexts [10].

Finally, the review highlights several conceptual gaps in the literature. Most studies continue to focus on European and, more recently, Asian Hidden Champions, while insights from Africa, the Middle East, and Latin America remain comparatively scarce. This geographical imbalance limits our understanding of how institutional environments shape export models. Similarly, very few studies examine how digital transformation is reshaping the export strategies of Hidden Champions, despite the growing importance of digital channels, data-driven customer intimacy, and global virtual services. Addressing these gaps could significantly expand the theoretical relevance of the Hidden Champion construct and provide new insights into how small firms achieve and sustain global competitiveness.

Overall, the discussion demonstrates that the export patterns and international market strategies of Hidden Champions represent a refined and distinctive form of SME internationalization. Their approach is characterized by strategic discipline, relational depth, capability accumulation, and long-term orientation; factors that collectively create a powerful and resilient competitive model in global niche markets.

Conclusion, Implications, Limitations, and Future Research Directions

This systematic review of 58 peer-reviewed studies published between 1992 and 2024 provides the most comprehensive synthesis to date of the export patterns and international market strategies of Hidden Champions. The findings confirm that these firms exhibit a distinctive internationalization logic that diverges from conventional SME models. Hidden Champions consistently demonstrate extremely high export intensity, deep penetration of carefully selected foreign markets, and a strong preference for control-oriented entry modes. Their export success is underpinned by exceptional customer intimacy, long-term relationship building, and a unique ability to balance standardized technological cores with highly adaptive solutions tailored to local needs. These attributes allow Hidden Champions to overcome typical SME resource constraints and sustain competitive positions in global niche markets.

Theoretical Implications

The results carry several implications for international business theory. First, they challenge the linear, incremental assumptions

of the Uppsala model by showing that early foreign engagement can be capability-driven rather than opportunistic. Hidden Champions expand internationally not because they seek rapid global presence but because global niches structurally require it. Second, the findings extend dynamic capabilities theory by demonstrating how learning mechanisms are embedded in sustained customer interaction and global problem-solving rather than formal R&D alone. Third, the strong preference for direct control over distribution channels suggests a revision of traditional SME internationalization models, which often assume reliance on intermediaries due to resource constraints. Taken together, these insights contribute to refining theoretical perspectives on how small firms achieve and sustain competitive advantage in international markets.

Managerial and Policy Implications

From a managerial perspective, the review highlights several strategic levers that SMEs can emulate if they seek to replicate the Hidden Champion model. Deep specialization, disciplined market selection, and persistent investment in customer intimacy emerge as powerful drivers of export success. The findings also suggest that SMEs benefit from gradually increasing control in international operations, as this reinforces quality assurance, customer trust, and responsiveness. For policymakers and export-support institutions, the results underline the importance of identifying high-potential niche firms and providing tailored support—such as international certification assistance, export financing, sector-specific intelligence, and programs enabling closer interactions with global customers. Because Hidden Champions significantly contribute to national competitiveness while remaining invisible to the general public, governments and chambers of commerce may also consider developing national “Hidden Champion” labels to enhance visibility and support international credibility.

Limitations

Despite its contributions, this study presents several limitations. The review is restricted to English-language, peer-reviewed journal articles, potentially excluding relevant insights from books, practitioner reports, and non-English academic communities where the Hidden Champion concept is well developed (e.g., German *Mittelstand* literature). The SLR approach synthesizes existing evidence but does not generate new empirical data, limiting the depth of causal inference. Furthermore, the geographical distribution of existing studies remains heavily skewed toward Europe and East Asia, with limited representation of Africa, the Middle East, Latin America, and South Asia. This imbalance restricts the generalizability of some conclusions across diverse institutional environments.

Future Research Directions

The review identifies several avenues for future investigation. First, there is a critical need for empirical research on Hidden Champions in emerging economies, where institutional voids, resource constraints, and market volatility might reshape internationalization trajectories. Comparative studies across regions would clarify whether the export strategies identified here are universal or context-dependent. Second, digital transformation represents an underexplored area: how technologies such as artificial intelligence, digital platforms, and Industry 4.0 tools reshape customer intimacy, export operations,

and global service delivery among Hidden Champions remains poorly understood. Third, future research should investigate the micro-foundations of international learning, particularly how frontline employees, engineers, and technical teams contribute to opportunity recognition and adaptation in foreign markets. Finally, longitudinal studies tracing firms over time would provide deeper insight into how Hidden Champions sustain global competitiveness across different technological and competitive eras.

Competing Interests

The authors have no competing interests to declare that are relevant to the content of this article.

Ethical Considerations

Not applicable.

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