

Wine Quality and Varietal, Regional and Winery Reputations: Hedonic Prices for Australia and New Zealand

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ABSTRACT

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We estimate hedonic price functions for premium wine from Australia and New Zealand, differentiating implicit prices for sensory quality ratings, wine varieties, and regional as well as winery brand reputations over the vintages 1992 to 2000. For Australia, the results suggest regional reputations in general are becoming increasingly significant through time, indicating an intensifying regional quality differentiation. As well, some specific cool-climate regions (e.g. Adelaide Hills, Mornington Peninsula and Tasmania) are becoming increasingly preferred over other regions. Price premiums based on brand reputation also are shown to be significant. For New Zealand, regional quality differentiation is considerably less significant than is the case in Australia, which raises the question as to why. (Is there scope for more regional promotion there?) In each country, price premia associated with both James Halliday's and *Winestate* magazine's sensory quality ratings, and with Halliday's winery ratings and classis wine designations, are highly significant.

Key words: Wine quality, regional reputation, brand reputation, hedonic pricing

JEL codes: C50, D12, Q13

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