The Demand for Expert Opinions:

The Case of Wine

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Abstract

Expert opinions play an important role in our modern, increasingly complex societies. Wine economists have in recent years devoted efforts to understand both the impact and the determinants of expert opinions on the fundamentals of their reference market. By lack of reliable information about quantities demanded (number of guides sold, number of online subscriptions), the demand for expert opinions and the conditions under which a related market for wine expertise emerges remain mostly unknown.

In this paper, we use information coming from Google Trends to analyze the evolution of the demand for wine expert opinions in the United States since 2004. We consider search volumes for the most prominent wine experts ("Robert Parker" "Wine Spectator" and "Wine Enthusiast") as credible proxies for the consumer interest in the information released by these experts.

An appropriate IV approach that treats annual wine sales as an endogenous variable in the model shows that the demand for expert opinions is significantly lower in ABC States and depends positively on wine sales as expected. The econometric analysis also highlights that the demand for wine expertise has been rising in the recent past in the United States due to a surge of interest from a growing fraction of people for wine as an alternative –safe– portfolio investment. This sudden enthusiasm has essentially benefited to Robert Parker who is known as the most prominent expert in the matter of Bordeaux wines which are particularly sought by investors given their long ageing potential and their high rates of return.

Keywords: Wine, Expert Opinions, Imperfect Information, Demand.

JEL codes: L13, L15, L66.