



## **Brand Image and Regional Reputation: Does it Pay Off to Outperform Your Regional Peers?**

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### **Abstract:**

There are competing as well as common interest among regional producers. Brand names increasingly dominate in international food and beverage markets. At the same time, product origin becomes more important to consumers and campaigns are launched to promote region specific characteristics and reputation. Applying a hedonic model, we analyze price and product quality data from the U.S. differentiating producer brands within 27 wine regions. Using a large data set with 43,446 observations covering global production over five vintages, we define differentiate positive and negative brand image based on a brands quality average relative to the regional average. We propose the hypothesis that prices based on a positive brand image should rely less on regional reputation indicators and vice versa. Our model largely confirms this hypothesis but also suggests that at least for some regions (e.g. Germany and New Zealand), brands performing above the regional quality average still rely more on regional reputation than brands performing below the regional average (i.e. positive brands have some catching up to do in terms of building a stronger brand reputation of their own).

**Key Words:** Brands, Market Structure, Pricing.

JEL Codes: D4, L1, Q13