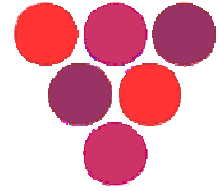




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The economics of collective reputation: minimum quality standards, vertical differentiation and optimal group size

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The literature on collective reputation is still in its infancy. Despite a number of valuable theoretical works studying the process of collective reputation building, due to data limitations there are no studies testing the determinants of group reputation. This work represents a first empirical step in this direction. Control variables range from the context in which firms operate to the quality standards set by the coalition, from the variables measuring the vertical and horizontal differentiation to the characteristics of the group. Our research provides empirical support in favor of the usefulness of compulsory and voluntary quality standards. Furthermore, it shows that the relationship between group size and collective reputation is non-linear: free entry may be not optimal since above a certain number of producers the group reputation declines due to free-riding problems.

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