Journal of Wine Economics, Volume 14, Number 1, 2019, Pages 1–2
doi:10.1017/jwe.2019.10

https://doi.org/10.1017/jwe.2019.10 Published online by Cambridge University Press

Introduction to the Issue

This issue of the *Journal of Wine Economics* opens with a paper by Anton Bekkerman and Gary W. Brester entitled "Don't Judge a Wine by Its Closure: Price Premiums for Corks in the U.S. Wine Market" (Bekkerman and Brester, 2019). The authors draw on more than 1 million weekly scanner-level prices for wines in the low- to mid-price bracket (under $30 per bottle) from grocery stores across ten U.S. markets between 2009 and 2012 and analyze whether cork closures yield a price premium over screw caps. Employing both pooled OLS and quantile regression their model suggests "that U.S. consumers are willing to pay, on average, approximately 8% more (about $1.00) for a bottle of wine that has a cork closure. In addition, we show that the size of this premium increases as wine prices decline" (p. 23).

"Why Do Distilleries Produce Multiple Ages of Whisky?" by Ian B. Page examines maturation strategies for single malt Scotch whisky (Page, 2019). In contrast to wine, which continues to mature in the bottle, whisky does not mature any further once it is bottled. Whisky distilleries entirely control the maturation process in the barrel and typically bottle portions of the same batch after different lengths of time. Page develops a theoretical model of imperfect competition in which the whisky's (maturing) age serves as distinguishing characteristic in a market of otherwise sufficiently close substitutes. He then empirically analyzes the determinants that affect product variety. He finds that (1) distillery capacity has only a small influence on the distiller's decision to produce whiskies of a particular age, (2) distilleries in the Speyside region are more competitive and produce similar products, (3) if two distilleries are owned by a parent company, they are less likely to produce whiskies that are close substitutes, and (4) if a distillery is owned by a parent company with multiple distilleries, it will likely have a smaller product line than otherwise.

In "Mitigating Choice Overload: An Experiment in the U.S. Beer Market" Trey Malone and Jayson L. Lusk examine whether choice overload exists in the craft beer market and, if so, how it can be overcome (Malone and Lusk, 2019). They draw on various experiments with a varied number of options and search cost-reducing nudges. In the control group, subjects were confronted with a 5-beer menu or an 18-beer menu from which they should choose either one beer or none. Choice overload was then measured as the difference in probabilities of not choosing any beer in the 18-beer menu compared to the 5-beer menu. The results suggest that only certain consumer groups (i.e., novelty seekers and unfamiliar beer drinkers) exhibit some (moderate) degree of choice overload. However, possible overload issues can be

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overcome with various mitigating variables, such as the introduction of specials or the provision of Beer Advocate scores.

Jean-Marie Cardebat and Jean-Marc Figuet analyze "The Impact of Exchange Rates on French Wine Exports" by employing a dynamic panel model (Cardebat and Figuet, 2019). They find a strong and significant effect of exchange rate changes on volume and value, which fall in response to Euro appreciations. The volume effects were more pronounced for bulk than for bottled wine; prices were less affected. When distinguishing regional exports, their model suggests that high-end wines from Burgundy and Bordeaux respond inversely. Here, Euro appreciations yield rising export volumes, particularly to the United States, China, and Japan, suggesting the presence of some degree of quality sorting.

In the last paper of this issue, Andrea Minuto Rizzo sheds some light on the "Competition Policy in the Wine Industry in Europe" (Rizzo, 2019). In recent years, several national and supranational European antitrust authorities intervened in the wine sector to authorize mergers and acquisitions, provide opinions to governments, and ascertain anticompetitive agreements. Rizzo analyzes these interventions in the context of an evolving regulatory framework. He discusses issues related to antitrust legislation and wine regulations, the definition of relevant markets, competition advocacy, and antitrust enforcement in relation to agreements among competitors, and refers to various examples from Spain, France, and Italy.

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