

Choices of wine consumption: measure of interaction terms and attributes

*Magali Aubert, Véronique Meuriot*¹
INRA and CIRAD, Montpellier, France.

(April 2009, Final Version: September 2009)

Abstract

Interpreting interaction terms in econometric modelling is fussy. Even if logit or probit models are the most used modelling consumers' choice, they omit interaction effects among explanatory variables in the choice process. These blended effects are however declared in the modifications of consumption decision. The difficulty is to interpret coefficients associated to these effects (interaction variables). To solve this problem, we propose a decision rule enforceable whatever the nature of the estimators. We build a convenient decision rule. We carry out an application of this decision rule to the choices of the wine consumers confronted with increasingly sophisticated products.

JEL classification: C12, C13, C51, C52

Keywords: Interaction terms, consumer preferences, rule decision, econometric modelling, wine market.

¹Corresponding author: veronique.meuriot@cirad.fr, Centre de Coopération Internationale en Recherche Agronomique pour le Développement (Cirad), Département Environnements et Sociétés, Unité Propre de Recherche ARENA, TA C-88/15, 34398 Montpellier cedex 5, France, phone: (33)(0)4 67 61 56 35; fax: (33)(0)4 67 61 55 15.