# Title
Critics, Consumers and Claret: A Hedonic Analysis of Expert and Crowdsourced Reviews in Bordeaux Wine Pricing

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### Keywords
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### Research Question
How do expert and consumer ratings differentially influence the pricing of Bordeaux wines, both during the en primeur campaign and in current markets?

### Methods
This study employs a mixed-effects model within a hedonic pricing framework to analyse the impacts of critic and consumer ratings on wine prices. Sensitivity analyses and robustness checks are performed.

### Results
Critic scores are expected to have a positive but diminishing effect on Bordeaux prices over time, with consumer ratings exerting a greater relative impact on current market prices.

### Abstract
For experience goods like wine, which are challenging to evaluate before consumption, product ratings are essential in alleviating information asymmetries. Traditionally, critics have dominated the sphere of wine evaluation, wielding significant influence on prices and shaping market perceptions. However, the emergence of crowdsourcing platforms such as Vivino and Cellar Tracker has marked a significant shift in wine evaluation, and consumer ratings have become an increasingly relevant quality signal. While previous studies have explored the impact of either professional critics scores or consumer ratings on wine prices, there is a paucity of research comparing their relative influence on prices. Addressing this gap, the study aims to provide a nuanced understanding of the interplay between expert opinions and consumer perceptions in wine valuation. This investigation forms part of an undergraduate dissertation project, with completion expected by April 2024.

The unique structure of the Bordeaux en-primeur campaign, characterised by its two-tranche release and pricing system, provides an ideal environment to isolate the influence of critics. The study utilises a comprehensive dataset encompassing Left Bank Bordeaux wines from the 1855 classification, spanning the 2004 to 2020 vintages. This dataset includes en primeur prices, current market prices, aggregated critic scores, and consumer ratings from the platforms Vivino and Cellar Tracker. Additionally, it incorporates vintage-quality indicators and classification status as control variables, allowing for a comprehensive analysis of factors influencing wine prices across both market contexts. A composite critic score is utilised to analyse the aggregate effect experts exert on wine pricing. This approach captures the overall impact of critic evaluations while simultaneously minimising potential biases.
associated with individual critics. Moreover, acknowledging the distinct user demographics of Cellar Tracker and Vivino - the former catering to wine enthusiasts and the latter appealing to the more casual wine drinker – audience scores are examined both individually and as an aggregated consumer ranking.

This investigation addresses two central hypotheses. The first examines the evolving impact of critic scores from the en primeur campaign to the present market, hypothesising a decrease in their relative influence. This posits a dynamic shift in power away from expert opinion as additional credible information becomes available over time. The second hypothesis explores the impact of consumer ratings in current markets, suggesting they may exert a greater influence than critic scores. This is motivated by the growing significance of consumer-generated content on digital platforms in guiding current market prices. Consistent with previous literature, this analysis employs a series of hedonic price specifications tailored to the context of Bordeaux wines. This study employs a mixed-effects model within the hedonic pricing framework to analyze the impacts of critic and consumer ratings on Bordeaux wine prices. This approach considers both fixed attributes, such as chateau classification and reputation, along with variable factors like vintage specific conditions. A series of robustness checks and sensitivity analyses based on alternate sample specifications are utilised to validate the conclusions drawn from the hedonic price function estimates.

Consumer ratings are expected to demonstrate a greater impact on current market prices than critic scores. Additionally, the relative influence of critic scores on wine prices is expected to diminish following the release of the second tranche. This shift reflects the evolving landscape of wine evaluation, where digital platforms are altering the traditional dominance of expert opinion, offering a more democratised perspective on wine quality. By juxtaposing expert and consumer ratings, this study illuminates the evolving dynamics of wine valuation in the digital age, offering insights into how traditional and modern forms of quality assessment interact. This has broader implications for the economics of experience goods, where information asymmetry is a key concern. Moreover, this research enriches the academic discourse on the role of digital platforms in transforming consumer behaviour and market perception in traditional industries, thereby contributing to the broader field of information economics.

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