

# **A simultaneous estimation of reputations' interactions in the case of Washington State Wines**

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## *Abstract*

What are the interactions between collective and individual reputations? Tirole (1996) has proposed a theoretical framework. A first empirical answer has been given by Gergaud and Livat (2005) who show in the case of Bordeaux wines that only the most reputed appellations benefit from the collective reputation of 'Bordeaux' as a collective brand.

In this article, we apply a similar empirical model to wines from Washington State.

Quantitative measures of perceived quality, i.e. of reputation, allow a 3SLS simultaneous estimation of the impact of the collective reputation on the individual ones, as well as the contribution of every individual reputation to the collective one.

The empirical results show on the first hand that every AVA benefits from a positive impact of the collective brand "Washington State Wines" and that there is an inverse relationship between the intensity of the impact and the level of individual reputation. On the second hand our findings highlight that only the least reputed AVAs contribute to the collective reputation. We discuss the managerial implications of such results.