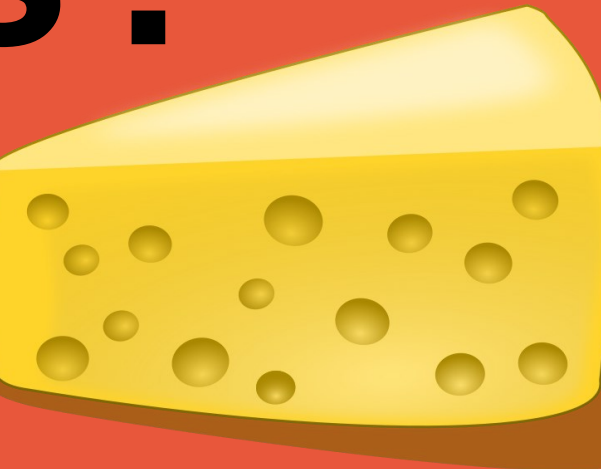


Strong and weak Geographical Indications (GI): Who gets the highest cheese prices?

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Introduction

One aim of GIs is to signal quality and hence to increase prices. However, the empirical evidence on how successfully GI products reach a price premium is mixed (Deselnicu 2013, Török et al. 2020).

We analyse prices of Swiss cheese imports (mostly from the EU) and distinguish between 4 groups:

1. **Single-name GIs** (whole name is protected by GI; e.g. Roquefort, Manchego)
2. **Compound-name GIs** (generic part + geographical part; e.g. Camembert de Normandie, Gouda Holland)
3. **Branded** non-GI cheese
4. **Non-branded**, non-GI cheese (=reference group)

Research question: Who gets a price premium?

Data & Methods

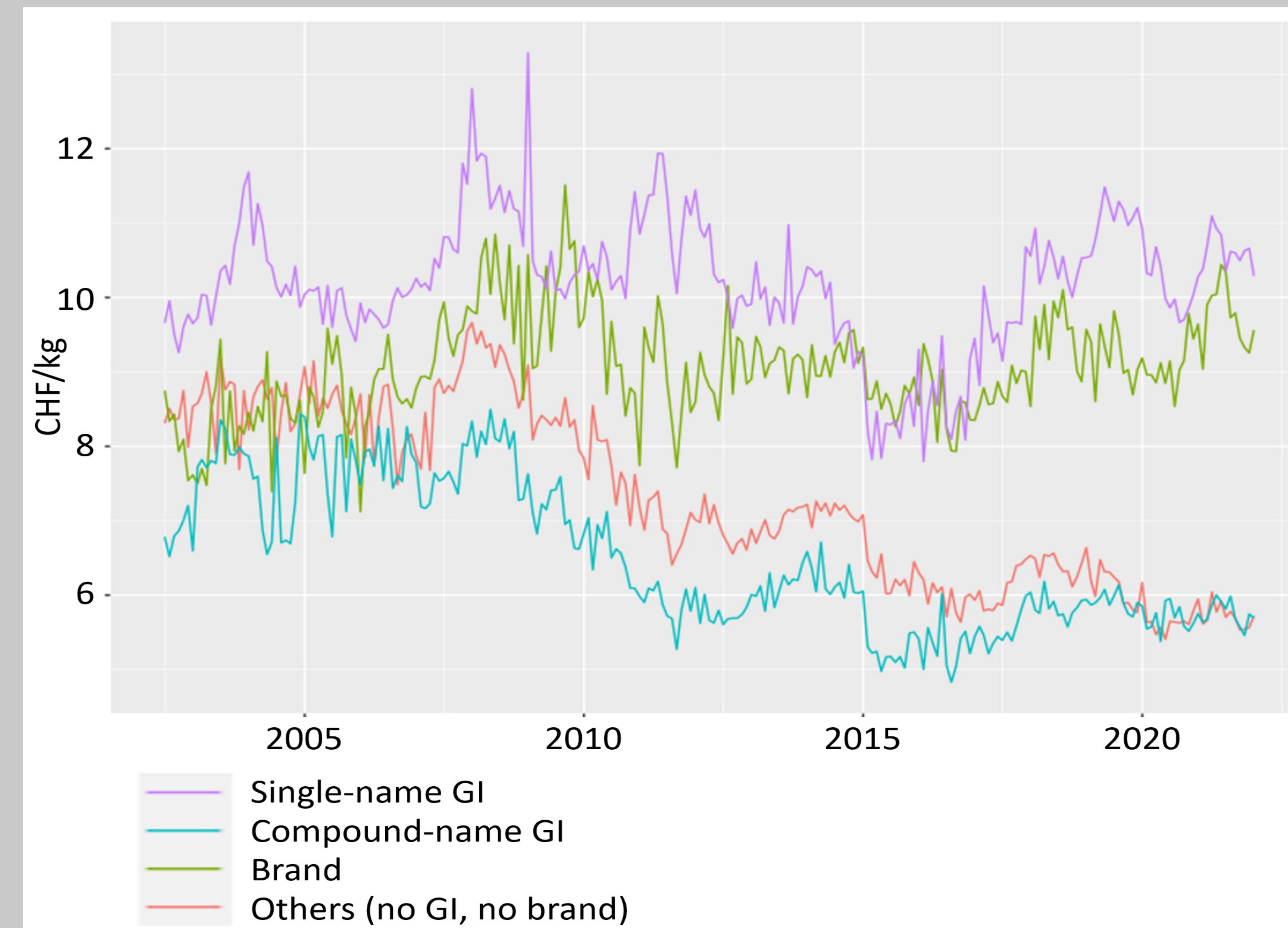
Panel Data Set:

- Transaction-based import data from the Swiss border, 2002-2021, aggregated monthly
- Cheese type by HS 8-digit and specific name (n=49)
- Controlling for trade partner (distance, GDP, EU member), trade quantities, seasonal and time-fixed effects

Empirical Model:

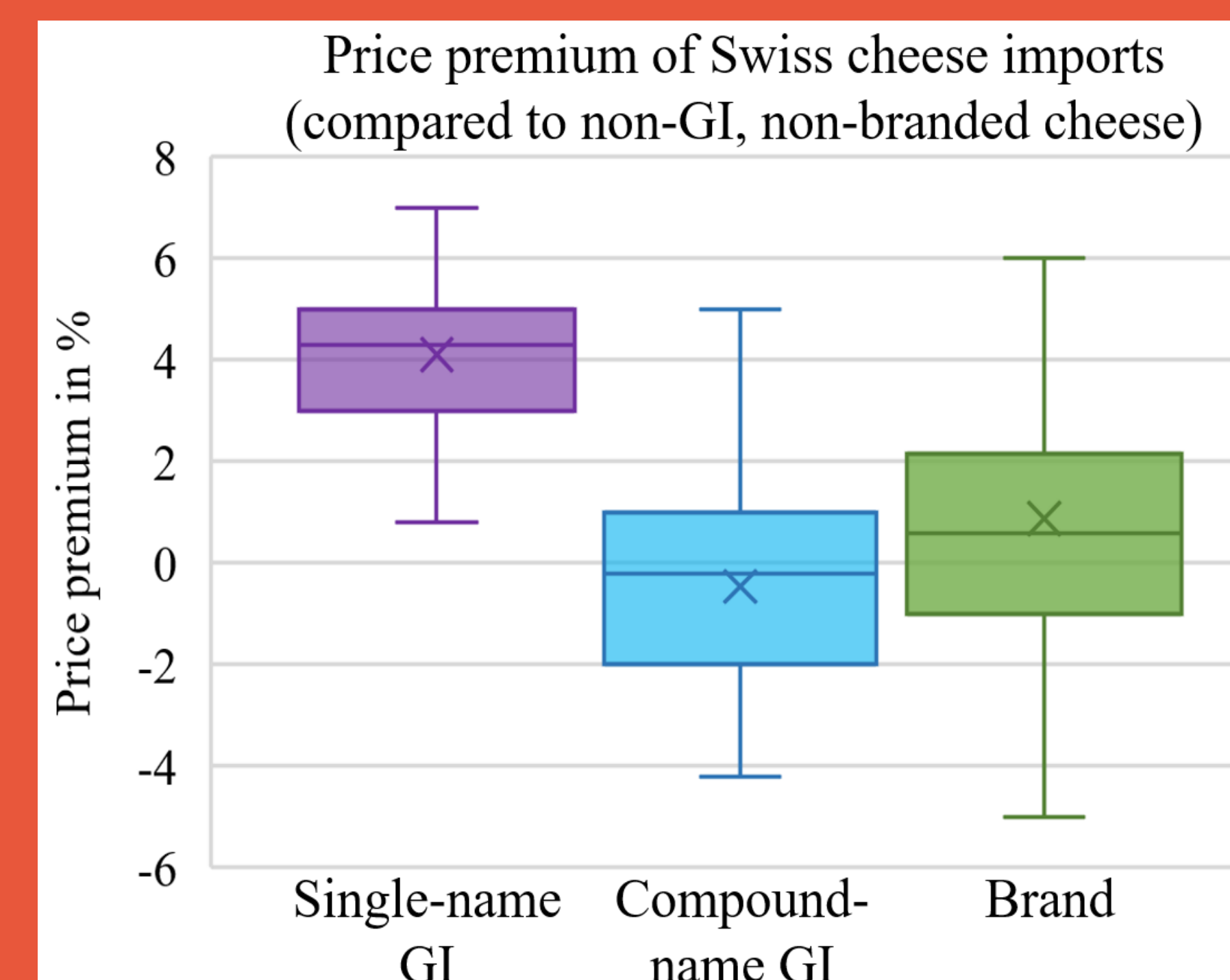
- Double-log twoway random effects panel model
- $\ln(price_{it}) = \beta_0 + \beta_1 Category_{it} + \beta_2 cheesetype_i + \beta_3 \ln(tons_{it}) + \beta_4 \ln(distance_i) + \beta_5 \ln(GDP_{it}) + \beta_6 EU_{it} + \beta_7 Category_{it} * t + v_i + e_t + \varepsilon_{it}$

Prices of cheese imported to Switzerland



Key Findings

- ❖ Single-name GI cheese gets a significant price premium (+4%)
- ❖ Compound-name GI cheeses do not
- ❖ Brand does not have a significant effect



→ Single-name GIs seem to signal quality and promote uniqueness successfully (*Strong GIs*)

→ Compound-name GIs struggle to differentiate from similar-sounding competitors, which are allowed to use the generic part of the name, e.g. Gouda vs. Gouda Holland (*Weak GIs*)

Results

- **Single-name GI** cheese imports to Switzerland get a price premium of +4%
- **Compound-name GI** cheese imports do not get significantly higher prices than non-GI cheese.
- **Brands** (registered trademarks as an alternative way of quality signaling) do not get a significant price premium in our sample on an aggregate level.
- The most significant determinants for higher import prices are the cheese type (HS8 level) and the trade volume in tons
- Also relevant are trade partners' GDP (not distance and EU membership)
- Results for Swiss cheese exports (Swiss cheese) are very similar

Conclusion

- We suspect that single-name GIs get higher prices than compound-name GIs, because they are better at signaling the specificity of the GI and face less direct competition with (similar sounding) non-GI substitutes.
- Such a difference by GI names may be worth considering in future research and for new GI registrations.

References

- Deselnicu, O. C., Costanigro, M., Souza-Monteiro, D. M., & McFadden, D. T. (2013). A meta-analysis of geographical indication food valuation studies: What drives the premium for origin-based labels?. *Journal of Agricultural and Resource Economics*, 204-219.
- Török, Á., Jantyk, L., Maró, Z. M., & Moir, H. V. (2020). Understanding the real-world impact of geographical indications: A critical review of the empirical economic literature. *Sustainability*, 12(22), 9434.



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