

JUDGING BOOKS BY COVERS: WINE LABELS AS SIMPLE SIGNALS OF PRICE

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Can we accurately judge wines by the bottle? Here, I test whether amateurs (those with little knowledge of wine) can predict the price of wine, given an image of the bottle label. That is, are the signals used to brand wine universal, or do they draw on a symbolism accessible only to experts?

Using the Amazon Mechanical Turk system for human judgments, I gather over 1000 price estimates based on bottle labels, and find that with high accuracy, novices can discriminate between cheap, mid-priced, and expensive bottles without ever tasting the product.

In addition, wines in the cheap category tend to utilize specific bottle iconography, versus expensive wines. Amateurs are more readily able to differentiate between cheap and expensive European labels than between American ones, suggesting that American wines use a more complex visual vocabulary to signal price.

These results support the notion that branding serves as a universal signal, accessible to amateurs as well as experts. Label design is a valid heuristic for predicting price; savvy consumers should thus pick wines that “look” more expensive than they are, in order to maximize the known placebo effect of high prices on hedonic utility.