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Brand and Its History: Economic, Business, and Social Value

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Brands and collective identity The case of French industrial districts

English synthesis

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Institutions et Dynamiques historiques
de l'économie et de la société



Since the studies of Becattini and Porter about districts and clusters, many European states have developed territorial economic policies: in Spain, for example in the Basque country, as in France with for example the SPL or the “Pôles de compétitivité”. These policies give to these territories a kind of label. They are as informal collective brands which identify the products of these territories and distinguish them from competition. Some of them try to go further, creating their real collective brand, like the cutlers of Thiers. They revive a process that has a long history. Indeed, from the beginning of the nineteenth century, some products, as Marseille soap benefit from a collective protection. Later, a law of 1920 gives to the unions the ability to deposit that brand in the court of trade. This practice is a part of the making of a collective identity in industrial districts.

In this paper, we propose to analyze this process with the example of the knives of Thiers, the chinases of Limoges, the leathers of Château-Renault and the Marseilles soap.

Two concepts will be used:

First: **Industrial district**: a concentration of enterprises, mainly small and medium, of a same type of production; it allows external scale economies thanks to proximity and a specific “industrial atmosphere” as described by Alfred Marshall (“*It's in the air...*”). The “**industrial atmosphere**” could be defined by the accumulation of technical knowledge and practices, encouraging the diffusion of innovation and sectorial adaptation.

Second: **Coopetition**: describe specific inter-firm relations, based on competition and



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cooperation. It's specifically the case in industrial districts. Complementarities can be observed in particular in terms of division of labor, exchange networks, flexible market labor.

Comparison with the process of building a label “Made in” (here, the "Made in Germany") should allow us to focus on new perspectives, in one dimension at various scales. The aim is to understand brands of districts and national marks as the same part of a response about opening market.

Doing that, that's not to come out from the question about industrial districts, but, instead, to include the theme of districts in a broader perspective that is globalization

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[1. Collective brands and legal regulations](#)

At the beginning of the nineteenth century, some products of wraps of enterprises are put under the protection of a collective brand. For example: the knives of Thiers or Marseilles soap. In the case of Marseilles soap, for example, several decrees between 1810 and 1812 tell what Marseilles soap is and protect it.

A law of 1824 about the « *nom de lieu* » - “name of a place” – implicitly recognize collective brands. But it's only in 1857 that brands enter the French law.

The convention of Washington of 1911, that protects collective brands on an international scale, opens a new chapter in the French debate about collective brands.

1915 saw the birth of the “Union nationale intersyndicale pour l’unification des marques collectives” to create and defend a brand which authenticates the products of the French industry. And in the following year the brand « UNIS-France » was created. This brand was particularly used by toys producers. For example, the doll “bleuette”. This collective brand



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was replaced after WWII by a « Made in France ».

The real turning point is the Twenties. The law of 1920 offers to the manufacturers unions the possibility to have their brands that could be stamped on their products to certify their origin. Furthermore, the law gave them the possibility to defend their brands in court.

In 1929, the brand “Limoges-Unique” was created in application of this law.

So, we can see that the collective brand takes place in a juridical making of the markets, with local institutions (as the unions), national’s institutions (like the law of 1920) and international institutions (the convention of Washington).

This evolution can be compared to the elaboration of the law about the denomination of origin for farming products, from 1905. (*AOC, appellation d’origine contrôlée*).

2. Collective brands as a part of enterprises coordination

The first purpose is coordination/cooperation is a characteristic of the industrial districts.

In the case of the soap of Marseilles, a decree of 1812 came to protect it. The soap of Marseilles has to be a green soap made only with olive oil. This decree was a result of the fight of Marseille producers to keep a monopole on it.

In Château-Renault, the tanners are gathered in a union whose main purpose is the management of their collective brand: “Union de tanneurs”. This brand was deposited in the Court of trade of Tours first in 1886, then in 1891. In their convention, the tanners explained that they wanted to “safeguard their business interests and defend the reputation of the leathers of Château-Renault, a reputation that is the collective property of all manufacturers of this city”. The register describes the brand, its logo, the rules and the protocol to stamp it on the leathers produced in Château-Renault.

In Limoges, the manufacturers of china created a group in 1928 to defend themselves against competitor and also to promote their own china with a brand. First, the name of the brand is Limoges-Unis or Unis-Limoges, before becoming “Limoges-Unique”. The rule of their group precise who can join it. In 1931, 90% of the manufacturers of the area had joined it. The logo of the brand is two Ls (like Limoges) in a U (for Unique). From that moment, this brand is on all the chinas produced by the manufacturers of that group.

3. Collective brands in a movement of business organization on local, sectorial or national levels

Collective brands are part of a dynamic of organization of the manufacturers. At the origins of these collective brands, there are institutions that federate and coordinate contractors and territories and who carry these brands.

In Limoges, the first step of the organization was the foundation of the “Chambre syndicale of manufacturers of chinas of Limousin” in 1882, which became the ‘Union of manufacturers of chinas of Limoges’ in 1919. This union created the group of 1928 (this of the brand) and also a French national committee of the china. In the context of the economic crisis, a national



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union of china was created in 1932. The creation of the brand “Limoges-Unique” took place in this context of organization and defense of the manufacturers of chinas.

In the case of Château-Renault, the manufacturer’s organization followed three stages: first the district, then the department and then the nation.

- The Union of tanner manufacturers of Château-Renault. Created in 1886, in the same time as the brand, and probably in that purpose. Thus, the creation of the brands seems to be a founding act of inter-firm cooperation institutionalized.
- The Union of hides and skins from Touraine. It gathers the tanners from Indre-et-Loire and (as we can see on the slide) it's dominated by tanners of Château-Renault. It's mainly the representation in Touraine of the Union of hides and skins from France. Placide Peltreau, owner of the most important tannery of Château-Renault was successively the secretary, vice-president then the president of this union at the end of 19th century and before WW1. In the interwar period, he remained the honorific president of the union whereas another manufacturer of Château-Renault became the vice-president. The tanners of Château-Renault well understood it was not sufficient to act on a local level and that it was necessary to be present on a national level, in particularly to defend their interests in face of government.

Their case, like the Limoges one, shows how manufacturers were organized on local, sectorial and national levels.

We can also observe this articulation between local, sectorial and national levels in the territories of Thiers and Marseilles.

The brand of the cutlers of Thiers is a most recent example. They organized themselves in a SPL (“système productif localisé”, an official cluster) in 1999. And this cluster - with the French federation of cutlery, whose leader is a manufacturer of Thiers-, created the brand “Esprit de Thiers” (see the slide) in 2006.

About Marseille, here are three essential points:

- 1866: creation of a Union of manufacturers Marseilles soap ;
- 1869, the creation of the trade and industry defense league. In this employers’ organization, which is quickly established as the most dynamic, the union soap manufacturers is the most influential;
- In September 2011: a new Union of the producers of Marseilles soap, with four enterprises for the moment. « **At a time of Marseille soaps "made in China", we took control of our destiny and our communication and put forward ours soap "made in Marseille" ».**



II. The past is the capital of collective brands

1. Collective brands with strong identity

2. Identity as a marketing tool

3. Stamping to protect their markets

1. Collective brands with strong identity

A collective brand is "a sign that authenticates the origin of a product and differentiates it from the competition" (Kapferer, 2011). It therefore holds a defensive and offensive double value.

Most industrial districts, in France but also in Italy (as shown by Bagnasco), have a strong identity which dates back from their past history. It's the case for Marseille, Thiers, Limoges and Château-Renault.

- Marseilles: The origin of soap factory dates back from antiquity, in link with the olive cultivation. In the 17th century, in a period of strong growing demand, a royal decree prohibited any other fat contents. That is the origin of the green soap.
- In Château-Renault, tanneries have existed since sixteenth century, specifically that of the Peltreau's family. It remained an industry among others until the eighteenth century. It grew up at the beginning of the following century and became the main industry of the city: with around 15 enterprises and 400/500 workers at the end of the century (for a city of 4200 inhabitants), producing approximately 200 000 big leathers a year.

Two other characteristics contribute to the formation of the district:

1. The part of the exportations : between 40 & 60 % of the production ;
2. The reputation of the city for this production (see slide: Ardouin-Dumazet: "CR is to leather what Lyon is to silk, Lille to flax and Bordeaux to wine: a capital city. The brand means gold; any leather carrying this stamp is premium"; and the medals in exhibitions).

In Thiers, the cutlery industry arose in the fourteenth century. This activity remained not intensive until the 18th century. It grew up during the 19th century, becoming the first industry whereas the others were declining. Cutlery represents 600 enterprises and 12.000 workers at the beginning of the 20th century. After a period of decline during the sixties, it experienced a revival in the late 20th century. The creation of the brand "Esprit de Thiers" takes place in this dynamic. (A museum of the cutlery was found in 1982; the city host an intern exhibition of art knives, etc.)

In Limoges, there are two major steps in the history of china:

1. The discovery of a deposit of kaolin in late 18th century and the foundation of the first factory. In the first part of 19th century the number of factories was relatively low.
2. When David Haviland, an American trader, moved in 1842, he opened the American market at the chinass of Limoges and the production became industrialized. In 1907, 32 factories employed 9000 workers in Limoges. In 1907, while production of Limoges porcelain reached its historical high (over 300 000 m³ of white porcelain produced), the 2/3 of this production was sold in the United States.



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2. Identity as a marketing tool

The enterprises of the districts try to take advantage of this collective identity among consumers.

Brand is a tool to advertise and distinguish the product in the competition. On the market, one of the problems is the information asymmetry about the quality that is difficult to estimate for the consumers.

Slide: R. Sellers, F.J. Mas (2011): « **la marca colectiva será una herramienta poderosa para señalar calidad** ».

Kapferer (2011) « la marque promet une prestation constante, dans l'espace et dans le temps » (brand promises continuous service, in space and in time). Or, at least... would have.

Studying the case of Birmingham, the French historian Philippe Minard [2010] talks about **social organization of trust**.

Collective brand has the advantage of allowing for economies of scale in promotion. It allows SMEs to establish a reputation for quality that they couldn't only access.

But the enterprises that use the collective brand can also have their own brand. For example "*Société générale des tanneries françaises*" (SGTF) on the slide.

Other uses of the brand. It allows product promotion to manufacturers affiliates. Used at fairs, exhibitions, mail headers, etc.

For example, Limoges: chinas manufacturers of Limoges participated to many exhibitions regional, national or international. They were presents at the International exhibitions of London, Paris, New-York or Chicago, etc.

The same process acted in Château-Renault, as we can see with the table of medals (slide 13). The efficiency of the collective brand is based on the reputation acquired on these occasions. Moreover, these exhibitions are an opportunity for manufacturers to work collectively for the preparations.

Note, that more lately, after WWII, the Union of Château-Renault employs an advertising agency to promote the leathers of their district and their reputation.



3. Stamping to protect their markets

a. **Brands also have a defensive value.** More specifically, it is to fight against counterfeiting.

The convention that joined the manufacturers of Château-Renault in 1886 stated that their purpose was to defend the reputation they had previously acquired. In 1898, a firm of southern France was convicted after having sold many leathers as Château-Renault leathers. In the case of Limoges, the manufacturers act in order to forbid the misuses of the name of Limoges on the one hand in court and on other hand with the government to fight against the frauds of foreign manufacturers (especially, Czechoslovaks during the crisis of 1930 and Americans from the late nineteenth century).

b. But the origin of stamping can be, against-intuitive, the target market which is to be protected [Umbach, 2007]. At the end of the nineteenth century in England, German exports flooded the British market. That's why the English have introduced in 1887 the "Merchandise Marks Act" stipulating that all German goods arriving in Britain or in British colonies should wear a distinctive mark. "**Made in Germany**" label was supposed to warn the English consumer against products cheap and supposedly lower quality from Germany and at the same time protect local production. The effect was reversed as discussed.

III Collective brands cope with change

1. The past isn't enough: the weight of heritages as an inertial force
 2. A schedule of conditions?
 3. What adaptability? And Innovation?
 4. The 2000s: collective brands are back?

The problem in this part deals with conformism or innovation

1. The past isn't enough: the weight of heritages as an inertial force

Using the past as a capital is not enough and can lead up to inertia.

In Château-Renault, the district has been in dire straits since the middle of the twenties. The enterprises of the district haven't succeeded in evolving. More specifically, they're showing a technical conservatism. They want to keep the old process of production, inherited from the nineteenth century, because they associate it with a high degree of quality that the brand guarantees. So they're refusing new process that allows producing quickly and for cheaper coats. Then their prices stay high and the consumers prefer cheaper products. They have a policy of offering, where the quality does the demand, but not adapted to the evolution of the market. The manufacturers of Château-Renault make their leathers a luxury out of sync with the basic market demand.



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2. A schedule of conditions?

In Château-Renault as in Limoges, the brand mainly guarantees that the product is made in the district, a geographical origin, more than a quality precisely defined by a specification, a schedule of conditions.

For example, in Limoges, the brand is stamped on the products before any decoration. And this do problem with the scraps. The brand Limoges-Unique only guarantees that the china is made in Limoges. It doesn't have a real schedule of conditions that define what is the quality of a china from Limoges.

Otherwise, the "Made in Germany" said nothing technical about production and product. It only indicated national origin. The "made in" refers somehow to the nation moral quality, his industrial's spirit and his modern organization.

3. What adaptability? And innovation?

« *La marque n'est pas une rente, elle se défend* » Kapferer, 2011.
“A brand is not an annuity, it must be defended.” *Id.*

That raises the question of the ability to change the product to adapt them to market. And it also questions the innovative environments.

In this point of view, Château-Renault appears more as a conservative environment than as an innovative environment.

It's different in the case of Limoges. The brand “Limoges-Unique” lasted no long: 10 years 1928-1938. It's a failure for itself. But it took place in a long-term innovation process. The brand and the unions have installed uses of cooperation. That allowed for example the joint study of new technical processes in the following years. Thus, community amenities are developed: testing laboratories and, also, furnaces for improving production conditions.

In the case of Thiers, the brand itself is an example of innovation that allows reviving the production. It took place in a new definition of the knives of Thiers, abandoning the basic production for the premium and art knives. Here, brands realize a synthesis between tradition and innovation.

The "Made in Germany" set up by the British to protect their markets, had the opposite effect and allowed the German products entering the UK market. The "Made in Germany" implied qualities presented as an almost supra-historical, as "typically German": reliability, robustness, security, performance and innovation. During the inter-war years a number of products were doing without the label "Made in Germany", because their functional design and technical quality seemed to be synonymous (e.g., the camera Leica, machine tools, etc.).



4. The 2000s: collective brands are back?

Early 21st century sees a comeback of the collectives' brands.

First example: the creation of the brand "Esprit de Thiers" in the cutlery district of Thiers.

But it shows some limits. Approximately 100 enterprises are in the district, but only ten participate in the collective brand for the moment. Cooperation has limits. There are some resistances in front of the development of a collective strategy.

Second example: the European label Protected Geographical Indication (PGI), created in 1992 for food, is extended in 2009 to non-food products. It is enhanced in France by a recent law of February of 2014. It could for example concern chinaware of Limoges, cutlery of Thiers or Marseille soap.

Third: French minister of industry, Arnaud Montebourg, is an « activist » of the "made in France" (as we can see on the slide). But this communication is it truly enough for replacing an industrial policy?

Conclusions

1. **a. Collective brands are a part of the organization of industrial district.** Its use corresponds at the time of maturity of the district, while the need to promote and defend its market access is on the way.
b. They use the past as a capital. It's a factor of regulation of the markets. But the past isn't enough. The use of the collective brand raises issues of adaptation and innovation.

2. **a. On another scale, we can observe the same process with the « made in ».** The expansion of markets in modern times requires a multiscale institutionalization of reputation. We assume that from the local collective mark to the national "Made in", there is a relative continuity about the nature of responses and in the resources mobilized.
b. Above all, the collective brands from industrial district and the "Made in" in national context are part of the same response. In a context of opening markets (19th, current globalization, etc.), collective brands and "made in" are one institutional response to markets with low regulation. They contribute to rebuild regulation. But this contribution is probably insufficient.



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