Hedonic Prices for Rosé Wines in Italian Supermarkets

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The rosé wine market has increased in the last decade. In 2010, the rosé wines were about 8.5% of total world wine production (Fregoni, 2010). Europe produces about 3/4 of world production, mostly concentrated in France (30%), (21%) and Spain (18%); the Americas produces about the 23% of world production, especially in United States (18%).

The rosé wine production has been driven by a strong increase in consumption. Actually, the consumption of rosé wine is lower than other wines; notwithstanding, this market segment has reported a strong consumption growth at both Italian and international level.

At the end of 2000s, Italian sales of rosé wines grew by 6% in value and 5% in volume. An increase in quality of rosé wines has also been reported (Ismea, 2008) because of a shift from table to denomination of origin wines.

A survey carried out on Veneto Region (Boatto and Galletto, 2011) has depicted the shape of rosé wine consumer showing that the knowledge is fairly good (about 50% of people) often linked to some local or traditional sparkling rosé wines (eg. Rabosello, Lambrusco), the image of this wine is young and appreciated by young people, the consumption is seasonal or occasional and mostly people drink rosé wine at home.

The increase in consumption has been accomplished by a greater self space devoted to rosé wines in supermarkets. Actually, the consumption growth of rosé wines attracts retailers which are looking for high turnover products, i.e., rosé wines are replacing many red or white wines which sales are weak. Accordingly, strategies for rosé wines have been extended to a wide variety of attributes (quality, origin, bottle, label, etc.) generating a large price range.

This paper presents results from a hedonic price analysis aimed to analyze factors affecting the mechanism of price fixing for rosé wines in Italian supermarkets. A large literature using hedonic price functions to estimate the relationship between price and wine attributes generally supports the idea that the price is affected by characteristics that are available to consumers before purchasing (Nerlove 1995; Landon and Smith 1997; Combris et al. 2000; Angulo et. al., 2000; Oczkowski, 2001; Schamel and Anderson 2003; Lecocq and Visser, 2006; Couto and Rodrigues, 2007; Almenberg J. and Dreber A., 2011).

So far, few studies have been focused on specific market segments such as rosé wines. However, hedonic price analysis is focused on marketing strategies adopted by producers without considering any consumer decision process about price and/or quality (Aubert and Meurio, 2009; Chironi and Inggrassia, 2009).

Methodologically, a survey has been carried out on retailers by collecting data about point of sale features, wine quality (grape variety, blend, vintage, regional origin, types, sugar content, alcohol content) packaging (bottle, tap, glass, label and back label), price, brand, price promotion strategies and visual merchandising (display, facing). An hedonic price analysis (using the natural log of price as dependent variable) has been carried out on 935 records by assessing four different models (all, still, semi-sparkling and sparkling wines). A preliminary analysis on data has shown a wide variability of prices going from over 50 Euros of rosé Champagne to 2-3 euros of table rosé while correlation has allowed to focus attention on discriminating variables and to exclude not significant variables and outliers.

Results shows that retail prices are affected by the point of sale (big supermarkets vs. discount or small ones), certification of origin (denomination of origin vs. table wines), type of wine (still vs.
sparking), sugar content (brut vs. extra dry), alcohol content (with a maximum for medium level) packaging (bottle vs. bag in box; dark glass vs. light one), blend (blend wines vs. no blend ones), price promotion, shelf strategies (position on the shelf, facing). However, the analysis do not show significant price effects between domestic and international wines while the brand effect cannot be recognized because of scarce observations, i.e., dispersion among many brands.

Most of the previous variables show significant effects also in the sub-models such as still and sparkling ones.

Keywords: rosé wine, hedonic price, quality, extrinsic cues.

References


