

Health Information: does it make a difference to wine choice?

Brenda Dyack¹, Ellen Goddard

Australian Bureau of Agricultural and Resource Economics (ABARE),
University of Alberta.

Abstract

This paper tests the commonly-held hypothesis that information change concerning the relative health benefits of consuming red and white wine caused a switch in preferences from white wine to red wine. The switch is estimated to have been caused, about equally, by ageing and the change in health information. The effects of price and income changes, habits and advertising effort impacts are estimated to be small. Results are based on development of Health Information Indicators for all wine and for red wine, based on the measured quality and quantity of health information flow; estimation of the impact of health information change on consumption of four wine types (red and white domestic and imported wines) using a two-stage translog demand model for wine that incorporates the Health Information Indicators; and advertising effort by wine type. The implications of this kind of consumer response to information change for consumers, governments and producers are not trivial.

JEL classification: D12, M38.

Keywords: Food Demand System, Wine Health Information, Alcohol Demand, Resveratrol.

¹Corresponding author: brenda.dyack@abare.gov.au, Senior Economist, Australian Bureau of Agricultural and Resource Economics (ABARE). The authors thank the Liquor Control Board of Ontario (LCBO) for their generous provision of micro wine sales data and ABARE, along with the Ontario Ministry of Finance and the Australian Commonwealth Scientific and Industrial Research Organization (CSIRO), for their contributions of time for Brenda Dyack to complete this research.