

Chapter 1 Blind taste

Dom Pérignon, a \$150 Champagne from France, and Domaine Ste. Michelle Cuvée Brut, a \$12 sparkling wine from Washington State, are both made in the traditional Champagne method. Both wines are widely available at wine stores, liquor stores, and many restaurants. Both are dry, with high acidity. The two bottles are more or less the same size and shape. So why are wine drinkers willing to pay more than 12 times more for one than for the other?

The most obvious explanation would be that, to most wine drinkers, the liquid inside the bottle of Dom Pérignon tastes better than the liquid inside the bottle of Domaine Ste. Michelle—if not 12 times better, then at least somewhat better.² However, that doesn't seem to be the case. When we served these two sparkling wines head-to-head in five different blind tastings, with the labels hidden inside brown paper bags, 41 of 62 tasters—about two thirds—preferred the Domaine Ste. Michelle.

This doesn't seem to be a single, idiosyncratic instance in which people's tastes happen to run contrary to popular wisdom or market prices. In a year-long series of blind tastings around the country in which we poured more than 6,000 glasses of wine from brown-bagged bottles that cost from \$1.50 to \$150, *people actually preferred the cheaper wines to the more expensive wines—by a statistically significant margin.*

Our 507 blind tasters represented many different segments of the wine-buying world. They were professionals in a wide range of fields. Some were wine experts, others everyday wine drinkers. They included New York City sommeliers and Harvard professors, winemakers from France, neuroscientists and artists, top chefs and college students, doctors and lawyers, wine importers and wine store owners, novelists and economists, TV comedy writers and oenologists, bartenders and grad students, 21-year-olds and 88-year-olds, socialists and conservatives, heavy drinkers and lightweighters.

On the whole, tasters preferred a nine-dollar Beringer Founders' Estate Cabernet Sauvignon to a \$120 wine from the same grape and the same producer: Beringer Private Reserve Cabernet Sauvignon. They preferred a six-dollar Vinho Verde from Portugal to a \$40 Cakebread Chardonnay and a \$50 Chassagne-Montrachet 1er Cru from Louis Latour. And when we concealed the labels and prices of 27 sparkling wines and asked people to rate them, the Dom Pérignon finished 17th—behind 14 sparkling wines that cost less than \$15, eight of which cost less than \$10.³

Does this mean that the \$12 Domaine Ste. Michelle is *objectively better* than the \$150 bottle of Dom? In an abstract, Platonic sense—or by established wine industry norms—probably not. In fact, the wine experts among our tasters didn't dislike the expensive wines in the way that everyday wine drinkers did; they liked more expensive wines as much, or even a bit more, than cheaper wines.

But the vast majority of wine consumers are everyday wine drinkers, not experts. At a minimum, it seems clear that many Americans might be wasting at least \$138 when they buy Dom Pérignon for special occasions.

There is a mounting body of evidence from within and without the wine world that wine pricing is more arbitrary than one might assume, but ours was one of the first studies to show an *inverse* correlation between price and preference. That inverse correlation was moderate but statistically significant across all of our tasters ($p=0.038$; this means that there was only a 3.8% probability that our results came about by chance—in the sciences, the generally accepted standard for statistical significance is a p -value of less than 5%). When you exclude the very cheapest and most expensive

wines and just look at the mid-range wines—those priced between \$6 and \$15—the effect is even stronger ($p=0.004$).

We did not allow the tasters to discuss the wines with each other before rating them, and we kept the wines concealed in their numbered brown paper bags until after the evaluation forms had been turned in. In order to weigh the results of consistent tasters more than inconsistent tasters, we subjected people to the “twin-wine test,” serving them two identical wines in the same flight of six—unbeknownst to the tasters, of course. With the help of our statistics team, we gave less weight to the opinions of tasters who rated the identical wines differently.

The design of our large-scale experiment is explained in more detail in appendix 1, written by statisticians Jake Katz and Jay Emerson. The results are explained in technical form in Appendix 2, written by economists Johan Almenberg and Anna Dreber Almenberg, and they’re also presented in an academic paper that you can download at the American Association of Wine Economists website, the Stockholm School of Economics website, and at our own website.⁴

By no means are all wine critics and commentators in denial of this effect. Many have commented on the arbitrariness of pricing, including Master of Wine Jancis Robinson, one of the world’s foremost wine writers, who has observed a “lack of correlation between price and pleasure.” She writes: “Perhaps it is not so surprising that a first-rate example of a little-known wine can seem much more memorable than something more famous selling at ten times the price...What is more extraordinary is the wild price variation at the very top end. Demand bubbles up mysteriously, apparently fuelled by fashion and rumour as much as by intrinsic quality.”⁵

In their seminal 1976 book on wine quality measurement, *Wines: Their Sensory Evaluation*, UC Davis professors Maynard Amerine (an oenologist) and Edward Roessler (a mathematician) tend to concur, although they, like Robinson, focus on the overpricing of superpremium wines: “[P]rice depends on many factors that are not necessarily related to quality. Those who buy wines on a price basis deserve what they get. ... Some famous vineyards, secure in the knowledge that they have an established market, often charge whatever the market will bear.”⁶

Between 1997 and 2001, researchers Sébastien Lecocq and Michael Visser conducted three large-scale expert blind tastings of a total of 1,409 wines from Bordeaux and Burgundy under highly controlled conditions with professional French tasters from the Institut National de la Consommation. They found that the tasters' sensory evaluations of the wines were only very weakly correlated with price, leading Lecocq and Visser to conclude that "the market price of Bordeaux wine can be explained primarily by the objective characteristics appearing on the label of the bottle." Lecocq and Visser's tastings involved only experts, but they foreshadow our results with everyday wine drinkers when they suggest that "when non-experts blind-taste cheap and expensive wines they typically tend to prefer the cheaper ones."⁷

In a series of blind tastings conducted by Hilke Plassmann, Antonio Rangel, and their colleagues at Stanford Business School and Cal Tech—part of an important brain-scanning study that I'll come back to in chapter 2—everyday wine drinkers rated the cheap wines *higher* than they rated the expensive wines, just as they did in our blind tastings. And in an experiment conducted by Roman Weil, which will be discussed in chapter 3, everyday wine drinkers didn't prefer reserve wines to regular wines, even though the wines differed in price by an order of magnitude.

Our observations, like those of the scholars above, could hardly contrast any more starkly with the patterns of wine ratings on the 100-point scales used by magazine critics, which tend to track wine prices consistently.

What is going on here? If blind tasting experiments show that wine pricing is arbitrary from the perspective of everyday wine drinkers, then why are the magazine ratings that they rely on so correlated with price? And why do everyday wine drinkers ever spend money on expensive wine?