

For California vintners, it's not easy being green

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"Green" labels do not pack the same wallop for California wines that they do for low-energy appliances, organically grown produce and other environmentally friendly products, but it's not because there's anything wrong with the wine, a new UCLA-led study has found.

In fact, wines made with organically grown grapes actually rate higher on a widely accepted ranking, said Magali Delmas, a UCLA environmental economist and the study's lead author. And these wines tend to command a higher price than their conventionally produced counterparts, so long as wineries don't use the word "organic" on their labels.

But when wineries do use eco-labels, prices plummet.

"You've heard of the French paradox?" quipped Delmas, associate professor of management at UCLA's Institute of the Environment and the UCLA Anderson School of Management. "Well, this is the American version. You'd expect anything with an eco-label to command a higher price, but that's just not the case with California wine."

The anomaly points to a marketing conundrum for environmentally friendly vintners and a buying opportunity for oenophiles, say Delmas and her co-author, Laura E. Grant, a Ph.D. candidate in environmental science and management at the University of California, Santa Barbara.

"Wine made with organic grapes — especially if it has an eco-label — is a really good deal," Grant said. "For the price of conventional wine, you

get a significantly better quality wine."

The findings appear in the current issue of the peer-reviewed scholarly journal *Business and Society*, the official organ of the International Association for Business and Society. The organization is devoted to research on corporate social responsibility and [sustainability](#) issues.

Delmas, an economist and sociologist by training, specializes in analyzing incentives that induce companies to engage in environmentally beneficial practices. Grant, also an economist, is married to a sommelier.

The researchers studied 13,426 wines from 1,495 California wineries. Vintages ranged from 1998 to 2005, and more than 30 varietals and 25 appellations were represented.

First, Delmas and Grant tracked down each wine's rating from Wine Spectator, a prominent wine publication. Then they tabulated the number of wines made with grapes that had been certified by a third party as organically grown, a grueling and expensive process that obligates the vineyard to devote considerably more time and effort to cultivating grapes than conventional agricultural methods, which rely on chemical herbicides, pesticides and fertilizers.

The researchers also looked at whether wineries chose to label their certified wines as organically grown or whether they chose to keep their efforts to themselves.

Certification and eco-labels had no impact on pricing or ratings for cheaper wines, the researchers found. But using organically grown grapes proved be a double-edged sword for wines that cost more than \$25.

So long as they didn't carry eco-labels, these wines commanded a

13-percent higher price than conventionally produced wines of the same varietal, appellation and year. Their ratings on Wine Specator's 100-point scale, in which wines tend to range between the mid-50s and high 90s, were also higher. Wines made from organically grown grapes averaged one point higher than their conventionally produced counterparts.

While the higher Wine Spectator scores still prevailed when producers slapped eco-labels on their bottles, the financial rewards for going to the trouble of making certified wine evaporated. The "made from organically grown grapes" label not only wiped out the price premium for using certified grapes but actually drove prices 7 percent below those for conventionally produced wines, the researchers found.

The average price for a wine with an eco-label was \$37.65. By contrast, a certified wine without an eco-label commanded an average price of \$40.54.

While the researchers don't have an easy explanation for the price drop associated with eco-labeling, they aren't stumped when it comes to the higher price that certified wines are able to commend.

"Wine made with organically grown grapes is higher quality," Delmas said. "Growers have to devote more time and attention and take better care of organically certified vines than conventional vines, and our results show that these efforts are apparent in the product."

In addition to being less pure, grapes grown with pesticides, herbicides and inorganic fertilizers interfere with a vine's ability to absorb naturally occurring chemicals in soil, according to vintners quoted in the study. As a result, wines made with organically grown grapes are more likely absorb these chemicals, which are said to provide the distinctive flavor of the site where the grapes were grown — a wine's much-prized

"terroir."

Still, the researchers believe vintners will be surprised at the magnitude of the impact that certification has on price and quality. Delmas and Grant suspect that the price-penalty associated with eco-labels will be less surprising for vintners. In their study, the researchers found that only one-third of vintners using organically certified grapes advertised the fact on wine labels.

"Producers of two-thirds of these wines must suspect that consumers, for whatever reason, wouldn't appreciate the use of organically grown grapes," Delmas said. "Otherwise, why would they refrain from drawing attention to this benefit on their labels?"

As for the reasons that eco-labels drive down prices, the researchers have a number of theories. Many have to do with confusion in consumers' minds over the difference between wine made with organically grown grapes and organic wine, which is made without the benefit of such chemical preservatives as sulfites. Preservatives can be used in certified wine.

"Organic wine earned its bad reputation in the '70s and '80s," Grant said. "Considered 'hippie wine,' it tended to turn to vinegar more quickly than non-organic wine. This negative association still lingers."

Even today, the absence of sulfites reduces the shelf-life of organic wines, making them less stable, the researchers said.

"Without added sulfites, the wine turns into vinegar after a while, and you're likely to lose out on the opportunity for your wine to mature into something considerably richer than when purchased, which is the promise of fine wine," Delmas said. "So while no-sulfites-added is fine for white wines such as Chardonnay that you usually drink 'young,' it is

not good for a red wine like a Cabernet Sauvignon that you want to keep to drink in a year or two."

Moreover, the benefits of wine from organically grown grapes may not be as clear to consumers as the benefits from other environmentally friendly products. Researchers who have looked into the motives of consumers of green products have found that benefitting the environment is only one incentive, and probably not the strongest one. Generally, green consumers are primarily motivated by some kind of personal benefit.

"Consumers buy organically grown food because they think it is going to improve their health," Delmas said. "That motivation doesn't go a long way with wine. If consumers want to drink something healthy, they'll reach for wheat grass, not an alcoholic beverage."

That all could change once consumers realize that wine made with organic grapes actually holds the prospect of another compelling personal benefit: a better-tasting product.

"Vintners and regulators really need to communicate better what [wine](#) with organically grown grapes means and the potential impact on quality," Delmas said. "I don't think they've done that, and I think it's too bad. It's a real missed opportunity."

Provided by University of California - Los Angeles

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