

## Padua 2017 Abstract Submission

### I want to submit an abstract for:

Conference Presentation

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### Keywords

Grade, medals, IWSC, mainstream wines, novelty effect

### Research Question

Are experts willing to promote original wines or to confirm a consensus about mainstream wines?

### Methods

We estimate some grade equations (OLS) and medals equations (ordered probit) where objective characteristics are used as explanatory variable. IWSC generated a series of more than 27,000 wines.

### Results

Our series of result suggest that experts detect original wines and exhibits a kind of positive bias in favor of novelty.

### Abstract

The large majority of wines offered on the market includes well-known grape varieties: Anderson (2013) highlights that cabernet sauvignon, merlot, chardonnay are the most popular ones in the world. The characteristics of these wines are well defined, apprehended and recognized by the majority of wine critics, wine judges and wine experts. As such, we may assume that any wine produced from these grapes varieties will be benchmarked (in wine expert's memories) against wine peers (conscientiously or unconscientiously). But the question remains for less known grape varieties. Because of a lower knowledge and expertise in these wines for most wine experts, could we assume that these experts will be more willing to deliver medal compared to mainstream wines, through a novelty effect? In other words, are experts willing to promote original wines or to confirm a consensus about mainstream wines? Answering these questions is relevant to explain some patterns in wine consumption. Experts, as providers of information on experience goods, are at the interface between the marketing strategies of wine producers and the decision to purchase a wine by the wine buyers. We could assume that experts, using score and/or medal, would determine at least partly the decisions made by consumers. Because they have trained themselves in perception in some specific areas and invested in a reputation of being 'good decision-makers', experts have acquired the power to influence other people (Lévy-Garboua, 1979). Their knowledge is linked to curiosity, which can be seen as one of its determinants (Litman, 2005). This curiosity can induce openness to novelty and surprise. They produce grades, awards, rankings, tasting comments, etc. Orth and Krška (2001) have shown that wine exhibition awards are a significant determinant of consumer preferences. The effect of experts on the way people make wine is also discussed in the wine industry. Their effect on wine prices is well documented in the empirical literature (see for instance Ashton, 2016).

The International Wine & Spirits Competition (IWSC) is a 50-year old awarding institution recognized by the industry for its professionalism. IWSC aims at recognizing and rewarding the very best in the wine and spirits industry, leading the consumer to better drinks experiences . "Judges are selected for their knowledge and

experience, and in order to ensure that products are evaluated fairly and with consumer expectations in mind, qualified and knowledgeable consumer judges work alongside MWs and prominent trade judges.” Some panels of at least 7 judges grade wines and award them with medals: Gold Outstanding (93 points and above: Quality of the highest order), Gold (90–92 points: Superior example; setting the standard), Silver Outstanding (86–89 points: Outstanding example; excellent quality), Silver (80–85 points: Fine example; excellent quality), and Bronze (75–79 points: Good example; well above average). From tasting of a pool of wine experts, IWSC generated a series of more than 27,000 wines tasted in 2013, 2014, 2015 and 2016 for which we know: the grade, the medal if any, as well as some objective characteristics. These wines are produced either in the old world, or in the new world, or in some emerging regions like China or Brazil, or England. Some wines made from the most popular wine grape varieties in the world are graded, but also some made with less famous ones like garganega or picpoul. The top wine grape varieties in the world can be obtained from the Database of Regional, National and Global Winegrape Bearing Areas by Variety, 2000 and 2010, provided by the University of Australia. As such, the IWSC database offer a wide range of different wines, from mainstream wines to more original wines or indigenous ones. We estimate some grade equations (OLS) and medals equations (ordered probit) where objective characteristics are used as explanatory variable. We focus on wine as a general category but also distinguish wines according to their color (i.e. estimate equations on sub-samples). We control for the fixed effect of every yearly IWSC competition. If our estimation results show that experts seems to confirm official classifications (AOP and IGP in France, DOC and DOCG in Spain and Italy and AVA in the USA are associated with significant and positive estimated coefficients), it appears that a grade premium is associated with New World wines while France exhibits a negative coefficient. Sparkling wines are overrated compared with still wines, as well as non-blended wines (i.e. a unique varietal) compared with blended ones. They also show a significant and negative effect of the most popular varieties, compared with the less frequent ones. This series of result suggest that experts detect original wines and exhibits a kind of positive bias in favor of novelty. Our results confirm the novelty effect suggested earlier by Schamel (2000) in the case of wine and well documented in sports economics (Feddersen et al., 2006; Coates and Humphreys, 2005). The analysis will be expanded to spirits.