

Locating Critical Influence beyond the Margins of Status Hierarchies

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Abstract

Status hierarchies provide for orderly pricing in markets by providing observable network-based indicators of underlying product quality. They also parse markets into producers that are and are not worthy of consideration as quality-oriented players. Mediators such as critics and analysts also address the problem of unobservable product quality in their published quality judgments. They also indicate which producers warrant consideration by offering relevant producers more regular coverage over time. The apparent redundancy in the roles played by status hierarchies and critics is scrutinized in the following analysis. We analyze the emergence of wine critics in the market for Bordeaux wines, which was previously mediated by an entrenched status hierarchy - the 1855 Classification. This shows that wine prices over the 1985 to 2001 period were increasingly influenced by the critics' published quality ratings and their coverage patterns. However, this did not lead to the demise of the status hierarchy as it did in White and White's (1993) analysis of 18th and 19th century French art markets. Rather, the critics' influence was most pronounced beyond the margins of the status hierarchy. This expanded the market's ability to process product quality information and (perhaps non-intuitively) provided a discipline that bolstered the effectiveness of status as the central mediating structure.