
Introduction: Why wine has become a popular topic in the economics and business literature?

Jean-Marie Cardebat*

Bordeaux University (LAREFI) and INSEEC,
Larefi, Ave Léon Duguit,
33608 Pessac, France
Email: jean-marie.cardebat@u-bordeaux.fr
*Corresponding author

Olivier Gergaud

KEDGE Business School and LIEPP, Sciences Po,
680, Cours de la Libération,
33405 Talence Cedex, France
Email: olivier.gergaud@kedgebs.com

Biographical notes: Jean-Marie Cardebat holds a PhD in International Economics in 2000. He is a Full Professor of Economics at Bordeaux University. He is the Creator of the Bordeaux Wine Economics Research Group, member of the Scientific Institute of Wine and Vineyard (ISVV) and of the American Association of Wine Economists (AAWE). He began a long term work with wine professionals for a better understanding of the wine market particularities. Since 2014, he has started the direction of two PhD thesis in the wine economics field. His scientific publications deal with three main fields: wine economics but also with international economics and sustainable economics.

Olivier Gergaud is a Professor of Economics at KEDGE Business School (Bordeaux Campus). He received his PhD from the University of Reims in 2000 and an accreditation to supervise research from Sciences-Po Paris in 2009. His research areas are cultural economics, wine economics, sports economics, economics of pro-social behaviour and restaurants economics. He has been visiting different European (Sciences Po Paris, Université Libre de Bruxelles) and North American universities (NYU, UCLA, HEC Montréal). He has published several papers in journals like *Economic Journal*, *Economic Inquiry*, *Journal of Portfolio Management*, *Family Business Review*, *Journal of Wine Economics* and *Journal of Cultural Economics*.

The number of publications about wine in the economic and business literatures has been growing at a very fast rate during the 2000s (Storchmann, 2012). The creation of two important academic journals dealing with either wine economics or wine business topics has contributed to the recognition and promotion of this field.¹ The goal of this special issue is to boost the number of publications on a series of challenging topics related to wine. An interesting question is why wine has become an object of research in its own right within the economic and business literature? There are probably a number of reasons for this strong appeal. The likeliest explanation is the distinctive nature of the product which is the basis of his 'typicity' plus the wide array of topics, fields it

embraces within the economics and business literature. Wine is indeed exceptionally multifaceted; it is a consumer good, an agricultural commodity, a collectible and even an alternative investment vehicle. This special issue provides an interesting overview of these different approaches and covers the most debated topics in the field.

One of the major topics explored in this special issue is wine complexity. The production of wine is frequently associated with the notion of passion and harbours a very particular relationship with time. Wine production and consumption are closely linked to the passage of time. Wine has its climax at tasting time, this varying greatly according to the type of wine (colour, grape variety, winemaking process, weather during the year of harvesting, etc.). In their article entitled 'How can a wine grower articulate the different types of time: the time of the weather, the economic time, and the human time?', Mireille Barthod-Prothade, Christelle Muller and H el ene Cristini show that the ability to articulate these different time types is an important skill which deserves a monetary reward. The human investment in wine production can indeed be very substantial and time-consuming, especially for small-scale organisations. Steve Charters, Beth Walker and Alan Brown point out that like in many other countries, the Australian wine industry is dominated by small and medium firms. They show how passion combines with more traditional sources of motivation such as profit or the wish for business success. Such a combination can be complex and evolves over time, producing a mosaic of different incentives for winery managers. These two papers are both interview-based but each, in different ways, reveals the complexity of wine, as well as its singular dimension when compared to other consumer goods.

But producers are not the sole players concerned by the complexity of this atypical product which is wine. Wine is generally regarded by economists as an experience good, even a credence good which means that one discovers its characteristics (or not) once it has been consumed. Indeed, we discover some of a wine's characteristics such as its aromas, its acidity, etc. after having tasted it while others, like the respect for the environment, will remain unknown even after consumption if there is no specific signal to this end. It is generally said that information is asymmetrically distributed between consumers and producers who, by definition, know the product far better. Consumers therefore have to take decisions in conditions which are sometimes difficult as they are based upon incomplete information about the products available. They sometimes have only the content of the label to their disposal which is most of the time of very limited help. In an article by Renaud Lunardo and Florine Livat, 'Congruency between colour and shape of the front labels of wine: effects on fluency and aroma and quality perceptions', you will learn how consumers can be sensitive both to the shape and the simple colour of the label. Their experience showed, in particular, how consumers considered a wine to be of higher quality and with better aromas when they perceived the shape and colour of the label as fluent.

In a different article, based upon survey data from 891 wine consumers interviewed in six Chinese cities, Ping Lei and Alain Jolibert analyse the factors influencing their choice. These factors are quite varied, ranging from the information available from the label, the price, the main characteristics of the store, the location where the consumer purchased the wine, the geographical origin of the consumer, his/her self-assessed level of expertise and income. The results show interestingly that the price of a wine has an indirect rather than a direct impact on the consumers' choice and only when consumers were under positive emotional state during the purchase occasion.

This singularity is also illustrated by the fact that since the mid-2000s, wine has established itself as an alternative financial asset. Indeed, different financial indices dedicated to wine (Liv-ex, Idealwine, etc.) have attested a significant rise in fine-wine prices over the last 15 years. Moreover, this price dynamic had little or no correlation with the price of traditional financial assets. Therefore, fine wines have regularly been considered in the literature as an interesting alternative source of investment for two reasons: in terms of return as well as in terms of portfolio diversification. Jean-Philippe Weisskopf and Philippe Masset show however in their article 'A study of the performance of fine wine on the Swiss market' that the performance of fine wines cannot be generalised. On the basis of Swiss auction data, they inform us that during the 2002 to 2012 period, high returns were the privilege of Bordeaux and Burgundy wines only. The returns reported for portfolios of wines coming from other regions are more disappointing. Eric Le Fur, Hachmi Ben Ameer, Eric Braune and Benoit Faye analyse the price dynamics of wine. In their article 'Financial market contagion and fine wines: the evidence of the ADCC GARCH model', they detect very different contagion effects between traditional financial indices and fine-wine price indices over the period 2003 to 2014. Interestingly, we learn that not all wines are equally affected by these contagion effects.

Another dimension which makes wine an attractive object for scholars in the social sciences is that today wine markets are global markets. According to some statistics from the Organisation Internationale du Vin (OIV), the USA has become the largest wine market in terms of consumption in the world, while China now is the largest consumer of red wines and is becoming a key player on the supply side as well. Wine has become global!

Some winery managers have already embraced this global dimension. In their article 'International entrepreneurship, export planning and export performance: evidence from a sample of winemaking SMEs', Léo-Paul Dana, Roberto Grandinetti and Michela C. Mason show that the relationship with globalisation varies from manager to manager. If some choose to become global from the beginning, others start globalising their production later. The authors also link international entrepreneurship to export performance. Based upon a sample of French wineries, Ludivine Duval, Carole Maurel and Jean-Laurent Viviani also underline this link between international outlook and experience and export performance in their article 'Analysis of the determinants of export modes used by French wine businesses'. Nevertheless, they also point out the role of technical factors such as company size, the type of supply chain chosen or the export markets considered.

Last but not least you will discover the very special and highly complex ties existing between certain traditional economic agents in the winemaking industry with the article by Julien Cadot, Adeline Alonso Ugaglia, Bernard Bonnefous and Bernard Del'homme, 'The horizon problem in Bordeaux wine cooperatives'. The authors provide an interesting explanation of how the revenue level of cooperative members and the speed at which cooperatives decide to renew their assets depend on the nature of the contractual relationship between the principal and the agent (classical form, union or vertical integration).

References

Storchmann, K. (2012) 'Wine economics', *Journal of Wine Economics*, Vol. 7, No. 1, pp.1–33.

Notes

- 1 See in particular the *Journal of Wine Economics* launched in 2006 or the *International Journal of Wine Business Research* created in 2007 to replace the *International Journal of Wine Marketing* created in 1989.