

## Health Information: does it make a difference to wine choice?

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This paper describes applied econometric research that tests the commonly-held hypothesis that information change concerning the relative health benefits of consuming red and white wine caused a switch in preferences from white wine to red wine.

A significant effect of health information change on consumer choice of red versus white wine is estimated. Approximately one half of the change in demand over the period 1991 to 1998 in Ontario, Canada is estimated to have been caused by a combination of the ageing of the post war “baby boom” generation and the change in health information provided by newspapers. The results are based on the following:

- Measurement of the flow of new information about the health impact of consuming wine;
- Development of *Health Information Indicators* for *All Wine* and for *Red Wine* based on the measured health information flow; and,
- Estimation of the impact of health information change on consumption of four wine types (red and white domestic and imported wines) using a two-stage translog demand model for wine that incorporates the *Health Information Indicators*.

The approach to measuring information change developed here is novel; however, it is an extension of the method used by others who have previously developed proxy variables for the quantity of health information change based on counts of articles. The new method involves scoring the flow of information. The score reflects both the quantity and the quality of the information provided.

This paper provides evidence to support the widely-held belief is that red has been substituted for white wine due to increasing evidence that red wine provides cardiovascular health benefits. Although there seem to have been many reports linking red wine consumption to better health and it may seem like an obvious cause and effect situation, until now, there has been no significant empirical evidence to support the claim. The results provided here indicate that consumers have made a significant and sustained change in behaviour in response to information they received about healthy food choices. This means that consumers have:

- Received enough information to induce a change in their beliefs;
- Trusted the information they received;
- Changed their attitudes/beliefs about the good; and,
- The change in attitude has been translated into an effective and substantial change in demand for red and white wines.

The implications of this kind of consumer response to information change for consumers, governments and producers are not trivial. For other goods, recent concerns about food safety and other health consequences of consumption have highlighted the impact of consumer purchasing decisions on consumer health, producer profits and government responsibility for reporting on health impacts of food consumption. The *Health Information Indicators* developed here provide a refinement of the way information change is measured and incorporated into food demand models. Hence, these improved methods can contribute to better-informed policy choices.

A further, if less surprising result, is that the switch from white to red wine is associated with an ageing population. Anecdotally, we know that typically, one matures from sweet whites and soft drinks to full bodied reds and scotch. The results here indicate that ageing dominates health impacts although it is expected that the ageing impacts embody some reaction to health information as well.

Key Words: wine, health information, demand estimation