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**Revitalizing the Port Wine Industry Through
Premium Rum Diversification and Strategic
Innovation: From Cluster to Consumer Shaping a
Market Identity for Portuguese Premium Rum**

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Abstract

The Port wine industry, deeply embedded in Portuguese heritage, is undergoing a period of significant transformation. Facing declining consumption, shifting demographics, and intensifying global competition, traditional Port houses must seek innovative avenues for growth. This thesis explores strategic diversification through the development of a Porto Rum Cluster, a collaborative ecosystem where Port wine producers leverage their heritage, barrels, and distribution channels to produce premium rum aged in Port casks. Using the case of Scoundrels Distilling as a proof of concept, this study assesses the operational feasibility, market trends, supply chain structure, and go-to-market strategy for launching a premium, Portuguese-branded rum. Through frameworks like Porter's Value Chain and STP (Segmentation, Targeting, and Positioning), the analysis demonstrates how storytelling, sustainability, and cross-category innovation can revitalize legacy wine brands. The research concludes that a Porto-based premium rum initiative is both culturally resonant and commercially promising, offering a path toward long-term value creation for the broader spirits industry in Portugal.

Keywords

Go-to-market strategy, product, differentiation, market prioritization, consumer trends, value chain analysis, local integration strategy, cultural identity revival, cost and revenue structure, financial projections

Port wine, premium rum, Porto Rum Cluster, cask-aged spirits, strategic diversification, Port casks, heritage branding, storytelling, local sourcing, molasses, RAR Açúcar, fermentation, distillation, Scoundrels Distilling, in-house production, strategic partnerships, Portuguese spirits industry, Porter's Value Chain, supply chain integration, yeast innovation, sustainable production, STP framework, 4P marketing, market segmentation, go-to-market strategy,

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internationalization, Alma Atlântica, craft spirits, brand identity, financial projections, break-even analysis

Port wine, premium rum, diversification, Douro Valley, barrel aging, second-use casks, fortified wine, brand revitalization, market repositioning, value creation, consumer trends, product innovation, globalization, niche markets, spirits industry, Portuguese identity, brand heritage, cross-category strategy, aged spirits, brand storytelling, export strategy, rum maturation, craft spirits, regional branding, premiumization, sustainability, Atlantic influence, terroir, cultural branding, distillation, product differentiation, authenticity, innovation strategy, legacy brands, new consumer segments, identity shift, experiential marketing, cask-finishing, product perception, trade channels, luxury spirits, startup distilleries, segment disruption, tradition vs. innovation, storytelling marketing, industry collaboration, economic sustainability, brand partnerships, market adaptation, and artisanal production

Abbreviations

CAGR - Compound Annual Growth Rate

EU - European Union

M&A -Mergers and Acquisitions

PYCC - Portuguese Yeast Culture Collection

RAR Açúcar - Refinarias de Açúcar Reunidas (Portuguese sugar supplier)

STP - Segmentation, Targeting, Positioning

4P - Product, Price, Place, Promotion (Marketing Mix)

TAM - Total Addressable Market

SAM - Serviceable Available Market

SOM - Serviceable Obtainable Market

IWSR - International Wine and Spirits Record

Group Part

DMA - Distilled Market Analysis

SCDO - Scoundrels Distilling Company

IVV - Instituto da Vinha e do Vinho

DGAE - Direção-Geral das Atividades Económicas

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0. Introduction

This Work Project analyzes the **potential of premium rum production as a strategic response to the structural decline of the Port wine industry**. It explores the feasibility of establishing a Porto-based rum cluster by leveraging Portugal's historical connection to rum and the proof of concept provided by Scoundrels Distilling. The goal is to determine whether premium rum could serve as a complementary product and a catalyst for innovation, value creation, and the long-term revitalization of the regional spirits sector.

I. Overview of the Port Wine Industry

Rooted in Portugal's heritage, the Port wine industry is a significant yet declining sector in the global wine market. While renowned for its rich, fortified wines from the Douro Valley, the industry now faces falling consumption, aging demographics, and rising competition. This overview analyzes key market trends, competitive dynamics, and structural challenges while identifying opportunities for revitalization.

i. Market Size and Scope

The global Port wine market is projected to reach **USD 1.10 billion by 2025**, with a CAGR of 8.5% until 2035, driven by premiumization rather than broad demand growth (Future Market Insights). Sales volume has fallen from 10.5 million cases in 2000 to 7.3 million recently (Forbes). In Europe, key markets like France, the UK, and the Netherlands have seen **reduced consumption**, although aged and premium Ports are gaining appeal (Grand View Research). Portugal remains the primary producer but is also experiencing domestic decline. The port wine market volume declined to 11.63 million liters in 2024, with further decreases projected for 2025 (GlobalData). A modest recovery (CAGR 0.67%) is expected by 2028, but volumes will remain below historic levels. Revenue from fortified wines in Portugal is forecasted to drop

from €3.36M in 2025 to €3.28M by 2029 (Statista), due to **overproduction** and **declining exports** (Wine Intelligence).

ii. Competitive Landscape

The market is led by historic houses such as **Taylor's**, **Graham's**, and **Sandeman**, known for strong brand equity and Douro Valley roots (Woolf, 2024c). However, boutique producers like Quevedo and Churchill (Market Research Future, n.d.) are gaining ground using digital marketing and niche innovations such as white, rosé, and low-sugar Ports.

This shift is prompting established brands to **diversify offerings** and **adopt new marketing strategies** aimed at younger consumers (Caputo, 2024a). The rise of e-commerce and direct-to-consumer sales is transforming distribution, although the market remains consolidated around legacy players.

iii. Market Decline

Port wine's decline is evident both globally and nationally. In Portugal, volume dropped at a -1.17% CAGR from 2021 to 2024, with minor projected recovery by 2028 (GlobalData). Per capita consumption also decreased from 1.12L in 2022 to 1.19L forecasted for 2025, despite a temporary uptick in 2023 (GlobalData).

While per capita expenditure is rising from USD 27.80 in 2023 to a projected USD 32.65 in 2025, this **reflects premiumization, not broader demand** (GlobalData). Simultaneously, international trade volume has declined sharply since 2000 (Forbes), contributing to overproduction and financial strain in the Douro Valley (Wine Intelligence).

Shifting Preferences & Health Consciousness have led modern consumers, especially younger ones, to favor lower-sugar, lower-alcohol drinks such as craft beer, spirits, and non-alcoholic options. Port's sweet profile is misaligned with this trend, and rebranding efforts have struggled to shake its old-fashioned image (Woolf; Caputo, 2024).

Demographic Challenges are evident as Port Wine's aging core customer base limits its traction with younger generations. This generational gap threatens long-term viability without strategic efforts to cultivate new audiences (Mohan, 2023b).

Competition and Saturation in the Douro have intensified due to oversupply and the rise of boutique producers, leading to price pressures and a crowded market. Meanwhile, consumption of wine in traditional markets like the UK has dropped 2.9% in 2023, down 14% per capita since 2000 (IWSR, 2024).

Structural and Marketing Gaps have emerged as traditionalism hampers innovation in branding and e-commerce, leaving Port lagging behind competitors in digital outreach and consumer engagement.

Economic Pressures such as rising production costs, inflation, and export uncertainties, especially in major markets like the UK are pressuring margins and forcing producers to rethink pricing and channel strategies.

Industry Restructuring is underway as producers reduce production quotas and remove vines to manage excess supply (Ciobanu, 2024). Some are pivoting to premium or limited-edition products to maintain margins, though overall sales decline continues.

The Port wine industry faces structural decline due to demographic shifts, changing consumer habits, competition, and economic strain. To reverse this trend, the sector must modernize marketing, target younger audiences, adopt digital platforms, and promote sustainability. Strategic transformation not just product innovation will be key to ensuring long-term viability.

I. Introduction to the Rum Industry

i. Market Size and Growth

The global rum market is experiencing steady growth, driven by premiumization and increased consumer interest in craft spirits. In 2023, the global rum market was valued at approximately USD 15.8 billion and is projected to reach USD 20.4 billion by 2028, growing at a CAGR of

5.1% (Market.us Media, 2024). While mass-market rum sales remain stable, the premium and ultra-premium segments are experiencing significant expansion, reflecting changing consumer preferences toward higher-quality products (IWSR, 2024b).

Europe is also a significant player in the rum industry, accounting for nearly 25% of global consumption. Countries such as the UK, France, and Germany are major importers, with France particularly noted for its demand for high-quality agricole rums. Despite the strong presence of Caribbean rums, European consumers are increasingly embracing premium and locally produced alternatives (The Rum Lab, 2024a).

ii. Competitive Landscape

1. Key Competitors & Market Segments

The rum industry combines established global players such as Bacardi, Diageo, and Pernod Ricard with a growing number of independent craft distilleries (Statista, 2024). While mainstream and premium segments remain dominated by multinationals, there has been a marked rise in artisanal producers like Foursquare and Plantation, known for quality, terroir, and innovative aging techniques (IWSR, 2024b).

The market is segmented into white, dark, spiced, and aged rums, with the premium and ultra-premium categories showing the fastest growth, particularly in Europe (Market.us, 2024b, Grand View Research, 2024a).

2. Emerging Trends

The rum industry is evolving towards greater sophistication, with a clear shift from mass-market products to premium, aged, and craft expressions. Consumers, particularly in Europe and North America, are increasingly drawn to authenticity, quality, and unique production methods, including cask finishing and small-batch distillation. This trend is reinforced by the rise of cocktail culture, sustainability concerns, and digital channels that make it easier for niche brands to reach targeted audiences. As a result, rum is no longer seen solely as a mixing

spirit but is gaining recognition as a refined alternative to whisky and other aged categories (IWSR, 2024b; The Rum Lab, 2024b).

3. Market Opportunities for New Entrants:

For new entrants, several market opportunities exist. First, the rise of craft distilleries and consumer interest in locally produced spirits provide an opening for small-batch rum makers who emphasize authenticity, sustainability, and unique flavor profiles. Another opportunity lies in the direct-to-consumer model, as digital sales and e-commerce platforms continue to expand, enabling smaller producers to reach international markets without relying on traditional distribution channels (IWSR, 2024b). Lastly, sustainability-focused production, such as using local molasses and environmentally friendly distillation methods, aligns with global trends and could attract eco-conscious consumers (The Rum Lab, 2022). By capitalizing on these opportunities, new entrants can build a niche in the competitive but evolving rum industry.

II. Proof of Concept: Scoundrels Distilling

The first urban distillery in Porto, Scoundrels Distilling Co., was established in 2019 and is revolutionizing the country's artisan spirits market with its inventive and rebellious style. The firm, known for its award-winning gins and single-barrel rums, combines bold experimentation with tradition by aging its rums in Portuguese fortified wine casks and creating gins with unique flavors. Offering in-depth artisanal spirit-making, exclusive tastings, and immersive gin seminars, Scoundrels is more than just a distillery.

i. Overview of the Business Model – Rum

Figure 1- Scoundrels Distilling's Rum Business Model Canvas

KEY PARTNERS Local Producers Bars & Restaurants Distribution & E-commerce Platforms Events & Festivals	KEY ACTIVITIES Rum Production & Quality Control Aging Techniques & Cask Experimentations Marketing & Brand Storytelling Sales & Distribution Management Community Engagement & Customer Experience	VALUE PROPOSITION Premium Small-Batch Rums Unique & Experimental Flavours Authentic Brand Identity Sustainability & Local Sourcing Experiential Offerings	CUSTOMER RELATIONSHIPS Tastings Experiences Community Engagement Interactive Content Customer Feedback	CUSTOMER SEGMENTS Craft Spirit Enthusiasts Collectors Mixologists & Bartenders Tourists & Experience Seekers
	KEY RESOURCES Distillery & Production Equipment Raw Materials & Ingredients Brand Identity & Marketing Assets Talent & Expertise Licensing & Compliance		CHANNELS Direct-to-Consumer Sales E-commerce & Online Retail B2B Wholesale Distribution B2BB Wholesale Distribution to Resellers Events & Pop-Ups	
COST STRUCTURE Raw Materials & Ingredients Rent & Utilities Distillery Operation & Equipment Regulatory Compliance & Licensing Marketing & Branding Distribution & Logistics Labor			REVENUE STREAMS Bottled Rum Sales Limited Edition & Aged Releases Distillery Tours & Tastings Merchandise & Brand Products	

Scoundrels Distilling is reshaping Porto’s beverage scene as the first to age rum in Port casks, blending the heritage of Port wine with the craft of rum-making. This innovative approach creates a distinctive flavor profile and reveals the synergies that emerge from combining the rich heritage of port wine with the craft of rum making.

Its **value proposition** centers on premium, small-batch rum with experimental flavors, built on rebellion, craftsmanship, and sustainability. Scoundrels targets **mixologists, craft spirits enthusiasts, tourists, and collectors**, offering immersive experiences, exclusive tastings, and limited editions. The brand fosters strong **customer relationships** through local partnerships and interactive engagement. **Distribution** combines direct-to-consumer sales, e-commerce platforms, and event participation. **Key partners** include local suppliers (e.g. RAR, Lallemand), hospitality venues (Eddie’s Whiskey Bar, Renaissance Hotel), and online retailers like Portugal Vineyards. **Activities** focus on unique production methods, cask experimentation, events, and storytelling, supported by key **resources** like specialized equipment, Port casks, and locally sourced ingredients. Major **costs** include raw materials, labor, operations,

compliance, and marketing. **Revenue** comes from bottled rum, aged and limited editions, distillery experiences, and branded merchandise.

Scoundrels Distilling introduces a bold new approach to rum-making, disrupting the market while unlocking the untapped potential for the Port wine industry and its region. By sourcing ingredients from local producers in the Porto region and finishing its rum in Port wine casks, Scoundrels not only creates a unique product but also presents a revitalization opportunity for the commerce of Porto and its declining wine industry, as previously analyzed. This innovative model demonstrates how established Port houses can diversify their portfolios and remain competitive in an ever-evolving market. Therefore, the question arises: **Can rum save the Port wine industry?**

Context & Assumptions: Why Now for Porto Rum

Scoundrels Distilling's innovative approach to rum highlights a **unique opportunity for Port wine producers to expand into the premium rum market**. The natural synergy between aged rum and Port wine paves the way for a potential **Porto Rum Cluster, a concept that merges tradition with innovation**. Scoundrels' success proves that rum aged in Port casks is not only feasible but also distinctive and globally marketable, **combining Port's legacy with the rising demand for aged spirits**.

Portugal's historical ties to rum date back to the Age of Exploration, when the country played a central role in the sugarcane and rum trade across Madeira, Brazil, Africa, and the Caribbean. Yet, **despite this legacy, Portugal never fully developed its rum industry, a gap that Port houses are now well-positioned to fill**. Leveraging their expertise in barrel-aging, strong brand identities, and distribution networks, these producers can reestablish Portugal's relevance in rum.

To do so, they must choose between building an **in-house distillery or forming strategic partnerships**. While the former ensures full control, it involves high investment and complexity. Collaborating with established distilleries like Scoundrels offers a faster, lower-risk entry by focusing on cask aging, branding, and marketing.

Regardless of the approach, the **Porto Rum Cluster emphasizes local integration**, favoring domestic sourcing for raw materials, aging, and distribution. This not only supports sustainability and regional economic growth but also positions Porto as a future hub for premium cask-aged rum. In blending centuries-old maritime heritage with modern production expertise, **the cluster represents a strategic and cultural revival, placing Portugal at the forefront of the global rum landscape.**

1. Laying the Foundations of the Porto Rum Cluster

Building on the obvious strategic opportunity for Port wine companies to diversify into the premium rum market, this chapter examines the practical question of **how rum should be produced to create the Porto Rum Cluster**. Crafting premium rum requires careful sourcing, sophisticated processes, and a well-coordinated supply chain, much like Port wine. The objective is the same whether Port houses decide to collaborate with an existing distillery or construct their own production capacity: to produce a product that embodies the creativity, quality, and legacy that characterize Porto.

Porter's Value Chain Framework, which divides the supply chain into **primary operations** like inbound logistics, manufacturing, bottling, and distribution, as well as **support activities** like infrastructure, technological development, procurement, and human resources, is what we utilize to manage this. Together, these influence not only the rum's production process but also its capacity to grow sustainably and competitively.

Finding the necessary raw materials, such as molasses, barrels, yeast, water, and fermentation additives, is the main priority at the **upstream level**. In order to strengthen the product's authenticity and boost the local economy, the Porto Rum Cluster seeks to acquire these ingredients as locally as possible. They are the foundation of the spirit's identity. The focus moves from turning this undeveloped potential into a final product in the **downstream phases**, which include fermentation, distillation, aging, bottling, and distribution.

This chapter compares **two key strategic pathways** while giving a thorough overview of the supply chain. It also lists the **various forms of cooperation** that Port wineries can look into, including joint ventures, contract manufacturing, and strategic alliances. By outlining these operational decisions, we provide a workable plan for how Porto can take the lead in producing a high-end, heritage-based, cask-aged rum that is prepared for international markets.

1.1 Upstream: Raw Materials & Sourcing

Securing **premium raw materials** is the initial step in the creation of rum, and it affects both the finished product's flavor complexity and production efficiency. The Porto Rum Cluster would, if feasible, give preference to **locally sourced ingredients** in order to maintain consistency and sustainability, thus enhancing **Portugal's independence in the production of premium rum**.

1.1.1 Molasses: The Foundation of Rum

As the primary fermentable sugar used in the making of rum, molasses has a direct impact on the spirit's final flavor character, fermentation efficiency, and alcohol yield. The quality, consistency, and cost-effectiveness of rum, a byproduct of sugar refinement, are critical factors in evaluating the feasibility and competitiveness of rum manufacturing. The Porto Rum Cluster's success depends on having a dependable **local molasses supply chain**, which reaffirms the dedication to maintaining Porto's full integration of sourcing and production.

The **biggest and most well-known sugar refinery in Portugal is RAR Açúcar**, which provides molasses to the food, beverage, and alcoholic beverage sectors. RAR Açúcar (Refinarias de Açúcar Reunidas) was established in 1962 with the goal of modernising Portugal's sugar sector, which had previously been dependent on imports and antiquated refining techniques. The Porto-based business supported Portugal's industrial growth by emerging as a major force in the Iberian sugar industry. RAR Açúcar is still the leading domestic supplier today, guaranteeing a steady and confined supply of molasses and sugar, which makes it the perfect partner for the Porto Rum Cluster.

Nowadays, low-value uses, mostly in agriculture and animal feed, account for a large portion of Portugal's molasses usage. It is used to improve fermentation in silage and as an energy supplement for cattle. Although useful, these applications don't fully capture molasses's potential as a raw resource. This offers a big chance, Port wineries and sugar refineries like **RAR Açúcar can turn molasses, which is typically regarded as agricultural trash, into a valuable ingredient for a high-end product by turning it into rum.**

Although Madeira has a long history of growing sugarcane and produces excellent molasses, the Porto Rum Cluster prefers a totally domestic supply chain inside Porto, therefore importing from the island is not recommended. Distilleries can lower supply chain risks, logistical complexity, and transportation expenses by purchasing from RAR Açúcar, guaranteeing operational effectiveness and economic sustainability. Furthermore, preserving a locally integrated value chain boosts the local economy and increases Porto's independence in producing quality rum. RAR Açúcar already provides molasses to ACDO Distillery, it is a viable supplier for other distilleries in the cluster due to its expandable production capacity.

In-House

Group Part

To secure long-term supply stability and the benefits of bulk pricing, port wine businesses who decide to build their own fully integrated distillery must sign direct arrangements with RAR Açúcar. With **long-term bulk pricing agreements, this strategy guarantees cost stability, and exclusive supply contracts lower the risk of price swings and any shortages.** Additionally, to alleviate cash flow issues, particularly in the early phases of production, distilleries may bargain for **flexible payment terms like credit agreements or staggered payments.** However, in order to benefit from bulk purchases, minimize logistical interruptions, and guarantee a steady flow of manufacturing, on-site storage capacity is necessary. This strategy requires **active contract management, storage infrastructure, and logistics coordination,** but it also offers **more production autonomy and guards against supply.**

Strategic Partnership

As an alternative, collaborating with a well-known distillery such as Scoundrels Distilling **eliminates the necessity of direct supplier agreements and streamlines the acquisition of molasses.** This arrangement reduces the Port house's procurement duties by having the partner distillery handle all aspects of molasses sourcing, storage, and logistics. Because the partner distillery absorbs the impact of price variations and guarantees continuous availability, this structure **reduces the risks associated with supply volatility.** Furthermore, large-scale distilleries acquire molasses in bulk, taking advantage of economies of scale to get cheaper pricing than individual consumers. Partnering with an established distillery gives port houses seeking a **quicker market entry instant access to an existing supply chain,** removing the need to negotiate supplier agreements or construct logistics infrastructure from the ground up. This method **simplifies operations and lowers financial risk,** but it also **takes away direct control over the purchase of molasses.**

1.2 Integrated Sourcing, Production, and Innovation in the Porto Rum Cluster (In-House vs Strategic Partnership)

The Porto Rum Cluster offers Port wineries a chance to continue their heritage by breaking into the high-end rum industry. Reusing their own seasoned Port wine barrels, known as Ruby and Tawny casks, is one of their best features; it gives rum more depth and character while promoting sustainability. Producers may improve product storytelling and preserve legacy by keeping the ageing process local. Port houses can either form strategic alliances with distilleries, like as Scoundrels, donating barrels while outsourcing fermentation and distillation, or they can handle the entire process internally for complete creative control.

In addition to barrels and molasses, water, yeast, and additives are essential fermentation inputs. Rum can be made in Porto's pure water, and although most yeast strains are imported (like Lallemand), there are some potential indigenous options available from organizations like PYCC and Credin. Although they assume more operational complexity, in-house producers gain more control and the capacity to innovate. Strategic partners manage inputs effectively, providing simplicity and speed, but they also lessen the producer's control over the initial phases of production.

Delivering a high-quality, locally sourced product requires careful consideration of downstream production, bottling, and distribution. In-house producers obtain complete control and brand alignment, while port houses are required by law to run separate facilities for rum. The product's Portuguese character is strengthened, and the local economy is supported by using suppliers like BA Glass, Patrick Thompson, and Cergam Glass for local bottling in Porto. Distribution can also take advantage of Port Wine's current export routes, whether they are shared with partners or handled internally, guaranteeing efficiency and reach.

Last but not least, it is essential to support initiatives like supplier partnerships, technological development, and procurement. Deeper integration and more space for research and

development are provided by in-house operations, particularly in fields like sustainable practices and yeast innovation. While some duties are delegated by strategic alliances, cooperative innovation can still be encouraged, enabling Port houses to produce limited editions or distinctive blends. Whether through in-house manufacturing or calculated cooperation, the Porto Rum Cluster ultimately advocates a paradigm that strikes a balance between authenticity, innovation, and local economic significance.

1.3 Additional Supporting Activities

1.3.1 Human Resource Management: Growing Expertise from Two Worlds

Although making rum demands a distinct set of skills than making wine, port makers are in a special position. They already possess extensive expertise in brand development, blending, and barrel aging. **Finding the proper candidates or teaching current teams the ins and outs of rum is the difficult part.**

Building a new team or growing the current one is what it means to go in-house. Employing distillers, lab technicians, compliance managers, and perhaps even a specialized marketing staff for the new product line are all part of this. Although it's more work, it gives Porto residents complete **creative control over the rum's production and presentation and generates jobs.**

The majority of the technical team is already there if the Port House collaborates with a distillery. **The emphasis switches to relationship management**, ensuring that the rum produced is consistent with the house's ideals and narrative, rather than employing a full operations team. As crucial as the liquor itself is, the Port house can concentrate more on distribution, marketing, and customer experience.

People are at the center of both concepts. Building the proper team, whether via hiring, upskilling, or collaboration, is essential to turning the Porto Rum Cluster into a movement rather than merely a product.

1.3.2 Firm Infrastructure: Building a Foundation That Lasts

Not to be overlooked is the company's infrastructure, which includes the **structures, systems, and compliance procedures** that underpin everything from supply chain monitoring to legal documentation.

A Port house will have to negotiate a challenging regulatory landscape if they decide to produce internally. Unlike port wine, rum is a spirit and, according to EU law, needs to be made in a facility with a separate license. The distillery needs its own licenses, equipment, and compliance procedures even if it is located on the same land. To run the process at scale, other requirements include inventory monitoring, financial planning, logistical systems, and perhaps even digital platforms.

Much of that complexity remains on the partner's end when working with a strategic partner. For instance, Scoundrels Distilling already has facilities with licenses and reliable systems in place. Although the operational load is much less, the Port House still requires internal infrastructure, particularly in the areas of brand management, distribution, and quality assurance.

These infrastructural requirements will increase over time. Producers may seek to standardize aging and bottling procedures, co-invest in production centers, or even formalize shared infrastructure as the Porto Rum Cluster grows. **A solid foundation will be essential to transforming early success into long-lasting influence, whether operating alone or in tandem.**

1.4 Strategic Partnership Models for Rum Production

Not all Port wineries will be prepared or eager to construct their own distillery right now as they seek to expand into premium rum. Producers can join the market through strategic alliances, which provide a flexible and realistic substitute for full integration's operational complexity and upfront costs. However, **partnerships can take many different forms, each with a unique mix of long-term promise, commitment, and control.**

Some producers might start with a **straightforward arm's length contract**, buying basic rum from a distillery without participating in the manufacturing process. Although it's a low-risk method of rapidly testing the market, this strategy provides little room for brand distinctiveness and gives little control over the finished product.

Contract manufacture is a more complex alternative in which the distillery makes the rum according to the Port house's specifications, such as the preferred strength, aging profile, or distillation style. While still depending on the partner's machinery and technical expertise, this allows the manufacturer greater control over the final product. It's a wise compromise for port houses who wish to maintain a close hand in making their rum without having to construct a whole facility.

For companies wishing to engage more closely, **strategic alliances** give the opportunity to co-create products, share branding efforts, or even collaboratively design limited releases. These alliances, which frequently involve the Port house's own barrels, blending input, or joint marketing initiatives, are based on reciprocal benefits. They facilitate creative synergy, but they also necessitate mutual trust and careful coordination.

Certain collaborations have the potential to develop into something even more official, like an **equity joint venture**. Under this arrangement, the distillery and the Port house share ownership and decision-making of a specialized rum business. Although it necessitates greater

alignment and dedication, this structure allows for longer-term brand development and more ambitious undertakings.

Additionally, **a collaboration may potentially result in an acquisition in certain situations.**

A port house that first collaborates with a distillery may eventually choose to purchase the business outright, turning the partnership into a fully integrated one. Complete control of the value chain may be possible through this type of **merger or acquisition (M&A)**, particularly if rum becomes a vital component of the Port house's portfolio.

Naturally, some companies might decide to **forego partnerships entirely in favor of vertical integration**, constructing their own distillery and handling all aspects of production from raw materials to bottling. The greatest degree of control is provided by this, but the costs, risks, and operating requirements are also the highest.

Conclusion: A Locally Anchored, Globally Oriented Supply Chain

The Porto Rum Cluster's story starts with infrastructure, strategy, and vision rather than a label or marketing effort. The fundamentals of creating a premium rum ecosystem with a Porto origin have been laid out in this chapter: **domestic sourcing, effective production, and a product that combines innovation and tradition.** The main strategic decision for Port wineries is whether to **join with well-established companies like Scoundrels Distilling to enter the market more quickly and with less operational complexity, or to pursue production in-house, building on their experience and heritage.**

From upstream logistics, including obtaining molasses, barrels, yeast, and additives, to the downstream activities of production, bottling, and distribution, we have examined each step of the process using Porter's Value Chain as a guide. In addition to improving the final product's authenticity, giving preference to local vendors like RAR Açúcar, BA Glass, Patrick

Thompson, and possible yeast partners like PYCC also **boosts the local economy and reduces the distance between raw materials and consumers.** By looking into local innovation partnerships, the cluster continues to be dedicated to long-term quality and resilience, even in situations when local sourcing isn't entirely easy and direct, like yeast.

Operationally, this chapter demonstrates that the Porto Rum Cluster's worth is found in its ability to **tell a distinctively Portuguese tale at every level of production, in addition to producing rum.** Every step of this supply chain offers a chance to tell a story and stand out, whether the wine is aged in barrels that once housed Port or is bottled in a glass made just a few kilometers from the Douro. The dual approach enables Port producers to choose their entrance point based on their resources, ambition, and desire for control, either internally or through a strategic partnership. **But both routes ultimately lead to the same destination: a high-end rum that embodies location, tradition, and craftsmanship.**

By focusing production locally, the Porto Rum Cluster is creating a new category that combines the traditional and the modern, rather than merely breaking into the rum market. One that revitalizes barrels, repurposes forgotten raw materials, and **establishes Porto as a source of innovation as well as a steward of tradition.**

After mapping out the supply side, the next chapter discusses the demand side of the equation. **Who is the Porto rum consumer? What do they want to find? And how can Port producers establish a real connection with them?**

2. Rum Market Landscape and Consumer Trends

2.1 Rum Market: Size and Growth

2.1.1 Global and European Market Size & Growth: Focus on Premium Segments

The global spirits industry is shifting its focus from volume growth to **value creation**. While consumers are not necessarily drinking more, they are spending more on quality and prioritizing authenticity and storytelling. As noted in the introduction, rum is part of this trend. The overall rum market is expanding at a CAGR of 5.1% (Market.us Media, 2024), with premium segments growing faster at 6–8%, depending on the region—especially in mature markets such as the US and UK. By 2027, over 30% of global spirits value growth is expected to come from premium and above products (The Rum Lab, 2024c). Rum is predicted to follow whisky and tequila as one of the fastest-growing premium categories. This shift is also being driven by younger consumers who are seeking out aged spirits and who are influenced by urban cocktail culture and lifestyle choices that favor 'less but better' drinking. Increasing disposable income in markets such as China and Brazil is another contributing factor (IWSR, 2024b).

While the rum market is growing steadily globally, there are notable differences in pace and consumer behavior between the United States and Europe. In the United States, the overall rum market is projected to grow at a CAGR of 6.4% from 2025 to 2034 (Expert Market Research, 2024). The premium rum segment in North America was valued at \$1.05 billion in 2022 and is expected to reach \$1.5 billion by 2030, reflecting a CAGR of 4.6% (Business Market Insights, 2023). In comparison, the European premium rum market is forecasted to grow at a CAGR of 5.2% from 2024 to 2031, reaching an estimated value of \$913.5 million by 2031 (Metastat Insight, 2024). Additionally, IWSR data shows that in the U.S., the premium-and-above segment of dark rum increased from 11% in 2019 to 17% in 2024 (The Rum Lab, 2024d).

2.1.2 Mass-Market vs. Premium/Craft Rum

The rum market is increasingly polarized. Mass-market rum, often used in cocktails and sold at low prices, has seen flat or declining volume growth. Meanwhile, craft and aged rums—often high-proof, small batch, or cask-finished—are gaining traction. These products appeal to consumers already familiar with premium spirits like whisky or cognac (IWSR, 2024b).

This **premiumization** is also reshaping the competitive landscape. Brands that focus on authenticity, limited editions, and cask finishing techniques are indeed gaining ground. This shift is visible across Europe: in Germany, for example, some whisky drinkers are turning to premium rum for new flavor profiles (IWSR, 2024b). In France, demand for terroir-driven rums is rising. Consumers familiar with ‘rhum agricole’ are open to authenticity and craftsmanship, especially when aging stories and provenance are well communicated. The UK has a strong demand for innovation in the spirits market, with premium rum gaining traction among cocktail enthusiasts and sipping rum audiences (GourmetPro. 2024a & 2024b).

2.1.3 Why Premium Rum Matters for Portugal

This trend creates an opportunity for Portugal and for Porto in particular. The Port wine industry already has the necessary barrels and aging facilities, as well as a global reputation. Rather than exporting the barrels, Portugal could add value by aging rum in them locally (Travis's Interview, 2025). Premium rum aged in Port wine barrels would offer a clear market fit, as it would combine heritage (Port wine), innovation (cask finishing), and sustainability/storytelling (local molasses). It could also attract premium consumers in global markets who already associate Port with quality. Furthermore, the concept would also enable traditional Port houses to diversify their portfolio.

2.2 Consumer Trends and Preferences

Across the spirits industry, consumer preferences are changing because the way people drink rum is evolving. As previously mentioned, this shift is known as 'premiumization' and is occurring worldwide, particularly in Europe and the US (IWSR, 2024b).

2.2.1 Main Trends

It is possible to identify five key trends shaping the way consumers engage with premium rum. First, there is a growing preference for **craftsmanship and authenticity**. Consumers are increasingly interested in knowing where rum comes from, how it is made, and the people behind it. Small-scale producers, traditional techniques, and local ingredient use are now perceived as key indicators of quality. These elements are particularly valued in the premium segment, where buyers are looking for a deeper connection to the product, not just taste. As a result, interest in the product's sense of place and cultural heritage is growing (Grand View Research, 2024a; Dingwall, 2023).

Second, **sustainability** has become an important driver of purchasing decisions. Consumers, especially younger generations, are more aware of environmental and ethical issues and expect brands to be transparent and responsible. Choices around packaging, sourcing, and even water use are increasingly scrutinized, and sustainability credentials can strongly influence brand preference (IWSR, 2024b; The Rum Lab, 2022).

Third, **storytelling and heritage** are now essential parts of the consumer experience. People value narratives that feel authentic and rooted in history or tradition. Portuguese rum, for example, could offer rich storytelling opportunities – linking the spirit to the port wine barrels used to age it, the heritage of the Douro Valley, and the wider revival of artisanal distillation

in Portugal. These stories build emotional connections and help the creation of a lasting brand loyalty (Essfeed, 2025; E&A Scheer, 2025).

Fourthly, **product versatility** is becoming increasingly important. Premium rum is no longer limited to one occasion. It is used for sipping, gifting, and cocktail creation, depending on the moment and the audience. Consumers today are looking for drinks that feel exclusive yet accessible - spirits that can be enjoyed on their own or as part of an elevated cocktail experience. Cask finishes, such as tawny or ruby port, add complexity and help position the product as adaptable for multiple uses (IWSR, 2024b; Insight Trends World, 2025).

Finally, **consumer buying patterns** are evolving. While traditional retail remains relevant—especially for discovery and tactile experiences—e-commerce is growing rapidly. In countries like France, Germany, and the UK, consumers access curated selections of aged rums online, complete with tasting notes and production details. Meanwhile, travel retail (notably in airports) is gaining importance, offering brands a chance to showcase exclusive or limited editions to international audiences (IWSR, 2024b; The Rum Lab, 2024c).

2.2.2 Comparing Market Cultures: France vs. the United States

France and the US are both key markets, but consumer behavior differs. In the US, rum is often perceived as a fun, affordable drink rather than a sophisticated spirit—more associated with cocktails and casual occasions than connoisseurship (The Rum Lab, 2024e).

In contrast, France has a more mature premium spirits market. Consumers are already familiar with aged categories like cognac and rhum agricole, which are associated with aging, terroir, and craftsmanship – concepts that fit well with the positioning of a premium port cask aged rum. They value origin, history, and production quality, and are generally more willing to pay for these attributes (GourmetPro. 2024a; Persistence Market Research, 2023). Another key

advantage is the cultural familiarity of French consumers with Port wine, meaning that Portuguese rum aged in Port casks is likely to seem both authentic and intriguing to them. France represents therefore a strong strategic fit.

2.2.3 Market Prioritization: Core and Emerging Markets

This section analyses several international markets to identify those in which Portuguese premium rum has the greatest potential for success. Market prioritization is based on factors including **existing rum consumption, cultural alignment with aged and premium spirits, familiarity with Port, and strong distribution channels**. The goal is to develop a clear, phased strategy that supports the development of a national rum identity rooted in Portugal, while also guiding targeted decisions for international expansion.

2.2.4 Core Markets: United States, France, United Kingdom

Firstly, the **United States** is the world's largest market for premium rum, with strong demand for aged, craft, and barrel expressions. Cities such as New York, Miami, and Los Angeles are hubs for cocktail innovation and premium spirits. Meanwhile, the rise of direct-to-consumer e-commerce is making it easier for niche and international brands to reach a discerning audience. In addition, the US market responds well to high-ABV, limited-edition rums, making it a high-potential, early-stage market for Portuguese premium rum (OhBEV, 2025; Dingwall 2023; Grand View Research, 2024b; Spherical Insights & Consulting, 2025).

Secondly, the **UK** is another established market with a growing interest in premium sipping rums and a vibrant mixology scene. However, while the UK has high consumption levels, France could offer a more strategic fit for the development of Portuguese premium rum. Not only do French consumers have a deep familiarity with aged spirits and rhum agricole, but France recently overtook the UK as the largest importer of Port wine. This demonstrates a

strong existing connection with Portuguese products and creates a natural awareness of and appreciation for the port cask aging concept (WSTA, 2024; GourmetPro. 2024b).

In this context, **France** becomes a priority market, not only because of its premium rum potential but also because of its pre-existing and established distribution channels for Port, as well as its strong spirits retail sector and cultural alignment with the kind of terroir-driven storytelling that Portuguese rum can offer. For a brand that emphasizes craft, heritage, and cask aging, France represents both high demand and strategic synergy (GourmetPro., 2024a; Bonafide Research; 2023a; Businesscoot 2024).

2.2.5 Secondary Growth Markets: Germany, Brazil, China

Germany is one of the most dynamic premium rum markets in Europe. The country has seen significant crossover from whisky consumers and there is strong demand for high proof, aged, and cask finished rums. There are many online spirits platforms and a growing bar culture in cities such as Berlin and Hamburg, making it an ideal environment for differentiated offerings. Additionally, online platforms such as Rum&Co and Whisky.de provide an ideal ecosystem for niche and aged spirits (EssFeed, 2025; Grand View Research, 2024b).

Brazil shows growing potential despite cachaça's market dominance. Affluent Brazilian consumers increasingly embrace luxury spirits, particularly aged rums as whisky alternatives. Premium rum could effectively position itself as a status symbol within high-end nightlife scenes in São Paulo and Rio de Janeiro. The country's vibrant cocktail culture presents opportunities to market port cask-aged rum as a sophisticated, collectible alternative (Grand View Research, 2024c; Straits Research, 2023)

Finally, in **China**, aged and exclusive spirits are in high demand among status-conscious consumers. The country's gift-giving culture and growing interest in western cocktail

experiences make it an attractive long-term market. Aged rum, especially when positioned as rare or collectible, can appeal to the same consumers who already buy high-end whisky and cognac (Bonafide Research, 2023b; Grand View Research, 2024d).

2.3 Strategic Foundations for Portuguese Premium Rum: Market Role, Product Differentiation, and Global Reach

Portugal's premium rum strategy focuses on combining local production with international market potential. While Portugal itself is not a large rum consumer, it plays a central branding role, offering authenticity through Port cask aging and storytelling rooted in heritage and craftsmanship.

The **core target markets** are the United States, France, and the United Kingdom. The U.S. offers the largest demand for craft and aged rums, supported by strong e-commerce and cocktail culture. France, with its appreciation for aged spirits and familiarity with Port wine, offers the strongest strategic fit. The UK's vibrant mixology scene and growing interest in sipping rums also make it a key entry point.

Secondary growth markets include Germany, Brazil, and China. Germany's online retail platforms and whisky crossover consumers present strong potential. Brazil's affluent urban consumers increasingly seek luxury spirits, while China's gift-giving culture and appetite for exclusive aged products create long-term opportunity.

The brand's portfolio is structured around **three product tiers**. **Tier 1** (unaged or lightly aged up to 3 years, **€25–€50**) targets younger consumers and mixology, with differentiation through innovation and Port cask finishes. **Tier 2** (aged 4–12 years, **€50–€100**) appeals to experienced drinkers and serves as the brand's core, offering "Signature" or "Reserva" releases that emphasize craftsmanship and identity. **Tier 3** (12–25+ years, **€110–€180+**) includes rare,

small-batch collector editions, focused on exclusivity, elegant presentation, and high-end positioning in markets like Germany, the UK, and China.

To be considered relevant, the brand should aim to produce and sell around **15,000 to 25,000 bottles annually**, ensuring visibility while maintaining exclusivity. This scale is modest compared to Port wine production and easily manageable with existing infrastructure.

Finally, **distribution** must combine premium retail, hospitality, travel retail, and digital channels across markets. Events, influencer collaborations, and award submissions will help build brand awareness, while e-commerce and high-end venues support premium positioning and consumer engagement.

2.3.1 Porto-Based Distribution Potential (Domestic Platform)

Porto offers a unique foundation for domestic premium rum distribution, combining physical infrastructure with experiential marketing formats already tailored to high-end alcoholic beverages. While the city's logistics and tourism economy have historically centered around Port wine, many systems can be directly adapted to support premium rum without linking the products in terms of image or positioning.

From a product distribution perspective, Porto's solid infrastructure can be effectively adapted. The city's network includes bonded warehouses, temperature-controlled storage, and logistics hubs in Vila Nova de Gaia and near the Port of Leixões—many are currently underused and available for new spirits. These facilities are already alcohol regulation-compliant and require minimal investment for repurposing. Porto hosts major national distributors including Sogrape Distribuição, Vinalda, and Real Companhia Velha, with extensive networks connecting premium products to hotels, restaurants, wine shops, and gourmet stores across Portugal.

Online and direct-to-consumer platforms like Portugal Vineyards, Garrafeira Nacional, and WineSpiritus are increasingly important, particularly for reaching younger, urban consumers accustomed to buying premium alcohol online. High-end retail spaces such as El Corte Inglés and boutique wine stores offer another important route, especially for small-batch or limited-edition rums. The HORECA sector plays a central role, with specialist suppliers like Empor Spirits and PrimeDrinks connecting producers with top-tier bars and fine dining venues, creating opportunities for rum to appear in curated cocktails or premium spirits lists. Events like Essência do Vinho in Porto and the Lisboa Rum Festival serve as key marketing and distribution platforms, offering both exposure and direct sales opportunities.

Porto's supporting industries enhance its distribution capacity. Key players such as RAR Açúcar supply molasses domestically, shortening the supply chain while reinforcing the product's local identity. Packaging and bottling can be managed with partners like BA Glass, a Porto-based manufacturer specializing in high-quality spirits bottles. Local cooperages—traditionally serving the Port wine industry—can supply aging barrels, supporting a full-cycle domestic production and packaging model without external suppliers.

For marketing distribution, Porto's tourism sector provides a strong foundation for brand-building and consumer engagement. With over 3 million annual visitors drawn to wine tourism, gastronomy, and cultural experiences, premium rum can tap into this ecosystem through distillery tours, high-end tastings, and curated bar programs designed independently of Port branding, focusing instead on craftsmanship, local ingredients, and innovation. Scoundrels Distilling has already proven demand for such experiences, with growing attendance at guided tastings, rum masterclasses, and behind-the-scenes distillery walks.

High-end restaurants, boutique hotels, and rooftop bars in Porto serve as additional touchpoints. These venues cater to locals and international tourists seeking elevated drinking experiences.

Featuring premium rum in signature cocktails or as digestifs enables immediate trial and builds brand prestige. Collaborations with leading mixologists help translate technical features into sensory, consumer-friendly formats.

The integrated tasting-and-retail format, common in Porto's wine cellars and visitor centers, allows visitors to taste spirits and purchase immediately after, blending experience with conversion. Rum distilleries can replicate this through on-site shops, pop-up boutiques, and airport duty-free outlets—locations serving premium travelers seeking locally made gifts and exclusive releases.

Brand visibility can be further enhanced through participation in local and national food and drink festivals, spirits-focused pop-ups, and media coverage. While cross-branding with Port wine isn't essential, Porto's identity as a craft and tradition center provides sufficient cultural context to support premium rum storytelling without overlap. Marketing messages can focus on local production, innovation, and authenticity, aligning with Porto's reputation for high-quality artisanal products.

In conclusion, Porto offers both the infrastructure and cultural environment to support domestic premium rum distribution. Its existing logistics capacity, tourism appeal, and concentration of premium food and beverage venues create a strong platform for physical availability and marketing activation. By adapting proven formats from the Port wine sector without depending on its identity, rum producers can establish themselves locally while laying the foundations for export growth.

2.4 TAM-SAM-SOM Analysis

This section evaluates the potential market scope for a premium rum cluster based in Portugal by progressively narrowing the global opportunity into realistic, attainable targets.

2.4.1 Total Addressable Market (TAM) – Global Rum Industry

The TAM defines the full global value of the rum industry across all segments, categories, and geographies—representing the theoretical upper limit for any new market entrant. As of 2023, the global rum market was valued at approximately USD 17.4 billion, with projected growth to USD 21.5 billion by 2030 (Statista, 2024), implying a 3.2% CAGR. This includes all rum types distributed through mass-market and premium channels worldwide. Major consumption markets include the United States, France, the United Kingdom, and Brazil, with Europe accounting for approximately 25% of global consumption (The Rum Lab, 2024).

2.4.2 Serviceable Available Market (SAM) – Global Premium Rum Segment

The TAM defines the full global value of the rum industry across all segments, categories, and geographies—representing the theoretical upper limit for any new market entrant. As of 2023, the global rum market was valued at approximately USD 17.4 billion, with projected growth to USD 21.5 billion by 2030 (Statista, 2024), implying a 3.2% CAGR. This includes all rum types distributed through mass-market and premium channels worldwide. Major consumption markets include the United States, France, the United Kingdom, and Brazil, with Europe accounting for approximately 25% of global consumption (The Rum Lab, 2024).

2.4.3 Serviceable Available Market (SAM) – Global Premium Rum Segment

The SAM narrows the focus to the premium and ultra-premium segment that aligns with the proposed Porto rum cluster, including small-batch, aged, craft, and cask-finished products positioned for discerning consumers.

The premium and above segment represents approximately 30–35% of the total market according to IWSR (2024), resulting in a calculated value of roughly USD 5.2 to 6.1 billion in 2023. Unlike the overall market (growing at 3.2%), this segment is expanding more

dynamically at a projected 6–8% CAGR, potentially reaching \$8.2–9.7 billion by 2030. This growth is primarily driven by shifting consumer values towards craftsmanship, authenticity, and unique aging stories (IWSR, 2023; The Rum Lab, 2024).

Table 1. TAM-SAM Projections (2023-2030)

Year	TAM (Total Rum Market)	SAM Low (30%)	SAM High (35%)
2023	17.4	5.22	6.09
2024	17.9	5.37	6.27
2025	18.5	5.55	6.48
2026	19.0	5.70	6.65
2027	19.6	5.88	6.86
2028	20.1	6.03	7.04
2029	20.7	6.21	7.24
2030	21.5	6.45	7.53

**** Source:** Source: Statista (2024); IWSR (2024); calculations based on premium segment share (30–35% of TAM). Market share in USD billions.

2.4.4 SOM – Strategic Market Capture for a Portugal-Based Premium Rum Cluster

The Serviceable Obtainable Market (SOM) represents the realistic commercial potential that a Portugal-based premium rum cluster could capture internationally over the next five to seven years. It considers factors such as brand building, distribution capabilities, regulatory challenges, and consumer demand in target markets.

Building on the benchmark analysis from Section 2.2, we identify three core markets with highest immediate potential due to established spirits cultures, purchasing power, and alignment with aged craft products: United States, United Kingdom, and France. Three secondary markets offer future strategic growth: Germany, Brazil, and China. Portugal is also considered as a domestic premium spirits market—especially within tourism, gifting, and high-end hospitality sectors.

Table 2. Serviceable Obtainable Market by Country

Country	Est. Premium Rum Market (2023)	Est. Market Share	SOM Value (USD)
France	\$550M – \$600M	2% – 3%	\$11M – \$18M
UK	\$480M – \$520M	1.5% – 2.5%	\$7.2M – \$13M
USA	\$1.4B – \$1.6B	0.5% – 1.5%	\$7M – \$24M
Germany	\$400M – \$450M	1% – 2%	\$4M – \$9M
Brazil	\$300M	0.5%	\$1.5M
China	\$400M	0.5%	\$2M
Portugal	\$25M – \$30M	15% – 20%	\$4M – \$6M
Total SOM	–	–	\$36.7M – \$73.5M

To arrive at these projections, we applied a market-by-market penetration model based on five key factors: first, consumer readiness plays a central role: markets like France, Germany, and the UK already have a mature appreciation for aged spirits, which supports higher penetration estimates ranging from 1.5% to 3%. Second, market size and competition were considered, particularly in the United States. Despite being the largest premium rum market, it presents greater competitive and regulatory barriers, leading to a more cautious projected share of 0.5% to 1.5%. Third, cultural alignment was factored in, as Portugal enjoys strong brand perception and storytelling potential in countries like France and the UK, where Port wine is both familiar and respected—making Port-cask-finished rum a compelling and credible proposition. Fourth, the domestic market provides a natural starting point; Portugal is projected to capture a sizable share of its small but growing premium rum segment, particularly through tourism, local co-branding opportunities, and on-premises sales in major cities like Porto and Lisbon. Finally, in secondary markets such as China and Brazil, the strategy is more aspirational and prestige-oriented. Given that both countries are still in the earlier stages of premium rum adoption, more modest shares of 0.5% have been projected based on selective, targeted brand entry.

Despite the compelling opportunity presented by the global premium rum market and the growing consumer demand for aged, craft spirits, capturing even a fraction of the SOM will depend on far more than production capacity and favorable demand trends. Success will require careful brand positioning, strategic market entry, and a deep understanding of what really resonates with premium spirits consumers in different regions. This leads us to a critical question: **can a Portugal-based premium rum cluster translate its potential into real consumer traction, and if so, how can it position itself to stand out in an increasingly competitive global spirits market?**

3. Go-To-Market Strategy: Journey from Cluster to Consumer

Building on Chapter 2's findings, Chapter 3 turns its attention to a premium rum brand's go-to-market strategy that combines rum distillation with Portuguese wine aging. This section looks at how a Portuguese rum cluster might turn its potential into consumer traction and establish a unique position for itself in the competitive international market. It covers market segmentation, targeting, brand positioning, and the development of a tiered product portfolio, with a focus on leveraging exclusivity and cultural heritage to differentiate the brand.

3.1 Crafting the STP Framework: Segmentation, Targeting, and Positioning

3.1.1 Segmentation

A thorough market segmentation has been created in order to position the brand, present this premium rum aged in port wine casks, and maximize market penetration. Using a multifaceted approach based on **geographic, demographic, behavioral, and psychographic** criteria, this approach finds and targets specific consumer groups. These segments are not arbitrary; rather, they are the outcome of a comprehensive analysis carried out in Chapter 2, which included estimates of the **Serviceable Obtainable Market (SOM), consumer trend mapping, market**

benchmarking, and **market prioritization**. With the help of these data, distribution, product development, and marketing strategies may be precisely tailored to maximize effect and resonance in key markets.

By understanding **where consumers are, who they are, how they behave, and what motivates their decisions**, the brand is uniquely positioned to deliver its products that speak directly to each group's values, preferences, and aspirations. The following segmentation delineates the core markets and consumer profiles that will drive growth and ensure long-term success.

3.1.1.1 Geographic Segmentation

The **primary target markets** are **Portugal, the United Kingdom, and France** as these markets provide the strongest combination of existing demand, consumer familiarity with aged spirits, and a developed premium spirit culture.

Portugal serves as a **domestic stronghold**, leveraging its Port wine heritage to create a compelling narrative around cask-finished rum, appealing to both local and tourist-driven markets. The **United Kingdom offers access to affluent, well-versed consumers** actively looking for unique rum expressions. Its thriving mixology scene and upscale retail industry provide the perfect backdrop for showcasing premium products, while market entry can be accelerated by utilizing well-established port wine distribution networks. France offers an **attractive market for aged and artisanal rum** due to its tradition of exquisite spirits and discerning palates.

After establishing in core markets, expansion should target the US and Germany. Due to its **robust cocktail culture, increasing demand for premium rums**, and growing direct-to-consumer and e-commerce platforms, the **US** provides considerable scale and diversity. In

Germany, the **demand for premium, matured rums**, especially those with unique cask flavors like Port, is being driven by an increasing number of whiskey-to-rum converts and enthusiasts.

China and Brazil are regarded as third-tier markets, driven by luxury and status-oriented consumption. The brand's **performance in core and secondary markets will determine its ability to expand into these areas.**

3.1.1.2 Demographic Segmentation

The target audience consists of consumers aged **25 and older**, which can be segmented into three age groups. Those aged between 25 and 34 are young professionals and cocktail enthusiasts highly influenced by social media and branding. The 35-44 segment of consumers consists of mature and established professionals drawn to the complexity and uniqueness of aged premium spirits. Meanwhile, consumers over 45 years old tend to be affluent collectors who highly value legacy, exclusivity, and heritage.

While most consumers have traditionally been male, there is an **emerging and considerable segment of females** interested in premium spirits such as rum, a sign of more generalized trends in the spirits category. Considering the consumers' income, target segments are generally **upper** and **upper-middle class** with enough disposable income to comfortably spend on high-end premium spirits. Such consumers have **higher education levels** and are working professionals, business owners, or entrepreneurs who embrace lifestyle-driven consumption.

3.1.1.3 Behavioral Segmentation

Consumers are driven by several key motivations when purchasing rum. First is a **true passion for taste** and **craftsmanship**, consumers look for aged spirits with rich and unique flavors. In addition, many value **mixability** and **versatility**, appreciating rum not just for neat sipping but more for elevating its cocktails. **Collectability plays a considerable role** when considering

premium and unique spirits. Their drinking habits show a preference for **premium experiences**, whether enjoying spirits neat, in crafted cocktails or shared in social settings. While premium rum consumers are open to discovering new and emerging brands, their loyalty lies in quality, authenticity, and storytelling.

3.1.1.4 Psychographic Segmentation

Sociographically, the consumer base can be characterized as **curious** and **experience-driven**, eager to discover unique spirits with creative finishing techniques, like rum aged in port wine casks. This spirit of discovery is extended to other elements of their lifestyle such as fine dining, cocktail culture, and curated travel experiences. This consumer segment also **highly values authenticity**, preferring brands with **heritage**, **craftsmanship**, and deep **storytelling** that reflect artisanal techniques and passion for the craft itself. Their purchasing decisions are as much about emotional connection and lifestyle alignment as they are about the product itself.

3.1.2 Targeting

The targeting strategy is built upon insights derived from a **combination of primary data** – survey - and **secondary research** - gathered in Chapter 2, including industry reports, consumer trend analyses, and tailored surveys focused on premium rum and craft spirit consumption. Additionally, the identification of target groups was supported by data from Scoundrels Distilling’s existing consumer base, gathered during the proof of concept phase. The aim was to identify the most relevant and valuable consumer segments for a Port-cask aged rum positioned at the intersection of tradition, innovation, and craftsmanship.

The research identified five key consumer segments with a strong interest in premium rum and strong alignment with the brand’s values and vision. Defined by demographic, psychographic, and behavioral traits, these groups were prioritized based on **market potential** and **strategic**

fit. Each target group demonstrates a distinct motivation for exploring craft spirits—from an appreciation of artisanal methods to cultural experiences and investment potential.

3.1.2.1 Craft Spirit Enthusiasts – Primary Target Group

Craft Spirit Enthusiasts are individuals **aged 30 and above**, typically educated professionals with a **high disposable income** and a **passion for premium craft spirits**. They favor small-batch and aged spirits, frequently visit distilleries, and have a deep appreciation for artisanal production methods. Their purchasing decisions are driven by **quality over quantity**, placing high value on **craftsmanship, aging processes, and distinctive flavor profiles**.

This segment is crucial because of the appreciation for rich, complex flavors and their willingness to experiment with innovative products. A rum finished in port wine casks aligns perfectly with their tastes, offering a rare and refined experience.

3.1.2.2 Gen Z and Millennials – The Future of the Industry

The **Gen Z and Millennials** segment includes individuals between 25 and 40 years old, often educated professionals with middle to upper-middle-class incomes. They are **social drinkers**, immersed in cocktail culture, and are drawn to brands that offer unique, immersive experiences. Their preferences lean toward authenticity, strong storytelling, and sustainable practices.

Port wine has struggled to connect with younger consumers, making innovation essential. A Port-cask aged rum offers a modern, craft-driven entry point to Portugal's wine heritage, appealing through novelty, narrative, and cultural richness. Its versatility suits both sipping and cocktails, while an eco-conscious, transparent production approach aligns with the values of a socially responsible generation.

3.1.2.3 Collectors and Investors – Prestige and Exclusivity

Collectors and investors typically consist of **affluent professionals** aged 40 and above, often with a background in business or the luxury wine and spirits market. They are driven by a keen interest in **exclusivity, craftsmanship, and long-term value appreciation**, seeking rare and limited-edition releases with strong potential for future worth.

This segment favors high-end, port-cask aged rums offering refinement and scarcity. Limited editions and single-cask releases provide the exclusivity they seek, while distinctive aging adds credibility and investment appeal. Luxury packaging and collaborations can elevate perceived value, positioning these rums as both exquisite beverages and desirable collectibles.

3.1.2.4 Mixologists & Bartenders – Industry Professionals Driving Influence

This group includes **bartenders, mixologists, and spirits professionals** aged 25 and above who are **trendsetters within the spirits industry**. They are constantly seeking out new, distinctive products to use in their creations, often participating in competitions and attending masterclasses to sharpen their craft and stay ahead of trends.

As gatekeepers of consumer taste, mixologists play a vital role in shaping the reputation and appeal of spirits. A Port-cask aged rum provides them with a distinctive flavor profile ideal for crafting sophisticated cocktails that stand out.

3.1.2.5 Tourists and Experience Seekers – Tapping into Portugal’s Spirit Tourism

This segment comprises **international travelers** aged 25 and above who are eager to discover local culture through authentic experiences. They are **drawn to wine and spirits tourism**, appreciating products that reflect regional heritage and offer stories of craftsmanship and legacy.

Portugal attracts millions of tourists yearly, with many visiting Port wine cellars. Port-cask aged rum offers them a fresh engagement with Portuguese spirit culture. Rich storytelling connecting rum to Portugal's maritime history and colonial heritage creates memorable experiences that resonate long after visitors return home.

3.1.3 Positioning

This positioning strategy sets the brand's distinct position in the premium rum segment, in line with the segmentation and targeting approach. It aims to fill a gap where innovation, craftsmanship, and cultural diversity converge by introducing a product that combines artisanal rum production with the centuries-old Portuguese winemaking tradition.

3.1.3.1 Vision & Mission

The brand's **vision** is to become an internationally renowned symbol of Portuguese excellence in high-end spirits, reviving the country's overlooked legacy in rum through genuine storytelling, skillful craftsmanship, and emotional depth. Its **mission** is to create limited-edition, Port-cask aged rum that captures Portugal's spirit—honoring its terroir, history, and artisanal traditions—while pushing boundaries through creativity, narrative, and collectible exclusivity.

3.1.3.2 Brand Values

More than just a rum, this is a skillfully created manifestation of place, passion, and purpose—formed by an unshakeable commitment to **craftsmanship**. Rooted in **heritage**, it honors Portugal's historical contribution to the sugarcane and rum trade, an underappreciated legacy that adds cultural depth and meaning to every bottle. At the same time, it embraces **innovation**, pushing the limits of aged rum with creative techniques and distinctive cask finishes. The process, which is transparent and locally rooted, is anchored in **authenticity**, capturing the

essence of the land and its people. Above all, it values **exclusivity**, providing limited editions, and single-cask expressions for collectors looking for uniqueness, distinction, and meaning.

3.1.3.3 Points of Parity

This rum stands alongside other **premium-aged rums, offering a complex flavor profile** that will please connoisseurs and enthusiasts alike. Produced in **small batches using artisanal distillation methods**, it promises quality and character in every bottle, while offering **versatility appropriate for both sipping rituals and premium mixology**. The attention to detail with **high-end packaging and presentation** reflects the craftsmanship within, a key marker in the premium spirits category.

3.1.3.4 Points of Differentiation

What distinguishes this rum is its **unique aging process in authentic Portuguese Port wine casks**, which gives various levels of depth and subtle sweetness that are considerably different from Caribbean styles. This rum is **rooted in Portugal's historical ties to the world's sugarcane and rum trade**, drawing upon a history that is often overlooked but very significant. Beyond the bottle, the brand contributes to the Portuguese spirits tourism culture with immersive distillery tours and limited releases. The story features **culturally rich narratives** inspired by **Portugal's maritime history of exploration and vineyard heritage**, creating an identity that is not only delicious but also intellectually and emotionally stimulating. At last, its commitment to **exclusivity**, through limited editions and single-cask releases, makes each bottle unique, intimate, and collectible.

3.2 4 P's Framework: Marketing Mix (Product, Price, Place, Promotion)

3.2.1 Product

3.2.1.1 Product Concept

Over five centuries ago, Portuguese explorers carried sugarcane across the Atlantic, laying the foundation for what would become the world's most iconic rum-producing regions—Latin America and the Caribbean. Though Portugal earned global acclaim for its fortified wines, particularly Port, its influence on the history of rum is both deep and enduring. This rum **revives this often-overlooked legacy, blending the time-honored art of Portuguese wine-aging** with the daring spirit of modern craft distillation to create a truly premium rum.

Distilled in small batches and aged in Port casks, this rum is a **testament to craftsmanship, innovation, and cultural heritage**. The Port cask finishing imparts layers of rich fruit and spice, resulting in a spirit that embodies complexity, depth, and a seamless blend of two iconic traditions—Port wine and rum. This rum can be produced either through a strategic partnership with Scoundrels Distilling or via in-house production by a Port wine house. Both pathways preserve the integrity of the product while offering tailored routes to market depending on the producer's goals and capabilities.

3.2.1.2 Product Line and Product Mix

The product line is organized into **four carefully chosen tiers**, each of which appeals to a particular customer profile and plays a unique function in the brand's strategy. This product line was developed following an in-depth analysis of consumer trends, competitor products, and aging statements, as detailed in Chapter 2. The portfolio aligns with target demographics

and our geographic segmentation strategy. Beyond aging techniques, specialized bottle sizes enhance product positioning, shape customer perception, and address local market preferences.

The **Entry-Level Rum** was created to fill a market gap for premium rum aged in wine casks for less than 18 months, as identified in the product benchmark in Chapter 2. Making up **42% of the product mix**, it offers an accessible introduction to the brand, focusing on volume, visibility, and everyday use. **Aged for one year** and bottled in a globally standard **750 ml** format, it prioritizes market reach and brand awareness.

The core of the portfolio features the **Signature Rum – Tawny Cask Finish** and **Signature Rum – Ruby Cask Finish**, each making up **24% of the product mix**. These premium expressions define the brand's identity, blending Portuguese wine tradition with a unique take on rum. **Aged for four years** in Tawny and Ruby Port casks, the Ruby offers a lively and fruity profile, while the Tawny delivers depth and richness. Ideal for upscale retail, curated cocktail menus, and story-driven activations, both are bottled in **700 ml**, aligning with European standards and reinforcing the brand's refined, premium positioning.

The most exclusive end of the portfolio, comprising **10% of the product mix**, is the **Limited Edition line**, which features ultra-premium releases that have been **aged for 12 years**. This limited-edition line boosts the brand's image and creates buzz around its rarest products, appealing to collectors, luxury gift purchasers, and wealthy consumers. To emphasize handmade craftsmanship and uniqueness, these small-batch rums are packed in **500 ml bottles**, enhancing the sense of exclusivity and collecting value.

3.2.1.3 Production Strategy

As outlined in Chapter 2, a **small-batch production model** will be implemented, resulting in a total output of **250,000 bottles over** the first 15 years. This volume is strategically aligned

with premium industry benchmarks (e.g., Foursquare, Diplomático, Planteray), ensuring the brand maintains **market relevance** across key international markets while preserving its **artisanal identity**. Chapter 2 establishes that this production scale is essential for securing visibility among distributors and premium consumers, without entering mass-market territory. It also enables consistent availability across all channels, reinforcing a positioning rooted in **quality, exclusivity, and terroir-driven craftsmanship**.

Importantly, as detailed in the previous chapter, this output remains **operationally minimal** when compared to the Port wine sector—representing less than 0.04% of annual bottled Port volumes. This creates an opportunity to leverage **underutilized Port wine infrastructure** in Porto, ensuring **cost-efficient production** and **scalability** without significant new capital expenditure. The brand delivers a **compelling and sustainable premium product** designed for long-term growth in the craft rum segment by aligning production volume with consumer expectations, trade standards, and existing capabilities.

Table 3 - Product Mix, Size, Age Statement, and Bottle Production

Product Tier	Product Mix	Size	Age Statement	Bottle Production (15-Year Total)
Entry-level Rum	42%	750 ml	1 year	105,000
Signature Rum – Tawny Cask Finish	24%	700 ml	4 years	60,000
Signature Rum – Ruby Cask Finish	24%	700 ml	4 years	60,000
Special Edition	10%	500 ml	12 years	25,000

3.2.2 Price

To better establish an appropriate and competitive price point for the rum portfolio, a focused market research study was conducted, analyzing the key players in each product tier. As

detailed in Chapter 2, this benchmark included an in-depth look at **pricing strategies, age statements**, and overall **brand positioning** within the entry-level, core premium, and limited-edition segments. Additionally, comparing Scoundrels Distilling to established craft and premium brands offered key insights to guide pricing that reflects quality, exclusivity, and perceived value, while staying aligned with consumer expectations and market norms.

A consistent retail pricing strategy is being established for both production models—partnership-based and in-house, to ensure brand consistency and reinforces the product's premium positioning.

3.2.2.1 Entry-Level Tier

Designed to serve as the **brand's gateway** and **appeal to young drinkers**, this entry-level rum is positioned competitively within the **mid-range rum market**. With an alcohol volume of 40% ABV—slightly lower than the other premium offerings—it balances affordability with quality. It competes with established brands like Rhum Clément Blanc, Eminente Ámbar Claro, El Dorado White Rum, and Trois Rivières Rhum Ambré.

The product will retail at a price point of **€50** without VAT, positioned within a broader range of €25–€50 to remain competitive and reflect its premium value. This pricing balances accessibility with perceived quality, allowing the brand to scale efficiently while emphasizing craftsmanship, authenticity, and a strong “Made in Portugal” identity.

3.2.2.2 Signature Line

The signature line features two distinct yet complementary expressions: the **Tawny Cask Finish Rum** (48.6% ABV) and the **Ruby Cask Finish Rum** (46% ABV). Both are positioned within the premium segment and finished in Portuguese wine casks showcasing the brand's unique blending of rum-making and Portuguese aging traditions.

The **Tawny Cask Finish** offers a bold, complex profile with notes of dried fruit, vanilla, and wood spice—ideal for seasoned rum enthusiasts. The **Ruby Cask Finish** is smoother and more elegant, with refined sweetness and balance, suited for both sipping and high-end mixology. Together, they form a versatile core range that reflects the brand’s premium positioning and craftsmanship, competing with top names like Planteray, Appleton Estate, Flor de Caña, and Diplomatico.

The core expressions will retail at a single price point of **€90** without VAT, positioned within a broader range of €60–€100 to reflect their premium nature while remaining competitive.

3.2.2.3 Limited Edition Tier

The **Limited Edition Rum** is positioned as an ultra-premium release, crafted for collectors, connoisseurs, and discerning spirits enthusiasts seeking rare, aged, or small-batch expressions. With a strong emphasis on exclusivity, heritage, and exceptional quality, this expression aligns with prestigious offerings such as the Foursquare Exceptional Cask Series, Mount Gay Master Blender Collection, and Dictador XO & Limited Editions—delivering a luxurious experience rooted in authenticity and attention to detail.

The Limited-Edition Rum will retail at a single price point of **€140** without VAT, positioned within a broader range of €110–€180 to reflect its exclusivity and collectible value. This pricing captures the investment in extended aging, rare cask selection, and artisanal production methods.

Table 4. Price per Product Tier with ABV and Bottle Size

Product Tier	ABV	Price	Size
Entry-Level Rum	40%	€50	750 ml
Signature Rum	48.6% Tawny Finish	€90	700 ml

	46%		
	Ruby Finish		
Limited Edition Rum	60%	€140	500 ml
	(Cask Strength)		

3.2.3 Place

The place strategy is grounded in the market benchmark and strategic analysis outlined in Chapter 2, which highlighted the importance of distribution not only as a sales enabler but as a symbolic and experiential extension of brand identity. In this context, how a product is made available profoundly influences **how it is perceived, discovered, and remembered**.

Rooted in artisanal values, Portuguese heritage, and the refinement of port wine cask finishing, the brand demands a pathway to the consumer that is as meaningful as the product itself. By leveraging the established distribution networks and strong reputation of a port wine house, the brand can expedite market entry, simplify logistics, and quickly build presence and credibility. An effective place strategy, therefore, must serve a **dual purpose**: providing strategic, high-impact physical access to the product, while also enhancing its symbolic value through curated, immersive environments. Every distribution touchpoint becomes part of the story, an opportunity to reflect the brand's essence and deepen the consumer connection.

The **distribution strategy** will span **off-trade, on-trade, e-commerce, DTC, travel retail, and events**, executed with a selective, story-driven approach. The goal is not broad saturation, but intentional placement in high-impact environments where craftsmanship, storytelling, and quality take center stage. Porto's infrastructure - including bonded warehouses, temperature-controlled storage, and partnerships with local experts such as BA Glass, RAR Açúcar, and regional cooperages—ensures logistical efficiency while grounding the product in its authentic

local identity. Every distribution channel becomes a platform for brand expression, carefully selected to showcase the product's origin, flavor complexity, and Atlantic character.

3.2.3.1 Tier-Based Strategic Execution

3.2.3.1.1 Entry-Level Tier

For the **entry-level expression**, the strategy centers on accessibility, discovery, and cultural relevance, particularly among younger, urban consumers. Distribution will be **intentionally broad** to encourage **trial** and **visibility** yet selectively curated to preserve the brand's authenticity and integrity.

Off-trade placement will include premium liquor retailers such as *El Corte Inglés* and *The Whisky Exchange*, as well as curated shelf space in gourmet supermarkets and food markets.

The **on-trade** focus will be on innovative, cocktail-driven venues such as *Scarfes Bar* (London), *Le Syndicat* (Paris), or *Neue Odessa Bar* (Berlin), along with boutique hotels known for experiential service (e.g., *The Lumiares* in Lisbon, *The Hoxton* in London). **Event activations** will feature pop-up bars or collaborative cocktail experiences in lifestyle-oriented spaces like rooftop bars, food festivals, or summer beach clubs (e.g., in Algarve or Brighton).

E-commerce & DTC efforts will focus on major spirits platforms with filters highlighting cask finish and origin, while the brand's website will offer welcome incentives, tutorials, and mixology content to engage and educate consumers. **Travel retail** will focus on high-footfall airports with younger, trend-driven traveler profiles.

3.2.3.1.2 Signature Tier

As the **core line of the brand**, this tier demands a **strong narrative presence and depth of storytelling**. Distribution should be carefully managed to emphasize the rum's heritage, **and**

craftsmanship, and appeal to discerning connoisseurs, ensuring that every touchpoint reinforces its tradition and quality.

Off-trade placement will be selective in specialist spirits shops like *La Maison du Whisky*, *Rum&Co*, or *Wein & Vinos*, as well as in premium wine and terroir-focused concept stores. **On-trade** features in upscale gastronomic venues such as *Belcanto* (Lisbon), *Sketch* (London), or *Restaurant Tim Raue* (Berlin), as well as gastro-bars and high-end hotels. **Events** will include seasonal food pairing dinners in collaboration with sommeliers and chefs. **E-commerce** will be available on curated digital platforms with filters for cask type, age, or origin. **Travel retail** will present the rum as a premium gifting option in duty-free environments.

3.2.3.1.3 Limited Edition Tier

This **top-tier expression** is defined by **prestige, storytelling, and ritual**. Every aspect of its distribution must be intentionally designed to underscore its rarity and poetic nature, preserving the sense of **exclusivity** and reverence that sets it apart.

Off-trade presence will be ultra-selective in boutique bottle shops, and rare spirits programs such as *La Maison du Whisky's Connoisseur Club* or *The Whisky Exchange – Vault Editions*. **On-trade** reservations for Michelin-starred restaurants (e.g., *Eleven Madison Park*, *The Fat Duck*) and elite cocktail bars with aged rum collections. **Events** will include private tastings, barrel room experiences, and collaborations with luxury partners. **DTC** will be the primary channel, enabling direct narrative control. Bottles may feature handwritten cask notes, messages from the master blender, and video content of the aging process. **Travel retail** will position the rum as a high-end, limited-edition gift in select international duty-free stores.

3.2.4 Promotion

3.2.4.1 Creative Concept: Alma Atlântica

The creative concept of the **Alma Atlântica campaign** is encapsulated in its very name — meaning Atlantic Soul. This identity is deeply rooted in Portugal’s overlooked yet essential historical role in Atlantic trade, navigation, and cultural exchange. More than a name, Alma Atlântica becomes the **emotional compass** of the campaign, guiding its voice, visuals, experiences, and activations across all touchpoints.

Alma Atlântica embodies a poetic and sensorial evocation of the ocean, time, and character. It positions the campaign not only as a celebration of fine rum but as a **storytelling platform** of forgotten maritime legacies. Every bottle, every activation, and every point of interaction draws consumers into a deeper world, one shaped by centuries of sea journeys, wind-swept coasts, and cultures bonded through the Atlantic.

This rum is not only a tribute to the legacy of Portuguese sailors, but also a **homage to Portugal’s rich winemaking heritage**. Aged in Port wine casks, it develops deep, complex flavors that reflect the country’s centuries-old tradition of craftsmanship. By blending the soul of winemaking with long-lost maritime history, this rum becomes a true embodiment of Portuguese culture: layered, timeless, and full of character.

3.2.4.2 Tier Structure and Symbolism

Alma Atlântica's rum portfolio has strategically three tiers, each symbolizing a stage in the consumer's journey and a different aspect of Atlantic identity. The entry-level tier, **Atlântico Claro**, is designed to reflect freshness, lightness, and initiation into the world of premium rum. This expression is vibrant and versatile, ideal for cocktails and social occasions, representing the Atlantic’s energetic mornings and lively tides.

The signature tier, **Alma Atlântica**, represents the heart of the brand, an expression of depth, character, and time. It's shaped by an aging phase in carefully selected **Port wine casks**, a technique that imparts layered complexity and an unmistakable Portuguese identity. This core series features two unique lines: **Tawny Cask Finish** and **Ruby Cask Finish**, both deeply rooted in the Portuguese terroir and shaped by the country's maritime climate. Finally, the limited edition tier, **Linha do Horizonte**, evokes rarity and exploration, named after the horizon line, it speaks to the idea of discovery and the unknown. These are single-cask, limited-edition releases, aimed at collectors and connoisseurs who appreciate craftsmanship, exclusivity, and poetry in spirits.

3.2.4.3 Communication Objectives

The Alma Atlântica promotional strategy is driven by a series of interconnected communication objectives that support the brand's growth trajectory and emotional connection with its audiences. First, the campaign aims to **boost brand awareness** by positioning the Alma Atlântica initiative as the first premium rum brand to reinterpret Portugal's role in Atlantic rum culture. Then, the strategy seeks to **strengthen brand identity** by emphasizing the transparency of its processes, its Atlantic aging methods, and its poetic narrative tone. The campaign will work to **increase purchase intention** by offering sensorial content, immersive product storytelling, and compelling visual assets. Another key objective is to foster long-term **brand loyalty**, especially among collectors, bartenders, and premium spirits enthusiasts through exclusivity, direct-to-consumer narratives, and batch storytelling. Finally, a more strategic goal is to **elevate the category** itself by aligning it with the sophistication, terroir storytelling, and collectability often associated with whisky and wine.

3.2.4.4 Tier-Based Strategic Execution: Promotional Tactics & Channel Strategy

Distinct promotional strategies are key to **engaging each target audience**. Younger consumers seek dynamic, experience-driven storytelling, while collectors and connoisseurs value depth, exclusivity, and cultural resonance. By aligning each tier’s approach with these motivations, and building on insights from Chapter 2, the brand ensures authentic connections and a strong, differentiated identity. This strategy also reflects industry trends and best practices, keeping the brand relevant and competitive in a shifting market.

3.2.4.4.1 Entry-Level Tier: Atlântico Claro

The **Atlântico Claro** expression will be positioned as a gateway into the world of crafted rum — honest, elegant, and refreshingly versatile. It appeals to a younger demographic (Gen Z and Millennials), who are motivated by exploration, authenticity, and social drinking rituals. **Social media** will spotlight Alma Atlântica’s **versatility, distinctive ingredients,** and **craftsmanship** behind its unique aging process. Collaborations with micro-influencers and mixologists will bring cocktail tutorials to life, offering engaging ways to enjoy the rum. Instagram Reels and TikToks will showcase aspirational moments—from golden-hour pours to relaxed coastal scenes—reflecting the **Alma Atlântica lifestyle**.

To encourage **real-world engagement** and **product trial**, the brand will partner with bars and casual restaurants to create exclusive signature cocktails, supported by themed activations like “Rum & Music” nights and “Craft Your Cocktail” sessions at bars, festivals, and cultural events. A strategic mix of **paid digital media** and **SEO** will drive visibility and connect with premium spirits enthusiasts. At the **point of sale**, story-driven displays and shelf-talkers will highlight key messages like “Crafted in Porto” and “Aged in Port wine casks”. QR codes on-pack will link to mini-documentaries and behind-the-scenes content, deepening consumer engagement through immersive storytelling.

3.2.4.4.2 Signature Tier: Alma Atlântica Signature Series

The Alma Atlântica tier embodies the brand's soul, an artisanal, small-batch rum rooted in Portuguese heritage and Atlantic influence. Defined by its terroir-driven character and Port cask finish, it's crafted for connoisseurs who value craftsmanship, origin, and refined taste. Targeting experienced drinkers aged 30 and above, as well as premium gift buyers and collectors of niche spirits. The tone of communication for Alma Atlântica is **poetic, reflective,** and rooted in tradition, aiming to **connect emotionally with consumers** who seek depth and meaning in what they drink.

The media strategy focuses on **rich storytelling** and **elevated visuals**, including YouTube mini-documentaries, email storytelling, batch-specific web content, and high-end photography. To build awareness and credibility, the brand will participate in events like **Whisky & Rum Lisbon** and **UK RumFest**, alongside private tastings at premium wine bars and retailers. **In-store activations** and collaborations with curated concept stores will offer tactile experiences that reflect the brand's artisanal essence.

Earned media will be a core focus, targeting outlets like Punch, Distiller, Forbes Spirits, and top spirits blogs and YouTubers. To reinforce cultural roots, cross-promotions with Portuguese artisans will create story-rich, shareable moments both online and in-store. Staff training initiatives and collaborations with sommeliers and bartenders will ensure those on the front lines of customer interaction can share the product's story, flavor notes, and craftsmanship with authenticity and passion.

3.2.4.4.3 Limited Edition Tier: Linha do Horizonte

Linha do Horizonte will be positioned as the pinnacle of the brand's storytelling — a **rare, poetic, and timeless series** crafted for collectors, cultural connoisseurs, and discerning investors. These limited expressions are designed as curated experiences and pieces of Atlantic

heritage, released in small batches. Aimed at a refined audience **aged 40 and above**, the line appeals to collectors, investors, and luxury curators who seek uniqueness, origin, and emotional depth. Each bottle is positioned as a rare, collectible legacy piece. The tone of communication will be **intimate, elevated, and deeply evocative**, centered on emotional depth, heritage, and craftsmanship.

Promotion will focus on exclusivity and storytelling, utilizing private channels, exclusive mailing lists, and invite-only pre-orders. Campaigns will include **cinematic packaging reveals**, tracing each release's journey, from cask selection to label design behind each batch. Packaging will be **tactile and symbolic**, featuring hand-numbered logbooks, cask-aged wood tokens, and poetry cards that bring the Atlantic narrative to life. Collaborations with Portuguese artisans and winemakers will enhance the cultural and sensory richness of each expression. To build **credibility and prestige**, the line will be promoted through luxury publications, curated auctions, and private tastings in partnership with art galleries, high-end retailers, and select hospitality venues. Placement in **concept stores, premium wine shops, and design-forward spaces** will reinforce the product's collectible and cultural value. **Influencer and expert collaborations** will build credibility within niche communities. Rum collectors, whisky YouTubers, and spirits investors will preview and review editions on premium platforms like Rum Howler, LMDW, and RareRumReview. A Collector's Club will offer early access, private distillery visits, cask-naming rights, and curated gifts, positioning Linha do Horizonte as a spirit to be cherished, shared, and passed down.

3.3 Implementation Plan for Promotion, Distribution, and Brand Expansion

Alma Atlântica's 15-year implementation plan for **promotion and distribution** is structured across **four strategic phases**, beginning with its launch in Portugal and the UK and culminating in global expansion to the U.S. and Germany. Each phase is designed to **strengthen brand equity, scale distribution** across key channels, and **drive awareness** through targeted

marketing and promotional efforts. The strategy blends digital innovation with experiential activations, and culturally rooted storytelling to build a premium brand identity.

3.3.1 Years 1–3: Launch and Brand Foundation in Portugal and the UK

The brand will launch with a strong **omnichannel strategy**, including a multi-language e-commerce platform. Key retail partners include Garrafeira Nacional and El Corte Inglés Gourmet (Portugal), Master of Malt, and The Whisky Exchange (UK). On-trade distribution targets high-end venues like Red Frog, The Yeatman, The Hoxton, and Scarfes Bar. Travel retail will begin at Lisbon, Porto, and Heathrow airports.

Promotion centers on the campaign “Alma Atlântica”, with strong digital activations on social media. Buzz will be generated through influencer and bartender seeding, pop-up tastings, and QR-linked bottle experiences. A “Meet the Maker” documentary series and presence at key events (e.g. Douro Wine Fest, London Rum Week) will deepen brand storytelling. Mixologist collaborations will highlight seasonal cocktail recipes. In Year 3, a pre-launch digital campaign for the Signature Series will build excitement and generate buzz around this new addition to the product line.

3.3.2 Years 4–6: France Market Entry & Brand Depth

This phase focuses on the **launch of the Alma Atlântica Signature Series** to strengthen the brand's presence in both new and existing regions. The **brand will enter France** through strategic placements in La Maison du Whisky, Lavinia Paris, and niche bottle shops. On-trade activation will focus on Paris and Lyon, targeting the bistronomy scene and curated hotel bars, with expansion into Bordeaux and Nice via terroir-driven specialty stores. The Signature tier will appear in fine dining venues through curated pairing menus that emphasize its Atlantic character. Distribution will also reinforce growth in Portugal and the UK, establishing a **strong tri-market presence**.

The promotional strategy includes a French adaptation of the campaign, “Alma do Atlântico,” and a content series titled “The Atlantic Influence.” A launch dinner in Paris featuring French-Portuguese chefs will highlight cultural storytelling, while a targeted media campaign in Whisky Magazine France and lifestyle outlets will drive visibility. “Atlantic Heritage” tasting events led by French sommeliers and bartenders will build premium engagement. The Signature Series will feature premium outlets and holiday gifting editions, backed by exclusive tastings, a mailing list, and coverage in Forbes Spirits, Punch, and Time Out.

3.3.3 Years 7–9: Core Market Consolidation & Prestige Building

Alma Atlântica tier will **enhance its direct-to-consumer (DTC) platform** with personalization features such as a taste profile quiz and tailored cask recommendations, offering a customized customer experience. The brand will also introduce its first travel-exclusive edition in airport retail, boosting visibility in global travel hubs and attracting premium international consumers. Retail and on-trade expansion will continue in Portugal, the UK, and France, with deeper placement in high-end wine shops, boutique bars, and fine dining venues, to strengthen **exclusivity and loyalty**.

Promotional efforts will be led by the “Discover Your Atlantic Soul” campaign, focused on building **an emotional connection through Atlantic-rooted storytelling**. Brand ambassadors in each core market will enhance local engagement and authenticity. Batch-specific storytelling will be shared via email newsletters and short-form social content, highlighting the craftsmanship behind each release. An interactive virtual tasting journey will guide users through the rum’s origins, flavors, and cultural heritage using immersive videos and guided tastings. A PR campaign will reinforce the brand’s terroir focus, cultural depth, and premium positioning. By **Year 9**, the “**Rum Route Returns**” teaser campaign will begin generating anticipation for the U.S. market launch.

3.3.4 Years 10–15: Expansion into the U.S. & Germany

In this phase, Alma Atlântica will enter two key secondary markets: the **United States** and **Germany**. In the U.S., distribution will be secured through ReserveBar, Caskers, Astor Wines, Death & Co, Katana Kitten, and airport retail at LAX and JFK. In Germany, the launch will take place via Rum&Co, Whisky.de, and premium bars and retailers in Berlin and Hamburg. Market-specific small batches like the Linha do Horizonte will be introduced to build a presence. Curated placements in German connoisseur clubs and tasting societies will build credibility. Partnerships with MoMA Design Store and Selfridges Gifting will reinforce Alma Atlântica’s luxury positioning.

In the U.S., the promotion will center on **“The Forgotten Rum Route” documentary campaign**, linking Atlantic heritage to American history. In Germany, a craftsmanship-focused, education-first strategy will involve tasting events, blog content, and podcasts. Pop-up activations at events like Miami Art Week and Tales of the Cocktail will introduce the brand to wider audiences. Collaborations with whisky YouTubers and German spirits experts, along with interactive tasting kits featuring scannable video storytelling, will drive deeper engagement. To conclude the 15-year journey, Alma Atlântica will release a **15th Anniversary Box Set**, a commemorative trilogy of expressions, alongside a branded coffee table book and documentary screening, cementing its legacy as a global cultural collectible.

Conclusion

Alma Atlântica’s go-to-market strategy combines precise segmentation, a tiered product portfolio, and culturally tailored marketing to position the brand as a symbol of Portuguese heritage in the premium rum space. Each product tier serves a distinct purpose, from accessibility to exclusivity, supporting a 15-year global expansion roadmap. However, to turn

this vision into reality, we must now address a critical question: **what financial resources are needed to bring Alma Atlântica to life? And sustain its premium positioning as it grows?**

4. Financial Analysis and Strategic Projections

This chapter presents the financial framework supporting the development of the Porto Rum Cluster, translating the business concept into a detailed and structured economic model. By breaking down key cost and revenue drivers, this section outlines the production and sales strategies that shape the project's financial sustainability. The analysis includes both operational and capital expenditures, a comprehensive revenue forecast across geographies and a profitability outlook through break-even and payback calculations. Finally, scenario-based projections offer insights into potential market evolutions and risk-adjusted outcomes, helping assess the long-term viability and resilience of the initiative.

Before we start, here are the key assumptions underlying the financial projections:

Figure 2. Assumptions & Reasoning

Discount rate
A 10% discount rate was chosen to represent the expected return and blended risk profile of a high-end, cask-aged rum company in Portugal with export goals. Advantages like port cask distinction, established distribution networks, strong global premiumization trends (6–8% CAGR, IWSR 2024), and possible alliances are balanced with operational and commercial concerns. The rate is supported by lower capital intensity, specialty positioning, and geographic risk diversification, even though it is lower than normal early-stage spirits ROEs (12–20%).
Inflation
Nominal terms are used in the financial model, and neither expenses nor revenues throughout the course of the 15-year prediction are explicitly adjusted for inflation. The 10% nominal discount rate reflects anticipated inflation, and projections are in current prices. In keeping with best practices for early-stage spirits ventures, this streamlines the model.
Casks are not reused

In order to maintain flavor quality, the financial model considers that ex-Port casks won't be used again during different production cycles. The richest Port-derived notes that are crucial to the rum's premium positioning are present in first-fill casks, whereas later uses greatly reduce this flavor. Casks only add tannins and oxygen exchange after the third or fourth usage, which puts the product's uniqueness at danger. Additionally, immediate reuse is less successful in preserving the flavors of fresh port, and unused casks must be stored carefully to avoid contamination. Flavor is also influenced by the type of port that was previously kept (such as tawny or ruby), with first-fill barrels offering the most complexity. The manufacture of rum and port naturally coexist since port establishments usually supply fresh casks. Since used barrels can still be sold, the no-reuse policy preserves quality, prevents waste, and bolsters the premium narrative of the brand.

VAT Exclusion

All financial calculations, price benchmarks, and projections are presented excluding Value-Added Tax (VAT) in order to have a clearer cross-market comparison.

4.1 Cost drivers

4.1.1 Production Strategy

As mentioned in Chapter 3, the production strategy for the Porto Rum Cluster is planned over a **15-year horizon** and is structured around **four product tiers**, with a total output of **250,000 bottles**. The tiered portfolio, with **production starting in Year 0**, aligns aging requirements with market readiness, ensuring both early cash flow and long-term value creation. Each tier serves a specific strategic role within the brand's positioning and commercial goals.

The **Entry-Level Rum** accounts for **105,000 bottles**, representing 42% of the total production. It is aged for one year and produced at a consistent rate of 7,000 bottles per year, except for the final year of the projection where production is assumed to pause. The production is paused in Year 14 to prioritize the development and promotion of other product tiers. This decision ensures consistency with the project's timeline and avoids the risk of accumulating excess inventory in the final stages of the 15-year planning horizon. This choice supports the short-term financial sustainability of the business, as it allows revenue generation from the early stages of operations. Additionally, the **Entry-Level line** aims to boost brand awareness and

introduce Porto Rum to a wider audience, targeting Gen Z and millennials to build early engagement and long-term loyalty as they grow with the brand.

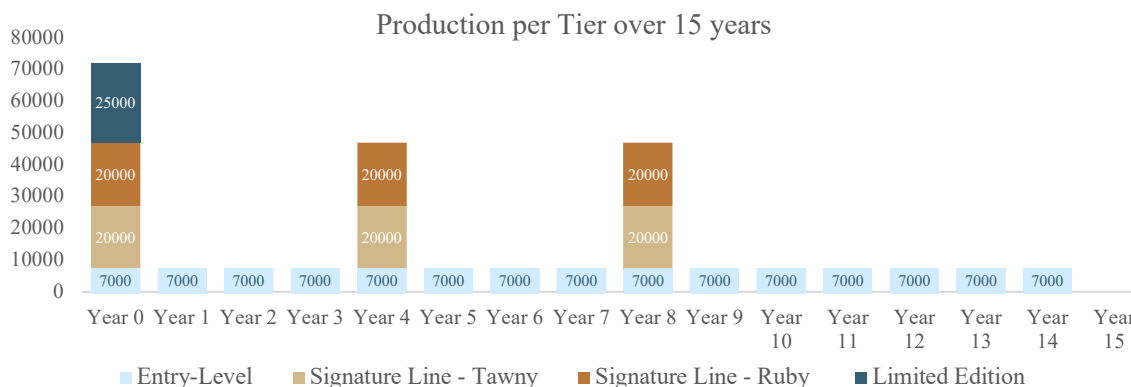
The **Signature Line** is divided into two subcategories: the **Tawny Cask** and the **Ruby Cask**, each representing 24% of the overall output, or **60,000 bottles**. These premium lines are aged for four years, which necessitates a staggered production timeline. The model foresees 20,000 bottles of each line being produced annually from year 0 to year 4, followed by a second production cycle of the same volume from year 4 to year 8, and a third one from year 8 to year 12. This ensures a steady flow of aged products entering the market every four years. The decision to assign equal volumes to both Signature Lines stems from their equal importance in the premium portfolio, offering distinct taste profiles while maintaining consistent brand value. This structure reflects the brand's intention, introduced in Chapter 3, to build a strong mid-range offering that balances quality, identity, and market differentiation.

Finally, the **Special Edition** is positioned as a 12-year aged, ultra-premium release, with a total of **25,000 bottles** produced only once at the beginning of the planning period. This batch is stored and aged over the entire 12-year cycle, with a market launch expected in year 12. This strategy underlines the collectible and exclusive nature of this tier, reinforcing the brand's long-term storytelling and premium image. The decision to concentrate the entire production of this tier in year 0 was taken to minimize complexity and to allow the aging process to begin as early as possible.

Overall, the production timeline has been designed to balance operational feasibility with strategic market objectives. By structuring the output to include early-release products such as the Entry-Level rum, the model ensures the generation of initial cash flows that support financial sustainability from the beginning. At the same time, the staggered introduction of aged tiers allows the brand to progressively build visibility, recognition, and consumer engagement. This phased approach creates the necessary momentum for the eventual launch

of the Limited Edition after 12 years, ensuring that the market is sufficiently aware, primed, and receptive to its ultra-premium positioning.

Figure 3. Production per Tier over 15 Years



The production cost structure of the Porto Rum Cluster has been designed to reflect the specific characteristics of each product tier, accounting for both operational expenditure (OPEX) and capital expenditure (CAPEX). These costs have been carefully estimated using detailed component-level assumptions and industry benchmarks.

The total production cost per bottle is calculated by summing the costs of raw materials, aging, operations, and packaging. Entry-level rum has the lowest cost at €5.58 per bottle, reflecting its short maturation time and standard packaging. The two mid-tier Signature Lines – Tawny and Ruby – incur moderate costs of €8.04 and €7.07 per bottle, respectively, due to longer aging requirements and premium packaging materials. In contrast, the Special Edition reaches a significantly higher cost of €14.59 per bottle, driven by an extended 12-year aging process, custom packaging, and higher per-unit storage and capital tie-up costs.

4.1.2 Production Costs, Sales Planning, and Scenario-Based Forecasting for the Porto Rum Cluster

The **Porto Rum Cluster** is designed as a small-batch, premium rum producer with full in-house operations. **Raw material and packaging costs are low and tier-dependent,**

while **aging costs increase with time and barrel quality**, ranging from €2.58 to €7.36 per bottle. Total **annual operating expenses** are estimated at **€213,620**, with packaging and storage tailored to each product line's positioning.

The project requires an **initial investment of €810,500**, covering distillation equipment, aging infrastructure, and licensing. Sales are rolled out **gradually over 15 years**, beginning in Portugal and the UK, followed by France (Year 4) and later the US and Germany (Years 10–15). Total expected **revenue is €19.55 million**, with France and the UK as the top markets.

The **break-even point** is reached after the sale of just **11,451 bottles**, representing less than 5% of total planned output—highlighting the model's financial efficiency. Three scenarios were tested to assess risk and adaptability: a **baseline** (full sales over 15 years), an **accelerated** case (15% faster sales), and a **slower** case (15% delay). All scenarios remain financially viable. The **baseline** delivers an NPV of **€432,705** with payback in **9 years and 9 months**, while the accelerated scenario improves NPV to **€1.28 million** and shortens payback by three months. Even in the slower scenario, the project remains profitable, though with increased inventory and delayed cash flows. Overall, the plan is **financially sound, adaptable to market conditions**, and structured for **long-term profitability and brand growth**.

Conclusion

In conclusion, the Porto Rum Cluster's financial model demonstrates that its **long-term success relies on carefully balancing the slow-maturing nature of aged rum production** with the phased international sales rollout. While the business can achieve positive returns across all projected scenarios, its profitability and timely payback depend on effectively managing aging inventories, sustaining premium pricing, and maintaining momentum in key markets such as France and the UK. Ultimately, the cluster's ability to translate its unique port cask identity

into consistent, timely sales is the **decisive factor in transforming upfront capital commitments into sustained, long-term value.**

5. Conclusion and Strategic Recommendations

The purpose of this work project was to investigate if premium rum made in Portugal and aged in Port wine casks could be the **solution to revitalize the Port wine sector.** If approached with a clear strategic goal, a commitment to tradition and quality, and progressive investment, the **answer is a cautiously optimistic yes.** This project offers a means of revitalizing a legacy sector by **leveraging its identity inside the premium spirits space,** in addition to introducing a new product. It makes the case that **internal innovation,** rather than scaling or pricing, is what **Port's future holds.**

The project finds a special opportunity at the **nexus of Portuguese rum tradition, underutilized Port wine infrastructure,** and **growing interest in craft spirits** worldwide by assessing supply potential and market demand. These components could establish the Porto Rum Cluster as a strong and competitive brand if they are in harmony. Nevertheless, a well-rounded approach that balances risk management, independence, teamwork, experimentation, and structure is necessary for success.

5.1 Near-Term Recommendation: Scoundrels Distilling as a Scout

In the near future, the best course of action is to handle **Scoundrels Distilling like a market scout.** By utilizing Scoundrels' operational agility and early proof of concept, Port wine houses may **test the market viability of Port-cask-aged rum** using their established brands, storytelling, and distribution networks rather than making hasty collaborations or large-scale commitments to new distilleries. Before determining if and how to scale, port producers can

gauge demand, get feedback, hone the narrative, and generate interest by entering markets like France, the UK, and the US, where consumers are becoming more interested in provenance and craft and premium rum consumption is on the rise. **This "Scoundrels-as-a-Scout" approach is sustainable and strategic.** It enables each party to capitalize on its advantages: while Port producers provide market access, credibility, and storytelling power, Scoundrels concentrates on improving the spirit and production consistency. Crucially, this entry approach guards against **reputational risk** as well as **early capital exposure**. Additionally, it promotes **mutual learning** and **trust**, two qualities that are crucial to the success of any future integration. If the outcomes demonstrate traction, both sides may proceed more clearly since they will have a better understanding of how customers respond to this new category. If there is little response, the project can be put on hold or reorganized without sacrificing the integrity of either brand.

5.2 Limitations of Partnership and In-House Models

The research suggests that **in-house rum production** or **large-scale strategic alliances are not yet feasible**, notwithstanding the promise of partnerships. Most Port houses do not yet have the technical, legal, and physical facilities required for producing high-quality rum. According to EU laws, rum and port must be manufactured in separate, licensed facilities, as covered in Chapter 1. Furthermore, current distilleries, including Scoundrels, **don't have the excess capacity to accommodate increased third-party production** temporarily. Although in-house production has long-term advantages including creative control, quality control, and brand integrity, it also **requires a large financial outlay, specialized knowledge, and intricate licensing**. Building operational teams and skills from scratch would be necessary even for co-location in the Porto region. For most producers, **internal manufacturing should therefore be seen as a long-term goal** that comes after a period of capacity growth, market research, and brand validation.

5.3 Opportunities: Profitability, Storytelling, and Local Impact

The benefits of this diversification effort go beyond monetary gains; they also include **cultural and structural effects**. According to financial research, the Porto Rum Cluster may reach **profitability, excellent margins, and a favorable Net Present Value (NPV)** without needing mass-market size at reasonable production levels of 15,000 to 20,000 bottles per year. These amounts are in line with other prosperous craft spirits companies that emphasize terroir-driven appeal and small-batch authenticity in products like tequila, whisky, and rum. The initiative generates a **triple-bottom-line potential beyond profit**. By **establishing a value chain centered in Porto** with partners like BA Glass and RAR Açúcar, it promotes the local economy and anchors production locally. Repurposing used Port barrels promotes **circular production**, enhancing both sustainability and flavor. Immersive experiences, like tastings and storytelling integrated into Port wine tourism, also open the door to **spirits tourism**. Most importantly, this project tells a distinctively Portuguese tale rooted in winemaking, Atlantic trade, and craft innovation. This storytelling becomes a **key competitive advantage** in a premium market that is fuelled by origin, identity, and narrative depth.

5.4 Risks and Constraints

There are risks associated with every innovative path. The worldwide spirits market is susceptible to **category saturation, changing consumer tastes, and economic shocks**, especially in the premium section. Profitability is delayed, and early investor trust may be strained, if a sizable amount of annual production is not sold (for example, only 25–50% of the anticipated volume). Furthermore, there is a lot of **operational risk in the early stages**. Production quality may differ if skilled rum distillers and fermentation experts are not available. This **discrepancy has the potential to damage a brand's reputation**, particularly in high-end markets where people have high standards and little patience for failure.

Risks to brand identity also exist. Rum might be viewed as an **opportunistic brand extension or distraction** if it is not positioned appropriately, which could confuse Port wine drinkers or erode historical ties. It is crucial that Port houses continue to **communicate clearly between rum and wine**, but also highlight the commonalities between the two, such as maturing, barrel craftsmanship, and local storytelling.

5.5 Long-Term Recommendations: Building the Porto Rum Cluster

There is an obvious chance to create a nationally renowned rum cluster over the course of the next ten years, beginning in Porto and possibly extending to the Douro and coastal areas. This calls for **consistent funding for talent, infrastructure, and institutional alliances**. To create yeast strains that are appropriate for molasses fermentation in Portugal, port houses ought to work with **regional universities and fermentation centers** such as the Portuguese Yeast Culture Collection (PYCC). Cooperatives can be used to build shared infrastructure, such as bottling lines, aged warehouses, and compliance systems, allowing smaller companies to participate without incurring duplicate costs. The development of future rum makers, cellar masters, and storytellers will **depend heavily on workforce training** supported by public-private initiatives. **SDGs 8, 9, and 12** as well as other national innovation and sustainability targets should be in line with these initiatives. **After becoming established in North America and Europe**, expansion should focus on **China and Brazil**. As mentioned in Chapter 2, China appreciates premium, origin-based spirits, but Brazil has a thriving cocktail culture. Additionally, the Porto Rum Cluster may market its Collector Editions as upscale, limited-edition goods that blend luxury, tradition, and narrative in both cases.

5.6 Final Thoughts: Can Rum Save the Port Wine Industry?

Can rum save the Port wine industry? This was the audacious question that prompted this project. The response is **encouraging** and **nuanced**. An industry with centuries of tradition and intricate structure cannot be saved by rum alone. However, it **can act as a stimulant, rekindling interest, creativity, and fresh audience participation**. Port-aged rum is more than just a commodity, it's a revitalizing experience. It turns unused resources and underappreciated legacy into a category that embodies the principles of the modern world: sustainability, authenticity, workmanship, and place of origin. Instead of losing their identity, Port manufacturers may expand it, transforming their heritage into something audacious and forward-thinking.

The Porto Rum Cluster is an **evolution of tradition** rather than a departure from it. It connects history with innovation and local manufacturing with global trends, providing not just a spirit but also a plan for reinvention. **Can the Port wine industry be saved by rum? Not alone, by rum.** However, it can set the standard by connecting the past and the future, wine and spirits, regional origins, and international aspirations. Rum can serve as the medium for the development of port wine if properly conceived and crafted.

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7. Appendix

Appendix 1: PESTEL Analysis

Firstly, considering the political dimension, the Port wine industry is shaped by government regulations in Portugal and key export markets, which guarantee quality and increase complexity and expenses. Export dynamics are impacted by changes in trade policy, taxes, and tariffs, including those resulting from Brexit. The luxury status of Port wine is under threat due to **economic issues** such as inflation, currency fluctuations, and worldwide slowdowns, which have raised production costs and decreased consumer spending on high-end beverages. From a **social perspective**, traditional fortified wine consumption has decreased due to increasing health consciousness and changing preferences for lighter beverages. Attracting younger customers remains challenging. Additionally, **technological advancements** in production and digital marketing offer opportunities for innovation. However, many traditional Port wine producers have been slow to adopt these new technologies, limiting their competitiveness. In the Douro Valley, **environmental issues**, particularly climate change, pose a threat to wine yields and quality. Although it requires a significant investment, sustainable viticulture is becoming increasingly important. Finally, **legal constraints** add another layer of complexity. Strict legal requirements guarantee authenticity but stifle creativity and adaptability, making it harder for producers to preserve history while responding to market shifts.

Appendix 2: Porter's Five Forces Analysis

The **threat of new entrants** in the Port wine industry is relatively **low** due to high entry barriers. The Douro Valley must be the site of production in order to maintain geographic identity while it prevents new rivals. Furthermore, substantial capital expenditure and stringent regulatory measures serve as further barriers to entry, protecting the market for established houses. In this industry, the **bargaining power of suppliers** is **moderate**. Local suppliers have some influence because grape production is concentrated in a limited geographic area. Nonetheless, the presence of several suppliers and standardised inputs aids in cost control and supply reliability for port wine producers. In mature export markets, **buyers**, especially big importers and retailers, have **significant bargaining power**. With so many well-known brands to choose from, buyers frequently bargain for reduced pricing, which puts pressure on companies' profit margins. Due to this dynamic, brands are compelled to differentiate themselves through marketing initiatives and premiumization. As customers increasingly experiment with craft beverages and other fortified wines, **the threat of substitutes is high**. The market share of Port wine is directly threatened by consumers' shifting tastes for lighter, lower-alcohol substitutes, thus, port wine houses must adjust to these changing trends. To conclude, the **rivalry among producers is high**. Strong brand equity is leveraged by established brands, but as businesses concentrate on premiumization and innovation, market dynamics are changing. Differentiation is essential for long-term success as competition is further intensified by emerging disruptors aiming to reach new market segments.

Appendix 3: POSITIONING MAP interpretation and analysis

Looking over to the Port Wine competitive landscape, we outlined a positioning map based on price and quality, through a thorough analysis, Taylor's prides itself on being the most upscale brand, particularly in the older Tawny category. Although it continues to receive top quality reviews, it faces fierce competition from other manufacturers that provide comparable quality

at somewhat lower price points. The brand's premium stance is probably justified by its solid reputation. Graham's provides a good mix of cost and quality, especially in the older Tawny Ports. It receives excellent quality ratings on par with Taylor's, but at a more affordable price, which makes it a desirable choice for customers looking for both value and prestige. Sandeman is a little more affordable option in the premium category, closely trailing Taylor's and Graham's in terms of quality. For those seeking premium-aged Tawny without the greatest price tag, it is still a good option. With quality ratings marginally lower than those of Taylor, Graham, and Sandeman in the older Tawny market, Fonseca and Ramos Pinto serve the mid-range market. Ramos Pinto offers competitive mid-tier products, particularly in the intermediate aging categories, whereas Fonseca is positioned as a more affordable choice. All of the brands in the fiercely competitive 10- and 20-year Tawny categories maintain comparable levels of quality. Nonetheless, some companies charge more prices than others, most likely due to perceptions of their brands rather than notable variations in quality. While Taylor's and Graham's continue to be quality options for all age groups, Fonseca stands out as a more affordable option.

Appendix 4: Rum Industry

Competitive Landscape:

Key Competitors & Market Segments:

The rum industry is characterized by a mix of large multinational players, independent craft distilleries, and emerging boutique producers. Key players in the global market include Bacardi Limited, Diageo (owner of Captain Morgan and Zacapa), Pernod Ricard (Havana Club), and Campari Group (Appleton Estate). These established brands dominate the mainstream and premium rum categories, leveraging strong distribution networks and marketing power (Statista, 2024).

However, the market has seen the rise of independent distilleries focusing on high-quality, artisanal rums. Craft rum producers such as Foursquare (Barbados), Mount Gay (Barbados), and Plantation (France) have gained international recognition by emphasizing authenticity, terroir, and unique cask finishes. This trend creates an entry point for new market participants, particularly those who can differentiate their products through heritage-driven narratives, innovative aging techniques, and sustainability practices (IWSR, 2024).

The rum market is segmented into various categories, including white, dark, spiced, and premium aged rum, with each segment appealing to different consumer demographics. White rum remains a staple for cocktails, while spiced and flavored rums are popular among younger consumers seeking easy-to-mix options. The premium and ultra-premium segments, however, are experiencing the fastest growth, driven by increasing demand for aged and cask-finished rums. This trend is particularly relevant in Europe, where consumers are developing a taste for high-quality, terroir-driven spirits, similar to whiskey and cognac (Statista, 2024).

On the other hand, countries like Spain and France have seen an increase in small-batch and agricole rum production, while emerging producers in the UK and Germany are capitalizing on consumer demand for authenticity and craftsmanship. Additionally, craft and premium distilleries, such as Compagnie des Indes (France) and Rhum JM (Martinique), have gained traction by focusing on high-quality, small-batch production (Rum Market Outlook, 2023).

Portugal's competitive landscape is still developing, with most rum production concentrated in Madeira, which has a long history of producing agricole-style rum from freshly pressed sugarcane juice. Madeira's rum, known for its high quality and unique terroir, has gained international recognition, with producers like Engenhos do Norte and William Hinton leading the market (The Rum Lab, 2024). However, in recent years, mainland Portugal has started to see the emergence of new rum producers, particularly in Porto, Lisbon, and the Algarve (Travis' Interview, 2025).

Emerging Trends

The rum industry is experiencing several emerging trends that are shaping its future, particularly in Europe and Portugal. Sustainable and locally sourced production has gained momentum, as eco-conscious consumers prefer spirits made with environmentally friendly methods and locally sourced ingredients. Additionally, rum is increasingly seen as a sophisticated alternative to whiskey, especially as whiskey prices continue to rise, encouraging consumers to explore high-end aged rums. The expansion of cocktail culture, driven by bartenders and mixologists, has further boosted demand for high-quality rums that enhance both classic and innovative cocktails. Premiumization is also a key trend, with consumers showing a growing interest in aged rums and unique cask finishes, such as those using port wine barrels, which is particularly relevant for Portugal. Moreover, there is a rise in craft distilleries producing small-batch, artisanal rums that focus on quality and authenticity, aligning with the global demand for niche, premium spirits. Digital marketing and direct-to-consumer sales are also influencing the industry, as brands leverage e-commerce and social media to reach new audiences (International Wine & Spirits Research, 2024).

Market Opportunities for New Entrants:

For new entrants, several market opportunities exist. First, the rise of craft distilleries and consumer interest in locally produced spirits provide an opening for small-batch rum makers who emphasize authenticity, sustainability, and unique flavor profiles. Portugal, for instance, has a growing spirits tourism sector, presenting opportunities for new distilleries to offer experiential rum tourism, including distillery visits, tastings, and educational workshops. Additionally, the use of Portugal's extensive stock of aging barrels from Port, Madeira, and Moscatel wine production presents a unique selling point, allowing producers to create distinctive cask-finished rums that differentiate them in the global market. Another opportunity

lies in the direct-to-consumer (DTC) model, as digital sales and e-commerce platforms continue to expand, enabling smaller producers to reach international markets without relying on traditional distribution channels (International Wine & Spirits Research, 2024). Lastly, sustainability-focused production, such as using local molasses and environmentally friendly distillation methods, aligns with global trends and could attract eco-conscious consumers (The Rum Lab, 2023). By capitalizing on these opportunities, new entrants can build a niche in the competitive but evolving rum industry.

Appendix 5: Scoundrels Distilling's Product Portfolio

Ruminate Rum Series – Crafted using open fermentation and double distillation in pot stills, aged in American or French oak before finishing in fortified wine casks (port wine casks):

- **Tawny Cask Finish (48.6% ABV at €89.95 & 60% Cask Strength at €139.99):** Rich and complex, aged in Tawny Port casks.
- **Ruby Cask Finish (46% ABV at €89.95 & 59% Cask Strength at €139.99):** A rum with deep fruit and spice notes from Ruby Port casks.

Invicta Gin Collection – A selection of premium gins, each with distinct characteristics:

- **International Dry (44% ABV at €39.95):** A juniper-forward, London Dry-style gin (Gold Medal, London Spirits Competition).
- **Portuguese Citrus (42% ABV at €44.95):** Infused with Portuguese citrus peels, including Douro tangerine.
- **Navy Strength (57% ABV at €54.95):** A bold, high-proof gin for intense flavor seekers.

- **FC Porto - Legends Edition (42% ABV at €35):** A special edition gin honoring FC Porto's legacy.

Appendix 6: Scoundrels Distilling's Rum Business Model Canvas

Scoundrels Distilling is a craft premium brand of spirits that reinvents rum-making through aggressive, unorthodox ways of trying out Port wine cask experimentation. The company's **value proposition** is creating high-end, small-batch rums with distinctive tastes that combine rebellion, craftsmanship, and sustainability. By maturing their rum in Ruby and Tawny Port casks and incorporating local ingredients, the company offers a product steeped in Portuguese tradition and ingenuity. Scoundrels appeal to **mixologists, craft spirits enthusiasts, travelers, and collectors with rich experiences, exclusive tastings, and limited releases.**

The brand fosters strong **customer relationships** through personalized experiences and active engagement. This can include in-shop tastings behind-the-scenes distillery tours and active storytelling across digital channels. Scoundrels also focus on the community through partnerships with nearby businesses and spirits communities, establishing a loyal and engaged clientele.

Scoundrels Distilling takes a **multi-channel distribution strategy**, emphasizing direct-to-consumer sales direct-to-consumer through its website and on-premise retail. It is targeting niche e-commerce websites such as Portugal Vineyards and invests in events, pop-ups, and festivals to build brand presence. Placement in highly curated hospitality venues such as Eddie's Whiskey Bar and the Renaissance Hotel Lapa enables access to high-end consumers in high-impact venues.

The **business's core activities** include the production of rum according to innovative aging techniques, cask tastings, customer experience delivery, brand promotion, and sales

management. Events, tastings, and stories are central to building brand identity as well as customer loyalty.

To support these operations, Scoundrels Distilling's **primary resources** are its distillery equipment—pot stills, fermentation tanks, and bottling lines—and Port casks from local producers. Its other major resources are quality local inputs like molasses and yeast (from companies like RAR Açúcar and Lallemand), skilled personnel, strong visual identity, and required licenses and regulatory permits.

Key partnerships fuel operational effectiveness and outreach. Scoundrels partners closely with raw material suppliers, local experiential venues for hospitality, and online sites for sale. It also partners with event planners and trade associations to connect with the wider spirits community and achieve international market visibility.

Cost structure is a reflection of the premium manufacturing and brand development requirements. Primary expenses are equipment maintenance, human capital, raw materials, compliance, promotions, packaging, and utilities. Storage and aging are parts of operating costs due to the time it takes to manufacture premium rum and because investing in customer experience and storytelling is essential in order to maintain the premium position of the brand.

Revenue streams are diverse, and primary revenue comes from the wholesale, internet, and retail sale of bottled rum. Other revenues come through limited and aged releases, distillery operations such as tastings and tours, and branded merchandise, strengthening the brand identity and customer engagement.

In combining tradition with experimental innovation, Scoundrels Distilling not only disrupts the premium rum category but offers a template for regional revitalization policy. By

combining Port wine tradition, local origin, and unapologetic narrative, the brand is a market leader and a probable driver of a rethink of the Port wine industry's future.

Appendix 7: Understanding Product Tiers in Premium Rum

The first tier is **White or Lightly Aged Premium Rum**. These rums are usually **unaged** or **aged for a short period** (up to 3 years) and are often filtered to remove color, giving them a clean, clear appearance. This tier is positioned for premium cocktail use or casual sipping, particularly by younger consumers such as **millennials and Gen Z**, who are drawn to smooth and versatile spirits with modern branding and ethical sourcing stories. Rather than focusing on age, brands in this category emphasize elements such as origin, blending techniques, or special cask finishes (Statista, 2024; The Spirits Business, 2024a). The typical price range for this category is around **€25-€50** and key examples include Equiano Light, Ten To One White, Mount Gay Eclipse, and Banks 5 Island Rum (Equiano Rum, n.d.; Ten To One, n.d.; Mount Gay Rum, n.d.; Banks Rum, n.d.). This space represents a promising opportunity for Porto-based rum producers, particularly those using short aging in Port casks, which can give lightly aged rum a unique local identity and flavor profile.

The second tier in the premium rum market is best defined as **Aged Rum**, referring to products that have been matured in barrels for a significant period – typically **between 4 and 12 years**. This aging process is what truly separates this tier from lightly aged or white rums, as the spirit gains deeper complexity, color, and richness from time spent in wood (WSTA, 2024; Rum Market Outlook, 2023). While some brands may label certain bottles as “Signature” or “Reserva,” these are marketing terms rather than technical classifications (IWSR, 2024). What unites this tier is the fact that these rums have undergone a proper maturation process and are positioned as **premium sipping rums**, often used to represent the heart of a brand’s identity.

These rums are usually aimed at **more experienced spirits drinkers**, including those who are transitioning from whisky or cognac and are looking for quality, authenticity, and refined flavor profiles. Consumers in this segment expect more than mixability – they seek craftsmanship, tradition, and a compelling narrative. Aged rums in this category often highlight cask influence, such as aging in ex-bourbon, sherry, or wine barrels, which brings extra character and differentiation to the final product. The price range for aged rums generally falls between **€50 and €100**, depending on the age, origin, and packaging. Within this same tier, brands may offer different **levels of premiumization** – from core aged rums (e.g. 4–6 years) to more elevated "signature" expressions aged 10–12 years, sometimes in special casks or with limited packaging. Notable examples include Plantation 5 Year Old (Barbados), Flor de Caña 12 Year (Nicaragua), Appleton Estate 8 and 12 Year Old (Jamaica), and Diplomático Reserva Exclusiva (Venezuela) (Water Street Wines & Spirits, n.d.; Flor de Caña, n.d.; Appleton Estate, n.d.; Diplomático Rum, n.d.). In summary, this tier is defined by genuine barrel aging which serves as the key marker of quality and value, but it also allows brands to position products across different premium levels, from accessible aged expressions to flagship “signature” rums. Therefore, it plays a central role in building brand identity and appeals to consumers seeking depth of flavor, authenticity, and craftsmanship.

The third tier consists of **Limited Edition or Collector Rums**, which are often aged for **12 to 25 years or more**, or are created as rare, experimental, or one-off releases. These rums are not always defined by age alone but also by limited availability, special packaging, unique finishes, and a strong connection to the brand’s history or terroir (The Spirits Business, 2024a). The target audience includes **high-end consumers, collectors, and connoisseurs**, and prices typically range from **€100 to €300 or more**. These rums are often used for special occasions, gifting, or as part of private collections. Examples of brands operating in this tier include the

Foursquare Exceptional Cask series, Dictador 20 and 25, Mount Gay Master Blender Collection, and Ron del Barrilito 5 Estrellas. For producers in Porto, this tier presents a strong opportunity to develop **exclusive, cask-aged rums** that celebrate Portuguese heritage and craftsmanship – especially through the use of Port wine barrels and limited-number releases (Foursquare Rum Distillery, n.d.; Dictador Rum, n.d., Mount Gay Rum, n.d.).

It is also worth noting that most premium brands avoid generic names like "entry-level" or "top-tier" in consumer-facing communication. Instead, they use more refined or evocative labels such as White, Signature, Reserva, Master Blender, Collection, or even numbers (e.g., Plantation 5, Flor de Caña 12, Ron del Barrilito 3 Estrellas). Some brands also describe their products using the type of cask finish, such as Oloroso Sherry Cask or Cognac Cask Finish. These naming strategies not only reflect product quality but also help position the rums in a premium space without relying on long aging periods. For example, Plantation Rum uses names like "*Islay Cask Finish*", while Mount Gay has released expressions such as "*Andean Oak Cask*", highlighting the influence of the wood rather than the age alone (IWSR, 2024; Plantation Rum, n.d.; Mount Gay Rum, n.d.).

Benchmarking: Key Players and Competitive Landscape (3.4)

Benchmarking Framework and Evaluation Criteria

Now that the main product tiers in the premium rum market have been identified, we can proceed with a benchmarking analysis of the leading brands within each tier. This comparison is essential to better understand how premium rum brands compete, particularly in relation to the type of product Portugal is looking to develop - small-batch, aged, craft-oriented rum with a strong link to Port and local identity.

To make this analysis relevant to our strategy, we will evaluate each brand on a number of **key dimensions** that also define the cluster. These include

- **Price positioning:** How the brands are priced in different markets, and what this communicates about quality or target audience.
- **Cask ageing and product range:** Whether brands use age statements or other indicators of maturity, and what types of casks (e.g., bourbon, sherry, ex-wine) are used in production.
- **Brand identity and storytelling:** How brands build their narrative, including origin, heritage, founder stories, and ethical positioning.
- **Packaging and perceived quality:** How bottle design, label and presentation influence perceptions of prestige and craftsmanship.

Using these dimensions, the benchmarking is organized by product tier and each brand selected for comparison operates in one of our priority geographic markets, ensuring relevance to both domestic and international expansion opportunities.

Before diving in, it's important to note that most premium rum brands don't operate in just one tier. Many brands have a broad product range that includes both entry-level and very expensive collector's editions. For example, the same company might sell a white rum for cocktails and also release a rare 30-year aged version-for collectors. So while we place brands in a specific tier for clarity, we recognize that they often compete in more than one segment. This benchmarking should therefore be interpreted with this fluidity in mind.

Tier 1: Unaged and Lightly Aged Premium Rums

Let's start with the Tier 1 analysis. We have previously identified the French market as a priority due to its strong premium spirits culture and established rum consumption patterns. However, the French rum landscape is quite unique and tends to skew towards aged and terroir-

driven rums, largely due to the strong rum agricole tradition in Martinique and Guadeloupe (The Spirits Business, 2023a; IWSR, 2024). This is supported by a highly educated consumer base that appreciates the nuances of rum. This results in a strong preference for aged or well-crafted agricole rums, often bottled under AOC Martinique regulations (Rhum Agricole, n.d.). On this basis, French rum culture values origin, production method, and maturity over unaged 'white' expressions, which are often perceived as lacking depth. That said, there are lightly aged or unaged agricole rums available in France, but these are often considered mixers or "blanc agricole", used mainly in cocktails such as Ti' Punch and not in large quantities – there simply are not that many (Drinkhacker, 2023; Clément, n.d.).

The important thing to note is that while these types of rums in France are less aged and generally less focused on storytelling, they are still respected in the market. They are often more functional in nature and not usually branded in a premium lifestyle format like brands such as Equiano or Ten To One. However, their value lies elsewhere: they are valued for their authenticity, traditional production methods, and strong link to terroir. This makes them very different from the UK and US markets, where unaged rums tend to rely more on branding, image and accessibility (IWSR, 2023; The Spirits Business, 2024b).

A clear example is **Rhum Clément Blanc** from Martinique, priced between **€22 and €28** (Clément, n.d.). This is an **unaged agricole rum** made from fresh sugar cane juice and protected under Martinique's AOC rules. Its packaging is simple and classic, and while it is most commonly used in cocktails, it is also appreciated by purists for its clarity and quality. Because it follows strict production standards and reflects a defined regional identity, it has cultural and artisanal value even without time spent in barrels. This shows that even unaged rums can carry premium weight in France – but only if they are rooted in tradition, craft and place. Unlike lifestyle brands built on image or accessibility, our positioning is based on craft,

heritage and the unique synergy between local molasses, traditional methods and port cask aging. France therefore represents not only a strategic opportunity, but also a cultural fit for the identity we are building.

Another strong benchmark for our Tier 1 category is **Eminente Ámbar Claro**, a Cuban rum aged for about **3 years** in ex-whisky casks and lightly filtered to maintain a pale golden color (Eminente, n.d.). Although still young, this rum shows how short aging can add character and complexity while retaining freshness. Produced in small batches by Cuban master distillers, it reflects a deep knowledge of local sugar cane and traditional techniques. Priced between **€40 and €50**, it is clearly positioned as a premium product despite its short aging period. Eminente is backed by Moët Hennessy, giving it strong credibility in the premium spirits segment. The brand has a premium lifestyle positioning and relies heavily on storytelling – focusing on Cuban terroir, heritage, and wildlife-inspired packaging. It also emphasizes craftsmanship and the identity of the master blender, making it particularly relevant in markets such as France and Germany, where consumers value authenticity and artisanal production. Indeed, the brand was launched in France and is now sold in Germany, the UK, and across Europe through premium channels such as The Whisky Exchange and Home of Malts. The packaging is elegant and tactile, with visual elements that reinforce a sense of quality and place (Eminente, n.d.). Eminente is a useful reference for us, proving that even lightly aged rums can have strong identity and prestige - especially when supported by careful production, clear storytelling, and cultural depth.

Another strong reference in the Tier 1 category is **El Dorado -Year- Old White Rum**, produced in Guyana by Demerara Distillers, a brand with a long-standing reputation in the global rum industry. This rum is aged for three years in oak barrels and then charcoal filtered to remove color while retaining depth and complexity (El Dorado, n.d.). Despite its white

appearance, the aging process gives it a smoother, more refined profile than most unaged white rums. Priced between **€25 and €35**, it is positioned as an accessible premium option, making it attractive to both casual drinkers and cocktail professionals. The brand places a strong emphasis on authenticity and heritage, highlighting the use of traditional wooden pot stills - a rare and respected method in modern rum production. This link to craftsmanship and history is a key factor in the product's credibility and consumer appeal. The packaging is clean and understated, with classic cues that signal maturity and tradition. While lacking the lifestyle branding of newer entrants, El Dorado 3 Year Old earns its premium perception through quality, consistency and its established presence in the European and US markets. It demonstrates how a short-aged rum can still carry prestige and value when backed by a respected name and traditional production techniques.

Another strong Tier 1 reference is **Trois Rivières Rhum Ambré**, a Martinique rum aged between **12 and 18 months** in American oak barrels (Trois Rivières, n.d.). Despite its short aging, it develops a smooth and expressive profile, making it suitable for both sipping and premium cocktails. With roots dating back to 1660, the brand is known for its link to Martinique's terroir and AOC Rhum Agricole tradition. It appeals to consumers who value authenticity, regional identity and traditional methods. Priced between **€30 and €40**, it is positioned as a premium yet accessible option in the French market. The packaging is distinctive, reflecting the rum's Caribbean origins while maintaining a refined, premium feel. Trois Rivières Ambré is well established in France and provides a relevant benchmark for short-aged rums that rely on heritage and craftsmanship rather than branding alone.

The Tier 1 analysis highlights a clear opportunity in the market for **lightly aged premium rums**. Most of the established products in this category are aged for at least 3 years, placing them at the upper end of the tier - almost in "aged rum" territory. There are very few premium

rums aged for less than 18 months and almost none use wine casks as part of the aging process. Notably, many of these rums - such as El Dorado 3 or Eminente Ámbar Claro - are charcoal-filtered after aging, which allows them to be classified and marketed as white rums. This helps position them in the cocktail space, but also makes them visually and stylistically different from what a Portuguese short-aged port cask rum would offer. This opens the door to **clear product differentiation based on appearance**, depth of flavor, and storytelling. The Scoundrels' proof of concept already demonstrates the viability of this niche. Aged for 6 to 18 months in port barrels, it combines tradition, craft, and regional character. Given the lack of competition in this specific space and the growing demand in markets such as France for authenticity and terroir - even in younger spirits - there is strong potential for Portugal to lead with a distinctive premium rum identity.

In short, the benchmark confirms **two key points**. First, lightly aged rums can be considered premium, but only when supported by strong quality cues and cultural depth. Second, there is currently no dominant brand occupying the niche of sub-18-month premium wine cask aged rum - making this an open and attractive opportunity for Portugal, particularly through the Scoundrels model. This gap in the Tier 1 market can be strategically filled by a Portuguese rum cluster based on short aging, port wine cask aging, and a clear storytelling approach - a combination that not only differentiates the product, but also aligns with the values and preferences of high-potential markets such as France and Germany.

Based on our internal benchmarks, the estimated price for a lightly aged Portuguese rum aged in port wine casks is between **€25 and €50**. This range fits well with the expectations of Tier 1 consumers looking for authenticity and innovation, and is in line with the pricing of comparable references such as Eminente Ámbar Claro or Trois Rivières Ambré - especially in premium

European markets such as **France**, where consumers are willing to pay more for terroir, heritage and production transparency.

Tier 2: Aged and Signature Rums

For many brands, this is the level where they not only establish their reputation, but also begin to differentiate themselves through ageing, barrel selection and signature expressions. These are primarily sipping rums and often serve as the 'face' of the brand in international markets.

In this area, **France** becomes a particularly important benchmark market. As mentioned in Tier 1, French consumers are very familiar with aged spirits and value craftsmanship, terroir and the concept of controlled origin - all key pillars of premium rum identity. This makes France a strong cultural fit for mid-tier aged rums, particularly those influenced by rum agricole traditions (The Spirits Business, 2023; IWSR, 2024). Meanwhile, other core markets such as the UK and the US continue to play an important role in driving this tier through a mix of lifestyle, cocktail culture and premiumisation (IWSR, 2023).

In this section, we benchmark four brands that are highly relevant to our positioning - all operating in priority markets and all representing different approaches to aged rum. These examples help us to understand what consumers expect at this level and how we should frame our own port cask aged products. The first group includes rums aged between 3 and 6-8 years, which we define as the "**Aged Rum**" category. These are often the first expressions through which brands introduce aged products to consumers. The second group includes rums aged between **10 and 12 years**, often referred to as "**Signature**" or "**Reserva**" expressions. These typically sit higher up in a brand's portfolio and are used to reinforce identity and craft credentials.

Firstly, **Planteray Rum (Maison Ferrand, France)** [formerly known as Plantation Rum] is arguably the most relevant benchmark for the type of model we are developing in Portugal. It is owned by Maison Ferrand, based in Cognac, France, and sources its rum from the Caribbean, including Barbados, Jamaica and Guyana. What makes Planteray particularly unique is its **double ageing technique**. Priced at around **€50-55**, the rum is first aged in ex-bourbon barrels in the tropics, then shipped to France for a second maturation in barrels previously used for Cognac, Sauternes, Port and other French wines (Planteray, n.d.). This hybrid aging process closely mirrors our own vision for Portuguese rum aged in port casks. The Planteray portfolio includes: **Signature blends** such as the Barbados 5 Year; **Single Cask Editions**, often port-finished; and **Extreme Series**, aged 10-15+ years, priced above €150. Their storytelling strategy highlights transparency, craftsmanship and the link between Caribbean rum-making traditions and French cask ageing expertise. Planteray is widely distributed in France, Germany, the UK and on premium online platforms, making it not only an influential brand but also a model of how to blend international rum with European wine culture (Planteray, n.d.).

An example is the **Planteray 2018 Barbados Saint Estèphe Single Cask**, which demonstrates how a relatively young rum can be successfully positioned as a premium sipping product through careful ageing, finishing and storytelling. Distilled in 2018 at the West Indies Rum Distillery, this limited-edition rum is aged for a total of six years following Planteray's signature double ageing process: an initial tropical maturation in ex-bourbon casks in Barbados, followed by continental ageing in Ferrand Cognac barrels in France. It is then finished for one year in Saint Estèphe red wine casks, which impart subtle notes of red fruit and refined tannins. It is bottled in 2024 at 50.5% ABV, and it presents a complex aromatic profile combining vanilla, sweet spices and a delicate woody character. The price range is around **€58-65** and it is distributed in France and the UK through premium channels. In particular, This brand sits

firmly in the aged rum category (4-6 years) and provides valuable insight into how ageing and finishing can work together to elevate a product in the premium segment.

The product also reflects Planteray's broader positioning strategy, which includes a transparent sourcing model, limited single cask editions, and consistent use of wine cask finishes. For our purposes, it provides a highly relevant benchmark for how port cask ageing can be used not only to add complexity, but also to build a premium identity grounded in European terroir and craftsmanship (Comptoir Irlandais, 2024; Gerry's, 2024).

Then, **Hampden Estate** is one of the most iconic and historically significant rum distilleries in Jamaica. The **Hampden Estate 8 Year Old** is aged entirely in the tropical climate of Jamaica and is produced exclusively using traditional pot still distillation. It delivers an intense, high-ester profile with bold notes of overripe banana, pineapple, exotic spices, and a touch of smokiness, reflecting its natural fermentation process and long maturation in ex-bourbon barrels. Marketed as a premium sipping rum for connoisseurs, it is priced around €60–€80 and is available across major European and U.S. markets. Its authenticity, full-bodied complexity, and commitment to traditional Jamaican rum-making make it a benchmark for terroir-driven aged rums with character and depth (Hampden Estate, n.d.).

The analysis will now focus on slightly more expensive spirits, referred to as 'Signature/Reserva rums and whiskies'. A relevant example is **Dalmore 12 Year Old – Scotland**, a Highland single malt whisky known for its elegant sherry cask influence and complex maturation process. After nine years in ex-bourbon barrels, half of the whisky is transferred to 30-year-old Gonzalez Byass Matusalem Oloroso sherry casks, creating a refined and layered profile. Priced around €85, it is positioned as an accessible luxury within the single malt category and is widely distributed across premium markets in Europe and North America. Its rich flavor profile—featuring notes of orange zest, dark chocolate, and spice—along with

its distinctive cask heritage and high-end branding, make it a strong benchmark for premium storytelling and aged spirit identity (Dalmore, n.d.).

Lastly, **Diplomático Single Vintage 2011 - Venezuela** is one of Diplomático's most exclusive rums, aged for up to **12 years** in a combination of ex-bourbon and sherry casks. Released as a Vintage Edition, it is aimed at collectors and connoisseurs seeking depth and rarity. Priced at **around €100**, it is positioned at the top end of Tier 2 and is available in premium retail and gifting channels in France, Germany and UK. It illustrates how limited releases and special cask finishes can create value through exclusivity and craftsmanship (Diplomático, n.d.).

To conclude, the Tier 2 benchmark shows that this is where most brands are defining their **identity and reputation**. It is also where they begin to add depth to their portfolio through age statements, barrel selection and more sophisticated positioning. Rums in this tier are designed for sipping and are often marketed as the brand's signature expression, combining both authenticity and complexity. What stands out from this analysis is that while aging is central to the category, it is not the only value driver. Consumers in this space respond to craftsmanship, heritage and originality - especially when paired with elegant packaging and a strong story. Brands such as Planteray, and Diplomático show that a clear identity, combined with selective ageing and barrel selection, can strongly position a product in the €55-€100 range.

Among our priority markets, France again emerges as a key strategic focus. French consumers have a long-standing appreciation for aged, controlled origin spirits such as Cognac and Rhum Agricole, and they value terroir, transparency of ageing and craftsmanship. This creates a natural cultural fit for a Portuguese rum aged in port wine casks, especially when backed by authentic production and a compelling heritage story. The strong presence of premium rum in French retail and online channels, combined with consumer openness to artisanal and terroir-

driven products, makes France one of the most promising markets for this tier. It is also a market where the influence of wine and barrel aging traditions is well understood - giving further relevance to our use of port casks. This is where the Portuguese rum cluster can offer something new. Rather than competing directly with tropical-aged rums from the Caribbean or Latin America, a 5-12 year old rum finished in Port casks introduces a distinctive European identity. The uniqueness of the product would come not only from the ageing process, but also from its link to the Douro Valley, Portuguese craftsmanship and the re-use of port barrels, which are already respected in the global spirits industry.

In addition, there is currently no leading brand in this specific niche in France - or more broadly in Europe - so there is a significant opportunity for Portugal to take the lead. Depending on the product being developed - whether it is a Reserva (signature expression) or a core aged rum - and the exact ageing period, our price estimates can vary. For example, a product aged between 5 and 10 years could be priced in the lower range of around €60-€70, whereas a Reserva expression aged for 10-12 years could reach up to €100. This price differentiation would reflect the added value of extended ageing, enhanced cask finishing and the depth of its storytelling. Such a product, produced in small batches with an emphasis on quality, sustainability and regional storytelling, would be well positioned for premium bars and retail channels.

Tier 3: Limited Edition or Collector Rums

We now turn to Tier 3, which represents the top end of the premium rum market. This segment is defined by limited edition releases, rare cask finishes and often long ageing periods of over 12 years. These rums are not only consumed for their taste, but also collected, given as gifts or displayed as a symbol of prestige. Products in this tier are typically priced above €100 and are aimed at experienced drinkers, connoisseurs and collectors (IWSR, 2024). For this benchmark,

we selected three brands that reflect different strategies in this space and operate in our priority markets.

First, **Foursquare Exceptional Cask Series - Barbados** is one of the most respected names in the high-end rum world. Each release is a limited batch, often aged **12-18 years**, with no additives or sweeteners. Known for their complexity, transparency and high proof, these rums appeal to rum and whisky enthusiasts alike. They range in price from **€160 to €170** and are available from specialist retailers in France, Germany, the UK and the USA (Foursquare Rum Distillery, n.d.). Foursquare is relevant because it shows how purity, rarity and honesty in ageing can create lasting value without excessive branding - just craft and credibility.

The Mount Gay Master Blender Collection - Barbados also offers ultra-premium expressions created by the in-house blending team. These rums are often aged for **up to 20 years**, sometimes using experimental casks such as Andean oak or Sauternes. Each batch is released in very limited quantities and retails for between **€160 and €200**. The range is sold in premium outlets throughout Europe and the USA, often aimed at collectors (Mount Gay Rum, n.d.). Mount Gay is a useful reference for how heritage brands can experiment and innovate at the top end while maintaining authenticity and prestige.

Thirdly, **Dictador XO & Limited Editions – Colombia** is another relevant example. Its Dictador's XO and ultra-limited expressions (such as the 2 Masters series) combine age (**12-25+ years**) with a luxury-oriented image. These rums are often released in designer packaging and involve partnerships with wine, whisky or cognac producers for cask finishing. Prices range from **€140 to over €300**, especially for collector's releases (Dictador Rum, n.d.). Dictador is relevant to this analysis because it demonstrates how storytelling, branding and packaging design can elevate a long-aged rum to luxury status - important elements in developing a premium product with a port heritage.

To conclude, the Tier 3 benchmark shows that high-end rum is not just about age - it is about **rarity, barrel selection and storytelling**. All three examples show how brands use small batch production, carefully selected casks and limited availability to create perceived value and justify higher prices. Some focus on purity and age transparency (Foursquare), others on blending innovation (Mount Gay), and still others on luxury design and partnerships (Dictador).

This insight is key for the Portuguese rum cluster. While our core portfolio may be focused on tier 2, a limited, top-of-the-range release aged 12+ years in port wine casks would elevate the brand and strengthen its credibility. Such a product could be targeted at collectors and premium gifting channels, particularly in markets such as France, the UK and Germany, where consumers value ageing, packaging and exclusive editions.

Depending on ageing (**12 to 25 years**), packaging and production scale, a **Portuguese Tier 3** rum could be positioned between **€110 and €180**. The value would lie not only in the age and rarity, but also in the uniqueness of the port cask finish, the craft identity and the cultural richness behind the product. With few direct competitors offering this type of release in Europe, this level could help define Portugal as a serious player in the world of aged rum.

Appendix 8: Consumer Profiles

This section provides a comprehensive breakdown of the primary consumer segments identified in Chapter 3, including their demographic, psychographic, and behavioral traits. These profiles are integral in understanding the motivations, preferences, and behaviors that will drive the brand's positioning and promotional strategies. Each profile outlines key characteristics and purchasing motivations, ensuring that marketing efforts are tailored to meet the specific needs and desires of the target audience.

1. Craft Spirit Enthusiasts

- **Age Range:** 30 and above
- **Occupation:** Professionals, business owners, and entrepreneurs, often with backgrounds in creative or culinary fields
- **Income Level:** High disposable income (upper-middle to high-income class)
- **Psychographics:**
 - Passionate about craftsmanship and artisanal production methods
 - Highly value small-batch, high-quality products that offer uniqueness
 - Tend to be knowledgeable about spirits and interested in discovering new, innovative products
 - Appreciate the artistry behind distillation and aging processes
 - Active in online communities dedicated to craft spirits, attend distillery tours, and seek out exclusive releases
- **Behavioral Traits:**
 - Preference for sipping premium rums neat or in refined cocktails
 - Willing to pay a premium for authenticity and innovation
 - Frequent purchasers of premium spirits, often from niche brands
 - Participate in tastings and purchase limited editions to add to their collections
- **Key Motivations:**
 - Desire for rare and high-quality spirits
 - Seeking products that align with their appreciation for craftsmanship and tradition
 - Enjoys products that are “story-driven” and connected to artisanal heritage
 - Motivated by exclusivity and the opportunity to engage with products on a deeper level

2. Gen Z and Millennials (25-40)

- **Age Range:** 25-40
- **Occupation:** Young professionals, students, and entrepreneurs
- **Income Level:** Middle to upper-middle class
- **Psychographics:**
 - Social media savvy, active on Instagram, TikTok, and other digital platforms
 - Highly influenced by trends, lifestyle choices, and visual aesthetics
 - Value authenticity, sustainability, and transparency in the brands they support
 - Interested in experiences over possessions, and prioritize unique, memorable products
 - Trendsetters in cocktail culture and appreciate innovative blends and flavors
- **Behavioral Traits:**
 - Likely to purchase based on brand story, packaging, and lifestyle alignment
 - Enjoy discovering new products that they can share and showcase on social media
 - Often social drinkers, preferring products that offer versatility for both sipping and cocktails
 - Engage with brands through digital platforms, influencers, and event experiences
- **Key Motivations:**
 - Seeking authenticity and products that reflect their values and lifestyle
 - Interested in products with sustainable practices and transparent sourcing
 - Attracted to products that offer a unique twist on tradition, such as Port-cask aged rum
 - Enjoys the experience of sharing drinks with friends at social occasions

3. Collectors and Investors

- **Age Range:** 40 and above
- **Occupation:** Affluent professionals, business owners, investors, and luxury collectors
- **Income Level:** High income, often with investments in luxury goods or collectible assets
- **Psychographics:**
 - Motivated by exclusivity and rarity, often seeking products with strong investment potential
 - Appreciate products with a legacy or unique backstory
 - Highly value heritage, authenticity, and craftsmanship in their collectible items
 - Tend to be established in their careers and have a refined taste for luxury and heritage-driven items
- **Behavioral Traits:**
 - Prefer limited-edition, high-value items that are rare and have potential for future appreciation
 - Often buy in small quantities but are loyal to exclusive, high-end brands
 - Seek out rare and collectible items, attending private tastings and exclusive events
 - Often purchase products as an investment or a gift for other collectors
- **Key Motivations:**
 - Desire for exclusivity and unique, rare items
 - Interested in products with the potential to appreciate in value
 - Motivated by a sense of prestige and a desire to own something that is not widely available

- Value products that are both luxurious and meaningful, with a rich history and narrative

4. Mixologists & Bartenders (Industry Professionals)

- **Age Range:** 25 and above
- **Occupation:** Bartenders, mixologists, and spirits professionals
- **Income Level:** Varied; often from the middle class, but with potential for tips and bonuses based on their work
- **Psychographics:**
 - Highly creative and innovative, constantly seeking new and distinctive products to elevate their craft
 - Passionate about the art of mixology and the ingredients that make unique cocktails
 - Often trendsetters within the spirits industry, attending masterclasses, competitions, and industry events
 - Strongly influenced by the uniqueness and flavor profile of spirits
- **Behavioral Traits:**
 - Prefer products with distinctive flavor profiles that can elevate cocktails
 - Engage with spirits brands through professional channels, masterclasses, and industry events
 - Often loyal to high-quality spirits that they believe will enhance their reputation within the industry
- **Key Motivations:**
 - Desire to experiment with unique, high-quality spirits that can offer an edge in mixology

- Interested in products that reflect heritage and craftsmanship
- Motivated by creating unique and memorable cocktail experiences for their patrons
- Value versatility in spirits that can be used across a variety of cocktails

5. Tourists and Experience Seekers

- **Age Range:** 25 and above
- **Occupation:** Varied, often leisure travelers or those seeking authentic cultural experiences
- **Income Level:** Middle to upper-middle class
- **Psychographics:**
 - Interested in immersive cultural experiences and authentic local products
 - Value products with a strong connection to heritage, culture, and tradition
 - Often visit destinations known for wine and spirits tourism
 - Eager to purchase products that they can take home as a memento of their travels
- **Behavioral Traits:**
 - Often purchase alcohol as a souvenir, preferring unique and culturally significant products
 - Engage with local cultures through culinary, historical, and spirit-based tourism experiences
 - Likely to participate in distillery tours, tastings, and cultural events
- **Key Motivations:**
 - Desire to bring home a piece of the local culture and heritage
 - Interested in purchasing spirits that offer a story and are connected to a specific region

Group Part

- Motivated by the experience of discovery and connection to the destination's history
- Purchase items that enhance their cultural travel narrative and offer uniqueness

Appendix 9: Enhanced Implementation Plan for Alma Atlântica

The implementation plan outlines the strategic steps for the brand's launch, market penetration, and global expansion. It integrates key phases of growth from Year 1 through Year 15, each with specific objectives, resource allocation, and key activities. This expanded plan includes detailed tactical steps for promotional activities, distribution strategies, partnerships, and monitoring mechanisms for continuous improvement.

Phase 1: Years 1–3 – Launch and Brand Foundation in Portugal and the UK

Objectives:

- Establish a strong market presence in Portugal and the UK by focusing on brand awareness, product availability, and customer engagement.
- Build distribution channels in premium retail outlets, bars, and restaurants.
- Create a compelling narrative around the Portuguese heritage and craftsmanship behind Alma Atlântica.

Key Activities:

Brand Development and Product Launch

- Finalize branding, packaging design, and product range (Entry-Level Rum and Signature Rum).

- Work with local distributors to ensure shelf placement in premium outlets (e.g., Garrafeira Nacional in Portugal, The Whisky Exchange in the UK).
- Launch the product with digital campaigns on social media and via partnerships with influencers and mixologists.
- Host private tastings and experiential events for industry professionals and press to build anticipation.

Distribution Strategy

- Establish partnerships with key retailers in both markets, aiming for premium shelf space.
- Negotiate with on-trade partners (bars, restaurants) to introduce Alma Atlântica to upscale cocktail menus.
- Launch an e-commerce platform for direct-to-consumer (DTC) sales, featuring a user-friendly interface, premium packaging, and educational content on the rum's heritage.

Promotional Strategy

- Utilize a blend of digital marketing (social media, search engine marketing, content marketing) and traditional channels (PR, events).
- Run social media campaigns with the hashtag #AlmaAtlântica, focusing on visual storytelling.
- Organize and participate in key industry events like UK RumFest and Lisbon's Douro Wine Festival.
- Use influencers and bloggers in the spirits and lifestyle segments to increase brand visibility.

Customer Engagement

- Develop an engaging website with educational content about the rum, its production process, and the cultural significance of Portugal's maritime history.
- Offer limited-time promotions and product bundles to encourage first-time buyers.
- Implement a customer loyalty program with exclusive access to special releases.

Phase 2: Years 4–6 – Market Expansion into France

Objectives:

- Enter the French market with a focus on premium positioning, leveraging the country's strong wine and spirits culture.
- Build brand awareness through partnerships with key French distributors and retailers.
- Establish Alma Atlântica as the go-to brand for high-end, Portuguese-aged rum.

Key Activities:

Market Entry Strategy

- Partner with high-end retailers such as La Maison du Whisky and Lavinia Paris to distribute Alma Atlântica.
- Organize product launch events in major cities (Paris, Lyon, Bordeaux) with invited industry professionals and spirits connoisseurs.
- Customize digital marketing efforts to cater to the French market, focusing on local influencers and spirits experts.

Distribution and Sales Strategy

Group Part

- Expand retail presence in France, focusing on premium wine shops, spirits shops, and department stores.
- Secure shelf space in luxury duty-free locations such as Paris Charles de Gaulle Airport.
- Begin direct-to-consumer sales through an adapted e-commerce platform for France, with French-language content and localized promotions.

Cultural Integration and Storytelling

- Align the branding to French tastes, incorporating French culture into the messaging while maintaining the core Portuguese identity.
- Launch a “Taste the Atlantic” campaign that celebrates the shared maritime history between Portugal and France.
- Host seasonal tastings and food pairing events with local chefs, exploring the versatility of Alma Atlântica in cocktails and gastronomy.

Marketing and Public Relations

- Focus on PR strategies that target lifestyle, luxury, and food and wine magazines in France.
- Engage local mixologists to create signature cocktails using Alma Atlântica rum, and partner with renowned bars in Paris and Lyon for exclusive events.
- Run social media campaigns using local influencers to create buzz around the brand launch.

Phase 3: Years 7–9 – Core Market Consolidation & Prestige Building

Objectives:

Group Part

- Consolidate market presence in Portugal, the UK, and France, solidifying Alma Atlântica as a leading premium rum brand in these regions.
- Focus on exclusivity, with limited edition releases, to enhance the brand's luxury image.
- Leverage customer loyalty and collector-driven initiatives to build long-term brand advocacy.

Key Activities:

Premium Product Launches and Limited Editions

- Release the Limited Edition line of Alma Atlântica rum, emphasizing scarcity, craftsmanship, and exclusivity.
- Develop unique packaging for these editions to increase their appeal as luxury collector items.

Brand Prestige and Storytelling

- Expand experiential marketing initiatives with exclusive brand activations at high-end events and festivals.
- Increase brand visibility through sponsorships of prestigious events such as Whisky & Rum Lisbon or London Cocktail Week.
- Host private tastings and cocktail masterclasses for collectors and premium clients, emphasizing the heritage of the brand.

Direct-to-Consumer and Loyalty Programs

- Develop a VIP loyalty program for repeat buyers and collectors, offering early access to new releases and invitations to exclusive events.

Group Part

- Build a robust online store experience that emphasizes storytelling, craftsmanship, and the premium nature of the product.
- Offer customization options for collectors, such as personalized bottles and cask-naming privileges.

Marketing and Digital Strategies

- Continue to build on influencer partnerships, focusing on renowned spirits influencers and collectors.
- Run targeted ads that emphasize exclusivity, focusing on high-net-worth individuals and spirits connoisseurs.

Phase 4: Years 10–15 – Global Expansion into the U.S. & Germany

Objectives:

- Expand the brand's presence in the U.S. and Germany, establishing Alma Atlântica as a premium global rum brand.
- Leverage high-end retail partnerships, luxury travel retail, and exclusive digital marketing strategies to build brand recognition in both markets.
- Strengthen relationships with collectors and industry professionals worldwide, focusing on the U.S. and German markets.

Key Activities:

Market Entry and Brand Activation

- Secure distribution with premium U.S. retailers such as ReserveBar, Caskers, and top German liquor shops.

Group Part

- Organize launch events in key cities, such as New York, Los Angeles, and Berlin, with industry influencers, mixologists, and press.
- Begin collaborations with luxury spirits retailers in airports, targeting high-net-worth individuals traveling internationally.

Marketing Strategy for Global Audiences

- Launch the "Forgotten Rum Route" campaign to highlight the historical connections between Portugal and the U.S. and Germany's spirits culture.
- Expand content marketing to include video storytelling about the rum-making process, cultural heritage, and exclusive releases.
- Continue to partner with luxury lifestyle influencers and spirits experts to promote the brand.

Premium Distribution Expansion

- Expand Alma Atlântica's footprint in top-tier duty-free shops and premium retailers in international airports, particularly targeting U.S. and German markets.
- Continue to build high-end on-trade partnerships with top-tier restaurants, bars, and hotels globally.

Consumer Engagement and VIP Programs

- Launch the "Alma Atlântica Collector's Club" offering exclusive access to rare editions, limited runs, and personalized cask finishes.
- Host global tasting events and masterclasses for the high-end market.

Appendix 10: Distribution Costs Assumptions

Off-Trade Retail (Liquor Stores, Gourmet Retailers)

Assumption	Details
Listing Fees	Retailers like El Corte Inglés or La Maison du Whisky often charge a per-SKU listing fee of €2-€5 to carry niche products.
Retailer Margins	Premium spirits typically involve 20-30% retailer margins; higher for ultra-premium lines.
Limited Edition Placement	Ultra-selective stores may require additional margin (~30%) to justify carrying rare inventory with slower turnover.

On-Trade (Bars, Restaurants, Hotels)

Assumption	Detail
Sample Seeding	Entry and Signature tiers require tasting bottle distribution to key venues (1-3 bottles per venue).
Mixologist Incentive Kits	Signature Tier includes cocktail kits, tools, or incentives (~€300/venue) to build advocacy.
Limited Edition Venues	Top-tier bars/restaurants may require exclusivity agreements, training, or revenue-sharing for high-end spirits.

E-Commerce / DTC

Assumption	Detail
Platform Fees	Online platforms (like ReserveBar, Master of Malt) charge 10-12% commission per bottle.
Fulfillment & Shipping	Third-party logistics (3PL) partners charge ~€3.50 per bottle for pick, pack, and EU-wide shipping.
Luxury Packaging (Limited Edition)	High-end boxes, inserts, and tracking kits for collectors add ~€5 per bottle.

Travel Retail

Assumption	Detail
Slotting Fees	Duty-free retailers require upfront slotting fees of €5,000-€15,000/year depending on airport size and location.
Display Costs	Signature and Limited lines may require custom units (€2,000-€10,000) to stand out in travel retail.

Logistics & Warehousing

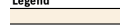
Assumption	Detail
Domestic Logistics	Regional distribution via bonded warehouses in Porto, local last-mile partners (~€1 per bottle average).
EU/US/China Logistics	EU shipping averages €2.50/bottle, US €4/bottle due to customs, compliance, and longer lead times.

Appendix 11: Distribution Cost Allocation per Channel and Tier

Channel	Entry-Level		Signature Lines		Limited-Edition	
	% Allocated	Justification	% Allocated	Justification	% Allocated	Justification
Off-Trade Retail	35%	Strategic visibility through gourmet retail chains (e.g., Continate Gourmet, El Corte Inglés) to maximize exposure and trial among locals and tourists seeking affordable, stylish gifts	25%	Distributed through premium wine & spirits retailers like La Maison du Whisky or The Whisky Exchange. Great for storytelling via batch cards and terroir influence .	20%	Placed in collector boutiques, fine spirits shops , and stores with limited shelf space but high-impact storytelling potential (e.g., Vault Editions, Harrods)
On-Trade	20%	Targeted at bars, casual venues, rooftop bars and surf culture to engage drinkers in real-world tasting settings. Positioned to support seasonal cocktails and bartender collaboration	25%	Signature bottles are tied to gastronomic pairing and mixology in high-end and boutique restaurants, enabling premium brand perception through sommelier experiences	20%	Reserved for Michelin-starred restaurants and concept venues to support the brand's exclusivity and elevate perception among high-end consumers
E-Commerce & DTC	25%	Strong DTC storytelling plays a key role: online cocktail tutorials, finish-type filters, and lifestyle Reels help attract digital-native customers (especially Gen Z and Millennial)	25%	A major DTC strategy exists for this tier — buyers are invited to explore the brand's origin, finish profile, and purchase limited runs. Helps build community via CRM tools.	40%	The main channel. This line is built for storytelling and transparency: users can track casks, watch bottling videos, and receive numbered collector packaging
Travel Retail	10%	Positioned as a "Portuguese Atlantic souvenir" with storytelling visuals and QR-linked branding. Airports like Lisbon, Porto, and Heathrow are part of early visibility campaigns.	10%	Positioned for storytelling at airports, with focus on Portuguese craftsmanship and aged barrel influences to appeal to curious, design-conscious buyers	10%	Carefully positioned in top international airport locations — designed to appeal to high-income tourists and traveling collectors.
Events	10%	Events are crucial for brand immersion and storytelling. The strategy includes activations like "Rum & Music" nights, pop-up bars, and cocktail festivals across urban rooftops, beach clubs, and summer events. These activities provide high-touch trial and social amplification.	15%	Deployed at pairing dinners, tasting salons, and cultural experiences to deepen consumer relationship and support brand education	10%	Used exclusively in VIP tastings, gallery launches, and collector preview events . Each bottle supports immersive storytelling and batch experiences.
Logistics		All bottles will incur warehousing and shipping costs — whether distributed locally or exported.		Premium bottles require bonded warehousing and EU-compliant logistics, especially for aging and regulatory documentation.		High storage cost justified by long aging, cask tracing, and collector-grade handling. Likely split between Portugal and international warehouses.

Appendix 12: Production Strategy

Tier Line	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Entry-Level																
Bottles	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000
Liters	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250
Signature Line - Tawny																
Bottles			20000				20000				20000					
Liters			14000				14000				14000					
Signature Line - Ruby																
Bottles			20000				20000				20000					
Liters			14000				14000				14000					
Limited Edition																
Bottles																25000
Liters																12500

Legend
 Production Cycle

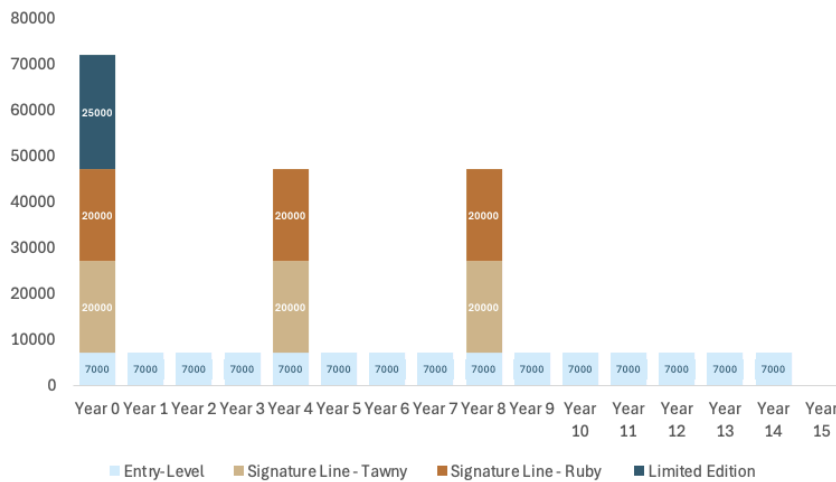
Tier	ml per bottle
Entry-Level	750
Signature Line - Tawny	700
Signature Line - Ruby	700
Special Edition	500

Tier Line	Total Production (15-year)	Product Mix (%)	Age Statement	Notes
Entry-Level	105000	42%	1 year	Core product for volume and accessibility
Signature Line - Tawny	60000	24%	4 years	Premium flagship
Signature Line - Ruby	60000	24%	4 years	Equally important premium tier
Limited Edition	25000	10%	12 years	Ultra-premium, collectible releases
Total	250000	100%		

Timeline	Entry-Level	Signature Line - Tawny	Signature Line - Ruby	Limited Edition
Year 0	7000			
Year 1	7000	20000	20000	25000
Year 2	7000			
Year 3	7000			
Year 4	7000			
Year 5	7000	20000	20000	
Year 6	7000			
Year 7	7000			
Year 8	7000			
Year 9	7000	20000	20000	
Year 10	7000			
Year 11	7000			
Year 12	7000			
Year 13	7000			
Year 14	7000			
Year 15				

Group Part

Production per Tier over 15 years



Appendix 13: Production Costs (OPEX)

PRODUCTION COSTS

Tier	Raw Materials	Aging Costs	Operation Costs	Packaging Costs	Total
Entry-Level	€ 0,24	€ 2,58	€ 0,85	€ 1,90	€ 5,58
Signature Line 1	€ 0,23	€ 4,45	€ 0,85	€ 2,50	€ 8,04
Signature Line 2	€ 0,23	€ 3,48	€ 0,85	€ 2,50	€ 7,07
Special Edition	€ 0,17	€ 7,36	€ 0,85	€ 6,20	€ 14,59
Total	€ 0,87	€ 17,88	€ 3,42	€ 13,10	€ 35,27
Total Cost					€ 1 857 170,50

RAW MATERIALS

Tier	Bottle Size (in liters)	Molasses	Yeast & Minerals	Water	Total
Entry-Level	0,75	€ 0,17	€ 0,06	€ 0,02	€ 0,24
Signature Line 1	0,7	€ 0,15	€ 0,06	€ 0,02	€ 0,23
Signature Line 2	0,7	€ 0,15	€ 0,06	€ 0,02	€ 0,23
Special Edition	0,5	€ 0,11	€ 0,04	€ 0,02	€ 0,17

AGING COSTS

Tier	Cask Price	Cask Size	Bottle Size (liters)	Aging Period	Angel's Share Loss	Net Yield per Cask	Base Cask Cost per Bottles	Warehousing & Handling	Capital tie-up / risk	Total
Entry-Level	€ 364,00	225	0,75	1	8%	276	€ 1,32	€ 1,20	€ 0,07	€ 2,58
Signature Line 1	€ 510,00	225	0,7	4	25%	241	€ 2,12	€ 1,88	€ 0,46	€ 4,45
Signature Line 2	€ 320,00	225	0,7	4	25%	241	€ 1,33	€ 1,87	€ 0,29	€ 3,48
Special Edition	€ 510,00	225	0,5	12	35%	293	€ 1,74	€ 4,23	€ 1,39	€ 7,36

OPERATION COSTS

Component	Annual Estimated Cost	Cost per Bottle
Labor	€ 56 000	
Energy (Electricity)	€ 10 500	
Maintenance & Cleaning	€ 6 000	
Land Lease (Rent)	€ 120 000	
Insurance Costs	€ 21 120	
Total	€ 213 620	€ 0,85

Group Part

PACKAGING COSTS										
Values per bottle	Glass	Cork	Labels	Shrink Capsule/Seal	Box Tube	Cartoning / Shipping	Total			
Entry-Level	€ 1,10	€ 0,10	€ 0,50	€ 0,10	-	€ 0,10	€ 1,90			
Signature Lines	€ 1,50	€ 0,30	€ 0,50	€ 0,10	-	€ 0,10	€ 2,50			
Special Edition	€ 3,00	€ 0,50	€ 0,50	€ 0,10	€ 2,00	€ 0,10	€ 6,20			
Total	€ 5,60	€ 0,90	€ 1,50	€ 0,30	€ 2,00	€ 0,30	€ 10,60			

Appendix 14: Sales Strategy

Sales	
Tier	Bottles (15-Year Total)
Entry-level Rum	105000
Signature line 1 - Tawny	60000
Signature line 2 - Ruby	60000
Special Edition	25000
Total	250000

Tier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Entry-level Rum	2000	3000	4000	5000	6000	7000	8000	9000	9000	10000	10000	10000	10000	10000	3000
Signature line 1 - Tawny				2500	3500	4000	4500	5000	5500	5500	6500	6000	6000	6000	5000
Signature line 2 - Ruby				2500	3500	4000	4500	5000	5500	5500	6500	6000	6000	6000	5000
Special Edition												2000	5000	8000	10000

Appendix 15: Sales Geographic Allocation

Country	SOM Value Range (in Millions)		Average SOM		% of product tier line allocated based on SOM		
	Year 1-3	Year 4-9	Year 10-15	Year 1-3	Year 4-9	Year 10-15	
USA	\$ 7,00	\$ 24,00	\$ 15,50	-	-	30%	
France	\$ 11,00	\$ 18,00	\$ 14,50	-	49%	28%	
UK	\$ 7,20	\$ 13,00	\$ 10,10	67%	34%	20%	
Germany	\$ 4,00	\$ 9,00	\$ 6,50	-	-	13%	
Portugal	\$ 4,00	\$ 6,00	\$ 5,00	33%	17%	10%	
Total	\$ 33,20	\$ 70,00	\$ 51,60	100%	100%	100%	

Country	Tier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Portugal	Entry-level Rum	662	993	1325	845	1014	1182	1351	1520	1520	872	969	969	969	969	291	15451
	Signature line 1 - Tawny				422	591	676	760	845	929	533	630	581	581	581	484	7614
	Signature line 2 - Ruby				422	591	676	760	845	929	533	630	581	581	581	484	7614
	Special Edition												194	484	775	969	2422
Total Bottles Sold		662	993	1325	1689	2196	2534	2872	3209	3378	1938	2229	2326	2616	2907	2229	33103
UK	Entry-level Rum	1338	2007	2675	1706	2047	2389	2730	3071	3071	1762	1957	1957	1957	1957	587	31212
	Signature line 1 - Tawny				853	1194	1365	1535	1706	1877	1077	1272	1174	1174	1174	979	15381
	Signature line 2 - Ruby				853	1194	1365	1535	1706	1877	1077	1272	1174	1174	1174	979	15381
	Special Edition												391	979	1566	1957	4893
Total Bottles Sold		1338	2007	2675	3412	4436	5118	5801	6483	6824	3915	4502	4898	5285	5872	4502	66867
France	Entry-level Rum				2449	2939	3429	3919	4409	4409	2529	2810	2810	2810	2810	843	36166
	Signature line 1 - Tawny				1225	1715	1959	2204	2449	2694	1546	1827	1686	1686	1686	1405	22082
	Signature line 2 - Ruby				1225	1715	1959	2204	2449	2694	1546	1827	1686	1686	1686	1405	22082
	Special Edition											582	1405	2248	2810	7025	
Total Bottles Sold					4899	6368	7348	8328	9307	9797	5620	6463	6744	7587	8430	6463	87355
USA	Entry-level Rum										2703	3004	3004	3004	3004	901	15620
	Signature line 1 - Tawny										1652	1953	1802	1802	1802	1502	10514
	Signature line 2 - Ruby										1652	1953	1802	1802	1802	1502	10514
	Special Edition											601	1502	2403	3004	7510	
Total Bottles Sold											6008	6909	7209	8110	9012	6909	44157
Germany	Entry-level Rum										1134	1260	1260	1260	1260	378	6550
	Signature line 1 - Tawny										893	819	756	756	756	630	4409
	Signature line 2 - Ruby										893	819	756	756	756	630	4409
	Special Edition											252	630	1008	1260	3149	
Total Bottles Sold											2519	2897	3023	3401	3779	2897	18517

Appendix 16: Distribution Costs

Total Distribution Cost (15-Year)	€1 586 203,49
Entry-Level	€587 805,23
Signature	€789 633,72
Limited-Edition	€208 764,53

Annual Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total		
Entry-Level	Off-Trade Retail	€1 400	€2 100	€2 800	€3 500	€4 200	€4 900	€5 600	€6 300	€7 000	€7 700	€8 400	€9 100	€9 800	€10 500	€11 200	€11 900	€12 600	
	On-Trade	€900	€900	€1 200	€1 500	€1 800	€2 100	€2 400	€2 700	€3 000	€3 300	€3 600	€3 900	€4 200	€4 500	€4 800	€5 100	€5 400	
	E-Commerce & DTC	€1 750	€2 525	€3 300	€4 075	€4 850	€5 625	€6 400	€7 175	€7 950	€8 725	€9 500	€10 275	€11 050	€11 825	€12 600	€13 375	€14 150	
	Travel Retail	€900	€1 200	€1 600	€2 000	€2 400	€2 800	€3 200	€3 600	€4 000	€4 400	€4 800	€5 200	€5 600	€6 000	€6 400	€6 800	€7 200	
	Events	€1 200	€1 800	€2 400	€3 000	€3 600	€4 200	€4 800	€5 400	€6 000	€6 600	€7 200	€7 800	€8 400	€9 000	€9 600	€10 200	€10 800	
	Logistics (EU)	€5 000	€7 500	€10 000	€12 500	€15 000	€17 500	€20 000	€22 500	€25 000	€27 500	€30 000	€32 500	€35 000	€37 500	€40 000	€42 500	€45 000	€47 500
	Logistics (US)											€10 814	€12 016	€13 218	€14 420	€15 622	€16 824	€18 026	
	Total		€10 750	€16 125	€21 500	€26 875	€32 250	€37 625	€43 000	€48 375	€53 750	€59 125	€64 500	€69 875	€75 250	€80 625	€86 000	€91 375	€96 750
	Signature Lines	Off-Trade Retail				€4 375	€6 125	€7 875	€9 625	€11 375	€13 125	€14 875	€16 625	€18 375	€20 125	€21 875	€23 625	€25 375	€27 125
		On-Trade				€3 125	€4 375	€5 625	€6 875	€8 125	€9 375	€10 625	€11 875	€13 125	€14 375	€15 625	€16 875	€18 125	€19 375
E-Commerce & DTC					€5 000	€7 000	€9 000	€11 000	€13 000	€15 000	€17 000	€19 000	€21 000	€23 000	€25 000	€27 000	€29 000	€31 000	
Travel Retail					€2 500	€3 500	€4 500	€5 500	€6 500	€7 500	€8 500	€9 500	€10 500	€11 500	€12 500	€13 500	€14 500	€15 500	
Events					€5 250	€7 350	€9 450	€11 550	€13 650	€15 750	€17 850	€19 950	€22 050	€24 150	€26 250	€28 350	€30 450	€32 550	
Logistics (EU)					€12 500	€17 500	€22 500	€27 500	€32 500	€37 500	€42 500	€47 500	€52 500	€57 500	€62 500	€67 500	€72 500	€77 500	
Logistics (US)																			
Total					€32 750	€45 850	€59 000	€72 150	€85 300	€98 450	€111 600	€124 750	€137 900	€151 050	€164 200	€177 350	€190 500	€203 650	€216 800
Limited-Edition		Off-Trade Retail																	
		On-Trade																	
	E-Commerce & DTC																		
	Travel Retail																		
	Events																		
	Logistics (EU)																		
	Logistics (US)																		
	Total																		
	Total		€10 750,00	€16 125,00	€21 500,00	€26 875,00	€32 250,00	€37 625,00	€43 000,00	€48 375,00	€53 750,00	€59 125,00	€64 500,00	€69 875,00	€75 250,00	€80 625,00	€86 000,00	€91 375,00	€96 750,00

Appendix 17: Promotion and Marketing Assumptions

ASSUMPTIONS					
Social Media & Digital Advertising					
Tier	Assumption				
Entry-Level	Uses a paid content strategy across Instagram, TikTok, and YouTube targeting younger consumers. Monthly spend of €1500 covers influencer seeding, short-form ads, and boosted content.				
Signature	Focused on storytelling and batch visuals for YouTube and Meta. Monthly spend of €2000 includes high-quality editorial-style content and content production.				
Limited Edition	Cinematic storytelling with collector focus. Quarterly €4500 video production budget used for launch films, cask stories, and behind-the-scenes visuals.				
Influencer Marketing & Thought Leadership					
Tier	Assumption				
Entry-Level	Partners with micro-influencers (5k-10k followers) and bartenders for cocktail content. 5 campaigns/year, each at €1000.				
Signature	Collaborates with sommeliers, chefs, and mid-tier creators (15k-50k followers). 3 campaigns/year, each at €2000.				
Limited Edition	Partners with spirits critics, auction YouTubers, and reviewers. 3 collaborations/year, each at €5,000. High-trust engagement includes private tastings and launch previews.				
Events & Activations					
Tier	Assumption				
Entry-Level	Hosts 1-2 lifestyle cocktail events per year (beach clubs, bars, rooftops). Annual budget: €10,000, including staffing, stock, and branding.				
Signature	Conducts one annual premium dinner or tasting event per region with sommelier or chef collaboration. Budget: €20,000.				
Limited Edition	Hosts 1 private collector launch event per year in a gallery or luxury venue. Budget: €35,000, including venue, F&B, guests, and experience design.				
Trade Shows & Spirits Fairs					
Tier	Event Format	Booth & Design	Staffing	Storytelling & Experience	Annual Cost
Entry-Level	2x/year - RumFest, WineFest	Basic/shared booth	1-2 reps	Intro-level education, simple samples	€7,500/event * 2 = €15,000
Signature	2x/year	Medium custom displ	3-4 trained staff	Guided tastings, pairing menus, batch story	€10,000/event * 2 = €20,000
Limited Edition	2x/year	High-end curated boo	Founders, distillers, VIP host	VIP tastings, collector kit display, cask story	€12,500/event * 2 = €25,000
Content Production					
Tier	Assumption				
Entry-Level	Short-form content (Reels, TikToks, cocktail tutorials). Annual content production budget: €4000, including scripting, editing, and post.				
Signature	2-3 mini-docs per year for YouTube and social. Long-form storytelling budget: €8000/year.				
Limited Edition	Cinematic content (e.g. unboxing, cask aging, artistic bottling). €10,000/year for unboxing + premium films.				
PR & Media Outreach					
Tier	Assumption				
Entry-Level	Outreach to drinks blogs and lifestyle media. Includes sample kits, releases, and seeding. Budget: €8,000/year.				
Signature	Coverage in trade press (e.g. Forbes Spirits, Distiller). Earned outreach + media seeding. Budget: €12,000/year.				
Limited Edition	Collector PR targeting auction magazines, whiskey/um investment media, and high-end spirits publications. Budget: €12,500/year.				
Pre-Launch Digital PR Campaigns					
Tier	Assumption				
Signature	1 campaign before Signature line launch. Buzz content & teasers. Budget: €2500 (Year 3 for Year 4 launch).				
Limited Edition	1 campaign before Limited Edition debut. Storytelling teasers, cinematic countdown. Budget: €2500 (Year 11 for Year 12 launch).				
POS & Shelf Marketing					
Tier	Assumption				
Entry-Level	QR shelf talkers and tasting cards for gourmet supermarkets. Rollout based on market entry. Cost: €3000/market/year.				
Signature	Premium POS kits and display stands for boutique retailers. Cost: €4000/market/year.				
Limited Edition	Hand-numbered POS kits with collector logs, wood displays, gift inserts. Cost: €2000/market/year.				
Loyalty Programs & CRM					
Tier	Assumption				
Signature	CRM setup with segmentation tools, tasting quizzes, and behavior-driven campaigns. Budget: €5,000/year.				
Limited Edition	Collector Club for top-tier buyers. Includes exclusive content, name-a-cask, and early access. Budget: €10,000/year.				

Appendix 18: Promotion and Marketing Cost Structure

Total Cost		€2,936,000																	
Entry-Level Total Cost		€1,062,000																	
Signature Total Cost		€1,337,000																	
Limited Edition Total Cost		€537,000																	
Annual Costs																			
Tier	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total		
Entry-Level	Social Media Ads	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000	€18,000		
	Influencer Collabs	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000	€5,000		
	Events & Festivals	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000	€10,000		
	Spirits Fairs	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000		
	Reels & Tutorials	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000	€4,000		
	Print & Digital PR	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000		
	POS Material	€6,000	€6,000	€6,000	€6,000	€9,000	€9,000	€9,000	€9,000	€9,000	€9,000	€15,000	€15,000	€15,000	€15,000	€15,000	€15,000		
Total		€66,000	€66,000	€66,000	€69,000	€69,000	€69,000	€69,000	€69,000	€69,000	€75,000	€75,000	€75,000	€75,000	€75,000	€75,000	€1,062,000		
Signature	Social Media + Content				€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000	€24,000		
	Influencers & Tastings				€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000	€6,000		
	Tastings & Dinners				€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000		
	Spirits Fairs				€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000		
	Mini-Docs & Visuals				€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000	€8,000		
	Print & Digital PR				€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000		
	Digital PR (Pre-Launch)			€5,000															
	Premium POS				€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€12,000	€20,000	€20,000	€20,000	€20,000	€20,000	€20,000		
	Loyalty Tools											€20,000	€20,000	€20,000	€20,000	€20,000	€20,000		
	Total				€5,000	€107,000	€107,000	€107,000	€107,000	€107,000	€107,000	€115,000	€115,000	€115,000	€115,000	€115,000	€115,000	€1,337,000	
Limited-Edition	Premium Content													€18,000	€18,000	€18,000	€18,000		
	Experts & Collectors													€15,000	€15,000	€15,000	€15,000		
	Prestige Tastings													€35,000	€35,000	€35,000	€35,000		
	Spirits Fairs													€25,000	€25,000	€25,000	€25,000		
	Unboxing + Cask Footage													€10,000	€10,000	€10,000	€10,000		
	Print & Digital PR													€10,000	€10,000	€10,000	€10,000		
	Digital PR (Pre-Launch)													€5,000					
	Collector Packaging													€10,000	€10,000	€10,000	€10,000		
Collector Club													€5,000	€132,000	€132,000	€132,000	€132,000		
Total														€5,000	€132,000	€132,000	€132,000	€132,000	€537,000
Total		€66,000	€66,000	€71,000	€176,000	€176,000	€176,000	€176,000	€176,000	€176,000	€190,000	€190,000	€190,000	€190,000	€190,000	€190,000	€2,936,000		

Tier	Category	Description	Unit Cost	Frequency per year	Notes
Entry-Level	Social Media Ads	Influencer seeding + paid content	€1,500 per month	12	Monthly paid content across Instagram, TikTok, YouTube
	Influencer Collabs	Mxologists, micro-influencers	€1,000 per campaign	5	Cocktail tutorials and seeding across 3 markets - 6 campaigns per year
	Events & Festivals	Pop-ups, beach bars, cocktail nights	€10,000 per year	1	Summer event activations & cultural festivals
	Spirits Fairs	RumFest, Douro Wine Fest, etc.	€7,500 per event	2	Annual presence at major spirits trade fairs - 2 events per year
	Reels & Tutorials	Short-form content	€4,000 per year	1	Lifestyle, mixology Reels & TikToks
	Print & Digital PR	Spirits blogs, lifestyle & trade media	€8,000 per year	1	Earned coverage in Punch, Distiller, etc.
	POS Material	QR codes, shelf talkers	€3,000 per market		Story-driven POS in Year 1-3 for Portugal and UK; Year 4-10 for PT, UK and France; Year 10-15 also for US and Germany
Signature	Social Media + Content	Storytelling & batch visuals	€2,000 per month	12	Monthly editorial-style content for brand building
	Influencers & Tastings	Tap creators, sommeliers, chefs	€2,000 per campaign	3	Cross-promotions with culinary professionals
	Tastings & Dinners	Premium events, sommelier collabs	€20,000 per year	1	High-end pairing dinners
	Spirits Fairs	RumFest, Douro Wine Fest, etc.	€10,000 per event	2	Trade exposure in key premium venues
	Mini-Docs & Visuals	Long-form storytelling	€8,000 per year	1	YouTube documentary-style content
	Print & Digital PR	Spirits blogs, lifestyle & trade media	€12,000 per year	1	Earned media outreach and content seeding
	Digital PR (Pre-Launch)	Pre-launch digital campaign	€2,500	1	Pre-launch campaign a year before the actual launch - create excitement and buzz around the new product line.
	Premium POS	Concept displays	€4,000 per market		Display kits for El Corte Ingles, niche bottle shops
	Loyalty Tools	Taste quiz, CRM, email content	€5,000 per year	1	Automated CRM platform with segmentation tools
	Premium Content	Cinematic storytelling, luxury launch videos	€4,500 per quarter	4	Cask journey films and collector release videos
Limited Edition	Experts & Collectors	Tastings, review platforms, niche YouTubers	€5,000 per collab	3	Partnerships with Rum Howler, RareHumReview, etc.
	Prestige Tastings	Gallery launches, art collabs	€35,000 per year	1	Private launch events in art and design spaces
	Spirits Fairs	RumFest, Douro Wine Fest, etc.	€12,500 per event	2	Limited Edition tastings in collector spaces
	Unboxing + Cask Footage	Cinematic series	€10,000 per year	1	Exclusive packaging & behind-the-scenes films
	Print & Digital PR	Spirits blogs, lifestyle & trade media	€12,500 per year	1	Targeted PR for connoisseur collectors
	Digital PR (Pre-Launch)	Pre-launch digital campaign	€2,500	1	Pre-launch campaign a year before the actual launch - create excitement and buzz around the new product line.
	Collector Packaging	Gifting visuals + hand-numbered elements	€2,000 per market	5	Custom kits for Portugal, UK, France
	Collector Club	VIP kits, early access, logbooks	€10,000 per year	1	Annual community-building for top-tier buyers

Appendix 19: CAPEX

DEPRECIATION

Striaght Line-Method

	Cost (Year 0)
Copper Still Pots	€ 594 750
Fermentation Tanks	€ 137 250
Bottline Line	€ 12 000
Filtration & Dilution Equipment	€ 6 500
Storage Racking	€ 39 000
Total	€ 789 500
Total / 15 years	€ 52 633

CAPEX

	Cost (Year 0)
Copper Still Pots	€ 594 750
Fermentation Tanks	€ 137 250
Bottline Line	€ 12 000
Filtration & Dilution Equipment	€ 6 500
Storage Racking	€ 39 000
Licensing Costs	€ 21 000
Total	€ 810 500

Appendix 20: Inventory

	End of Year 0	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 7	End of Year 8	End of Year 9	End of Year 10	End of Year 11	End of Year 12	End of Year 13	End of Year 14	End of Year 15
Scenario 1- Apply Sales Strategy																
Entry Level																
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0
Sales (in bottles)	2000	3000	4000	5000	6000	7000	8000	9000	9000	9000	10000	10000	10000	10000	10000	3000
Inventory at the end of the year (in bottles)	7000	12000	16000	19000	21000	22000	21000	21000	19000	17000	15000	12000	9000	6000	3000	0
Inventory at the end of the year (in €)	€ 350 000,00	€ 600 000,00	€ 800 000,00	€ 950 000,00	€ 1 050 000,00	€ 1 100 000,00	€ 1 100 000,00	€ 1 050 000,00	€ 950 000,00	€ 850 000,00	€ 750 000,00	€ 600 000,00	€ 450 000,00	€ 300 000,00	€ 150 000,00	€ -
Signature Line 1																
Production finished at the end of the year (in bottles)			20000					20000					20000			
Sales (in bottles)				2500	3500	4000	4500	5000	5500	5500	5500	5500	6000	6000	6000	5000
Inventory at the end of the year (in bottles)			20000	17500	14000	10000	5500	2000	15000	9500	3000	17000	11000	5000	5000	0
Inventory at the end of the year (in €)			€ 1 800 000,00	€ 1 575 000,00	€ 1 260 000,00	€ 900 000,00	€ 495 000,00	€ 1 845 000,00	€ 1 350 000,00	€ 855 000,00	€ 270 000,00	€ 1 530 000,00	€ 990 000,00	€ 450 000,00	€ -	€ -
Signature Line 2																
Production finished at the end of the year (in bottles)			20000					20000					20000			
Sales (in bottles)				2500	3500	4000	4500	5000	5500	5500	5500	5500	6000	6000	6000	5000
Inventory at the end of the year (in bottles)			20000	17500	14000	10000	5500	2000	15000	9500	3000	17000	11000	5000	5000	0
Inventory at the end of the year (in €)			€ 1 800 000,00	€ 1 575 000,00	€ 1 260 000,00	€ 900 000,00	€ 495 000,00	€ 1 845 000,00	€ 1 350 000,00	€ 855 000,00	€ 270 000,00	€ 1 530 000,00	€ 990 000,00	€ 450 000,00	€ -	€ -
Limited Edition																
Production finished at the end of the year (in bottles)												25000				
Sales (in bottles)													2000	5000	8000	10000
Inventory at the end of the year (in bottles)												25000	23000	18000	10000	0
Inventory at the end of the year (in €)												€ 3 500 000,00	€ 3 220 000,00	€ 2 520 000,00	€ 1 400 000,00	€ -
Scenario 2- Selling 15% faster than the Sales Strategy																
Entry Level																
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0
Sales (in bottles)		2300	3400	4600	5700	6900	8000	9200	10300	10300	10300	11500	1200	7000	7000	7000
Inventory at the end of the year (in bottles)	7000	11700	15250	17850	18900	19000	17950	15750	12400	9050	5700	1200	7000	7000	7000	0
Inventory at the end of the year (in €)	€ 350 000,00	€ 585 000,00	€ 762 500,00	€ 882 500,00	€ 945 000,00	€ 950 000,00	€ 897 500,00	€ 787 500,00	€ 620 000,00	€ 452 500,00	€ 285 000,00	€ 60 000,00	€ 350 000,00	€ 350 000,00	€ 350 000,00	€ -
Signature Line 1																
Production finished at the end of the year (in bottles)			20000					20000					20000			
Sales (in bottles)				2875	4025	4800	5175	5750	6325	6325	6325	4925	6900	6900	6200	0
Inventory at the end of the year (in bottles)			20000	17125	13100	8500	2325	17575	11250	4925	20000	13100	6200	0	0	0
Inventory at the end of the year (in €)			€ -	€ 1 841 250,00	€ 1 179 000,00	€ 766 000,00	€ 2 099 250,00	€ 1 581 750,00	€ 1 012 500,00	€ 443 250,00	€ 1 800 000,00	€ 1 179 000,00	€ 558 000,00	€ -	€ -	€ -
Signature Line 2																
Production finished at the end of the year (in bottles)			20000					20000					20000			
Sales (in bottles)				2875	4025	4800	5175	5750	6325	6325	6325	4925	6900	6900	6200	0
Inventory at the end of the year (in bottles)			20000	17125	13100	8500	2325	17575	11250	4925	20000	13100	6200	0	0	0
Inventory at the end of the year (in €)			€ 1 800 000,00	€ 1 541 250,00	€ 1 179 000,00	€ 766 000,00	€ 2 099 250,00	€ 1 581 750,00	€ 1 012 500,00	€ 443 250,00	€ 1 800 000,00	€ 1 179 000,00	€ 558 000,00	€ -	€ -	€ -
Limited Edition																
Production finished at the end of the year (in bottles)												25000				
Sales (in bottles)													2300	5750	9200	7750
Inventory at the end of the year (in bottles)												25000	22700	18900	7750	0
Inventory at the end of the year (in €)												€ 3 500 000,00	€ 3 178 000,00	€ 2 373 000,00	€ 1 085 000,00	€ -

Group Part

Scenario 3 - Selling 15% slower than the Sales Strategy																
Entry Level	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0	
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0	
Sales (in bottles)	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	0	
Inventory at the end of the year (in bottles)	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	0	
Inventory at the end of the year (in €)	€ 350,000.00	€ 615,000.00	€ 837,500.00	€ 1,017,500.00	€ 1,155,000.00	€ 1,290,000.00	€ 1,430,000.00	€ 1,570,000.00	€ 1,710,000.00	€ 1,850,000.00	€ 1,990,000.00	€ 2,130,000.00	€ 2,270,000.00	€ 2,410,000.00	€ 2,550,000.00	
Signature Line 1																
Production finished at the end of the year (in bottles)	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	0	
Sales (in bottles)	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	0	
Inventory at the end of the year (in bottles)	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	0	
Inventory at the end of the year (in €)	€ 1,068,750.00	€ 1,341,000.00	€ 1,613,250.00	€ 1,885,500.00	€ 2,157,750.00	€ 2,430,000.00	€ 2,702,250.00	€ 2,974,500.00	€ 3,246,750.00	€ 3,519,000.00	€ 3,791,250.00	€ 4,063,500.00	€ 4,335,750.00	€ 4,608,000.00	€ 4,880,250.00	
Signature Line 2																
Production finished at the end of the year (in bottles)	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	0	
Sales (in bottles)	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	4675	0	
Inventory at the end of the year (in bottles)	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	15325	0	
Inventory at the end of the year (in €)	€ 1,068,750.00	€ 1,341,000.00	€ 1,613,250.00	€ 1,885,500.00	€ 2,157,750.00	€ 2,430,000.00	€ 2,702,250.00	€ 2,974,500.00	€ 3,246,750.00	€ 3,519,000.00	€ 3,791,250.00	€ 4,063,500.00	€ 4,335,750.00	€ 4,608,000.00	€ 4,880,250.00	
Limited Edition																
Production finished at the end of the year (in bottles)	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	0	
Sales (in bottles)	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	1700	0	
Inventory at the end of the year (in bottles)	23300	23300	23300	23300	23300	23300	23300	23300	23300	23300	23300	23300	23300	23300	0	
Inventory at the end of the year (in €)	€ 3,500,000.00	€ 3,262,000.00	€ 2,967,000.00	€ 2,672,000.00	€ 2,377,000.00	€ 2,082,000.00	€ 1,787,000.00	€ 1,492,000.00	€ 1,197,000.00	€ 902,000.00	€ 607,000.00	€ 312,000.00	€ 17,000.00	€ 200,000.00	€ 525,000.00	
Scenario 2 - Selling 15% faster than the Sales Strategy																
Country	Tier															
Portugal	Entry Level Rum	762	1142	1523	1904	2285	2666	3047	3428	3809	4190	4571	4952	5333	5714	6095
	Signature line 1 - Tawny															
	Signature line 2 - Ruby															
	Special Edition															
Total Bottles Sold	762	1142	1523	1904	2285	2666	3047	3428	3809	4190	4571	4952	5333	5714	6095	
UK	Entry Level Rum	1538	2308	3077	3847	4617	5387	6157	6927	7697	8467	9237	10007	10777	11547	12317
	Signature line 1 - Tawny															
	Signature line 2 - Ruby															
	Special Edition															
Total Bottles Sold	1538	2308	3077	3847	4617	5387	6157	6927	7697	8467	9237	10007	10777	11547	12317	
France	Entry Level Rum			2817	3380	3943	4507	5070	5634	6197	6760	7324	7887	8450	9014	9577
	Signature line 1 - Tawny			1408	1972	2535	3100	3663	4227	4790	5354	5917	6480	7044	7607	8170
	Signature line 2 - Ruby			1408	1972	2535	3100	3663	4227	4790	5354	5917	6480	7044	7607	8170
	Special Edition															
Total Bottles Sold			5633	7323	9013	10703	12393	14083	15773	17463	19153	20843	22533	24223	25913	
USA	Entry Level Rum									3109	3454	3800	4145	4490	4835	
	Signature line 1 - Tawny									1900	1478	1056	634	212	0	
	Signature line 2 - Ruby									1900	1478	1056	634	212	0	
	Special Edition															
Total Bottles Sold									6009	6432	6856	7280	7704	8128		
Germany	Entry Level Rum									1304	1449	151	882	882	882	
	Signature line 1 - Tawny									620	869	869	869	869	869	
	Signature line 2 - Ruby									797	620	869	869	869	869	
	Special Edition											290	724	1159	976	
Total Bottles Sold									2899	2689	2379	3244	3693	3888		
Scenario 3 - Selling 15% slower than the Sales Strategy																
Country	Tier															
Portugal	Entry Level Rum	563	844	1126	1407	1689	1970	2252	2533	2814	3095	3376	3657	3938	4219	4500
	Signature line 1 - Tawny															
	Signature line 2 - Ruby															
	Special Edition															
Total Bottles Sold	563	844	1126	1407	1689	1970	2252	2533	2814	3095	3376	3657	3938	4219	4500	
UK	Entry Level Rum	1137	1706	2274	2843	3412	3981	4550	5119	5688	6257	6826	7395	7964	8533	9102
	Signature line 1 - Tawny															
	Signature line 2 - Ruby															
	Special Edition															
Total Bottles Sold	1137	1706	2274	2843	3412	3981	4550	5119	5688	6257	6826	7395	7964	8533	9102	
France	Entry Level Rum			2082	2498	2915	3331	3747	4163	4579	5000	5421	5842	6263	6684	
	Signature line 1 - Tawny			1041	1249	1457	1665	1873	2081	2289	2497	2705	2913	3121	3329	
	Signature line 2 - Ruby			1041	1249	1457	1665	1873	2081	2289	2497	2705	2913	3121	3329	
	Special Edition															
Total Bottles Sold			4164	5413	6746	8079	9412	10745	12078	13411	14744	16077	17410	18743		
USA	Entry Level Rum									2398	2853	3308	3763	4218	4673	
	Signature line 1 - Tawny									1404	1660	1532	1532	1532	1277	
	Signature line 2 - Ruby									1404	1660	1532	1532	1532	1277	
	Special Edition											511	1277	2043	2533	
Total Bottles Sold									5107	5873	6318	6814	7310	7806		
Germany	Entry Level Rum									964	1071	1071	1071	1071	321	
	Signature line 1 - Tawny									589	696	642	642	642	535	
	Signature line 2 - Ruby									589	696	642	642	642	535	
	Special Edition											214	535	857	1071	
Total Bottles Sold									2141	2463	2570	2891	3212	3483		

Appendix #: Revenue Structure

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Per Tier																
Entry-level	€ 100,000	€ 150,000	€ 200,000	€ 250,000	€ 300,000	€ 350,000	€ 400,000	€ 450,000	€ 450,000	€ 450,000	€ 500,000	€ 500,000	€ 500,000	€ 500,000	€ 150,000	€ 5,250,000
Signature line 1	€ 225,000	€ 315,000	€ 360,000	€ 405,000	€ 450,000	€ 495,000	€ 540,000	€ 585,000	€ 585,000	€ 585,000	€ 630,000	€ 630,000	€ 630,000	€ 630,000	€ 450,000	€ 5,400,000
Signature line 2	€ 225,000	€ 315,000	€ 360,000	€ 405,000	€ 450,000	€ 495,000	€ 540,000	€ 585,000	€ 585,000	€ 585,000	€ 630,000	€ 630,000	€ 630,000	€ 630,000	€ 450,000	€ 5,400,000
Limited Edition	€ 280,000	€ 700,000	€ 1,120,000	€ 1,400,000	€ 1,700,000	€ 2,100,000	€ 2,400,000	€ 2,700,000	€ 2,700,000	€ 2,700,000	€ 2,700,000	€ 2,700,000	€ 2,700,000	€ 2,700,000	€ 1,400,000	€ 35,000,000
Total	€ 1,000,000	€ 1,500,000	€ 2,000,000	€ 2,500,000	€ 3,000,000	€ 3,500,000	€ 4,000,000	€ 4,500,000	€ 4,500,000	€ 4,500,000	€ 5,000,000	€ 5,000,000	€ 5,000,000	€ 5,000,000	€ 2,450,000	€ 195,500,000
Per Country																
Portugal	Entry-level	€ 33113	€ 4													

Group Part

Excise Tax Breakdown per Bottle	Entry Level	Signature	Limited Edition
Liters of Pure Alcohol	0,3	0,3402	0,23
Portugal	€ 4,16	€ 4,72	€ 3,19
UK	€ 10,91	€ 12,37	€ 8,37
France	€ 5,21	€ 5,91	€ 3,99
US	€ 4,32	€ 4,90	€ 3,32
Germany	€ 3,91	€ 4,43	€ 3,00

	Corporate Tax	VAT
Portugal	21%	23%
UK	-	20%
France	-	20%
US	-	7%
Germany	-	19%

Assuming
USD to EUR ≈ 0.93
GBP to EUR ≈ 1.15

Appendix #: Breakeven Point

	Selling Price	Variable Cost	Product Mix	Contribution Margin	WACM
Entry-level	50 €	€ 5,58	42%	44,42 €	18,65 €
Signature line 1	90 €	€ 8,04	24%	81,96 €	19,67 €
Signature line 2	90 €	€ 7,07	24%	82,93 €	19,90 €
Limited Edition	140 €	€ 14,59	10%	125,41 €	12,54 €

CAPEX	€ 810 500,00
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BEP (in units)	11452
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Allocation of BEP (in units) per tier

Entry-level	4810
Signature line 1	2749
Signature line 2	2749
Limited Edition	1145

Appendix #: Projections – Baseline Scenario

	Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	Year11	Year12	Year13	Year14	Year15	Total
Revenues	€ 100 000	€ 150 000	€ 200 000	€ 250 000	€ 300 000	€ 350 000	€ 400 000	€ 450 000	€ 500 000	€ 550 000	€ 600 000	€ 650 000	€ 700 000	€ 750 000	€ 800 000	€ 850 000	€ 9 550 000
COGS	€ 11 168	€ 16 752	€ 22 336	€ 27 920	€ 33 504	€ 39 088	€ 44 672	€ 50 256	€ 55 840	€ 61 424	€ 67 008	€ 72 592	€ 78 176	€ 83 760	€ 89 344	€ 94 928	€ 1 059 200
Gross Profit	€ 88 832	€ 133 248	€ 177 664	€ 222 080	€ 266 496	€ 310 912	€ 355 328	€ 399 744	€ 444 160	€ 488 576	€ 532 992	€ 577 408	€ 621 824	€ 666 240	€ 710 656	€ 755 072	€ 8 490 800
Marketing & Promotion Costs	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 990 000
Distribution Costs	€ 10 750	€ 16 125	€ 21 500	€ 26 875	€ 32 250	€ 37 625	€ 43 000	€ 48 375	€ 53 750	€ 59 125	€ 64 500	€ 69 875	€ 75 250	€ 80 625	€ 86 000	€ 91 375	€ 1 140 000
EBITDA	€ 12 081,94	€ 51 122,91	€ 85 163,88	€ 119 204,85	€ 153 245,82	€ 187 286,79	€ 221 327,76	€ 255 368,73	€ 289 409,70	€ 323 450,67	€ 357 491,64	€ 391 532,61	€ 425 573,58	€ 459 614,55	€ 493 655,52	€ 527 696,49	€ 6 140 800
Depreciation	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
EBIT	€ 40 851,39	€ 158 890,27	€ 132 830,55	€ 116 612,52	€ 100 399,49	€ 84 186,46	€ 67 973,43	€ 51 760,40	€ 35 547,37	€ 19 334,34	€ 3 121,31	€ -3 088,22	€ -11 279,19	€ -19 470,16	€ -27 661,13	€ -35 852,10	€ 5 350 800
Taxes	€ 8 833	€ 25 706	€ 41 528	€ 57 350	€ 73 172	€ 88 994	€ 104 816	€ 120 638	€ 136 460	€ 152 282	€ 168 104	€ 183 926	€ 199 748	€ 215 570	€ 231 392	€ 247 214	€ 3 140 000
NPAT	€ 49 884,08	€ 272 183,57	€ 89 279,02	€ 59 262,52	€ 26 987,29	€ -14 707,54	€ -36 843,57	€ -64 986,60	€ -93 129,63	€ -121 272,66	€ -149 415,69	€ -177 558,72	€ -205 701,75	€ -233 844,78	€ -261 987,81	€ -290 130,84	€ 2 210 800
Depreciation	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
Operating Cash Flows (OCF)	€ 3 249,25	€ 25 413,38	€ 43 655,51	€ 29 262,75	€ 36 423,08	€ 43 583,41	€ 50 743,74	€ 57 904,07	€ 65 064,40	€ 72 224,73	€ 79 385,06	€ 86 545,39	€ 93 705,72	€ 100 866,05	€ 108 026,38	€ 115 186,71	€ 890 800,00
CAPEX	€ 810 500,00																
Change NWC	€ 350 000,00	€ 240 000,00	€ 195 000,00	€ 150 000,00	€ 105 000,00	€ 60 000,00	€ 15 000,00	€ -20 000,00	€ -25 000,00	€ -30 000,00	€ -35 000,00	€ -40 000,00	€ -45 000,00	€ -50 000,00	€ -55 000,00	€ -60 000,00	€ 245 000,00
INWC	€ 350 000,00	€ 590 000,00	€ 785 000,00	€ 980 000,00	€ 1 175 000,00	€ 1 370 000,00	€ 1 565 000,00	€ 1 760 000,00	€ 1 955 000,00	€ 2 150 000,00	€ 2 345 000,00	€ 2 540 000,00	€ 2 735 000,00	€ 2 930 000,00	€ 3 125 000,00	€ 3 320 000,00	€ 10 500 000,00
Investment Cash Flows (ICF)	€ 1 160 500,00	€ 240 000,00	€ 195 000,00	€ 135 000,00	€ 75 000,00	€ 15 000,00	€ -10 000,00	€ -15 000,00	€ -20 000,00	€ -25 000,00	€ -30 000,00	€ -35 000,00	€ -40 000,00	€ -45 000,00	€ -50 000,00	€ -55 000,00	€ 10 745 000,00
Free Cash Flows (FCF)	€ 1 160 500,00	€ 236 750,77	€ 189 825,51	€ 135 262,52	€ 81 483,49	€ 26 987,29	€ -21 716,54	€ -49 781,60	€ -77 846,66	€ -105 911,72	€ -133 976,78	€ -162 041,84	€ -190 106,90	€ -218 171,96	€ -246 237,02	€ -274 302,08	€ 9 505 800,00
Discounted FCF	€ 1 160 500,00	€ 215 228,01	€ 140 150,9	€ 78 088,9	€ 43 625,1	€ 20 587,4	€ 9 393,3	€ 4 210,2	€ 1 911,1	€ 866,7	€ 393,3	€ 171,1	€ 75,6	€ 33,3	€ 14,8	€ 6,4	€ 871 688,0
NPV	€ 432 794,5																

Appendix #: Projections – Accelerated Scenario

	Year0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	Year11	Year12	Year13	Year14	Year15	Total
Revenues	€ 115 000	€ 172 500	€ 230 000	€ 287 500	€ 345 000	€ 402 500	€ 460 000	€ 517 500	€ 575 000	€ 632 500	€ 690 000	€ 747 500	€ 805 000	€ 862 500	€ 920 000	€ 977 500	€ 10 350 000
COGS	€ 12 843	€ 19 265	€ 25 687	€ 32 109	€ 38 531	€ 44 953	€ 51 375	€ 57 797	€ 64 219	€ 70 641	€ 77 063	€ 83 485	€ 89 907	€ 96 329	€ 102 751	€ 109 173	€ 1 215 000
Gross Profit	€ 102 157	€ 153 235	€ 204 313	€ 255 391	€ 306 469	€ 357 547	€ 408 625	€ 459 703	€ 510 781	€ 561 859	€ 612 937	€ 664 015	€ 715 093	€ 766 171	€ 817 249	€ 868 327	€ 9 135 000
Marketing & Promotion Costs	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 66 000	€ 990 000
Distribution Costs	€ 10 750	€ 16 125	€ 21 500	€ 26 875	€ 32 250	€ 37 625	€ 43 000	€ 48 375	€ 53 750	€ 59 125	€ 64 500	€ 69 875	€ 75 250	€ 80 625	€ 86 000	€ 91 375	€ 1 140 000
EBITDA	€ 15 657,27	€ 55 085,91	€ 96 313,33	€ 137 540,75	€ 178 768,17	€ 219 995,59	€ 261 223,01	€ 302 450,43	€ 343 677,85	€ 384 905,27	€ 426 132,69	€ 467 360,11	€ 508 587,53	€ 549 814,95	€ 591 042,37	€ 632 269,79	€ 7 410 000
Depreciation	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
EBIT	€ 15 400,00	€ 52 000,00	€ 83 680,00	€ 114 907,42	€ 146 134,84	€ 177 362,26	€ 208 589,68	€ 239 817,10	€ 271 044,52	€ 302 271,94	€ 333 499,36	€ 364 726,78	€ 395 954,20	€ 427 181,62	€ 458 409,04	€ 489 636,46	€ 6 620 500
Taxes	€ 3 249,25	€ 25 413,38	€ 43 655,51	€ 61 897,64	€ 80 139,77	€ 98 381,90	€ 116 624,03	€ 134 866,16	€ 153 108,29	€ 171 350,42	€ 189 592,55	€ 207 834,68	€ 226 076,81	€ 244 318,94	€ 262 561,07	€ 280 803,20	€ 3 450 000
NPAT	€ 11 900,75	€ 26 586,62	€ 40 024,49	€ 53 009,78	€ 66 000,07	€ 79 000,36	€ 92 000,65	€ 105 000,94	€ 118 001,23	€ 131 001,52	€ 144 001,81	€ 157 002,10	€ 170 002,39	€ 183 002,68	€ 196 002,97	€ 209 003,26	€ 3 170 800
Depreciation	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
Operating Cash Flows (OCF)	€ 37 918,98	€ 77 321,47	€ 112 840,96	€ 153 360,45	€ 193 879,94	€ 234 399,43	€ 274 918,92	€ 315 438,41	€ 355 957,90	€ 396 477,39	€ 436 996,88	€ 477 516,37	€ 518 035,86	€ 558 555,35	€ 599 074,84	€ 639 594,33	€ 8 570 000
CAPEX	€ 810 500,00																
Change NWC	€ 350 000,00	€ 220 000,00	€ 170 000,00	€ 120 000,00	€ 70 000,00	€ 20 000,00	€ -20 000,00	€ -25 000,00	€ -30 000,00	€ -35 000,00	€ -40 000,00	€ -45 000,00	€ -50 000,00	€ -55 000,00	€ -60 000,00	€ -65 000,00	€ 245 000,00
INWC	€ 350 000,00	€ 570 000,00	€ 740 000,00	€ 910 000,00	€ 1 080 000,00	€ 1 250 000,00	€ 1 420 000,00	€ 1 590 000,00	€ 1 760 000,00	€ 1 930 000,00	€ 2 100 000,00	€ 2 270 000,00	€ 2 440 000,00	€ 2 610 000,00	€ 2 780 000,00	€ 2 950 000,00	€ 10 745 000,00
Investment Cash Flows (ICF)	€ 1 160 500,00	€ 250 000,00	€ 170 000,00	€ 90 000,00	€ 50 000,00	€ 10 000,00	€ -10 000,00	€ -15 000,00	€ -20 000,00	€ -25 000,00	€ -30 000,00	€ -35 000,00	€ -40 000,00	€ -45 000,00	€ -50 000,00	€ -55 000,00	€ 10 745 000,00
Free Cash Flows (FCF)	€ 1 160 500,00	€ 236 750,77	€ 189 825,51	€ 135 262,52	€ 81 483,49	€ 26 987,29	€ -21 716,54	€ -49 781,60	€ -77 846,66	€ -105 911,72	€ -133 976,78	€ -162 041,84	€ -190 106,90	€ -218 171,96	€ -246 237,02	€ -274 302,08	€ 9 505 800,00
Discounted FCF	€ 1 160 500,00	€ 187 793,93	€ 124 043,28	€ 70 409,78	€ 40 825,28	€ 23 825,28	€ 13 825,28	€ 7 825,28	€ 4 525,28	€ 2 525							

Group Part

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Revenue	€ 85,000	€ 277,900	€ 370,000	€ 505,000	€ 790,500	€ 909,500	€ 1,028,800	€ 1,147,800	€ 1,224,000	€ 1,224,000	€ 1,419,000	€ 1,514,120	€ 1,779,800	€ 2,027,481	€ 2,281,201	€ 2,548,101	€ 15,781,502
COGS	€ 9,493	€ 14,239	€ 18,996	€ 25,827	€ 34,411	€ 46,577	€ 62,742	€ 85,768	€ 106,908	€ 133,227	€ 133,227	€ 130,911	€ 149,287	€ 186,481	€ 223,674	€ 262,406	€ 1,578,095
Gross Profit	€ 75,507	€ 133,261	€ 151,004	€ 539,173	€ 717,089	€ 824,923	€ 922,758	€ 1,040,592	€ 1,110,873	€ 1,110,873	€ 1,288,089	€ 1,383,209	€ 1,584,320	€ 1,800,907	€ 1,957,527	€ 2,285,695	€ 14,203,407
Marketing & Promotion Costs	€ 88,000	€ 60,000	€ 71,000	€ 176,000	€ 176,000	€ 176,000	€ 176,000	€ 176,000	€ 176,000	€ 176,000	€ 180,000	€ 190,000	€ 323,000	€ 323,000	€ 323,000	€ 323,000	€ 2,399,000
Distribution Costs	€ 10,750	€ 16,125	€ 21,500	€ 29,025	€ 38,688	€ 51,584	€ 69,445	€ 93,260	€ 124,015	€ 158,770	€ 198,463	€ 264,617	€ 352,822	€ 463,479	€ 608,635	€ 801,180	€ 3,989,000
EBITDA	€ 1,242,85	€ 31,135,72	€ 58,514,39	€ 303,547,99	€ 462,988,62	€ 558,898,22	€ 654,807,82	€ 750,717,42	€ 814,248,44	€ 798,833,71	€ 952,077,63	€ 888,295,14	€ 1,081,606,42	€ 1,274,917,69	€ 1,461,207,26	€ 1,651,207,26	€ 9,880,703,52
Depreciation	€ 59,833,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 789,500,00
EBT	€ 1,183,016,52	€ 21,497,61	€ 5,881,06	€ 250,914,66	€ 410,355,29	€ 506,264,89	€ 602,174,49	€ 698,084,09	€ 761,615,11	€ 746,200,38	€ 899,444,30	€ 835,661,81	€ 1,028,973,09	€ 1,222,284,36	€ 1,408,573,99	€ 1,628,573,93	€ 8,991,203,52
Taxes	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
NOPAT	€ 1,183,016,52	€ 21,497,61	€ 5,881,06	€ 250,914,66	€ 410,355,29	€ 506,264,89	€ 602,174,49	€ 698,084,09	€ 761,615,11	€ 746,200,38	€ 899,444,30	€ 835,661,81	€ 1,028,973,09	€ 1,222,284,36	€ 1,408,573,99	€ 1,628,573,93	€ 8,991,203,52
Depreciation	€ 59,833,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 52,633,33	€ 789,500,00
Operating Cash Flow (OCF)	€ 1,242,85	€ 31,135,72	€ 58,514,39	€ 303,547,99	€ 462,988,62	€ 558,898,22	€ 654,807,82	€ 750,717,42	€ 814,248,44	€ 798,833,71	€ 952,077,63	€ 888,295,14	€ 1,081,606,42	€ 1,274,917,69	€ 1,461,207,26	€ 1,651,207,26	€ 9,880,703,52
CAPEX	€ 810,580,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Change NWC	€ 350,000,00	€ 258,500,00	€ 218,250,00	€ 197,750,00	€ 152,500,00	€ 460,050,00	€ 571,400,00	€ 2,908,600,00	€ 809,400,00	€ 881,650,00	€ 874,000,00	€ 4,471,950,00	€ 1,240,462,02	€ 1,613,868,02	€ 1,970,668,02	€ 2,054,562,02	€ -
NWC	€ 350,000,00	€ 608,500	€ 824,750	€ 2,800,500	€ 4,313,000	€ 3,852,950	€ 3,281,550	€ 6,191,150	€ 5,981,750	€ 4,500,100	€ 3,626,100	€ 8,908,050	€ 6,857,588	€ 5,243,920	€ 3,273,252	€ 1,218,690	€ -
Investment Cash Flow (ICF)	€ 1,169,000,00	€ 258,500,00	€ 218,250,00	€ 1,979,750,00	€ 1,512,500,00	€ 4,600,550,00	€ 5,714,000,00	€ 2,908,600,00	€ 809,400,00	€ 881,650,00	€ 874,000,00	€ 4,471,950,00	€ 1,240,462,02	€ 1,613,868,02	€ 1,970,668,02	€ 2,054,562,02	€ -
Free Cash Flow (FCF)	€ 1,169,000,00	€ 257,742,85	€ 187,114,28	€ 1,917,235,70	€ 1,208,952,01	€ 923,038,62	€ 1,130,298,22	€ 2,254,792,18	€ 1,566,117,42	€ 1,696,898,44	€ 1,672,833,71	€ 3,519,872,37	€ 2,128,757,16	€ 2,688,274,44	€ 3,245,545,71	€ 3,105,919,28	€ 8,991,203,52
Discounted FCF	€ 1,169,000,00	€ 234,311,88	€ 154,639,99	€ 1,440,447,56	€ 825,730,49	€ 573,134,36	€ 638,623,68	€ 1,157,064,91	€ 727,866,29	€ 719,226,49	€ 644,949,81	€ 1,233,693,79	€ 678,287,63	€ 780,725,00	€ 864,664,16	€ 743,532,38	€ -
NPV	€ 133,965,46	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -

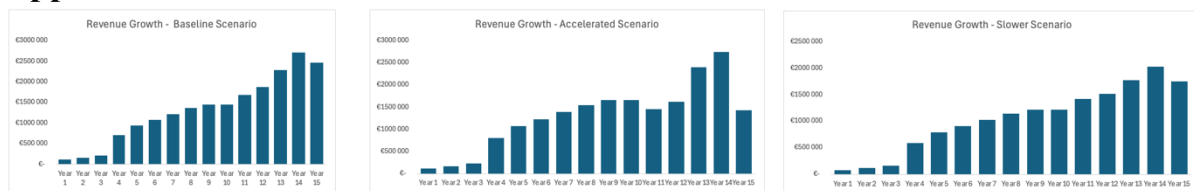
Appendix #: Payback Period

Baseline Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-1160500	-1397250,745	-1566833,364	-5268197,855	-4628933,1	-3661683,018	-2489980,985	-1104829,001	-3106227,066	-1371085,755	380116,5987
Cash Inflow in Year 10	1751202,354										
Fraction of year to recover remaining	0,782939648										
Payback Period	9,782939648	9,395275781	11,85827342								
Payback Period in Years	9 years 9 months and 12 days										

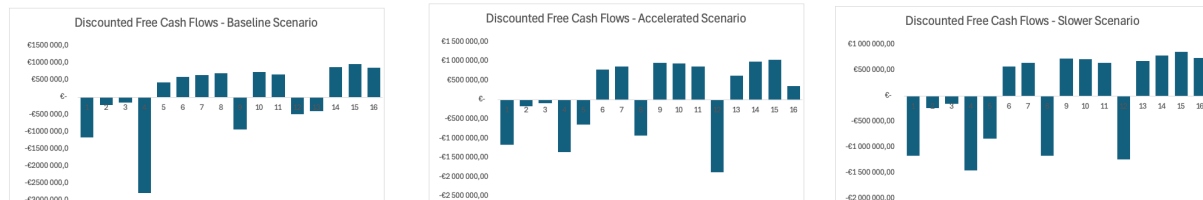
Accelerated Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-€ 1,160,500,00	-€ 1,346,148,02	-€ 1,440,576,56	-€ 3,241,985,60	-€ 4,177,994,65	-€ 2,903,860,00	-€ 1,371,096,99	-€ 3,169,355,61	-€ 1,098,635,87	-€ 1,138,549,21	-€ 3,403,288,47
Cash Inflow in Year 10	2,284,739,25										
Fraction of year to recover remaining	0,502728609										
Payback Period	9,502728609	6,032743306	0,98229918								
Payback Period in Years	9 years 6 months and 1 days										

Slower Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-€ 1,160,500,00	-€ 1,418,242,85	-€ 1,605,357,13	-€ 3,522,592,84	-€ 4,731,544,84	-€ 3,808,506,22	-€ 2,678,208,00	-€ 4,933,000,19	-€ 3,372,882,77	-€ 1,676,984,33	-€ 4,150,62
Cash Inflow in Year 10	1,672,833,712										
Fraction of year to recover remaining	1,00248119										
Payback Period	10,00248119	0,029774279	0,893228375								
Payback Period in Years	10 years and 1 day										

Appendix #: Revenue Evolution



Appendix #: Discounted Free Cash Flow Evolution



Appendix #: Interview Script 1

Interviewee: Fernando Bianchi de Aguiar, former President of the Institute of Douro and Port Wines (IVDP), former Secretary of State for Agriculture, and professor at UTAD.

Date: March 26th

Location: online

1. Introduction and Context

Question:

To begin, could you briefly introduce yourself and tell us a bit about your background in the Port Wine sector?

Answer:

Fernando began his academic and professional journey in viticulture and oenology. He served as President of the Institute of Douro and Port Wines (IVDP), where he oversaw regulation, promotion, and protection of Port Wine. Later, he was Secretary of State for Agriculture and is currently a professor at UTAD. His career has been deeply focused on enhancing local products, with a strong emphasis on the excellence of Port Wine

2. Diagnosis of the Port Wine Sector

Question:

In your opinion, what is the main current challenge for the Port Wine sector: an aging consumer base, declining consumption, competition from other beverages, or lack of innovation?

Answer:

Fernando highlighted the aging consumer base as a major concern, but noted that it's strongly connected to the sector's difficulty in innovating and its deeply traditional image. He also emphasized growing competition from premium spirits as a relevant threat.

Question:

Do you believe that the strategy of *premiumization* has been sufficient to address declining demand, or is a more structural transformation needed?

Answer:

Premiumization was a smart move but not enough. It's necessary to rethink how Port Wine is communicated, consumed, and what occasions it is associated with. Beyond adding value to the product, the sector must diversify its approach to reach younger consumers.

Question:

How do you view the role of tradition in the sector? Is it an asset to be preserved or a barrier to innovation?

Answer:

Tradition is undoubtedly an asset, it gives authenticity, origin, and legitimacy. However, when used as an excuse for stagnation, it becomes a barrier. The key lies in balancing tradition with smart and respectful innovation.

Question:

What would you say are currently the main revenue and cost drivers for Port Wine producers? How have these evolved in recent years?

Answer:

On the revenue side, exports remain dominant, especially to markets like the UK, USA, and France. On the cost side, logistics, skilled labor, and the aging process (time and storage) are key factors. Over the last few years, costs have risen and profit margins for some wine categories have decreased, creating pressure for more creative and efficient solutions.

3. Openness to New Products and Synergies

Intro:

“Our thesis proposes that Port Wine producers explore the rum market by leveraging their barrels and expertise in aging.”

Question:

Do you believe there’s room for collaboration between Port Wine houses and rum producers?

Answer:

Yes, there is room and interest. Port wine barrels have high oenological value for aging spirits

like rum. The result can be distinctive and high-end products. Some international distilleries are already doing this, Portugal should absolutely explore this path.

Question:

From a legal and institutional standpoint, is there room for this type of hybrid product (e.g. rum aged in Port casks)?

Answer:

Yes, as long as the rum is not marketed as a “Port” product or in a way that misleads consumers about its origin. The barrel can be highlighted as a differentiating factor, but the Port Wine designation must be respected.

Question:

Could this strategy help the Port Wine sector attract new audiences, especially younger and international consumers?

Answer:

Absolutely. It’s an indirect way to promote Port Wine among consumers who don’t yet know or consume it. Through collaborations with rum brands, the name “Port” can reach new, more dynamic market segments.

Question:

In your view, what are the biggest obstacles to this idea? And the greatest opportunities?

Answer:

Obstacles: resistance from more traditional houses, fear of brand dilution, and some institutional inertia.

Opportunities: development of high added-value products, engagement with younger

audiences, cross-promotion between segments, and reinforcing the Douro's image as a territory of excellence.

Question:

Do you think Port Wine producers should explore this kind of diversification internally or through partnerships?

Answer:

Partnerships are the most agile and efficient route. Port houses have technical expertise and reputation, while distilleries bring creativity and flexibility. It's a promising combination, as the Scoundrels case already shows.

Appendix #: Interview Script 2

Interviewee: João Sousa, Rum expert and producer

Date: 28th of March

Location: Online

1. Introduction and Context

Question: To start, could you briefly introduce yourself and tell us a bit about your background in the Port wine sector?

Answer: João understood the thesis concept well: exploring synergies between Port wine and rum, particularly through aging rum in Port wine barrels, as already done by Scoundrels Distilling. While not a direct expert in Port wine, João has significant experience in the spirits industry, especially rum, and understands the challenges facing fortified wines.

2. Diagnosis of the Port Wine Sector

Question: What do you think is the main current challenge of the Port wine sector: aging consumers, declining consumption, competition from other beverages, or difficulty innovating?

Answer: The main challenge is adapting to new consumers. The Port wine industry is highly traditional, perhaps too much so, and not very open to innovation. For example, using Port in cocktails is still frowned upon. Younger generations are moving away from these types of drinks, and the sector needs to attract them while maintaining quality and core values, but with more openness to new trends.

Question: Has the premiumization strategy been enough to counter declining demand, or is a more structural transformation required?

Answer: Premiumization alone is not enough. Simply putting the same wine in more expensive bottles with nicer packaging doesn't solve the problem, it only targets a niche. If nothing changes in the product, the appeal fades quickly. A deeper transformation in marketing and branding is needed to reach new audiences, particularly those who are younger or more price-sensitive.

Question: How do you see the role of tradition in the sector? Is it an asset or a barrier to innovation?

Answer: Tradition is valuable and should be respected, but it must not become a constraint. The refusal to innovate is currently limiting the sector. It's possible to maintain tradition while experimenting with new formats and reaching new consumers.

Question: What would you say are the main revenue and cost drivers for Port wine producers today? How have these changed in recent years?

Answer: This wasn't directly addressed, but João implied that packaging and glass bottle costs are significant. Innovation through partnerships (e.g. with distilleries) may help offset costs or generate new sources of revenue, especially by giving new life to old barrels.

3. Openness to New Products and Synergies

Question: Do you believe there is space for collaborations between Port wine houses and rum producers?

Answer: Absolutely. Port wine barrels are excellent for finishing spirits, as shown by the success of Sherry casks in the whisky industry. Unfortunately, Port wine hasn't capitalized on this as much. Selling used barrels to distilleries could become a solid secondary revenue stream.

Question: From a legal and institutional standpoint, is there room for hybrid products (e.g., rum aged in Port casks)?

Answer: Yes, but with limitations. Port wine producers cannot legally produce or age rum in the same facilities. Doing so would require major investment and regulatory compliance. Therefore, partnerships are the most realistic route.

Question: Could this strategy help the Port wine sector attract younger or international audiences?

Answer: Definitely. Especially in markets like the UK and France where both rum and Port wine are popular, crossover products could spark curiosity. The synergy in logistics, customs, and marketing could make this very viable.

Question: In your view, what are the main barriers and the main opportunities of this idea?

Answer:

Barriers: Cultural rigidity and institutional conservatism from traditional Port houses; Lack of interest from sugar producers in selling molasses for high-value rum; High costs of internal diversification for wine producers.

Opportunities: Using old barrels that are no longer viable for wine but still valuable for spirits; Cost reductions through shared logistics and supply chains; Creating novel products for curious consumers; Leveraging Port wine's existing reputation and markets to support rum innovation.

Question: Should Port wine producers explore this type of diversification internally or through partnerships?

Answer: Through partnerships. Producing rum in-house would require starting from scratch, and legally they can't mix operations. It makes more sense to collaborate with existing distilleries, as is done in the whisky industry where producers often purchase Sherry bodegas just to secure casks, not to make wine. Port producers should avoid the same fate (e.g., wine becoming secondary to barrels). The best model is to maintain their focus on wine and work with specialists in other categories.