

Cultural activities in territorial development

The case of cultural and creative enterprises in the Swiss watchmaking industry

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Introduction

The place of culture in economic development has progressively become a critical issue in the analysis of regional and urban competitiveness. In European countries, where traditional industries face competition from new developing countries, companies and policy makers increasingly regard culture and creativity as strategic resources to develop market distinction and value added. In this context, increasing literature has recently emphasized the importance of cultural resources in local production activities. In this chapter, we propose to address the general question of the commercial and territorial forms that culture takes when integrated in various types of economic activity.

This contribution proposes not restricting cultural activities to the question of production and of commodification of culture but addressing the broader question of culture in market construction. Two important issues are here emphasized. The first one relates to the way culture is commercialized within different forms of business models. Is culture always commercialized as an ordinary industrial commodity or should it be rather considered as a particular input within a broader economic value chain? What are the business models of cultural and creative enterprises? The second issue relates to the territorial organization of production and consumption in markets. How do cultural activities participate to the attraction of consumers or to the export of particular products? How do they integrate with other productive activities and consumption channels? In this chapter, we assume that the way cultural activities are commercialized, produced and consumed mirrors different approaches regarding territorial development itself but also regarding different conceptual perspectives in regional studies or economic geography at large.

The first part of the chapter proposes distinguishing four typical approaches considering the place of cultural activities in regional development. The first places the commodification of cultural activities and the attraction of temporary visitors at the centre of regional growth. The second perceives culture as an input for local creativity or for residential economy and is mostly based on the

attraction of permanent residents. The third considers cultural activities as an ordinary productive activity that is carried out locally, or partially locally, through regional competences and exported as a commodity to a global market. The fourth regards cultural activities as an additional input to exported goods or services. In this last case, cultural activities participate in the broader commercialization and the general export process of particular culturized products.

The second part of this chapter presents the cases of two cultural/creative enterprises that recently developed in the changing contexts of fine watchmaking, luxury and media activities in Switzerland and abroad. The first case emphasizes how a traditional Swiss media company seeks to exploit its proximity to traditional watchmaking companies to develop a new market niche dedicated to luxury multimedia services. The second case relates to the creation by several luxury watch brands of a particular foundation whose mission is to promote, legitimate and diffuse the specific cultural and technical value of *haute horlogerie* towards increasingly knowledgeable consumers.

Following the distinction proposed by Cooke and Lazzeretti (2008b), the first case could be regarded as a typical for-profit creative enterprise, while the second would be more perceived as a traditional non-profit cultural enterprise. However, beyond a restrictive comparison of those two cases, we assume that both enterprises participate in a common process of cultural co-production, diffusion and legitimation of Swiss watchmaking at local and international scales. We finally underline that they contribute to the establishment and reinforce the position of the city of Geneva as a territorial bridge between the local production milieu of watchmaking and its international market.

Production and consumption of cultural/creative activities in a territorial perspective

The rise of the creative economy as a progressive commercialization of culture and cultural spaces

The place of culture and creativity in economic development has progressively become a critical issue in the analysis of regional and urban competitiveness. In European countries, where traditional industries face increasing competition on technological development and on production costs, culture and creativity are increasingly regarded by companies, by policy makers and by scholars as strategic resources to create new distinctive products and to boost economic added value. Considering culture as an economic resource leads to the discussion of the link between markets and culture, i.e. the general question of commercializing culture in the market.

As emphasized by Scott and Leriche (2005), conversely to earlier theories considering cultural creation as a fundamentally non-market activity, culture is today often theorized as a determinant resource for economic development and for competitiveness. For numerous scholars, culture and market transactions are not now perceived as fundamentally contradictory, mutually exclusive or just

separate. The increased scientific attention paid to cultural and creative industries is particularly illustrative of such an evolution (Power and Scott 2004; Cooke and Lazzeretti 2008a; Leriche and Daviet 2010).

Over the last years, the concept of *creative economy* has progressively encompassed that of *cultural economy* in most policy and academic discourses. For different researchers, the substitution of the concept of culture with the concept of creativity reflects the achievement of a perspective where cultural production has become an ordinary economic and marketable activity (Pratt 2005). While cultural activities were earlier seen as inspiring ‘public conditions’ for local entrepreneurs, creative activities are now generally considered as activities that directly ‘make money’ (Cooke and Lazzeretti 2008b). Furthermore, with such an economic interest in creativity, policy makers and scholars have mainly focused their attention on the supply-side of cultural economies (Garnham 2005).

In economic geography and regional studies, the question of articulating cultural and economic development also stimulated various theories (Costa 2008; Leriche and Daviet 2010; Liefoghe 2010). Different studies have analyzed particular localized ‘districtualization’ or ‘clustering’ processes around the development of cultural activities. In particular, urban areas have been pointed out as privileged and innovative contexts for cultural and creative activities (Scott 1997; Lazzeretti 2003, 2008; Cinti 2008; Lorenzen and Frederiksen 2008).

These recent studies advocate the importance of culture as a crucial non-technological issue for regional competitiveness, while previous territorial innovation models mainly pay attention to technological development (Moulaert and Sekia 2003; Lagendijk 2006). For instance, they address the place of culture and creativity for the development or the regeneration of urban (Miles and Paddison 2005; Cooke 2008), peripheral (Scott 2010) or traditional industrial regions (Kebir and Crevoisier 2008). The aim of the present article is not to provide a complete review of those approaches. Rather it is to highlight some differences in the way territorial development is perceived in relation to cultural activities and to market construction. A first distinction can be made around the place that culture occupies in the general process of market commercialization. A second distinction can be based on the territorial organization that the production and the consumption of cultural activities take in the market. Based on these two fundamental distinctions, different theoretical insights on territorial development can be highlighted.

The commercialization of culture: culture as an economic output or input

The increased importance of cultural industries in today’s economy such as the film, the tourism or the leisure industries can be regarded as a commodification of culture. However, such industries are far from covering all economic activities by which culture becomes of market value. For instance, in cases such as branding, fashion or design, culture itself is not necessarily what is directly paid for. In such cases, culture participates in boosting the economic value of a particular market good or service. Therefore, the place of culture in economic processes has to be

considered in a broad view of commercialization. This is particularly relevant in today's economy where information and communication technologies (ICT) and new media have given rise to extremely complex, immaterial and potentially ubiquitous pricing and revenue models (Ng 2010).

The general question of commercialization encompasses the more particular question of commodification. Commodification is the specific process of commercialization 'whereby a produced thing or activity *itself* is given a consumptive market value' (Kaul 2007: 706). In this case, particular market counterparty (e.g. a payment) is given to a good or a service and substitutes – temporary or definitely – the interpersonal relations of actors in market (Weber 2000; Testart 2001). Commercialization refers more broadly to the different transactions, interdependencies and complementarities that market actors develop when establishing a particular equivalency between a consumed good and its payment. For instance, traditional folk music in Irish pubs is not directly commodified as the audience does not primarily pay for the musical performance but for their drinks in the pub. In such a case, commercialization implies particular forms of control and of interdependencies between musicians, publicans and tourists (Kaul 2007).

In other words, cultural activities participate in particular commodification processes as well as in more general commercialization processes. While commodification primarily places the emphasis on culture as an economic *output*, commercialization places more considerations on culture as an economic *input* (Lefèbvre 2008; Leriche and Daviet 2010). The first perspective often reflects an 'industrialization process of culture' (for instance in Scott 2005), while the second often mirrors a 'culturization processes of industry' (for instance in Crevoisier and Kebir 2009).

Territorial market forms of production–consumption

A second fundamental market distinction relates to the way the production and the consumption of cultural activities organize at territorial level. To address this second perspective, Scott and Leriche (2005) propose differentiating between *non-mobile* and *mobile* cultural products. On the one hand, mobile cultural products are produced locally – or at least partially – and are dedicated to a distant market. Hollywood film production is often presented as the most illustrative case of a mobile cultural production. However, this category should also consider 'globalized advanced services' (Pratt 2008) such as advertising services or, more generally, all the traditional industrial products, such as fashion or luxury products, whose economic value relies on an important cultural base. This last category of cultural activities probably represents the main part of mobile cultural products.

On the other hand, non-mobile cultural products – produced locally or at least partly locally – are dedicated to be consumed where they are produced, for example the increasing 'eventification' (e.g. festivals, sport events) of urban and rural areas (Richards and Wilson 2004). Tourism activities are certainly among the most studied non-mobile cultural activities. Nevertheless, non-mobile cultural

<i>Territorial form of production–consumption</i>	<i>Co-localized production–consumption</i> (non-mobile cultural products)	<i>Distant production–consumption</i> (mobile cultural products)
<i>Form of commercialization</i>		
<i>Culture as an economic output</i> (commodification of culture)	VISITOR-BASED CULTURAL ECONOMY (tourism spaces, urban destinations)	EXPORT-ORIENTED CULTURAL ECONOMY (film production clusters, advanced cultural services)
	Case 1	Case 3
	Case 2	Case 4
<i>Culture as an economic input</i> (culture in commercialization)	CULTURIZED RESIDENT-BASED ECONOMY (creative class, residential economy)	CULTURIZED EXPORT-ORIENTED ECONOMY (fashion/luxury industries, brand channels, cultural retail places)

Figure 12.1 Four perspectives on cultural activities and territorial development

Source: Our elaboration

products should be regarded as attractions not only for intermittent visitors but also for permanent residents. With the increasing importance of the experience economy (Pine and Gilmore 1999), the attraction of end consumers is considered as a crucial challenge for urban/regional development (Richards 2001; Stamboulis and Skayannis 2003; Lorentzen 2009). For instance, urban cultural amenities are increasingly considered as key resources to attract creative workers (Florida 2002) or to develop a residential-based economy (Markusen 2007; Markusen and Schrock 2009; Davezies 2009).

In brief, the fundamental difference between mobile and non-mobile cultural products is that the former supposes a local capacity to make a cultural product mobile toward distant consumers while the latter focuses on the local capacities to exploit the mobility of consumers (visitors or residents) through a cultural attraction.

Various forms of territorial development through cultural activities

Based on the two market distinctions described above, four differentiated types of territorial development can be identified. Each one presents particular regional issues and can be associated with different theoretical insights emphasized in economic geography or regional studies (Figure 12.1).

In the first type of territorial development, culture is considered as an economic market commodity, or market output, co-locally produced and consumed. In such a case, regional development strongly relates to a *visitor-based cultural economy* whereby cultural resources are used to generate additional revenue for the region (Case 1). For instance, this particular approach to cultural activities has often been applied in recent strategies of urban regeneration (Miles and Paddison 2005). On the one hand, regional development relates here to the local capacity to turn specific resources into particular cultural attractions or to facilitate the establishment of global cultural stakeholders. Cooke (2008) speaks in this latter case of a ‘Wimbledonization’ of cultural assets. On the other, regional development also relates to the capacity to organize the attraction of end consumers through

transport facilities or acknowledge their cultural assets through supra-regional labels such as the nominations for Capital of Culture (García 2005; Cooke 2008).

A second form of territorial development also relates to co-localized production and consumption processes but considers cultural activities rather as an input within a broader commercialization context. In this case, cultural resources contribute to the general regional conditions of living and of creativity. In Florida's (2002) perception of creativity, culture is not primarily seen as a commodity. It is primarily considered as an element of an attractive 'people climate' for 'talents' involved in various competitive economic activities. Nowadays, scholars and policy makers perceive cultural inputs as a crucial issue for urban/regional competitiveness in a knowledge-based economy (Asheim and Hansen 2009). In such an approach, cultural activities and cultural amenities are not primarily seen as end products in market. They are factors of attraction fuelling local residential-based activities (Markusen 2007, 2010; Davezies 2009) or globally valuable economic activities (Florida 2002). We can speak here of a *culturized resident-based economy* (Case 2).

A third approach considers cultural production as a particular industrial activity. Culture is regarded here as a resource mobilized within a particular localized production process in order to produce a particular market commodity. This reflects an *export-oriented cultural economy* whereby culture is commodified as an end product and is exported to a distant market (Case 3). Here regional development and competitiveness are mainly based on the capacity to specify and specialize local productive activities (cultural goods and related services), to reach global market standards and distribution channels. Two examples are particularly illustrative of such territorial development. The first is the famous case of the Hollywood film industry that reflects a local production of cultural commodities exported to a global market (Scott 2005). The second example is the case of cultural 'advanced productive services' that are partially detached from local consumption and that are largely exported (e.g. advertising or new media activities concentrated in particular cities) (Pratt 2008).

Finally, a fourth form of territorial development relates to the situations where culture is not directly produced and consumed as a commodity but as the valuable added component of an exported good or service. Such a case characterizes what can be called a *culturized export-oriented economy* (Case 4). In Europe, where traditional industries face important competition on production costs, cultural resources are increasingly mobilized to create additional economic value. For instance, design and fashion activities are usually not sold as such on end markets. They are intermediary activities that participate in the value of industrial products. Branding activities are particularly illustrative examples of cultural activities achieved within a broader commercialization process (Power and Hauge 2008; Pike 2009). In such a context, two main territorial issues can be identified. On the one hand, a local production system has to be able to mobilize and combine local or global cultural resources with original local productive competences. On the other hand, the mobility and the tradability of the culturized products in a distant consumption context take place within complex multi-local relations and

interdependencies (Jeannerat and Crevoisier 2011). Such relations do not only imply cultural activities within original production areas but also within particular cultural retailing contexts (Crewe 2003) or particular brand channels (Jansson and Power 2010).

Of course, these different stylized forms of territorial development related to cultural activities should not be considered as mutually exclusive. Most often, they intertwine and are interdependent. For instance, the cultural attraction of creative residents may induce the development of new attractions for visitors or of new advanced productive services (Florida 2002, 2005). However, our contention is that such a distinction illustrates particular analytical and theoretical issues regarding how culture becomes commercialized and how it is produced and consumed in various territorial forms. Not only does this framework enable a comparison of different types of cultural activities, it also emphasizes how those various forms of territorial development may overlap within a given region.

The next section analyzes two cases of cultural/creative enterprises that have developed in the culturized export-oriented economy of the Swiss watchmaking industry. They illustrate how new cultural and creative activities participate in the broader commercialization of luxury and high-end watches. Although these two cultural/creative enterprises represent very different development and business trajectories, it appears that both offer very similar support to watch brands: the co-production, the diffusion and the legitimation of their cultural value.

Cultural and creative enterprises in Swiss watchmaking

Since the 1980s, facing the increased international competition in the market of electronic watches, the Swiss watchmaking industry has been the subject of an intense culturization (Kebir and Crevoisier 2008; Jeannerat and Crevoisier 2011). Progressively, Swiss watchmaking companies singularized their products by increasing their aesthetical and cultural value. Production and communication strategies became more focused on the social distinction and on the cultural values of consumers (e.g. sport watches, fashion watches or luxury watches). In parallel, original French and Italian fashion or luxury companies set up in the Jura region in order to produce their own branded watches (Crevoisier 1993).

This increasing culturization of Swiss watches reached a new stage with the general revival of mechanical watches started in the mid-1990s. Today, mechanical watches represent the technical and cultural authenticity of Swiss watchmaking and constitute the major export value of this industry. In this context, Swiss or foreign watchmaking companies established in the Jura region face new business challenges (Jeannerat and Crevoisier 2011).

First, as well as their traditional technical productive competences, watchmaking companies increasingly rely on additional cultural activities dedicated to the *co-production* of image and of communication content (e.g. film production, event organization, exhibitions, websites, magazines, etc.).

Second, as a mostly exporting industry, watchmaking companies cannot only distribute their products in an industrial way but have also to *diffuse* their cultural specificity and make it understandable to distant consumers.

Third, by increasingly basing their value added on cultural and technical authenticity, watchmaking companies have to rely on particular intermediaries (journalists, experts, etc.) and technical devices (auctions, awards, etc.) in order to *legitimate* their cultural and technical particularities.

To address these different issues, watchmaking companies have consequently developed new internal competences and diffusion channels. For instance, marketing and communication departments or mono-brand shops have quickly and widely expanded during the last ten years. Furthermore, particular cultural or creative enterprises have developed dedicated services to support the cultural co-production, the cultural diffusion and cultural legitimation of authentic watchmaking. Here a *cultural or creative enterprise* is regarded as a general organization that *undertakes* particular projects and activities through which social or economic value is created from cultural resources. Such enterprises may undertake profit as well as non-profit-making activities. In this view, they should not exclusively be defined as business companies.

The next sections present the recent development in Switzerland of two cultural/creative enterprises dedicated to the promotion of high-range watchmaking. The first one emphasizes how an important media company headquartered near Geneva has repositioned its business strategy to enter the market niche of multimedia services dedicated to luxury and high-end watchmaking. The second case describes the creation by several watchmaking brands of a foundation dedicated to the promotion of the authentic *haute horlogerie* (which translates in English as ‘fine watchmaking’).

The analysis of these two cases is based on particular empirical observations made in the broader context of the European FP6 project called ‘EURODITE’.¹ The aim of this project was to analyze how learning processes organize within and across regions, firms or sectors (MacNeill and Collinge 2010). The two empirical cases presented were studied as particular *knowledge biographies* (Butzin 2009; Larsson and Butzin 2010) illustrating the general evolution of Swiss watchmaking during the last ten years.

Two types of data were gathered. On the one hand, an intensive data collection was carried out on websites, press releases and specialized magazines to understand the general context in which the two cases emerged. On the other hand, in each case, ten semi-directional interviews were obtained with people involved in the creation or the development of the studied enterprise. Those interviews were about the kind of competence and of actors engaged in the development of the enterprise, the context in which the project was undertaken and its territorial organization.

The empirical analysis proposed here points to the crucial importance of cultural and creative activities for a traditional European industry such as Swiss watchmaking. First, a particular emphasis is placed on the economic model of

each enterprise and on the context in which each one emerged. Then, the particular innovation and learning processes involved in their development are described from a territorial perspective.

‘Edipresse Luxe’: a business niche between local specification and global diffusion

With the increasing importance for the Swiss watchmaking companies of new international markets (especially in Asia), new dedicated activities and knowledge are needed to communicate and diffuse in an appropriate way the semantic codes of quality and the authenticity of Swiss watches. This economic change is illustrated here through the decision of Edipresse, an important Swiss media group, to create a specific subsidiary company dedicated to luxury and watches. As well as the evolution of the Swiss watchmaking context described above, this change also appears in the challenging evolution of the media sector.

Edipresse Luxe and the Edipresse Group

According to several interviewees, the traditional media sector faces new, crucial challenges. First, traditional business models have changed with the centrality of advertisement and with the rise of free newspapers. Second, the development of ICT leads traditional media companies to adapt their traditional competences to benefit from the opportunity provided by new social media and to defend their market position towards new Internet competitors (e.g. Google, Twitter, Facebook). More and more, media companies have to become multi-support companies providing services in traditional publishing, in web publishing, web television or event production. Third, the globalization of trade has increased the need for communication campaigns to new foreign markets and provides new opportunities for new advertisement campaigns. Fourth, these new challenges ask for important organizational and financial capacities. The media industry has progressively concentrated into large national or multinational companies. In Switzerland, the media sector is mainly controlled by large media groups mainly established in the Zurich area. In this context, Edipresse, which is the only large media company established in the French-speaking part of Switzerland, has progressively repositioned its business strategy around two axes (Figure 12.2).

On the one hand, the Edipresse Group has intensified its international activities in foreign markets where initial investment is modest but presents a high potential for development in particular niches such as lifestyle media. During the last five years, this internationalization has been particularly strong in Eastern Europe and in Asia. For instance, Edipresse Asia, a subsidiary headquartered in Hong Kong, was created in 2005 to manage the various magazines and web activities of the Group in China and Asian-Pacific countries. Such international expansion was generally achieved through the acquisition of strategic publishers or through strategic publishing licences.

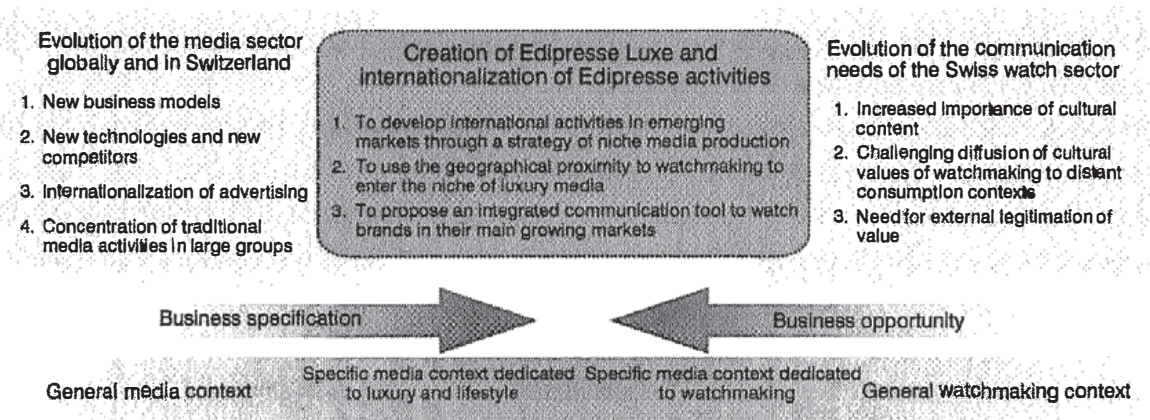


Figure 12.2 The strategic repositioning of the Edipresse Group

Source: Our elaboration

On the other hand, as well as its internationalization, Edipresse has repositioned its business strategy in Switzerland towards the niche of multimedia activities dedicated to luxury and high-end watchmaking. This local strategic development has been institutionalized by the creation in 2007 of the subsidiary named 'Edipresse Luxe'. This new entity was developed to provide integrated multimedia services dedicated to high-end watchmaking and luxury companies. Through magazines, Internet platforms and particular events, Edipresse Luxe provides a multi-support service of diffusion for the Swiss watchmaking brands in their principal export markets.

This new business orientation was largely induced by the geographical proximity of Edipresse to the traditional watchmaking industry. While Edipresse Group's headquarter was established in Lausanne, Edipresse Luxe's headquarter was established in Geneva to reinforce its proximity with a long and legitimate cultural heritage in watchmaking and with international facilities (international tourism and events). This was underlined by the chief executive officer (CEO) of Edipresse Luxe: 'Established in Geneva, the cradle of luxury watchmaking, Edipresse Luxe is proud to be present in the success of one of the most important industries of the Swiss economy, and for which, thanks to an integrated approach, we will be able to develop tailor-made products (Edipresse 2007).

However, the Edipresse Group's strategy did not only seek to propose a dedicated service to watchmaking brands but also international channels of diffusion. This was emphasized by the CEO of the Group: 'In collaboration with the various Group subsidiaries in rapidly expanding markets, such as Asia and Russia, Edipresse Luxe offers advertisers and consumers a range of perfectly complementary products, from online to event, from print to marketing and advertising' (Edipresse 2007). In other words, this evolution of the Edipresse business strategy does not merely illustrate a strategic positioning in the market of new media. It also relies on a territorial coupling between the localized creative activities of Edipresse Luxe, anchored in the region of watchmaking production, and the creative activities of the foreign subsidiaries anchored in the consumption context of Swiss watches, mostly in Asia.

Edipresse's move towards the production and the diffusion of cultural multimedia content dedicated to luxury and high-end watchmaking involved a

change not only in the business strategy of the company but also in its knowledge base. Before the creation of Edipresse Luxe, Edipresse was an important player in Switzerland mostly through various local magazines and newspapers and abroad mostly through particular magazines. The particular niche of media activities dedicated to watchmaking (specialized magazines, dedicated websites) was predominantly occupied by heterogeneous small companies and specialized freelancers. Edipresse's strategy was to exploit its greater investment capacity and its established international network rapidly to become a central player in media activities dedicated to high-end watchmaking.

In addition to a local magazine dedicated to arts and an international fashion magazine already owned by the Group, three strategic companies established in Geneva were purchased to constitute the core of Edipresse Luxe activities. The first was the magazine *GMT*, dedicated to watchmaking, the second was a famous French language watchmaking website called 'Worldtempus' and the third was the award-giving body called the 'Geneva Watchmaking Grand Prix'. Moreover, a journalist specialized in watchmaking was hired as chief editor of Worldtempus. While the first two activities were clearly dedicated to profit-making (mostly based on advertisement), the third one was conceived as a complementary non-profit tool. On the one hand, the Geneva Watchmaking Grand Prix, which is an independent institution awarding the most prestigious watches every year, was perceived by Edipresse as an opportunity to establish its credibility with strategic watch producers and other connoisseurs. On the other hand, this event was also seen as a 'glamorous show' giving the opportunity to produce particular multimedia content (dedicated videos and articles). With more modest ambitions, this event was compared by the CEO of Edipresse Luxe as a potentially future 'Cannes Festival for watchmaking'.

As well as anchoring its local activities through Edipresse Luxe, the Edipresse Group also mobilized its international subsidiaries to 'assist watchmakers in their various needs and in their key markets' (Edipresse 2008). Most of Edipresse Luxe activities (magazines, website and events) were internationalized through the Group's global channels. The internationalization of magazines was mainly achieved through licensing agreements and was launched by Edipresse subsidiaries or partners established in localized international markets. In distant markets, local editorial teams were created to adapt and to contextualize the original magazines in the local consumption context. A spin-off of the Geneva Watchmaking Grand Prix was also launched in Singapore through the local subsidiary and the local partners of Edipresse. Recently, a Chinese version of the website Worldtempus has been created. It is managed by the Shanghai office of Edipresse Asia. Finally, Edipresse achieved a licensing agreement to launch a famous Singaporean watchmaking magazine in Europe and Russia.

Edipresse Luxe: a creative or a cultural company?

When analyzing the particularities of this case, the creation of Edipresse Luxe relates more to the concentration and to the new organization of dispersed localized knowledge within an integrated business model than to the creation of

fundamentally new knowledge. It also illustrates how cultural activities related to the promotion of watchmaking can be commercialized by a multinational media company. This intensive commercialization of culture, for instance through the trade of publication licences, could also reflect the conceptual turn from cultural to creative economy.

However, the case also shows that this cultural/creative enterprise is not based on a simple commodification of culture. Even though Edipresse Group uses its proximity to watchmaking as a resource to enter a niche market within the global media industry, it remains an intermediary activity making profit mainly from advertising watchmaking. In other words, the case of Edipresse Luxe cannot be considered as the development of an ‘advanced productive service’ as described by Pratt (2008). Furthermore, profit and non-profit activities intertwine within the business model of this creative enterprise. For instance, the organization of the Geneva Watchmaking Grand Prix is not primarily considered as a direct profit-making activity but rather as a service that consolidates Edipresse legitimacy as a credible intermediary between watchmaking brands and end consumers.

Nevertheless, the activities of Edipresse Luxe are not restricted to the co-production of cultural content dedicated to watchmaking. Of course, cultural co-production is part of the value created by the company through the organization of glamorous events, through the edition of original articles on watches or brands and through original image production (films or photo shootings). However, the diffusion and the legitimation of the cultural and technical value of the Swiss watches is seen by Edipresse as a strategic service for watchmaking brands as illustrated by the coupling of Edipresse Luxe activities with the international subsidiaries of Edipresse Group. Edipresse seeks also to play a significant role as a ‘legitimizing third party’ (Jeannerat and Crevoisier 2011), an actor with cultural authority and not directly involved in business, through its awarding activity in Geneva or abroad.

In brief, the case of Edipresse Luxe, and of Edipresse Group at large, should not be understood through the restrictive lens of the local production and commodification of a cultural product. It is through its capacity to anchor within the local milieu of watchmaking and to diffuse within particular distant consumption contexts that this company has built its business strategy.

The Fondation de la Haute Horlogerie: a cultural enterprise initiated by watch brands

The second case study provides a different but complementary perspective to the case of Edipresse Luxe. It deals with the creation and the development of a cultural enterprise directly initiated by various watchmaking companies. In 2005, the Richemont Group, one of the major world leading companies in the sector of luxury, owner of the famous French brand Cartier and also of some traditional Swiss watch brands, announced with two other Swiss independent manufacturers (Audemars Piguet and Girard Perregaux) the creation of a foundation whose aim will be to promote the value of *haute horlogerie* across the world. The appellation of *haute horlogerie* was established in reference to the original concept of ‘haute

couture' to designate particular brands or watches that represent a high cultural, technical and innovative heritage in high-end watchmaking (e.g. a sophisticated mechanical movement, fine jewellery components, or a long historical tradition of watchmaking). In English, 'fine watchmaking' is the best translation of the concept of *haute horlogerie*.

The Fondation de la Haute Horlogerie and the development of haute horlogerie

As expressed by its founders, the Fondation de la Haute Horlogerie (FHH) mirrors an important evolution of the watchmaking sector, of the luxury sector, of the media and communication sector as well as of consumption practices:

- The world of watchmaking has changed, and is continuing to change with increasing rapidity: increase in the number of products and brands; opening up of formerly reserved and legitimate territories (it seems any brand can launch Fine Watch models); increasing public and media interest in watchmaking (the role of providing information and guidance is transferred from watchmaking specialists to the press); the Internet's developing role as a preferred source of information.
- Luxury has evolved from a 'social aspiration' into a 'cultural aspiration': history, culture and expertise are source of legitimacy for 'true luxury'; instruction, education and attitudes determine social status.
- Younger generations are growing up in a completely different technological environment from that of their elders (Internet chat rooms, blogs, cell phones, MP3 players, etc.) and different ideas of what constitutes groups, time, space, and reality.

(Fondation de la Haute Horlogerie 2008)

In such a context, watch luxury brands face two main issues. On the one hand, they need to prevent a trivialization of watchmaking and luxury by promoting and defending the cultural and technical authenticity of fine watchmaking and of 'true luxury'. On the other hand, the new challenges and the new opportunities induced by IC technologies and new media tools require communicating the value of fine watchmaking to their audience (intermediaries or end consumers) in new ways. The FHH was created as a non-profit-making enterprise whose aim would be to develop innovative actions to answer these new challenges (Figure 12.3).

One of the first actions undertaken by the Foundation was to institutionalize the legitimate 'perimeter' of *haute horlogerie*. This was done through the establishment of an independent *cultural council* composed of prominent people within the field of watchmaking (e.g. distributors, journalists, experts or collectors). This council wrote a 'manifesto' pointing out the fundamental cultural and technical principles against which a watch or a watch brand should be evaluated. Based on this document, the Cultural Council designates the legitimate brands of *haute horlogerie* every year. The designated brands can choose to become partners of the Foundation. By institutionalizing the perimeter of *haute horlogerie*, the aim

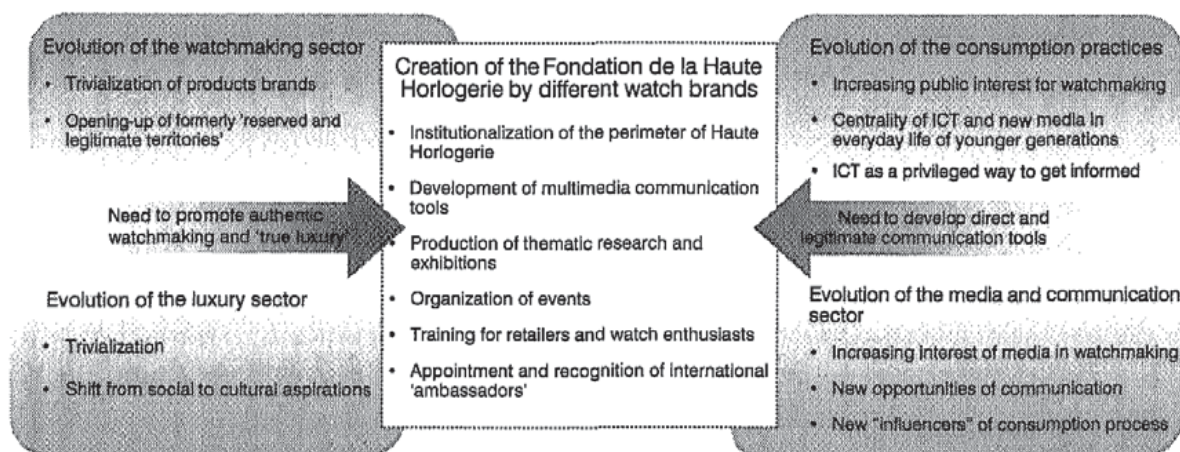


Figure 12.3 The context of the creation of the Fondation de la Haute Horlogerie

Source: Our elaboration

is not only to prevent competition from non-legitimate brands. It is also to create an integrative framework to undertake a joint enterprise above the individual strategy of each brand. Today, the FHH is supported by more than thirty partners, among which most are watch brands but also local museums and other collective organizations. The manifesto is updated every year by the Cultural Council.

As well as the creation of the perimeter of *haute horlogerie*, the FHH developed specific activities dedicated to the education, the selection and the appointment of a knowledgeable audience for *haute horlogerie* (intermediaries or enthusiastic end consumers). This meant the organization of training programmes, initiation courses or conferences. Subsequently, particular prizes and certificates were given to acknowledge official 'ambassadors' and retailing staff in each national/local market.

In addition, different cultural activities were dedicated to the creation of credible and well-documented multimedia materials communicating the technical, cultural and historical particularities of fine watchmaking (online journal, online encyclopaedia, film documentation, travelling exhibitions). In addition to the multimedia tools, specific activities have been developed to create travelling exhibitions and events that present the cultural value of fine watchmaking. Recently, the FHH also developed a multimedia 'touch screen tablet' to be used as an interactive information and communication tool by retailers and customers to access the informational and training content provided by the Foundation. Those various actions of cultural co-production and diffusion mean the involvement of historians, journalists, retailers, film producers and IT developers, mostly based near the original region of watch production.

The Fondation de la Haute Horlogerie: a cultural enterprise?

As its activities are mostly funded by the annual fees paid by the partner brands, the FHH could be considered as a 'non-profit' cultural enterprise rather than as a 'for-profit' creative enterprise. However, the Foundation also sells additional services to watchmaking companies. For instance, the FHH has developed competences

in event organization and sells these competences to watchmaking companies at various occasions (e.g. during the Salon de la Haute Horlogerie that takes place in Geneva). Even though such additional revenue is used to develop other non-profit activities, in such cases the FFH works as a normal for-profit company. As in the case of Edipresse Luxe, distinguishing a creative from a cultural enterprise according to its business model seems to be too limited, as profit and non-profit activities often overlap.

Also, similar to the case of Edipresse, the cultural activities of the FHH should not only be analyzed within the local production context of watchmaking but also within its international context of consumption. This is underlined by the chairman of the Foundation: 'As a Foundation established in Geneva, the Fondation de la Haute Horlogerie is ingrained in the Swiss landscape. But not only. Its vocation is also to conquer the world and explore new territories as they open up to fine watchmaking' (Fondation de la Haute Horlogerie 2011). This internationalization is supported through three different channels. The first is based on the use of new media and ICT technologies. The Foundation considers its website as its fundamental resource. This website is translated into French, English, Chinese and Japanese and is the referential platform used to communicate interactively the cultural and technical content of *haute horlogerie* to an international audience. Virtual platforms such as Twitter, Facebook or YouTube are now increasingly used to provide short interviews, technical explanations or live lectures about watchmaking.

In addition to virtual channels, the Foundation uses the international distribution network of its partners (watch brands) to establish local delegates. The latter assist the Foundation in the local organization of events, exhibitions and training programmes. Furthermore, the Foundation relies on local retailers appointed as ambassadors to relay its campaigns and to promote its cultural commitments. Conversely to Edipresse Luxe, which has developed its own diffusion channels, the Foundation utilizes the existing international distribution and retailing networks of its brand partners.

To sum up, as in the case of Edipresse Luxe, the cultural activity of the FHH cannot be restricted to an activity of cultural production and commodification. Co-production of cultural content (e.g. multimedia production, exhibitions) intertwines with activities of diffusion within distant consumption contexts (IT tools, local delegates/ambassadors, travelling exhibitions). Moreover, cultural legitimization appears as a central issue for the FHH through its activities of authentication dedicated to the perimeter of *haute horlogerie* (establishment of the Cultural Council, appointment of official representatives of *haute horlogerie*).

Discussion and conclusion

In different ways, cultural activities play a central role in today's European regional development. In this context, creativity is often regarded as the economic side of culture. However, it was argued that such a distinction is too restrictive as

culture integrates in various forms of market organizations. It can be commodified and sold as such as an economic output or be more broadly commercialized as an economic input. It can be produced and consumed in the same location or between distant places.

Through the cases of Edipresse Luxe and FHH, the importance of culture in economic development was underlined within the wider context of industrial watchmaking. In both cases, cultural and creative activities cannot be decoupled from the industrial activity of watchmaking. Also, it was emphasized that the distinction between ‘profitable creative enterprises’ and ‘non-profitable cultural enterprises’ is often difficult to establish, as economic and non-economic processes often intertwine within complex market interdependencies.

As well as advocating the importance of the co-production of additional cultural inputs for existing products, these two cases also reveal the importance of cultural diffusion and of cultural legitimation in the market. Edipresse, as well as the FHH, do not only seek to produce cultural content for watchmaking companies. On the one hand, they provide dedicated and specialized diffusion channels towards particular consumption contexts. On the other hand, they have developed socio-technical devices (Callon *et al.* 2002) to control and establish the cultural and technical legitimacy of fine watchmaking toward initiated consumers. In such cases, cultural resources and activities cannot only be understood from a localized and productive perspective.

Both cases point out the important coupling processes occurring between multi-local production–consumption milieux. On the one hand, Edipresse and the FHH anchor and justify their original activities within the historical context of Swiss watch production. On the other hand, they anchor within particular distant consumption contexts through the existing channels of the watchmaking companies, through interpersonal acknowledgment (e.g. ambassadors), publishing licences, local subsidiaries, local partnerships or virtual channels.

In this territorial interplay, the city of Geneva appears as a bridge between local anchoring and international market diffusion and as a hub for the global channels of luxury goods. Even though the creation of Edipresse Luxe and of the FHH in Geneva is only a part of the evolution of the Swiss watchmaking industry, it consolidates the role of this city as a multi-local platform.

Notes

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