

# Top 10 Impacts of Wine Listicles on Market Prices

---

Richard B. Belzer

American Association of Wine Economists  
11th Annual Conference  
Padua, Italy  
June 30, 2017

# A Listicle of Wine Listicles

---

- ① [Wine Spectator Top 100](#)
- ① [The Enthusiast 100](#)
- ① James Suckling
  - [Top 100 Wines](#)
  - [Top 100 Bordeaux](#)
  - [Top 100 Reds of Napa Valley](#)
  - [Top 100 Italian Wines](#)
  - [Top 100 Wines of the Andes](#)
  - [Top 25 Brunello di Montalcino](#)
  - [50 Best Value Wines Under \\$50](#)

# Why Wine Listicles?

---

## Value to creators

- Clicks
- Advertising revenue
- Magazine sales
- Profits

## 🎯 Value to producers and retailers

- Buzz
  - Sales
  - Profits
  - Prices
-

# WS100 Provides Best Test

---

- ① Most prominent wine listicle
- ① Most promoted at retail
- ① No significant price effects here likely means no significant price effects anywhere

# This Paper

---

- ① Do prices of WS100 wines increase after publication?
  - $H_0$ : No effect
  - $H_A$ : Positive effect if unexpectedly favorable
  - $H_B$ : Negative effect if unexpectedly unfavorable
- ① Method
  - WS Top 100 (2016)
  - Event analysis



**MODEL**



# Dependent Variable

---

$$\text{MaxWSPChange}\% = \left( \frac{\text{Max } WSP_{1 \text{ to } 5}^t}{WSP^0} \right),$$

where:

$$WSP^0 = WSP1016,$$

$$WSP^1 = WSP1116,$$

$$WSP^2 = WSP1216,$$

$$WSP^3 = WSP0117,$$

$$WSP^4 = WSP0217, \text{ and}$$

$$WSP^5 = WSP0317.$$

# Alternative Versions of the Target Variable

---

$WSR = WS100 \text{ rank } (1 - 100),$

$WSR10 = WS100 \text{ top } 10 \text{ (dummy),}$

$WSR1 = WS100 \text{ (rank = 1), and}$

$WSR5 = WS100 \text{ (rank = 5).}$



# Control Variables

---

$WSR95 + = WSR \geq 95$  ('classic')

$UNDER = WSRP < WSP1016$  (dummy)

$OVER = WSRS > WSP1016$  (dummy)

$\ln KCases = \ln$  (Kcases made or imported)

$\ln WSP1016 = \ln$  (pre-pub avg market price)

$\ln QPR = \ln$  ( $WSR \div WSRP$ )



# RESULTS



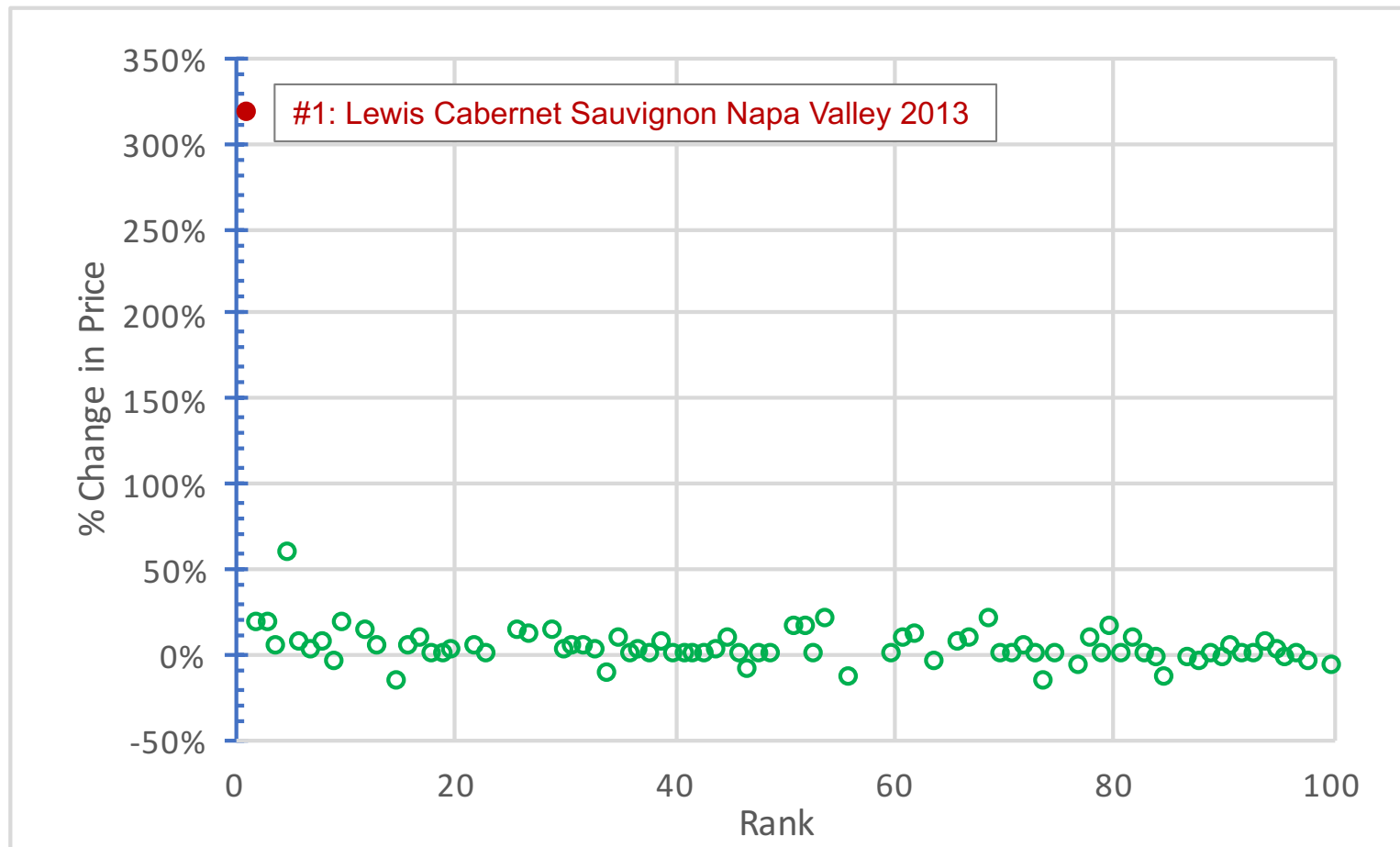
# OLS Regression

---

Variable	Coefficient	SE	t	p
Intercept	0.157			
WSR1	3.715	0.073	50.786	< 0.00001
WSR5	0.097	0.015	6.666	< 0.00001
lnWSP1016	-0.030	0.010	-2.989	0.00372
WSR10	0.062	0.027	2.282	0.02514
R <sup>2</sup>	0.974			
Adj R <sup>2</sup>	0.972			

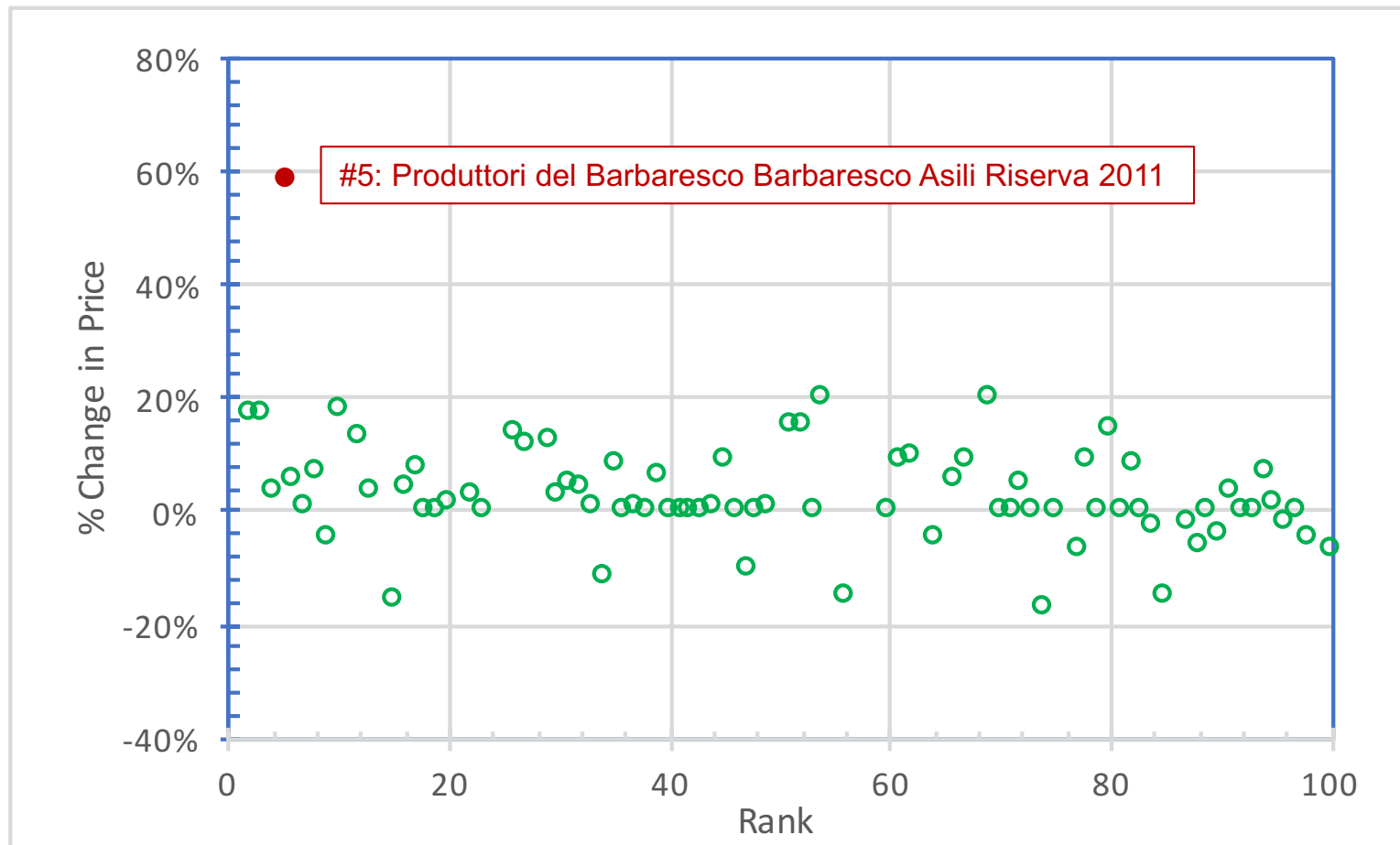
# Is the #1-Ranked Wine an Outlier?

---



# Is the #5-Ranked Wine an Outlier?

---



---

# CONCLUSIONS

---

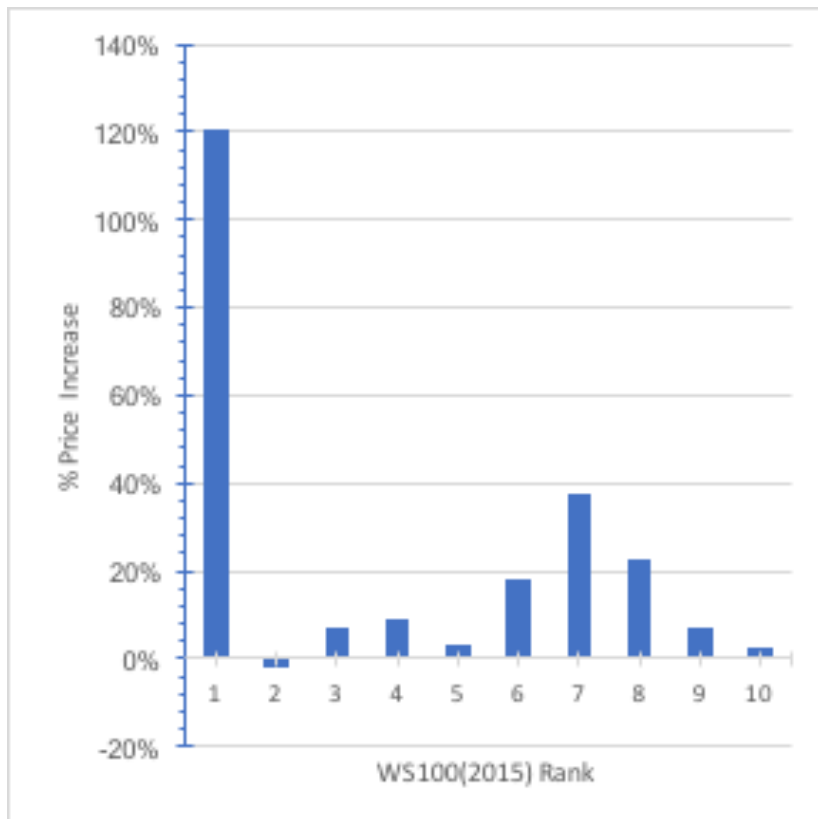
# It's good to be in the Top 10, and even better to be the top-ranked wine

---

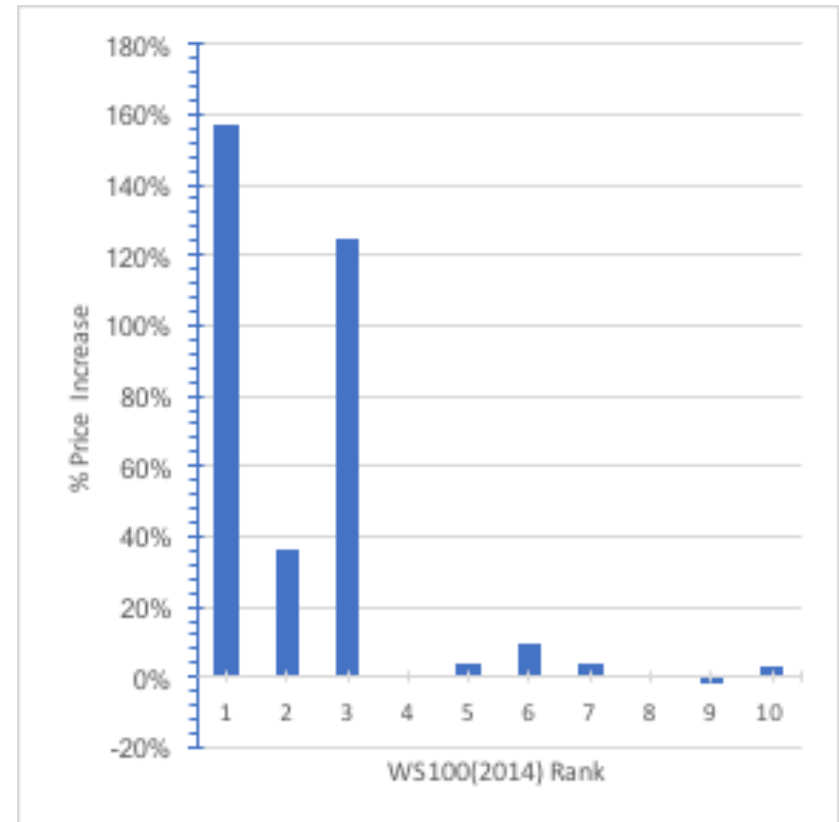
WS100 Rank	Price Increase Post-Publication
Top 10	6%
#5	16%
#1	380%

# It's good to be in the Top 10, regardless of the year

Max Price Increase (2015)



Max Price Increase (2014)





# Next Steps

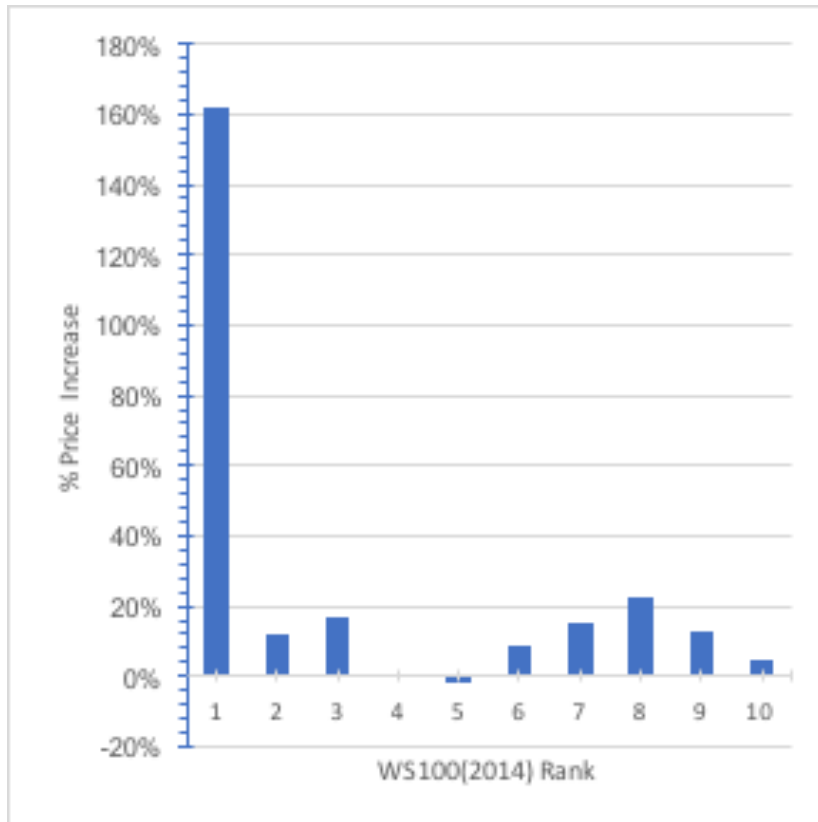
---

- ① Rapidly diminishing returns to additional research on this point
- ① Questions that might be worth investigating
  - Does the apparent price effect of #1 ranking carry over to the producer's future wines?
  - Are pre-emptive price increases unexpectedly common?

# It's good to be in the Top 10, regardless of the year

---

Max Price Increase (2013)



Max Price Increase (2012)

