

A Hedonic Pricing Analysis for Bordeaux Wine

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Wine characteristics such as vintage, producing country/region, grape varieties, brewing technique, winery ranking and the scores given by the wine experts may all be confusing when consumers would like to make a wine purchasing decision. The motivation of this study regards to solving this problem. Hedonic Price Model is adapted, which is a valuation method provided by Rosen (1974) considering that a product is composed of many characteristics, and the product price should also be determined by the prices of each feature. In the empirical analysis, factors, such as the winery ranking, the producing region, the wine vintage, and expert score (Wine Advocate and Wine Spectator ratings), are used to establish the linear and semi-logarithmic regression models to estimate the hedonic price function.

The empirical results show that label information such as winery ranking, producing region, vintage and expert's score all have positively significant effects on wine prices. In addition, by comparing the expert's score results between WA and WS magazine, it was found that both had the ability to explain the wine price, which means that when you purchase the wine, expert's scores are good references. The result also shows that it seems that

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Received 06 May 2022; Received in first revised form 07 June 2022; Accepted 31 August 2022.

WA magazine's scores could explain the wine prices better than WS's. It might imply consumers trust WA's points more than WS's.

Keywords: *Hedonic Pricing Theory, Wine Pricing, Bordeaux Wines, Wine Advocate, Wine Spectator*

JEL Classification: *D49*