

Wine-quality, terroir and wine growers experience

A panel study of wine production in an emergent wine country

By

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Abstract: Until the beginning of the 21st Century commercial wine production was non-existent in Denmark, similar to the conditions for most of Northern Europe. Due to the relatively cold climate commercial production of wine was considered to be impossible. However, innovation, new techniques and the evolution of new, robust and tasteful grape varieties - appropriate for wine making in relatively cool climate areas - gave rise to a more widespread interest for wine making in Denmark, see e.g. Bentzen and Smith (2009). Consequently, the number of commercial wine producers in Denmark grew from 10 in year 2000 to nearly 40 in 2007. The Danish Ministry of Food, Agriculture and Fisheries had 44 commercial wine producers in their register for 2009, and by now the Association of Danish Wine Producers has more than 1400 members. In the present paper we address the interplay between wine-quality, terroir factors and wine growers characteristics by using an unbalanced panel data set covering the time span 2007-2009. When explaining wine-quality factors related to production, e.g. terroir, field- and grape characteristics, are included in the modeling procedure. Furthermore, the micro climate conditions during the growing season are also included in the analysis. In order to determine whether superior wine-quality is caused by the before-mentioned basic factors, skills or unobserved characteristics, a hedonic model is estimated by using panel estimation techniques suitable for models which include variables with little time variation.

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