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## WORKING PAPER SERIES

### **COLLECTIVE TRADEMARKS AND CULTURAL DISTRICTS: THE CASE OF SAN GREGORIO ARMENO - NAPLES**

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## COLLECTIVE TRADEMARKS AND CULTURAL DISTRICTS:

### THE CASE OF SAN GREGORIO ARMENO - NAPLES

by

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#### 1. Introduction

From an economic point of view, trademarks are distinctive symbols which facilitate trade (Landes e Posner, 1987). On the one hand, they enable consumers to easily recognize the goods they are going to buy, thus reducing transaction costs; on the other hand, they allow producers to highlight their products and to positively invest in reputation (Shapiro, 1983).

This is the traditional role of trademarks, both individual and collective ones. However, the role of these distinctive marks is much more complex when they are used as instruments for the promotion and enhancement of cultural districts. There are many cases of localized agglomerations of micro and small firms which may be considered as districts. They generate a network of positive externalities able to sustain an endogenous process of local development – the main reference here is to the industrial cultural districts of what is known as "Terza Italia", which had its boom periods in the 60s and 70s (Becattini, 1987, 1989; Bagnasco, 1988). Moreover, there are many other cases where the localized agglomerations of firms – based on the idiosyncrasies of the territory – have not been able to build that social and economic network of horizontal and vertical linkages among local producers which gives rise to the agglomeration externalities on which the district model is founded.

In these cases, which may be called “potential cultural districts”, institutional interventions play an important role in turning the *potential* district into a *real* one, for example through the introduction of collective property rights (Santagata, 2006). The collective marks are the fittest operational instruments to promote market incentives sustaining local development and preserving and enhancing the common knowledge rooted in the territory and shared by public and private stakeholders. Trade-offs are the objective function of all the local stakeholders. The objective of local producers of idiosyncratic goods – whose common idiosyncratic knowledge is characterized by non-excludability as a public good – is to maximize their profits in the short run, even if that has a cost in terms of preservation of the local tradition. Sometimes, they exploit the

name or reputation of the place by introducing poor-quality products or low-idiosyncrasy products on the market. The objective of the public sector should be (we say *should* because this point has attracted some criticisms, see Cellini *et al.*, 2005) to protect the common goods – localized culture – from the attacks of the producers of poor-quality goods. These producers harm both the local producers of high-quality goods and future generations, who will not be able to enjoy the heritage of knowledge, reputation, external recognition, which has been accumulating for many centuries, because it will be slowly and relentlessly destroyed by their ancestors. This process is called intergenerational rivalry and is typical of common goods.

The aim of this paper is to show the value that both consumers and producers of traditional artistic handicrafts attribute to a collective trademark playing the role mentioned above. The case of this study is the production of Nativity scene figures in San Gregorio Armeno, which is the expression of a very long Neapolitan handicraft tradition dating back to the 14<sup>th</sup> century but which had its best production period in the 18<sup>th</sup> century (De Caro, 2006).

This study is based on an empirical analysis concerning a sample both of consumers and producers. The consumers interviewed in San Gregorio Armeno Street and in the neighbouring streets of the historical centre of Naples, stated to be going to buy Nativity scene figures. The local producers of Nativity scene figures have their workshops and show-rooms in San Gregorio Armeno Street or nearby.

The analysis of the demand focuses on consumers' choices and, in particular, on their willingness to pay for a collective mark identifying the products of the craftsmen of San Gregorio Armeno.

The analysis of the supply focuses on the production of Nativity scene figures (The Holy Crib), and, more specifically, on the way the producing firms are organized. In addition, it deals with the role attributed by local producers to the institution of a collective trademark to identify their production.

To start with, the features of the production area of San Gregorio Armeno will be discussed since they testify to the existence of a *potential* cultural district.

## **2. The cultural district of San Gregorio Armeno**

Since the beginning of the 19<sup>th</sup> century San Gregorio Armeno Street has been the symbol and seat of Neapolitan Nativity scene art and culture. It is situated in the historical centre of Naples, is three hundred metres long and hosts approximately 70 shops of Nativity scene figures.

Every Neapolitan family knows this street, where a wide range of holy and profane objects are displayed. Every year the social phenomenon which Domenico Rea calls “crescendo napoletano” (Rea, 1990) may be widely appreciated. It is a social symphony constantly renewing itself with increasing activity and passion which culminate on Christmas Day. Nativity scene shopping is a tradition enriching the domestic representation of the Nativity with rural and urban common life scenes. It is kept alive to represent the Nativity scene in a secular context.

All the entrepreneurs, craftsmen and artists working in San Gregorio Armeno may be considered as the components of a potential cultural district specialized in the production of shepherds for the sacred tradition of the Neapolitan Nativity scene. San Gregorio Armeno includes all the essential characteristics of a local system of production based on the agglomeration of micro and small enterprises:

1. A long-standing cultural tradition well-known all over the world. Since the 14<sup>th</sup> century Naples has hosted shops producing all the necessary items for a reproduction of the Nativity scene. These shops do not only produce the traditional holy figures of the Nativity, but during the centuries, they have also contributed to the evolution of the tradition proposing new urban and rural sets, both sacred and profane.
2. A system of small enterprises where each unit is often family-run and able to handle the entire chain of production, from the development of the concept to the sale of the product.
3. The production technique is typical of artistic goods. The producers adopt little technology and very simple machinery but they have considerable aesthetic and intellectual skills. As happens in the districts with a low technological content (glass, ceramics, etc.) San Gregorio Armeno is known for the high level of horizontal integration of its firms. Each producer has a production structure very similar to that of the others. The integration among them does not include mutual inputs in the production process, but it concerns the dissemination of information, the marketing of the product, the institutional relations and the search for an increasingly stronger and shared reputation.
4. A system whereby creativity is passed down through tacit knowledge and learning by doing.
5. A well-developed sense of common identity, and harsh competition and individualism at the same time. Each producer believes he is the only one who really knows and preserves the tradition of the Neapolitan Nativity scene. All producers share the same cultural identity but it is very difficult for them to recognize the artistic value of their competitors.
6. Coexistence of art and business. Even though every business in the district is privately owned and market-oriented, two different types of producers can be identified. The first one is oriented towards the production of unique and high-quality goods. The second one is oriented towards industrial mass production of "standardized" lower-quality goods.
7. A low innovation rate in product design. The producers tend to concentrate on production techniques and models of the past. However, there are also skilled craftsmen who invent new characters or design a modern version of traditional ones.
8. Culture is a very idiosyncratic factor whose roots lie in the district. The protection and preservation of the cultural factor against fake reproductions and unfair competition is mainly an institutional task. This is an essential condition for the development of the district.
9. The district attracts different types of tourists: those who are simply curious about the Neapolitan folklore and those who are potential clients of the craftsmen's showrooms. This feature could be undoubtedly reinforced by the introduction of a

collective trademark which would contribute to identifying and enhancing the image of the production in San Gregorio Armeno.

10. The structure of the district includes:

- i) artistic shops;
- ii) market-oriented shops;
- iii) shops only selling goods to the general public;
- iv) mixed shops (production and sale);
- v) shops supplying other shops.

11. The coordination of the district is partly spontaneous – carried out by the most pro-active producers with considerable commitment – and partly organised by external public bodies, including the City Council of Naples which plays the main role.

The low number of producers and their small businesses of arts and crafts do not enable them to achieve a volume of business sufficient to finance collective activities such as product promotion, marketing and training. However, their international reputation and local identity are strong enough to justify direct interventions by public institutions because the goods they produce have the same features as public goods, given their reputation and symbolic and social values. *It is a small market with a very high potential for image projection.* There is no proportion between the strength of the image of Neapolitan Nativity scenes and the economic value of the production in San Gregorio Armeno. To appreciate the economic value of the district it is necessary to estimate the non-use components of the goods: the existence value, at least for the city of Naples, the option value and the intergenerational value. All these economic values are not conveyed by the market price but their magnitude may have remarkable effects, especially on tourism and productive systems in Naples.

At present, international competition is on the rise. Producers of wooden Nativity scene figures in Murcia, Valencia, Latin America, Provence, Marseille and South Tyrol are attracting new consumers and potential collectors. Only better quality or a more ancient tradition, like the Neapolitan one, can be a win-win solution. Unfair competition is of a more unknown origin, but it is on the stalls of those retailers who buy products outside the district.

Hence, it is necessary to capture the market and strengthen the reputation and quality in San Gregorio Armeno. In a framework with low technological and product innovation only quality can protect production against such a strong international competition.

The institution of a collective trademark is one of the policies which could result in a promising solution.

### **3. The potential role of collective institutions preserving intellectual property**

As previously stated, collective trademarks are intellectual property rights having two main functions:

- *An informative function*, since they identify products on the market and protect them against illegal copies of goods, services, ideas, labels and logos, with a view to safeguarding customers.
- *A managerial function*, since they certify the quality of the products sold by the associated firms through the introduction of rules, standards, inspections and mechanisms, with a view to developing the district's economic activity and association of producers. This function is particularly important for the promotion of the quality of goods and services and, although it mainly concerns suppliers, it indirectly safeguards consumers.

Given that a collective trademark implies the adoption of common rules and standards for the firms which decide to embrace it, it may become an asset for sustainable economic development, to attract investments and to develop training, trust and cooperation.

As stated, a collective trademark identifies a product and the firms producing it. It belongs to the category of collective intellectual property rights which also include registered designations of origins, indications of source and protected designations of origin. In the case of the cultural district of San Gregorio Armeno, the trademark seems to be the best instrument for protecting and enhancing the production of Nativity scene figures. The trademark can be used by an association, a cooperative of producers or a local institution in accordance with producers. When registering, they have to submit regulations on the use of the trademark to define the features of those who are entitled to use it. Only thus will producers in San Gregorio Armeno be able to distinguish their shepherds from those of their competitors and to develop the trust of collectors, tourists and consumers towards trademark products.

Since the organization and management of this instrument implies costs both for private producers and the relevant public authorities, a preliminary analysis of the opinion and appreciation of this initiative by local producers and consumers is called for.

#### **4. Consumers' assessments of the trademark.**

To quantify the benefits of collective trademarks as seen by consumers, a questionnaire was drawn up and handed out to a sample of consumers to find out whether they are willing to pay for the collective trademark "*San Gregorio Armeno*" identifying the shepherds of the Neapolitan Nativity scene, produced according to traditional criteria.

The method used for drawing up the questionnaire is similar to that of "contingent valuation", a direct method based on declared individual preferences (Mitchell and Carson, 1990; Santagata and Signorello, 2000; Navrud and Ready, 2002), which is often used to estimate the components of the economic value of public goods and may also apply to the collective trademark of traditional Neapolitan Nativity scene reproductions<sup>1</sup>.

The consumers' willingness to pay more may be due not only to lower transaction costs, which the trademark permits every time they buy a new product, but

also to their appreciation for the preservation and enhancement of local traditions through the trademark.

The results achieved were calculated on a final sample of consumers made up of 300 individuals, 158 of which were males (52.7 percent) and 142 females (47.3 percent), who were contacted by interviewers in San Gregorio Armeno. The consumers declared they were going to purchase products for themselves or as presents and they answered the questions in the questionnaire in a consistent and complete way.

The interviews were carried out by five interviewers between November 2004 and March 2005.

Before concentrating on the answers regarding the willingness to pay for a guarantee trademark protecting the local production of Nativity scene figures, it is useful to briefly describe the features of the average buyer in San Gregorio Armeno.

#### **4.1 The average buyer in San Gregorio Armeno.**

The analysis of the socio-demographic characteristics of the sample of consumers and their assessments of Nativity scene figures in San Gregorio Armeno shows that the average buyer has the following distinctive features<sup>ii</sup>:

- he/she buys Nativity scene figures to pay tribute to a family or local tradition;
- he/she is more than 40 years of age;
- he/she has a medium-high level of education (has at least a high-school diploma);
- he/she goes to San Gregorio Armeno to be loyal to a tradition and to have a wider choice;
- he/she lives mainly in Naples or in Campania;
- he/she already owns a certain number of Nativity scene figures;
- he/she spends an average of 100 Euros per year to buy shepherds;
- he/she prefers to buy traditional Nativity scene figures;
- he/she has no loyalty ties with a particular shop owner;
- he/she does not regard himself/herself as a collector<sup>iii</sup>;
- on the whole he/she is happy with the quality of the products and thinks it has been constant over time or it has improved.

However, the questions aimed at understanding whether consumers are aware of the quality of the products show some inconsistencies.

Respondents were asked whether they would be able to recognise “fake” products, that is products which are sold in San Gregorio but which were not manufactured by local craftsmen. The absolute majority of the respondents – 167 people, that is 55.7 percent – do not believe they would be able to recognize fake

products, as opposed to 130 people, accounting for the 43.3 percent, who believe they would be able to do it. Three interviewees did not answer the question.

Consumers are therefore satisfied with the quality of the products they buy in San Gregorio Armeno even though the majority of them (55.7 percent) is not able to tell whether they are authentic or not. Moreover, the products are not provided with special marks, such as collective trademarks, certifying their authenticity.

With reference to the criteria used to assess the quality of the products, the relative majority of the respondents – 144 people accounting for 48 percent of the sample – base their evaluations on the design of the heads of the statuettes. 123 people resort to the design of the fabrics and 117 people to that of the hands.<sup>iv</sup> However, 75 respondents state they simply “trust” the shop owners and 10 admit they do not base their assessments on any criterion. Finally, 47 consumers say they refer to the price and 68 to comparisons with products they bought on previous occasions. Hence, the impression gathered from the survey is that the interviewees do not regard themselves as experts through and through but as people with a certain experience using their common sense to assess the quality of the products.

Those who believe that the quality has improved over time use assessment criteria which are more elaborate than the average of the sample. Therefore their favourable judgement seems to be more cogent.

When they were explicitly asked whether they were given enough guarantees of the quality of the products sold in San Gregorio, 206 respondents (68.7 percent) said they were not and only 94 (31.3 percent) said they were.

Only a slender portion of customers who regard themselves as collectors believe they have enough elements to make a quality assessment, which is reasonable because collectors feel normally able to judge the quality of products by themselves and do not need any extra information or certification.

“Is it possible to provide consumers with more reference points to assess the quality of the products sold in San Gregorio Armeno?”

To answer the above question respondents were able to choose among multiple answers. Only 14 of them (4.7 percent) answered with a no. 93 interviewees (31 percent) declared that every craftsman should upgrade his reputation and boost his image, which means that they considered the reputation of every single producer as the key guarantee for consumers. *236 interviewees (78.7 percent) affirmed that a trademark is an efficient means to guarantee consumers.* One interviewee suggested the creation of a “system authority” to go along with the institution of a collective trademark. Indeed, the system authority, which could take the form of a coordination committee, could be the body responsible for the institution of the trademark.

One of the main objectives of this survey was deciding whether a collective trademark for safeguarding production should be created in San Gregorio Armeno. To this explicit question more than 75 percent of the interviewees answered that the trademark was an efficient instrument to provide buyers with better guarantees of the quality of the products sold in the district.



## 4.2 Estimate of the individual willingness to pay for a quality trademark

To understand whether consumers are willing to pay for a trademark certifying the quality of the statuettes sold in San Gregorio Armeno, every interviewee was asked how much he/she was going to spend for the statuettes in the current year, that is how many Nativity scene figures they intended to buy, choosing among the following three price ranges (interviewees could choose products belonging to different ranges):

[1] from 1 to 30 Euros;

[2] from 31 to 100 Euros;

[3] more than 100 Euros.

208 interviewees declared that they were going to buy at least one product from the first price range [1], which goes from 1 to 30 Euros and includes small terracotta shepherds. The average number of products which consumers intend to buy from this price range – including zero as a value for those who did not intend to buy any product from this range – is 3.85, whereas the maximum value recorded is 49. 99 interviewees declared they intended to buy at least one product from the second price range [2], which goes from 31 to 100 Euros and includes bigger terracotta shepherds. The average number of products consumers intended to buy from this price range is 1.91, the maximum value recorded was 100. 14 interviewees declared they intended to buy at least one product from the third price range [3] which includes dressed shepherds. The average value is 0.49 and the maximum is 30.

According to what consumers declared in terms of purchasing intentions, they were asked how much they were prepared to pay for a collective guarantee trademark in addition to the price of every single product<sup>v</sup>.

The answers provided correspond to respectively 5, 10, 15, 20 and 25 percent of the average values of each price range.

If the extra amount which consumers declared they were willing to pay for the trademark is expressed as a percentage of the average price of each range, it is possible to tell, for every range, what the percentage of consumers willing to pay an extra amount of 5, 10, 15, 20, 25 percent and more is.

Putting together the answers given for the three price ranges, it is possible to relate the percentage of the price increase for the trademark with the percentage of consumers who declared to be willing to pay for this increase. The result is shown in Table 1 and in the corresponding graph.

### ***INSERT ABOUT HERE TABLE 1***

***Table 1 – Percentage of consumers willingness to pay for the trademark.***

As is easy to observe and as emerged from the analysis of behaviours for the different price ranges, the mode of price increase which consumers are prepared to

accept is 5 percent. If the average price increase which those who answered “more” are prepared to pay for the trademark is 40 percent, then: *the average price increase which the sample of consumers is prepared to pay is 10.02 percent.*

The graph shows the percentage of consumers on the horizontal axis and the percentage of price increase on the vertical axis. The graph may therefore be interpreted as the inverse function of the demand for the trademark, expressed as the percentage of consumers prepared to accept any price increase to have the collective mark “San Gregorio Armeno”.

### ***INSERT ABOUT HERE FIGURE 1***

#### ***Figure 1 - The inverse function of the demand for the trademark***

The willingness to pay an extra amount for the trademark is proportional to the three price ranges, that is to say that the more expensive the products are the more customers are prepared to pay for the trademark. There is a high percentage of customers who are not willing to pay anything for the introduction of a quality trademark among those who buy low-price products. This percentage tends to go down among customers who intend to buy higher-price products.

These calculations, however, do not take into consideration that there are potential customers who at present do not buy Nativity scene figures but may decide to do so if a quality guarantee were introduced.

Interestingly, as the age range of customers increases their willingness to pay decreases, which may be due to the fact that as you get older you acquire enough experience to be able to judge the quality of products by yourself. Also, those who feel they can rely on enough guarantees to assess the quality of products exercise a positive marginal effect on the willingness to pay for the institution of a trademark. This result may be interpreted as a request for extra official certifications of the quality and authenticity of local products through a trademark, which would also contribute to enhancing and promoting these products on national and international markets.

## **5. The applicability of the trademark**

To decide whether it is possible to adopt a collective trademark identifying Nativity scene figures from San Gregorio Armeno, it is useful to briefly outline the current productive structure of the enterprises operating on this territory. For this reason an empirical survey was carried out on a sample of eight shops out of the 69 registered on the territory, with a view to checking whether producers are willing to contribute to the institution of a trademark. That is because the creation of a trademark is the final step of a process of district aggregation which, in the case of San Gregorio Armeno, needs to be accurately analyzed.

As emerged from the sample survey, the production chain includes the following steps, according to the tradition it is inspired by (either 18<sup>th</sup> or 19<sup>th</sup> century)<sup>vi</sup>:

- creation of a model or prototype;
- moulding, cooking and finishing of the whole character or of the head and limbs made of polychrome terracotta;
- decoration;
- dressing (for the 18<sup>th</sup> century Nativity scene).

At present all the steps are carried out with a decentralized approach and the territory hosts shops with different vocations.

For example, in the artistic shops the owners create their own models or prototypes, which are the results of their artistic creativeness, but they may be helped by trusted craftsmen who normally do not work in their shops but see to the finishing, decoration and dressing. In market-oriented shops and in mixed shops, the owners use models previously created by other craftsmen or commissioned from them especially, they prepare the moulds and cook the figures which will then be finished in the same shop or by other trusted craftsmen specialised in decoration and dressing. The shops which only sell goods to the general public buy finished products or assemble pieces produced in supplying shops or firms specialized in the production of single components (head, limbs). These shops supplying other shops are not necessarily located in San Gregorio Armeno, as they work on a larger scale and need larger production spaces.

Therefore, the shop owners' ranges of activities go from a merely handicraft-artistic function to a coordinating function vis-à-vis a network of operators specialized in the various steps of the production chain, working autonomously – sometimes at home – and only on commission. Hence, shop owners are mainly concerned with the marketing of Nativity scene figures but they can count on a family heritage of technical knowledge, and on a network of formal and informal relations enabling them to assess the skills of the craftsmen they wish to engage to manufacture a product of the quality desired.

Officially, shops are micro firms giving work to an average of no more than three people, two of which are often bound by family ties. However, a whole series of specialized craftsmen – modellers, moulders, finishers and dressers – revolve around the firm. It is difficult to quantify them statistically and shop owners are in competition to obtain their services. There is a vertical network of relations underlying a potential district, whereas there is a lack of horizontal relations among shop owners, as testified by the interviewees who stated that in 87.5 cases they do not work for third parties or only work for them on an occasional basis.

Hence, there is a spontaneous district aggregation whose public point of reference is the City Council, whereas the Academy of Fine Arts holds no relations with it, despite the artistic value of some of its products.

Since the main activity of shop owners is selling, it comes as no surprise that they expect the trademark to enhance the product rather than safeguarding productive standards.

The majority of the shop owners interviewed (5/8) favours the creation of an association for the institution of a collective trademark with the primary objective of improving marketing, whereas upgrading production, carrying out research and

obtaining E.U. funds – as explicitly indicated by the questionnaire – are seen as secondary targets. According to the interviewees, the association responsible for the creation of the *Cultural District of the Neapolitan Nativity Scene* should have the following functions, reported according to their preference ranking:

1. supporting the training of young people who intend to work in the local craft;
2. promoting Neapolitan Nativity scenes in Italy and abroad;
3. drawing up specific rules to protect the production trademark;
4. guaranteeing quality through the granting of the production trademark;
5. creating a well-equipped craft production area.

The majority of the shop owners interviewed (5/8) is prepared to make a financial contribution to implement this project. When they were explicitly asked what percentage of the price of every single product they were prepared to pay for the trademark if every product cost 100 Euros, they answered as shown in Table 2.

***INSERT ABOUT HERE TABLE 2***

***Table 2 – Percentage of producers willingness to pay for the trademark***

Postulating that producers who declared to be willing to pay a given sum for the trademark would be prepared to pay a lower amount, it is easy to calculate the percentage of the price of every product which producers would be prepared to pay for the institution of a trademark. More than 50 percent of the sample of shop owners is willing to earmark 0.5 percent of the sale price of every product they put on the market. For a Nativity scene figure costing 100 Euros they would be prepared to give up to 50 cents. However, 37.50 percent of the sample of producers is not willing to give anything.

## 6. Conclusions

Two main results emerged from the analysis of the role attributed to collective trademarks by the demand and the supply of Nativity scene figures in San Gregorio Armeno Street, Naples.

The first result regards the strategic role that the collective trademark “San Gregorio Armeno” could play for the development of the *potential* Cultural District of Neapolitan Nativity Scenes. In theory, the trademark fosters identity and reputation and works as a guarantee of authenticity. In addition, the producers who use it are subject to inspections and controls which tend to enhance quality. In practice, implementing a policy based on the collective trademark “San Gregorio Armeno” may be complex owing to the low level of cooperation among producers themselves and among producers and the public and private institutions operating in the industry of Nativity scene production. The creation of a Foundation or Association working as a coordinator of the whole production is called for.

The second result regards the estimate of the economic value of a collective trademark by both demand and supply. These calculations are not based on market information but include several use and non-use components of a potential trademark for Nativity scene reproductions, which have strong cultural connotations such as their symbolic value, their existence value of historical traditions and their aesthetic, intergenerational and option values.

The estimate of the economic value of a collective trademark by a sample of consumers of Nativity scene figures in San Gregorio Armeno is an average of 10 percent of the value of the product associated to it.

The estimate of the economic value of a collective trademark by a sample of shop owners in San Gregorio Armeno is considerably lower and corresponds to an average of 0.5 percent of the sale price of each product (50 cents for a product of 100 Euros).

It is therefore necessary to create an association including public and private stakeholders with a view to defining the necessary requisites for the attribution of the trademark to producers. Shop owners should be strongly encouraged to participate in this process to overcome their current reservations towards the collective trademark due to the costs it entails. They should also be urged to comply with the minimum requirements for the attribution of the trademark to safeguard and enhance local traditions, which play a social role and justify the participation of public stakeholders in the association.

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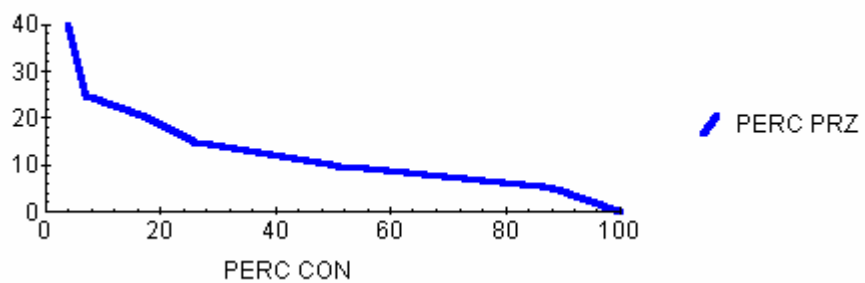
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*Figure 1 - The inverse function of the demand for the trademark*



**Table 1 – Percentage of consumers willingness to pay for the trademark.**

% increase on the average price	% consumers willingness to pay	% cumulative distribution of consumers
0	12,15%	100,0%
5%	36,45%	87,85%
10%	25,86%	51,41%
15%	7,79%	25,55%
20%	10,28%	17,76%
25%	3,43%	7,48%
More	4,05%	4,05%



**Table 2 – Percentage of producers willingness to pay for the trademark**

% increase of the average price	% producers willingness to pay	% cumulative distribution of producers
0	37,50%	100,0%
0,1%	12,50%	62,50%
0,5%	12,50%	50,00%
1%	12,50%	37,50%
2%	12,50%	25,00%
4%	12,50%	12,50%

## ENDNOTES

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\* We thank Serena Vigo for the English translation.

<sup>i</sup> Cojoint analysis and travel cost are other assessing methods one may refer to.

<sup>ii</sup> For a more detailed analysis of the data gathered through the questionnaire see Cuccia T., Santagata W., 2006.

<sup>iii</sup> Even though the sample of consumers did not include a substantial portion of collectors, see Castello R. 2006 to study and classify this segment of buyers who stock up at San Gregorio Armeno or at antique shops also outside Naples.

<sup>iv</sup> The 18<sup>th</sup> century Neapolitan Nativity scene is made up of figures (shepherds, angels, peasants, etc.) whose heads and limbs are made of polychrome terracotta or, more rarely, of wood, with glass eyes and a body made of a wire structure and covered with tow and fabrics of varying value. The 19<sup>th</sup> century Neapolitan Nativity scene is made up of small figures exclusively made of terracotta.

<sup>v</sup> The question in the questionnaire was the following: “If a collective trademark “San Gregorio Armeno DOC” were created – which could be represented by a label applied to the authentic product by the producer, or by a written guarantee, and which would imply administration costs but also certify the quality, authenticity and origin of the product – how much extra money would you be prepared to spend for every product you buy, knowing that the extra amount you pay for the trademark will enhance and support traditional Neapolitan craft? – for example through the creation of an association of craftsmen and local public institutions for promotion and publicity at national and international levels, the creation of a vocational school, the design of a website, the award of prizes, the organisation of cultural events such as exhibitions and theatre plays.

<sup>vi</sup> See note iv.