Journal of Wine Economics, Volume 11, Number 2, 2016, Pages 213–215
doi:10.1017/jwe.2016.20

Introduction to the Issue

This issue of the *Journal of Wine Economics* opens with an article entitled "Regulation and Contract Choice in the Distribution of Wine" by Michelle Santiago and Michael Sykuta (Santiago and Sykuta, 2016). The authors examine wineries' transaction relationships with downstream distributors and the effects of state laws regarding direct shipment and distribution franchise laws on the choice of transaction governance. Drawing on primary data from a survey of wine producers, they find a significant impact of state laws on contract choice and design. For instance, distribution franchise laws that vest distributors with greater power over their suppliers increase the likelihood that wineries will use formal, written contracts to govern their distribution relationships. At the same time, distribution franchise laws are associated with less complete distribution contracts. Laws allowing for direct shipment seem to have a mitigating effect, reducing the likelihood of formal, written contracts, but increasing the completeness of distribution contracting arrangements.

Elie I. Bourie and David Roubaud examine "Fine Wines and Stocks from the Perspective of UK Investors: Hedge or Safe Haven?" (Bourie and Roubaud, 2016). They compare the risk-return profile of fine wine with that of stocks and focus on time-varying conditional correlations and their importance for portfolio diversification. Employing a dynamic conditional correlation model, they find that fine wine may hedge against movements in UK stocks. However, wine does not serve as a safe haven during market turmoil.

In the third article of this issue, entitled "Identifying the Effects of Objective and Subjective Quality on Wine Prices," Edward Oczkowski analyzes the impacts of quality on wine prices (Oczkowski, 2016). He applies the framework proposed by Cardebat, Figuet, and Paroissien (2014) to Australian premium wines. His results suggest that the price impact of expert opinion is similar to the impact of objective quality as estimated via weather, vintage, and producer fixed effects and thus mostly repeats publicly available information: "The relative importance of objective quality compared with subjective quality depends crucially on the ability of expert scores to accurately reflect objective quality" (Oczkowski, 2016, p. X).

Robert Ashton examines "The Value of Expert Opinion in the Pricing of Bordeaux Wine Futures" (Ashton, 2016). This article is closely related to various other analyses on the price impact of expert opinion that have been published in this journal (e.g., Ashenfelter, 2010; Ashenfelter and Jones, 2013; Ashton, 2013;

Masset, Weisskopf, and Cossutta, 2015; Storchmann, 2012; Stuen, Miller, and Stone, 2015). Ashton draws on wine quality ratings by Robert Parker and Jancis Robinson for more than 1,700 red Bordeaux wines over the period 2004–2012. He shows that the experts' ratings have both a statistically and practically significant impact on prices after controlling for various other price determinants. His results further suggest that "although Parker's impact on prices is significantly greater than Robinson's, combining the quality ratings of both experts has a significantly greater impact than Parker's ratings alone" (Ashton, 2016, p. X).

In the last article of this issue, entitled "How Much Government Assistance Do European Wine Producers Receive?," Kym Anderson and Hans Jensen estimate the European Union's (EU) long-standing financial support for its wine industry—a nontrivial question because official data are incomplete and lack detail (Anderson and Jensen, 2016). In this article, the authors provide a new set of more complete estimates of support to EU wine producers, broken down by both policy measure and country. The data report the uneven spread of supports across EU member countries. For instance, although French winemakers receive the largest absolute support (approximately €840 million in 2012), support measures per hectare and per liter of wine were highest in Austria. The estimates suggest the following: "For 2007–2012, annual assistance amounted to approximately 700 euros per hectare of vines or 0.15 euros per liter of wine produced in the EU as measured at the winery gate. That is equivalent to a nominal rate of direct plus indirect producer assistance of approximately 20%" (Anderson and Jensen, 2016, p. X).

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