Wine as an Alternative Financial Asset: An Exploratory Study on Bordeaux Wines
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Abstract:
This article tries to characterize the wine market. The idea is whether these wines can represent assets credible alternative to traditional financial assets. We show that this trend is fashionable but it is probably premature. Indeed, the first part of our work shows that the analysis of actors and rules that govern this market, as well as the review of the academic literature, demonstrate the vagueness around this market: incomplete information, product heterogeneity, opacity of valuation rules. As many problems which confirm the efficiency absence in this market. In the second part, we prove this result empirically through a hedonic price analysis of the 5 first growths chateaux in Bordeaux (Haut-Brion, Lafitte Rothschild, Latour, Margaux, and Mouton Rothschild). Data are issued from 30 auction houses operating in six countries over the period from 2000 to 2012. We show notably that the place where the wines are exchanged significantly influences their prices. A systematic bias appears because the wines traded in Hong Kong are always more expensive. So, the market is not refereed. This reveals the inefficiency of the market and its immaturity. The fashion effect around the fine wines should not forget that this market is very shallow and unorganized which makes it more risky it appears under existing indices.

Keywords: wine, finance, alternative assets, hedonic prices
JEL Code: G11, G12, G14