



DETERMINANTS OF ARGENTINIAN WINE PRICES IN INTERNATIONAL MARKETS A HEDONIC ANALYSIS

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ABSTRACT

The wine industry is very important socially and economically in the western region of Argentina. The Argentinian wine exports have had a considerable growth since the year 1990, reaching a value near to US\$ 500 millions in 2006. It has been proved, by international competitions, specialized publications, and previous scientific studies, that the country can provide high quality wines with very competitive prices. The Strategic Argentinian Wine Plan is under way, agreed by the government and private companies, and offering guidelines and stability to sustain the industry growth in the future. This study deciphers what are the most important Argentinian wine quality attributes that influence the price, and what value consumers assign to them. Three important international markets were analyzed applying the hedonic pricing technique: United States of America, Germany and United Kingdom jointly with North Ireland. The characteristics: sensory quality, aging, quantity of bottles produced, region of origin, grape variety, membership to the association "Wines of Argentina", producer brand and special descriptors, probed to be price determinants for Argentinian wines. The variables sensory quality and aging were less important than the rest of the objective variables, confirming previous findings that the objectives characteristics are more important than the subjective characteristics, and that the oenological practices can not correct mistakes in long term choices such as location, grape variety and investment in brand reputation. This study concluded that the emblematic Argentinian Malbec receives a positive percentage impact on price in Germany which varied between 8.7 % and 38.9 % and in UK and NI between 1.6 % and 23.4 %, with 95 % of probability. Additionally, alternative varieties and blends were analyzed obtaining interesting results. In certain way, the results also indicated lack of differentiation for Argentinian wines regarding the region of origin and the grape variety, suggesting that the efforts of promotion with respect to these aspects should be improved and increased.

Keywords: Hedonic function, percentage impact, marginal price, Argentinian wine.