



Do the Scandinavian consumers pay a ‘fair’ price for German white wines?

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Abstract

The aim of this paper is to analyse the retail prices of German white wines sold in the Scandinavian countries. German white wines account for approximately 5-6 per cent of the total sale of wines – both red and white wines - in Denmark, Norway and Sweden. However, the market shares of German wines in Scandinavia have been declining for a number of years. Diminishing market shares may reflect changes in consumer tastes or simply ‘wrong’ prices, the latter related to both the level of wine prices (German wines being relatively expensive) and the structure of wine prices. In general, country-specific price differences for identical wines are expected to be a sign of differences in taxes, import prices, transportation costs as well as other costs - and also different competitive conditions at the retail level in the respective countries. Differences in wine prices across countries do not always reflect the abovementioned factors, see Bentzen & Smith (2004). Therefore, the purpose of the present paper is to analyse further the relationship between the prices of German white wines in the Scandinavian countries and the prices in the country of production (Germany). Wine prices announced by the producers are assumed to reflect the basic quality of the wines and consequently to represent the ‘true’ price structure. Comparing these prices with retail prices for identical wines in the consuming countries, the paper addresses questions related to the level of wine prices as well as the logic of the relative prices on German wines sold in Denmark, Norway and Sweden. The paper deals with the question whether the Scandinavian consumers pay the ‘true’ prices for German white wines, i.e. do the prices in Scandinavia reflect the basic structure of wine prices in Germany, assuming that the latter in some sense reflects the true attributes (quality etc.) of the wines.