Title
Impact analysis of awards and certifications on Swiss wines prices

I want to submit an abstract for:
Conference Presentation

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Keywords
Wine; Pricing; Labels; Awards; Certifications; Reputation; Information asymmetries

Research Question
Which awards and certifications have the greatest impact on the price of Swiss wines?

Methods
We use econometric methods such as hedonic regression and propensity score matching to estimate the impact of awards and certifications on the price of Swiss wines.

Results
The study unveils dynamics in the impact of awards on wine prices, notably with heterogenous results across medal levels. Generally, award-winning wines command higher prices.
This research project aims to comprehensively assess the economic implications of awards and certifications on the pricing dynamics of Swiss wines, with a specific focus on Swiss wines. Thanks to the exploration of distribution channels including retail, hospitality (HoReCa), and particularly for direct sales, the study seeks to identify the most influential awards and certifications shaping prices within the context of the Swiss wine market.

Over the past two decades, the Swiss wine market has experienced substantial expansion, driven by an influx of new customers resulting in an increased demand for fine wines. This surge in demand coincides with the emergence of several wine-growing regions from relative anonymity, gaining recognition for their quality. Despite this growth, the literature on wine pricing predominantly focuses on renowned regions like Bordeaux and Burgundy, leaving a gap in understanding the pricing determinants in lesser-known markets like the Swiss market in our case. Simultaneously, dedicated academic literature has evolved, emphasizing the complex nature of wine as more than a simple good but rather an experience good with a strong cultural dimension. Existing literature suggests that quality, reputation, and status play pivotal roles in explaining wine prices, with natural linkages between these dimensions. The perceivable quality measured through various means serves as the primary driver and starting point to the establishment of reputation. Despite this, the lack of research on pricing determinants in countries with limited data access, like Switzerland, remains a challenge.

This research addresses these gaps by focusing on Switzerland, particularly the Vaud region, offering an excellent opportunity for investigating the determinants of wine prices through awards and certifications. Unlike larger wine-producing regions, Swiss wineries, predominantly family-run, face challenges in establishing individual reputations. The study contributes by demonstrating that readily observable variables related to grape varietals, winemaking techniques, and differentiation attributes explain a substantial part of Swiss wine prices.

The study is initiated with a thorough literature review, the focus extends to consumer willingness to pay in the Swiss wine industry and the underlying determinants of pricing. Subsequently, a robust "direct-sale" price database is meticulously constructed in the framework of the study, drawing from a representative sample of 150 viticultural enterprises in the Vaud region. This sample, representing approximately 400 Vaud wineries, ensures a 5% margin of error at a 90% significance threshold (the bulk wine trade market is excluded from the study). Employing econometric methods such as hedonic regression, difference-in-differences, and the Propensity Match Score, we aim to estimate statistically significant influences on the selling prices of Swiss wines. These proven methods, as demonstrated by Masset et al. (2022) and Mondoux (2022), ensure the reliability and robustness of our results. The economic models consider a lot of different variables, including awards and certifications like Terravin and Mondial du Chasselas, participation in various competitions and certifications (Bio, Terravins, Medailles, etc), Wine Advocate (Parker) ratings by vintage and include also intrinsic wine characteristics such as the vintage, wine types, volume, grape varieties, etc. Additional data, such as lists of competitions and certifications, further enrich our understanding of the intricate market dynamics.

Furthermore, the research project aims to gauge consumer reactions to these awards and certifications through qualitative interviews with wine producers and focus groups involving consumers. By integrating different departments from HES-SO University of Applied Sciences and Arts Western Switzerland of Changins, diverse competencies are integrated into this process. Therefore, the study encompasses quantitative aspects through a comprehensive database and econometric methods, with a qualitative analysis of sensory aspects through discussions with consumer panels. In conclusion, this study seeks to build upon the foundation laid by prior research, with a specific focus on the economic impact of awards and certifications in the Swiss wine market. Through the inclusion of diverse datasets, rigorous application of econometric methods, and a holistic approach to understanding market dynamics, the research aims to contribute valuable insights to the pricing of wine and the influence of awards and certifications for producers and reduce the asymmetric information engendered by them.

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