

# POPULATION ECOLOGY OF THE WINE BUYERS AT HOSPICES DE BEAUNE AUCTIONS

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## Abstract

It is common to oppose 'wine lovers', i.e. regular customers who purchase wines with the intent to consume them, and 'trophy hunters', especially investors and buyers from Asia (speculators or collectors) (Hay, 2006). This opposition raises the question of wine buyers' motivation and more specifically of wine buyers' profile. Indeed, wine buyers profile can explain, to some extent, the price pattern of top quality wines that have increased dramatically over the past several years. While much attention has been paid to the final consumer in the previous researches so far the wine buyers has not been studied.

Nevertheless, the literature provides some interesting insights about winery owners. Morton and Podolny (2002) analyzed their motivation within the California wine industry. They identified two categories of owners: the first are motivated by 'love' whereas the second by 'money'. If the 'lovers' are utility-maximizing, they are more likely to produce high quality wine and set 'higher quality-adjusted' prices. On the opposite, the profit-oriented owners are less likely to produce high quality wines.

The marketing literature focuses on wine consumers' habits, behaviours and preferences (see Chaney, 2002, Lockshin et al., 2006, among others). This marketing research assesses their sensitivity to different cues like brand, region of origin, price and awards. Another part of the literature has categorized wine consumers according to their profile and identified several segments usually based on lifestyle (Tach and Olsen, 2004) or motivations (see for instance Hall et al., 2004).

The behaviour of auctions bidders has received less attention while auctions are becoming a trendy way of selling great wines. The economic literature analyzes how auctions work for wine (Ashenfelter, 1989, Ginsburgh, 1998) as well as optimal strategies of bidders (Février et al., 2005). It provides empirical analysis of auction prices (Di Vittorio and Ginsburgh, 1996, Fogarty 2006, among others), but few elements on the buyers' profile at auctions. Studying

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fine wine auctions in Denmark between 1996 and 2002, Bentzen et al. (2002) identify several buyers among the participants: wine merchants, restaurants, collectors, wine clubs and individuals. They also suggest that most of the potential buyers come from Denmark or Northern Europe countries.

Following these researches, this paper intends to study wine buyers profiles (excluding final consumers). Although wine buyers profiles are not easily observable, auctions give opportunities to handle them. Indeed auctions are relevant for it provide various data about wine buyers profiles published at the end of the bidding process. While the overwhelming focus of the literature is on auctions and prices, relatively little attention have paid to the auctions wine buyers' profile.

**This paper aims at studying the wine buyers' profiles and the recent changes in this population.**

This study focuses on a specific wine buyers' population: the buyers involved in Hospices de Beaune auctions. Drawing upon population ecology framework (Swaminathan et Delacroix, 1991; Gerosky, 1996; Hannan, 2005), we describe the wine buyers population, its composition and evolution. This population is studied by the yardstick of two decades of Hospices de Beaune Auctions data.

**The paper is structured as follows.** The first section reviews the literature on ecology population in wine sector. This section highlights the overwhelming focus of the literature on wine producers. The second section presents the research context and method – an empirical study carried out on Beaune auctions data – and the research results. The final section discusses the research results.

Our findings suggest three elements: the population is growing as the entry rate is high; meanwhile the exit rate is also high; hence the newcomers are less involved in wine industry. We conclude by making some observations on the factors that determine emerging trends (luxurization of top quality wines, role of the investments funds...) and on the various buyers' behaviour and their possible path-dependency.