



**The country-of-origin effect of base wine in sparkling wines:
do findings differ between compositional and decompositional methods?**

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When one thinks on Champagne there is no doubt: the base wine of Champagne is grown and vinified in the Champagne where also the second fermentation takes place. Is it always that evident or are there any asymmetric information regarding the origin of base wine in sparkling wines?

The Germans with a per capita consumption of 4.8 litres are world champions in drinking of sparkling wine. But they are almost the only ones in the whole world that produce more than 80 percent of these sparkling wines from a so called Euro-Cuvees, that is wine that's origin is limited on the European Community that can be blended between the different countries of origin before second fermentation.

As the European legislator treats sparkling wine as a processed good the origin of a sparkling wine is defined by its place of production, the second fermentation, and not by the geographic origin of the grapes. Therefore there is no obligation to mention the origin of the wine on the label of the sparkling wine. The interesting question is: would the origin of the base wine play any role in the consumption behaviour if it consumers knew about it. And if yes, which are the market segments that regard the country of origin of the base wine as import and have a positive willingness to pay for German origin. What would be the total change of demand in the market?

The data come from two Germany wide consumer surveys: an internet questionnaire (n= 745) and a paper questionnaire in Berlin (n=200). To avoid demand effects of social desirable behaviour respondents did only know beforehand that it was a survey about wine and sparkling wine. Two contrary methods that's pros and cons have been intensively debated in social sciences were used to model the country-of-origin effect:

- 1) Conjoint measurement as a decompositional method: the respondent had to sort by preference 12 sparkling wines with different characteristics of the attributes of interest (brand, taste, method of fermentation, vine variety, and country of origin of the base wine).
- 2) Theory of reasoned action (TORA) by Fishbein/Ajzen (1975) implies that respondents rate every relevant characteristic of the sparkling wine. TORA will be tested by structural equation modelling that allows testing for impact of country of origin as a halo or a summary construct.

The paper presents the results of every method and discusses their differences. Implications for the impacts of a change of the law of sparkling wine denomination and marketing strategies for producers of sparkling wines are discussed.