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Introduction to the Issue

This issue of the *Journal of Wine Economics* opens with "Alcohol Consumption in the United States: Past, Present, and Future Trends" by James Fogarty and Derby Voon (Fogarty and Voon, 2018). The authors examine long-run changes in U.S. alcohol consumption patterns at the state level and present forecasts for per capita consumption of beer, wine, and spirits in 2022, employing ARIMA. They find that, for about 30 years beginning in the early 1970s, there was a clear trend towards increased convergence in both the level of consumption and the consumption mix among U.S. states for. However, since the early 2000s, the opposite has been true, and consumption levels have dispersed. The authors forecast a further increase in dispersion rather than convergence in per capita consumption. Although beer has been the dominant alcoholic beverage in most states, this dominance is likely to weaken. Per capita wine consumption is predicted to increase by 2022, but will not exceed a market share above 45%, measured in grams of ethanol, in any state.

Florine Livat and Hervé Remaud analyze "Factors Affecting Wine Price Mark-up in Restaurants" (Livat and Remaud, 2018). Drawing on 1,869 price observations from 267 restaurants they regress the percentage mark-ups on various wine and restaurant characteristics. They find that a sommelier's experience or having a sommelier at all does not influence a restaurant's wine price mark-up. Likewise, the regression results suggest that mark-ups decline with increasing (wholesale) price of the wine; expensive wines exhibit smaller mark-ups. In contrast, restaurant characteristics such as being associated with a hotel, high meal prices and various meal style characteristics all exert a positive effect on the mark-up.

In "Wine Cycles in South Africa," Nick Vink, Willem H. Boshoff, Johan Fourie, and Rossouw van Jaarsveld (Vink et al., 2018) shed some light on the economic history of the wine industry in South Africa. Drawing on several sources, the authors first construct a harmonized production time series starting in 1700. They then relate the various production cycles with cycles in real GDP per capita over the same period, matching it to the historical narrative. "In this regard, a 300-year annual data series of South African wine production explains the evolution not only of one of the largest agricultural sectors, but of the South African economy in general" (p. 182).

The fourth paper, entitled "Hoppiness Is Happiness? Under-fertilized Hop Treatments and Consumers' Willingness to Pay for Beer," by Gnel Gabrielyan, Thomas L. Marsh, Jill J. McCluskey, and Carolyn F. Ross (Gabrielyan et al.,

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2018) focuses on the effects that different nitrogen regimes have on the perceived quality of hops and its impact on the willingness of consumers to pay for beer in an experimental setting. Their research question is somewhat related to the *low yield–high quality* assumption (or myth) for wine. Similar to the findings of Matthews (2015) and Uzes and Skinkis (2016) for wine, Gabrielyan et al. do not find any negative correlation between hops yield and beer quality. "The results indicate that uninformed consumers in a blind tasting could identify the differences in beer made from hops across the fertilization treatments and, thus, implying that all else equal sufficient fertilizer is required to achieve satisfactory hoppiness for which consumers are willing to pay" (p. 160).

The last paper of this issue, authored by Kym Anderson and Kimie Harada (Anderson and Harada, 2018), examines "How Much Wine Is *Really* Produced and Consumed in China, Hong Kong, and Japan?" The authors find that production and consumption data in these countries are exaggerated for several reasons. First, imported bulk wine is often added to domestically produced wine without being declared on the label; similar issues arise from wine made from imported grape juice concentrate. Second, wine is often double-counted, that is, domestic wine produced in one region of the country may be blended with wine produced in another region, with both regions claiming it as their contribution to national production. Third, some smuggled wine re-exports and imports are unrecorded. Overall, the deviations between officially reported and calculated production data in both China and Japan are non-trivial, suggesting that "foreign suppliers may face considerably less competition in the Chinese and Japanese markets from local producers than official data imply" (p. 216).

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