Convergence in Alcoholic Beverage Consumption Patterns among OECD Countries

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Declaration

Except where appropriately acknowledged, this thesis is my own work, has been expressed in my own words and has not previously been submitted for assessment.

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Abstract

In this thesis, we test Stigler and Becker’s identical tastes hypothesis using cross-country alcohol consumption data. Using several new measures of convergence, we first explore trends in global consumption patterns since 1961. The data suggest that a major convergence has occurred in the alcohol consumption mix across countries, but at a slower pace in traditionally wine- and spirits-consuming countries. We then use the Rotterdam system demand model to test the Stigler and Becker hypothesis and determine whether a common demand equation can be used across the sample of 26 countries. Controlling for differences in income and beverage preferences, we test the hypothesis and the results suggest that the identical tastes hypothesis does not apply to alcoholic beverages.

Keywords: alcohol consumption, convergence, demand elasticity, identical tastes hypothesis, Rotterdam model
# Contents

List of Tables  
5  
List of Figures  
6  
1 Introduction  
7  
2 Literature Review  
12  
2.1 Alcohol consumption patterns  
12  
2.2 System wide demand analysis  
14  
2.3 Stigler and Becker’s hypothesis  
16  
3 Descriptive Statistics  
17  
3.1 Data sources  
17  
3.2 Trends and Convergence  
20  
3.2.1 Consumption Intensity Index  
22  
3.2.2 Country Similarity Index  
23  
3.2.3 Patterns of Convergence in Alcohol Consumption  
24  
4 Estimation  
29  
5 Results  
34  
5.1 Demand theory tests  
34  
5.2 Demand elasticity estimates  
36  
5.3 Testing Stigler & Becker’s hypothesis  
43  
6 Discussion  
46  
7 Conclusion  
49  
Bibliography  
50  
A Appendix  
54  
A.1 Summary statistics  
54
A.2 Data sources ................................................................. 56
A.3 Table of consumption shares ....................................... 58
A.4 Monte Carlo tests for preference independence ............. 59
A.5 Demand theory results for 1996-2014 sample ................. 60
A.6 Coefficient results for 1996-2014 sample ..................... 61
A.7 Unconstrained demand elasticity results (complete) .......... 63
A.8 Stigler & Becker hypothesis sample groups ................... 65

List of Tables

3.1 Sample country group summary 1961-2014 (mean) .............. 19
5.1 Demand theory results .................................................. 35
5.2 Constrained demand model parameter estimates (1) ........... 36
5.3 Constrained demand model parameter estimates (2) ........... 38
5.4 Implied demand elasticities (1) ..................................... 39
5.5 Implied demand elasticities (2) ..................................... 40
5.6 Implied demand elasticities 1996-2014 (1) ....................... 41
5.7 Implied demand elasticities 1996-2014 (2) ....................... 42
5.8 Likelihood ratio test results ........................................... 45
A.1 Summary statistics (1) ................................................. 54
A.2 Summary statistics (2) ................................................. 55
A.3 Shares of beer, wine and spirits in total alcohol consumption ........... 58
A.4 Preference independence tests using Monte Carlo simulations .... 59
A.5 Demand theory results (1996-2014) ................................. 60
A.6 Constrained demand model parameter estimates (1996-2014) .... 61
A.7 Constrained demand model parameter estimates (1996-2014) .... 62
A.8 Implied demand elasticities (1) ..................................... 63
List of Figures

1.1 Alcohol consumption share triangle ........................................ 8
1.2 The geometry of the alcohol consumption mix ............................ 9

3.1 Alcohol consumption per capita (mean) vs. income per capita (mean) comparison (1961-2014) ........................................ 20
3.2 Coefficient of variation of shares of each beverage in total alcohol consumption ...................................................... 21
3.3 Coefficient of variation of shares of each beverage in total alcohol consumption (sample) .................................................. 22
3.4 Similarity vector plot ............................................................ 24
3.5 Consumption volume similarity index ....................................... 24
3.6 Wine intensity index ............................................................. 25
3.7 Beer intensity index ............................................................. 26
3.8 Spirits intensity index .......................................................... 26
3.9 Sample consumption volume similarity index ............................ 27
3.10 Sample consumption value similarity index ............................... 28
3.11 Standard deviation for volume and value similarity indexes for sample countries ....................................................... 28