Abstract

European wine has a rich history of successful “Traditional Terms” (TTS) or “mentions” used as description of product characteristics or production systems and represents the highest expression of excellence as synonymous with quality recognized. The famous mentions as Châteaux, Premier Cru, Premier (French terminology), Riserva, Classico, Passito, Amarone (Italian); Gran Reserva, Cava (Spain) are linked with the name of appellation or production of origin and symbolize the summit of a appellation’s quality pyramid such as Châteaux Margoux, Premier Cru, Amarone Classico, etc.; European legislation (Single Common Market Organization, Reg. 1308/2013) contains an important provisions related to TTs as a term traditionally used in Member States to designates that the product “a) has a protected designation of origin (PDO) or a protected geographical indication (PGI) under Union or national law; b) the production or ageing method or the quality, colour, type of place, or a particular event linked to the history of the product with a protected designation of origin or a protected geographical indication”.

Most of the studies and researches applied to the PDO, PGI or Denomination of Origins (DOs) follow marketing theories and focuses on the consumers’ and retailers’ behaviour, their willingness to pay for origin labeled or analyzes the factors affecting the positioning of wine based on the value added by the DO or Geographical Indications (GIs) as collective brands. A branch of economic studies have well shown the political economy mechanism that created the existing set of wine regulations (Meloni and Swinnen, 2013) or develops a political economy model of the size of GIs (Moschini et al., 2008; Deconinck and Swinnen, 2014).

There exists rather limited economic literature concerning the political economy of wine traditional terms. This work represents a first empirical step in this direction. The purpose of this paper is to explore and evaluate the effectiveness of the use of mentions in the wine sector: the real question is whether TTs are automatically synonymous with quality with impact on prices. The question could be addressed following a double approach. The first focuses on the general principles of the EU and National law applicable to the TTs and their recognition and protection. The second, takes as an

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example a new TTs approved by the European Commission: the mention Gran Selection (GS) within the Italian Chianti Classico wine DO. This second approach, estimates the effectiveness of GS after two years of implementation. All the variables considered together in one model: a) prices of Chianti Classico bulk wine (€/hectoliters); b) prices of Chianti Classico bottles (€/hl for Vintage, Riserva and GS) in different markets; c) markings (€/hl): as hectoliters of wine sold where the State ties are applied around the neck of the bottle prevent counterfeiting.

Chianti Classico is one of the most important and oldest DOs and its collective brand, “black rooster”, has always been recognized as synonymous with excellence. The case is particularly insightful: it’s the first in the world to have introduced from 2012 a new type of wine (identified as TT until now on the market only in the Vintage and Riserva mentions) at the summit of a denomination’s quality pyramid with the aim to valorize the whole DO, starting from its qualitative excellence as a leverage to propel the prices towards an upward.

References