

## Padua 2017 Abstract Submission

### I want to submit an abstract for:

Conference Presentation

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### Research Question

What effect does inclusion on a wine listicle have on market price? Under what conditions will this effect be large or small, or transient or durable?

### Methods

Pre- and post-listing prices will be compared for Wine Spectator Top 100 Lists (and possibly competing wine listicles).

### Results

Listing is expected to have greatest effect on price if it conveys genuinely new information (i.e., surprise).

### Abstract

"Listicles" have become an increasingly popular feature in popular communications. Although the genre preceded digital media, the prevalence of listicles has increased exponentially with the Internet generally and the ubiquity of social media in particular. This includes wine listicles (e.g., "10 Wine Gifts Dad will Love," "Top 5 Myths About Red Wine," "The 12 Best Restaurants in New York for Wine"). There are spirited defenses of the listicle genre ("100 Reasons Why Listicles are Fun") and caustic criticisms ("Top 11 Reasons Why I Hate Listicles," "11 Reasons Why Listicles Suck," "10 Reasons I Don't Read or Write Listicles (And You Shouldn't, Either)").

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There are even listicles of wine listicles, which have been called "the wine coolers of content" ("10 content types and their most suitable wine pairings"). The Journal of Wine Economics has published numerous articles about wine ratings and rankings, which are, for better or worse, the scholarly equivalent of listicles, and reviews of guides that are, for all intents and purposes, sophisticated wine listicles. Criticisms notwithstanding, the listicle genre is quite popular, they are not going away, and there is evidence that they exert nontrivial effect on market prices.

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The premier wine listicle is the Wine Spectator Top 100 List(icle), which was first published in 1988. Other wine listicles have been created more recently, apparently with an eye toward differentiating them from Wine Spectator (e.g., Wine Enthusiast's Top 100 Best Buy and Top 100 Cellar Selections listicles; James Suckling's My Top 100 Wines). Indeed, comparative articles of new releases in the popular wine press are fundamentally the same as listicles even if they do not describe themselves as such.

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It is widely believed that inclusion in this particular listicle increases a wine's market price, and that being listed in the top 10 increases market price a lot. This could happen because listing conveys valuable quality information not otherwise available (or available as cost-effectively) elsewhere in the wine information market. Alternatively, price effects may be an independent information attribute, in which case price effects would decline as listicles proliferate due to competition. Prices would decline after listing if the market disagreed with the listicle publisher's judgment.

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Price effects are expected to vary based on numerous factors, including prior-listing market expectations and

scarcity. For example, interest in Meiomi Pinot Noir (2013), as indicated by search rank, increased dramatically after it was listed #20 on Wine Spectator's Top 100 listicle for 2015. But the average market price was unchanged at \$20 per 750 ml bottle, probably due to its production volume (317,592 cases). After it was listed #50 on Wine Spectator's Top 100 listicle for 2015, the average market price of Bartolo Mascarello Barolo (2010) (1,250 cases) has been essentially unchanged.

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Price effects are more likely for wines that are scarce. After it was listed #1 on Wine Spectator's Top 100 listicle for 2015, Peter Michael Cabernet Sauvignon Oakville Au Paradis (2012), rose from 3,300 to 23 in search popularity, and average market price per 750ml bottle increased from \$243 to \$437. This wine is neither abundant nor unusually scarce (1,786 cases), and average market price has been constant since listing. This suggests that earning Wine Spectator's #1 ranking resulted in a sustained 80% increase in market value.

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Inclusion on the Wine Spectator's Top 100 listicle also could reduce market value. This might happen, for example, if a wine achieved a disappointing rank. The average market price for the #98 wine on Wine Spectator's Top 100 listicle for 2015, Château Figeac (2012), declined about 10% and only recently recovered its pre-listing average market price.

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Finally, inclusion on a wine listicle might have significant price effects only for those wines that obtain very high ranks. There is evidence from other consumer markets (e.g., online airline tickets) that consumers direct almost all their attention to the top (in the case of airline tickets, the first page of search results even if there are dozens of pages of results available). If that pattern held for wine, then significant price effects might be observed for (say) the top 10 wines but not the remaining 90.

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This paper will estimate the price effect of wine listicles by comparing pre- and post-listing market prices and related data. Primary attention will be devoted to the Wine Spectator Top 100 listicle because of its leadership role in the genre, spanning almost 30 years, but other wine listicles also will be examined and their price effects compared. Listing effects will be estimated for magnitude and duration.

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It is hypothesized that inclusion on a listicle has a substantial effect when the publisher of the listicle is widely read or highly regarded and listing conveys new information that the market had not previously capitalized. A minimal effect on price is hypothesized if these conditions do not apply, particularly if inclusion does not appear to change market perceptions. Specific attention will be devoted to cases in which inclusion on a listicle (or at a relatively low rank) appears to reduce market prices.

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The top 10 results will be presented.