

American Association of Wine Economists (AAWE)

## **Icons of Wine: France vs. Australia**

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### Abstract:

This paper analyzes online auctions of French vs. Australian icon wines sold on the German eBay site. The data set reports 1000 transactions of ultra premium premier cru wines from Bordeaux (Mouton-Rothschild, Lafitte-Rothschild, Latour, Margaux, Haut-Brion, Petrus, Cheval Blanc, La Mission Haut-Brion) as well as Penfolds Grange from Australia. We estimate three hedonic models: a basic model with fundamental quality attributes such as vintage conditions, producer reputation, a Parker model adding the critic's quality ratings, and an online model adding auction specific variables to see if they will at all affect final auction prices. As expected, Parker scores are highly significant while online-auction specific variables such as seller reputation scores, auction length, timing of the auction end (day of week, time of day) are largely insignificant. Estimated brand coefficients for French icons are negative relative to Grange except for Chateau Petrus. The model also allows us to estimate the differential impacts of Parker ratings on individual brand names. Mouton-Rothschild exhibits the largest positive Parker effect, Lafitte Rothschild the lowest.

**Key words:** auctions, information, reputation