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Introduction to the Issue

This issue of the *Journal of Wine Economics* contains two experimental economics articles that employ deceptive methods to learn about consumer decisions and choices. However, experimental economists have long deemed the deception of participants counterproductive. Once deceived, a subject might lose trust in the framework of future experiments, which may impede informed choices. To avoid the erosion of a reliable participant pool, most economic journals impose a *de facto* ban on articles that draw on deceptive methods.

Before we decided to publish the articles in question, we consulted with David J. Cooper, the editor-in-chief (together with Jacob Goeree) of *Experimental Economics*, the official journal of the Economic Science Association. Given that the two JWE experimental articles are not egregious cases and JWE is a journal that does not feature many experiments, Dr. Cooper did not object to publication on grounds of their employment of deceptive methods. However, since many of our authors are not aware of the deception issue, we invited Dr. Cooper to view this as an opportunity for education and briefly discuss why deception is normally prohibited and why might it be acceptable in this case. His thoughts are titled "A Note on Deception in Economic Experiments."

In "Strategic Implications of the Relationship Between Price and Willingness to Pay: Evidence from a Wine-Tasting Experiment," Geoffrey Lewis and Tatiana Zalan examine the relationship between price and willingness to pay (WTP) for wines by conducting a wine-tasting experiment with manipulated prices, i.e., the same wines were presented at different prices. They find that for non-expert wine consumers, (1) there is no relationship between intrinsic wine character and enjoyment, and (2) price positively influences both wine appreciation and especially WTP. The mutual interdependence between price and WTP may suggest various strategic implications for the wine industry.

The second experimental article, "Price as a Signal of Product Quality: Some Experimental Evidence" by Giovanni Mastrobuoni, Franco Peracchi and Aleksey Tetenov, draws on experimental data to disentangle the signaling and budgetary effects of price on wine demand. Subjects had to state their demand for wines of various objective quality levels, randomly assigned prices and various landscape pictures that were shown with the wine. The authors find a strong signaling effect of price for lower-priced wines. In contrast, for higher-priced wines the budgetary effect dominates.

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The third research article of this issue is by Aaron Anderson, Catherine A. Lindell, William F. Siemer, and Stephanie A. Shwiff and is titled "The Welfare Impacts of Bird Damage and Its Control in California Wine Grape Production." The authors draw on data from a recent survey of California growers and develop a partial equilibrium model to examine the welfare impacts of bird damage and its control in California wine grape production. Their results suggest that "eliminating the threat of bird damage and control costs results in an increase in producer and consumer surplus of 1.3% and 3%, respectively. Furthermore, eliminating current bird control and allowing any resulting damage would decrease producer and consumer surplus by 6.6% and 11.5%, respectively."

In "Wine as an Experience Good: Price Versus Enjoyment in Blind Tastings of Expensive and Inexpensive Wines," Robert Ashton analyzes the relationship between wine price and perceived quality. Specifically, he examines the robustness of Goldstein et al.'s (2008) finding that in blind tastings, average wine drinkers consider less expensive wines to taste better than more expensive wines. In line with Goldstein et al. (2008) and drawing on data from four blind tastings of 2006 red Bordeaux and 2009 white Burgundy with a price range of $20–$119, he finds no relationship between price and enjoyment in three tastings; the relationship for the fourth tasting was negative.

Jason Franken studies the "Coordination of the California Winegrape Supply Chain." In particular, Franken examines the use of formal and informal contracts between wineries and their customers. He finds that quality considerations and the need to protect investments in specialized or durable assets significantly increase the usage of more formal coordination mechanisms like formal contracts and vertical integration or ownership.

In "Quantifying Randomness Versus Consensus in Wine Quality Ratings," Jing Cao extends the existing literature and examines the lack of consensus in wine quality ratings of wine judges. She develops a permutation-based mixed model to quantify randomness versus consensus in wine ratings. Using data from a major wine competition and employing a simulation study, her results suggest that wine ratings are characterized by a mixture of randomness and consensus.

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