



Health Information: Does it Make a Difference to Wine Choice?

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This paper describes applied econometric research that tests the commonly-held hypothesis that information change concerning the relative health benefits of consuming red and white wine caused a switch in preferences from white wine to red wine. A significant effect of health information change on consumer choice of red versus white wine is estimated. Approximately one half of the change in demand over the period 1991 to 1998 in Ontario, Canada is estimated to have been caused by a combination of the ageing of the post war “baby boom” generation and the change in health information provided by newspapers. The results are based on the following:

- Measurement of the flow of new information about the health impact of consuming wine;
- Development of *Health Information Indicators* for *All Wine* and for *Red Wine* based on the measured health information flow; and,
- Estimation of the impact of health information change on consumption of four wine types (red and white domestic and imported wines) using a two-stage translog demand model for wine that incorporates the *Health Information Indicators*.

The approach to measuring information change developed here is novel; however, it is an extension of the method used by others who have previously developed proxy variables for the quantity of health information change based on counts of articles. The new method involves scoring the flow of information. The score reflects both the quantity and the quality of the information provided.

This paper provides evidence to support the widely-held belief is that red has been substituted for white wine due to increasing evidence that red wine provides cardiovascular health benefits. Although there seem to have been many reports linking red wine consumption to better health and it may seem like an obvious cause and effect situation, until now, there has been no significant empirical evidence to support the claim.