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A Dynamic Analysis of Regional and Producer Reputation for California Wine

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Abstract:

We hypothesize that quality signals improve over time with the quality performance of a wine producer, and that spillovers will affect other producers within the same region. For this purpose, we estimate a hedonic pricing model for premium California wine. Data source is the annual publication "California Wine Winners" accumulated over the judging years 1990-2001. Quality indicators for 19,583 wines are medals awarded during nine annual wine competitions, variety, regional origin, judging age as well as derived producer (brand) and regional reputation indicators. The data confirms that a wine's price is related to its own quality and to producer/regional reputation for quality.

Key words: wine, consumer economics, regional and producer reputation

JEL codes: L66, D83, Q18

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