

MARKET EVALUATION OF SPANISH RED QUALITY WINE ATTRIBUTES{PRIVATE }

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The Spanish wine market is becoming more and more saturated. Total wine consumption has decreased while beer consumption has increased in the past few years. In spite of this general trend, only quality wine has experienced a noticeable increase. Moreover, Spanish wine companies are undertaken great efforts to differentiate their quality wines using two different strategies. Firstly, they try to promote which is called "denomination of origin" wine, produced in a specific area and, secondly, to expand their own brand names.

Wine, is a highly differentiated product, sold and purchased at prices which vary over an extremely wide range, although it is produced and consumed under relatively competitive conditions. Consumers are willing to buy some specific wine regardless the price because of their higher consideration of some other important wine attributes such as prestige, quality, regional origin, grape vintage, taste or grade. The decision to buy a wine depends highly on wine characteristics or attributes and the price paid by consumers depends also on the recognition of those attributes.

The aim of the paper is to identify and determine market values for wine attributes which make up the product to be considered in higher recognition and bought at market prices. Consumers evaluation of wine attributes have important implications for long-term investment decisions of producers, purchasing decisions of retailers and wine marketing campaigns design. The determination of market values of wine attributes is undertaken through the estimation of a hedonic price function, which relates the price of a bottle of wine to its various attributes.

Spanish red quality wine is evaluated and retail price of a bottle is the dependent variables. Wine attributes are: region of production, brand, grape vintage, grape variety and expert quality ratings, which are published in wine catalogue books. Results indicate that origin and grape vintage are the main market price determinants and they are the higher evaluated attributes in the Spanish red quality wine market. However, grape variety and expert quality ratings are not significantly correlated with prices which means that Spanish consumers do not assess wine expert opinions and they do not take into account grape varieties. Therefore, wine producers must focus their promotion activities towards regional differentiation instead of focusing on own brands loyalty.

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