

Introduction to the Issue

This issue of the *Journal of Wine Economics* begins with “Modeling Global Wine Markets to 2018: Exchange Rates, Taste Changes, and China’s Import Growth” by Kym Anderson and Glyn Wittwer. Their analysis employs an econometric model based on 2007–2011 data, to forecast a range of likely global wine market scenarios for the next five years. The authors compute a range of alternative simulations for different real exchange and economic growth rates. In addition to finding a continuing trend toward premium wines, all scenarios also suggest that “China’s place in global wine markets is likely to become increasingly more prominent. . . . Not all segments of the industry are projected to benefit, with non-premium producers facing falling prices if demand for their product continues to dwindle as projected above. But those exporting firms willing to invest sufficiently in building relationships with their Chinese importer/distributor – or in going into grape growing or wine making within China, may well enjoy long-term benefits from such investments.”

With the second paper in this issue, we launch a new feature. “Red Wines of Médoc: What is Wine Tasting Worth?” by Victor Ginsburgh, Muriel Monzak, and Andras Monzak was written in 1992, but had never been published; nevertheless, according to Google Scholar, it had been cited numerous times and become a “classic in wine economics.” We are now making this paper available to our audience. Ginsburgh et al. analyze Bordeaux wine prices by referring to weather data, production technologies, characteristics of the vineyards and the 1855 classification. These variables together explain more than 85% of the wines’ price variation. The authors compare the explanatory value of these fundamentals with the value of wine expert ratings. They find that “the 1855 classification conveys more information than the ratings of wine specialists who, anyway, keep contradicting each other.” In the future, we plan to identify more such lost treasures and publish them in upcoming issues of the *Journal of Wine Economics*.

In the third paper in this issue, “Reversals in Wine Auction Prices,” Ginette McManus, Rajneesh Sharma, and Ahmet Tezel examine wine price reversals after strong increases and declines. Drawing on auction data from *The Chicago Wine Company*, they find that wine auction price increases after strong price drops are more significant and stronger than price decreases after price hikes.

Next, Paul Amadieu, Carole Maurel, and Jean-Laurent Viviani examine the impact of firm investment in intangibles, such as brand development or marketing

research, on firm risk and profit. In their paper, “Intangibles, Export Intensity, and Company Performance in the French Wine Industry,” they find that intangible investment is especially conducive to export-intensive firms.

Finally, in “Is There Consensus Among Wine Quality Ratings of Prominent Critics? An Empirical Analysis of Red Bordeaux, 2004–2010,” Robert Ashton analyzes the level of agreement among the wine quality ratings of six prominent wine critics for seven consecutive vintages of red wines from Bordeaux. While many pair wise correlations are comparatively high, Ashton finds little agreement between (our board member) Jancis Robinson and Robert Parker.