

ABSTRACT

Has the Expert Opinion any Influence on the Bordeaux “Primeur” Prices ?

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The objective of this paper is to investigate the idea that “primeur” prices might be “parkerised” in the market for Bordeaux *grands crus*, or more precisely that the experts' opinion might be used by producers to signal quality through prices.

There is some analogy between the “primeur” trading of *grands crus* and Akerlof (1970)'s market for lemons: the low-quality wine sells at the same price as the high-quality wine since it is impossible for a buyer to tell the difference between a high and a low quality. Nevertheless, some oenologists sample the wine to value quality and the buyers rely on these experts' advice to make their purchase decisions. The wine that is tasted by experts at the beginning of the production process is not the same picture as the wine that is delivered in bottle two years later. I analyze the role of the experts' opinion from an economic viewpoint, in two different settings. In the first setting, I consider that experts are liable to make mistakes in predicting quality. I modify this assumption in the second setting by considering that tasting allows experts to perfectly identify quality but there is only a fraction of buyers who take their opinion into account.

In the model with fallible experts, signaling quality through price is impossible when the experts are never unanimous on quality. However, I show that the château can set informative prices, provided that the experts are unanimous when quality is high, regardless of whether they are right or wrong.

In the model with infallible experts, the presence of informed consumers enables prices to signal quality because it lowers the cost of pricing when quality is higher.