

Who is to be trusted in the Cognac brandy supply chain? Retailers' reputations vs Producers' brands, first half of the 19th c. – first years of the 20th c.: a depersonalization?

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Idea of depersonnalization

- Link Reputation with regulation : formal mechanisms have replaced informal ones which were based on individual reputations and face-to-face.
- Who do the consumers trust? Retailers' reputations or producers' brands?
- Idea of depersonnalization? From retailers' reputation to producers' brands?
- French ANR project FIDUCIAE

Cf thesis of economists and neo-institutionnalists (Alfred Chandler, Avner Greif, Douglass North)

From individual trust (face-to-face, personal networks) to institutional trust allowing anonymous relationships? To what extent trademarks laws reconfigure the issue of trust and the traditional balance of power in the Cognac brandy supply chain?

Archives

- Archives of the Cognac trade house Jas Hennessy & Co: 6 km of archives (commercial correspondence: sent and received, accounting, advertisings, juridical archives...)
- Archives of english and american importers (LMA, Guildhall Library, British Library, NY Historical Society, NY Public Library)
- General (english, american, australian) and specialized (*Bonfort's*, *Ridley's*, *Wine Trade Review*) newspapers.
- Legal archives (French National Archives, law reports in newspapers...)

Structures of distribution networks, 18th c. – first half 19th c.: producers' limited horizons

- Cognac producers are totally unable to control the distribution of their products.
- Shipments in casks (wholesale content).
- Brand on the casks: those of the customers/importers.
- Variable length of the supply chain:



Quid wines and spirits merchants? Are they wholesalers? Retailers? Both? Studies on them?

The reign of merchants and collective marks

GENUINE FOREIGN WINES and FOREIGN and BRITISH SPIRITS, at reduced prices, for ready money only, at W. STEVENS's, Wine and Spirit Establishments, 78. Bishopsgate within, and Fore-street, Cripplegate. No connexion with any other house.

WINES.
 Port Wines, of the most celebrated vintages, from 26s. to 42s. per doz.
 Sherries, pale and brown, of the first quality, 36s. to 48s. per doz.
 Madeiras, fine West India, 40s. per doz.
 ——— East India, 48s.; curious very old 76s. per doz.
 Lisbon, Teneriffe, Mountain. Bucellas, first quality, 40s. per doz.

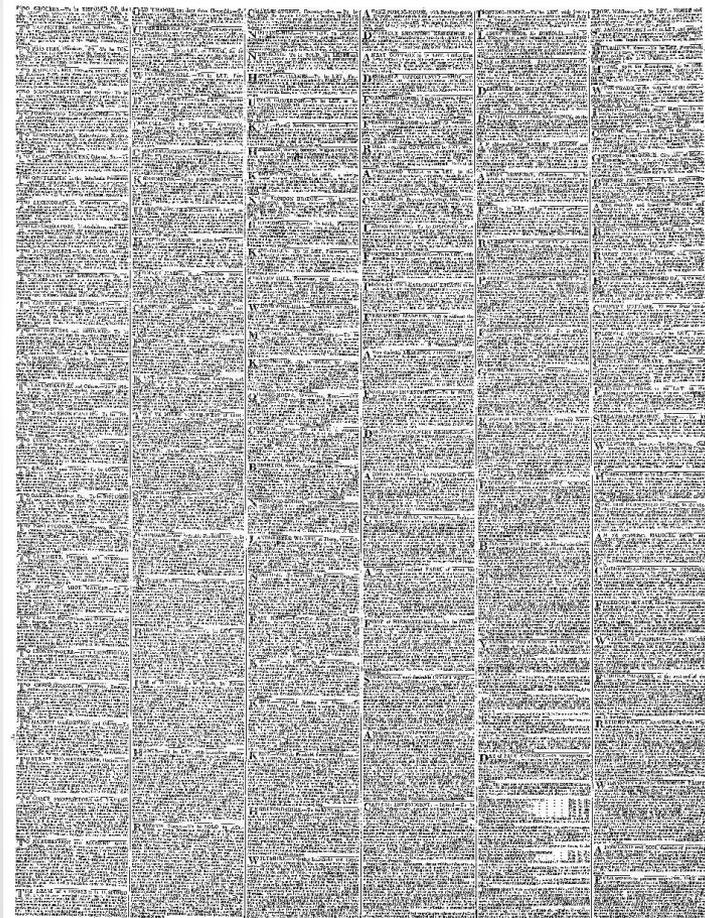
SPIRITS.
 Very fine Cognac Brandy, 22s. per gallon; Curious old ditto, 24s.
 Very old Jamaica Rum, rendered peculiarly mellow by being kept in large bodies, in vats adapted to that purpose, 14s. 6d. per gallon.
 Stevens's English Gin, which from its superior richness and fine flavour has for years stood unrivalled, 8s., 9s. 4d., and 10s. 8d. per gal.

CAPE WINES.
 These wines have been selected with the greatest attention, from the most choice parcels which have arrived in this country.

	per doz.		per doz.
Very fine Madeira,	18s. and 20s.	Fine Hock	30s.
Curious ditto	24s.	Red Pontac	24s.
Lisbon, Sherry, &c.	24s.	Constantia	24s.

Country orders cannot be executed unless containing a remittance. Dealers supplied on the most advantageous terms.—W. Stevens, 78. Bishopsgate within.

Advertising of a London merchant.
 Source: *The Times*, 18 Nov. 1822.



Advertising page of *The Times*, 2nd June 1828.

The deletion of producers' names



Interior of the « White Rabbit » tavern, by Leopold Flameng, circa 1850.



Country Store, Exhibiting the Production of Various Countries, by an unknown artist, before 1826.

Retailers' reputations as a tool to create trust among consumers

- James Simpson: « it was the **reputation** of individual retailers in the thousands of taverns in cities such as Paris, Madrid, and Rome that determined which wines were drunk. [...] Unlike fine wines, commodity wines were not sold under brand names, but in a world where many economic decisions were carried out face to face, **reputation** played a major role in the trade. » (*Creating Wine. The Emergence of a World Industry, 1840-1914*, Princeton & Oxford, Princeton University Press, 2011, p. XXXIV).

- John Jefferys: « in the great majority of instance the retailer relied upon his **reputation** and skill to attract his custom rather than on any bright or elaborate display ». (*Retail Trading in Britain 1850-1950*, Cambridge, Cambridge University Press, 1954, p. 4).

- Pamela Walker Laird (for US): « The public did not have to be taught to distinguish between goods within most categories: consumers judged products by inspection and by merchants' **reputations**, not by brand names. » (*Advertising Progress. American Business and the Rise of Consumer Marketing*, Baltimore & London, The Johns Hopkins University Press, 1998, p. 17).

The use of producers' brands by retailers

- Use of producers' brands has preceded the establishment of trademarks laws
- Use by retailers to overpass their bad collective reputation. (public scandals, poisoning: more chance to see the lightning striking twice in the same place than to find a pure brandy in London).
- To reassure the public of the quality of the goods; guarantee against inferior and adulterated products
- Idea that retailers and merchants have built the reputation of producers' brands before the latter tried a brand strategy.

Ridley & Co.'s November 1871: « The British public are to day unquestionably wedded to a belief that certain brands represent the *summum bonum* in point of quality, - but our merchants, who have made those brands, could also unmake them. How does it happen, we would ask, that the great Pantheon firm is enabled to command so extensive a trade, without ever quoting the name of a Shipper? »

Ridley & Co.'s, 1902: « For years we pointed out to the Wine Merchants what the result would be, if they tempted to push the Branded Goods of other Firms rather than their own. »

A voluntary servitude?



The GIN Shop.

“ Now Oh dear, how shocking the thought is,
They makes the Gin from aquafortis :

They do it on purpose folks lives to shorten
And tickets it up at two-pence a quartem. ”

New Ballad

Designed, Etched & Publ^d by Geo: Cruikshank - November 1st 1829.

« The Gin Shop », by George Cruikshank, 1829.

SUN INN, SIDE, NEWCASTLE.

JOHN BLAKEY

RESPECTFULLY announces to his Friends and the Public that he will enter the SUN INN, SIDE, Newcastle, on THURSDAY first, the 3rd of December, when he hopes by the most unremitting attention to the Comforts of his Friends, to merit that Patronage and Support, which has hitherto been so kindly and so liberally bestowed upon him.

J. B. has formed such Connexions as will enable him to furnish his Friends with WHISKIES from the celebrated Distilleries of Campbelltown, Islay, and Brechin.

Five Jamaica Rums of the very first Marks that can be purchased.

BRANDIES from the Houses of MARTELL and Co., and HENNESSY and Co.

GINS from GAITSGILL and Co., and SWAIN and Co., London. Wines, Ales, &c., of superior Quality.

N. B. The News Room will be furnished with the Daily Sun Newspaper, the Northern Liberator, the Northern Star, and Selkirk's Proceedings of the Town Council. Every Attention and Accommodation will be given to Societies of every Description, with moderate Charges, made in such a Manner as to meet the views of all Parties.

THE EVENING STAR BENEFIT SOCIETY will re-commence on Monday Evening first, Nov. 30, when Persons desirous of becoming Members must apply to the Committee between 8 & 9 o'Clock in the Evening, or at the Bar of the House.

Side, Nov. 26th, 1840.

Advertising of a London retailer, *The Northern Liberator and Champion*, 28 November 1840.

Second half of the 19th c.: changes in the rules of the game

- Evolution of the institutional context:

- Growth of urbanization and reduction of advertising taxes
- Lower taxes on spirits' trade (1849 Peel, 1860 Cobden and Chevalier, 1861 Gladstone)
- Decreased weight of London as a redistribution center in world trade → allows to avoid the chicaneries of the London docks.
- Emergence of an international alcoholic beverages market → necessity to protect the brand in foreign markets.
- Growth of living standards → more regular demand and new outlets for premium market.
- Industrial Revolution context : Great Exhibition → exposing national productive capacities (participation to the Great Exhibition of 1893).
- Most importantly, **development of favorable legislation for property rights**: law on trademarks as soon as 1824 but mainly with 1857 Law on Trademarks and Trade, Trademark Registration Act of 1875, Paris Convention for The Protection of Intellectual property in 1883, Treaty of Madrid in 1891.

+ New norms in standards of quality (1889, 1891). James Simpson:

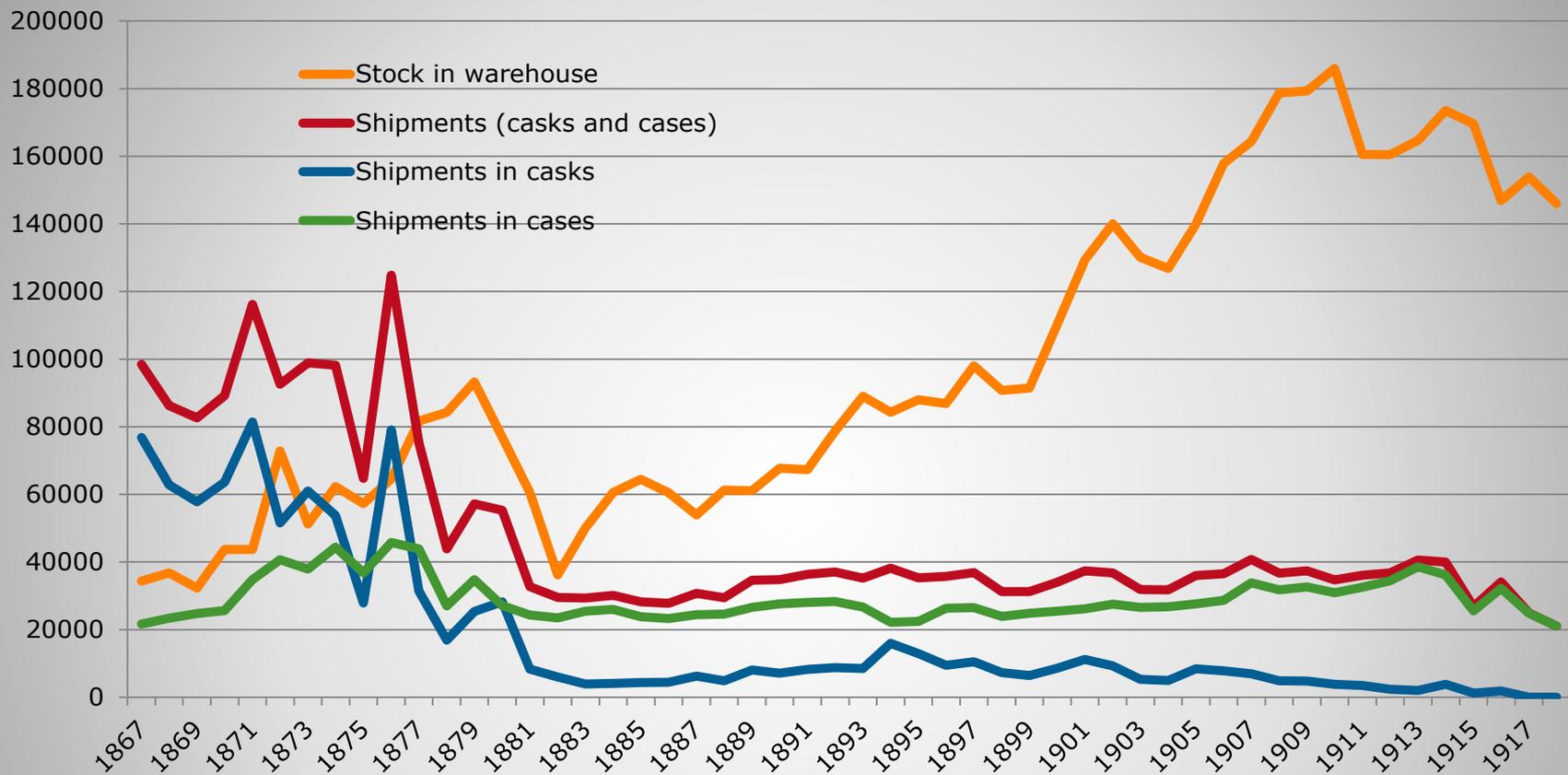
Appearance of a defensive property right is essential for the emergence of new marketing tasks (Chandler 1990, Wilkins 1992, Lopes & Duguid 2010).

The appeal of french alcohol beverages for trademarks

- France: predominance in registration of trademarks (cf Lopes & Duguid, 2010).
- Drinks: leading category in nondurable consumer goods in french Trademark Register (1858-1970).
- Cognac brandy producers: amongst the most aggressive companies!
- Commercial value of lawsuits: published in newspapers
- Increase of spendings dedicated to the protection of the marks: 17.500 francs in 1887; 198.130 francs in 1897 !

Cognac brandy producers took in their hands former retailers' jobs

- **Branding.** Denunciation of « brandolatry ». Brands vs intrinsic qualities? Short-circuit the parasitic sociability of the store through the brand (cf. Franck Cochoy).
- **Bottling.** Turning point: 1877. Bulk until 1918.
Question of Bottling in Bond for Home Consumption (1867 and 1879).
- Question of the **minimum.** First half of the 19th c.: 15 puncheons (6 165 l.).
1866: 5 puncheons (50 cases). 1888: 30 cases.
- Preparing brandy for consumption and **standardisation** of products.
- Controlling the retail price: **Resale Price Maintenance** as soon as the 1890s
(1904: Anti-Cutting Association).
- **Advertising:** the use of advertising by producers tend to reduce the influence of retailers. Creating a particular demand.
1903: creating of a special account in the account books of Jas Hennessy & Co (1 475 142 Francs).
- Establishing a **direct link** between producers and consumers. To short-circuit the retailers!



Shipments in casks and cases of Jas Hennessy & Co, 1867-1918 (in hectoliters).

Direct from Distiller to Consumer

\$3.20
FOUR
FULL QUARTS
Express Paid.

**Saving Middlemen's Profits,
Preventing Possibility of Adulteration.**

We are distillers with a wide reputation of 30 years standing. We sell to consumers direct, so that our whiskey may be pure when it reaches you. Adulterated whiskey is dangerous, abominable, yet it is almost impossible to get pure whiskey from dealers. We have tens of thousands of customers who never buy elsewhere. We want more of them, and we make this offer to get them:

We will send four full quart bottles of Hayner's Seven Year Old Double Copper Distilled Rye for \$3.20, Express Prepaid. We ship in plain packages—no marks to indicate contents (which will avoid possible comment). When you get it and test it, if it isn't satisfactory return it at our expense and we will return your \$3.20. Such whiskey can not be purchased elsewhere for less than \$5.00.

We are the only distillers selling to consumers direct. Others who claim to be are dealers, buying and selling. Our whiskey has our reputation behind it.

Our References—Dun or Bradstreet, Third National Bank or any business house in Dayton.
Hayner Distilling Co., 280 to 286 W. 5th St. Dayton, O.



Source: *The Atlanta Constitution*,
19 décembre 1897, p. 6.

The role of the wines and spirits merchants is called into question: removal of intermediaries?

- «How is the middleman to exist? » (*Ridley & co.'s*, August 1869)
- Fear of becoming « penny-in-the-slot » machines
- *Ridley & Co.'s* November 1889: « It has long been one of the recognised but apparently unavoidable, evils of the Wine and Spirit Trade that certain houses ostensibly engaged in the Shipping business, should seek to go behind the back of the ordinary Merchant, and thus arrogate to themselves the combined profits of the two interests. in these days when the cry is loud against the middleman ».
- 1903: Circular of the « Wine Supply Club » about « The abolition of middlemen »
- *Ridley & Co.'s*, September 1898: « Frequently as one hears the lament that the Wine merchant proper has he hitherto been long and honourably known, is gradually becoming a person of the past. »
- **Warning:** all producers are not interested by brand strategy et by a direct link with consumers!

Resistance of retailers

- Refuse to cooperate
- Resistance: lobby in order to restore the right to bottle in bond for home consumption (role of Wine and Spirit Association).
- Maintaining their own capacity to create trust. Ridley & Co.'s, June 1889: "The Château guarantee after all is not one of quality - merely of origin- and the public must, therefore, in great measure still rely on their Wine Merchants as to which vintage to buy."
- To enhance their skills (as advisors)

Reconfiguration of wines and spirits merchants' commercial strategies

- Being offensive: adopting a proactive behavior: wines and spirits need bush!
But at the same time call consumers to trust the intrinsic qualities of spirits and not the brands.

Ridley, January 1898: « [the wine and spirit merchant] must of course move with the times; must buy closer and with more care, and above all must not sit still and expect orders to come in unsolicited to the same extent as they did in former days. »

- *Ridley*, September 1896: « It is not sufficient, however, for him to conduct his business in the quiet and unostentatious way that was characteristic of the trade in the past. »

- Focusing on high-class spirits. Best field to value their advice skills (advertising of Charles Tovey: «your stomach is your wine cellar »)..

- Stores deeply criticized by wine and spirit merchants. But merchants want to be inspired by them: « **We find that wide publicity is given to the stores, that the managers offer for sale all classes of wine which the public show a disposition to buy, that convenience and every modern fancy are consulted, and that the long-credit system is carefully avoided.** » (WTR, January 1890).

- Credit is questioned.

- Call the consumers to test the spirits and not trust the brands.

The case of Gilbey's.

- cf. Graham Harding, « 'Competition is useless': how Gilbey's retail and marketing innovation dominated the British wine and spirits market, 1857-1922 », *History of Retailing and Consumption*, vol. 2, 1, 2016, pp. 44-67.
- Hennessy sent brandy in casks to Gilbey. Unable to impose its conditions: « it is really a sacrifice on our part but we are anxious to please them & we see their large trade is constantly increasing. » (5th January 1869, to T&B).
- 10th June 1891: Gilbey's circular: accept to distribute Cognac bandy producers' brands: « to select those Houses, having the reputation in the trade as Shippers of the highest-class qualities, and whose brands have, for years past, been well known by the public. »

Conclusion

- Impersonal trust impossible without institutional trust
- Vertical competition (Duguid)
- Can we talk of « depersonalization »? Mira Wilkins: « the name cannot be maintained through the personal visits of the buyer to the plant of the producer. The trade mark conveys the information that in prior times could have been obtained through personal contacts. »
- No: use of producers' brands has preceded the establishment of trademarks laws; and retailers' reputations were not removed!



Thanks for your attention

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