

# Generic communication and cooperation in the French wine industry

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## Abstract

The aim of this paper is to propose an interpretation of advertising strategies in the French wine sector. Several public reports reveal the weakness of promotional investments by the French wine producers. This situation can be explained by two strategic motivations. First, the structure of the French wine industry is mainly composed of numerous little producers. Stakeholders of small scale cannot afford to develop strong brand names. This contrasts with the industry of Californian or Australian wines, which are supported by important promotional budgets. Secondly, the multitude of collective label (e.g Protected Designations of Origin, AOC in France) raises the risk of free riding and the possibility of externalities (advertising spillover) of individual strategies. So French firms are encouraged to join their investments and to develop collective advertising. These generic promotions are mainly done by collective marketing orders, called "interprofessions" in France. For several authors, the generic aspect makes necessary the cooperation between actors and justifies the mandatory programs. Our study underlines a second effect where the individual investments in advertising allow the development of the sector overall in spite of the presence of externalities. A process of cooperation is not thus an indispensable condition.

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