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How Does The Geographical Indications Cause Price Differences? Experience from the Turkish Market

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ABSTRACT

A geographical indication is a distinctive sign used to identify a product as originating in the territory of a particular country, region or locality where its quality, reputation or other characteristic is linked to its geographical origin (European Commission, 2015). Based on these characteristics, the consumers have a high willingness to pay for products with Geographical Indications (GIs). Accordingly with this market power, GIs encourage producers to charge a price premium. For example, the price of Cheeses with GI in France are 20 percent higher than standard cheeses, while the difference in wine market is 230 percent (TPE, 2014). Studies show that the price premiums vary across different product categories in a large scale. The aim of this study is to make a price comparison among products with GIs and products without GIs that have high reputation and easy accessibility in the Turkish market. The prices are obtained from a wholesaler and a retailer supermarket chain, which is broad across Turkey and has a large product range. Although the findings vary across the product groups, the study shows an important price difference between the products with GI and without GI protection.

KEYWORDS Geographical Indications; Marketing Power; Price Premium

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