

## The Salzkammergut: Tradition in Ceramics

**Major Cluster Concepts:** Traditional craft industry, weak value chain, city-supported cluster, tourism-ceramic cluster interaction, embedded governance, minimal support institutions, final product marketing-intensive

Because of its long-standing tradition, the ceramics industry in the Salzkammergut is an interesting craft-based cluster worthy of study. Although this industry comprises only a few firms, it is of central importance to the region. The importance of the ceramics industry for Gmunden, the Austrian capitol of ornamental ceramics, is even more significant due to its mutually beneficial links with the region's tourism industry. This region, especially its center Gmunden, illustrates well how different industries based on regional traditions can successfully interact and support each other.

### Cluster Description and Region

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The Salzkammergut is located in the heart of Austria and spreads over the three "Bundesländer" Upper Austria, Salzburg, and Styria. The city Gmunden, which is situated at the Traunsee in the heart of the Salzkammergut, has been known since the 16<sup>th</sup> as the old Austrian center of ornamental ceramics. The historical rise of the ceramics industry in Gmunden was favored through the abundance of two natural resources originally essential for the production of ceramics: clay and salt (or 'salz' in Salzkammergut). Local resources no longer play a role in production, since all clay now used for production is imported from Germany. About twelve firms manufacture ceramic household and ornamental articles and sanitary fixtures.

### Product Market scope

The main markets nominally associated with this cluster include sanitary fixtures and dishes and china. In dishware market, medium quality/medium price segments are strongest. In Austria, products are offered by specialized stores, while distribution partners abroad provide entry to foreign markets. The firms try to overcome the disadvantage of average quality of earthenware dishes, in comparison with china, by producing dishes with individual traditional designs. The main producer of higher quality china in this region also increases its chances of entering niche markets with specially designed product series. Both the producer of china and dishware try to raise exports by increasing efforts to sell through established foreign distribution channels and by entering new markets. Ornamental ceramics are regionally marketed, as well as distributed in selective export markets.

The producer of ceramic sanitary fixtures is connected with the region through historical reasons rather than through industrial linkages with the other ceramic firms operating in the region. The producer of sanitary fixtures does not stress tradition as a marketing strategy. The product is offered on the international markets in the high quality/high price market segment. Already half of the production of sanitary fixtures is exported to countries like Switzerland, Germany, the Netherlands, West Africa, Iran and others.

## History and Performance

The ceramics industry in the Salzkammergut has risen and declined at various points over the last 3 centuries. In the last twenty years, about 25 firms producing the traditional earthenware were exposed to strong competitive pressures from cheap imports of china (which is also of higher quality than earthenware). What remained of this traditional industry after this selection process are about 12 firms that employed about 800 workers in 1991. All of them are quite traditional, some originating at the beginning of the 20<sup>th</sup> century or earlier. The restructuring of the industry in recent years has shown some success in selecting the strongest, but the critical phase has not yet passed.

To be clear, this cluster consists mainly of ceramic household and ornamental articles, rather than a mixed cluster that includes sanitary fixtures as a key sector. This is due to the fact that the producer of sanitary fixtures, which located for historical reasons in Gmunden, lacks strong linkages to the other ceramic firms that rely upon completely different production technologies and end markets. Moreover it alone, but not they, answers to its foreign ownership. Thus, the role of the ceramic sanitary fixtures producer will not be emphasized in this account, although this firm's nearly 200 workers are of clear importance to the region's economy.

## Organization

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The firms in Gmunden play the leading role in this cluster, although more precisely, that role is held by the largest ornamental ceramic producer. This leadership follows directly from historical reasons and recent developments. The 16<sup>th</sup> century ceramic industry in Gmunden was based heavily upon local supplies of salt and clay. By the late 18<sup>th</sup> century, Gmunden's ceramic producers relied upon ships to transport salt and to sell their products on many markets. Shipments traveled on the Danube, which is connected with the river Traun, to import salt and sell the ceramic products, stretching as far as Black Sea regions. Gmunden has since become the heart of the Austrian ceramic industry and recent efforts such as the annual ceramics market help maintain this position.

The smaller firms located near Gmunden benefit indirectly from their general access to its Austrian center of ceramics and to the Salzkammergut's steady attractions as a tourist destination. This is essentially a final market industry cluster, one that distributes significant shares of its output by direct sales within the region. It is highly dependent upon production skills and design-protected market niches, with virtually no value-added chain of consequence.

## **Firms**

### **Gmunder Keramik (Hohenberg)**

The Gmunder Keramik was founded in 1903 and has recently become the largest producer of earthenware in the Salzkammergut. In 1996 the Gmunder Keramik attained a turnover of 215 million Austrian Schillings while employing 330 (mainly skilled) workers. Nearly all the workers acquired their skills while working in the firm. The traditional designs for earthenware products come from the firm's own design studios where painters and modelers create about 120 to 130 designs a year. The special dishes called "Grüngeflamntes" are well known and enjoy strong local and export demand. The Gmunder Keramik produces about 15.000 pieces of ceramics per day (all hand-painted), applying a variety of different production technologies. The challenge for the Gmunder Keramik is to compete with the cheaper, higher quality china, although the use of new mixtures of clay and new production technologies has apparently improved the quality of earthenware that its difference with competitively priced china is insignificant. The combined efforts of clay suppliers and the GK have resulted in new mixtures of clay that are tailor-made for GK's production technology. However, technologies used to paint the single pieces are the traditional techniques used by all cluster firms. The technique used for painting the traditional dish "Grüngeflamntes" has been in use since the 17<sup>th</sup> century in this area and is unique to the cluster. Mr. Staribacher, GK's general manager, pursues the strategy of supplying traditionally designed dishes that cannot be produced elsewhere because of the skills and the traditional background of the local workers. Key Contact: DI Staribacher, phone: 07612/7860

### **Töfperei Födinger and Fa. Georg Pesendorfer**

Both the Töfperei Födinger and the Fa. Georg Pesendorfer are small sized firms producing mainly ceramic ornamental articles that are sold locally to tourist as souvenirs. The product scope covers hand made and painted pottery, tiles, plates and other ceramic ornamental articles. The owners of both firms are brothers, so cooperation is something that easily takes place on a day to day basis. This means that they sell each others products and if necessary help each other in the production. In addition, both sell earthenware produced by the Gmundner Keramik. Other beneficial connections link firms to public institutions. The pottery firms Födinger and Georg Pesendorfer are represented on the committee that selects exhibitors at the ceramic market. Although Gmundner Keramik is the primary contact with the tourism office, all firms benefit from this cooperation as they sell largely to tourists. Key Contact: Ms. Födinger, phone: 07612/64537

### **ÖSPAG**

The ÖSPAG produces ceramic sanitary fixtures which are distributed under the brand name Laufen. An export quota of 50% highlights the major importance of the international markets for the ÖSPAG. The ÖSPAG is strongly linked with its mother firm Laufen, but not so much with the regional producers of ceramics since wholly different production technologies sever any direct links with other firms, and even indirect links through a common labor market are very unlikely.

Key Contact: Mr. Taferner, phone: 07612/73373

### **Gollhammer**

The firm Gollhammer is located in Vöcklabruck which is about 15 km from Gmunden. Gollhammer employs about 50 workers and faces the new challenges with two different strategies. Gollhammer produces earthenware in the traditional Austrian country house style, but it has expanded its product line by entering the niche market for modern designed china. In contrast to the Gmunder Keramik, the modern designs from Gollhammer are not made in-house, since existing work of current modern artists from all over Europe is used as the basis for new designs. Although, it has been difficult to establish, the new china series Diner 4 2 has proven successful with a 70% direct export share of production (contrast the traditional earthenware direct export rate of only 10%). Export markets are Germany, Japan, USA, Italy, and Switzerland, among others.

Key Contact: Mr. Gollhammer, phone: 07262/75301-0

### **Keramik Hallstatt**

The small atelier called Keramik Hallstatt which is situated some 50 km south of Gmunden is well known for its ornamental articles, particularly its individually designed pieces. The connection to Gmunden results mainly from the annual ceramics market, which is regarded as a must for the owner of the Keramik Hallstatt. Keramik Hallstatt benefits from the presence of strongly interested spectators and enjoys many profitable connections as a consequence of market participation.

Key Contact: Mr. Gschwandtner, phone: 06134/8219

### **Support Services**

As the ceramics industry is only a tiny industry from the national perspective, most of the support for this industry stems from regional initiatives. The city of Gmunden values the importance of the ceramics industry by providing a city exhibition about the history of ceramics at the museum of Gmunden (Kammerhofmuseum). In addition, the local tourist office closely together with the Gmunder Keramik. Because of its size, the tourist office works directly only with GK, although other firms also profit from results of their cooperation. For example, a tour that traces the historical footsteps of the region ends in Gmunden with the visit to the Gmunder Keramik factory. Support goes both ways: tourists who visit the Gmunder Keramik (about 100,000 a year) to shop at its bargain manufacturing sales spend time and money at other Gmunden businesses.

The connection between tourism and the ceramics industry is most clearly illustrated by the widely regarded annual Austrian ceramic market, held each year at the end of August. This market brings thousands of visitors from Europe and elsewhere during the height of the tourist season to the ceramic capitol of Austria. The beneficial connection between tourism and the traditional ceramic industry is supported through the plentiful choice of excellent hotel rooms, restaurants, coffee shops and attractive leisure time activities, e.g. sightseeing and boat rides on the Traunsee. The location of the Salzkammergut tourist region in the heart of Austria makes

the annual market and other year-round activities easily accessible by highways from Germany and Italy. Although most of the support for the ceramics industry stems from the region itself, Upper Austria also provides important support through the publication and circulation of a book concerned with the ceramics industry in Gmunden. This publication promotes the ceramics industry to potential customers at the same time it raises local awareness of the significance of traditional ceramics to the regional economy.

Pride in the traditional ceramics industry is passed along to young pupils through excursions to the ceramics manufacturer and through special projects. For example, pupils of the newly built primary school in Gmunden worked with a local artist to design a ceramic plate that is now displayed permanently on one of the walls in the school. Other events include many local citizens: a ceramics course offered by Gmundner Keramik has been a huge success for people of all ages.

## **Governance**

The governance of the ceramic cluster is based heavily on strong links between the Gmundner Keramik and the Gmunden City Council. The City Council promotes and finances various projects that have been initiated from the GK (e.g., a common marketing strategy). Although, GK's principal contact point is the local tourist office, financing and decision-making is the responsibility of the city council. In addition, the cultural office of Gmunden, which is part of the city council; takes responsibility for organizing the annual ceramics market. The ceramics market is of overall importance to all local producers of ornamental ceramics and dishes because interested visitors are attracted from all over Europe. The high quality of the market is guaranteed by a rigorous selection process conducted by an informed committee of local experts. About 120 firms and artists are accepted out of nearly 300 who apply. The City Council also brings together all important interest groups to initiate guidelines for the future development of Gmunden. As the ceramics and the tourism industries are of major importance to the region, the guidelines place strong emphasis on strengthening important connections between them.

The tourist office works mainly to promote Gmunden as the capitol of ceramics through advertising, guides through ceramic firms, special ceramics gifts to visitors, ceramic door plats, and more. It also works to increase the national and international awareness of the high quality ceramic industry in Gmunden by attracting long-distance tourists and potential customers. The tourist office works to support firms in the long-run by organizing product fairs and congresses related to the core ceramics industry.

Both tourist and ceramics industries enrich the other. Attractive tourist options in a beautiful environment clearly stimulate interesting visits to ceramics manufacturers, which then further contribute to attractiveness of the region for tourists. Regional tourists then spend money on ceramic souvenirs or on dishes in the factory outlet of the Gmundner Keramik and from other firms. The City Council, the tourist office, and cluster firms all play major roles in the governance and interrelated success of the cluster. This industry cluster and the closely related tourism industry illustrate clearly how to take successful advantage of cultural and historical traditions in the global market.

## Ceramics

City Council Gmunden  
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Tourist Office Gmunden  
Ms. Operschal. phone: 07612/64305

Kammerhofmuseum  
Ms. Spitzbart, phone: 07612/794-244

Elementary School  
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Gmundner Keramik, Hohenberg  
Töpferei Födinger  
Fa. Georg Pesendorfer  
ÖSPAG  
Gollhammer  
Keramik Hallstatt  
and some other small manufacturer  
of ceramic articles

Ceramics Market/Selection Committee  
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