

PARIS: At a time of great economic anxiety, the temptation to raise protectionist barriers is great, as is the desire to blame globalization for all the ills. One is tempted to conclude that the better world is a smaller world, the world of my country.

Such is the growing sentiment in crisis-ridden Europe and France in particular. Yet the debt crisis is global, the unemployment issue is global, and politicians need to find solutions to develop their local economies, their own separate growth. But attempts to grow economies to the exclusion of others will only deepen the crisis.

The trend to promote national production at the expense of others may be stronger in France because its economic growth is flat, bordering on recession, with unemployment at the highest level for 12 years – near 10 percent – and mostly, because the anti-globalization sentiment is very strong. Political leaders, media, labor unions leaders and a majority of the public have long been convinced that globalization, because of outsourcing, destroys employment in France. So, one key issue in the political debate leading to this year's presidential election is how work can be generated on French territory.

Today, the idea of the "Made in France" has become a central theme of the presidential election campaign. Incumbent Nicolas Sarkozy and François Bayrou encourage consumers to buy French. Within the Socialist Party, Arnaud Montebourg won considerable support with his idea of "deglobalization," although he lost in the primary election.

Many may think of "Made in my country" as the magic antidote, but it's an illusion.

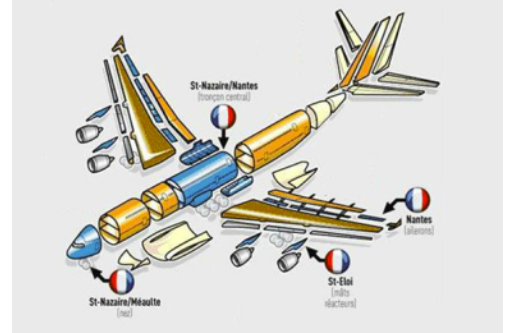
Such labels are attractive, for reasons social, related to the preservation of employment, and environmental, related to reducing the carbon footprint of transport. But these criteria are not enough. In consumer trade-offs, other considerations come into play, especially quality and price. And trade-offs can differ wildly, depending on the category of products; the range of available offerings; the importance of the purchase, the weight and attractiveness of the brand; habits; and of course purchasing power. In reality, we condemn outsourcing, but end up piling Chinese-made toys under the Christmas tree.

Several years ago, consumers declared in opinion polls a readiness to pay more for products respectful of the environment, but that attitude didn't translate into acts in the supermarkets – not with competitive comparable markets, not unless the environmental benefit becomes real, concrete and affordable. In global marketing, the cachet of "Made in France" products must bring additional benefit, in a quality/price ratio. French companies must restore competitiveness and attractiveness of their products. The "Made in France" argument is appealing and politically correct, but the decision ultimately rests with the firms. There's no doubt that a firm will

produce in France if it makes sense on an economic level, if it represents a significant advantage in clients' purchase criteria, if it delivers a positive image. If one looks at the companies that have returned to France, the reasons include prices of foreign suppliers being higher than anticipated, quality problems and delays.

Made in France? Should France limit its purchase of the Airbus-A380 to the few sections built by French workers?

Airbus A380 Components Made in France



Beyond these questions there are other dilemmas. Should French customers prefer a Toyota produced in the north of France or a Renault produced in Eastern Europe? Is a product "Made in France" when it's produced with foreign components and at what percentage does that designation change? Identifying the origin of fruits and vegetables may be easy, but it's much more difficult with high-tech products. How does a consumer consider a product "Made in France" when it's the assemblage of "foreign" components? Or what about a product designed in a French laboratory and manufactured elsewhere? Politically, how do governments explain that asking Air France to buy Airbus rather than Boeing, but also want true competition in the United States so that American airlines don't favor Boeing? The A380 Airbus is produced in 30 countries, and so strictly speaking, France should purchase only the cockpit and two other parts produced on French soil.

And what about the 2 million French employees who work for "foreign" firms? Are they still French? How do such policies encourage French companies to export and become global firms if consumers are trained to want only products "Made in my country"? We must also take into consideration that products "Made in my country" aren't necessarily products more protective of the environment or produced by firms necessarily more ethical. A company's nationality doesn't determine ethical behavior, but rather the behavior of managers and employees.

Today's "Made in France" argument, according to survey among consumers, has become a positive criterion of purchase more so than eight years ago. Brands like SEB, a world leader in small appliances, do not hesitate to put the "Made in France" label on packages and consider that an additional positive if the price remains competitive. Some distributors, like

the Système U group, explain in advertisements that more than 80 percent of their food products come from local producers. Simultaneously, they explain that their product is a "social brand" that protects employment in France, not so far from claiming to be a patriotic brand. Meanwhile, it's amusing to note that the brand most successful in recent years in claiming French origin and quality is McDonald's. During the bird-flu crisis, the fast-food chain explained that the quality and security of their ingredients was because of their 100 percent French origin.

In the end, it is quality that counts, and nations try to associate their respective names with a certain quality. Take, for example, the German automotive industry. Volkswagen ads conclude with the German phrase "Das auto," suggesting ultimate proof of quality. In the last ad campaign for Opel, people speak in German, explaining the "Deutsche qualitat." Renault's response was a parody of the Opel ad, explaining with a strong German accent, the "French qualitat."

France has a built-in advantage because of global appreciation for French design and allure in luxury brands such as Hermès, Cartier, Louis Vuitton, Chanel and Dior. Foreign buyers seem to value the French touch more than a "Made in France" label.

To promote products of France, it may be more effective it may be replace the "Made in France" label with ones that state "Made by France" or even "French touch." It could be a production on French territory or production by French companies operating and sourcing components throughout the world. Such a label might relay values, excellence, expertise and innovation rather than a mere geographical criterion.

Pursuing nationalism in shopping for consumer goods is futile. Instead of dreaming of a smaller world, French products and companies have all the quality and know-how to dream of conquest of the real world, to go beyond the borders rather than try to protect itself by closing the door.

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<http://valeglobal.yale.edu/content/france-deals-globalization-crisis-part-ii>