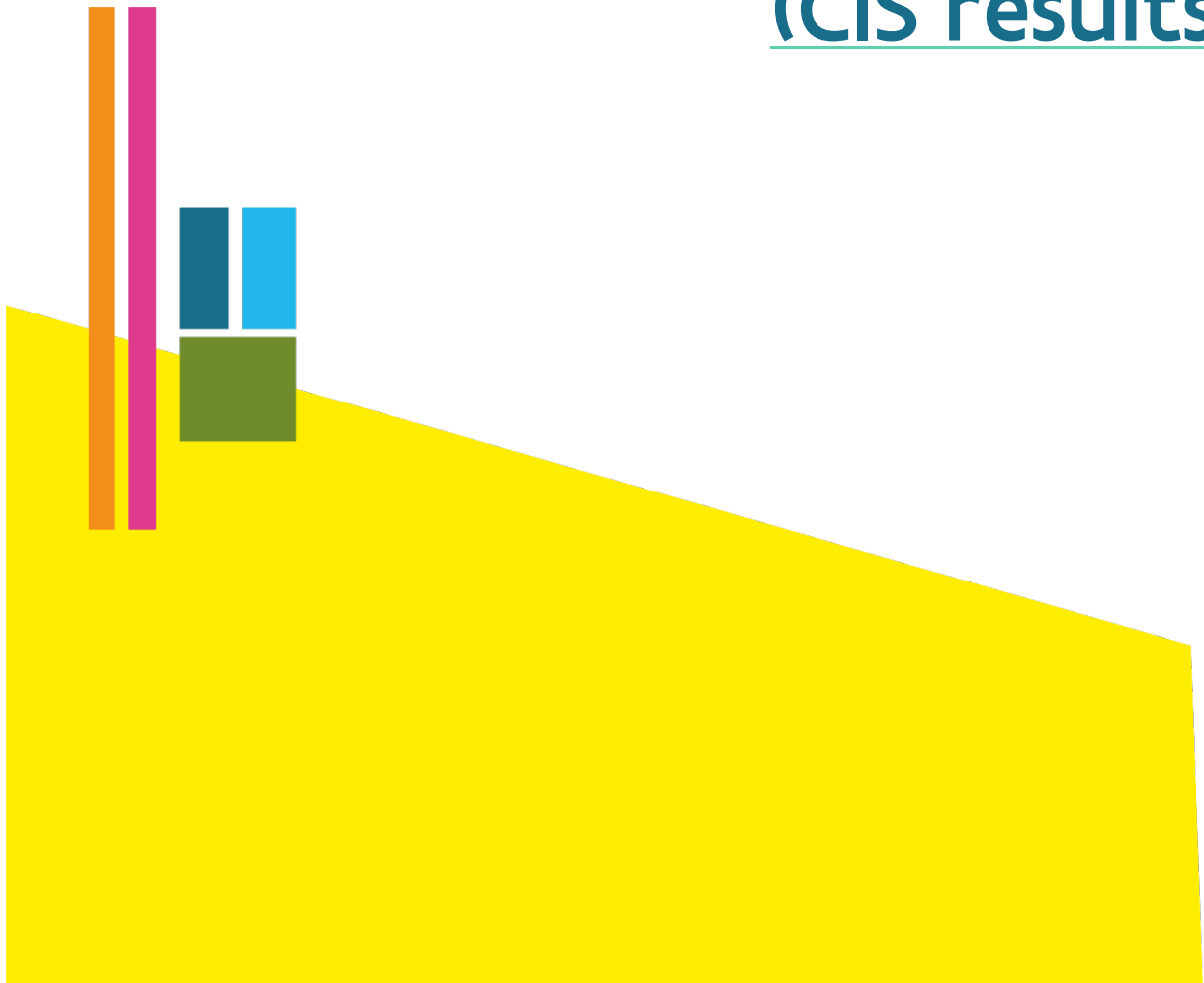


Chapter 4 Innovation efforts by enterprises in Flanders (CIS results)

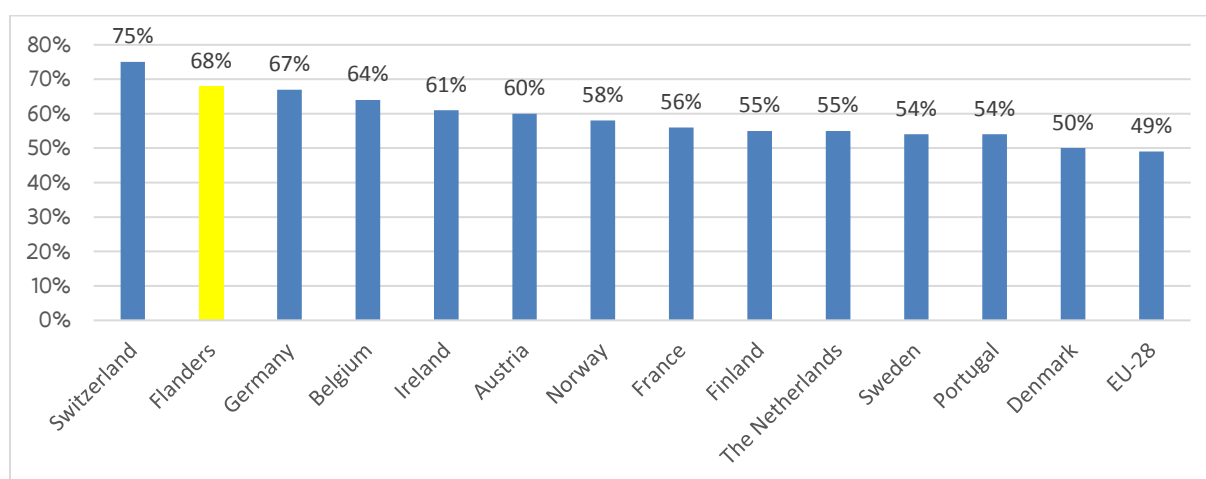


1 – CIS: global results

Based on the principles described in the so-called Oslo Manual, the innovation efforts made by businesses in the European Union are systematically measured by the Community Innovation Survey (CIS). These harmonized surveys are carried out by the national statistical offices and are designed to give information about the degree of innovativeness in different sectors and regions. Different surveys were conducted over the years. The CIS-4 (2005) survey included for instance more sectors than other surveys but by disregarding the additional sectors, a historical comparison can be made for product and process innovation.

The overall innovation rate (process innovations, product innovations, organizational and marketing) of Flanders rose from 56% in 2012 to 68% in 2014. In 2014, Flanders scored well above the EU-28 average (49%) and therefore kept its ranking among the top countries Switzerland (75%) and Germany (67%).

Figure 28: International comparison of the percentage of companies with ongoing or discontinued product and/or process innovation activities, and/or marketing and organizational innovation activities (2014)



2 – Process and product innovation

The results for Flanders for the CIS2015 show that in the period 2012-2014 57% of companies were innovative in terms of their products and/or processes. This is an increase compared to the results of CIS2013 (49%). Nevertheless, the time series show that the proportion of innovative firms remains relatively stable.

Table 9: Evolution of the percentage of companies in Flanders with ongoing or abandoned product and/or process innovation activities

| | CIS-3 (2000) | CIS-4 (2005) | CIS2007 | CIS2009 | CIS2011 | CIS2013 | CIS 2015 |
|-----------------|--------------|--------------|---------|---------|---------|---------|----------|
| All companies | 58% | 59% | 56% | 52% | 53% | 49% | 57% |
| SMEs | 58% | 57% | 54% | 51% | 52% | 48% | 56% |
| Large companies | 83% | 88% | 82% | 80% | 79% | 73% | 76% |
| Low technology | 55% | 55% | 53% | 49% | 49% | 45% | 54% |
| High technology | 71% | 78% | 71% | 70% | 73% | 66% | 71% |
| Industry | 69% | 64% | 64% | 56% | 60% | 56% | 65% |
| Services | 49% | 54% | 49% | 49% | 47% | 44% | 51% |

Source: ECOOM

A historical comparison can be made when the additional sectors from CIS-4 are disregarded.

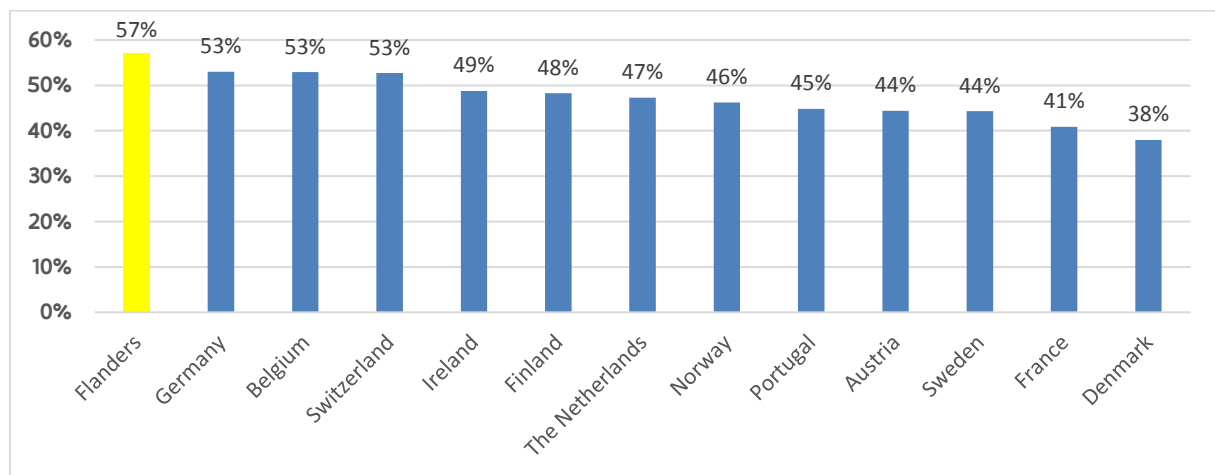
Process innovation is most common form of innovation in Flemish companies. Approximately 43% of all enterprises carried out process innovation in the period 2012-2014, corresponding to 75% (=43%/57%) of Flemish innovative companies. Approximately 34% of all enterprises carried out product innovation and this corresponds to 60% (=34%/57%) of Flemish innovative companies. Approximately 26% of all enterprises report ongoing or abandoned innovation activities (or 46% of the Flemish innovative companies).

Large companies and medium-sized companies are more innovative: they have consistently introduced more product and process innovations than smaller firms in recent years. The most innovative sector is the chemical/pharmaceutical industry, where 76% of companies indicated that they had started (but possibly not finished) product and/or process innovation activities in 2014.

With regard to the main reasons for undertaking innovation in earlier surveys, 48% of the innovative companies said that their aim was to improve the quality of their goods or services (main target). Other objectives included the expansion of the current range of goods or services (45%), an increase in market share (44%), and the replacement of obsolete products or processes (43%).

With an innovation rate for process and product innovation of 57% in 2012, Flanders scored very well in comparison with the rest of Europe.

Figure 29: International comparison of the percentage of companies with ongoing or discontinued product and/or process innovation activities (2014)



3 – Organizational and marketing innovation

In addition to product and/or process innovations, organizational and/or marketing innovations can also have a significant impact on the performance of a company. During the period 2012-2014, organizational innovations were introduced by 37% of the companies. This was particularly the case with large companies (66%), compared to 46% for medium-sized firms and 32% for small enterprises. High-tech companies also initiated more organizational innovations (43%) than low-tech companies (36%). The main reasons for undertaking organizational innovations mentioned in previous surveys were the ability to respond faster to the needs of customers or suppliers (54%), the provision of better quality goods or services (51%), and better communication and information sharing within the company and with other companies and/or public institutions (37%).

According to the CIS-2015 definition, 31% of the surveyed companies said that they had carried out marketing innovation during the period 2012-2014. The differences between low-tech and high-tech companies (30% vs 33%) and between the industrial and service sectors (33% vs 29%) are much less pronounced than is the case for organizational innovations. Once again, however, it can be noted that large companies are more active in this type of innovation (42%) than medium (34%) or small (29%) companies. Reported main reasons for undertaking marketing innovations in previous surveys were to increase or maintain market share (70%), followed by the introduction of products to new customer groups (50%) and the introduction of products to new geographic markets was seen by one third of the companies as a goal