

Does a Wine by Any Other Name Taste as Good?

Professor James Thornton might have some answers

What kind of research does a faculty member do with a full-year sabbatical from teaching? If you know EMU professor James Thornton's work, you might guess that he spent his sabbatical year doing something in the field of health economics. After all, Thornton has written or co-authored some 25 papers with titles including "Determinants of Healthcare Spending: A State Level Analysis," "Accuracy of Retrospective Memory and Covariation Estimation in Patients with Obsessive-Compulsive Disorder" and "Using a Regression Approach to Study the Influence of Male Fetuses on the Genital Morphology of Neonatal Female Rats."

But you'd be wrong. Instead, Thornton turned to the field of industrial organization, another interest of his, to raise compelling questions about another hot topic. He spent an enviable year studying the economics of the wine industry.

But don't picture Thornton driving through the Napa Valley, stopping at picturesque wineries and tasting bars to sip boutique cabernets, jotting comments like "luscious flavors reminiscent of green apples, lemons and pineapple; long, refreshing finish" in his notebook. No, economists ask different questions about wine:

What is and is not a wine firm?

How many wine firms are there in the industry?

Other than maximizing profit, what motivates decision-making in a winery?

Does a score given to a bottle of wine reflect drinkers' preferences, or does it affect their preferences?

What is the value of a bottle

of wine? How much of that value lies in taste, and how much in prestige?

Wine, of course, is a big business, and creating empirical studies of wine quality and price is a growing field. There are more than 23,000 grape growers and 6,000 wineries in the United States. The largest wine firm in the country, E & J Gallo, sells 70 million cases a year in the United States and another 10 million cases overseas. It uses about a million tons of grapes a year but it only produces about 10 percent of those, buying the rest from independent vineyards. Thornton asks, "Why? Why is it only 10 percent? There are a lot of these interesting economic issues."

The fruit of Thornton's labors is a book using "economic concepts and principles to shed light on the behavior of consumers and producers in the wine market." The book is finished, and he has begun looking for a publisher.

Thornton hopes to teach a course on the economics of wine—in fact, the lack of a good textbook on the subject helped get him started on this research. "There are a lot of wine books out there," he says. "Books on wine history and culture, books on wine appreciation, books on wine tasting, and even a few books on the business of wine. But I've yet to see a book on the economics of wine and the wine industry."

"This is the tricky thing," Thornton continues. "I didn't want it to just be an economics book for an economics audience, with a bunch of math and equations and graphs. I wanted to make it more general, for people who just find it to be an interesting topic."

—Darcy Gifford

