
The rise and fall of collective strategies: a case study

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Abstract: The aim of this research is for us to better understand collective strategies. To do so, the competitive behaviour of businesses in the French fish-canning industry from the 1960s to the 1980s is studied in depth. This study allows us, on the one hand, to define the conditions under which this type of strategy can emerge and stabilise and, on the other, to show the endogenous nature of its dissolution.

Keywords: collective strategies; competition; cooperation; fish-canning industry; canned tuna.

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1 Introduction

Any company wishing to attain its growth or profitability objectives is free to choose whether to act individually or collectively (Astley and Fombrum, 1983; Barnett, 2006; Barnett *et al.*, 2000; Bresser and Harl, 1986; Dollinger, 1990; Dollinger and Golden, 1992; Pennings, 1981). Acting collectively involves looking for partners capable of placing themselves in a vertical relationship (suppliers or clients), and/or in a horizontal relationship (competitors). Horizontal alliances, which are both the most common and the most unstable, have, in recent research, been the subject of in-depth investigations from an essentially dyadic point of view, that is, alliances between two competitors (Dussauge *et al.*, 2000; Kogut, 1988; Stuart, 2000).

Such alliances between competitors can also take another form, however. It is a form that is much less studied and was named ‘agglomerate collective strategies’ by Astley and Fombrum (1983). It involves establishing a cooperative relationship at the scale of all the competitors present in a given sector. For example, all the companies in competition agree to communicate in terms of their product, in the context of a professional trade union, with no distinction between individual brands. Similarly, these strategies can consist in setting up an R&D budget, in the context of a consortium, the benefits of which, in terms of innovation, are distributed amongst the contributors (Browning *et al.*, 1995).

This research thus proposes to try and better explain these agglomerated collective strategies, or the factors that lead to their creation and their stability, as well as those that bring the strategy into doubt within an industry. To do so, the period between the 1960s and the 1990s was studied in depth for the French fish-canning industry. The results allow us to show, on the one hand, the conditions surrounding the emergence, stability and decline of agglomerated collective strategies and, on the other, the dynamics particular to this type of strategy.

2 Collective strategies

Collective strategies seem to be in the process of becoming the preferred relational mode for businesses in the contemporary economic context (Astley and Fombrum, 1983; Barnett, 2006; Barnett *et al.*, 2000; Bresser and Harl, 1986; Dollinger, 1990; Dollinger and Golden, 1992; Dussauge *et al.*, 2000; Kogut, 1988; Pennings, 1981; Stuart, 2000). For Bresser and Harl (1986), these collective strategies are adopted by companies essentially because the strategies allow them to significantly reduce any environmental uncertainty. Entering into a stable, cooperative relationship with competitors, suppliers or distributors makes their respective behaviours more predictable and thus helps to stabilise the environment in which the company evolves.

Although this common objective determines the use of collective strategies, the forms of these strategies appear to be very diverse. As a means of reviewing this type of strategy, Astley and Fombrum (1983) introduced an initial distinction between collective strategies of the ‘commensal’ type, that is, competitive companies in a horizontal relationship, and strategies of the ‘symbiotic’ type, that is, between complementary companies in a vertical relationship (Astley and Fombrum, 1983). In a second distinction, these authors opposed ‘direct’ strategies, in the form of a contract that defines the economic benefits for each party, and ‘indirect’ strategies, in the form of formal or informal relations that do not specify the economic benefits for the partners. These distinctions make it possible to identify four types of collective strategies (see Table 1).

Table 1 Collective strategies

<i>Type of association</i>	<i>Forms of interdependence</i>	
	<i>Commensalistic</i>	<i>Symbiotic</i>
Direct	Confederate	Conjugate
Indirect	Agglomerate	Organic

Source: Astley and Fombrum (1983)

Confederate strategies develop in highly concentrated environments, that is, markets composed of small numbers, in which direct interaction between companies is possible. These strategies take the form of cross-over participation, mergers or dyadic alliances such as joint ventures. Agglomerate strategies develop in markets composed of a large number of small-sized companies. These strategies involve setting up centralised coordination in the form of a cartel or professional trade union.

In conjugate strategies, firms make direct contracts in order to coordinate their complementary activities, as is the case with the relationships between employers and subcontractors. Finally, organic strategies consist in committing oneself to relationships in networks of complementary companies, that is, in relationships that do not appear in the form of a contract.

Strategies of the confederate type have been studied in great detail in research into both mergers and acquisitions between rival companies (Shleifer and Vishny, 1991) and dyadic alliance strategies (Dussauge *et al.*, 2000; Kogut, 1988; Stuart, 2000). Similarly, conjugate strategies have given rise to a number of works, some less recently, such as those on the industrial sectors, and some more recently, particularly in the context of industrial marketing and all contemporary research into the 'supply chain'. Finally, organic collective strategies have been studied at length in all the research on business networks (Garud and Kumaraswamy, 1993; Wade, 1995).

The agglomerate type of strategy has been studied little in past research (Greenwood *et al.*, 2002; Holm, 1995). The aim of this research is thus to fill in this gap and, on the one hand, better explain the determining factors behind the setting up and stability of agglomerate strategies and, on the other, the determining factors that bring this commensal strategy into question.

3 The research method

The method consisted in studying in depth a particular sector of activity, the French fish-canning sector, between the 1960s and the 1980s. This case study approach was considered to be the most appropriate in relation to the objective of the research – constructing, rather than testing, a hypothesis. Developing a case should make it possible to understand the 'how' and 'why' of the construction of a collective operation at the scale of an entire sector (Eisenhardt, 1989; Yin, 1989). Studying a single sector of activity should make it possible to both obtain detailed understanding of the behaviour of companies in a competitive environment and limit the effects of 'environmental interference' (Eisenhardt, 1989).

In accordance with the principles of the case study, the method consisted in multiplying the sources of data (Eisenhardt, 1989; Yin, 1989). The data were thus obtained initially from secondary public sources, such as books on the sector or professional journals from the sector. They were then obtained from secondary private sources, such as the documents and archives of the various companies and collective organisations and, thirdly, from primary sources such as interviews with professionals from the sector and trade union leaders. We continued our search for information until we reached 'saturation point', that is, until no new information emerged from the new data (Strauss and Corbin, 1990).

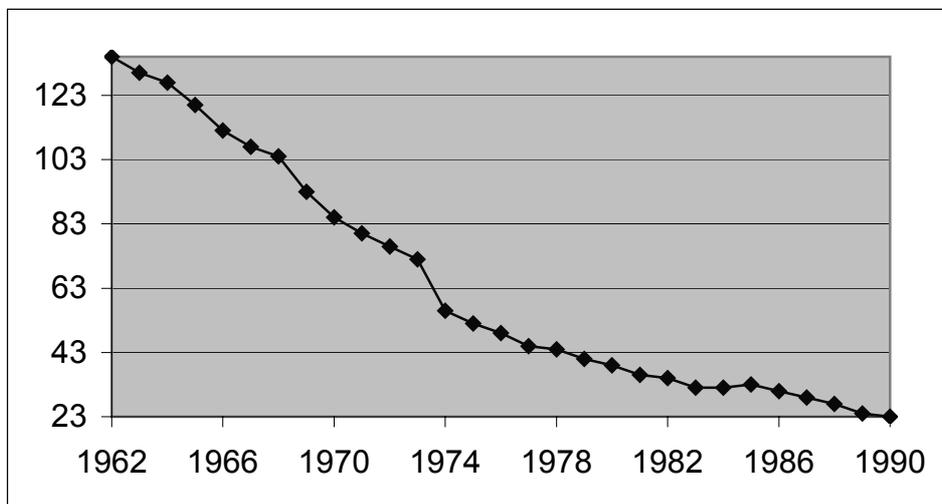
4 A highly competitive industry

The canning industry came into being after the development, from 1790 onwards, of the canning process for foodstuffs using sterilisation at temperatures situated between 100°C and 140°C. The process was initially called appertisation, after its creator, Nicolas Appert (1749–1841). It revolutionised food consumption, as the process had a number of advantages: shelf life, which was longer than that of many other methods, easy storage and use, preservation of the nutritional and dietary qualities of foodstuffs, *etc.*

The technique was progressively improved, particularly with the introduction of tin cans in 1810 by Britain's Peter Durand and the autoclave (pressurised steam) in 1860 by Nicolas Appert's nephew. The process initially attracted the interest of those who had urgent need to conserve food for long periods of time and who had no access to fresh food: the navy, and the military navy in particular, plus the pioneers of the American Far West or the then recently colonised Australia. Use of the technique soon spread, however. In 1824, Joseph Colin from Nantes opened the first cannery for sardines and peas.

By 1880, there were no less than 180 factories supplying the export market and national demand was booming. At the time, the first sardine supply crisis provoked the first wave of concentration in the transformation industry, orienting production of conserves towards other species, such as tuna. Despite these difficulties, the tonnage of processed raw materials, turnover and number of companies all climbed steadily until the mid-1950s, at which point started a long process of concentration that is still continuing today (see Figures 1 and 2).

Figure 1 Number of companies in the fish-canning industry

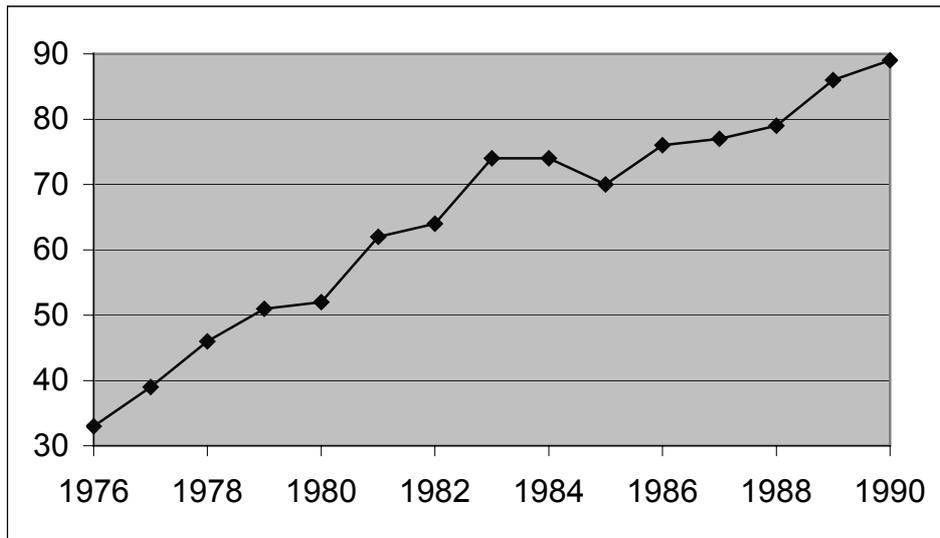


Source: Chambre Syndicale de la Conserve, Maritime Division

This concentration process, encouraged by the public authorities,¹ can be highlighted by the strategy adopted by the company Saupiquet. In March 1891, with the help of merchants and the Rousselot Aîné bank, Arsène Saupiquet founded the SA des Anciens

Etablissements Saupiquet (Fiérain, 1978). The ‘SA’ status (limited liability company) was at the time relatively unusual in a sector essentially composed of companies founded on family capital. This asymmetry allowed Saupiquet to regularly raise funds to finance his development whilst his main rivals suffered in turn problems of treasury, particularly during the various crises affecting supplies of raw materials.

Figure 2 Percentage of turnover in the fish-canning industry in companies with turnover of more than 100 million F



Source: Chambre Syndicale de la Conserve, Maritime Division

Thus it was that Saupiquet gradually became the most important operator in the sector, simultaneously undertaking operations of internal and external growth, or buying up his competitors when they got into dire financial straits (Fiérain, 1978). In 1920, Saupiquet made his first acquisition, that of the canner Peneau, founded in 1844. In 1947, Saupiquet joined forces with three other canners (De Clerville, Tertrais and Tirot) to found Sarca, a company specialising in canning vegetables. From 1955 to 1961, several companies were absorbed (Tertrais, Teyssonneau, Griffon, Delory). Similarly, between 1960 and 1980, Saupiquet bought up around 20 companies, including Cassegrain in 1966, which had previously bought Tirot in 1961, and Cinal in 1969, itself composed of several different canners such as Chancerelle, De Clerville, Amieux, Béziers and the Sté française du Graal.

This growth-by-acquisition process did not only concern France, as it also occurred in foreign implantations (Charneau, 1989). In 1955, 1956 and 1957, three French groups set up subsidiaries in Dakar (Senegal): Saupiquet (Nantes) founded Cofrapal; Guyader and Guichard (Concarneau) founded Cica; and a group of five canners from the Basque country launched Atlanco. Two other independent French companies founded in turn their own subsidiary in 1957: Scaf and Daco.

These factories were subjected to considerable competition from each other in terms of purchasing raw materials until 1962. Saupiquet then undertook to buy out its competitors by acquiring extra shares in Cofrapal, then in the Atlanco group. The two factories were amalgamated in 1962 within the Sapal. The other companies (Scaf, Daco, Cica) were also absorbed, to the extent that, between 1962 and 1966, Saupiquet concentrated 70% of Dakar's tropical tuna catch (Charneau, 1989).

The fish-canning industry is thus a highly competitive industry, in which family companies, of small size and low financial capacities, are absorbed by SA such as the Compagnie Saupiquet, which finances its acquisitions with capital mobilised on the financial markets. It seems indeed to be a hypercompetitive sector (D'Aveni, 1994), in which competitive relations are marked essentially by a very high level of rivalry. The industry, however, at least until the 1980s, also functioned in a highly collective manner.

5 A highly collective organisation

5.1 Collective limited companies

Supplies of fresh produce have always been a problem for canneries. By nature, sardine and tuna fishing cannot be regular. The periods of scarcity of raw materials are succeeded by periods of abundance, resulting in chronic fluctuations in share price, with considerable variations in price and supply deficits for canneries, thus regularly forced to operate below capacity.

To solve this problem, and on the initiative of the industrialists from the Vendée region of France, in 1918 the canners created the Comptoir Français de l'industrie des conserves alimentaires (French Association for the Canned Food Industry), or Cofica. The Cofica was a public limited company, bound by contract to the canners in their dealings with the fishing industry (Decroix, 1964; Fiérain, 1978). From 1927, the Cofica and fishermen's union signed agreements that lasted many years. Half of the catch was sold at a fixed price that could be revised twice a month. The canners informed the fishermen of their production forecasts. The fishermen knew they could count on these orders and thus supplied the canners with improved regularity.

In the period between the World Wars, however, many canneries were not associated with the Cofica and continued to obtain their supplies directly from the fish market. This individual behaviour disturbed the regulation of the market for the Cofica. To solve the problem, the government during the Occupation made the Cofica an institution of public law, under the authority of the organisation committee for the fish-canning industry. Between 1940 and 1946, the Cofica benefited from a monopoly for the distribution of fish, oils and condiments (Decroix, 1964).

After 1946, it was no longer obligatory to be a member of the Cofica, even though most canneries remained within the association. In 1950, another group, the Association des Conserveurs Vendéens (Association of Canners from Vendée, Acv), founded by dissident members of the Cofica, started operating in the region of the Sables d'Olonne in the same way as the Cofica. Both cannery organisations paid fish wholesalers for their fish in cash and then recovered their costs 60 days later. They were represented in every port by an appointed buyer who played the role of intermediary between the canners and the fishermen, and who was responsible for all payments and distribution (Decroix, 1964; Fiérain, 1978).

5.2 *The interprofessional committees*

Collective action also developed for each species of fish. From 1936, the representatives of the tuna fishermen and canners founded the Comité Libre du Thon (Liberal Tuna Fish Committee). The first national contract was signed for a minimum price. This successful initiative led the canners and fishermen of other species to do the same. The state thus set up the Comité Central des Pêches Maritimes (Central Committee for Sea Fishing) in 1938, to coordinate the actions of the interprofessional committees for tuna, sardines, mackerel and herring (Decroix, 1964).

The fields of action and power of these interprofessional committees extended to the point where the canners no longer had the initiative in terms of setting their purchase price. The committees made decisions which were then imposed as obligatory for everyone. These decisions covered the distribution of the catch between geographical areas and factories, as well as the minimum and maximum sale prices. In 1961, for example, the interprofessional tuna committee adopted the following provisions in its Decision Number 26 (Decroix, 1964):

“Article 1 – For the 1961 fishing campaign, the minimum price for albacore tuna or tunny fish will be set at 2.53 F the kilo (...).

Article 2 – The minimum price for albacore tuna will be set at 2.63 F the kilo for purchases made by canners or for their own account (...).

Article 3 – Given these prices, all sales will be made obligatorily at the port and the fish market, even when there is no auction. In this case, the market will take place in accordance with local customs.

Sales that are not made in an auction must take place between 8 am and 6 pm.”

Similarly, in Decision Number 27, the interprofessional tuna committee adopted the following provisions (Decroix, 1964):

“Article 1 – The distribution of the catch of albacore tuna destined for canning during the 1961 campaign will be made in regional terms in proportion to the average annual quantities of tunny fish canned during the four-year period 1957–1960.

Article 2 – In accordance with article 1 above, the quotas attributed to the three regions between which the Atlantic coast is divided are as follows:

- | | |
|---|--------|
| a) Basque Coast-Gironde | = 22% |
| b) Vendée-Charente-Maritime | = 23% |
| c) South Brittany (from the Loire to Camaret) | = 55%” |

5.3 *Professional trade unions*

Collective actions also developed in the form of the creation of professional unions in the canning industry. Several federations were set up in the various canning industries, including the Fédération Nationale des Syndicats Français de Conserveurs des Produits de la Mer (National Federation of French Sea-Food Canning Unions). In 1968, a shake-up of the professional organisations led to the dissolution of the existing federations and resulted in the creation of a single organisation, the Chambre Syndicale des Industries de la Conserve (Union of Canning Industries), with two divisions: an Agricultural Division and a Maritime Division (Decroix, 1964).

As with all professional trade unions, the primary function of the Maritime Division was to produce information for its members. It collected information from its members on the quantities produced, stored and so on, and then restituted it to these same members in a synthesised form. In addition to this activity, the Maritime Division performed collective actions in a wide range of fields: it informed its members of changes in regulations, it lobbied the state authorities (be they French or other Europeans) and so on (Torquat, 1969; Torquat, 1971; Torquat, 1976).

One of the key areas of collective action in the Maritime Division was supplies. In its 1968 report, the division thus stated that “supplying mainland factories (with tropical tuna) is guaranteed in the context of a contractual agreement with the Sovetco” (Torquat, 1969).² When the needs of French canners in terms of tuna supplies were not satisfied by these agreements, the Maritime Division negotiated with the Merchant Navy to be allowed to import foreign tuna. In the same report, it was thus stated that “as the needs declared by the Canners have been shown (...) to be greatly superior to fishing capacities, we are forced to ask the Merchant Navy to help balance orders with production”.³

Another field of collective action was that of promoting the industry. The Maritime Division set up a Propaganda Commission, which was responsible for promoting tuna consumption in French households. From 1959, this Commission entrusted specialised agencies with conducting market research, motivation and segmentation studies, for example. On the basis of these studies, the Commission financed collective communication campaigns. For example, and still in the 1968 report, it was observed that an advertising agency had defined a programme, “whose strategy was to make tuna ‘Dynamic, modern and light’ and thus make it part of everyday consumption”. This agency came up with a slogan that is known to generations of consumers: ‘Toujours frais, toujours prêts, le Thon c’est bon’ (‘Always fresh, always ready, tuna is good’) (Torquat, 1969).

The entire advertising campaign cost the Propaganda Commission around 1 400 000 francs in 1961. These expenses were covered by a Propaganda Tax imposed on the members of the Interprofessional Tuna Committee. The tax was voted by the tuna committee and allocated to the Propaganda Commission in the Maritime Division. For example, the interprofessional tuna committee voted for the following decision in 1961 (Decroix, 1964):

“Article 9 – On sales profits, (...), a contribution of 3 F per kilo of tuna will be made to finance the Propaganda Fund for Tuna Canneries. This contribution will be the sole responsibility of the canner and will be levied by the fish markets or buying organisations when such structures exist.”

The sums allocated to publicity campaigns depended on the tonnage produced by the canners. When there was under-production, essentially caused by insufficient supplies of tuna, the Propaganda Commission did not hesitate and cancelled the campaigns initially scheduled. For example, for 1970, the reporter for the division esteemed that:

“Because of the current situation, our Propaganda Commission believes it would be wise (...) to ease off on advertising efforts (...) and to maintain only ‘Public Relations’ actions. For this reason, the Interprofessional Tuna Committee decided to reduce the tax to 0.01 F from 01 January 1971.”⁴ (Torquat, 1971)

Inversely, when consumption was lower than the quantities produced by the canners, the Propaganda Commission did not hesitate to reinforce its advertising efforts. For example, in the annual activity report for 1975, the reporter esteemed that:

“It was precisely the highly worrying situation on the market at the start of 1975, with in particular very high stocks of both canned tuna and frozen tuna (...) that incited tuna producers to undertake with us (...) a campaign of exceptional scale. The producers effectively accepted financing a special programme at a cost of one million francs.” (Torquat, 1976)

6 The problems and downfall of agglomerate strategies

6.1 The problems faced by agglomerate strategies

This centralised, collective way of operating for supplying canneries was not without its own problems. The reporter for the Maritime Division observed that, for 1969, there would be 50 000 tonnes of African tuna on the market, a quantity that risked exceeding the needs of the canners. He thus considered that:

“It would be more useful than ever if we were to maintain the equilibrium (of the market), monitoring its reactions very closely and implementing the appropriate measures so as not to bring into question an organisation that has been developed with such patience (...).” (Torquat, 1969)

Tension seemed to be appearing amongst the canners, particularly with regard to supplies of tunnyfish, when the reporter admitted, still in the 1969 report, that:

“Any distribution system, regardless of its details, will provoke passionate criticism. We often hear that on the one hand it has crystallised the canning industry and slows down the development of dynamic firms, and on the other that it favours large firms exclusively.”

The Maritime Division then found itself obliged to justify its collective actions, taking up the words of the Fishing Group within the Interprofessional Tuna Committee, which stated that:

“The system of previous years had the advantage of not only guaranteeing for producers both prices and adsorption of supplies, but also of preventing speculation. The measures adopted have thus made it possible, thanks to the fact that they have been respected, to avoid a sharp rise in prices which might have been inevitable given the low level of supplies.” (Torquat, 1969)

The same was true of supplies of tropical tuna. In the Maritime division’s report for 1970 (Torquat, 1971), it was admitted that “on the international market, the price of tuna fish has not stopped increasing as production cannot satisfy demand”. As a result:

“A certain trend has developed to abandon the contractual fixed price policy in order to prepare France’s entry into the Common Market and make it easier for our industry to have the possibility, if necessary, of using foreign supplies. But the fishermen and shipowners have preferred to maintain the bases of the organisation in place (...) with guarantees of adsorption by Canners and fixed prices.”

Even in a situation where supplies were correct in terms of quantity, the tension mounted more and more as the competitive differential between the French shipowners and their European rivals increased. The French owners of tropical tuna vessels then went through

a very difficult period in the early 1970s, resulting in vessels being laid up and companies going out of business. The situation became so difficult, in fact, that the French Government, in agreement with Brussels, decided in 1975 to close French borders to tuna imports (Torquat, 1976).

As closing the borders in this way applied only to French tuna canners, their foreign competitors (essentially Italian) were able to obtain their supplies at much lower prices on the world market. French canners thus had to support supply surcharges. The situation seemed all the more unfair in the eyes of the canners given that the surplus that the French shipowners were unable to sell on the French market was being sold to their foreign competitors at prices lower than those imposed on them by the committee and their professional trade union (Torquat, 1976).

6.2 *The downfall of agglomerate strategies*

There are several causes that can explain why agglomerative strategies came to an end in the 1980s. The first was the arrival of new competitors in the shipping sector. In 1985, for example, it was noted in the report of the Confédération Française de la Conserve⁵ (French Canning Confederation) that for tuna:

“Certain Latin American countries, such as Mexico, Venezuela and Ecuador, were interested in tuna fishing but with considerably lower production costs. The result, on the one hand, was the disappearance of seiners from the USA or their transfer to another flag and, on the other, the availability of tuna at tonnage superior to the demands of the buyers.” (Confédération Française de la Conserve, 1986)

More specifically, Mexico went from production of 31 000 tonnes in 1979 to 78 000 tonnes in 1984, and Venezuela from 3000 tonnes to 53 000 tonnes (Marcille, 1986). This abundance of raw materials on the world market tended to lower prices, and the French tuna-fishing industry could not keep up. The abundance was all the more urgent given that the USA, in order to preserve their own national industry, decided to close their borders to all tuna imports, further increasing the excess supply of tuna on the world markets. The price differential between world prices for tuna and the price fixed for French canners encouraged them to bring into serious question the collective supply regulations.

The second factor that brought into question collective operations was the arrival of new international competitors in the canning sector. The most direct new competitors were the Spanish and Portuguese shipowners and canners, who joined the Common Market in 1986, with production costs considerably lower than those of their French equivalents.

Outside Europe, the reporter for the Confédération Française de la Conserve stated in 1986 that:

“Essentially Thailand, but also the Philippines, are interested in canning tuna and have succeeded in partially penetrating the European market, especially in Great Britain. This is because of extremely low prices in these South East Asian countries.” (Confédération Française de la Conserve, 1986)

The example of Thailand is the most spectacular. The country produced no canned tuna in 1980, yet by 1985 its production had reached 84 000 tonnes, making it the third biggest producer in the world after the USA and Japan, and the number one exporter in

the world (Marcille, 1986). At a lesser scale, Mexico's production increased from 15 000 tonnes in 1980 to 27 000 tonnes in 1985, the Philippines' from 11 000 tonnes to 22 000 tonnes, Taiwan's from 0 to 12 000 tonnes and Ecuador's from 5000 to 14 000 tonnes (Marcille, 1986).

The progressive decrease in customs barriers in the context of the various rounds of the GATT talks only served to make matters worse. The situation became dramatic by the end of the 1980s, with the arrival of very large quantities of canned tuna from Southeast Asia, sold 50% cheaper. The union turned to the EEC, asking for the implementation of a 'safety clause', esteeming that customs' duties of 24% were not enough to save the European fish-canning industry. It was only the distinction made in 1988 between 'thon au naturel', or albacore, produced by the French industry, and 'thon à l'eau' or skipjack tuna, produced by foreign competitors, that made it possible to save the French canned-tuna industry from total extinction.

In this context, the collective promotional campaign organised in the mid-1980s, with 'le thon, le steak de la mer' (tuna, the steak from the sea) as its slogan, was the last of its kind. The canners started to communicate only on their own brands. Similarly, the collective supply strategies were abandoned by the canners, who returned to the practices of the period between the World Wars and which consisted in going to the fish market for raw materials individually.

The collective way of operating in the sector finally collapsed completely following the implantation of two foreign groups in the shipping and French canning industries. In 1981, Starkist, a subsidiary of the Heinz group, acquired the Paul Paulet company in Douarnenez, which marketed the Petit Navire and Parmentier labels. In 1992, the Moroccan group Ona signed a partnership agreement with the Union des Coopératives des Pêcheurs de France (Union of Cooperatives of French Fishermen, Ucpf) to create a new company, Pêcheur de France, which is both shipowner and canner. In 1993, Ona acquired the firm Pêche et Froid, which was also both a shipowner and canner. Finally, in 1994, Starkist and Ona took control of the Cobrecap, which was the main French tuna-fishing-vessel company. This marked the definitive end of any collective strategy of a large scale in the sector.

7 Implications

7.1 The viability conditions of agglomerate strategies

Highlighting the changes that have occurred in the seafood transformation industry makes it possible to better understand the factors that determine the creation of strategies of the agglomerate type, as well as those that bring about their downfall. Since the start of the industry in the 19th century, canners have been exposed to considerable uncertainty in terms of their supplies of raw materials. Initially, this uncertainty was accepted by all the key players as an element of competitive rivalry.

Then, when confronted with supply crises that forced some of them out of business, the industrialists accepted, in most cases, the concept of losing their supply freedom for the advantage of collective coordination. On this thriving market, the collective strategy took the form of an agglomerate strategy, or the creation of centralised organisations such as the Cofica, the Tuna Committee and so on, which made decisions regarding prices and quantities that were then imposed on their members.

These agglomerate strategies did not cover solely the problem of supplies as, in the case of tropical tuna and in order to stimulate demands that were still in their early stages, the industrialists did not hesitate to collectively impose a tax that made it possible to finance an advertising campaign and annual promotion. This collective system was so well accepted by everyone that the Maritime Division, when it seemed necessary to stimulate demand a little more, could increase the promotion budget by levying new taxes from canners.

By following the example of the seafood transformation industry, the conditions for setting up this type of agglomerate strategy are as follows:

- The industry should be composed of a large number of small firms. This large number prevents direct coordination between all the firms present in the sector and leads to a certain number of functions being entrusted to one or more centralised organisations. In the case studied, these were the functions of supplying and promoting the industry.
- The industry should be booming. Agglomerate collective strategies were all the more stronger in the canned-fish sector given that the product was new and consumption had to be developed. Cans of tropical tuna, production of which started in the 1950s, was thus the product that was the subject of the most proactive agglomerate collective strategy, through the actions of the Propaganda Commission, whose aim was to create buying habits.
- The industry should be characterised by considerable uncertainty in a key variable in the environment, an uncertainty that it is impossible to reduce individually. In our case, it was the fact that none of the canners had the means to reduce supply uncertainty on its own.
- The industry should be a relatively enclosed environment because of the significant regulatory barriers to be crossed on entry. The French canned-fish market remained for many years protected by prohibitive customs barriers, which made it possible to involve all the actors in the sector in the agglomerate strategy (if necessary by force, as during the Occupation).

When these conditions are no longer all fulfilled, which is what gradually happened as this sector developed, the motivation for adhering to an agglomerative strategy becomes increasingly low, leading the members to adopt more individual strategies or other types of collective strategy:

- The first change was the constitution of an oligopoly. The long process of concentration, which had started in the 1960s, became reality in the 1980s through the domination of a small number of large-sized firms, currently Saupiquet, Paul Paulet and Pêcheurs de France, which are in turn subsidiaries of large international groups, the Bolton Group, Heinz and Ona, respectively.
- The second change was the end of the growth period in the French market, which resulted in the 1980s in a growth rate comparable with that of the GDP. Canned tuna had become a regular purchasing habit in the everyday lives of consumers and the problem was now to attract demand, and its low growth rate, to individual products, developing brand, advertising and individual promotion policies.

- The third change was the possibility of individually reducing the uncertainty associated with supplies by means of vertical integration. By increasing in size and joining the capital of international groups, canners acquired sufficient means to develop their own fishing fleets, either via internal growth (that is, by building their own ships) or by external growth (that is, through the acquisition of shipping companies). It should then be noted that the acquisition strategy was made easier by the concentration of shipping companies: taking control of the Cobrecaf, as Starkist did in 1994, boiled down to taking over a company that guaranteed 40% of French tropical tuna fishing.
- Finally, the fourth change was the progressive opening of the competitive arena by lowering the tariff barriers, both in the context of the EEC and in that of the successive rounds of the GATT talks. The constraints of competitiveness and the possibility of obtaining supplies individually at better conditions became so strong that there was no longer any incentive for French canners to operate collectively.

7.2 Strategies which contain their own questioning factors

Beyond highlighting the conditions for setting up and bringing into doubt agglomerate strategies, it is possible to induce from the case studied a dynamic in which the agglomerated collective strategies contained the seeds of their own downfall. As Bresser and Harl (1986) stress, agglomerated strategies are adopted as a means of reducing the uncertainty associated with situations of horizontal interdependence.

This reduction in uncertainty takes the form of a transfer of functions to a centralised organisation, that is, by the loss of autonomy for the firms. In other words, agglomerate strategies force firms that adopt such strategies to relinquish their flexibility. They create a sort of rigidity that does not make it possible to adjust to changes in the environment (Bresser and Harl, 1986).

In the case studied, this rigidity made itself felt when new competitors joined the tropical tuna-fishing industry. The high production levels of these new competitors led to a significant drop in prices on the world tuna market. Yet French canners, who were obliged to obtain their supplies from French fishermen, could not take advantage of this drop in price, whilst their foreign competitors took full advantage. A competitiveness differential was created and became very hard to bear once the customs barriers had come down.

As Bresser and Harl (1986) point out, agglomerate collective strategies create zones that are relatively protected from the sudden changes in the market. Within these protected zones, companies are in a situation of lesser uncertainty, which is to their advantage in the short and mid term. But this situation leads them, in the long term, to be less competitive than the firms exposed to the simple mechanisms of the market. When the competition becomes more generalised, that is, when the firms that have adopted agglomerate strategies are confronted with firms that have adopted individual strategies, the competitiveness differential puts the survival of the former in doubt.

The paradox is that it is precisely these zones protected by collective strategies that become the object of desire for the new arrivals. These zones are effectively the chance to make 'over-profits' in relation to the simple situation of the market. These over-profits do not encourage the firms in place to make the adjustments necessary in terms of gains in

competitiveness in relation to the competitors outside the zone. Potential new members are thus tempted to take advantage of these over-profits, whilst still remaining more competitive than the firms in place.

When the regulatory provisions so allow it, these firms join the market with production costs considerably lower than those of the firms in place, and directly threaten the latter's survival. On the French market, these new firms arrived in the 1980s with prices 50% lower than those of the French canners, and it was only by setting up new regulations for tropical tuna that the French canners were able to save their positions.

Agglomerate strategies thus contain by their nature the factors that weaken the firms that adopt them. The more firms try to liberate themselves from the mechanisms of the market by trusting centralised organisations with functions such as supplies or promotion, the more they delay the competitiveness adjustments necessary and thus, the more they expose themselves, sooner or later, to a confrontation with a competitiveness differential that directly, and brutally, threatens their existence.

8 Conclusion

The aim of this research was to better explain agglomerative collective strategies (Astley and Fombrum, 1983; Bresser and Harl, 1986). Studying the strategic behaviour of the firms in the French fish-canning industry between the 1960s and 1980s allowed us to define the conditions in which this type of strategy can emerge and stabilise: an industry composed of many small-sized firms, uncertainty regarding a key element of the environment that it is not possible to deal with individually, high demands starting to develop and a sector that is enclosed by regulations. When these conditions can no longer all be brought together, agglomerate strategies dissolve, leaving the way clear for other types of strategies.

The second lesson that can be learned from this study is the endogenous nature of the dissolution process for agglomerate collective strategies. These strategies take the form of a loss of flexibility for firms in exchange for a zone protected from adjustments in the market that are too brutal. These protected zones delay the competitiveness adjustments whilst nevertheless making it possible to make sustainable over-profits. In the long term, these over-profits attract new arrivals who, taking advantage of the drop in regulatory barriers, can turn out to be much more competitive than the firms in place and thus directly threaten their viability.

It is thus possible to wonder whether one of the major lessons to be learned from this study is simply that it is not necessary to push agglomerate strategies too far. As Bresser and Harl (1986) stated explicitly, it seems to be essential that a minimum degree of competitiveness be maintained between the firms that adopt this type of strategy. In the case of the fish-canning industry, the firms that have maintained their competitiveness since the 1960s are those that have not forgotten that they were once well and truly situated in a competitive market, such as the *Compagnie Saupiquet*.

It is therefore necessary to continue asking questions about this type of collective strategy. This research focuses on one industry, the fish-canning industry, and on two functions: supplies and promotion. It would be appropriate, on the one hand, to identify the implementation of, and evolution in, comparable collective strategies in other industries and, on the other, to study in depth other functions mutualised by firms, such

as R&D, for example. More generally, other in-depth studies of the strategic behaviour of firms in their sectors of activity should make it possible to better understand competitive relations, as well as the complex relations supported by rivalry and cooperation between competitors.

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Notes

- 1 In the context of the 4th plan, the government encouraged companies to merge by granting them financial incentives. The limit for having access to these advantages was set at a turnover of 70 million francs. Beyond this limit, the state announced that it would be willing to finance investment, with loans over 20 to 30 years, at a rate of 3% and covering 60% of the investment. Similarly, it announced that it was willing to finance concentrations and groupings with loans over 15 years and bonuses that could reach up to 6% of turnover.
- 2 The Sovetco is a public limited company that markets all products of French tropical tuna fish catches.
- 3 The French market was then a market with very high customs duties. It was therefore necessary to negotiate with the state authorities to import frozen tuna with no customs surcharge.
- 4 There was a change of currency following the introduction of the 'new franc'.
- 5 The 'Confédération Française de la Conserve' was the successor of the 'Chambre Syndicale des Industries de la Conserve' (canning industries union).