

## Is Wine an Experience Good?

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### *Abstract*

◦*Purpose* – Many economists have claimed that wine is an experience good. If true, that complicates the wine transaction and market efficiency but suggests a simple approach to educating consumers. Anecdotal and published evidence suggests that knowing wine is not so simple

◦*Design/methodology/approach* – This paper examines the claim by reviewing research on an individual's ability to comprehend a good, identify its characteristics, and recall them to inform willingness to pay.

◦*Findings* – Evidence from various fields suggests that moving from ignorance to knowing a wine is more complex than the idea of experience goods suggests. The paper discusses why it matters and reviews an alternative market model that may be a better fit for wine and may help explain why knowing wine is more complicated than “experience”. It concludes with a suggestion for empirical testing.

◦*Practical implications* – Overlooking the complexity of knowing wine risks relegating the market to a small group of aficionados plus, primarily, consumers never guided to full appreciation of wine's possibilities.

Key words: Wine, experience good, neuroenology, adverse selection

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