

# Luxury

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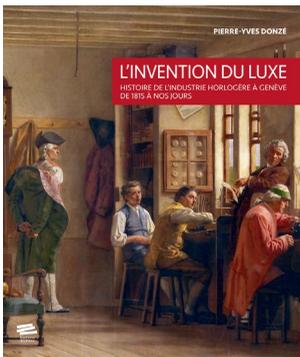


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## BOOK REVIEW



# L'Invention du Luxe: histoire de l'industrie horlogère à Genève de 1815 à nos jours

**Pierre-Yves Donzé, Neuchâtel: Éditions  
Alphil, 2017, 205 pages. Hardback, ISBN  
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## Introduction

*L'Invention du Luxe* offers an illustrated historical survey of a key industry in a single region – the manufacturing cluster of watchmaking businesses in the canton of Geneva. The book covers two centuries of changes and developments in this cluster, predominantly from a business studies perspective.

This is not the author's first publication on the Swiss watch industry. Donzé has over a decade's worth of substantial books and journal articles on the subject behind him. The current book could be read as an expansive exploration of two interlinked observations that appear in one of Donzé's previous books: *The History of the Swiss Watch Industry*. In chapter 4 of this work, which focuses on events over the past four decades, Donzé notes that the history of the Genevois cluster of companies does not follow the same trajectory as the rest of the watch industry in Switzerland. He also comments on the rise of luxury as a new driving force in the industry as a whole. *L'Invention du Luxe* argues how these two aspects are linked and, particularly in recent decades, reinforce each other.

Like Donzé's previous output, *L'Invention du Luxe* certainly demands more attention than the plethora of hagiographic histories that the high-end watch companies have been commissioning as part of their heritage bolstering strategies since the 1980s. His archive research is evident, and, though occasionally this intrudes into the flow of the narrative, it provides a substantial platform for most of the claims made.

*L'Invention du Luxe* provides an interesting departure to most of the recent serious literature on the subject. Most titles focus on either the history of an individual company or conglomerate,<sup>1</sup> or take a national perspective.<sup>2</sup> There have also been attempts made at global historical surveys.<sup>3</sup> Presenting a long survey of one Swiss canton gives the author the opportunity to cast a fresh eye over the available evidence and produce a more fine-grained study, particularly in terms of examining how companies are embedded in, and respond to, local geopolitical situations. However, Donzé's selection does reinforce the established convention of Geneva as the undisputed locus of luxury watchmaking in Switzerland, downplaying other claimants to the title (e.g. the Vallée de Joux). The focus on a single place, and the associated implicit claim for its integrity as a self-sustaining manufacturing cluster, also elides the geographically dispersed nature of contemporary corporations and manufacturing.

The selection of the starting point, 1815, is a response to the macro-political events that directly affected Geneva and watchmaking as an industry. In 1815 Geneva joined the Swiss Confederation, following the Congress of Vienna. The same year can also be taken as the de facto conclusion of the period of intense social, cultural and economic disruption across the continent that started with the collapse of the Ancien Régime in France. Consequently, the date not only stands as the start of the modern Genevois watch industry, but also conveniently locks that story into a much wider narrative.

In contrast, the ... *a nous jours* is a far less satisfactory point for conclusion. One can understand the publisher's desire to promote the book as relevant to an audience interested in the contemporary industry. However, the attempt to cover "the present day" is challenged by the inevitable confusion of events as they occur and the lack of hindsight available to the historian. This is compounded by three specific issues. Firstly, there is a lack of any close historical precedents for the corporate structures that have recently developed in the luxury sector and, secondly, there is the longer-term unpredictability of the now crucial Asian markets. Thirdly, a new type of object – the iWatch – poses a direct challenge to the role and relevance of the wristwatch. In the upbeat conclusion to *L'Invention du Luxe* the downside of the first two issues are not addressed, whilst the last is not mentioned at all.

I feel the exclusion of other disciplinary approaches beyond business studies means the survey is less rounded than the title to the book claims. Despite the illustrations, there is scant consideration of the watch as a cultural object in its own right (as opposed to being an abstracted resource used in marketing campaigns). I would propose the shift from pocket watches to wristwatches is a cultural phenome-

non that had far-reaching consequences on manufacturers. The new technical demands involved in miniaturization are barely mentioned. The need to produce movements that will survive the additional demands placed on a wristwatch in terms of being jolted or shaken in everyday use (in comparison to the more sedate life of a pocket watch) is completely ignored. Also, any consideration of the consumer's role in the development of the wristwatch as an entirely new class of object, as championed by the social construction of technology (SCOT) approach to product innovation, is utterly missing.

A very different, but equally serious issue, is the lack of access to some of the necessary source material to conduct a fully comprehensive review of all the Genevois manufacturers. This is most evident in the case of Rolex, which publishes the bare minimum of financial results and denies outsiders (i.e. anyone not working for the company) access to its archives. When discussing Rolex, Donzé has to base his findings on incidental data, such as the number of Rolex watches issued with chronometer certificates by *Contrôle Officiel Suisse des Chronomètres* (COSC), rather than work from the same type of direct documentary evidence that supports most of the other case studies. He also has to engage in far more speculation regarding Rolex's company strategy over the past half century, and leave as an open question whether its current position and success was carefully planned or due to good fortune. It must be said that Rolex is well known for taking this isolationist stance, but considering the company is a key player in the canton, it remains a problematic omission in such a survey.

A similar issue resurfaces again with the new luxury conglomerates. Whenever financial results have been published under the primary activity of a holding company's subsidiaries, and these companies are predominantly active in another sector (e.g. jewelry, leather accessories), watch sales and profits become invisible in yearly reports. Again, the only recourse is to infer through information gleaned from incidental sources.

I found the chapter covering the luxury conglomerates: Richemont, Kering and Moët Hennessy Louis Vuitton (LVMH), not entirely convincing for other reasons. Anyone with a close knowledge of these holding companies will find the description of their structure and operation overly simplistic. The extensive movement of senior managers across the group means all new subsidiaries are, over time, imprinted with a common approach to business. More obvious is the holding companies' tendency to introduce overarching policies that their subsidiaries have to abide by. Recent initiatives have focused on the treatment of female employees (in terms of the percentage of women employed, their promotion prospects, and protection from abuse) or the reduction of carbon footprints to set targets. These aims may be laudable, but the process by which they are implemented demonstrates how top-down the management of the groups can be. In many regards, the constituent *maisons* are far less individual than their media images imply. Donzé's lack of critique of the role and power of holding companies is all the more surprising considering it is one of the strengths of one of his earlier books: *A Business History of the Swatch Group*.

Reflecting on Donzé's choice of Richemont for the only case study of a holding company exposes the underlying issue. Richemont is the least problematic of the luxury conglomerates in terms of its "Swissness" and breadth of luxury product types. Unlike the other two holding companies, Richemont is domiciled in Switzerland (in Bellevue, in the canton of Geneva). Richemont is also far more dependent on the watch sector than LVMH or Kering; it is the only one of the three to have a specialist watchmakers division in its corporate structure. This gives the comforting illusion that Swiss watchmaking in the era of luxury holding companies is still an exclusively Swiss affair. But acknowledging the relative power and influence of the individual holding companies (LVMH is far larger than either Kering or Richemont in terms of total assets and capital) means having to accept that a large section of the contemporary Swiss industry is ultimately under the control of overseas CEOs, as LVMH and Kering are both French companies..

Donzé's perspective is that watchmaking is less relevant in the other conglomerates, as their percentage of turnover and profits from watch manufacturing is much lower. He ignores that the figures are distorted by differences in the holding companies' relative size, or that the watch manufacturing capacity held by these conglomerates in aggregate still amounts to a significant part of the Swiss industry.

The full implications of what is an unprecedented development in high-end watchmaking have yet to be fully understood. Recent decades have been exceptionally benign to manufacturers of luxury goods. We have not yet seen how the conglomerates will choose to respond to a sustained downturn in the market. One lesson that *L'Invention du Luxe* and other studies of the history of watchmaking offers is that the industry is subject to periods of intense uncertainty and major disruption, and that established companies and even entire centres of production can disappear entirely.

*L'Invention du Luxe* cannot be seen as an entry-level text. It presupposes the reader has a substantial background knowledge of the history of Switzerland, and to some extent, the Swiss political system. One of the most noticeable, and perhaps surprising, omissions was the lack of any map of the canton of Geneva, the city itself, or l'Arc jurassien Suisse (the cantons where watchmaking is a significant industry). These would have given readers unfamiliar with the geographic location of the cities, towns and companies mentioned a firmer grasp of the detailed material that is presented in the text and image captions.

Equally, the reader is expected to have more than a passing familiarity with how different watch movements are constructed. The explanations given of the *roskopf* or tourbillon are too cursory, lacking the necessary information to enable the inexpert reader to understand how mechanics, function and financial value intersect, despite many of the claims being made that ultimately rely on these factors. However, for those who already have the requisite existing knowledge, or are prepared to undertake the background reading necessary to fill these gaps whilst reading the text, *L'Invention du Luxe* is an informative read.

I would certainly recommend this book to any academics and graduate students, as well as informed general readers, with an interest in hard luxury goods. It certainly has a place on reading lists as a supporting text for business studies courses that are focusing on the luxury sector. An additional benefit is that parts of chapters three and four can be used as exemplars of how company reports can be interrogated and cross-referenced to build a description of the long-term performance of that company. It is of less value to researchers working on manufacturing from a social perspective or focusing on the specifics of particular branding campaigns, rather than general company strategies. Though the material presented (including many of the illustrations) raise a number of interesting social questions, these are rarely addressed by the author.

## Notes

1. Chaille, *Girard Perregaux*; Cogni, *Vacheron Constantin*; Donzé, *A Business History of the Swatch Group*; Linder, 2008.
2. Donzé, *History of the Swiss Watch Industry*; Munz, *La transmission en jeu*, Pasquier, *La <<recherché et développement>> en horlogerie*.
3. Fléchon, *La conquête du temps*; Glasmeier, *Manufacturing Time*.

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