

Rioja Alavesa's Pursuit of DOC Status: A Question of Economics or Politics?

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Motivation: The Puzzle

- Rioja DOCa is one of Europe's strongest collective wine brands
- Yet producers in Rioja Alavesa seek an independent DOC
- Exiting a successful GI is economically non-trivial

Puzzle:

Why challenge a high-reputation collective designation?



Research Question and Contribution

Research question

Is Rioja Alavesa's DOC initiative economically justified or politically driven?

Contributions

- Explicit economics vs politics test
- Mixed-method design: discourse + market outcomes
- First hedonic price evidence for Rioja Alavesa separation debate



Conceptual Background

- **GIs as collective quality signals**
(Akerlof, 1970; Spence, 1976; Winfree & McCluskey, 2005)
- **Collective reputation can mask internal heterogeneity**
(Costanigro, McCluskey & Goemans, 2010; Meloni & Swinnen, 2018)
- **Sub-regional breakaways arise when:**
 - **Quality signaling fails**
(Livat, Alston & Cardebat, 2019; Chandra & Moschini, 2022)
 - **Governance favors scale over terroir**
(Meloni & Swinnen, 2018; Gokcekus & Finnegan, 2017)
- **Parallel cases: sub-AVAs, Burgundy village hierarchies**
(Costanigro et al., 2010; Gokcekus & Finnegan, 2017)



Claims and Hypotheses

Economic claims

- Alavesa wines command a price premium
- Small producers are disadvantaged within DOCa Rioja

Institutional claim

- Aging-based hierarchy does not reflect quality

Political claim

- Basque identity and autonomy shape discourse



Data and Methods Overview

Two pillars

1. Qualitative thematic analysis

- 24 media, industry, expert sources
- Systematic coding of economic, institutional, political narratives

2. Quantitative analysis

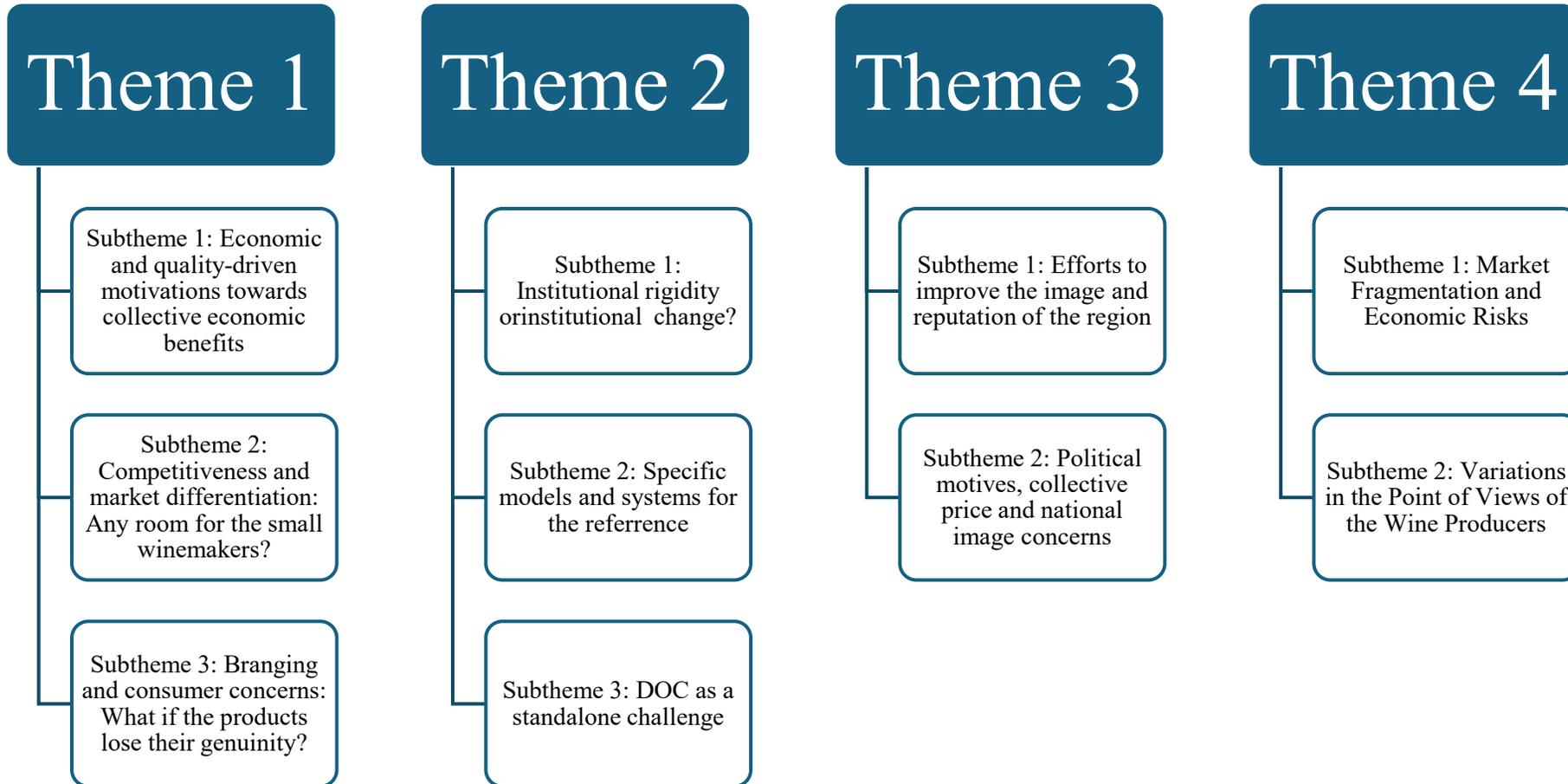
- Wine Spectator and Tim Atkin datasets
- Hedonic pricing and quality regressions

Qualitative Analysis: Data and Coding

- **Sources:** journalists, critics, producers, institutions
- 704 coded instances across 40 codes
- **Four themes:**
 - Economic motives
 - Institutional rigidity
 - Political identity
 - Critiques of fragmentation

Method: inductive thematic analysis with CAQDAS

Thematic and subthematic mapping





Qualitative Results: Dominant Narratives

What dominates discourse

- Economic sustainability of small producers
- Institutional rigidity of DOCa Rioja
- Misalignment between aging rules and terroir

What is secondary

- Basque political identity
- Autonomy rhetoric as reinforcement, not driver

Quantitative Data: Market Snapshot

	Alavesa	Other Rioja Regions	DOCa Rioja
Wine Spectator score	89.35	89.23	89.27
US suggested retail price (\$)	42.47	37.30	38.96
Average cases produced	26,562	28,266	27,722
Imported cases (U.S.)	1,584	5,107	3,974
Gran Reserva	9.3%	15.0%	13.0%
Reserva	29.8%	33.1%	32.0%
Crianza	23.0%	23.2%	23.0%
Without Designation	37.9%	28.7%	32.0%



Price Premium Estimation

Hedonic regression results

- Rioja Alavesa dummy: **+16.1% price premium**
- Controls: score, vintage, production scale
- Smaller production associated with higher prices

Interpretation

- Market already differentiates Alavesa wines

$$\ln(\text{Price}) = \beta_0 + \beta_1(\text{Cases Produced}) + \beta_2(\text{Vintage}) + \beta_3(\text{Alavesa}) + \beta_4(\text{Alta}) + \beta_5(\text{Wine Spectator Score}) + \beta_6(\text{Gran Reserva}) + \varepsilon, \quad (1)$$

Variable	Coefficient	Std. Error	t-statistic	P > t
Cases Produced	-0.0112	0.0032	-3.49	0.001
Vintage	-0.0475	0.0124	-3.83	0.000
Alavesa	0.1612	0.0790	2.04	0.042
Alta	0.1139	0.0736	1.55	0.122
Wine Spectator Score	0.1154	0.0108	10.65	0.000
Gran Reserva	0.1902	0.0883	2.15	0.032
Constant	88.7407	25.1273	3.53	0.000
No. of obs.	435			
F (6, 428)	36.79			
R ²	0.34			



Aging-Based Classification vs Quality

Key result

- Crianza and Reserva negatively associated with expert scores
- Grand Reserva statistically insignificant

Implication

- Aging-based hierarchy is a weak quality signal
- Terroir-based differentiation better aligns with expert evaluation

$$\text{Score} = \alpha_0 + \alpha_1 \text{Vintage} + \alpha_2 \text{Crianza} + \alpha_3 \text{Reserva} + \alpha_4 \text{Gran Reserva} + v \quad (2)$$

Variable	With Tim Atkin Data	With Wine Spectator Data
Vintage	-0.1714 (0.054)***	-0.1684 (0.041)***
Crianza	-3.1645 (0.441)***	-1.3054 (0.284)***
Reserva	-1.1454 (0.369)***	-0.5813 (0.268)**
Gran Reserva	-0.0933 (0.347)	-0.0279 (0.381)
Constant	437.2934 (108.266)***	428.9916 (82.738)***
No. of obs.	418	502
F	17.67	13.94



Structural Disadvantages for Alavesa Producers

- Smaller average production volumes
- Lower use of official aging designations
- Higher share of wines sold without designation

Interpretation

- Strategic opt-out from an ineffective classification system



Synthesis: Economics vs Politics

- Strong economic evidence:
 - Price premium
 - Structural disadvantage
 - Institutional misfit
- Political identity:
 - Present
 - Amplifies but does not originate the conflict

Conclusion

Economic incentives are primary; politics is complementary.



Broader Implications

- GI systems must adapt to internal heterogeneity
- Aging-based classifications risk becoming obsolete
- Institutional rigidity can trigger exit threats
- Terroir-based hierarchies may stabilize collective brands



Conclusion

- Rioja Alavesa wines already command a market premium
- DOCa Rioja classification fails as a quality signal
- Economic logic underpins the separation effort

Policy implication

Reform within or outside DOCa Rioja is economically defensible.