



by IREX

# Red Wine Demand

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Springboard Data Analysis Capstone

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**Wine market has reached USD 339.53 billion worldwide in 2020. From 2021 to 2028, it is projected to grow by 4.30%  
(from Fortune Business Insights)**

# Red Wine Demand

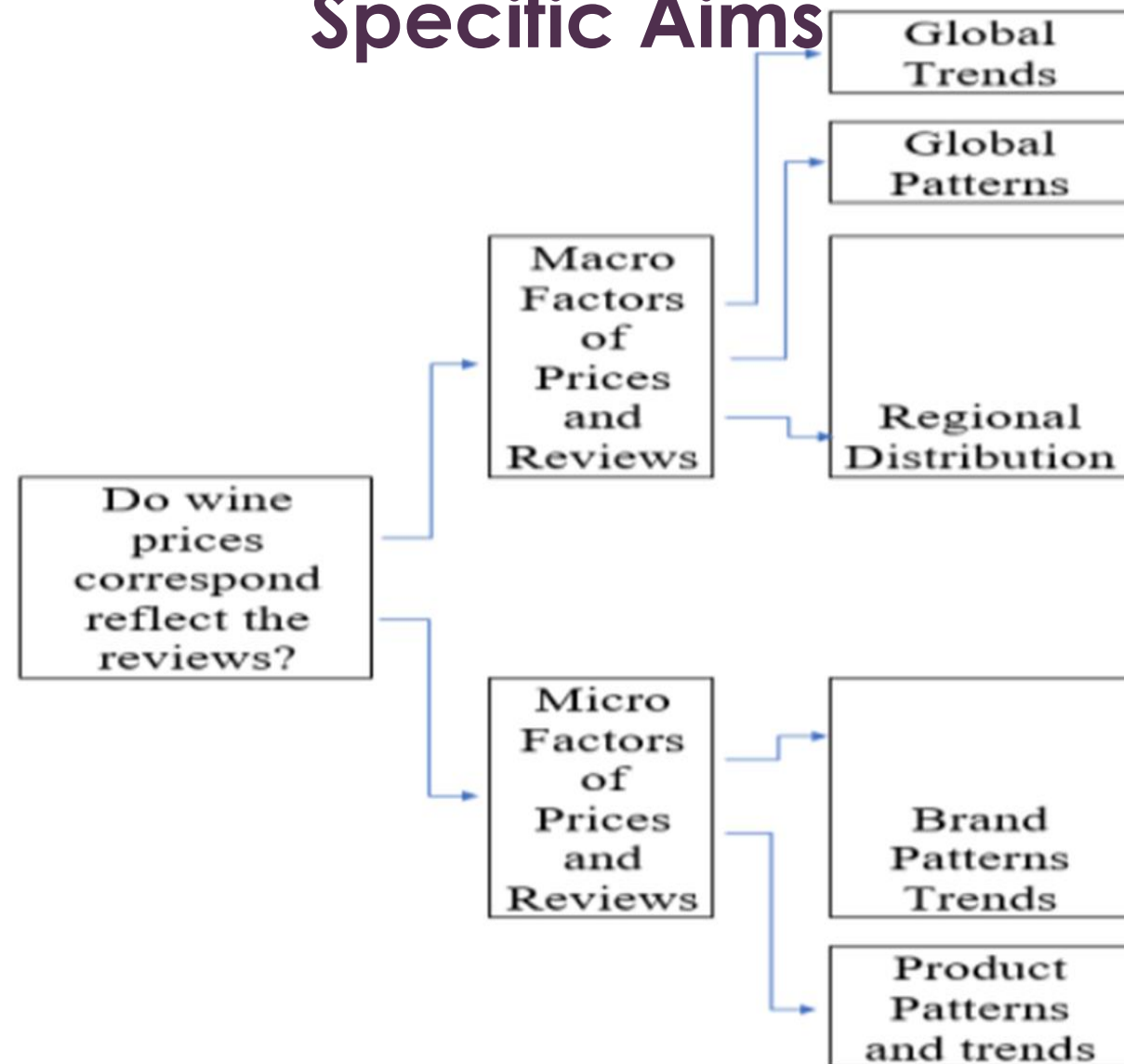
- 1. Could review participation help predict the demand?*
- 2. How well are the ratings reflected in prices?*
- 3. What are the geo-patterns and trends in ratings and prices of red wine?*




The purpose of this presentation is to advise US wine distributors of the ways to predict and possibly influence the demand for red wine.

*correlation between price and review scores and volumes on global and regional level*

## Specific Aims

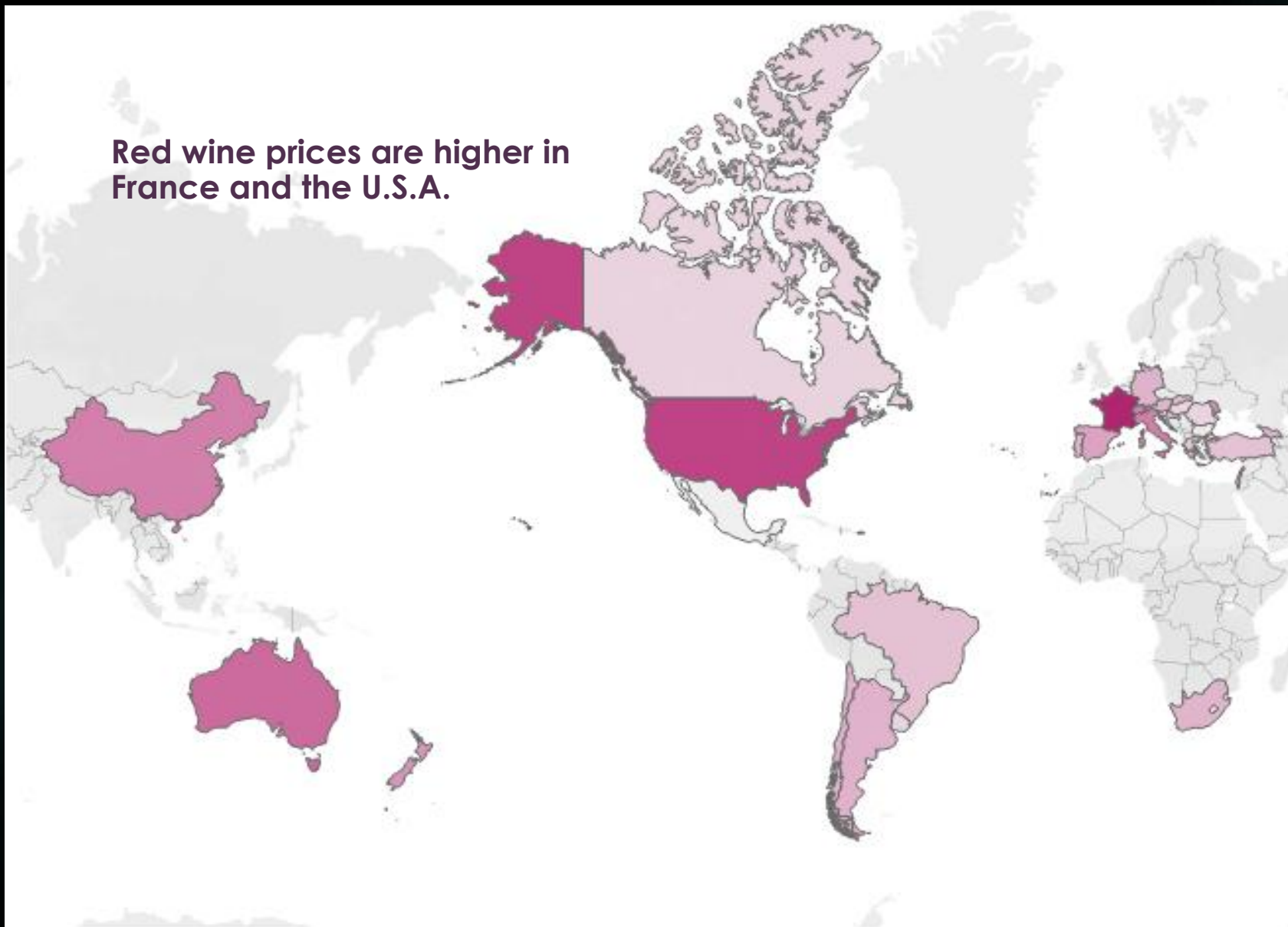




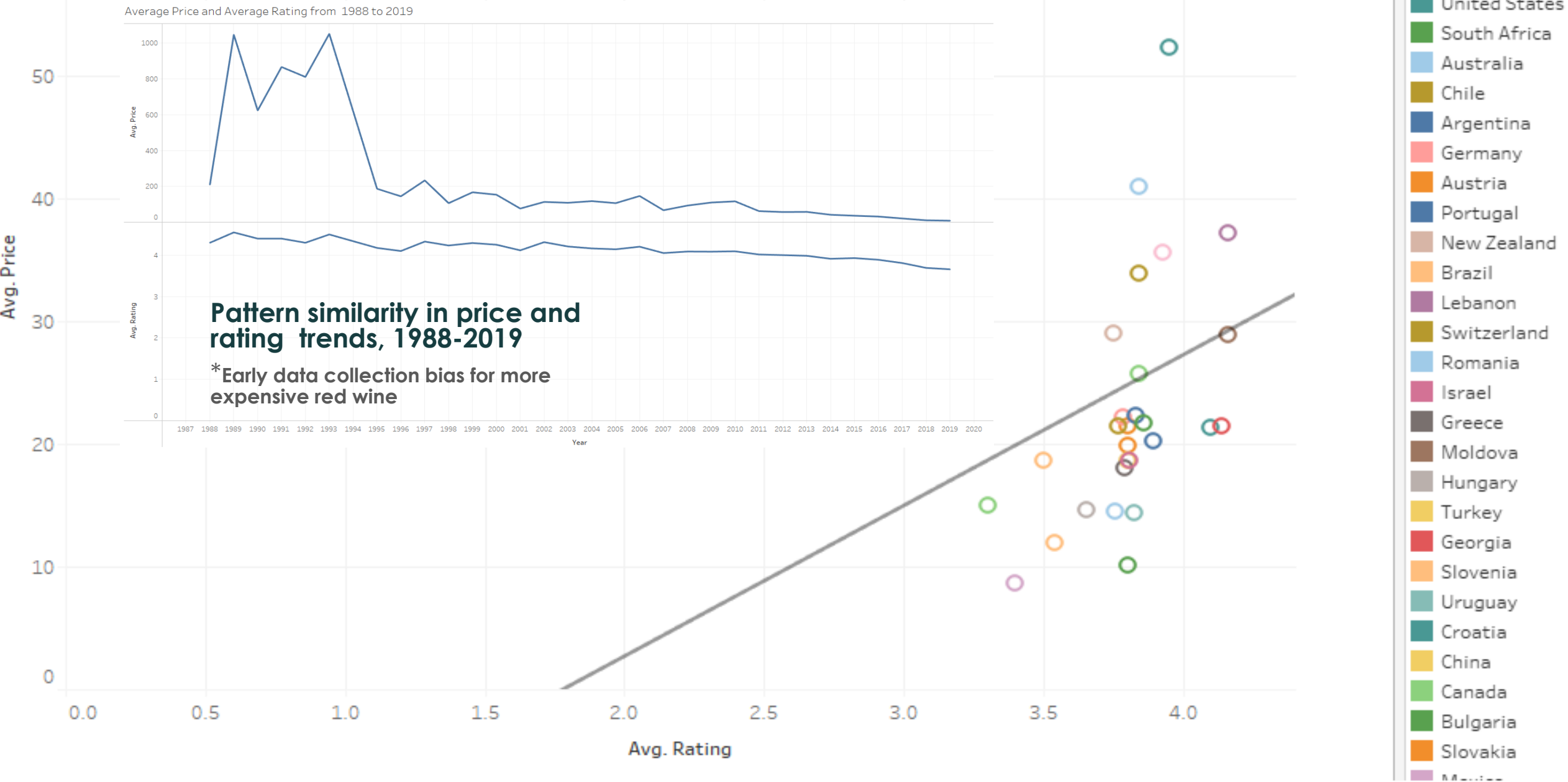
The purpose of this presentation is to advise US wine distributors of the ways to predict and possibly influence the demand for red wine.

Red wine prices are higher in France and the U.S.A.

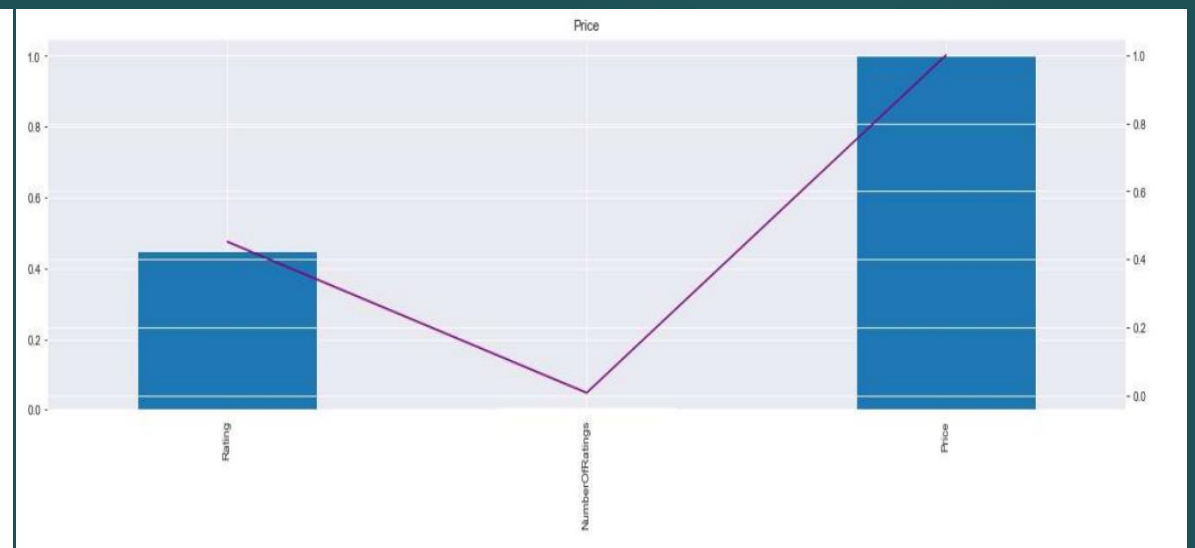
## Global Wine Prices



# Wine Rating Compared to Prices by Country



# WHAT IS THE CORRELATION ?



## Wine Rating Compared to Prices by Region

The review scores are less flexible at higher prices.

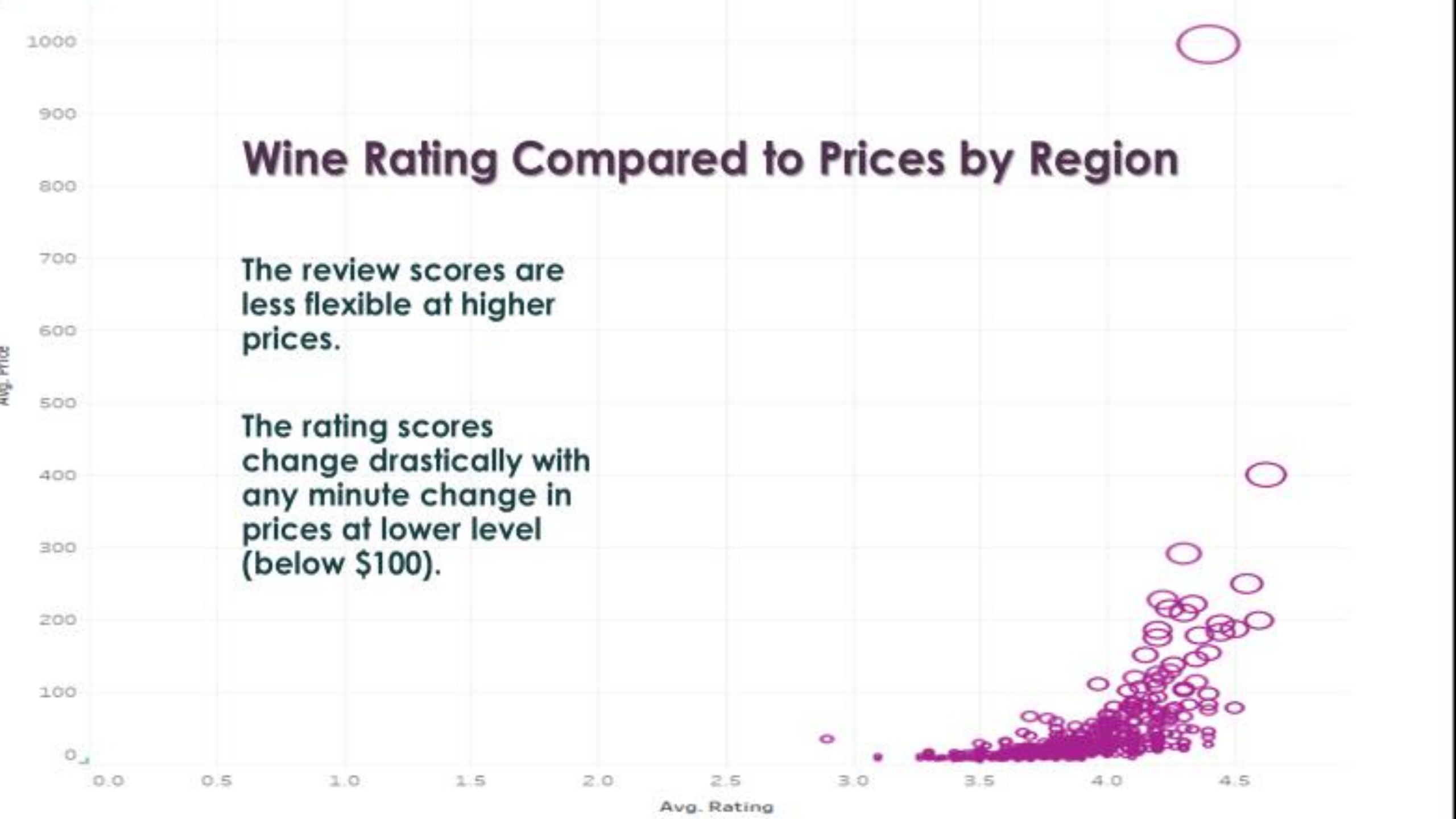
The rating scores change drastically with any minute change in prices at lower level (below \$100).

Avg. Price

1000  
900  
800  
700  
600  
500  
400  
300  
200  
100  
0

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5

Avg. Rating







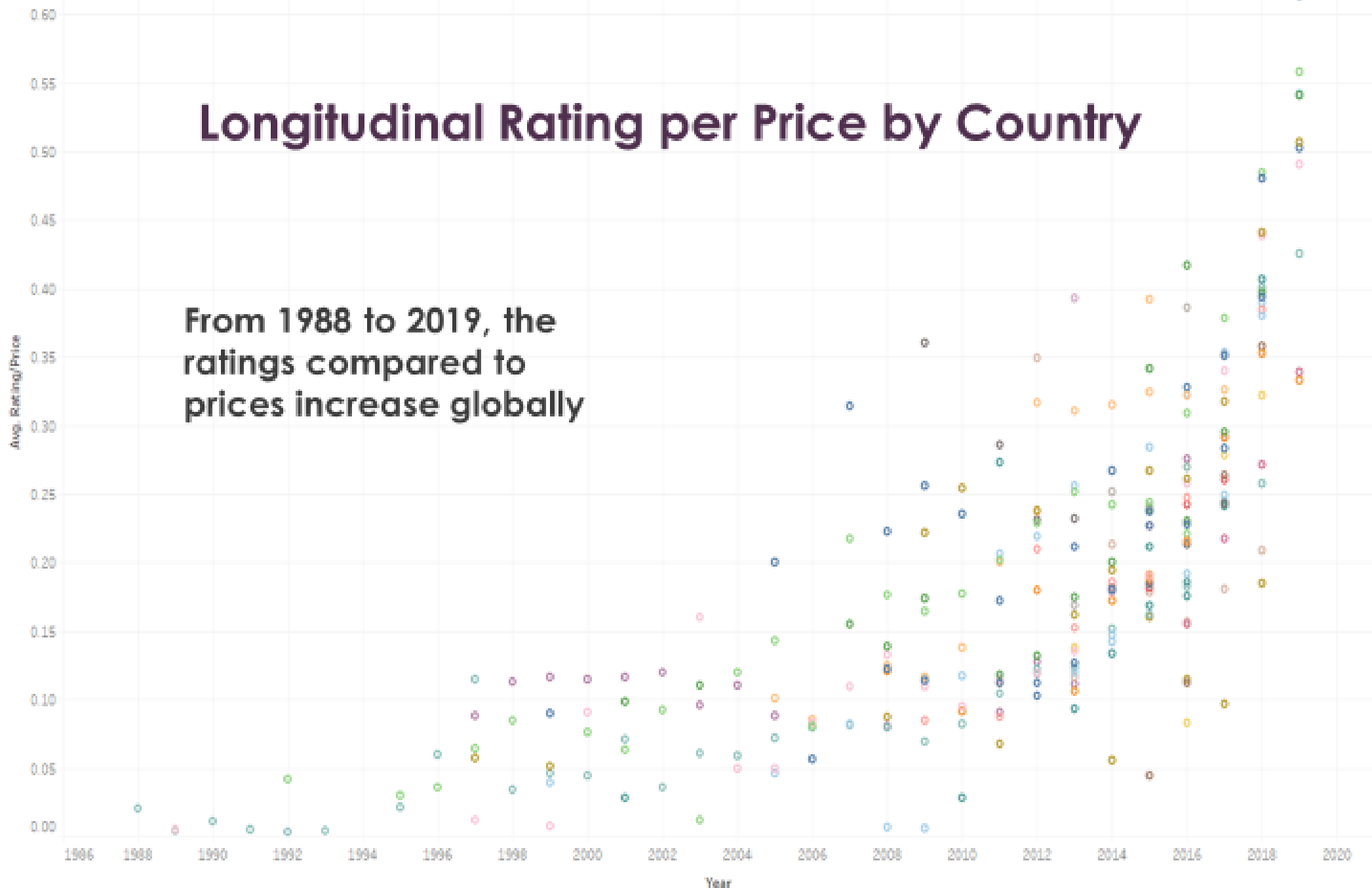
## Wine Ratings Compared to Prices

By country

- **Rating to Price (R/P) ratios reflect the value**
- When comparing countries, the review scores are higher, and prices are lower in Mexico, Bulgaria, Spain and Portugal, and Argentina

# Longitudinal Rating per Price by Country

From 1988 to 2019, the ratings compared to prices increase globally



# SUMMARY

- Significant moderate correlation exists between pricing and review ratings
- No significant differences have been observed in transition from macro to micro patterns (globally, regionally, by wineries, by product names)
- Rating/price trends are positive with a transitional elasticity linked to price level

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## Limitations

- ❑ Sales volume could not be assessed
- ❑ The cost of surveys could have factored into the prices
- ❑ Data source has not been formally evaluated
- ❑ Time period is limited to that in dataset: 1988-2019

## Future Research

- ❑ Greater description of data collection methods and techniques would have aided this evaluation
- ❑ New metrics should be considered
- ❑ Price-level elasticity

# Let's now entertain some questions

i-Cons: Vivienne Westwood

