

# Regulation, Quality Assurance, Commercial Wine Competition, and Review Considerations

2024.10.30

Brent Trela, Ph.D.

## Abstract

### Introduction

Fall is a busy time of year for wineries, and timing wine competitions and reviews throughout the year can be challenging! Summer is too hot, and Winter is too cold to ship; in Spring, many prospective wines have just been bottled, leaving Fall and the oeuvre of harvest. A benefit of autumn wine evaluations is the release of results right before the holidays, announcing to potential patrons a perfect bottle for the table, a special gift for a host, and highlights in a winery's marketing efforts or justifying price increases.

Consumer behavior is a hedonic choice function that influences the pleasure or satisfaction of specific products or experiences. The amount consumers are willing to pay for wine is a hedonic function that connects a wine's price to intrinsic and extrinsic indicator variables. Influence may come from extrinsic factors not part of the product, such as an expert rating and the reputation of the wine and producer, to intrinsic characteristics inherent to the product- the specific sensory and chemical attributes of the vintage, grape variety or cultivar, and fruit source region.<sup>1,2</sup> Perceived wine quality is a complex mix of intrinsic and extrinsic attributes.

Competition medals and reviews are wine consumers' most readily available expert opinion sources. Wineries might seek third-party evaluation to validate their winemaking and sensory evaluation, as well as feedback on how they compare among their peers, and use it as reputation-improving marketing tools in the sales of their wines.<sup>3</sup> Babin and Bushardt (2018) reported that for each point increase in wine quality ratings, the price of the rated wines rose by \$3 to \$4.<sup>4</sup> Paroissien and Visser (2020) estimated that producers earning a medal at a prestigious competition can augment wine prices by 13%, with the impact for gold about three times greater than for silver or bronze.<sup>5</sup> Depending on the competition, wines may be evaluated by a panel of regional, national, and international palates, including sommeliers, wine buyers, producers, distributors, wine writers, and industry professionals. Nevertheless, research indicates no evidence of a relationship between wine expertise and predicting consumer preferences or market performance.<sup>6</sup> An assessment is simply an impression of the evolutionary development timeline of the specific bottles tasted. Some competitions may provide (usually upon request) tasting panel notes of each submitted product.

The inclusion of supporting documentation for each submission provides context for taste panel categorization, such as judge selection acuity, knowledge, sensory experience and discrimination for a wine type or region, and category criteria. These details can be informative to the public if published and might include:

- The list price or suggested retail price before taxes
- Cases produced, which suggests availability.

- Varietal blends, vintage, aging details, residual sugar, and alcohol levels.

## Competitions

While agricultural shows, fairs, and regional events often host contests, the world's largest wine competition, the Decanter World Wine Awards (DWWA), evaluated more than 18,000 wines from 57 countries with a taste panel of 243 judges, representing a diverse range of palates and wines from around the globe and across various styles.<sup>7,8</sup> The wine competition with the most sample submissions in the Americas is the San Francisco Chronicle Wine Competition, which averages around 7,000 entries evaluated by a panel of more than 60 judges yearly.<sup>9</sup> The DWWA awarded 14,803 medals in 2024, a success rate of 81.6%, which included 44.2%, 32.9%, and 3.5% for bronze, silver, and gold, respectively, with Platinum and Best of Show awards less than 1% combined.<sup>10</sup>

Competitions are typically fee-based, ranging from \$60 to \$120 for each wine submitted in a category. They require 3 to 4 bottles of the same wine per category. Wineries might submit new vintages each year. Spirits competitions typically charge fees two to three times higher per entry. Participants often choose not to re-submit after a spirits entry wins a medal since they are not vintage-differentiated.

Wine contest federations<sup>11</sup> and management services may aggregate available competition opportunities, and some facilitate start-to-finish online entry and payment solutions instead of sourcing and applying through various individual competition portals<sup>12</sup>. Management services may offer notification of results and a searchable results database. As an example, Enofile Online Wine Competition Management lists four competitions remaining in this year's last couple of months.<sup>12</sup> Some competitions focus on regionally grown fruit and are open to competition for wines from fruit grown in a specific region only. More than 1,300 distinct grape varieties are currently identified worldwide by DNA analysis.<sup>13</sup> Compared to the plethora of *Vitis vinifera* varieties and price groupings, native and hybrid varieties, their blends, and fruit wines are awarded in many competitions, although with relatively few specific entry categories.<sup>14</sup>

## Expert reviews

Expert reviews of commercial wines may follow evaluation methods similar to competitions. An individual or a panel of reviewers knowledgeable about a region's wines and their typicity evaluate wine submissions. The reviewers ostensibly have the sensory acuity to make consistent and repeatable sensory assessments. Typicity qualitatively refers to how well a produced wine mimics its varietal origins and the signature characteristics of the source fruit. Typicity reflects how much a wine tastes like the fruit type in an appellation as influenced by that *terroir*.<sup>i</sup> The French term *terroir* refers to the natural environment influencing wine production, including soil, topography, and climate, significantly shaping the wine's quality and unique character. Expectations link typicity and are predicated on a commonly recognized prototype for experienced tasters familiar with wines with a common set of typical sensory characteristics.<sup>15</sup> Historical precedent and style influence the interpretation. For example, do the wines have vegetal characteristics from a lack of sun exposure on the grape clusters, kerosene or petroleum odors that contribute to the sensory profile in a mature riesling, gooseberry flavors, or the cat pee aroma typical to sauvignon blanc? Perceptions of these and other attributes are potentially debatable as favorable qualities or faults and can lead to discord among the opinions of critics and judges.

---

<sup>i</sup> As an aside, I have judged gold medal winning garlic and Walla Walla onion wines that were true to the fruit, or vegetable, as it were, and the onion wine went surprisingly nicely with the hamburger later in the evening.

Third-party wine ratings and tasting note review publications such as the Wine Advocate, Wine Enthusiast, Wine Spectator, or other media, including online blogs or social media.<sup>16</sup> Although wine reviews commonly do not require entrance fees, their potential publication may pose a risk of unfavorable, critical, or mediocre assessments. However, many reviewers do not publicly release negative results. Not all review sources accept all wines; for example, the Wine Spectator does not review fruit wines. Third-party wine ratings may affect the release price and the price performance after the release. Specifically, Wine Advocate ratings are among the most influential quality indicators in the market post-release, significantly impacting price changes.<sup>4</sup>

## Regulations & Quality Assurance Systems

Wine legislation and regulations are complex and vary by country and region. They generally cover several critical aspects of wine production and labeling. Regulations are intended to safeguard public health and safety, promote fair competition, and maintain the integrity of the marketplace with industry standards and harmonization in international trade practices. In the European Union (EU) system, these regulations provide a legal quality assurance framework for classifying wines. Wine classification is the process of categorizing wines based on their quality, style, and place of origin. Essentially, this system provides insight into the wine's tradition and standards. Quality wines are typically set apart from table wines, with stricter rules governing their production and origin.<sup>17</sup>

### European Union

The EU accounts for 44% of world vitiviniculture, 61% of production, 50% of global consumption, and 67% of exports.<sup>18</sup> The EU has some of the most stringent and restrictive wine regulations, part of the Common Agricultural Policy, prohibiting any practice unless expressly permitted.<sup>19</sup> These regulations attempt to structure a balanced and open market through production rules, enological practices and processes, wine classification, labeling requirements, and import regulations for non-EU wines. The EU implemented a wine regulation reform in 2009 to harmonize different systems in member countries.

EU legislation divides wine and other types of food into two main categories: wine without a geographic origin and wine with a geographic origin. Wine with a geographic origin is further divided into Protected Geographical Indication (PGI) and Protected Designation of Origin (PDO) classifications, guaranteeing the authenticity and a particular quality, reputation, or other characteristic essentially attributable to its geographical origin.<sup>17</sup>

### Geographical Indication

Wine quality metrics, including quality assurance programs (QAPs), often depend on the wine source's location of origin or appellation. An appellation is a legally recognized and protected geographic designation used to indicate the origin of the grapes used in wine production. Cultivating and establishing a sense of place may highlight a wine's uniqueness, distinguishing it in the market.

In the EU, PGI-designated wine is categorized as *table wine* with a regional link, requiring that at least one stage of production, processing, or preparation occurs within the specified area and that at least 85% of the grapes were grown in that region. PDO-designated wine represents *quality wine* from specific areas, safeguarding particular vineyard sites and local winemaking traditions. For PDO wines, every step of production, processing, and preparation must happen within the designated region, and all grapes must originate exclusively from that area. To obtain PDO status requires the entire product to be prepared, processed, and manufactured using traditional methods within the designated region, thereby

gaining distinctive characteristics. PDO labels enhance the value of wines, supporting the expectations of exhibiting sensory qualities typical of their area of origin. Quality and typicity are primarily assessed through sensory evaluation, though defining and evaluating these characteristics can be challenging.

EU countries follow the classification structure but may use different names; for example, wine without a geographic origin in France is *vin de France*, whereas in Italy and Spain, it is *vino*. PGI wines are labeled IGP for *indication géographique protégée*, also known as *vin de pays* in France or *landwein* in Germany. PDO wines are *appellation d'origine protégée* (AOP), previously referred to as *appellation d'origine contrôlée* (AOC). PDO wines are *denominazione di origine controllata* (DOC), and *denominazione di origine controllata e garantita* (DOCG), or *denominazione di origine protetta* (DOP) to conform to the EU standard. AOP refers to specific locations and requirements, whereas PGI has broader rules. PGI wines come from a larger area with fewer regulations on grape growing, varieties allowed, and production standards. The classification hierarchy does not guarantee a better wine in a higher category, although it does guarantee a particular geographic origin and that the wine production followed specific rules.

These categorizations do not apply only to wine but also follow quality schemes for agricultural products and foodstuffs, protecting, for example, the names of cheeses like gorgonzola, hams, and other regional foods. Champagne and Feta are PDO area names, but while Feta cheese is classified, Cheddar cheese is generic. EU regulations of permitted practices in wine align with and adhere to the OIV Oenological CODEX standards.<sup>20</sup>

### The International Organisation of Vine and Wine (OIV.)

The International Organisation of Vine and Wine (OIV) is an intergovernmental organization with European origins comprising 50 member states, including China, the second-largest grape-producing country.<sup>21</sup> The United States is not a member. Originating after the 19<sup>th</sup>-century phylloxera epidemic, the OIV establishes and maintains standards for the grape and wine industry, emphasizing general grape production, supporting the development and use of new cultivars, and establishing and maintaining vine and wine industry standards, for example, through the International Oenological CODEX.<sup>22,23</sup>

### United States

In the United States, the Federal Alcohol Administration Act (FAA Act)<sup>24</sup> regulates the alcohol beverage industry. Enforcement of the FAA Act is by the Alcohol Tobacco Tax and Trade Bureau (TTB), whose primary function is to collect federal excise taxes on alcohol and tobacco products. The TTB is responsible for preventing illicit trade, regulating wine production standards, labeling, advertising, and distribution.

#### *American Viticultural Area*

The American Viticultural Area (AVA) system applies to the United States and is defined and administered by the TTB. To use an AVA name on a wine label, at least 85% of the grapes must come from within the specific AVA's geographical boundaries. Alternatively, labels can use the country, state, or county to indicate a wine's origin, provided that at least 75% of the grapes used come from that specific area under TTB regulations. However, states may have more stringent rules, such as California, which requires 100% of the grapes to originate in California. Washington requires 95% of the grapes to be grown in its state.

AVA locations may be within one or more larger AVAs; for example, Red Mountain AVA is within the boundaries of the Yakima Valley AVA, and both AVAs are entirely in Washington state but also reside

within the Columbia Valley AVA, which encompasses parts south of the Columbia river in northern Oregon. There are currently no AVAs in North Dakota.

### *Canada- Vintners Quality Alliance*

In Canada, Vintners Quality Alliance (VQA) certification signifies that wines are of Canadian origin and have met quality assurance standards, including sensory evaluations, laboratory analyses, and packaging review tests. VQA performs on-site audits of wineries every 5–8 months and conducts random inspections in Canadian retail stores to ensure compliance with VQA packaging and labeling standards.<sup>25</sup>

### World Wine Trade Group (WWTG)

The United States has alcoholic beverage agreements with other countries, including the EU, and through the World Wine Trade Group (WWTG).<sup>26</sup> The WWTG is an organization of government and industry representatives from Argentina, Australia, Canada, Chile, Georgia, New Zealand, South Africa, the United States, and Uruguay. The Group aims to promote and streamline global wine commerce by sharing information, discussing regulatory issues in wine markets, and removing trade barriers. Rather than enforcing a uniform regulatory framework like the EU and OIV, the Group acknowledges the distinct characteristics of each member's regulatory system, mutual recognition of winemaking practices, and harmonization of labeling requirements.

### OIV vs. WWTG

The OIV is the oldest and most influential organization in the wine world, differing in regulation and international policy influence from the WWTG. Both attempt to facilitate trade, the OIV through regulation harmonization, and the WWTG through member recognition of plurilateral agreements. There are no formal agreements between the OIV and WWTG; however, many WWTG members participate in the OIV.<sup>27</sup>

### Discussion

Competition medals and reviews are two of the most readily accessible expert opinion sources for wine consumers, and the incentives for producers to enter wines are high. Competitions and reviews attract high participation due to relatively low entry fees and the substantial price premium potential after winning a medal. Nevertheless, the reliability of wine evaluation juries and the effectiveness of medals remain debatable. Research shows that few competitions consistently award medals that correlate significantly with wine quality.<sup>5,28</sup> A gold medal-winning wine does not guarantee significant scores or quality differences from other medal winners, though some evaluations carry more credibility than others.<sup>28</sup>

QAPs may add value to system-approved wines, reassuring consumers of wine quality before purchase and consumption. QAPs may have restrictive requirements that specify grape sources, varieties, harvest ripeness parameters, packaging and closure types, and chemical and sensory testing. The wine must meet the requirements and obtain approval before using a QAP designation, like a logo on the bottle or label. Quality assurance systems have become increasingly central in the agriculture and food sector, with the wine industry a leader in developing and implementing quality certification processes.

Third-party assurances or guarantees of wine quality through compliance with regulations, participation in quality assurance programs, or inclusion in official classifications can provide evidence of adhering to international standards and promote recognition for quality management competence. Wineries might seek quality assurance certification to support higher-priced wines.

## Conclusion

Competitions and evaluations allow producers of various commodities to compete for awards or medals. Participation involves costs, such as entry fees, transportation of goods to the contest venue, and the opportunity cost of attending. Winning offers potential benefits, including showcasing awards to consumers and raising prices. Producers weigh these costs against the anticipated benefits to decide whether entering a competition is worthwhile.

Wine quality is a complex and multifaceted concept involving experiential and credence attributes influenced by objective criteria and subjective preferences. Consumers can access an array of quality indicators, including the winery's brand name, the geographical region or appellation of grape origin, grape variety, vintage, third-party wine ratings, and price. Quality certification is an additional quality signal in the wine market, particularly in an industry characterized by extensive product differentiation and quality variations. Quality assurance programs can support consumer confidence through assurance of authenticity, improved collective reputation, consumer trust, and regional distinction, providing a basis for establishing credibility, differentiating products in a crowded marketplace, and supporting the growth and recognition of developing wine regions. However, the market ultimately determines a wine's quality and price.

## References

- (1) Outreville, J.-F.; Le Fur, E. Hedonic Price Functions and Wine Price Determinants: A Review of Empirical Research. *J. Agric. Food Ind. Organ.* **2020**, *18* (2), 20190028. <https://doi.org/10.1515/jafio-2019-0028>.
- (2) Oczkowski, E.; Doucouliagos, H. Wine Prices and Quality Ratings: A Meta-regression Analysis. *Am. J. Agric. Econ.* **2015**, *97* (1), 103–121. <https://doi.org/10.1093/ajae/aau057>.
- (3) Lesschaeve, I. Sensory Evaluation of Wine and Commercial Realities: Review of Current Practices and Perspectives. *Am J Enol Vitic* **2007**, *58* (2), 252–258.
- (4) Babin, B. J.; Bushardt, C. Third-Party Ratings and the US Wine Market. *Int. J. Wine Bus. Res.* **2019**, *31* (2), 151–162. <https://doi.org/10.1108/IJWBR-08-2017-0052>.
- (5) Paroissien, E.; Visser, M. The Causal Impact of Medals on Wine Producers' Prices and the Gains from Participating in Contests. *Am. J. Agric. Econ.* **2020**, *102* (4), 1135–1153. <https://doi.org/10.1002/ajae.12037>.
- (6) Lesschaeve, I. Sensory Evaluation of Wine and Commercial Realities: Review of Current Practices and Perspectives. *Am. J. Enol. Vitic.* **2007**, *58* (2), 252–258. <https://doi.org/10.5344/ajev.2007.58.2.252>.
- (7) *Results from the World's Largest and Most Respected Wine Competition, Decanter World Wine Awards 2024, Reveal the World's Best Wines*. Wine Business Monthly. <https://www.winebusiness.com/news/article/289075> (accessed 2024-10-26).
- (8) Jefford, A. *How we judge wine at Decanter World Wine Awards*. Decanter. <https://www.decanter.com/decanter-world-wine-awards/how-we-judge-wine-at-decanter-world-wine-awards-521278/> (accessed 2024-10-26).
- (9) *San Francisco Chronicle Wine Competition: Winejudging.com*. <https://winejudging.com/> (accessed 2024-10-26).

- (10) Mason, O. *Decanter World Wine Awards 2024 results revealed*. Decanter. <https://www.decanter.com/decanter-world-wine-awards/decanter-world-wine-awards-2024-results-revealed-530763/> (accessed 2024-10-28).
- (11) *THE REFERENCE FOR INTERNATIONAL WINE COMPETITIONS | VINO FED*. <https://vinofed.com/> (accessed 2024-11-11).
- (12) *EnofileOnline - Wine Competition Management*. <https://www.enofileonline.com/> (accessed 2024-11-06).
- (13) Jancis Robinson; Julia Harding; Jose Vouillamoz. *Wine Grapes: A Complete Guide to 1,368 Vine Varieties, Including Their Origins and Flavours*; Harper Collins, 2013.
- (14) *Best Wines of North America | San Francisco Chronicle Wine Competition Official Website*. <https://winejudging.com/medal-winners/> (accessed 2024-10-28).
- (15) Casabianca, F.; Sylvander, B.; Noël, Y.; Beranger, C.; Coulon, J. B.; Roncin, F.; Flutet, G.; Giraud, G. Terroir et Typicité : Un Enjeu de Terminologie Pour Les Indications Géographiques. In *La mode du terroir et les produits alimentaires*; Les Indes Savantes, 2011; p 357.
- (16) Hommerberg, C. *Persuasiveness in the Discourse of Wine: The Rhetoric of Robert Parker*; Linnaeus University dissertations; Linnaeus University Press: Växjö, 2011.
- (17) *Geographical indications and quality schemes explained - European Commission*. [https://agriculture.ec.europa.eu/farming/geographical-indications-and-quality-schemes/geographical-indications-and-quality-schemes-explained\\_en](https://agriculture.ec.europa.eu/farming/geographical-indications-and-quality-schemes/geographical-indications-and-quality-schemes-explained_en) (accessed 2024-11-13).
- (18) *2019 Statistical Report on World Vitiviniculture*; International Organisation of Vine and Wine, 2019; p 23. <https://www.oiv.int/public/medias/6782/oiv-2019-statistical-report-on-world-vitiviniculture.pdf> (accessed 2024-11-11).
- (19) *EU wine legislation - European Commission*. [https://agriculture.ec.europa.eu/farming/crop-productions-and-plant-based-products/wine/eu-wine-legislation\\_en](https://agriculture.ec.europa.eu/farming/crop-productions-and-plant-based-products/wine/eu-wine-legislation_en) (accessed 2024-11-07).
- (20) Grainger, K.; Tattersall, H. Quality – Assurances and Guarantees. In *Wine Production and Quality*; John Wiley & Sons, Ltd, 2016; pp 210–222. <https://doi.org/10.1002/9781118934562.ch22>.
- (21) *Member States and observers | OIV*. <https://www.oiv.int/who-we-are/member-states-and-observers> (accessed 2024-11-11).
- (22) *Stability of disease resistance in new cultivars by combining resistance loci | OIV*. <https://www.oiv.int/index.php/node/3249> (accessed 2024-11-06).
- (23) *International Oenological CODEX | OIV*. <https://www.oiv.int/standards/international-oenological-codex> (accessed 2024-11-11).
- (24) *U.S.C. Title 27 - INTOXICATING LIQUORS*. <https://www.govinfo.gov/content/pkg/USCODE-2011-title27/html/USCODE-2011-title27-chap8.htm> (accessed 2024-11-11).
- (25) Ugochukwu, A. I.; Hobbs, J. E.; Bruneau, J. F. Determinants of Wineries' Decisions to Seek VQA Certification in the Canadian Wine Industry. *J. Wine Econ.* **2017**, *12* (1), 16–36. <https://doi.org/10.1017/jwe.2016.28>.
- (26) *World Wine Trade Group | TTB: Alcohol and Tobacco Tax and Trade Bureau*. <https://www.ttb.gov/itd/world-wine-trade-group> (accessed 2024-11-11).
- (27) Compés López, R. International Wine Organizations and Plurilateral Agreements: Harmonization Versus Mutual Recognition of Standards. In *The Palgrave Handbook of Wine Industry Economics*; Alonso Ugaglia, A., Cardebat, J.-M., Corsi, A., Eds.; Springer International Publishing: Cham, 2019; pp 253–264. [https://doi.org/10.1007/978-3-319-98633-3\\_12](https://doi.org/10.1007/978-3-319-98633-3_12).
- (28) Bitter, C. Wine Competitions: Reevaluating the Gold Standard. *J. Wine Econ.* **2017**, *12* (4), 395–404. <https://doi.org/10.1017/jwe.2017.38>.