The evolution of Parker scores and its influence on wine prices

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Abstract

Robert Parker’s expertise regarding Bordeaux wines has made him the best-known wine critic in the world by far. Wine amateurs, collectors and investors consider him a wine guru. The leading French magazine, La Revue des Vins de France, ranks him as the fourth most influential person in the wine world, well before other critics. A variety of factors may explain Parker’s leading position. He has a long track record as he started rating Bordeaux wines in the 1970s. This timing coincides with the massive arrival of American customers on this market. Parker’s ratings are based on blind tastings and are generally consistent with little variation between tastings. He was also among the first to consider 1982 an extraordinary vintage. At that time, many French critics preferred 1983, which 30 years later is far from achieving the greatness of 1982.

In Bordeaux, Parker rates both en primeur and bottled wines. En primeur are marketed in spring following the harvest, 18 months before bottling. For most people, it is difficult to taste these wines and, even if invited to these early tastings, it is difficult to judge these unfinished wines. Thus, there is a huge uncertainty regarding the final quality of each wine. Hence, people heavily rely on the expertise of wine critics to know which wine to purchase en primeur. Parker’s ratings, therefore, have a direct impact on demand and thereby on release prices. Parker also rates wines once they become physically available. His final scores normally have less impact except for wines with final scores significantly differing from their en primeur scores. To illustrate the impact of Parker on prices, consider Smith-Haut-Lafitte 2009. In spring 2012, Parker revealed his final scores for 2009 Bordeaux wines. Smith-Haut-Lafitte got a perfect score of 100 points, far above its en primeur score of 96-98. The price jumped by more than 100% overnight.

The key objective of the study is to examine the impact score revisions by Robert Parker have on Bordeaux wine prices. Several papers have already tried to evaluate the impact Robert Parker has on wine prices (e.g. Hadj-Ali and Nauges (2007), Hay (2010) or Masset and Weisskopf (2015)). The problem most authors face is the interrelations that exist between wine prices, wine quality and the expert scores which are very difficult to disentangle. By looking at the influence of score revisions we eliminate the relation between wine quality and prices that pollutes results. As we look at the same wine across time and given that the release prices are known to market participants price differences should only reflect Parker’s expert opinion and his score revisions. We believe this to be a novel approach to better understand the true impact Robert Parker has on Bordeaux wine prices and to account for the endogeneity problem encountered in former studies.

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