

# Geographical Indications and Optimal Firm Labeling Strategy

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– Very Preliminary Version –

## Abstract

Some consumers value the geographical origin of food products as well as their quality. However, they are not always informed about quality, origin or both. Certifications (e.g., Geographical Indications) granted by governmental agencies can help provide consumers with this information. In a model of vertical differentiation with an origin attribute, we analyze how different consumer preferences over quality and origin impact the labeling decision of producers when quality and origin are uncertain. In a duopoly game with quality and origin uncertainty we find that a labeling strategy does not make the labeled firm better off even in the absence of labeling cost.

*Keywords: Asymmetric information, certification, quality*

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