And what about Malbec in Argentina?
Consumers’ willingness to pay for Malbec wines in Mendoza, Argentina

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ABSTRACT
As most New World Wine producing countries, Argentina has based its differentiation strategy on wine varieties. The main driving force for Argentina has been Malbec and most of the country’s growth in world markets is due to an increasing appreciation of this varietal wine. In 2011, Malbec sales accounted for more than 55% of total exports (including Malbec-based blends). Even during the 2008 economic world crisis, Malbec continued to grow at high rates, with a 22% yearly average growth between 2009 and 2011. In the domestic market, Malbec sales have also grown hand by hand with the growth in quality wines. In the Argentinean market, with a per capita consumption of wine of 27 litres, Malbec accounts for 32% in terms of value and 29% in terms of volume. Between 2009 and 2010, Malbec wines grew 16% (Nielsen, 2010). Productive and commercial investments have grown accordingly, with increasing number of vineyards, wineries and brands. Cultivated area has grown from 17.306 hectares in 2001 to 31.047 in 2011. The number of export wineries has tripled, increasing from 139 in 2003 to more than 300 in 2011. Brands have also enjoyed great dynamism, especially for for Malbec wines. Mendoza has been historically the main wine producing region, accounting for more than 70% of Argentinean wine. The wine-industry success has defined the diffusion of the variety to the north of the country (San Juan, La Rioja and smaller production in Salta) and to the south (Neuquén and Rio Negro).
Consumers’ willingness to pay for Argentinean wine in foreign markets has already gained some academic attention (San Martin et al., 2008; Defrancesco et al., 2012) while the domestic market
has been left behind. Accordingly, the objectives of this paper are twofold. Firstly, we aim to identify consumers’ willingness to pay for Malbec wines. To achieve this goal we estimate the implicit hedonic price of Malbec wines. The second objective is to estimate consumers’ willingness to pay for other wine attributes such as vintage, jury grades and geographical names. We intend to compare the impact of non-varietal wine attributes on price with the varietal attribute. These results will be later compared with the ones estimated for export markets, in an attempt to comprehensively understand the role of Malbec for the Argentinean wine industry.

REFERENCES


