

The Effect of Delimited Geographical Indication Areas on Retail Prices: A European Study

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Worldwide Perspectives on Geographical Indications

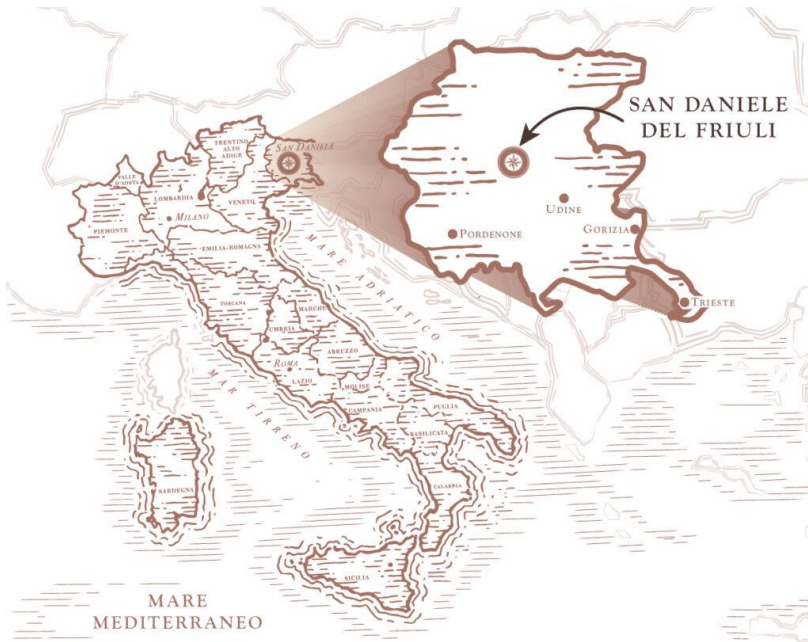
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Terroir of EU GIs

The **delimitation** of the **GI area** stands at the heart of every specification



Prosciutto di San Daniele, 2022



Beaufort, 2022



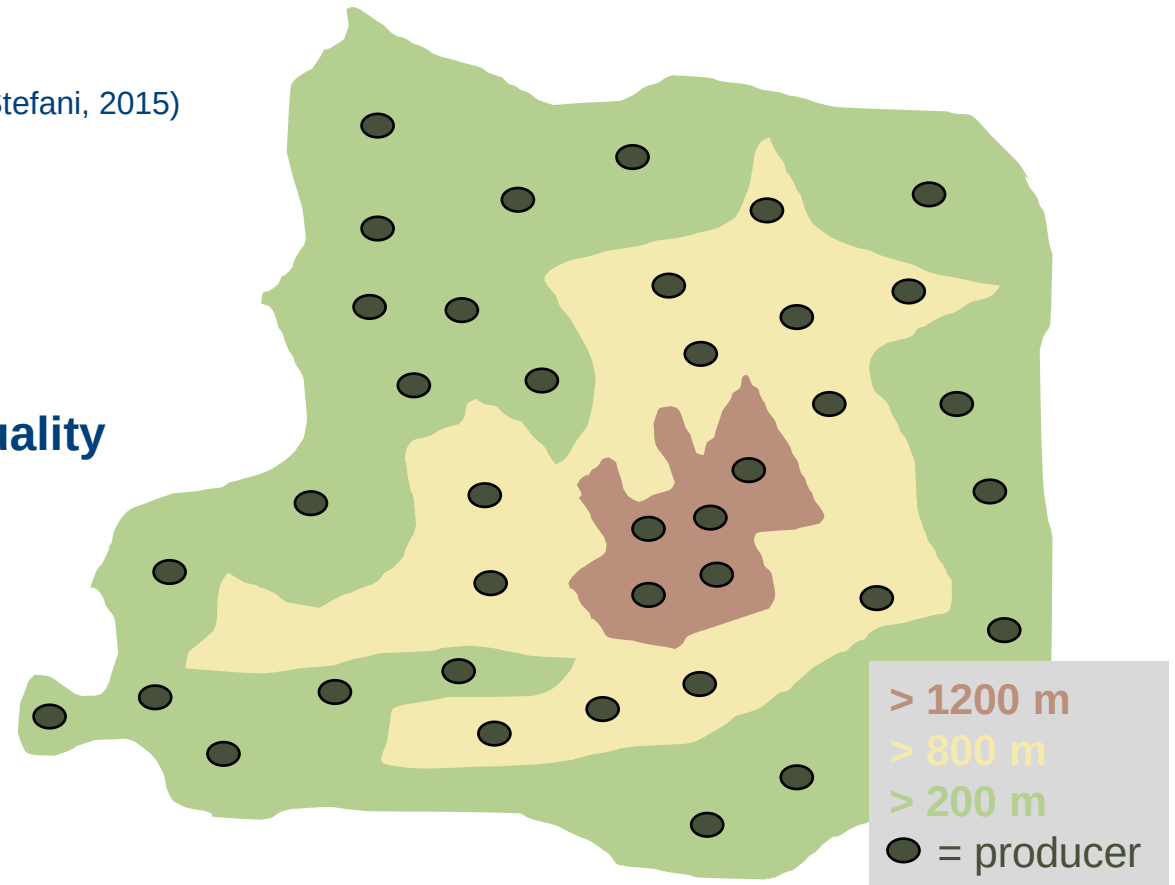
Prosciutto di Parma, 2022

Rationale & state-of-the-art

Theoretical framework

(Deconinck & Swinnen, 2021; Deconinck, Huysmans & Swinnen, 2015; Landi & Stefani, 2015)

- **Larger GI areas grant more producers rights**
 - **Larger GI areas have less specific *terroir***
- **Area size may affect prices through quantity & quality**



Own exemplary figure

Objective

- **GI wines** from a **larger area** tend to be of **lower quality**

(López-Bayón *et al.*, 2020)

- But what about **prices**?

→ **Lack** of empirical **evidence**

Do GIs with a larger area have lower prices?

Hypothesis: Larger GI areas are associated with lower prices

Focus product

European ham

- Comparable products
- Differing areas
- Established GIs
- Pan-European
- PDOs and PGIs



Focus product

- **GI hams** tend to realize **price premiums**

(Deselnicu *et al.*, 2013; Garavaglia & Mariani, 2017; Leufkens, 2018; AND-International, 2019)

→ **Our contribution:**

- Including of **22 GI hams** from 9 countries
- Controlling for **ham-specific variables** like maturation time
- Using **actual retail price** data
- Coding **new data** of **GI areas** in km²

Focus markets

- **11 countries**

- Origin of GI ham
- Major pig producer (Netherlands)
- Major ham importer (Ireland)
- € currency

- **36 online stores**

- Supermarkets with physical stores
- No specialty shops
- House delivery in capital's center



Data collection



BILLA Prosciutto Di San Daniele

von BILLA

80 g Stk



♥ zu Favoriten hinzufügen

80 g

📍 Erfahren Sie, ob Ihr Markt dieses Produkt führt

Exemplary coding:

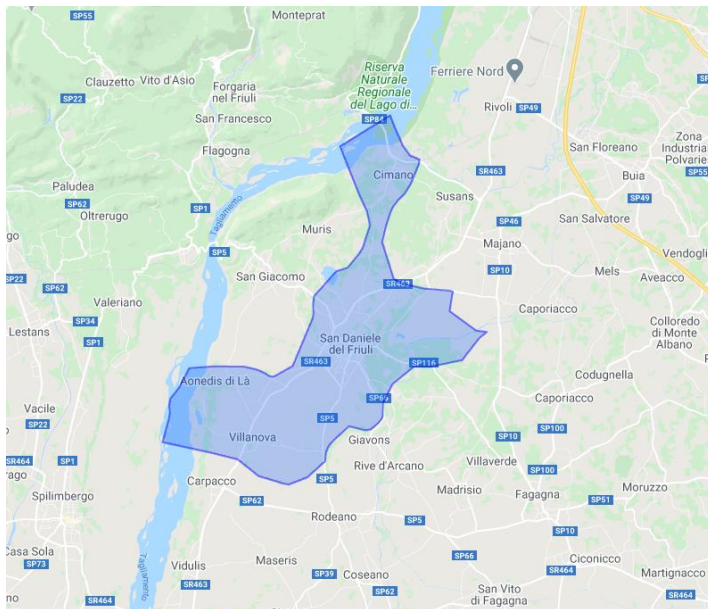
- **Price per 100gr: 6.24 €**
- **Package size: 80 grams**
- **National Brand: No = 0**
- **GI label: PDO**
- **GI area: 35 km²**
- **Maturation time: 18 months**
- **Special pig breed: No = 0**
- **Organic: No = 0**
- ...

Billa, 2021

Data collection

- GI area normally defined by **administrative borders**
 - LAU (municipality) or NUTS (region, province) level:

Prosciutto di San Daniele (PDO):



Qualigeo, 2020

Jambon d'Auvergne (PGI):



Consortium des Salaisons d'Auvergne, 2021

Data collection

- In total, **22 GI hams** from 9 countries included
- **Large differences** among GIs and within countries
- **PDOs** tend to be **smaller**

Name	Certification	Country	Area in km ²
<i>Prosciutto di Carpegna</i>	PDO	Italy	29
<i>Prosciutto di San Daniele</i>	PDO	Italy	35
<i>Kraški Pršut</i>	PGI	Slovenia	429
<i>Prosciutto di Modena</i>	PDO	Italy	1,806
<i>Jambon d'Ardenne</i>	PGI	Belgium	7,314
<i>Schwarzwälder Schinken</i>	PGI	Germany	11,400
<i>Tiroler Speck</i>	PGI	Austria	12,648
<i>Jambon d'Auvergne</i>	PGI	France	23,497
...	...	...	...

Results

Regressor	(1)
<i>GI label (ref. non-GI)</i>	
<i>PDO</i>	1.65*** (0.55)
<i>PGI</i>	-0.08 (0.14)
<i>Constant</i>	2.45*** (0.25)
<i>Control variables</i>	YES
<i>Supermarket FE</i>	YES
Summary statistics	
N	768
Adjusted R ²	0.64

Notes: *p < 0.1, **p < 0.05 and *** p < 0.01.
Robust standard errors in parentheses.

Full-sample regressions: **GIs & non-GIs**

- **PDOs** associated with **higher prices**
 - 67% **premium** compared to non-GI reference
 - Controlling for *national brands, organic, package size, maturation time & special pig breeds*

Results

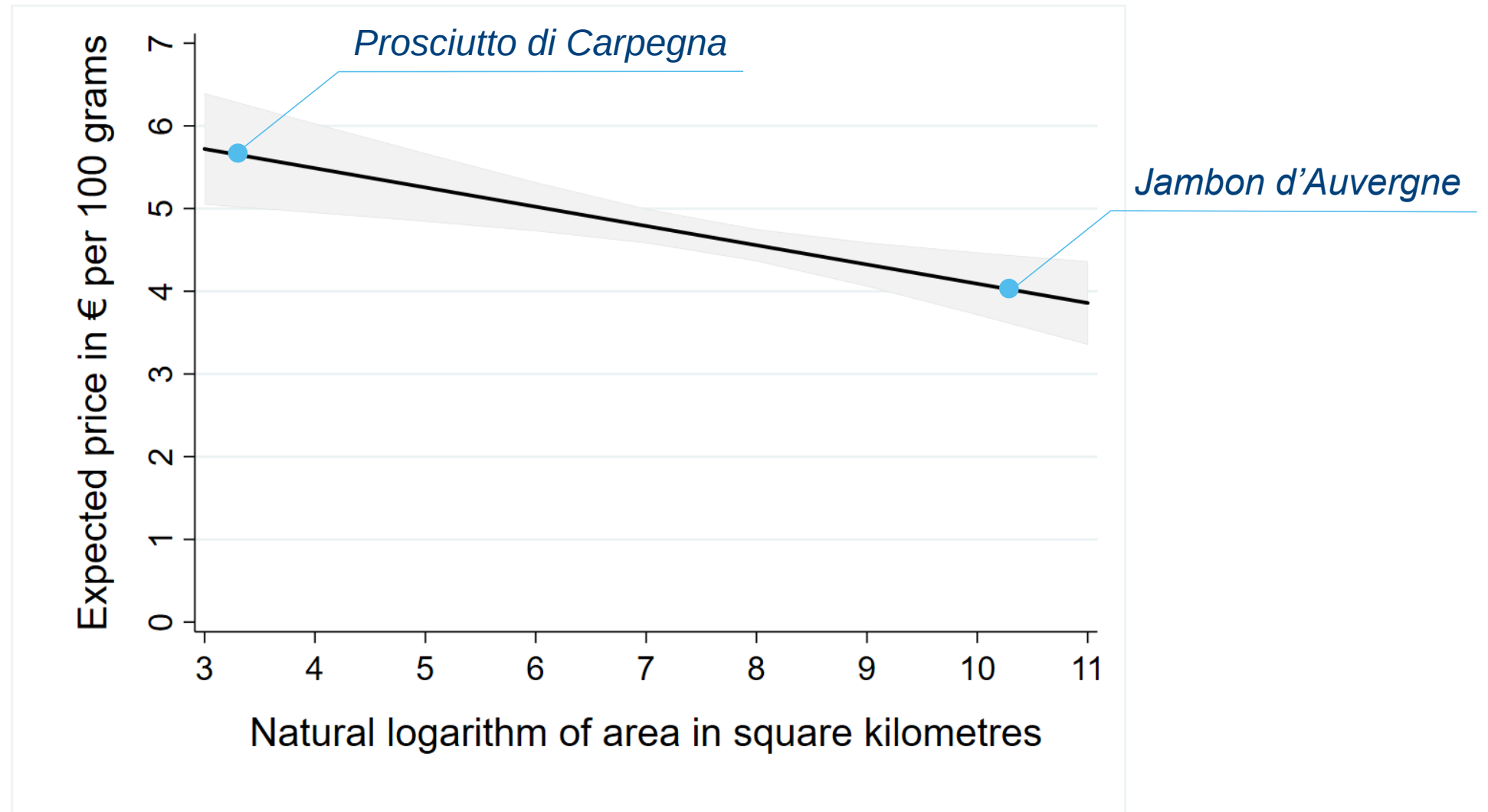
Regressor	(2)
<i>Lnarea</i>	-0.25*** (0.07)
<i>PDO</i>	-0.12 (0.55)
<i>Constant</i>	4.37*** (1.13)
<i>Control variables</i>	YES
<i>Supermarket FE</i>	YES
Summary statistics	
N	187
Adjusted R ²	0.83

Notes: *p < 0.1, **p < 0.05 and *** p < 0.01.
Clustered standard errors in parentheses.

Subsample regressions: **PDOs and PGIs only**

- **Larger areas** associated with **lower prices**
 - **1 SD increase:** price expected to **fall by about 50 ct.**
 - **No difference** between **PDOs and PGIs**
 - **Checks** with Italian GIs **controlling** for **quantity**

Results



Summary

- A denominated geographical **area is the essence of every GI**
- **Lack of empirical evidence** regarding area effect on prices

We find that larger GI areas are associated with lower prices

- Focus on EU GI ham: **multi-GI and -country analysis**
- **Product-specific controls** are influential and **moderate label premiums**
- **GI delimitation** must be **well-founded**
- **Larger areas** may still positively affect turnover & profits through **higher sales**

Thank you for your attention!

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