

WINE IN ISRAEL – CULTURE AND ECONOMICS

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Abstract

Wine has many aspects including cultural, religious, social, and economic ones. In the past cultural aspects included food, medicine, social habits, and taxing. Wine consumption at the Roman Empire era was 200 liter per year per capita. Annual wine consumption in Israel has increased to 7-8 liter per capita but is still small compared to other countries. Consumption increase is due to change in habits and immigration. Wine is a product with high differentiation both horizontal and vertical as a way to compete with other producers. The consumer has utility from wine consumption which is difficult to measure. Information is incomplete and many signals can explain high variation in price. Hedonic demand function explains price by product's characteristics, where quality is explained by many variables including label, reputation and grading.