

## **DISSERTATION**

**IS LOCALISM A GOOD DRIVER FOR BUSINESS?**

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**CONFIDENTIALITY CLAUSE**

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## TABLE OF CONTENT

▪ Cover Page.....	p.1
▪ Confidentiality clause.....	p.2
▪ Declaration of academic integrity.....	p.3
▪ Acknowledgment.....	p.4
▪ Table of content.....	p.5
▪ Key words.....	p.6
 <b>1) Introduction.....</b>	 <b>p.7</b>
 <b>2) Literature review.....</b>	 <b>p.9</b>
<b>2.1) Production costs.....</b>	<b>p.9</b>
2.1.1) <i>Workforce and skills</i> .....	p.9
2.1.2) <i>Logistics and energy</i> .....	p.10
2.1.3) <i>Quality and aftercare</i> .....	p.11
<b>2.2) Consumption trends.....</b>	<b>p.13</b>
2.2.1) <i>Produce, eat, live local</i> .....	p.13
2.2.3) <i>Economy of brotherhood: peer to peer</i> .....	p.14
<b>2.3) Ethical behaviour.....</b>	<b>p.16</b>
2.3.1) <i>Fair share of value</i> .....	p.16
2.3.2) <i>Climate change consciousness</i> .....	p.17
 <b>3) Methodology.....</b>	 <b>p.18</b>
3.1) <i>Issues</i> .....	p.18
3.2) <i>General Design</i> .....	p.18
3.3) <i>Sampling</i> .....	p.20
 <b>4) Results.....</b>	 <b>p.22</b>
4.1) <i>Data Presentation</i> .....	p.22
4.2) <i>Discussion and Analysis</i> .....	p.24
 <b>5) Conclusion.....</b>	 <b>p.26</b>
 • REFERENCES.....	 p.29
• APPENDIX.....	p.30

## KEY WORDS

- Outsourcing
- Relocation
- Production costs
- Localism
- Ethics

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## **1) INTRODUCTION**

In the age of globalisation, international exchanges are constantly increasing. Migration, trade, cultural and capital exchanges are central to the world economy. Each country has specialised in what it does best to capitalise on its comparative advantage and to profit from it on world markets. This system, although unequal, is fundamental in the current context of free trade.

However, this phenomenon leads to an international dependency that could prove dangerous. In this sense, let us take the example of Asian countries, such as China, or Eastern Europe with Poland or Hungary. For these nations, the main advantage on the international scene is the strong presence of low-cost labour, which pushes foreign companies, particularly French ones, to delocalize their production plants outside their borders.

This is the case for large companies, the flagship of French industry such as PSA or Citroën, which produce their vehicles in Hungary, Slovakia, or China, to the detriment of French workers who are left to fend for themselves, as was the case with the closure of the factory of the lion brand in Douvrin, in the North of France, in Spring 2020.

In addition to the economic threat that outsourcing represents for the local economy, a major supply problem can be felt at the slightest international upheaval.

This is what we have been able to see thanks to the sad news that has been punctuating our lives for over two years now. First, the covid19 pandemic revealed shortcomings in the medical sector with shortages of medicines, masks, and difficulties in obtaining vaccine supplies, the last straw for a country like France and its many pharmaceutical laboratories.

More recently, the war in Ukraine has revealed a real dependence of EU countries on food and energy products and has led to a forced reorganisation of consumption patterns.

In addition, new consumer trends advocating better quality products and local manufacturing are emerging. This desire on the part of consumers is motivated, on the one hand, by the desire to consume better to live better and, on the other, to contribute to the functioning of the local economy while limiting its ecological impact. Indeed, in addition to the consumption aspect, companies must consider, sometimes reluctantly, the climate emergency we are facing. In this sense, the CO<sub>2</sub> and polluting gas emissions of foreign companies that are not subject to emission standards are an ecological disaster, as is the carbon footprint of transporting goods from one end of the planet to the other.

All these factors are encouraging more consumers and companies to turn to localism as a new goal for consumption and/or production. The definition of localism remains vague as it is very subjective. However, localism is a wide trend that cannot be resumed to production location.

As a matter of fact, it is a rising phenomenon due to a steep evolution of production costs in Asia, the need to take more into consideration environmental issues and more generally, claim for ethical behaviour, a strong tendency on the internet and in the digital world to endorse peer to peer solutions and a deep need of sense leading to a renew of local production and distribution especially in the food field.

Altogether it's a much more than a simple economic parameter, it's a strong accelerator for business development and economic growth that must be considered as a new driver for a successful business

The major question raised here is whether the time is ripe for relocation? Should we rely on a more local economic system for the sustainability of national companies? In this essay, we will analyse the reasons why companies should return to localism and the upheavals that this would entail for our consumption patterns.

## **2) Literature review**

### **2.1) Production costs**

As mentioned in the introduction, the main reason for companies to delocalize is to reduce their production costs. Labour costs, rents, lower taxes, or attractive taxation are the main factors considered by companies producing outside their borders.

#### **2.1.1) Workforce and skills**

The first reason we think of when we talk about offshoring is the fact of being able to benefit from lower labour costs than at home. In this sense, labour costs in Asian or Eastern European countries are much lower and many companies are jumping on this advantage to produce at lower costs.

However, the benefit of producing in Asia, and particularly in China, is fading over time. Indeed, according to the article entitled "Délocalisations et relocalisations", published on 9 January 2019 on the French Republic website by the "Vie publique" editorial team, China is recording a 15% increase in labour costs on its territory. This increase could motivate a massive relocation of activities to France. In this sense, the author argues that labour is not the only thing that is increasing in price. Add to this the increase in logistical costs and customs fees and the comparative advantage offered by production in China disappears. The relocation of production offers other benefits such as more controlled R&D costs, a more responsive after-sales service and public aid to companies choosing to relocate their production plants to France.

Martine Debette, author of the article "Crosscall: La relocalisation pourrait faire baisser le coût de production" (Crosscall: Relocation could lower production costs) published on 2 March 2022 on the Les Nouvelles Publications website, also shares this opinion. In her article, she interviews Cyril Vidal, founder of the company Crosscall, which has decided to relocate its business to France for several reasons. The first of these is, again, the cost of labour, which has risen in China, from 1.2 dollars to 3.6 dollars, an increase of almost three hundred percent. In this case, China's comparative advantage is also gradually disappearing, as labour costs are the same as in Spain or Portugal.

Moreover, according to this company manager, production lines in Asia are much more complex than in Europe and require three times as many employees to conduct the same task, which does not allow savings to be made in terms of labour costs. For Cyril Vidal, relocation could therefore gradually become an asset because it allows him to better control his research and development, his products, and his production apparatus.

These two articles show a certain concordance concerning the loss of the comparative advantage represented by Chinese labour costs. It would therefore seem that relocation, motivated by logistical, economic, technological, and financial factors, is more than ever in vogue.

#### *2.1.2) Logistics and energy*

The second factor to be considered when calculating production costs is the logistics and energy costs involved. In this sense, when a company chose to outsource, the slightest incident on a global scale can disorganise our entire logistics chain.

We have seen evidence of this with the ship that blocked the Suez Canal, causing logistical delays of several years, and more recently with the COVID-19 epidemic that also disrupted all supply chains. In this sense, as indicated in the article entitled: "After COVID-19: Organising supply chain resilience" written by Karen Geitzholtz in "Research and Cases in Management Sciences" in February 2021, the health crisis revealed the logistical and organisational problems of the supply chains in place. The author of this text illustrates her remarks with the example of the shortage of medicines and masks that affected France during the health crisis. Indeed, the country being very dependent on China for pharmaceutical supplies (80% of medicines being produced abroad), experienced a more than complicated supply due to the long confinement imposed on the Chinese people.

According to Karen Geitzholtz, the health crisis has highlighted the gaps that need to be filled as soon as possible to mitigate potential future crises.

To do this, she stresses the need to relocate the supply chain in France. This strategy of returning to short circuits is the one adopted by the French president Emmanuel Macron as well as by the European Commission and, according to the article, 42% of companies want to relocate their supply chain after the crisis.

In the article by Gil Kressmann, entitled « Produire localement, vendre en circuits courts: un nouveau paradigme? », published in April 2020 in "Paysans & société", the benefits of short circuits are put forward through the agri-food world. In this sense, the author indicates that producing locally is perceived as a guarantee of quality for consumers, who have favoured short circuits since the health crisis.

However, the author stresses that it will not be easy to relocate all food sectors in France because many countries have a comparative advantage that we do not have, such as for example, the cheaper labour in Poland or the low standards for fruit and vegetable processing in Spain

The article underlines that short circuits have been attracting lot of interest from consumers in recent years as they are increasingly consuming from direct sales sites such as farms, or from small local producers' shops. This desire to consume locally is linked to the need to consume better and to play a role in the economic development of one's region.

In contrast to the first article, Gil Kressmann underlines the fact that producing and distributing in a short circuit requires an organisational adjustment. In this sense, it is not possible to market a wider range of products via this mode of distribution and the producer must demonstrate a high degree of professionalism to satisfy customers with higher expectations. Finally, the author adds that the carbon footprint is not necessarily reduced by a short circuit production because it requires travel by CO2-polluting vehicles as opposed to longer transport, often by boat, and therefore less polluting.

As we can see from these two articles, the challenge of localism in terms of transport and energy is more to be able to respond more quickly to a need in the event of a global upheaval and to satisfy a clientele that is more concerned about the proximity of the products it consumes than to reduce its carbon footprint.

### 2.1.3) Quality involvement

The last aspect that can influence production costs is the quality of the products, considering several factors such as the qualification of the workforce, the origin of the raw materials or the ecological aspect integrated into the marketing of the goods.

This is the analysis made by Nicole Buyse in her article entitled "Les Mulliez localisent une production de Jeans dans le Nord de la France" published in the newspaper *Les Echos* on 5 April 2022. Indeed, the author takes the example of major French textile brands such as Pimkie, Jules or Rouge-Gorge which have decided to relocate their jeans production to the north of France. The production cost of these jeans is 20% higher than when they were made in China. The reason for this is the highly qualified workforce employed by these brands, which recruits experienced menders and uses the latest production tools. Moreover, the fabric used for the making of its jeans comes from Turkey and not from Asia, which reinforces the quality of the product.

Finally, the local production integrates more actors since the confection of this article of fashion calls upon 17 local SME, which also explains that the price to the sale is 10€ more expensive than before.

This increased quality of production through the relocation of activity in France is also illustrated in the article in *Les Echos* entitled "Outillage: Sidamo rapatrie des productions pour diversifier ses sources" written by Stéphane Frachet on 15 April 2022. Mr Frachet mentions the company Sidamo, which makes plastic crossings for tiles. The latter has brought its production back to France from China. Here too, responsiveness to customers, lower carbon emissions and national reindustrialisation are the key points of this strategic change.

However, the quality of the product cannot be improved by French production. Indeed, certain production tools specific to the design of these parts, such as discs containing fragments of synthetic diamonds, can only be found in Asia and more precisely in South Korea.

The author reminds us that French production does not automatically guarantee the quality of the product and that this would not be possible without other technical tools that we do not have on the territory. It is important to remember that French production does not mean 100% national production and knowledge.

## **2.2) Consumption trends**

### *2.2.1) Produce, eat, live local*

Over the last few years, consumer trends have evolved considerably and a preference for local products seems to be emerging. The article by Tarek Abid entitled "Local food products, purchase motivations according to distribution channels", published in February 2020 in *Décisions Marketing*, illustrates the desire of consumers to consume locally. According to the author, this trend can be explained by several factors, including the search for product quality, awareness of the global ecological situation and support for the local economy. However, it appears that the definition of local remains unclear and subjective. However, a survey of three hundred consumers reveals that a product is perceived as local when it is located as close as possible to the place of production.

According to the article, three major motivations for local consumption can be distinguished. The first of these is a so-called functional motivation, concerning the intrinsic quality of the product as it is perceived as being of better quality, with more taste or freshness.

The second motivation to consume locally is individual, i.e., the quest for a healthier lifestyle by consuming better and higher quality products with perceptible traceability. The last motivation is ethical or collective. This illustrates the desire to consume locally to participate in the local economy by supporting producers and traders, but also by integrating the desire to reduce carbon emissions to combat global warming.

As we can see, the act of consumption is influenced by the origin of the product, since “for 80% of consumers the term “local” is an advantage for a product and 60% of them take into consideration the place of production”. Here, the interest in relocating its production or integrating localism into it is to have a positive impact on consumers and to adapt to new consumption trends on the market

This preference for localism in consumption is underlined by Jean-Marc Gallois who indicates that “82% of French people trust local producers and that for 67% of them a product of French origin will be of better quality than another”.

In addition, other current factors such as mistrust of mass food and fears of geopolitical tensions that could influence product supplies (as is currently the case with Ukraine) are pushing consumers to buy local. However, the author also underlines the mistrust of consumers on the indication of the locality of a product since some factors such as the last place of transformation or the origin of the raw material can be enough to qualify a product as local.

Finally, reterritorialization is central to the expectations of consumers who wish to value and optimise local interactions.

### *2.2.2) Economy of brotherhood: peer to peer*

Since the health crisis, another consumer trend has resurfaced, that of second-hand goods. Indeed, following the various confinements, many shops have been closed for extended periods and the distance factor has become more important in the purchasing path of consumers who prefer local exchanges.

This enthusiasm for second-hand products has been motivated by a new element that appeared during the health crisis: essential and non-essential products. These terms, previously unknown to the mass market, were introduced to avoid unfair competition from large shopping centres, which could remain open, in contradiction to local shops that could not open their doors.

As a result, it was impossible to buy toys, records, high-tech products or even books (the latter having been reclassified as essential products at the time of the last confinement). The only alternative to accessing all the products usually found in shops is to go online.

This situation has benefited the giants of e-commerce such as Amazon, but also second-hand and online resale platforms between individuals such as Le Bon Coin, Vinted and eBay, which have benefited, on the one hand, from the decline in the purchasing power of the French, who are looking for quality products at a lower cost, and, on the other hand, from the desire for immediacy of transactions experienced by the consumers.

Finally, the sites of exchanges between individuals also make it possible to preserve a social link and exchanges between individuals in these periods when everyone was isolated.

The other factor that drives more people to consume second-hand products is the fight against fast fashion and lobbies. This commitment is illustrated in the article by Emmanuel Mayer who tells us the story of an activist against multinationals named Nayla Ajaltouni.

In this sense, from an ethical point of view, the consumption of big brand products from the textile industry such as H&M or Zara is problematic. Indeed, many scandals concerning the production factories of these brands have been revealed in recent years. We are thinking of the scandal of the Uyghurs, this persecuted and discriminated people in the service of multinationals. More broadly, it is the working conditions of employees working in production plants abroad that are denounced. The article reveals that the workers are underpaid, that they work weeks of more than 80 hours, and that none of their overtime is paid. In addition, workers often work in unsanitary buildings, where safety standards are non-existent, as in the case of the Rana Plaza building that collapsed in Bangladesh in 2013, killing 1135 people.

It is for these reasons that more people, in a collective awareness, are choosing second-hand and local products, to the detriment of the human exploitation that is rampant in the production plants of many companies abroad.

## **2.3) Ethical behaviour**

### *2.3.1) Fair share of value*

By choosing to consume more locally, consumers favour short circuits and products manufactured close to home. Apart from the beneficial effects for the environment as mentioned above or the superior quality of the products, this mode of consumption contributes to a more equitable redistribution of value on the national territory.

Indeed, when we consume products that are produced abroad, we are encouraging an economy outside our own country. In this sense, a company whose production plant is in China does not create jobs in France, does not pay taxes in France, does not employ local companies, and therefore does not create value on French territory. This phenomenon is more than harmful for the French economy, since according to Le Figaro, between 36,000 and 60,000 jobs are lost to an external economy. For example, Renault, by moving its production to Morocco, has eliminated 100,000 jobs in ten years for the French car industry.

By consuming more locally, it is not only jobs that are preserved but also the small and medium-sized businesses that are crushed by the competition from multinationals. In this sense, by adopting local consumption, we encourage the use of local raw materials, as well as expertise, research and development, and technologies developed by national companies. Moreover, by producing locally, large companies have recourse to intermediaries, subcontractors, or local partners, thus creating an economic alchemy of the territory.

From an economic point of view, consuming locally contributes to the health of the gross domestic product since value is created on the national territory.

Finally, the use of localism is an ethical act since it allows, on the one hand, to fight against the disastrous working conditions of workers in some foreign companies, but also because it allows to create a better environment for the local population. but also, because it allows us to act, as citizens, for the economic development of the territory and the prosperity of national companies.

### 2.3.2) *Climate change consciousness*

As we all know, the planet is burning. For years now, averters have been trying to bring the climate emergency to the forefront, like the young activist who tied herself to the net in the semi-finals of Rolland Garros with an inscription indicating that we have only 3 years left to reverse the trend. The awareness of the ecological disaster we are facing has been long but is more than ever relevant.

In this sense, consumers are more and more attentive to the respect of the environment and are particularly attentive to the origin of the products, their composition, and the values of the company which markets it. The commercial authorities, for their part, are trying to act with their means by prohibiting, for example, reusable packaging in shops. This awareness by the population pushes companies to also act for the climate.

This is the case of the "Grande Épicerie Générale", a cooperative store presented in the article entitled "Engagement écologique à Nancy" published in January 2021 by Xenophon Tenezakis. This cooperative grocery store created by farmers and growers in the region aims to sell products that are "more ethical, more local, more organic, but adapted to all budgets. This action was carried out with the aim of consuming better but also and specially to promote the short circuit in order to reduce the Co2 emissions represented by the logistic exchanges. Moreover, this ecological grocery store acts for the climate by promoting zero waste and bulk food.

The French state, for its part, tries to encourage the creation and entrepreneurial actions in this sense by subsidizing green projects as well as companies respecting the socio-environmental regulations such as the SIO5001 law.

However, according to Vincent Lefebvre, taking into account the climate emergency remains in the background for the states because it is very quickly forgotten. To illustrate his point, the author takes the example of the health crisis, during which the climate took a back seat to "whatever it takes".

### **3) Methodology**

#### *3.1) Issues*

Through this thesis, I wanted to analyse the causes and consequences of delocalization and/or relocation through varied factors which are economic, ecological, logistic, financial, and societal. In this sense, consumers are increasingly fond of local products and are very attentive to their origin but also to the place of production of the product.

This new consumer trend, motivated by environmental awareness and a desire to favour product quality to protect health, represents a challenge for companies. Indeed, companies are faced with a difficult choice between favouring the economic and logistical attractiveness of production in Asia or choosing to follow the wishes of consumers by resorting to localism through local production and distribution channels, at the risk of seeing their production costs soar.

#### *3.2) General design*

The analysis chosen to best answer my problematic is the quantitative study. This technique consists of collecting statistical information to prove or demonstrate facts.

The choice of the quantitative study was made, not for the sake of simplicity, as many may think, but for the sake of consistency. Indeed, the quantitative study allows better testing of the hypotheses formulated in a literature review and is usable when the theoretical framework of the study is defined, which is the case of this thesis. In addition, the quantitative study allows for a better measurement of the results obtained for the different variables used, but also for the collection of more results than a qualitative study.

The main objective of the study conducted here is to understand the drivers and barriers that drive companies to outsource and/or re-locate their production and to measure the social, environmental, and economic challenges they face.

Unlike a qualitative study, it can be conducted at a distance, without physical contact, and is therefore less personal, but allows more data to be collected. According to Giordano and Jolibert, "Quantitative research allows for better testing of theories or hypotheses. Quantitative research is appropriate when there is an already well-recognised theoretical framework. Quantitative research very rarely converges on a single framework, it often proposes several. They must then be compared and combined."

As regards the means of conducting a quantitative study, there are two: the survey or the questionnaire. Most of the time, this study is conducted by means of questionnaires with closed questions, as opposed to surveys with only one question. To do this, it is important to define the sampling of the questionnaire, i.e., the group of individuals who will be concerned by the study. Numerous factors must be considered to choose the best sample, such as gender, age, profession, or social background.

For the realization of my quantitative study, the method of the questionnaire (appendix 7) was privileged. This one, conducted via the Google Forms application, includes ten questions about the relocation of the production of companies. These questions were drafted following the logic of the dissertation, and deal with the advantages and disadvantages of delocalization, re-location and localism, the consumption trends of individuals and the impact that the latest global crises have had on it and, finally, the ethical dimension of companies. Les questions sont organisées en ce que l'on appelle des blocs de questions permettant de les classer en groupe en fonction du thème qu'elles abordent.

The funnel technique was used for this questionnaire, starting with broad questions at the beginning and ending with increasingly precise questions. This technique makes it possible to refine the questions that will be asked to the respondent according to his previous answers, thus increasing the relevance of the answers collected.

The questions are linked by a response logic, i.e., the person who answers "yes" to the first question will not have the same succession of questions as the person who answers "no". This was developed with a view to ensuring the coherence of the questions and interactivity for the respondent, who should not see the questionnaire as a chore.

Finally, the identification questions such as age, gender, professional background of the respondent are placed at the end. As a reminder, all responses to this survey were recorded anonymously.

As far as the means of transmission of the questionnaire is concerned, e-mails were preferred. Most people who carry out quantitative research choose social networks to send their research. However, we will see in the next section, devoted to the sample chosen to respond to my study, that social networks are of little interest. Only LinkedIn will have been useful because this network is used by all the individuals who answered the questionnaire.

### *3.3) Sampling*

Sampling is an essential process for conducting a study, whether quantitative or qualitative. It consists of defining a sample for our study, i.e., selecting the individuals we wish to reach through our questionnaire. In this sense, sampling makes it possible to choose the sex, age, social background, profession of the people responding to the survey questionnaire.

There are two sampling methods:

- The first is the non-probabilistic method, also known as "probability sampling". This method consists of selecting individuals from a population in the knowledge that not all individuals will have the same chance of responding to the study. The main advantage of non-probability sampling is the speed of data collection and therefore the low cost of the method. However, the responses obtained may be inconsistent because the representativeness of the population is only assumed. As a result, it is not always easy to obtain a concrete response to the problem formulated at the beginning of the questionnaire.
- The second method, in opposition to the first, is the probabilistic method. This method consists of choosing the sample for the survey based on the probability that the individuals belonging to the population targeted by the study all have the same chance of answering the questions.

The advantage of this method is its simplicity of implementation and its low cost. No-probability sampling leads to a statistical result. However, the randomness of the individuals responding to the questionnaire may lead to a result that is not very representative of the rest of the population.

The method chosen for my sampling is the probabilistic method because it allows to confirm or not a hypothesis whereas the non-probabilistic method allows more to explore a hypothesis.

The population chosen to answer my questionnaire is that of certain French company managers, or not to have relocated part of their production. All sectors of activity, sexes and ages are targeted for my sampling. However, there is a geographical limit, as my network is concentrated in the northern half of France.

Concerning the size of my sample, 156 French business leaders were targeted, regardless of whether they were at the head of an SME or a multinational, for a total of 102 responses collected, which allows me to have responses that are representative of the sample selected.

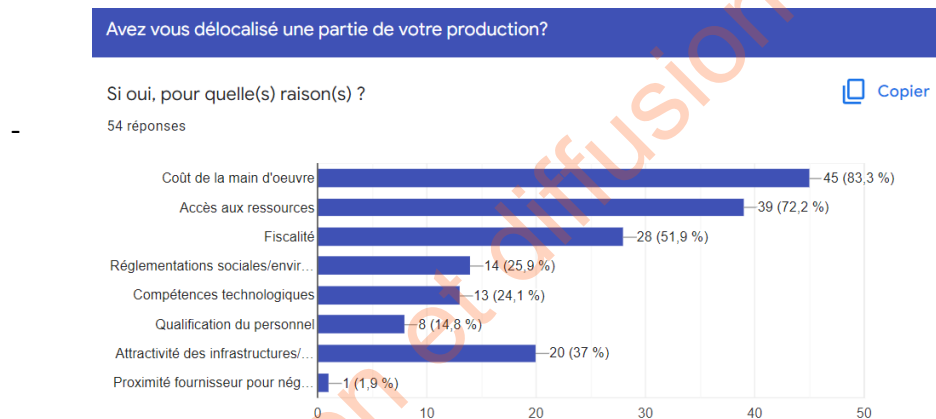
## 4) Results

### 4.1) Data presentation

From the 102 responses to the questionnaire, the following results can be presented:

#### Have you delocalized part of your production?

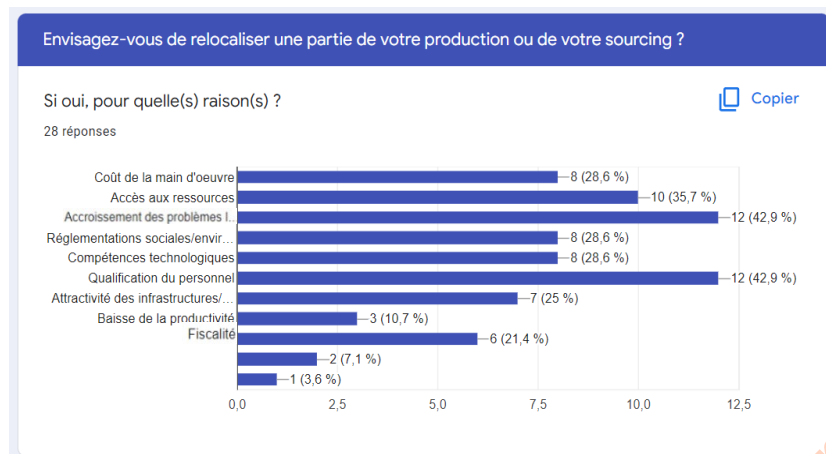
- 52.9% of the company managers responding have located part of their production outside France.
- For the 54 company managers who have outsourced, the three mains are the cost of labour (83.3%), access to resources (72.2%) and taxation (51.9%).



- Among the 48 respondents who have not delocalize their production, the 3 main reasons are brand image, at 87.5%, organisation/logistics at 70.8% and after-sales service at 50.1%.

#### Do you plan to relocate part of your production?

- For 51.9% of company managers, the answer is yes, against 48.1% who opted for no.
- For those who answered yes, the 3 main reasons are the qualification of workforce and the increase in logistical problems are equally important, at 42.9% and access to resources at 35.7%.



- For those who answered no, the 3 main reasons were taxation at 76.9%, labour costs at 69.2% and access to resources at 53.8%.

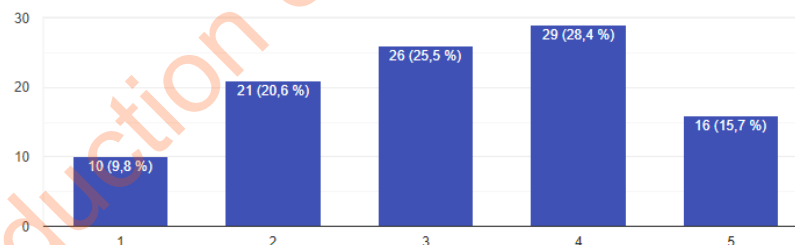
### Data about companies

- The degree of sensitivity of the companies' activity varies but is for more than half of them, between 3/5 (25.5%) and 4/5 (28.4%).
- For those who answered no, the 3 main reasons were taxation at 76.9%, labour costs at 69.2% and access to resources at 53.8%.

Quel est le degré de sensibilité de votre activité aux aléas logistiques (ie : blocage du canal de Suez, pandémie, guerre...)

102 réponses

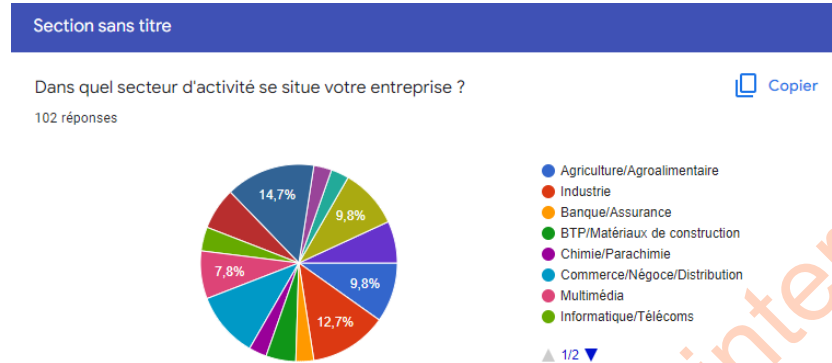
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- 57.8% of the 102 companies surveyed say they are concerned by new local consumer trends. Among them, 24.5% think that second-hand trade is a threat against 19.6% for an opportunity.
- 77.5% of the companies surveyed are committed to a CSR approach and 65.3% of them have undertaken a process to reduce their carbon footprint.
- 81.4% of company managers have taken steps to redistribute value through dividends or employee shareholdings within their company.

### Respondent Profile

- The majority of the company managers who responded to the questionnaire are from the textile industry (14.7%), industry (12.7%), food processing (9.8%) and metallurgy (9.8%).



- 61.8% of the respondents are men and 38.2% are women.

### 4.2) Discussion and Analysis

#### Localism as quality

According to the results obtained, more than half of French companies have outsource part of their production. The main reasons for delocalization are, not surprisingly, the cost of labor, access to resources, including raw materials, and attractive taxation. The main companies that have opted for production abroad are those in the industrial sector (automotive, pharmaceutical), textiles and multimedia (Appendix 1). These results are consistent with the fact that these companies are the most demanding in terms of raw materials found in the Asian and Middle Eastern regions (fabrics, lithium, semiconductors, etc.).

Among these companies, more than half (51.9%) want to go back to relocate part of their production in France because they are facing more and more logistical problems and access to raw materials. This decision stems from the problems that are currently shaking our society. Indeed, the blocking of the Suez Canal in March 2021, the sanitary crisis that we are going through since 2019 as well as the Russo-Ukrainian war have caused many problems in the supply of raw materials but also many delays in shipping/receiving orders due to logistic delays.

For the 47.1% of companies that did not outsource their production, the reasons are above all qualitative (Appendix 2). Indeed, the main reasons for choosing to produce in France are brand image, thus highlighting the desire of companies to be in line with consumer demand for local products. Besides the brand image, the other factors taken into account in the choice of a French production are the logistics and the after-sales service, showing once again the will of these companies to bring an optimal satisfaction to their customers. The choice of made in France is therefore, above all, a guarantee of quality and customer satisfaction.

### **Companies facing new consumer trends**

As previously mentioned, new consumer trends are emerging. Local consumption, organic, use of short circuits, second hand, are the new factors that attract the attention of consumers. According to the business leaders of the sector, the agri-food industry is particularly concerned by these new modes of consumption (Appendix 3). The emergence of local products, organic products and bulk food are the perfect illustration. Paradoxically, according to the study, the companies that say they are most concerned by these new modes of consumption are those in industry and textiles, i.e., those that outsource the most. This highlights the turn that these industries will have to take in the coming years, which has probably already been considered by the business leaders of the sector who answered that they want to relocate part of their production.

As far as second-hand goods are concerned, they are mainly present in the trade and textile sector, for which this represents an opportunity (Appendix 4). Contrary to what I thought thanks to the many published testimonies of traders, second-hand fashion is no longer exclusively perceived as a threat by the textile industry. In this sense, many actors of this sector denounced online resale platforms such as Vinted or LebonCoin because their articles were sold off, causing consumers to abandon physical stores. However, it seems that the textile industry has adapted to peer to peer by launching their own spaces in stores. Indeed, as we can see in some stores like Galeries Lafayette, Printemps or other big fashion brands, spaces dedicated to second hand items are appearing. Thanks to this new trend, a new opportunity appears for the brands of the textile industry which can attract a new type of customers.

### **Crises as a warning signal**

According to the study, all companies, whether they have relocated part of their production or not, seem to be affected; at different scales, by global crises. Indeed, this translates into delays in deliveries, supplies, access to raw materials and an increase in overall costs due to the shortage of certain materials. The most sensitive activities are those of the textile, multimedia and pharmaceutical industries. The pharmaceutical industry has been particularly affected by the covid 19 crisis, which has caused shortages of masks, protection for caregivers, and medicines, and which has suffered serious logistical delays in the delivery of vaccines.

These difficulties have had a significant impact on companies, many of which are considering relocating production (Appendix 6). In fact, according to the study, the companies most likely to consider this are those in the textile, pharmaceutical and automotive industries, further illustrating the supply difficulties experienced.

### **Ethics in business**

Not surprisingly, the majority of companies are committed to CSR and reducing their carbon footprint. Numerous measures have been taken by companies over the last few years, notably in order to respect the standards imposed by the state, such as the ISO5001 standard, which aims to reduce the energy consumption of industrial buildings by 45% by 2035. The companies respecting this standard display a quality label for the consumers and can benefit from an exemption of the annual energy audit.

Finally, a great social inequality emerges from this study. Indeed, we note that 61.8% of the respondents to this questionnaire are men against only 38.2% of women. Although this figure has been steadily increasing over the past few years, thanks in particular to the quotas that have been introduced, the proportion of women company directors remains insufficient and France is clearly lagging behind its European neighbors.

## **5) Conclusion**

In conclusion, it is undeniable that many companies produce and will continue to produce abroad for various reasons that we already know, such as attractive labour costs, access to certain scarce resources, or a tax system that defies all competition. For these companies, relocation means low production costs and therefore increased margins. However, the recent social, health and economic crises we have experienced could encourage more companies to resort to localism in their production process. Indeed, since 2019, the health crisis of covid-19, the blocking of the Suez Canal, the war in Ukraine have disrupted the economic activity of all companies worldwide. In this sense, many companies have suffered, and many are still suffering, delays in delivery of their orders or components, but also a shortage of raw materials, greatly slowing down economic activity and productivity. The various confinements and border closures implemented during the epidemic crisis, which led to a shortage of masks, medical protection, and medicines, as well as difficulties in delivery, illustrate this situation perfectly.

Following this episode of catastrophic management, the State and companies asked themselves the question of relocating production to limit France's dependence on other countries but also to be able to highlight national know-how once again. Here, the interest is to create a certain national self-sufficiency so that the companies in the territory can benefit from the resources they need and no longer experience a drop in productivity and losses of income beyond their control.

Moreover, crises are not the only factor that makes localism beneficial for businesses. Indeed, in recent years, new consumer trends have emerged. Consumers, wishing to improve their quality of life as well as to preserve their health, are most attentive to the quality of the products and food they consume. For them, local production and consumption are a guarantee of quality, and more and more consumers are turning to organic, local, open bulk food and products made in France. In addition to the quality aspect of the product, it is also the ecological awareness of consumers that pushes this local consumption.

In this sense, localism encourages short circuits, synonymous with less pollution on a global scale and beneficial for the local economy. This ecological drive is illustrated by the rise of second-hand fashion, a real opportunity for companies that are surfing on this trend to develop their offer and broaden their customer base.

From an ethical point of view, the climate emergency is more urgent than ever. By producing locally, companies avoid thousands of kilometres of transport between the production plant and the point of sale, thus reducing their carbon footprint and CO2 emissions and committing themselves to respecting the production standards and CO2 emission quotas set up by France and, more broadly, the European Union.

Of course, not all companies can afford to relocate their production or base their business model on localism overnight. However, according to the different elements mentioned above, localism appears to be a good driver for businesses because it is a movement that is more than ever in the era of the times. As the crises we have recently experienced may unfortunately multiply in the years to come, localism may even become THE new driver for business.

Finally, I think that localism must be measured so as not to be seen as an identity drift. Indeed, different political parties or movements could appropriate localism, thus deviating this mode of production and citizen consumption from its main goal.

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- Appendix

### Appendix 1

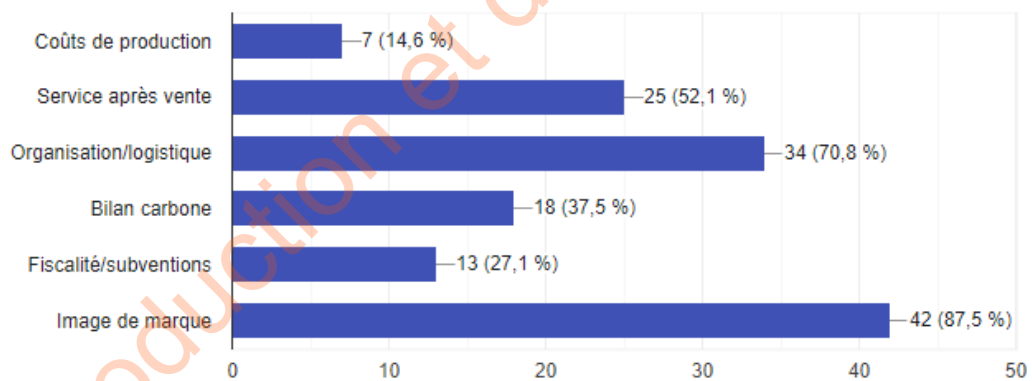
Secteur d'activité	Nombre d'entreprises ayant délocalisé la production
Agriculture/Agroalimentaire	1
Automobile	6
Banque/Assurance	1
BTP/Matériaux de construction	3
Chimie/Parachimie	2
Commerce/Négoce/Distribution	5
Industrie	6
Industrie pharmaceutique/médicale	5
Informatique/Télécoms	3
Métallurgie	2
Multimédia	6
Textile/Habillement/Chaussure	11
Transports/Logistique	3
<b>Total général</b>	<b>54</b>

### Appendix 2

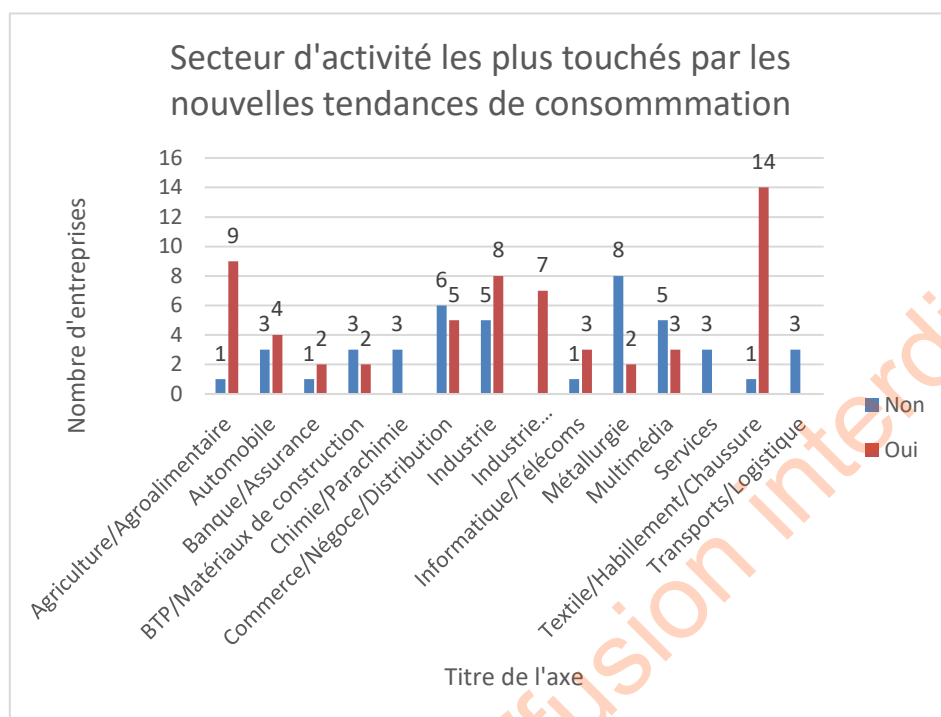
Si non, quels sont pour vous les avantages de produire en France ?

 Copier

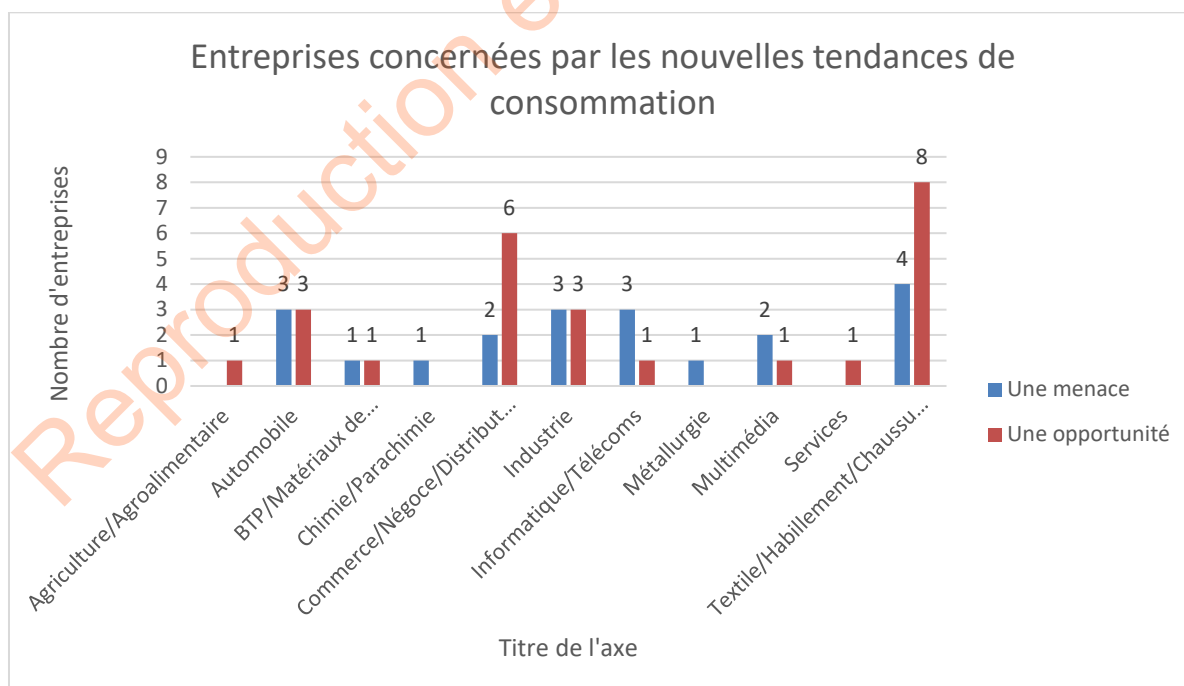
48 réponses



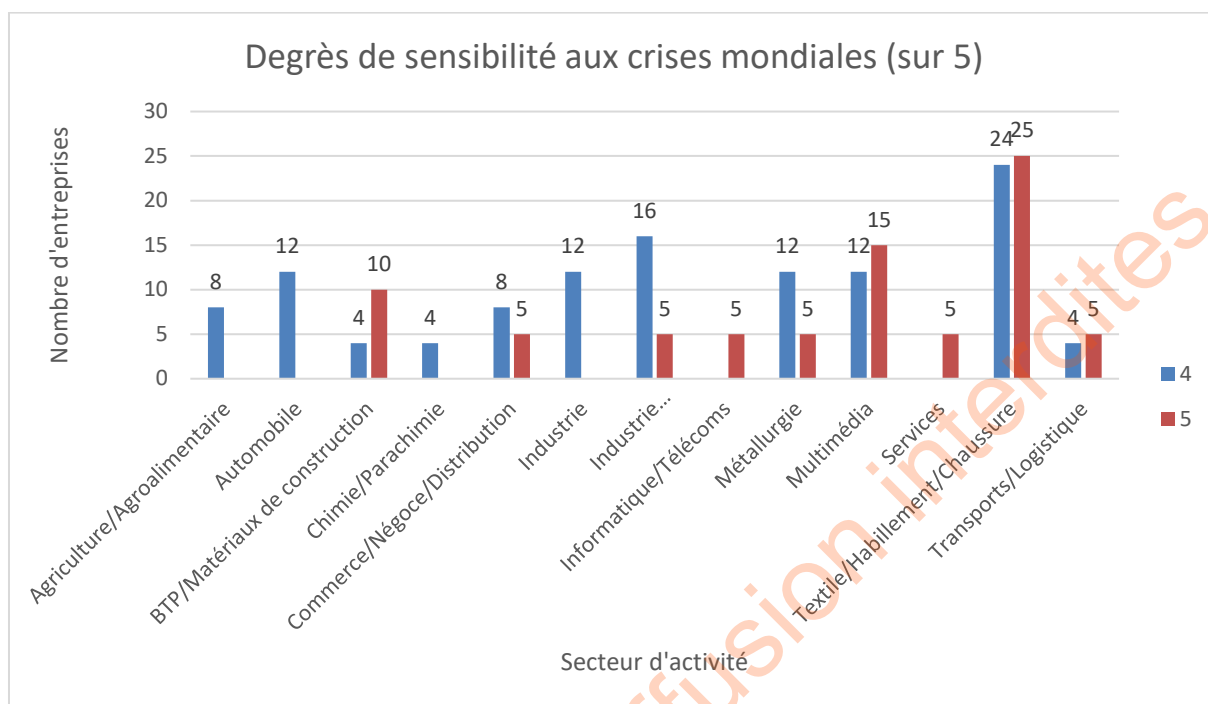
### Appendix 3



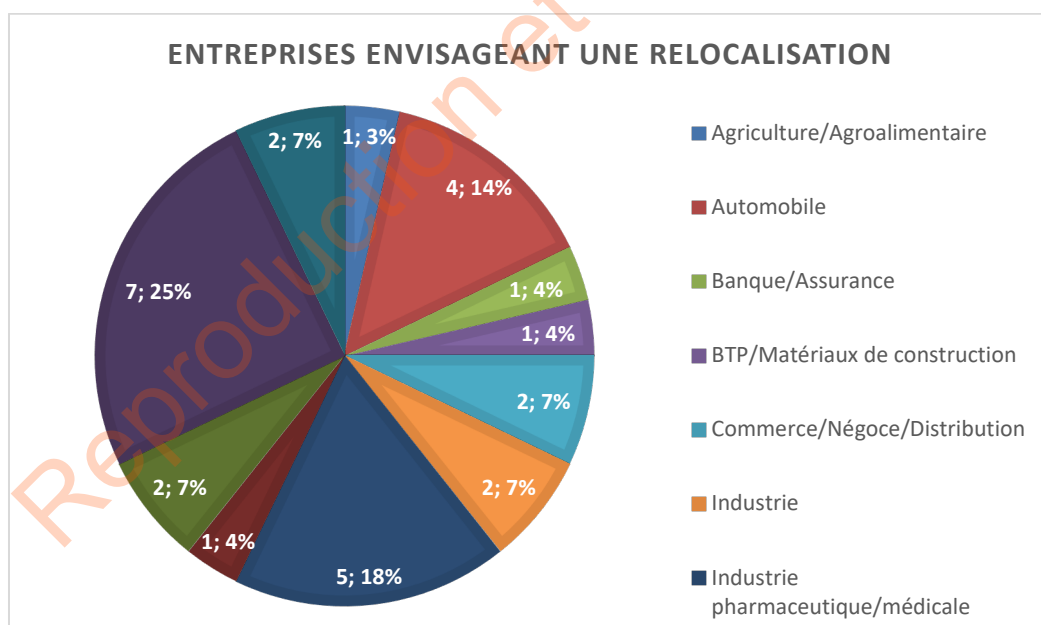
### Appendix 4



## Appendix 5



## Appendix 6



## Appendix 7

Rubrique 2 sur 7

Avez vous délocalisé une partie de votre production?

Description (facultative)

Si oui, pour quelle(s) raison(s) ? \*

- ☐ Coût de la main d'œuvre
- ☐ Accès aux ressources
- ☐ Fiscalité
- ☐ Réglementations sociales/environnementales
- ☐ Compétences technologiques
- ☐ Qualification du personnel
- ☐ Attractivité des infrastructures/ de l'environnement
- ☐ Autre...

Envisagez-vous de relocaliser une partie de votre production ou de votre sourcing ?

☐ Oui

☐ Non

Rubrique 3 sur 7

Envisagez-vous de relocaliser une partie de votre production ou de votre sourcing ?

Description (facultative)

Si oui, pour quelle(s) raison(s) ? \*

- ☐ Coût de la main d'œuvre
- ☐ Accès aux ressources
- ☐ Fiscalité
- ☐ Réglementations sociales/environnementales
- ☐ Compétences technologiques
- ☐ Qualification du personnel
- ☐ Attractivité des infrastructures/ de l'environnement
- ☐ Baisse de la productivité
- ☐ Autre...

Rubrique 4 sur 7

Envisagez-vous de relocaliser une partie de votre production ou de votre sourcing ?

Description (facultative)

Si non, pour quelle(s) raison(s) ? \*

- ☐ Coût de la main d'œuvre
- ☐ Accès aux ressources
- ☐ Fiscalité
- ☐ Réglementations sociales/environnementales
- ☐ Compétences technologiques
- ☐ Qualification du personnel
- ☐ Attractivité des infrastructures/ de l'environnement
- ☐ Autre...

Avez vous délocalisé une partie de votre production?

Description (facultative)

Si non, quels sont pour vous les avantages de produire en France ?

- ☐ Coûts de production
- ☐ Service après vente
- ☒ Organisation/logistique
- ☐ Bilan carbone
- ☐ Fiscalité/subventions
- ☐ Image de marque

Quel est le degré de sensibilité de votre activité aux aléas logistiques (je : blocage du canal de Suez, pandémie, guerre...)? \*

	1	2	3	4	5	
Pas du tout sensible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Très sensible

Votre activité est-elle concernée par les nouvelles tendances de consommation (produire, consommer et vivre local) ? \*

- ☐ Oui
- ☐ Non

Pour votre business model, le développement du commerce de seconde main est il :

- ☐ Une opportunité
- ☐ Neutre
- ☐ Une menace

Êtes-vous engagé dans une démarche RSE ?

- ☐ Oui
- ☐ Non

Avez-vous engagé une démarche de réduction de votre empreinte carbone ?

- ☐ Oui
- ☐ Non

Avez-vous engagé une politique de partage de valeur au sein de votre entreprise (dividendes, participation salariés...) ?

- ☐ Oui
- ☐ Non

Dans quel secteur d'activité se situe votre entreprise ? \*

1. Agriculture/Agroalimentaire
2. Industrie
3. Banque/Assurance
4. BTP/Matériaux de construction
5. Chimie/Parachimie
6. Commerce/Négoces/Distribution
7. Multimédia
8. Informatique/Télécoms
9. Industrie pharmaceutique/médicale
10. Textile/Habillage/C chaussure
11. Transports/Logistique
12. Services
13. Métallurgie
14. Automobile

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Vous êtes ? \*

- ☐ Un Homme
- ☐ Une femme