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HOW TO SUCCESSFULLY POSITION THE TERRA COLLECTION BY COSTA VERDE IN THE PORTUGUESE FINE DINING MARKET? – INTEGRATED MARKETING COMMUNICATIONS

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Group Part

Abstract

The fine dining market has significantly increased over the past years, mainly due to the tourism phenomenon and the growth of the luxury experiences market. Taking advantage of this opportunity, Costa Verde - a Portuguese porcelain company – has decided to enter this market for the first time with a new disruptive collection, Terra. This work project serves the purpose of elaborating a marketing plan for the launch of this collection in Portugal, with the ultimate goal of elevating Costa Verde’s brand. To support all decisions, a literature review was conducted, as well as interviews and questionnaires to MICHELIN Guide restaurants.

Keywords: Tableware, Fine Dining, MICHELIN Guide, Brand Awareness, Positioning

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1. Introduction

The present report aims to answer to the following research question: "How to successfully position the Terra collection by Costa Verde in the Portuguese fine dining market?". The project was developed approximately in a four-months period and counted with the help of Costa Verde, especially from its Marketing Director Paulo Pinto.

As this collection will be the company's first attempt at entering the fine dining market, a literature review was conducted, where relevant concepts to the case were defined –using an article touching subjects such as premiumisation and upward line extension. Moreover, a Methodology section was included, where details on conducted research to Portuguese MICHELIN Guide restaurants were provided, as well as information on essential documentation provided by Costa Verde for this plan's elaboration.

Furthermore, background context was given on the company and the porcelain market where Costa Verde operates, including a brief competitive analysis. After that, the Terra collection was introduced, as well as an analysis of the fine dining market, including a deep examination of the MICHELIN Guide restaurants market and an assessment of the opportunity size of the Portuguese market. Once all this information was collected, insights from interviews to Costa Verde's members were analysed, to assess the overall business proposition of Terra. Taking this into account, three hypotheses regarding the approach to follow when elaborating the Marketing plan were explored.

Having all the conditions to structure the most adequate strategies for the collection's launch purpose, a integrated marketing communications strategy was concluded.

Finally, a financial analysis was thoroughly executed, considering all previous decisions.

2. Literature Review

In order to identify the best way to approach the project's research question, a literature review was conducted. As this is the first time Costa Verde is entering a higher-end market in comparison to the one the company is used to operate in, one must explore the theory behind the premiumisation of a brand - so that it can later serve as a base for the group's decisions. Different articles and cases were analysed, with the team identifying one particular article that offered a meaningful theoretical background for the subject in hand.

According to the article "Premiumization as a Profit Growth Strategy. A Framework of Strategic Options." (Schmitz and Fassnacht 2020), the premiumisation strategy allows companies to add value to a brand or a brand portfolio and, consequently, to raise their price levels. By focusing on adding value to the brand, a firm can simultaneously charge higher prices, as already mentioned, and target new consumers with higher purchasing power - serving as a way to overcome growth restraints in terms of sales volume that result from market saturation. Furthermore, besides targeting an increase in profits, a brand that is under the process of premiumisation can also achieve consistent growth and is able to enhance their brand image. However, it is important to notice that this is a complex process that demands a strategic and systematic approach.

Overall, there are two main ways for a brand to enter in the process of premiumisation: "Firms can either premiumise a single brand (by trading up an existing brand to a higher price/value level) or raise the average price/value level of their entire brand portfolio (by introducing a new brand above the current price/value level of the brand portfolio)". Hence, there is one important decision to be made, namely whether the premiumisation process will occur by trading up a brand or by introducing new brands. With regards to the first one, there are two ways of trading up a brand. Usually, trading up the existing products is the preferred path, as it is faster and less costly. This option requires small changes - such as developing a different packaging, labels, add-on features, shapes, product design modifications - that are usually connected to the process of upgrading a product, which, in the end, justifies the prices' increase on consumers' minds. Since following this path leads to a small added value, premiumisation is only possible to achieve within the same price position. On the other hand, there is the option of trading up a brand by adding new products or product lines. This process can be made essentially through three different means: upward line extension, limited editions, and co-branding. The upward line extension consists of adding a new product (product lines) to an existing brand, inside the same product category, that charges a higher price level than the rest of the products in the same category. Nevertheless, this strategy can damage the whole brand image if in consumers' perspective the brand is stretching beyond its knowledge, which places the firms under the risk of losing existing consumers. For that reason, when implementing this strategy, firms must assure that marketing efforts are focused on the added value that is brought to the consumer. Concerning the introduction of limited editions, it serves as a similar strategy to upward line extension, apart from the fact that quantity is limited. It allows brands to launch new trends and gain attention, while delivering emotional and symbolic value to consumers. As consumers show a higher willingness to pay when it comes to limited editions, this strategy usually has a positive effect in the brand's turnover. However, since limited editions are mostly connected to a short-term nature, to successfully premiumise a brand this strategy should not be implemented alone, but rather together with other mentioned strategies. Additionally, limited editions provide the consumer a sense of scarcity due to their short-term character, which raises the perceived exclusivity. Regarding the co-branding, this is a strategy that, through collaboration with another brand that offers a higher price/value level, allows the original brand to go premium – by bringing value to the firm that it did not cover (or not efficiently) and attracting new consumers. Nevertheless, it is very hard to find a brand with a higher price/value level, that is willing to collaborate.

Finally, the premiumisation of a brand can also be done by adding a new brand (under the same firm name) that presents a higher price point than the average price level of the brand portfolio. Creating a new brand or acquiring an existing one are two alternatives available for this strategy. The process of creating a brand involves introducing a brand that is completely new to the firm and to the market. Although it is a very costly and time-consuming process, as a unique brand image has to be created from the scratch, the company is free to generate value components in a way that best fits the targeted price position and is not constrained by the initial image, target audience, and price/value position of its existing brands.

When choosing the optimal strategic alternative, the brand's objectives and realities (such as consumer needs, competitors, the existing brand portfolio) will determine the extent and focus of its premiumisation plan. Furthermore, it is essential to balance the potential benefits of the premiumisation of a brand with the high costs and risks that it brings. Aiming for a higher price/value level usually requires the realignment of numerous departments, including research and development, quality, design, and sales, as well as the adjustment of the corporate culture. Therefore, premiumisation can be viewed as a potent approach for achieving growth in markets that are competitive and saturated. However, price increases must be supported by a growth in the consumers' perception of value. In this specific case, and considering all the approaches, the launch of the Terra collection may be classified as an upward line extension.

3. Methodology

With respect to the methodology, qualitative research was conducted through interviews and an online questionnaire completed on Google forms. Both the interviews' guide and the online survey questions can be found on Appendix 2 and 3, respectively. Concerning the interviews, the group has conducted them with representatives of some Portuguese MICHELIN Guide restaurants, namely those responsible for choosing the restaurant's tableware service – a process that is sometimes made by chefs themselves, although being often completed by a director or manager. In total, 168 restaurants were contacted (in Appendix 1, the name of the contacted restaurants can be found). However, the group was only able to conduct 10 interviews– hence why an online questionnaire with the same questions addressed on the interviews was sent to the restaurants that did not have the availability to do an interview and to those who did not reply after many contact attempts. This led to 19 additional responses, which, summed up with the number of interviews, led to an overall number of 29 collected answers. On the tables below, one can find the MICHELIN Guide category of each of these restaurants, as well as the percentage of Portuguese restaurants from the Guide the group was able to contact (≈17,3%).

Number of Questionnaire Respondents				
2-Star	1-Star	The Plate	Bib Gourmand	Total
3	2	11	3	19

Number of Interviewees		
1-Star	Bib Gourmand	Total
8	2	10

Number of Respondents (Interviews + Questionnaire)				
2-Star	1-Star	The Plate	Bib Gourmand	Total
3	10	11	5	29

Percentage of Respondents (Interviews + Questionnaire)		
Total of Respondents	Total of Restaurants	Percentage
29	168	17.3

Figure 1 - Information on the interviews and questionnaire's respondents

Source: Own Analysis

Furthermore, the team has based the Company Overview and a part of the Market Analysis on insightful documents provided by Costa Verde. The Marketing Strategic Plan for the years of 2019-2021, which was elaborated in 2018 by QSP – Consultoria de Marketing, Lda., was taken into account to elaborate the History, Strategy and Objectives, Sales and Distribution, Advertising and Communications, Promotion and Financial Results topics. Moreover, a study on Costa Verde’s notoriety and its main competitors’ – QSP Check-Up Brand - was used for a more accurate competitive analysis, having also contributed for a deeper understanding of Costa Verde’s current positioning in the market in terms of brand awareness. Finally, the company’s financial reports, from 2017 to 2021 were considered for the Financial Results topic, allowing for a more complete analysis of Costa Verde’s current financial situation, especially in comparison to the years leading up to the Covid-19 pandemic.

4. Company Overview

4.1 History

Porcelanas da Costa Verde, S.A. (Costa Verde) is a Portuguese company that operates in the porcelain industry, being considered one of the most modern companies in the sector worldwide. The firm operates in both the hospitality and the domestic segments, although focusing mainly on the first one. Costa Verde offers a wide variety of porcelain tableware services, while also developing, in occasion, a few decorative pieces with no commercial purpose. The company's history dates back to 1992, the year it started operating. It all began with the dissolution of Quinta Nova, an old Portuguese porcelain company that was bought by the Cerexport business group. The motivation behind this procedure was to merge Quinta Nova with Vista Alegre, the market leader in the Portuguese porcelain market. Meanwhile, after the event was concluded, a few employees decided to leave the company with the aim to found a porcelain factory that would later become Costa Verde. As the original Costa Verde team was already experienced in the market, every employee had valuable knowledge that drove the new company's growth. From the very beginning, Costa Verde has marked its position in the market, through its constitution and shareholder structure. The firm took the ground-breaking decision of inviting the main Portuguese porcelain distributors to participate in the company's share capital, which allowed Costa Verde to face the high entry barriers of the traditional Portuguese porcelain market - which is highly concentrated in the big national player Vista Alegre - more easily. Moreover, by taking advantage of a niche that Vista Alegre was not focused on – porcelain for the hospitality segment – Costa Verde was able to stand up against Asian competition, while sustaining a balance between a continuous, mass production and an innovative design (Nunes 2016).

4.2 Strategy and Objectives

Costa Verde's objective is to become market leader in Portugal, as well as a reference in the international market, in regards to the hospitality porcelain segment, based on clients' and shareholders' satisfaction. In parallel, the company intends to be known as the highest quality producer of Portuguese porcelain, achieved through the implementation of a solid culture of quality, responsibility, and service.

Regarding its objectives, Costa Verde desires to grow in the national market and have a more assertive presence in the international markets where it already operates. Additionally, the firm wants to work towards a bigger brand awareness and an improved image, by elevating its own brand Costa Verde. As a historically export-oriented company, Costa Verde believes that there is a lot of potential in the Portuguese market that has not yet been explored. After two years of high restrictions and limited mobility due to Covid-19, people are starting to feel motivated to travel abroad more frequently and spend money on restaurants and hotels. Hence, Costa Verde can take advantage of the expected growth of tourism in Portugal, as well as of the predicted investments that will be done in both the hotels and restaurants sectors. This way, with the help of its distributors, the company appears to have the conditions to be able to reach a larger proportion of the Portuguese market.

In addition to strategy and objectives, it is important to mention Costa Verde's mission, vision, and values, as they are the core of the company's business and what drives its success. Costa Verde's mission is to be innovative, proactive, and flexible in the creation of products and services that exceed customers and shareholders' expectations, while showing respect for the organisation's internal and external environments (Costa Verde 2022). Concerning its vision, the company desires to be the market leader in the hospitality segment, while simultaneously being a reference as a socially responsible and innovative company. Finally, the firm's values are commitment and dedication, flexibility, fairness and honesty, respect for others and the environment, cooperation, team spirit and gratitude.

4.3 Product Portfolio

Over the years, the Costa Verde brand has been growing through the efforts made by the company to launch new lines and collections. So far, two tableware collections have been launched – “Costa Verde” and “Moods” – and can be found on the company’s website (https://costa-verde.com/), along with detailed descriptions and various pictures of each line compiled in individual catalogues and brochures. It is important to mention that both collections aim to target the hospitality segment, although they are also adapted for the domestic segment. As this segment values a high level of resistance and durability when it comes to their tableware service, porcelain is the basis of all the brand’s lines, being known for these exact characteristics. Additionally, the company presents the “Gifts” collection, which is dedicated to home décor, namely for special occasions such as Christmas.

The “Costa Verde” collection includes 23 lines (see in Appendix 4) and is composed of various types of products that have a simple yet sophisticated design. In addition, as many restaurants and hotels opt for a “clean look” when it comes to their selected tableware, the company took advantage of the fact that porcelain is originally white, translucid, and soft to produce the “Costa Verde” collection’s products. Three examples of this collection can be found below.

Figure 2 - Examples of lines from the Costa Verde collection

On the other hand, “Moods” has 11 lines that were designed with the aim of satisfying those clients who desire to make a difference through their tableware services. Hence, these lines include products with different shapes and colours, as a new layer of textures and colour is added to the “base product” (see Appendix 5). This way, hotels and restaurants that are looking for something more unique that matches a more rustic aesthetic will find a match in this collection. Three examples of this collection can be found on the following figure.

Figure 3 - Examples of lines from the Moods collection

For the near future, a new collection – “Terra” – is being developed and will be presented with detail further, as it will be the focus of the group’s project.

In terms of partnerships, London’s Studio Levien has played a crucial role in the growth of the Costa Verde brand. The atelier designs Costa Verde own brand’s lines of products exclusively, while also serving as a consultant for the company and helping with promotional contents. This collaboration has had its origin in the year of 2003, and ever since the efforts of both parties have resulted in many of the company’s best sellers, as well as in the exploration of markets Costa Verde had not explored before the alliance. Moreover, having this relationship with Studio Levin has made Costa Verde more design and technology oriented, as well as more aware of global gastronomic trends. In fact, according to the founder of Studio Levien, Robin Levien, the pair has managed to build a strong and trustful relationship that allowed each party to dedicate itself to what it does best (Costa Verde 2018b).

4.4 Sales and Distribution

Costa Verde's business can be segmented into two main business units: production for third parties (through private label and coffee brands), and production and commercialisation of Costa Verde branded products. Within the former, private label and coffee brands accounted for similar shares of the total business turnover in 2019, whereas the latter represented approximately one-third of the business turnover in the period (Figure 4). Nevertheless, the coffee brands business is predominantly driven by two main clients - Delta and Nestlé Nespresso - which together account for roughly 30% of the company's sales turnover.

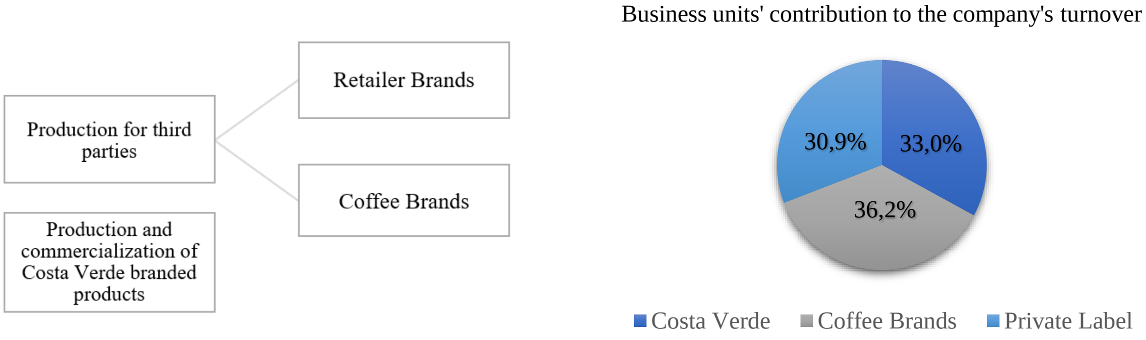


Figure 4 - Costa Verde's business units and their contribution to business turnover, in values of 2019.

Source: Data provided by Porcelanas da Costa Verde (2022)

Although the brand serves both the hospitality and home segments, the vast majority of its sales stem from the former[1]. Costa Verde is mainly known in the professional markets, and this is indeed where the company mostly directs its financial and marketing efforts.

In terms of channels, Costa Verde reaches the hospitality and domestic segments mostly through its network of shareholder-distributors, composed of 18 Portuguese partners. With the pandemic outbreak, the company has recently developed an online store, aiming at facilitating access to the brand and getting closer to the final consumers via direct selling. Although hotels and restaurants can also take advantage of this new channel, this method ends up not being so

[1] The company does not own data to allow quantifying the weight of each segment in business volume. However, it is known that over 90% of its distributors' sales come from the hospitality segment.

cost-effective for them, as the prices displayed on online stores are aimed at the final consumer, and therefore approximately 20 to 30% above the price charged to clients in the hospitality segment (according to Costa Verde). Although the company expects an increase of sales through the online store (€40,000 in sales expected for 2022), the relevance of the channel remains residual when compared to distributors. As already mentioned, Costa Verde has an historical focus on the exports market, which has been generating close to 75% of the company's turnover. Although more than 90% of the international sales are concentrated in Switzerland, United Kingdom (UK), the Netherlands, Italy, Spain, Denmark, Belgium, and the Unites States of America (USA), Costa Verde reported sales to 26 different countries in 2019.

Costa Verde's sales to the main international markets, in values of 2019												
Market	**Switzerland**	**UK**	**Netherlands**	**Italy**	**Spain**	**Denmark**	**US**	**Belgium**	**France**	**Germany**	**South Korea**	**Others**
Sales	€2,580,000	€1,585,000	€1,006,000	€1,000,000	€672,000	€600,000	€354,000	€339,000	€165,000	€72,000	€60,000	€400,000
Weight	29.21%	17.94%	11.39%	11.32%	7.61%	6.79%	4.01%	3.84%	1.87%	0.82%	0.68%	4.53%

Table 1 - Costa Verde's sales to the main international markets and their respective weights, in values of 2019

Source: Data provided by Porcelanas da Costa Verde (2022)

The Swiss market accounts for the largest share of Costa Verde's sales - 29% in values of 2019 – which can be explained by Nespresso's invoicing being carried out through its headquarters, located in Vevey, Switzerland. The UK is another market of extreme importance to Costa Verde's business. In fact, this is due to two big clients – Denby Pottery (tableware brand) and John Lewis (chain of department stores) – that together sum up to over 80% of the turnover in the private label business. On a national level, almost all distribution is carried out through the company's shareholder-distributors (except for large accounts, such as Delta and Espaço Casa), who, by owning part of the company, have strong incentives to sell Costa Verde's products. This channel is a vital component of Costa Verde's business, since, even with the increasing importance of exports, it still accounts for about 20% of total turnover (Appendix 6).

Lastly, Costa Verde relies on a team accountable for ensuring the success of customer relationships in the national market. This is an extremely important part of the prosperity of the business in the national territory, given that their presence in the Portuguese market is mainly sustained by national distributors. In the export market, the company arranges occasional visits to customers, which aim not only to enhance relations between the two parties, but also to prospect and develop sales.

4.5 Advertising and Communications

Costa Verde's marketing communication strategy is mostly planned around its digital channels - apart from its presence in international fairs and other events that aim at promoting and disseminating innovations in the ceramic industry (as will be discussed in more detail later). When it comes to online presence, Costa Verde counts on its website and social media to communicate with its customers and reach new ones. Throughout the years, Costa Verde's website has suffered improvements in order to better cater to consumers' shopping habits and to take advantage of new digital trends. Currently, it can be found online with the domain https://costa-verde.com/, which reflects the brand's international reach. Moreover, users can also have direct access to the company's social media. At the moment, Costa Verde takes a presence on Facebook, Instagram, YouTube, and LinkedIn, where the type of content shared and the level of engagement with the users varies (see Appendix 7 for further details).

4.6 Promotion

Ever since its beginning, Costa Verde has invested in participating in events at the national and international level, not only to promote the brand, but also for negotiation and networking purposes with other entities that operate in areas of interest to the company.

The Ambiente Fair, held annually in Frankfurt, Germany, is one such case. It is the largest and most relevant fair for interior design and decoration worldwide and a place of excellence for the sector's global trade (Costa Verde 2018a). Costa Verde has been present in every edition, presenting its most recent collections every year. In the last edition, before the Covid-19 pandemic broke out, Ambiente gathered 4,460 exhibitors from 92 countries and attracted over 136,000 visitors from 167 countries (Kilian 2020) (see Appendix 8). Another very important event for Costa Verde is HOST- International Trade Fair for the Professional Hotel Industry, a biannual event taking place in Milan, Italy. This is an international event dedicated to the catering and hospitality sectors. In 2017, HOST brought together 1,800 exhibitors, including Costa Verde, and a total of 135 countries represented (IEP 2017) (see Appendix 9). At a national level, Costa Verde has participated as a collaborator and sponsor of Congresso dos Cozinheiros (CNC)- an annual meeting point of the national gastronomic community. The CNC is the stage for moments of sharing and socialising, but also for debate and cooking demonstrations, usually accompanied by other arts, such as music and crafts (Edições do Gosto 2019). In this year's edition (2022), Costa Verde was present as the only collaborating porcelain brand, lending its branded crockery to the participating chefs (see Appendix 10). Additionally, the company also sponsors the "Chef of the Year" contest, the largest cooking contest for professionals, which has already leveraged renowned chefs in the national cuisine, such as Henrique Sá Pessoa. As one of the main sponsors, Costa Verde offers the winners a porcelain kit (see Appendix 11).

4.7 Financial Results

The analysis of Costa Verde's financial resources aims to estimate the impact of the Covid-19 pandemic on the company, as well as its recovery and current financial strength, to support the recommendations of this marketing plan for the launch of the Terra collection.

In the years before the Covid-19 pandemic, Portugal, as well as the Eurozone in general, had a very favourable economic context, with historically high levels of confidence for businesses. In 2017, the Portuguese economy recorded the highest growth rate since 2000 (Ferreira 2018). The coming years were expected to see a steady continuation of the country's beneficial economic and financial environment, boosted by high external demand, the maintenance of interest rates, and a positive international financial environment (Banco de Portugal 2018).

The overall financial and commercial situation of Costa Verde from 2017 to 2019 was favourable, with new billing records each year. In 2019, the company reached a turnover of €14,660,027, which was 4.07% above the previous years. It was expected that this growth trend would persist in the coming years, so a turnover target of around €15,400,000 was established for 2020, corresponding to a percentage increase of 5% over 2019. As for net profit margins, Costa Verde had room for improvement as these varied roughly between 8.88% in 2017 and 4.53% in 2019 (see Table 2).

	2017	**2018**	**2019**	**2020**	**2021**
Turnover	€13,570,360	€14,087,031	€14,660,027	€9,870,159	€10,169,754
Turnover Growth Rate	-0.90%	3.81%	4.07%	-32.67%	3.04%
Profits	€1,204,816	€1,228,798	€664,024	-€128,033	-€1,102,502
Net Profit Margin	8.88%	8.72%	4.53%	-1.30%	-10.84%

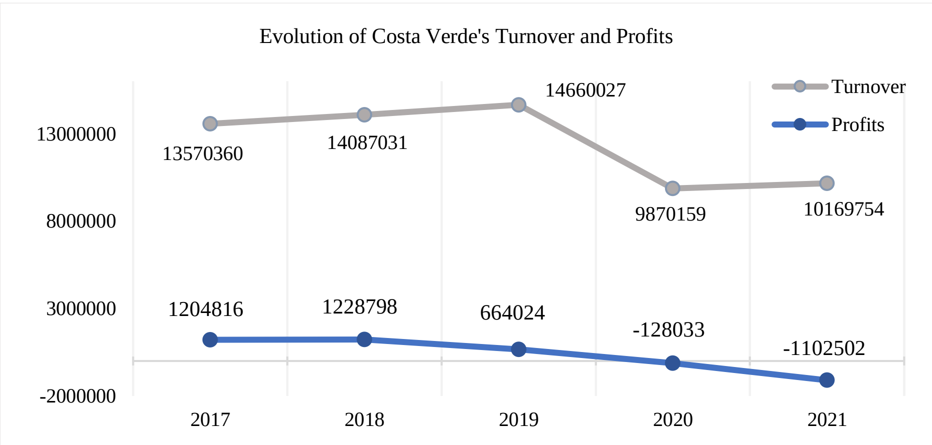
Table 2 - Costa Verde's Turnover, Turnover Growth rate, Profit Level, and Net Profits Margins from 2017 until 2021

Source: Data provided by Porcelanas da Costa Verde

On a national level, 2018 stood out as a year with an unexpected increase in demand and an excess of orders over installed capacity. Consequently, there was a drop in the quality to which the brand had accustomed its customers. Although this scenario was not reflected in the company's turnover in 2018, it implied a 4% drop in the domestic market, compared to the previous year. Given this situation, the company decided to move forward with the expansion of Costa Verde’s factory: an investment of around €7,000,000 to increase capacity by 4 million pieces per year. Internationally, there was almost a generalised growth across all markets until 2019 - although in 2019, some international markets suffered a minor drop, but nothing too worrying for the sustainability of the business outside Portuguese borders.

Unexpectedly, in 2020, the Covid-19 pandemic caused an unprecedented global shock. The rapid spread of the virus forced the authorities to take immediate measures to contain the virus, devastatingly affecting global economies. As a result of the restrictive measures, the Portuguese economy suffered with paralysis of vital sectors of the economy. Given this situation, Costa Verde suffered immensely in the years of 2020 and 2021 from the effects of the Covid-19 pandemic, which was reflected in the company's negative margins in both years. After being forced to close the factory in March 2020, Costa Verde later had to readapt to the circumstances, reopening with production capacity reduced to a minimum of 40% of full capacity. The result was a drop in turnover of 33% compared to 2019, corresponding to a shortfall of 38% compared to the goal previously outlined for 2020. In more concrete data, the company reported a drop in the national market in distributors/shareholders of 60% compared to 2019, and a drop of 50% in Delta (a client of extreme importance in the segment of coffee brands). In international markets, this scenario was quite similar, except in the UK and Denmark.

In 2021, the Portuguese economy saw some signs of relief. Due to high vaccination rates, there was a gradual reopening of economic activities, which allowed for an increase in consumption, exports and tourism services in the last quarter (DN/Lusa 2022). Nevertheless, the financial and commercial situation of Costa Verde continued to be quite affected and remained far from the values obtained in the pre-pandemic situation. Following the devastating effects of the Covid-19 pandemic in the hotel and restaurant sectors, Costa Verde reports a catastrophic year in terms of turnover (with a minor growth of 3% from 2020) and a negative net profit margin of 11%.



Graph 1 - Evolution of Costa Verde's Turnover and Profit Level

Source: Data provided by Porcelanas da Costa Verde

The year of 2022 is estimated to be much more favourable for Costa Verde's business. With growth rates initially projected between 40% and 50%, the company believes it has already resumed its pace of work and, given a significant increase in orders (higher than expected in 2021), the company is confident that it will return to similar turnover values to the pre-pandemic context.

5. Market Analysis

5.1 Porcelain Market

It is relevant to analyse the porcelain market where Costa Verde operates, both at a national and international level. This market analysis will enable a better understanding of the evolution of the market, as well as the identification of possible trends, threats, and opportunities.

Porcelain is a resistant, non-stick material that does not contain perfluorooctanoic acid, which is easy to clean and that absorbs the heat for a long period of time, gradually releasing it. The market size value in 2021 was US$ 22.1 billion[2] and the forecast value for 2031 is expected to be US$ 39.5 billion with a growth rate of 6.3%. In fact, the rise in industries such as hospitality and tourism, aligned with the increase in the overall population and its purchasing power, are indicators of a demand growth in the porcelain market in the next years. Companies are also focusing on sustainable, durable, and quality tableware, with handcrafted designs to meet the expectations of an increasingly luxury-driven target (Transparency Market Research 2022).

Furthermore, porcelain is one of the categories that compose the ceramic market. As such, the latter will also be taken into consideration in order to deepen the analysis. According to the Classification of Economic Activities Revision 3[3] (CAE-REV 3), the ceramic market is

[2] The mentioned values are in US dollars due to lack of available data in euros. As currency rates are very dynamic, the group decided not to convert US dollars to euros.

[3] "Classification of Economic Activities Revision 3", abbreviated to CAE-Rev3 is elaborated by INE and establishes the new quadres of Portuguese economic activities in accordance with the Statistical Nomenclature of Economic Activities of the European Community (NACERev.2) and in harmony with the EC regulation nº 1893/2006.

composed by different subsectors such as: structural ceramic (tiles, ceramic bricks and vaults); floors and coverings; sanitary ware; utilitarian and decorative ceramics (porcelain, earthenware, stoneware, and common clay) and special ceramics (insulated and insulating pieces, ceramics for technical uses, other non-refractory ceramic products and refractory ceramic products) (Portal da Cerâmica 2012). Additionally, details on the international ceramic market can be found in Appendix 12.

5.1.1 Ceramic Market in Portugal

The ceramic market in Portugal can be considered one of the most competitive due to the quality, technological development, prestige and required experience of the professionals. Portugal Ceramics is an organisation promoted by the Portuguese Association of Ceramics and Domestic Glass Industries (APICER) and financed by Compete 2020, Portugal 2020 and the European Union, which aims to promote the quality of the Portuguese ceramic in the international market. By working with national companies, the organisation is a key driver in the export and communication of the Portuguese products to the world, as it validates international indicators of performance, based on factors such as industrial tradition, excellence of production processes, quality, design, innovation, and social responsibility (Portugal Ceramics 2022). Moreover, the signature of “Made in Portugal” enables the brands to be distinguished in a competitive setting, supporting not only their overall image in the international market, but also highlighting the importance of their historical legacy.

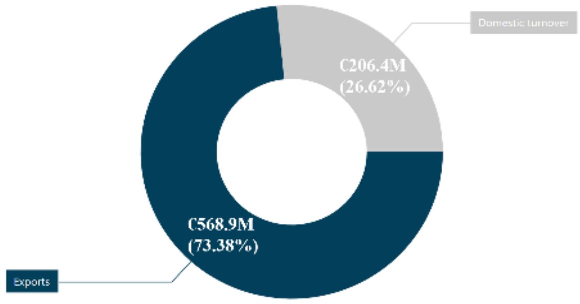
The country to which Portugal exports the most is Spain, which can be explained by the proximity and the long-lasting relation between the countries. In second place comes the USA, followed by Italy (Table 3).

Exported values of tableware, kitchenware, other household articles and toilet articles of porcelain or china by Portugal (in thousand USD)					
Importers / Year	**2017**	**2018**	**2019**	**2020**	**2021**
World	60,820	76,870	61,426	45,312	58,084
Spain	15,368	19,423	14,117	9,100	11,538
USA	5,538	6,090	4,644	4,893	6,492
Italy	8,341	8,713	6,478	4,135	5,420
Australia	57	51	48	102	5,388
UK	5,283	4,942	4,486	5,624	4,775
France	3,834	5,016	4,322	4,199	3,608
Belgium	6,144	6,089	3,996	3,880	3,028
Denmark	1,243	2,627	2,303	2,299	2,411
Netherlands	1,598	7,277	7,284	1,547	2,115
Germany	1,199	2,064	1,694	1,212	1,290

Table 3 - List of importing markets for tableware, kitchenware, other household articles and toilet articles, of porcelain or china exported by Portugal (in thousand USD)

Source: (International Trade Center 2021e)

According to the sector cadres from Banco de Portugal (2021) in Portugal, the number of companies that produced “NACE 234 - Manufacture of other porcelain and ceramic products” was 337 in 2021. As it can be seen in Graph 2, the percentage of exports in the sales was very significant, with a value of 73.38% in the same year. More than half of the production of the ceramic industry, in all of its subsectors, is exported to international markets. This industry has been able to grow a lot due to the international fairs, entrepreneur techniques, and the use of new methodologies in the production process. More and more, the need to innovate and to be the best in the market through specialisation and customisation becomes evident. For Costa Verde specifically, as previously mentioned, close to 75% of its business volume comes from external markets, making €9 million in exports while doing business with the European Union, USA, Japan, South Korea, UK, Switzerland, Denmark, South Africa, Chile, Brazil, Mexico and Angola (CCI 2022). The return on assets of “NACE 234 - Manufacture of other porcelain and ceramic products” has grown 4.2% when comparing with the year before (2020), and 2.7% when compared to two years ago (2019) (check Appendix 13). Furthermore, from Figure 5, all sections of assets, equity, liabilities, turnover, and EBITA have increased when comparing 2020 and 2021. Finally, the net income of €75.3 million in 2021 indicates a positive trend in this market (Banco de Portugal 2021).



Graph 2- Weight of Exports in Total Turnover

Source: (Banco de Portugal 2021)

Figure 5 – Year and Previous Years Values

Source: (Banco de Portugal 2021)

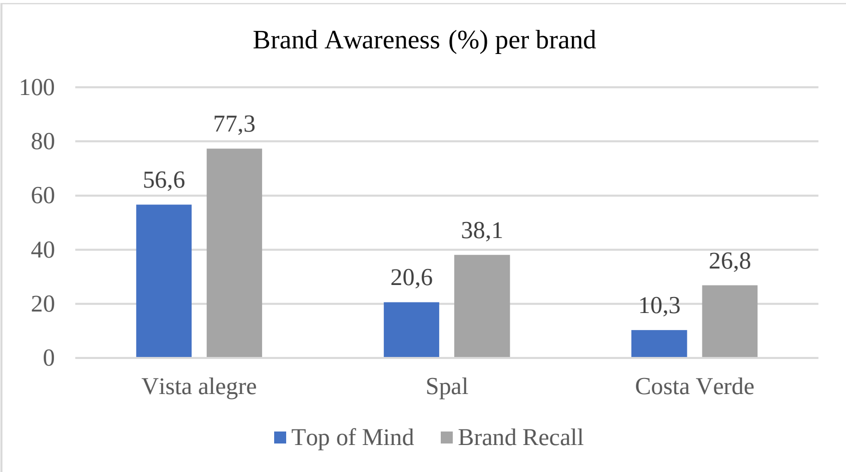
Also, according to the same source, the "NACE 234 - Manufacture of other porcelain and ceramic products" is dispersed throughout the national territory. Nevertheless, the industry is mostly in the central area of Portugal and a small portion is located in the north. The region that shows the highest values for "number of companies", "number of people working at the service" and "sales and services" is Aveiro, where the Costa Verde factory, and some others, are established (check Appendix 14).

5.2 Competitive Analysis

There are already many established players in the porcelain tableware market. From this, one can already conclude that the brands that make up this sector have a unique history and distinctive characteristics, which make this market particularly competitive.

In order to identify the most relevant brands that operate in this market, the group used the insights of the study mentioned on the Methodoly section - "QSP Check Up Brand" -, that measured the brand awareness of each of these brands. Brand awareness is measured according to the different ways in which consumers remember a brand. Thus, to measure brand awareness effectively, two techniques were used: the top-of-mind technique (TOM), that consists in identifying the first brand recalled when one is asked "Which tableware porcelain brands do you know?"; and the brand recall technique, that allows to identify the brands that consumers remember when asked to list the tableware porcelain brands they remember, without resorting to recall methods.

The analysis of the survey allowed the team to identify the three best-known brands. Vista Alegre came in first place (with 77.3% brand recall and 56.6% TOM), followed by SPAL (with 38.1% brand recall and 20.6% TOM) and finally Costa Verde, which took the third place (with 26.8% brand recall and 10.3% TOM) – as it can be seen on the following graph.



Graph 3 - Brand awareness' percentage of Vista Alegre, SPAL and Costa Verde

Source: Data provided by Porcelanas da Costa Verde

Although Costa Verde ranked third in brand awareness in the porcelain market, which is positive for the company, one must conclude that the difference in performance compared to Vista Alegre is quite significant. In fact, Vista Alegre was mentioned three times more often by respondents than the Costa Verde brand. It is, thus, clear that Vista Alegre is in an isolated position from the rest of the competitors, as SPAL's brand recall was less than half of Vista Alegre's.

Exploring in more detail the Portuguese market leader, Vista Alegre was founded in 1824 and had the first industrial unit dedicated to the production of porcelain in Portugal (Vista Alegre 2022). By offering a wide range of distinctive products, most of which are developed in collaboration with designers and chefs of national and international renown - combining contemporary design, technical innovation, and the most valuable features that professionals require -, the brand has been able to maintain its position at the forefront of porcelain manufacturing. All of this, aligned with the fact that the brand is extremely responsive to the needs of the sector, has contributed to the strong image that Vista Alegre has built up over the years. It is important to point out the great influence the brand has in the foreign market, as, for instance, more than three quarters of the Vista Alegre Group's turnover of €117 million in 2021 was generated from exports (Vivo/Lusa 2022). As for Vista Alegre's portfolio, it is very differentiated and consists of more than 7,000 product references (online) available worldwide - including products from the tableware, giftware and hotelware segments. The prices charged by Vista Alegre in this segment can be analysed on the Irmãos Peixoto (one of the main Portuguese tableware distributors) website https://www.ipeixoto.pt/, by accessing to the professional area. Within the brand's product portfolio, there are pieces that cover a wide price range. This way, despite its premium target, it also offers products at a reasonable price for customers with less purchasing power or with different needs. Among the porcelain pieces, the restaurants can find unit pieces ranging from €1 to €85. As it has been noted, Vista Alegre has a vast coverage of the national and international market, with a strong presence in more than 60 countries, through physical stores or official distributors. In Portugal, there are a total of 33 company-owned stores, in addition to the brand's 52 official distributors spread throughout the country. Vista Alegre has also an online store where consumers can find the brand's product portfolio.

Moreover, it is also important to analyse the history and strategy behind SPAL's success, another important direct competitor of Costa Verde in the porcelain market. Since its foundation in 1965, SPAL has been designing, producing and distributing porcelain for the domestic and HORECA markets. Alongside the creations of its in-house design studio SPAL Studio, the company frequently collaborates with international designers. SPAL Studio focuses not only on creativity, but also research and development (R&D), which leads to constant innovation (SPAL Porcelanas 2022). Analysing SPAL's portfolio more closely, it can be noticed that despite a broader product range in the domestic sector, most of SPAL's turnover is generated in the hospitality segment. Unfortunately, the price analysis can be done exclusively for the B2C market, as the prices practised in the HORECA market are not accessible online. Therefore, SPAL presents a varied price list ranging from €400 (basic white services) to €800 (services for a decorated table). As for the brand's presence, it has official distributors in more than 45 countries, being the external market responsible for more than half of its revenue. At the national level, it has four physical stores, all of which are aimed at the end consumer and therefore have no stores dedicated to the B2B market. Additionally, consumers can get to know the current collections on the SPAL website, although it is not yet possible to order from there.

6. Terra Collection by Costa Verde

6.1 Terra Collection

Since Costa Verde’s porcelain brand in Portugal has earned good reputation in the hospitality segment, it decided to launch its first collection for the fine dining market. In an interview with the company’s Marketing director, Paulo Pinto, he revealed that this was something that Costa Verde had wanted to do for many years but had never had the ability and opportunity until now. So, although Costa Verde already has several collections for the HORECA market, these pieces do not meet the demand of top restaurants, such as the ones in the MICHELIN Guide. After 30 years, the company thought it was time to develop a disruptive line that would surpass Costa

Verde's offering in the HORECA market and that of its competitors. Going even further, Costa Verde realised that they wanted to do it in collaboration with a renowned designer. Born in Spain, Pere Gifre is a San Francisco based artist and engineer who specialises in sculpture projects, scenography, interior, and industrial design and architectures (Sutton Art Consulting 2022). In fact, he seemed to be the right fit for this opportunity, as he is currently undertaking projects with major hotel brands, luxury resorts, and exclusive cruise ships - that are similar to the fine dining market and that require some of the qualities that characterise it, such as exclusivity, elegance and disruption.

Due to the lack of knowledge in the fine dining market, Costa Verde felt the need to have someone to advise them on what kind of products the new collection should have. Thus, the brand contacted two of Portugal's most renowned chefs, Dieter Koschina and Henrique Sá Pessoa, who helped decide which pieces to develop considering what restaurants need and use most in their daily basis. This way, both Dieter Koschina and Henrique Sá Pessoa, chefs of the 2-star MICHELIN restaurants Vila Joya and Alma, respectively, accepted Costa Verde's challenge to collaborate in a "4-part" action - Costa Verde, Gifre, Koschina and Sá Pessoa - to develop a new line for the so-called signature restaurants. After deciding on the pieces to be developed, Costa Verde left the entire creation process to the designer (Gifre) and gave no details about the design of the pieces – not even the concept -, but only, as mentioned above, what kind of pieces they wanted and their characteristics. As with all other Costa Verde collections, the pieces in the collection are made of porcelain, as this is the preferred and unique material the brand works with. Another thing that had been pre-determined internally by the company was that all the pieces must be in a white shade, as Costa Verde believes high-end restaurants prefer to use white tableware - as it adapts to all dishes and can make the food served stand out and shine. Due to the great complexity of the pieces, the development took several months, and, during this process, feedback was repeatedly sought from the two chefs, who polished some of the features as needed – “higher”, “lower”, “deeper”, “wider”, “this will not work”, “this is not practical”, etc. The chefs wanted product development to place more emphasis on quality, design, handling (if it was easy for staff to use) and resistance. However, technical factors such as the stacking of dishes was not considered. The designer developed four different concepts: Primitive Collection, Canyon Collection, Spartan Collection and Atlantis Collection. Afterwards, Gifre sent a hand drawing of all the pieces from each concept, and all Costa Verde departments, together with the two chefs, decided to develop a total of ten pieces from three of the four concepts the designer had envisioned - no piece was chosen from the Atlantis Collection. The name “Terra” came about in an internal brainstorming session, since the pieces have a natural, organic, and stony appearance. Furthermore, the company thought this name would facilitate the addition of new pieces to the collection in the future, as "Terra" is a name that can be associated with many elements (air, water, rocks, etc.). The pieces from the Terra collection have already been photographed and three of them can be seen in the figure below. In Appendix 15, pictures of the entire collection are presented.

Figure 6 - Examples of Terra Collection's pieces

With this new collection, the supply chain will remain the same - with the same suppliers and raw materials as their other collections. However, the manufacturing process of this collection compared to others from Costa Verde will be distinctive – as it is much more manual. These pieces require more glazing procedures compared to others. Regarding time, the scale is totally different. In a regular plate, it takes 3 to 5 seconds to decide if the piece is ready. In this kind of piece, it takes one minute, as to assure that there are no imperfections; when adding the glaze, it also takes 3 to 4 times more time. The required precision and care of a collection like this is not the same as a regular collection for the hospitality industry.

6.2 Opportunity

6.2.1 The Fine Dining Market

Although nowadays going to a restaurant is considered something quite usual, it was only a couple hundred years ago that the idea of one paying to have someone else serve a meal emerged. Fine dining specifically, is a concept whose origin dates to the 18th century, having been driven by the French Revolution. As many chefs struggled after having lost their positions in aristocratic households, cooking private dinners for wealthier people became an option. Having taken this opportunity, many chefs started to open their own restaurants, that were hugely influenced by the upper-class style. This included private tables, fine china tableware, as well as beautiful cutlery and tablecloths (Writer 2021).

As travelling became more and more common, especially due to modern technological progresses, the concept of fine dining soon arrived at the whole European continent, and, progressively, to the rest of the world. In fact, over the past few years, tourism has been a phenomenon that massively contributes to global economic growth. One can easily understand the importance of this growth when comparing the forecasted global total consumer spending on restaurants & hotels registered in 2010, of US$ 2,688,181 million[4], with the one registered in 2019, of US$ 3,849,625.65 million (Statista 2021b). As for the Portuguese market, the same indicator registered a value of US$ 16,968.73 million in 2010, against a value of US$ 22,964.37 million in 2019 (Statista 2021a), indicating a growth of approximately 35.33%. Aiming to take advantage of this opportunity, many new businesses have been opened in the last few years in the HORECA market, as investors saw a great potential in tourism. On the other hand, already

[4] The mentioned values are in US dollars due to lack of available data in euros. As currency rates are very dynamic, the group decided not to convert US dollars to euros.

existing ones took risks in order to grow, as is the case of Costa Verde – that intended to heavily invest in the Portuguese market, which would be translated into higher revenues, visibility and prestige of the Costa Verde brand.

Restaurants & hotels total consumer spending forecast from 2010 to 2019 (in million US dollars)										
Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
World	2,688,181	2,969,052.74	3,059,832.34	3,181,350.28	3,328,738.4	3,264,721.53	3,349,892.27	3,556,496.3	3,773,238.91	3,849,626.65
Portugal	16,968.73	17,621.86	16,285.31	16,777.63	17,956.88	16,011.79	17,386.14	19,754.02	22,669.78	22,964.37

Table 4 - Forecast of the total consumer spending on restaurants & hotels in the World and in Portugal from 2010 to 2019 Source: (Statista 2021b; Satista 2021a)

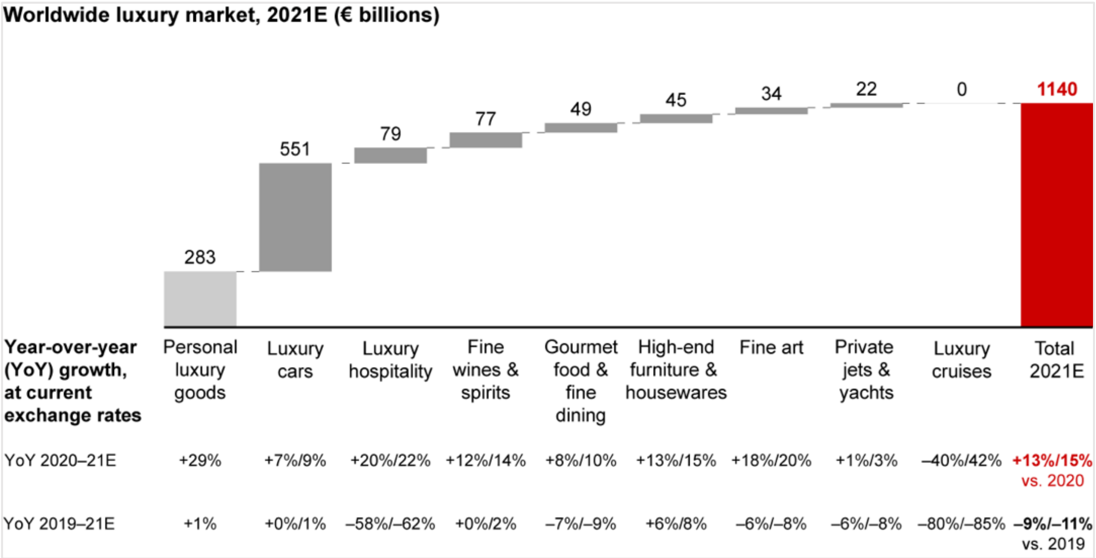
After the year-on-year growth of the restaurant sector, 2019 was, for many countries, when restaurant revenues reached their highest level and prospects for the following years were very positive. However, with the unexpected breakout of the Covid-19 pandemic, many establishments were obliged to close and those who were not struggled to keep operating - as imposed measures prevented people from going outside their households. Even though the restaurants & hotels businesses were able to slightly recover in 2021, there is still a long way to go until previous years' results are reached. Nonetheless, the expectation is that, by 2023, the forecasted total consumer spending on restaurants and hotels will surpass 2019's values worldwide, with very positive growth prospects from then onwards. In Portugal's case, this is predicted to happen by 2024, and the same future tendency is expected.

Restaurants & hotels total consumer spending forecast from 2019 to 2025 (in million US dollars)							
Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
World	3,849,626.65	2,898,901.27	3,300,533.48	3,648,806.77	3,980,523.34	4,329,940.56	4,700,686.26
Portugal	22,964.37	13,065.36	14,786.35	17,763.59	20,473.05	23,340.91	26,295.1

Table 5 - Forecast of the total consumer spending on restaurants & hotels in the World and in Portugal from 2019 to 2025 Source: (Statista 2021b; Statista 2021a)

In addition to the tourism phenomenon, one must also consider the growth of the luxury market throughout the years, which indicates that people are more and more willing to pay for a luxury good or a luxury experience. Although the luxury market could not escape from Covid-19's negative impact, a relatively quick recovery has been experienced, namely due to three factors: the reawakening of Chinese and American spending, the increasing supremacy of millennials and Generation Z, as well as the growing power of the online channel (Statista 2022). Between 2022 and 2024, values are expected to return to the ones registered in 2019. According to D'Arpizio et al. (2021), the overall luxury market grew back by 13% to 15% in 2021, to €1.14 trillion, although being 9% to 11% below 2019's levels. It is important to notice that this growth tendency has been the same for each luxury segment ("Experience-based goods", "Experiences" and "Personal Goods") when considering the years that preceded the Covid-19 pandemic (see Appendix 16 for further details).

Regarding the "Gourmet food and fine dining" segment (included in the "Experiences" segment), and as shown in the figure below, a market size of €49 billion was estimated for 2021, which represents a growth of 8% to 10% at current exchange rates in comparison to 2020, but less 7% to 9% than in 2019 (D'Arpizio et al. 2021) (see Graph 4). This shows that although fine restaurants suffered from lockdowns that prevented people from going to these establishments, they were able to rebound once imposed measures were eased. According to TechSci Research (2022), the global fine dining restaurants market is expected to grow at a stable Compound Annual Growth Rate (CAGR) for the period of 2023-2027. As possible explanations for this growth, the research pointed out the emergence of full-service restaurants with fine dining services across the globe, the increasing leisure travel and desire to experience new foods in a new environment, as well as a raising interest in less processed meals made with high quality ingredients.



Graph 4 - Worlwide luxury market, 2021E (€ billions), by segment

Source: (D'Arpizio et al. 2021)

As for the future, José Rodrigues, the person responsible for the whole creative process of Michelin Feitoria, from Altis Belém, quoted that "fine dining will always evolve, because the way we eat is based on social models, in the way we behave with ourselves and with others, in what we want and what we think" (Amado 2020). Due to this ever-changing characteristic of the fine dining market, one must always keep updated with new trends and prospects. Especially after the Covid-19 crisis, fine dining has become all about creating something unique and impactful from a simple product, driven by creativity and open-mindedness. It is also crucial to consider the importance of the online, as social media allows restaurants to reach new potential customers while building a stronger brand image that will translate into lucrative opportunities for growth. Although fine dining restaurants have a very strong offline presence and heavily invest in the excellence of the offered service (The Best Chef 2021), it is becoming a necessity to close the gap between the online and the offline. Hand in hand with the growing importance of the online is the importance of the adoption of new initiatives and technologies.

6.2.2 The MICHELIN Guide

In 1900, André and Edouard Michelin published the first free MICHELIN guide, conceived to "encourage more tourists to take the road using a little red guidebook". As the brothers were the owners of a tyre company, the end goal was for more people to drive and, consequently, wear out their tyres more rapidly, this way boosting car and tyre sales. (MICHELIN Guide 2022a)

Inside this guide, one could find useful information for travellers, such as maps, basic mechanics, places to rest and establishments to eat (Joan 2021). As time went by and the guide's influence began to grow, a team of "mystery diners" – the now called restaurant inspectors – was recruited with the aim of visiting and reviewing restaurants anonymously (MICHELIN Guide 2022a). Later, as a result of the success and prestige the guide achieved throughout the years, the necessity of distinguishing and categorising the restaurants that were included in the guide emerged. Hence, in 1926, the MICHELIN Star recognition system was created, although initially only including the one-star rating. Five years later, restaurants were already classified up to three stars, with the third star being considered the highest honour a restaurant can achieve. In the world of fine dining, MICHELIN Stars could be described as "a dream come true", as they not only award restaurants with a high level of prestige, but also contribute for a growth in customers – a 20% increase after gaining the first star and a 40% increase after the second - and a higher level of quality in applicants for a certain job in the restaurant (Joan 2021). In terms of criteria, five aspects are considered, namely the quality of the ingredients used, the mastery of flavour and cooking techniques, the personality of the chef in his cuisine, the value for money and consistency between visits (MICHELIN Guide 2022b).

Along the years, as the MICHELIN Guide became a best-seller throughout the world, a few categories were added to the initial ones. In fact, in 2022 the guide already distinguishes restaurants using mainly six different classifications. Until 1931, the stars were the only nomenclature used to classify restaurants. Later, in 1997, a new designation was debuted in the MICHELIN Guide, the Bib Gourmand – that highlights restaurants that offer exceptionally good food at a reasonable price. In this case, restaurants must offer menu items which are priced below a maximum determined by local standards (MICHELIN Guide 2022b). In 2018, a new category emerged – the MICHELIN Plate –to nominate “restaurants where the inspectors have discovered quality food” (Judkis 2017). Finally, in 2020 the latest award arose – the MICHELIN Green Star –, that highlights restaurants who stand out for their sustainable practices (MICHELIN Guide 2021). They distinguish themselves for following high ethical and environmental standards, showing investment in a more sustainable cuisine that aims to protect natural and local resources.

	1 MICHELIN star: high quality cooking. Worth a stop!
	2 MICHELIN stars: excellent cooking. Worth a detour!
	3 MICHELIN stars: exceptional cuisine, worth a special journey!
	Bib Gourmand: the ones with the best quality-price ratio!
	MICHELIN Plate: recommended restaurant
	MICHELIN Green star: gastronomy and sustainability

Table 6 - The MICHELIN distinctions

Source: (MICHELIN Guide 2022b)

6.2.3 The European MICHELIN Restaurants Market

As previously mentioned, the MICHELIN Guide aggregates all the fine dining restaurants that stand out from the others – whether that is due to their high-quality food, great price-quality ratio or high concern for sustainability. Thus, one can conclude that the MICHELIN restaurants market (that includes all the restaurants included in the guide) is very representative of the actual fine dining market. Therefore, by doing an analysis of each country’s MICHELIN restaurants market, one is given a good indicator of the size of the fine dining market.

As mentioned in the “Methodology” chapter, 10 interviews were conducted with representatives from MICHELIN Guide restaurants, and 19 responses were received through the fulfilment of an online questionnaire. Once the group analysed all the responses and additionally met with Costa Verde’s Marketing Director to discuss this topic, it was possible to understand that personal contact is of great value in this very exclusive market. In fact, when confronted with the question “what is your preference regarding the ordering process?”, 100% of the respondents answered that they prefer to have an initial in person contact, whether with a representative of the brand or a distributor. As in this type of market every detail counts, the ones responsible for this process value having someone who can present the catalogue, show the finished products, and even clarify some aspects of the creative and production process of the tableware pieces.

The launch of Terra Collection will be Costa Verde’s first attempt at entering the fine dining market, which is indicative of the little experience the company has in the market. Although results look very promising, the firm needs to be cautious and should keep costs under control as much as possible. Hence, considering the fact that there might be a lot of personal contact between the restaurants and Costa Verde, the group believes that Europe should be the focus of the company when first launching the collection. Assuring the presence of representatives outside Europe would be highly costly and would not benefit Costa Verde’s positioning in the fine dining market. Besides that, even when this process is made through distributors, Europe is still the safest choice to start with – as Costa Verde distributors’ network is mainly Portuguese. Therefore, an analysis of the European MICHELIN Guide was conducted, in order to assess each country’s number of restaurants from all MICHELIN categories, in 2022. It is important to refer that, when elaborating Table 5, the group only considered the Green Star restaurants that do not belong to any other MICHELIN Guide category. This was done to avoid duplicates, as some restaurants can simultaneously belong to the Green Star category and one of the others. For instance, the two Portuguese Green Star restaurants are also MICHELIN-starred - so the number of Green Star restaurants considered was 0. For a more complete analysis of the Green Star category dimension, see Appendix 17.

Through the analysis of the present table, it is possible to conclude that the French MICHELIN restaurants market completely stands out in comparison to the remaining countries, being the country with the highest values both in the market as a whole and in each individual category. Germany takes second place, followed by Italy, Spain and the UK.

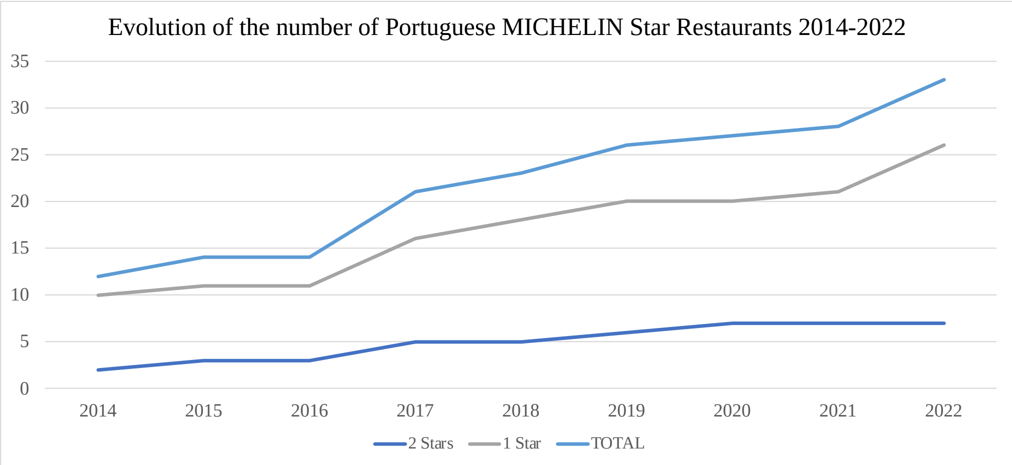
Countries	3 Stars	2 Stars	1 Star	Bib Gourmand	The Plate	Green Star	Total
Andorra	0	0	1	1	3	0	5
Austria	1	6	10	11	45	0	73
Belgium	3	22	108	137	516	4	790
Croatia	0	0	10	12	61	1	84
Czech Republic	0	0	2	5	20	0	27
Denmark	2	8	19	15	50	7	101
Estonia	0	0	2	5	22	2	31
Finland	0	1	6	2	16	1	26
France	31	73	517	436	2013	17	3087
Germany	9	44	264	288	697	24	1326
Greece	0	1	8	3	15	0	27
Hungary	0	0	7	0	12	0	19
Iceland	0	0	2	0	3	0	5
Ireland	0	4	14	18	86	1	123
Italy	11	38	320	247	1380	5	2001
Luxembourg	0	1	7	8	38	0	54
Malta	0	0	5	4	22	0	31
Netherlands	2	21	93	110	291	4	521
Norway	1	1	12	3	24	7	48
Poland	0	0	1	5	25	0	31
Portugal	0	7	26	35	100	0	168
San Marino	0	0	1	0	0	0	1
Serbia	0	0	0	1	13	0	14
Slovenia	0	1	9	7	40	1	58
Spain	11	33	181	243	803	0	1271
Sweden	1	4	16	12	37	2	72
Switzerland	4	25	109	140	260	8	546
Turkey	0	1	4	10	38	0	53
United Kingdom	8	18	145	100	863	18	1152
Total	84	309	1899	1858	7493	102	11745

Table 7 - Number of restaurants included in the MICHELIN Guide in 2022 by European country and by category

Source: Data retrieved from The MICHELIN Guide website (https://guide.michelin.com)

6.2.4 The Portuguese MICHELIN Restaurants Market

Over the past few years, the Portuguese MICHELIN restaurants market has been growing considerably driven by the will to experience completely different things, that are more sophisticated and outside of one's daily routine, like dining at a MICHELIN star restaurant. As it was not possible to have access to all MICHELIN categories' growth throughout the years, the group took the evolution of the Portuguese MICHELIN-starred restaurants as an indicator for the abovementioned growth. While in 2014 Portugal only had two restaurants awarded with two MICHELIN stars and ten with one MICHELIN star, in the current year, 2022, the scenario is completely different, as it now counts with seven 2-Star MICHELIN restaurants and 26[5] 1-Star MICHELIN restaurants (Graph 5). These numbers indicate a growth of 175% of the total number of MICHELIN-starred restaurants in Portugal.



Graph 5 - Evolution of the number of Portuguese MICHELIN Star Restaurants 2014 - 2022

Source: (Canavan 2013; Shah 2014; Visit Portugal 2015; Filloon 2016; Silva 2017; ECO 2018; MICHELIN Guide 2019; MICHELIN Guide 2020; Ribeirinho 2022)

In 2021, a magazine specialised in cuisine topics, Chef's Pencil, conducted research with the aim of finding which countries have the least and most expensive two-starred and three-starred restaurants. With this goal in mind, the top tasting menus – usually 8-12 courses served at dinner – of 450 restaurants from these categories were examined. In comparison to the MICHELIN restaurants markets from the rest of the world, Portugal was considered the fifth country with the most accessible menu (on average and excluding other costs except for the meal). While,

[5] On the 23rd November it was announced that, in Portugal, five new restaurantes have now been awarded with one MICHELIN Star. Therefore, at the moment there are in total 31 1-Star MICHELIN restaurants. However, since these news came out on the final stage of this project, the group's analysis considers the previous numbers to this date's.

on average, the price of a top tasting menu of a two-starred restaurant is US$ 252 worldwide, the price for the same in Portugal is around US$ 217 (see Table 8).

Thus, these values are indicative of the great opportunity that exists in the Portuguese market, where one can enjoy a memorable dining experience at a reasonable price, comparing to same-category restaurants from other countries. (Chef's Pencil Staff 2021)

Top 10 most affordable countries to dine-out at a top-rated MICHELIN restaurant										
Ranking	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Country	Thailand	Ireland	South Korea	Taiwan	Portugal	Spain	Belgium	Austria	Netherlands	Germany
Tasting Menu (Average Price in USD)	$173	$212	$213	$213	$217	$218	$224	$230	$236	$247

Table 8- Most affordable countries to dine out at a top-rated MICHELIN restaurant

Source: (Chef's Pencil Staff 2021)

6.2.5 Opportunity Size

In order to assess whether there is an opportunity worth exploring in the MICHELIN restaurants market, it is important to study Portugal's market opportunity size.

First, it is important to notice that one must consider each MICHELIN Guide category's characteristics[6], as different factors influence the tableware purchase process depending on the category. To begin with this analysis, it is crucial to understand how many units of each tableware piece are usually bought by restaurants. On the conducted interviews to MICHELIN-starred restaurants, chefs, restaurant directors and managers (depending on who the person responsible for the tableware purchase decision is) were directly asked this question. Although answers varied mostly between a range of 15 to 40 units, a common specificity stood out. Opposite to traditional restaurants, where having a large number of units of each piece is the rule, fine dining restaurants only choose to keep the necessary number of units to satisfy the number of clients they serve each day. In fact, while traditional restaurants usually serve

[6] The Green Star category will not be considered in this analysis, as in Portugal's case the two restaurants awarded with this nomenclature are, simultaneously, MICHELIN-starred restaurants.

lunches and dinners with a very high client rotation that requires restaurants to always have a "spare plate", MICHELIN-starred restaurants most commonly only serve a single group of customers each lunch and dinner. Additionally, dinner is often the only time these restaurants serve. Thus, when it comes to the tableware purchasing process, each tableware piece is already bought in the amount that fits the restaurant's full capacity, considering its low rotation – hence why a smaller number of units is required. Considering the responses gathered in this category, an average of 39 units bought of each piece will be used for the following calculations. Regarding The Plate restaurants, a similar rationale might be considered. However, as this category includes a much larger number of restaurants, the group received more diverse answers. Although many operate the same way as MICHELIN-starred restaurants, others have a higher rotation of clients – which implies larger amounts of units bought. This was translated into a slightly higher average of units bought of each design, namely 42. Nonetheless, the biggest discrepancies the group could find were on the Bib Gourmand category. While some restaurants follow an identical approach as the other categories and opt for a smaller number of units bought of each piece (e.g. 25), others walk towards the reality of more traditional restaurants (e.g. 250). Accordingly, an average of 116 units bought of each design was taken into account.

After this, one must infer the expected number of pieces each restaurant will be willing to buy. By pieces one is referring to specific place setting pieces (e.g. soup bowls, gravy boat, etc.). To build this reasoning, the group questioned the importance of exclusivity for this type of restaurant. From the collected responses, it was concluded that owning a unique set of tableware is "very relevant" or "relevant" for approximately 38% of the MICHELIN-starred restaurants, 45% of The Plate restaurants and 80% of the Bib Gourmand restaurants. From the restaurants that considered this factor to be "relatively relevant, but not crucial" (namely 54% of the MICHELIN-starred restaurants and 18% of The Plate restaurants), it was mentioned various times how this would become a problem if the tableware became popular or if a restaurant nearby (in the same region) would purchase the same tableware selection. Therefore, the group considers that this preference will be reflected on the number of pieces bought from the Terra collection, as buying a lot of pieces would translate into a higher risk of having the same ones as other fine dining restaurants. In addition, when confronted with the question “In case you are a chef, do you firstly choose the tableware service and then idealise the plating, or vice versa?”, 24 out of 29 respondents claimed that they “idealise the plating first”. For instance, the Marketing Director of Kabuki Lisboa (from the “the Plate” category) affirmed the following: “The restaurant’s brand image is very much related to the way the plate is presented – for us, maintaining our personality unique is crucial and that is also transmitted through the plating”. Thus, it is natural that only a few designs from the Terra collection are a suitable fit for a restaurant – which ends up limiting the number of pieces bought from the same line. Finally, after discussing this matter with the Marketing Director of Costa Verde, the group got confirmation that, indeed, the number of purchased designs is expected to vary between 1 and 3. Therefore, as a result of all the insights collected both from the restaurants’ chefs and a Costa Verde representant, an average of two pieces bought will be considered for further calculations. Once one has estimations for both the number of units of each tableware piece usually bought by restaurants and of the number of pieces each restaurant is expected to buy, the opportunity size – considering a 100% penetration rate - can be estimated. This can be done by first multiplying the number of restaurants of each category for each of these two metrics, and finally summing up all the values: (7 x 39 x 2) + (26 x 39 x 2) + (35 x 116 x 2) + (100 x 42 x 2) =19,094. In summary, the group’s analysis suggests an opportunity size for the Terra collection of 19,094 units to be sold.

	2 Stars	1 Star	Bib Gourmand	The Plate	Total
Number of restaurants	7	26	35	100	168
Units of each tableware piece usually bought (on average)	39	39	116	42	
Number of pieces each restaurant is expected to buy	2	2	2	2	**Total**
Opportunity Size	546	2028	8120	8400	19094

Table 9 - Portugal's opportunity size (at full capacity and in terms of units sold)

Source: Own analysis

7. Terra Collection's Objective

7.1 Costa Verde's Perspective

In order to have a better understanding of the collection and gain useful insights about its strategy of implementation, interviews with representatives of different departments of Costa Verde were conducted. These interviews allowed an enriched perspective, as it was possible to gather information regarding the overall goal of the collection and the opinions about it inside the company. The interviewees were Paulo Pinto, the Marketing Director, Carlos Teixeira, President of the Administration Council, Martinho Gonçalves, Production Director, and Agostinho Silva, Chief of the Commercial Services.

In fact, all departments inside the company agree that this collection is the most disruptive Costa Verde has ever produced and that it is the starting point for entering the fine dining market while elevating and boosting the brand. It is evident that the company should work as a unified team in all fronts to be able to deliver the best results. The perceived image of Costa Verde, that usually produces in scale, will change to be seen as a company that is able to innovate and have audacious collections in the future, along with the work of the IDI department – said Martinho Gonçalves, the Production Director. Also, according to Paulo Pinto, the success of the collection will be based in the push of the brand and the brand awareness it generates. Costa Verde has the potential to be served at the best restaurants in the world, however, the only barrier is the fact that higher-end restaurants still do not consider the brand for their purchases.

As mentioned by Carlos Teixeira, nowadays consumers are looking for experiences, and the gastronomic visit to a fine dining restaurant is no exception. Furthermore, the President of the Administration Council stated that the sustainability factor of the collection is extremely important, as customers search for unique pieces that are made according to their values and beliefs. So, the fact that the pieces are carefully produced, almost as in the traditional pottery, is a key point. It is also clear inside the company that if they are able to enter correctly in the market, this will be the first of many opportunities to come in the fine dining market. In fact, Costa Verde hopes to keep adding more pieces to the collection each year, in collaboration with different chefs every time. Additionally, Agostinho Silva, the Chief of the Commercial Services, reinforced that although the main objective of the Terra collection is not to increase profits at its core, Costa Verde still desires and expects to have a high commercial return.

All in all, the expectation of all departments of Costa Verde is aligned and relies on the fact that this collection will elevate the brand, as it was produced by a designer with a great reputation and in collaboration with the two MICHELIN chefs – and works as an entry point into the fine dining market.

7.2 Business Proposition Hypotheses

In order to successfully market the Terra collection, Costa Verde must be aware of the different factors that play in the choice of tableware for the various fine dining restaurants and how they might require a different market approach. Having a clear understanding of how this market works will allow for defining a suitable strategy to leverage Terra and with that attain Costa Verde’s goal of elevating its brand. Before jumping into some of the possible paths to reach this goal, it is important to first understand what is intended by the expression “elevating the brand”. At its core, this expression is connected with the concept of brand equity, which simply put can be thought of as a brand’s worth or value. Although measuring a brand’s equity can be extremely challenging, Kapferer and Bastien (2012, 127) have stated in one of their most notable books – The Luxury Strategy –, that to deal with this issue, companies often ask four different parameters: awareness of the brand, level of consideration ("Would you consider purchasing this brand next time?"), behaviour ("Have you ever purchased this brand?"), and the brand's ability to create fanatics. Hence, Costa Verde aims to positively impact these four brand equity dimensions with the launch of the Terra collection in the fine dining market. Having this in mind, the following three hypotheses were elaborated to represent distinct approaches to attaining the collection's commercial purpose of elevating Costa Verde.

7.2.1 Lower Exclusivity Hypothesis

The first hypothesis can be broadly characterised by the ease of access to most restaurants within the fine dining market, i.e., restaurants included in the MICHELIN Guide. Despite marketed toward these high-level establishments, there is not a clear, narrower target for any of the MICHELIN Guide categories. Therefore, this approach aims at achieving a uniform, non-discretionary adoption of the Terra collection by the largest scope of restaurants within this market. To this end, a widespread, multi-channel distribution strategy would be put into motion, through both online and offline channels, in order to deteriorate barriers to access. What is more, with this approach, direct selling to all clients would be neither feasible nor a need, given not only the large scope of the target but also the fact that most restaurants usually buy from distributors. When it comes to prices, Costa Verde would have to price this collection below other competitors in the fine dining market to encourage these restaurants' first purchase and, after that, possibly build a loyal customer base.

7.2.2 Medium Exclusivity Hypothesis

The second approach is characterised by a primary focus on restaurants with a higher purchasing power[7] - and therefore usually associated with a higher prestige -, intended to

[7] This concept will be further explained in detail.

concede the Terra collection a certain sense of exclusivity. By being aimed at these restaurants, the Terra collection might bring out new brand associations for Costa Verde in the minds of the consumers related to superior quality and status, which ultimately will increase the desire for the brand. Nonetheless, this approach does not intend to restrict access to the collection for "lower-end" restaurant categories within the fine dining market - for instance, some Bib Gourmand restaurants -, but instead to differentiate the way of access to the collection of higher and lower purchasing power restaurants. As concluded in the conducted market research, for all MICHELIN Guide restaurants, there is a clear preference for direct contact with the brand, especially when purchasing from a brand for the first time. Given the clear prioritisation of this type of restaurants, direct selling should be the main go-to approach to the primary target, either with online or offline channels (preferably in person, through a brand representative). On the other hand, distributors should be considered when selling to the remaining MICHELIN Guide restaurants. The pricing established under this approach must balance the sense of exclusivity aimed at the Terra collection, as well as the fact that this is the first attempt of Costa Verde to penetrate this specific market. Hence, it would be advisable to define a price point that is similar (or slightly below) to the main competitors' in the fine dining market.

7.2.3 High Exclusivity Hypothesis

The last approach is characterised by a full focus on the restaurants with higher purchasing power, aiming at approaching the market with a luxury positioning strategy that exalts the exquisite craftsmanship, the exceptional quality of the materials, and also the aesthetics in the unique design of the Terra collection. Directing all marketing efforts towards this narrow target will build on a sense of high exclusivity, which can be further manipulated by constraining the accessibility to the collection in the market. This will be done in two ways: by limiting the distribution of the collection and by setting a high price level, allowing Costa Verde to have better control over who is buying the collection. More specifically, the brand should have full control over the distribution of this collection in the fine dining market, and sales should be conducted through a brand representative. In this case, the brand's online channel must not be considered in terms of sales – only serving for displaying purposes -, so that proximity to the clients is a major focus and Costa Verde can better ensure a top-notch experience for them. The price, being one of the main waivers of quality to consumers, must also reflect the high exclusivity of the Terra collection. As the aim of this approach sits far from selling high volumes, the price point should be set independently of the main players in the fine dining market. When aligning the restricted access to the widespread awareness of the collection (achieved with a strong communications plan), Costa Verde will then be able to increase the desirability of its brand.

7.3 Objective and Conclusion

When considering the Lower Exclusivity hypothesis, there is an inherent intention to give up a more appealing margin in order to sell in higher volume. Consequently, it would be expected a wider adoption by a larger and more diverse scope of restaurants, given the ease of access to this collection - both in terms of distribution/availability and price range. However, trying to fit a diverse scope of restaurants within fine dining may cause the collection to lose its relevance in terms of elevating the Costa Verde brand. The probability of Terra being perceived as just "one more" collection in the market would be rather high, since this approach would not allow emphasising its strong and distinctive points, such as its unique design by Gifre and the sponsorship of renowned chefs. Moreover, the lack of exclusivity could be a major obstacle to selling to the “higher-end” restaurants, which often value the exclusivity of their tableware almost as much as the food they serve on it. Losing this category of customers would mean losing great potential in attributing value to the brand, since these restaurants are internationally recognised and would give a lot of exposure to the brand.

On the other side of the spectrum, the High Exclusivity hypothesis goes in the opposite direction and highlights all the attributes of the collection while nurturing its sense of exclusivity. Nevertheless, although the strict focus on “upper-end” restaurants might uplift the brand to a higher status, Costa Verde still lacks the required brand awareness and experience in the fine dining market to make this approach work. This is true since these restaurants first need to be able to recognise the value that Costa Verde places on the collection, since most of them still do not consider it a valid brand option for the fine dining market. To be successful in the implementation of this luxury positioning strategy, the brand needs therefore to first gain the credibility, desirability, and trust of the top restaurants, to justify the high price point.

Hence, the Medium Exclusivity hypothesis seems to be the most adequate and realistic for a first approach to the fine dining market. This approach ends up making the bridge between the two extremes mentioned above, joining together the positive aspects of each. Besides allowing for a more careful approach to “higher-end” restaurants of the MICHELIN Guide, it does not close doors to other fine dining restaurants that value having distinguished tableware and are willing to pay extra for it. Given that Terra is the first-ever Costa Verde collection launched in the fine dining market and that the brand is not a typical go-to choice of these high-end restaurants, it is crucial to start by creating an incentive that pushes these restaurants to try the brand and become familiar with it. Consequently, only after proving its value and building a solid customer base in this specific market could Costa Verde pursue a more exclusive, luxury position. Therefore, a not-so-aggressive approach will allow for a more gradual penetration into the market, with room for growth with the launch of new products after building relationships of trust and loyalty with these restaurants.

8. Integrated Marketing Communications Strategy

8.1.1 Introduction

In the recommended implementation strategy for Costa Verde, it is crucial to analyse the integrated marketing communications (IMC). These include marketer-originated messages that are placed in various media with the objective of establishing the desired position of the brand in the minds of the targeted customers. These messages aim at either advertise by making the buyer´s mind turn towards purchase (indirect action) or promote the brand in order to stimulate immediate purchase (direct action). Additionally, IMC uses all forms of communication that are relevant to the target audience and to which it might be receptive (Pelsmacker, Geuens, and Van den Bergh 2021, 5–6).

8.1.2 Marketing Communications Objectives

At the beginning of the plan, the overall objective Costa Verde aspires to achieve with the launch of this collection should be clear. In this case, the elevation of the brand´s image in the fine dining market. More specifically, the objectives this campaign hopes to complete with the communication strategy are mainly to increase brand awareness and to increase brand attitude. Even if the brand is quite known in the HORECA market, the former objective is still essential to enable the target audience to identify the brand in enough detail to purchase or use it. The latter objective is critical as there needs to be a reason to buy one brand over another. In fact, the brand attitude in the targeted segments is low or not significant, as the restaurants in the fine dining market have yet to find in Costa Verde the pieces they aspire to have in their tableware set, still not revealing very strong beliefs upon the brand. The attitude towards a brand is based on cognitions (beliefs), affect (feelings) and evaluation. It depends on what the target audience knows about the product or how it feels about the brand. As such, the objective of the Costa Verde with this communication should be to increase a positive brand attitude, that will facilitate the purchase of the collection by the targeted restaurants (Percy and Rosenbaum-Elliot 2021, 180–85).

For creating brand awareness, it is decisive to associate Costa Verde with the category of fine-dining tableware sets. Consequently, the name “Terra by Costa Verde” should be displayed in every piece of the collection and every advertising tactic, such as in the catalogues, magazines, flyers and posters in the events, email marketing and in all online platforms. For the brand attitude, the creative tactics should help persuade the customer that the brand is the best alternative to satisfy their needs. A positive brand attitude will help building relationships of trust and loyalty with the restaurants. Additionally, in this case, the purchasing of the collection requires a high involvement decision, due to the importance it has for the chef´s menus and the gastronomic experience they wish to provide, as well as the monetary expense it could represent, which will impact the creative marketing strategies Costa Verde should do.

8.1.3 Behavioural sequence model

In order to have a better understanding of the communication efforts that should be done, it is important to analyse the behavioral sequence model, which follows the stages of the customer´s decision making process. The need arousal for a new piece of tableware emerges to the chefs due to various reasons such as changes in the menu that require a new plate, a replacement of an old or outworn plate, the will to innovate the plating of a dish, or perhaps a special event. Then, at the time their interest is piqued, the chefs will start to identify possible brands as part of the brand consideration process. It is in this moment that the marketing communications of the company are most influential because the consumers will be looking for solutions through catalogues, magazines, social media, website and promotional campaigns. The contact of Costa Verde is mainly relevant at this stage by inviting the chefs to events, visiting their restaurants while showing the products privately. In the evaluation of the options, the customer must be able to find all the relevant information available about the products and in case of doubt the brand should provide them clarification. After purchasing the products and using them, the opinion of the customers about their experience with the brand is crucial to build recommendations and a positive word of mouth as well as repeated purchases.

8.1.4 Integrated Advertising

Advertising is an instrument of the marketing communications, used to inform and persuade people about a product, service or idea through different types of tactics (Pelsmacker, Geuens, and Van den Bergh 2021, 200). As such, the main goal of advertising is getting the collection to be known and considered by the target audience.

In order to present the new pieces and increase the brand awareness, the company should prioritise the use of exclusive events. Events are the appropriate way to showcase the collection in a more reserved environment and reinforce the exclusivity of the pieces. For example, Costa Verde could organise special dinners with ten different chefs, only from the primary target, where each one of them had to serve the food in one of the ten pieces of the collection. Another event could be a seminar organised by the company, with guest speakers, and revealing the collection to a broader audience, inviting other national and some international chefs. Additionally, Costa Verde could prepare another event, and invite the best 50 chefs of Portugal, from both target markets, as well as food critics and journalists to a dinner ceremony, where all the food would be served in the collection's pieces, generating a lot of attention to the brand.

In fact, the company has also been following this strategy. On the 5th of December of 2022 the four parties involved in the creation of the collection – Costa Verde, Henrique Sá Pessoa, Koschina and Griffe – invited the best 30 chefs of Portugal for an exclusive event at the atelier of Henrique Sá Pessoa for the launch of the collection. It is relevant to mention that the chefs invited were not exclusively chefs working on MICHELIN starred restaurants. This goes according to the proposed strategy of targeting the segments based on a higher purchasing power and associated with greater prestige, however, not excluding restaurants that still have the willingness to buy these products and the purchasing power to do so. This event also enabled a contact with new chefs that the company still did not know.

Besides, Costa Verde should always look for special occasions throughout the year where it can mark its presence. For example, in the beginning of July the Foodtopia International Food Festival takes place and last year more than 50 chefs were present, 13 from MICHELIN star restaurants. The objective of the festival is to introduce new chefs, nonetheless, it is a great opportunity to showcase the collections of Costa Verde in an environment where the most important decision makers in the business will be present. Furthermore, on the 20th of October is the International Cook's Day, possibly a chance to gather a lot of recognised chefs in a celebrative event. Moreover, the international fairs, such as "Ambiente" are also a good vehicle for presenting the collection, however this tactic is already being used by Costa Verde and would be more appropriate when advertising in the international market.

Another type of advertising that can be used are the catalogues created by the company. In the cover the name "Elementum Collection" should be displayed. Inside the catalogue the pieces that already compose the "Terra" product line. Professional pictures of each product must be accompanied by a description of the design, measures and materials used. These catalogues should be distributed in the events and in the visits to the restaurants.

Additionally, the use of articles on recognised magazines could work not only as a credibility source but additionally boost the brand awareness. The company should make the effort to have issues in different magazines come out almost every month to keep its relevance across time and readers. The first article could be issued in the internationally famous magazine "Tableware International". In fact, Vista Alegre, one of Costa Verde's competitors, is following this strategy and also had an article called "Vista Alegre x Christian Lacroix" for the September/October issue (Tableware International 2022). The second one could be in the "INTER Magazine", which is made by professionals and a reference of gastronomy in Portugal. Other magazines where "Terra" could be highlighted are on "Time Out", and "Nit" magazines, since a lot of articles have been published about chefs.

All this advertising efforts will enable an increasing word of mouth about the brand in the fine dining market. In this kind of market, the privileged connections with the chefs are fundamental. Once Costa Verde gets to the pedestal of having one recognised chef using the products, it will open the door for others to equally wanting to use them. Not necessarily the same pieces, due to the importance given to exclusivity, but certainly other products from the same brand, either inside "Terra" product line or from others. In fact, some of the targeted chefs that have higher-end and awarded restaurants might still have lower-segmented restaurants, where alternative collections of Costa Verde could fit.

8.1.5 Integrated Promotion

The final element of the marketing mix is the promotion. Its main goal is the brand purchase intention, so, fundamentally, the immediate action of sales generation (Percy and Rosenbaum-Elliot 2021, 214). One of the promotion strategies that can be used is the direct marketing to the main targeted restaurants. This is related to the direct selling strategy. In fact, the approach will consist of having brand representatives visit the restaurants, look for potential buyers and establish the contact between them and Costa Verde, while increasing a positive brand attitude. These workers are essential for the pre-purchase moment, since they show the pieces personally to the chefs, answer their possible questions, disclose promotional prices and function as order takers. The visits should be done by Costa Verde`s sales team, since a lot of information about the particularities of the collection and the manufacturing process will be asked and all doubts should be explained to the clients. After the restaurants' decision to purchase the products, the sales specialists should keep their visits, in order to ensure the chefs are satisfied with the pieces and get their feedback and also update them about new launches. Given this close contact of the company with the clients, Costa Verde is able to guarantee the best possible treatment and have control over the pre- and post-purchase service. This will be the strategy used for the primary target, however, for the second target audience, only distributors will be considered. Furthermore, for the primary target of restaurants with higher purchasing power, the team could provide promotions, from 5% up to 20%, which vary according to the value of the purchase (check Appendix 18). This promotional tactic will work as an incentive for buying and will enhance the efforts done through direct marketing.

Additionally, the collaboration with new chefs each year for the creation of new lines is a great way to promote the collection and the new product lines inside it. These collaborations enable a wider reach of the brand, especially in the fine dining market. Finally, Costa Verde can give some sample pieces to the chefs, upon their visits, so that the products can be tried on. This will facilitate firstly the display of the pieces in the fine-dining restaurants of the chefs, secondly, the perception they have of the quality of the pieces and, thirdly, the desire of the chefs to acquire more pieces in the future, if the experience is positive. This promotion strategy will increase the brand attitude towards the brand.

8.1.6 Media Selection

Inside the communication strategy the media selection is crucial to achieve the goals of increasing brand awareness and brand attitude. On the website of the company, the "Elementum Collection" will be displayed in the online store tab, as a means to differentiate this collection from the others – "Costa Verde Collections", "Moods Collections" and "Gift Collections" – and separate the target audiences (Figure 12). When one clicks on this tab "Terra" will appear as a product line, where the pictures of each piece as well as their dimensions and characteristics will be shown. It is not possible for any regular customer to purchase this collection in the online store, so that a certain exclusivity is maintained. The design of this new page on the website should have a sophisticated outlook. The quality of the pictures should reflect the essence of the collection while revealing professionalism and enhancing the disruptiveness of the products. In the tab of "Professional Area" it is possible for the restaurants that have access to it to make a purchase. However, the prices are increased by 20%, so that even if Costa Verde is not restricting the pieces to all restaurants, the higher prices guarantee that only ones with higher purchasing power will be able to afford them.

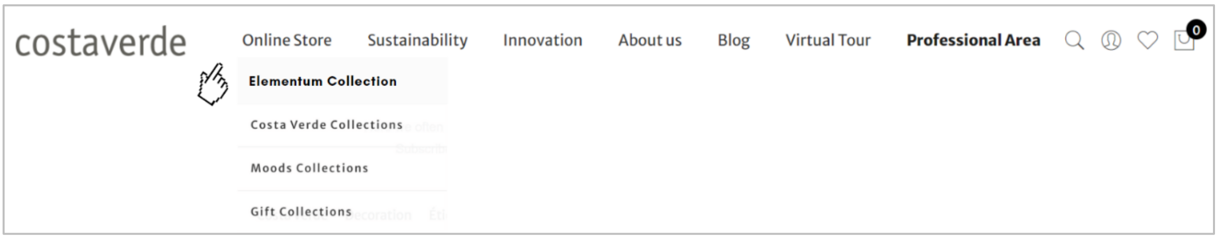


Figure 7 - Website Outlook

As for the social media, Costa Verde could have a more noticeable presence on Instagram. The company has 8701 followers as of December 2022 and could create various posts anticipating the campaign to engage customers and increase curiosity about the new collection. It might use stories and pulls to question followers about what they expect of the new pieces. Then, the first post should explain the origin, creation, and aim of the collection. The brand might post the pictures of all the pieces, as well, as photos of the chefs using them. Every time, hashtags such as #finedining, #elementumcollection, #terrabycostaverde must be used. Other interactive content could include reels from the events, or how the chefs make the platting of their dishes with the new pieces. An emphasis on sustainability should also be mentioned on the platform. The same strategy could be applied to Facebook, counting with 17,320 followers, where the content will be the same as in Instagram, although each platform users are slightly different. On LinkedIn the company has 5,223 followers and could make a publication explaining the development of the new collection. Even though, the main objective of LinkedIn is to have a more professional outlook of the company, Costa Verde can still use it to make posts related to the new collection and share the events happening.

Although the company does not have a very strong presence on Youtube, counting with only 91 subscribers, it could start using this platform to share several videos about the collection.

The first one could be about the creation of the collection, following the work of Gifre, showing the manufacturing process, and interviewing the chefs Henrique Sá Pessoa and Koschina, as well as people inside Costa Verde. The content of other videos could be about the events that the company has organised, showing the many chefs invited and with whom the collection has been shared. Also, videos of the chefs using the pieces in their own restaurants could be posted. Every time a new video comes out on the Youtube channel, the other social media platforms should make its announcement and provide a direct link to it.

Other forms of media such as email marketing would be used to share the launch of the new collections with a hyperlink that leads directly to the website of the company, as well as to invite people for the events that will take place. In fact, a few of the mentioned tactics are not exclusive to the Portuguese market, since some efforts such as photo & video content, magazines, social media, Youtube and catalogues have a positive impact not only in the national market but also internationally.

8.1.7 Timeline Of Marketing Efforts

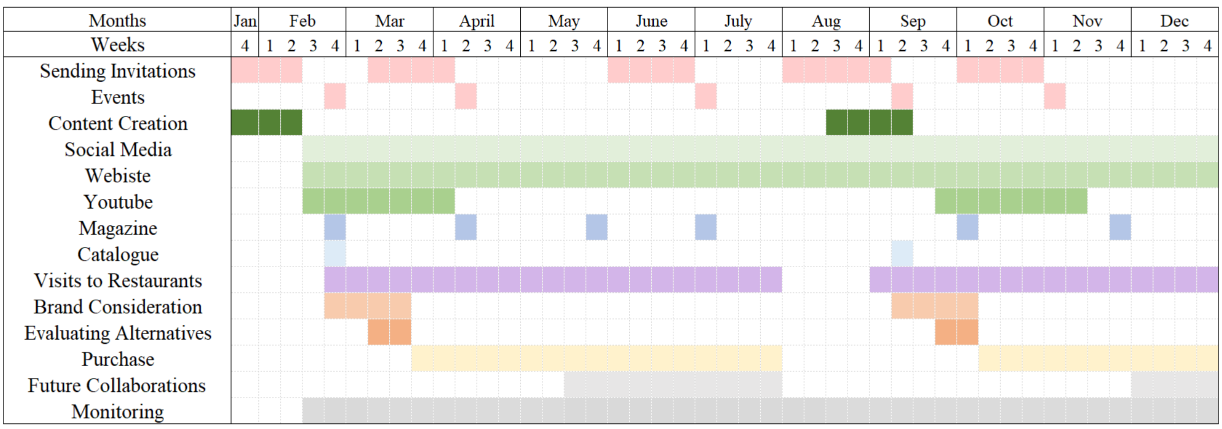


Figure 8 - Timeline of 1 year of the Marketing Efforts

According to figure 13, the company could start sending invitations already in the last week of January and during the first 2 weeks of February to the first event that will happen at the end of February. This will be the event with ten chefs, and due to this reason requires a proper organisation and confirmation from all the people involved. Still happening from the last week of January onwards are the preparations of the online marketing campaign, so the creation of photography and video content. As it was mentioned by the marketing director, Paulo Costa, it usually takes about one month to prepare the launch of these campaigns. As such, by mid-February the company could start an aggressive yet organised strategy on their social media platforms (Instagram, Facebook and LinkedIn). The high frequency of posts during that time would be crucial to create a strong brand awareness. The launch on the Website and YouTube should be simultaneous to all others, so that the collection is shown in various fronts and all information is available.

The other marketing efforts, such as the magazine articles will be published by the magazines almost every month. Similarly, the catalogue will approximately take five weeks to be ready, as all the content has to be organised and printed. However, the catalogue should be ready at the time of the events and visits to the restaurants. The latter is integrated in the direct marketing, which assures all the necessary information and service before and after purchase. Visits should start at the same time the need for the products arises in the consumers. The brand consideration will occur when the target audience already has available a lot of information and is acknowledging the brand as a possible choice. From this moment of consideration until the actual purchase, the consumers will evaluate their alternatives in about two weeks, so it is essential to keep the frequency of advertising techniques, reminding them of the brand. The biggest purchases will happen from end of March to July, when the brand awareness of Costa Verde has increased, and the chefs are planning new menus and looking forward to having everything settled for the summer.

Before the summer it is also urgent to start contacting chefs for future collaborations of new lines. Since the first marketing efforts, it is relevant to start checking the evaluation metrics and tracking their impact. Finally, as Costa Verde’s factory is closed in August, after the summer a similar approach should be reimplemented, especially if new collaborations have emerged. However, some of the marketing efforts should be continued overtime.

8.1.8 Campaign Budget

Costa Verde has set a budget of €100,000 for the year regarding the marketing efforts. As such, the budget for the "Terra" campaign will be based on this value and included in it. The result of the allocation of the total budget to this specific campaign by item, resulted in a budget of 48% of the total value, as shown in Table 16. This is the most unique collection so far, entering a new market for the first time. If this collection is able to increase the overall brand awareness of Costa Verde and elevate the brand, it will benefit the other collections as well. Additionally, some of the efforts will have an impact in the international market as well, hence why the higher monetary effort. As it can be seen from the Figure 14 the category that will have a bigger percentage in the overall expenditure is the creation of "Photo & Video Content", considering this is the founding step of the campaign, requiring special attention. It will be used in all offline and online advertising and promotion activities, in the national and international market. In fact, €30,000 was the expected value for the production of content for all collections, according to Paulo Pinto, the marketing director. A value of €10,000 was considered for "Terra" in this category. Following, the "Events" are the second class where most of the budget will be spent, €9,900. These are one of the best vehicles to communicate the collection among the chefs, and the high number of events planned justifies the investment made. The "Promotion" will account for €9,000 as it includes the visits to the restaurants, travel costs, costs associated with the offer of pieces as sample gifts, promotional discounts, and post-purchase visits to the main target restaurants ensuring best quality service. The "Magazines" are incorporated as part of a budget of €5,200. As previously shown in the diagram, Costa Verde should intend to have issues about the collection come out in different magazines. Additionally, the creation of the catalogue and its printing will incur a cost of €5,000. The online efforts such as "Social Media & Youtube" and the “Webiste” have a lower percentage in the budget, since the company has already invested a lot in these platforms previously, compared to the other categories. At last, the monitoring will be essential to measure the success of the campaign, accounting for €2,500.

Marketing Efforts	Campaign Expenditure (€)	Overall Expenditure (€)
Photo & Video Content	10 000	30 000
Events	9 900	20 000
Magazine	5 200	10 000
Social Media & Youtube	3 900	40 000
Website	2 500	
Catalogue	5 000	
Promotion	9000	
Monitoring	2 500	
Total	48 000	100 000

Table 10 - Campaign Expenditure versus Overall Expenditure

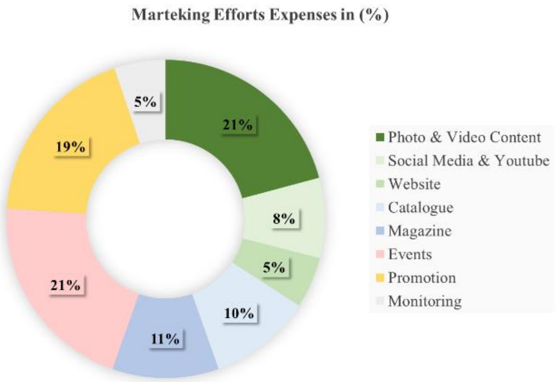


Figure 9 – Marketing Efforts Expenses

8.1.9 Campaign Tracking and Evaluation

To evaluate the performance of the campaign and the communication used, it is important to use Key Performance Indicators (KPIs), which are metrics that enable the measurement of these efforts. Besides KPIs, there are also some platforms that can be used: Google Analytics – which is a system used to optimise marketing campaigns – and Client Relationship Management (CRM) a tool that tracks the stages of the company-client relationship. CRM provides reliable and easy to evaluate data and aims to improve profitability by maximising every client interaction. (Churkina 2022) The “social media reach” and “engagement” can be seen by the number of likes, shares, reach, use of hashtags, number of pictures shared, and number of followers gained. When the company has a professional account on Instagram, these statistics are provided. For Youtube it is possible to look for the number of views, comments, shares, and new subscribers. For email marketing the “delivery rates”, “open rates” and “click through rate” should be checked. It is imperative that once a customer opens the email, its content is relevant for the target audience, and that the call to action is clear. The landing page should continue the message intended by the email. CRM permits personalising each email according to users` geography and needs. On the website, Costa Verde can see the “website traffic”. This includes the number of accounts created, and also the number of people visiting the website, the time spent in it, the number of people who added products to the basket and number of purchases actually made. Since the website is the only online place where purchases can happen, it reveals the “purchasing conversion rate”. Additionally, Google Analytics reveals the target audience´s reach and characterises it in terms of demographics, behaviour, and mobile devices. In addition, the use of market studies is favourable to evaluate present tendencies and future opportunities. Regarding the advertising efforts, the number of magazines sold, where Costa Verde had an article, show how many people were reached. The number of new collaborations and visits to restaurants reveal the extend of the promotional methods. Finally, the sales growth presents the overall performance of the campaign in terms of pieces of the new collection actually sold. At the end of this analysis, Costa Verde should be able to see and evaluate which marketing effort resulted in the best outcome and which lagged behind. Then, it should make changes accordingly, in order to maximise the potential of campaigns.

In conclusion, the suggested communication strategy should increase the brand awareness and brand attitude of Costa Verde. The advertising tactics must include events, magazines, catalogues, and a positive word of mouth. The online efforts might use social media, Youtube and the official website. The promotion should incorporate the direct marketing of the collection while visiting the restaurants, the promotional discounts, collaborations with chefs as well as gifting samples. The company should give special attention to the categories that require a higher monetary value in the budget and measure the progress of the campaign with the use of KPIs, Google Analytics and CRM tools, so as to maximize success.

9. Financial Analysis and Contingency Plan

A crucial topic in the suggested strategy is the analysis of the financial results of this collection, for the next five years - to find out whether it will be beneficial or not to the company, depending on the Net Present Value (NPV) of the project and anticipated revenues/profits.

Expected Scenario					
	2023	**2024**	**2025**	**2026**	**2027**
Targeted Opportunity Size (in units)	10 244	10 654	11 080	11 524	11 985
Expected Penetration (in units)	5 635	5 860	6 094	6 339	6 592
Average Price	19.75	19.75	19.75	19.75	19.75
Revenues	111 291.25	115 726.47	120 355.53	125 195.25	130 187.06
Average Unitary Cost	12.91	12.91	12.91	12.91	12.91
COGS	72 747.85	75 647.02	78 672.90	81 836.49	85 099.49
Rebates and Discounts	1 669.37	1 735.90	1 805.33	1 877.93	1 952.81
Gross Profit	36 874.03	38 343.55	39 877.29	41 480.83	43 134.76
Marketing Costs	33 600.00	14 000.00	7 000.00	7 000.00	5 600.00
Legal Costs	850.00	0.00	0.00	0.00	0.00
Allocation of Personnel`s Salaries	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00
EBIT	-17 575.97	4 343.55	12 877.29	14 480.83	17 534.76
Tax Payable	-3 690.95	912.15	2 704.23	3 040.97	3 682.30
OCF	-13 885.02	3 431.40	10 173.06	11 439.86	13 852.46
Inventory	6 062.32	6 303.92	6 556.08	6 819.71	7 091.62
Net Working Capital	9 274.27	9 643.87	10 029.63	10 432.94	10 848.92
Difference in NWC	-9 274.27	-369.60	-385.75	-403.31	-415.98
ICF	-9 274.27	-369.60	-385.75	-403.31	-415.98
FCF	-23 159.29	3 061.80	9 787.30	11 036.55	13 436.48
Discounted Rate	0.07	0.07	0.07	0.07	0.07
Present Value	-21 600.59	2 663.53	7 941.17	8 352.08	9 483.91
NPV			**6 840.10**		

Table 11 - Expected Financial Results (values in Euros)

The group has decided to consider the targeted segment “Higher Purchasing Power” with an opportunity size of 4620 units, and the segment “Medium Purchasing Power” with an opportunity size of 5624 units. Until 2027, it was considered that the opportunity size would increase 5% each year, since it is expected that new restaurants will be added to the MICHELIN Guide and, therefore, new potential customers will be joined to the targeted segment. From the overall opportunity, it was assumed that the penetration rate for the primary target would be 60% and for the secondary target would be 50%, resulting in an average penetration rate of 55%. Then, the expected number of units sold could be computed. The penetration rate is assumed to remain the same over the years, as it will be progressively more difficult to capture a higher rate in an ever-growing market. With the previously mentioned average price of

€19.75, the revenues that can be generated are computed multiplying this price by the expected penetration. The same reasoning applies when computing the cost of goods sold (COGS), as the unitary average cost of €12.90 is multiplied by the expected penetration. Over the years, one can observe that the revenues are expected to be progressively greater than the COGS, hence why the gross profit increases throughout the considered period.

To represent the impact of commercial advantages on profit (Rebates and Discounts) applied only to the primary target, one estimated a weighted average of the two mostly expected applied discounts (5% and 10%), attributing a weight to the expected likelihood of the 5% discount of 0.7 and of the remaining 0.3 to 10%. Thus, one multiplied the obtained value of 6.5% by the expected revenue generated by half of that target (assuming that only half of these customers purchased enough to benefit of the commercial advantages).

As many marketing efforts reach not only the national market, but also the international one, the previously stated value of €48,000 for the marketing campaign budget should not be considered exclusively as an expense directed to the Portuguese market. Therefore, it was assumed that only 70% of the initial €48,000 would be taken into account in the financial analysis. From all the marketing efforts, only the events, the promotion (which includes the visits to restaurants) are limited to Portugal, accounting for a value €18,900. The other expenses such as photo & video content, magazines, social media & YouTube, catalogues, and monitoring concern efforts that will also have an impact internationally. Given that the first years of the campaign are the most fundamental to achieve the proposed objective, this is where the biggest marketing investment will be made. Over the years, these costs are assumed to decrease for this campaign specifically, as Costa Verde will most likely produce new collections and, thus, redirect the monetary efforts towards them. In the first year, the legal costs represent the legal action of registering the name of the product line in the national and international market – for which the value of the European Union trademark was considered

(European Union Intellectual Property Office 2022). Furthermore, it is important to note that the sales team that will be partially dedicated to Terra will not be paid more, but rather designate their time to new tasks, while still doing old ones – which represents an opportunity cost for Costa Verde. However, the cost of not doing certain tasks to work in this project could not be quantified, as this team's contribution return is very abstract, and the group did not have enough information to do an estimation. For this reason, an assumption on the time dedicated to this collection of 25% was made and these workers' salaries were assumed to be proportional to their working hours (while the other 75% of the salaries and time will be covered by the other collections). As a way of overcoming the abovementioned obstacle, 25% of their yearly salary was considered a proxy of the opportunity cost. By multiplying the yearly salary of each worker by the number of workers needed and by the percentage of time dedicated to this collection, a result of €20,000 was obtained (€20,000[8] * 4 workers * 25%). After subtracting these costs from the initial gross profit, one gets the earnings before interest and taxes (EBIT). In Portugal, the Corporate Income Tax (IRC) is of 21% (ePortugal 2022). This value must be deducted, resulting in the Operating Cash Flow (OCF).

Additionally, it was assumed that the inventory of the company would include stock of one month. The formula of Net Working Capital (NWC) is made of the sum of the accounts receivables and the inventory net of the accounts payable. The company takes one month to pay back to its suppliers, and the distributors and buyers take the same amount of time to pay to Costa Verde. As such, the value used consisted of Revenues*(1/12) + Inventory*(1/12) – COGS*(1/12). The difference in NWC represents how much the company has invested from one year to other.

The Investment Cash Flow (ICF) is the sum of the capital expenditures (CAPEX) and the difference in NWC. In this case, as there is no additional investment for the project regarding

[8] This value was assumed by the group.

CAPEX, the ICF is the same as the difference in NWC. In its turn, the Free Cash Flow (FCF) present value is obtained by the sum of the OCF and ICF, followed by its discount. The discount rate should be computed using the weighted average cost of capital $WACC = (D \,/\, D + E\,)rD$ (1 – t) + ($E\,/D + E$)rE. Since the project will be funded using equity instead of debt, D = 0 and the cost of equity (rE) is the only value necessary to calculate the discount rate. In order to get the risk-free rate for Portugal, the 10-year bond yield was used, which is 2.716%, accordingly to Investing UK (Investing 2022). Additionally, after analysing the risk premium over the years in Portugal, a value of 4.5% was considered - which represents the percentage required by investors as a compensation for their investment in a risky business. Considering the described assumptions, the discount rate was 7.216%, which was used to discount the FCF of each year. Finally, the NPV is the sum of these discounted values. Overall, the NPV for this project over the next five years is positive, which indicates it is worth to invest in this collection. Nonetheless, given that Costa Verde's biggest revenues come from international markets, the NPV is not representative of the whole project potential.

In summary, by year five, this collection will generate €130,187.06 in revenues and €13,852.46 in profits (i.e. 10.6% margin) – adding 1.3% to the 2021 company's turnover. As for the NPV, it is a positive and appealing value of €6840.10 for the analysed period[9].

No business is immune to the impact of external events - such as a pandemic, a recession, a natural disaster or even a war - that bring risks to its financial wealth. Therefore, contingency planning will be important to help prepare ahead of time for the impact of such events, by using predictive models to manage risk and ensure the continuity of business operations (Prime Financial 2022). Given the current political and economic context, two scenarios were considered for Costa Verde's contingency plan: a recession and the escalation of energy costs

[9] The online sales made through the website, have not been considered for the financial results due to the very residual value they represent in the national market.

as a result of the war in Ukraine. The first scenario was considered given the current context of economic vulnerability in the Euro area, marked by low economic growth - further exacerbated by the energy crisis. Indeed, according to the president of the European Central Bank's Supervisory Board, the possibility of a recession should not be ruled out (Lusa 2022). To fight the rising price levels, the ECB has been raising the interest rates in order to achieve a return of inflation to its 2% target (European Central Bank 2022). Shall these policies go on, consumers and businesses will be affected with lower disposable income and will cut back on their expenditures. Consequently, Costa Verde could see the sales levels of Terra fall shorter than expected, as its clients and prospects postpone the purchase of crockery. To represent the impact of this scenario on the Portuguese market, an average market penetration rate of 40% instead of the initial 55% was considered for the whole period under analysis. All else constant, Costa Verde would be negatively impacted in terms of NPV (which would be pushed down to -€25,360.28) and profit level, which would be negative for one additional year than initially expected. To mitigate this scenario, Costa Verde could essentially put in motion two different measures to avoid the full weight of the measures being felt in only one parameter. Since customers will likely see a shrinkage of their purchasing power, increasing the average selling price to obtain greater margins would only probably further amplify the sales drop. Unless there is strong evidence that a small price cut will significantly impact sales recovery, the price must remain unchanged for the sake of the premiumisation strategy. Therefore, Costa Verde should focus mainly on constraining marketing costs and reducing the size of the sales team. Hence, a cut on marketing expenses for the whole period can be considered, ideally not above 20%. Furthermore, as lower sales are expected, Costa Verde can also adjust the size of its sales team by reducing it to three members. With these measures, although the NPV is expected to improve slightly, the value remains negative. On the other hand, profit levels only remain negative in the first year (Appendix 19). Overall, this scenario can be classified as very risky, considering the high probability of happening in the near future and all the efforts it will imply from a financial point of view.

For the second scenario, the escalation of energy prices was considered. Europe has been historically reliant on energy imports from Russia and, ever since the Russian invasion of Ukraine, the price of electricity - which is tied to the price of natural gas - has hit unprecedented values (Reed 2022). As the political context with Russia continues to be unstable, the possibility of electricity prices remaining volatile is somewhat high, despite measures already taken by the European Commission to address the energy crisis (European Commission 2022). Therefore, businesses, especially manufacturers that require high levels of energy consumption, such as Costa Verde, must prepare ahead for how to deal with this situation. To reflect the greater energy (overhead) costs on the business's financial results, an increase of 10% in the unitary production costs was considered over the first two years and, in the remaining years, an increase of 5% in the initially expected unitary cost. This change immediately implied a negative impact on the net present value, driving it to -€11,059.23, and on profit levels. However, Costa Verde could diminish the effect of this unexpected event by slightly raising the average price to €19.85 - enough to alleviate the cost without compromising the accommodation of the secondary target's needs. Additionally, some adjustments to marketing costs (a decrease of 10%) can also be done so as not to overburden the previous measure (see Appendix 20 for the overall financial results). All in all, this scenario can be qualified as risky, since it holds a high probability of occurring and a high uncertainty when it comes to the percentage increase in costs and its duration.

10. Thesis Limitations

Although the group deeply enjoyed this project, there were a few aspects that limited the depth of the conducted analyses. The fine dining market is very exclusive and access to information is very restricted. Very little information could be found online in regard to the market dimension, and none could be found concerning preferences and the purchasing behaviour of fine dining restaurants. Therefore, the whole project was heavily depending on gathered information from the conducted market research. However, the group ended up only being able to contact approximately 17% of the Portuguese MICHELIN Guide restaurants – a very small representation of the whole Portuguese market. Even though the team made all the possible efforts to reach out to these restaurants, it often led to no conclusion – whether because there was no response, or the restaurants affirmed not having availability to help. Additionally, scheduled interviews were often cancelled or rescheduled, which difficulted the process of collecting insights from these restaurants. On the other hand, by also resourcing to an online questionnaire for a wider responses reach, there was more margin to misinterpretations that could be avoided through interviews. It is also relevant to note that due to the market's intrinsic characteristic of being restrictive and exclusive, restaurants often refused to share some of their inside information, such as the budget they allocate to the purchase of tableware or how much they are willing to pay for a plate. Hence, throughout the report various assumptions and estimates were made, especially in the Opportunity Size, Segmentation and Financial Analysis topics, as it was not possible to reach out to more restaurants. Furthermore, the fact that the project is focused on the Portuguese market compromised the group's decisions from the beginning – although it would not be possible to explore other markets with this detail level, as the market research would be extremely limited by the available resources. Being known as an export-oriented company, the international market is of the utmost importance for Costa Verde's sales and profits. By only focusing on the Portuguese market, which is, as previously mentioned, much smaller than most of the other European countries', the financial results of this launch do not look very promising – which is probably not close to reality, as a high financial return is expected from Costa Verde, despite this not being the company's main objective. Finally, although the group is extremely thankful to Costa Verde for all the support given and is aware of its members' heavy daily workload, due to the nature of this project a more frequent follow-up would have been beneficial, as well as receipt of more timely, concrete and detailed information when available.

11. Conclusion and Recommendations for the Future

Terra by Costa Verde recombines all the conditions to be a successful collection that will help elevate the Costa Verde brand. As Costa Verde will now be found in highly prestigious Portuguese MICHELIN Guide restaurants, it is believed that the impact of this launch will have significant impact on the company's visibility and perception as a more premium brand, which will directly affect sales from all the brand's collections. The company should continue investing on a personalised service for this type of restaurants, assuring that their level of satisfaction is the highest and that they become advocates of Costa Verde.

As for the future, Costa Verde should consider expanding its fine dining offer, taking advantage of its previous collaboration with Pere Gifre. New product lines could be created with a similar creative essence to Terra's, although with a new design concept and possibly new types of pieces that fit restaurants' needs. The firm should aim to maintain a close relationship with its customers, not closing doors to the possibility of collaborating with other chefs that might add value to this new collection. Additionally, Costa Verde should continue to invest on its social media platforms, which will contribute for a brand awareness increase, not only amongst restaurants, but also between final consumers. Although the company will have to make a lot of initial efforts in terms of investment, especially in marketing actions, the group is confident that it will all result in long-term benefits for Costa Verde's own brand.

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13. Appendix

Appendix 1. Answers to the questionnaire and interviews of the MICHELIN Guide restaurants by category

One MICHELIN Star
Esporão
William
Gusto
Eneko
Vistas
Bon Bon
Vista
A Ver Tavira
A Cozinha
Mesa de Lemos
Vila Foz
Largo do Paço (Casa da Calçada)
Pedro Lemos
Antiqvvm
G Restaurante
LAB
Al Sud
Cura
Fifty Seconds
Feitoria
100 Maneiras
Epur
Fortaleza do Guincho
Midori
Loco
Eleven

Two MICHELIN Star
Vila Joya
Ocean
Il Gallo d'Oro
The Yeatman
Casa de Chá de Boa Nova
Alma
Belcanto

Bib Gourmand
Avenida
O Marinheiro
Check-In Faro
Xtoria
Dom Joaquim
Arkhe
O Frade
Solar dos Nunes
O Parreirinha
Ó Balcão
A Bolota
Solar do Forcado
Casa Chef Victor Felisberto
Casinha Velha
Solar do Bacalhau
Marquês de Marialva
Taberna A Laranjinha
3 Pipos
O Típico
Dóri
Casa Mattos
Mário Luso
In Diferente
Machado
Le Babachris
Pedra Furada
Tasquinha da Linda
Brasa
Camelo
Carvalho
Tasca do Zé Tuga
O Javali
Casal da Penha
Avista
Vila do Peixe

The Plate
Raiva
Cantinho do Avillez - Porto
DOP
Euskalduna Studio
Elemento
Gruta
Le Monument
Almeja
Semea by Euskalduna
Oficina
Onze
O Paparico
Cafeína
Terra
Solar do Pescado
Castas e Pratos
Salão Nobre
Salpoente
O Moliceiro
Rei dos Leitões
Spaghetti notte
Casas do Bragal
Arcadas
Taberna d'Adélia
A Velha
Sabores d'Itália
Cisco
Tomba Lobos
Nortada
Mercearia Gadanha
Fogo
Go Juu
JNcQUOI
Taberna do Lopes
Tapisco

Grenache
Essencial
Páteo - Bairro do Avillez
Taberna - Bairro do Avillez
Ofício
Terroir
Prado
SÁLA de João Sá
Encanto
Suba
Tágide
Drogaria
Kanazawa
Casa da Dízima
Porto de Santa Maria
O Pastus
Naperõn
O Leão de Porches
Don Sebastião
Dos Artistas
Aladin Grill
Henrique Leis
Willie's
Al Quimia
Pequeno Mundo
Casa do Polvo Tasquinha
Alambique
2 Passos
Casa Velha
Armazém do Sal
The Dining Room
Villa Cipriani
Romando
Rio by Paulo André
S. Gião
O Marinheiro

34
Ferrugem
Hool
Dona Júlia
Turismo
Cruz Sobral
DOC
Cais da Villa
Rabelo
Louro
A Cavalheira
Açude
Petiscas
Don Garfo
O Convite
Tia Alice
Horta dos Brunos
O Talho
Kabuki Lisboa
Varanda
Plano
L'And Vineyards
Kappo
Mar do Inferno
Origens
Carvão Ryõri
Herdade dos Grous
Malhadinha Nova
Cantinho do Avillez - Cascais

Did not answer
Filled the questionnaire
Interviewed

Appendix 2. Interview Guide

<u>Section 1: Introductory questions</u>

1. What is your restaurant's name?
2. What is your position in this restaurant?

<u>Section 2: Open question</u>

3. The last time you bought tableware pieces for the restaurant, from which brand did you buy and why?

<u>Section 3: Consumer Decision Journey</u>

4. From what material is your tableware service made of? (Porcelain, stoneware, bone china,…)

5. When you buy tableware, do you buy a whole set, or do you only buy a few pieces?
6. How many types of pieces compose your tableware set? Which pieces are those? (e.g. gravy boat, soup plate,...)
7. What is the average number of units you buy of each piece?
8. (For chefs) Do you do you firstly choose the tableware service and then idealise the plating, or do you usually have an initial idea of the plating you want and try to find a set that matches your needs?
9. By how many brands is the tableware service composed of?
10. Do you have any exclusivity contract with a brand? If not, how much would you be willing to try different brands from the ones you already use?
11. With which frequency do you change the tableware service? What are the motives behind that change? (Reposition, changing the aspect of the restaurant, addition of different pieces to the currently used ones,…)
12. How do you get to know new collections? When you want to change or add pieces to your tableware service, how do you look for the options you have?
13. To whom are the orders made? (To the company itself or to a distributor)
14. Do you value the fact that the purchasing and order process is initially made in person with a representative of the company? And a distributor? Would you be comfortable with not having this contact?
15. Which 3 factors do you value the most when it comes to purchasing tableware? (ask about the ones that are not mentioned from this list: price, quality, resistance, design, weight, brand, exclusivity, speed of delivery, personalisation, stacking easiness, quality of the service material
16. How relevant is it to have a unique tableware set? If one of your competitors had pieces from the same collection, would that be a problem?

17. How much, on average, do you allocate yearly to the purchase of tableware? How much would you be willing to pay for one tableware piece?

Section 4: Image & Perception

18. If your ideal tableware service was a person, how would you describe it (e.g. behaviour, characteristics, looks)

Section 5: Brand Recall and Brand Recognition

19. Please indicate the companies you know that play in the tableware market
20. From these brands, which ones do you know or have heard of?

Appendix 3. Online Questionnaire Survey

Section 1: Introductory questions

1. What is your restaurant's name?
2. What is your position in this restaurant?

Section 2: Tableware Set Details

3. From what material is your tableware service made of?
    a. Porcelain
    b. Stoneware
    c. Bone china

d. Faiance
e. Other:

4. How many types of pieces compose the full set?
5. What type of pieces compose your set? (e.g. gravy boat, soup plate,...)
6. How many units, on average, do you have of each piece?

Section 3: Purchasing Process

Note: The questions regarding the Purchasing Process were separated into different sections, to allow for more spontaneous answers before the respondents were presented with more specific questions.

7. Who is involved/influences the choice of the tableware service?
8. Who is responsible for negotiating and for the actual purchase?
9. In case you are a chef, do you firstly choose the tableware service and then idealise the plating, or vice versa?
    a. I choose the set first
    b. I idealise the plating first

Section 4: Purchasing Process

10. How do you get to know the new collections available in the market?
    a. Catalogue
    b. Company’s website
    c. Contact made by the company
    d. Congresses
    e. Company’s social media
    f. Magazines
11. With which frequency do you change the whole set? Do you replace the current one by the same or a different one?

12. When changing the tableware service, you choose to:
    a. Buy every piece of a certain line
    b. Buy some pieces of a certain line
    c. Buy pieces from the same brand, but from different lines
    d. Buy pieces from different lines of different brands
13. Do you always buy from the same brand, or do you first analyse every option the market offers? In case you are loyal to a certain brand, which one is it?
14. In case you are loyal to a brand, would you be willing to choose from other one?
    a. Very unlikely
    b. Unlikely
    c. Indifferent
    d. Likely
    e. Very likely

<u>Section 5: Purchasing Process</u>

15. What is your preference regarding the ordering process?
    a. I prefer to have an initial in person contact, whether with a representative of the brand or a distributor
    b. I don’t find it necessary to have an initial in person contact to proceed with an order
16. What are the 3 factors you value the most when buying a tableware service?
17. How relevant is it to have a unique tableware set? If one of your competitors had pieces from the same collection, would that be a problem?
18. Do you value having a tableware service that was made in collaboration with an internationally known designer?
    a. Irrelevant

   b. Not very relevant
   c. Indifferent
   d. Relevant
   e. Very relevant

19. How much, on average, do you allocate yearly to the purchase of tableware? How much would you be willing to pay for one tableware piece?

<u>Section 6: Purchasing Process</u>

20. How much do you value these factors? (1 – Irrelevant, 2 – Not very relevant, 3 – Somewhat relevant, but not crucial, 4 – Relevant to 5 – Very Relevant)
   a. Price
   b. Quality
   c. Resistance
   d. Design
   e. Weight
   f. Brand
   g. Exclusivity
   h. Speed of Delivery
   i. Personalisation
   j. Stacking Easiness
   k. Quality of the Service
   l. Material

<u>Section 7: Image and Perception</u>

21. If your ideal tableware service was a person, how would you describe it (e.g. behaviour, characteristics, looks)

Section 8: Brand Awareness

22. Indicate brands that you know operate in the Portuguese or international tableware market

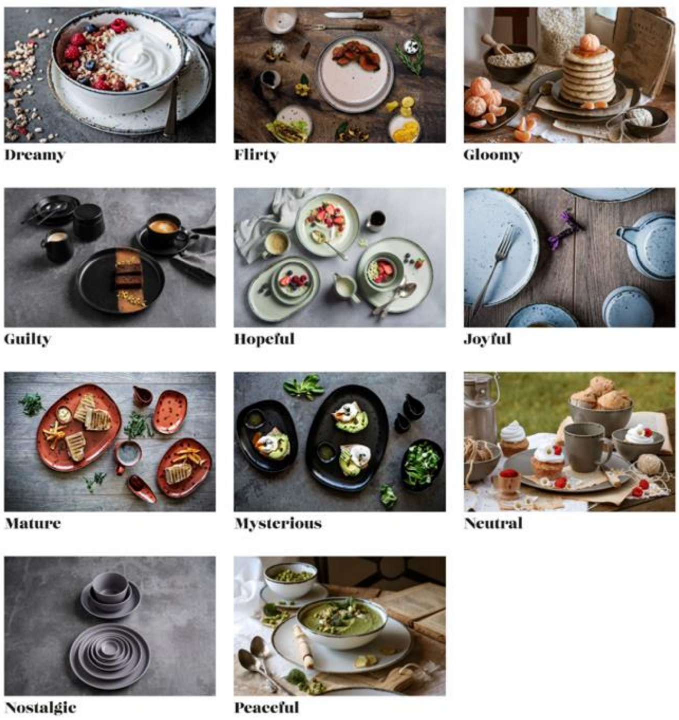
Section 9: Brand Awareness

23. From which of these brands do you at least know the name of?

    a. Vista Alegre
    b. Costa Verde
    c. Costa Nova
    d. SPAL
    e. Porcel
    f. Pordamsa
    g. Villeroy & Boch
    h. Meissen
    i. Rosenthal
    j. Churchill
    k. Bauscher
    l. Tafelstern
    m. Steelite
    n. Fiskars Group
    o. Dudson

Appendix 4. Overview of the Costa Verde collection

Appendix 5. Overview of the Moods Collection



Appendix 6. Costa Verde's sales to its shareholder-distributors and their respective weight, in values of 2019

Distributors	CV branded products		Third parties (coffee and retail brands)		Share of sales to distributors
Abel Santiago, Lda.	€	6 047			0.18%
Alves & Alves, Lda.	€	6 914			0.20%
Andrade & Andrade, Lda.	€	49 360	€	45 000	2.79%
César Castro, Lda.	€	94 918	€	37 000	3.90%
Guilherme Vitoria & Co Lda.	€	6 945			0.21%
Irmãos Peixoto, S.A.	€	321 158	€	368 000	20.40%
Jotelar-Equipamentos De Hotelaria	€	67 579	€	35 000	3.04%
Nortel Sul - Comércio De Equipamentos Hoteleiros, Lda.	€	802 409	€	72 000	25.88%
Nortel - Comércio De Equipamentos Hoteleiros, Lda	€	46 597	€	32 000	2.33%
Robalo - Utilidades Domésticas E Hoteleiras, S.A.	€	469 396	€	451 000	27.24%
Sociedade Comercial De Louças E Vidros, Abel Da Costa S.A.	€	36 924	€	16 000	1.57%
Américo Alves - Comércio Internacional S.A.	€	32 889	€	13 000	1.36%
A.M.Santos - Comércio De Vidros E Louças, Lda.	€	81 711	€	73 000	4.58%
Anitex-Larbrinca Import & Export, S.A.			€	46 736	1.38%
Adriano Bandeira, Lda.	€	19 033	€	19 000	1.13%
Portelotel, Lda.	€	49 643	€	45 000	2.80%
Palamenta - José Antunes, Lda.	€	9 469	€	20 000	0.87%
Multideias, Lda.	€	4 672			0.14%

Source: Data provided by Porcelanas da Costa Verde

Appendix 7. Costa Verde's Social Media Description

Facebook: @costaverdeporcelanas

Currently, with 16 000 followers and new content nearly every day, this is the brand's channel of choice to interact with its audience. Costa Verde's Facebook page is mainly used to make its followers aware of the brand's lines and collections, which are accompanied by a hyperlink to its online store. The brand also shares new posts from the website blog and events in which it participates. From September 6th, 2022, to October 6th, 2022, the brand made 16 posts with an average of 27 likes. It is also possible to find out client reviews and recommendations. In October 2022, the brand was rated 5 out of 5, according to the opinion of 44 different users. Furthermore, the page also provides a section dedicated to company contacts, including the phone number, email address, as well as a WhatsApp contact.

Instagram: @costaverdeporcelanas

Costa Verde's Instagram account follows a similar content strategy to Facebook, which with an almost daily posting frequency, mainly serves the purpose of sharing the brand's product portfolio by sharing pictures from the collections' catalogues. Apart from the usual pictures, it is also possible to find more interactive content, such as Reels with suggestions for presenting Costa Verde porcelain on the table, or Guides with posts from Instagram influencers and lifestyle bloggers using Costa Verde's porcelain. On October 8th, 2022, the Instagram page had 8,555 followers and 495 posts. From September 6th, 2022, to October 6th, 2022, the brand made 20 posts with an average of 62 likes, meaning that this is a channel that generates more interaction and engagement than Facebook, and should therefore be leveraged for brand promotion.

YouTube: Costa Verde Porcelanas, S.A.

Costa Verde is also present on YouTube, with a total of 52 videos published and 88 subscribers. This is the channel on which the brand relies less for communication purposes, and this can be seen in the publishing frequency of the videos. The channel has been on since December 2010 and its most viewed video was published 11 years ago, counting over 5,500 views. All the other videos posted show a much lower level of engagement, most of them with less than 500 views. The type of content shared on the videos includes the promotion of the brand's collections, institutional content, reports from television channels, and others.

LinkedIn: Porcelanas da Costa Verde SA - Oficial

Lastly, Costa Verde's LinkedIn account had 4,979 followers and 43 workers/collaborators on October 8th, 2022. This social media serves nearly the same purpose as Facebook and Instagram, with communication channelled to the promotion of the brand, instead of a focus on institutional and recruitment matters. In fact, its LinkedIn posts are predominantly reposted from its Facebook and Instagram accounts.

Appendix 8. Costa Verde at Ambiente 2019

Appendix 9. Costa Verde at HOST Milano 2017

Appendix 10. Costa Verde at Congresso dos Cozinheiros 2022

Appendix 11. Costa Verde's sponsorship in Chef of the Year 2020 contest

Appendix 12. Ceramic in the international market – global trends

As it can be seen in the following table, the biggest importers of ceramic products in the world, in 2021, were the USA, Germany, France and UK.

List of importers for the selected product					
Product: 69 Ceramic products					
Importers	**Imported value in 2017 USD**	**Imported value in 2018 USD**	**Imported value in 2019 USD**	**Imported value in 2020 USD**	**Imported value in 2021 USD**
World	45 810 563	49 987 503	49 003 221	45 937 201	60 348 769
United States of America	6 655 290	7 183 400	6 987 087	6 327 767	8 366 257
Germany	3 145 486	3 393 563	3 225 544	3 109 562	3 829 423
France	2 145 743	2 236 584	2 158 039	2 086 818	2 561 688
United Kingdom	1 750 864	1 823 538	1 931 280	1 670 373	2 206 198
Viet Nam	331 208	452 052	451 130	399 292	2 108 255
China	1 022 606	1 226 916	1 279 141	1 346 461	1 900 046
Korea, Republic of	1 597 455	1 712 538	1 637 124	1 512 558	1 817 823
Netherlands	767 253	938 756	947 033	1 028 754	1 343 810
Japan	1 179 873	1 244 099	1 220 261	1 126 433	1 305 778
Canada	1 072 482	1 093 790	1 046 224	978 480	1 267 823
Belgium	869 697	984 554	963 367	938 019	1 217 020
Poland	624 651	872 941	647 990	891 317	1 208 432
Russian Federation	868 467	973 453	933 037	932 231	1 155 330
Italy	954 951	1 070 838	1 058 010	853 389	1 145 737
Philippines	512 251	730 484	795 652	652 148	1 015 321

List of importers for Ceramic products (in thousand US dollars)

Source: (International Trade Center 2021d)

Regarding the list of Ceramic products imported by the biggest player in the market, the US, the first label corresponds to "Unglazed ceramic flags and paving", the second one to "Ceramic sinks, washbasins, bath, bidets, etc" and only the third one is occupied by "Tableware, kitchenware and other household articles".

List of products imported by the United States of America					
Detailed products in the following category: 69 Ceramic products					
Product Label	**Imported value in 2017 USD**	**Imported value in 2018 USD**	**Imported value in 2019 USD**	**Imported value in 2020 USD**	**Imported value in 2021 USD**
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes	2 087 464	2 149 063	2 009 630	1 874 598	2 306 554
Ceramic sinks, washbasins, washbasin pedestals, baths, bidets, water closet pans, flushing	1 184 755	1 351 067	1 385 461	1 387 451	1 738 334
Tableware, kitchenware, other household articles and toilet articles, of ceramics	980 343	1 107 651	1 129 565	975 192	1 428 130
Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs	803 059	870 631	807 606	726 178	984 753
Statuettes and other ornamental ceramic articles, n.e.s.	441 150	507 376	541 227	500 979	788 502
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china	441 317	437 346	398 475	248 868	344 646
Retorts, crucibles, mufflers, nozzles, plugs, supports, cupels, tubes, pipes, sheaths, rods	242 153	263 315	246 183	210 804	277 103
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods	244 007	251 438	246 624	203 933	233 752
Ceramic articles, n.e.s.	156 846	161 537	135 776	122 795	166 358
Ceramic building bricks, flooring blocks, support or filler tiles and the like	56 021	54 084	61 366	60 259	82 162
Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic	15 040	26 088	21 717	13 477	11 775
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals, e.g. kieselguhr, tripolite	2 091	2 191	2 453	2 547	3 106
Ceramic pipes, conduits, guttering and pipe fittings (excluding of siliceous fossil meals)	1 043	1 615	1 004	687	1 082
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes	0	0	0	0	0

List of Ceramic products imported by the USA

Source: (International Trade Center 2021g)

When talking about the overall market of importers of the world, the label for "Ceramic tableware, kitchenware and other household articles" comes even further down the list, in 4th.

List of imported products for the selected product					
Product: 69 Ceramic products					
Product Label	**Imported value in 2017, US Dollar thousand**	**Imported value in 2018, US Dollar thousand**	**Imported value in 2019, US Dollar thousand**	**Imported value in 2020, US Dollar thousand**	**Imported value in 2021, US Dollar thousand**
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes	15 079 219	16 581 830	15 938 181	15 782 196	20 815 134
Ceramic sinks, washbasins, washbasin pedestals, baths, bidets, water closet pans, flushing	5 645 955	6 219 029	6 409 967	6 369 339	8 989 203
Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs	5 372 354	6 114 323	5 998 907	5 457 807	7 120 274
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china	3 851 118	3 957 804	4 001 558	3 323 674	4 753 086
Tableware, kitchenware, other household articles and toilet articles, of ceramics	3 207 989	3 535 565	3 481 433	3 173 463	4 302 342
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods	3 530 931	4 581 920	4 409 994	3 670 703	4 181 242
Retorts, crucibles, mufflers, nozzles, plugs, supports, cupels, tubes, pipes, sheaths, rods	2 089 318	2 333 563	2 175 976	1 986 529	2 553 033
Ceramic articles, n.e.s.	1 428 221	1 531 874	1 499 187	1 556 820	2 261 548
Statuettes and other ornamental ceramic articles, n.e.s.	1 412 694	1 594 747	1 632 303	1 525 750	2 239 622
Ceramic building bricks, flooring blocks, support or filler tiles and the like	902 386	972 559	1 051 190	1 114 803	1 481 305
Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic	672 011	751 448	683 089	706 846	818 656
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals, e.g. kieselguhr, tripolite	208 354	272 233	330 701	234 021	231 489
Ceramic pipes, conduits, guttering and pipe fittings (excluding of siliceous fossil meals)	147 015	154 909	122 674	120 686	136 580
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes	1 878 049	1 120 973	1 003 978	709 749	115 671

List of imported Ceramic products worldwide

Source: (International Trade Center 2021c)

Regarding the biggest exporters of ceramic products, the country with the highest exported value in 2021 is China, followed by Italy, Spain and Germany. It is relevant to mention that the three countries that follow China in exported values are all European countries, with Portugal coming in the 13th position. Increase in demand for organic porcelain and contemporary style tableware, as well as the rise in the number of restaurants in the region are driving the market in Europe.

List of exporters for the selected product					
Product: 69 Ceramic products					
Exporters	**Exported value in 2017 USD**	**Exported value in 2018 USD**	**Exported value in 2019 USD**	**Exported value in 2020 USD**	**Exported value in 2021 USD**
World	53 278 629	58 602 497	60 050 067	58 703 688	72 346 506
China	19 997 449	22 369 944	25 119 909	25 113 297	30 695 409
Italy	5 448 895	5 639 738	5 311 829	5 276 935	6 429 404
Spain	3 606 869	3 863 870	3 778 173	3 938 269	5 150 524
Germany	3 664 030	4 127 718	4 130 881	3 689 172	4 392 013
India	1 242 013	1 520 500	1 819 321	1 999 113	2 314 625
United States of America	1 928 869	2 054 613	2 103 967	1 804 631	2 297 719
Japan	1 597 579	1 739 106	1 615 455	1 473 269	1 831 989
Türkiye	969 798	1 079 015	1 166 848	1 247 543	1 616 311
Mexico	1 275 554	1 308 196	1 284 363	1 181 821	1 493 034
Poland	1 173 069	1 335 790	1 022 220	1 045 702	1 316 015
Belgium	790 630	935 045	881 493	832 290	1 091 970
Netherlands	639 612	727 885	705 826	768 174	1 026 269
Portugal	805 659	933 195	792 364	756 598	959 659
Viet Nam	461 057	486 614	527 750	565 032	850 247
France	779 306	834 432	762 955	704 391	822 953

List of exporters for Ceramic product (in thousand US dollars)

Source: (International Trade Center 2021b)

The label for "Tableware, kitchenware and other household articles" is the second largest in the list of Ceramic products exported by China, the biggest player.

List of products exported by China					
Detailed products in the following category: 69 Ceramic products					
Product Label	**Exported value in 2017 USD**	**Exported value in 2018 USD**	**Exported value in 2019 USD**	**Exported value in 2020 USD**	**Exported value in 2021 USD**
Ceramic sinks, washbasins, washbasin pedestals, baths, bidets, water closet pans, flushing	4 493 350	5 878 022	7 781 572	8 755 043	9 852 016
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china	5 568 344	5 844 579	6 469 624	5 695 091	7 412 809
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes	4 581 729	4 436 260	4 535 127	4 110 919	4 085 282
Statuettes and other ornamental ceramic articles, n.e.s.	1 488 829	1 605 945	1 681 065	1 601 945	2 306 252
Ceramic articles, n.e.s.	590 883	658 109	831 665	1 291 350	2 071 553
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods	1 278 905	1 880 648	1 601 482	1 243 074	1 565 648
Ceramic building bricks, flooring blocks, support or filler tiles	688 149	531 177	647 175	879 978	1 351 220
Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs	529 568	654 350	669 457	635 738	941 498
Tableware, kitchenware, other household articles and toilet articles, of ceramics	434 137	492 723	476 140	505 381	652 301
Retorts, crucibles, mufflers, nozzles, plugs, supports, cupels, tubes, pipes, sheaths, rods	249 559	281 294	290 775	268 757	354 182
Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic	40 200	55 234	72 228	64 799	50 791
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals, e.g. kieselguhr, tripolite	39 055	37 240	48 956	48 058	31 773
Ceramic pipes, conduits, guttering and pipe fittings (excluding of siliceous fossil meals)	14 517	14 363	14 644	13 163	20 083
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes	224	0	0	0	0

List of Ceramic products exported by China

Source: (International Trade Center 2021f)

This can be explained by China's tradition and relation with ceramic, as well as the country's production capacity aligned with experience and quality. As for the rest of the world, the same label represents the third category with the highest value. All these results show that the exported value of ceramic products, mainly of tableware, has been increasing over the years. This can be seen as a positive indicator, as there seems to be a growing trend in this market.

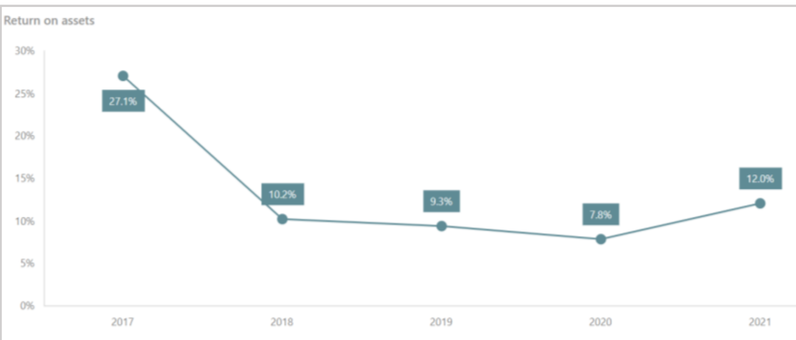
In general, the value of imports and exports decreased in 2020, due to the Covid-19 crisis. However, it is visible that the market is recovering and even growing more now when compared to before the pandemic (2019). As such, there is a reason to believe that there is a real opportunity in the ceramic market of tableware.

List of exported products for the selected product					
Product: 69 Ceramic products					
Product Label	**Exported value in 2017, US Dollar thousand**	**Exported value in 2018, US Dollar thousand**	**Exported value in 2019, US Dollar thousand**	**Exported value in 2020, US Dollar thousand**	**Exported value in 2021, US Dollar thousand**
Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes	16 880 876	17 964 380	17 396 857	17 487 504	20 785 079
Ceramic sinks, washbasins, washbasin pedestals, baths, bidets, water closet pans, flushing	8 098 435	9 837 855	11 596 428	12 460 794	14 329 703
Tableware, kitchenware, other household articles and toilet articles, of porcelain or china	7 519 066	7 863 854	8 438 801	7 326 501	9 451 427
Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs	5 886 359	6 533 443	6 625 945	5 812 705	7 438 706
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods	3 596 561	4 710 402	4 269 558	3 536 010	4 199 939
Ceramic articles, n.e.s.	1 731 859	1 921 461	2 102 131	2 520 285	3 703 770
Statuettes and other ornamental ceramic articles, n.e.s.	2 178 553	2 371 034	2 478 763	2 431 027	3 428 212
Tableware, kitchenware, other household articles and toilet articles, of ceramics	1 862 893	2 087 993	1 931 069	1 977 274	2 589 077
Ceramic building bricks, flooring blocks, support or filler tiles	1 429 140	1 397 705	1 472 130	1 755 742	2 420 081
Retorts, crucibles, mufflers, nozzles, plugs, supports, cupels, tubes, pipes, sheaths, rods	1 939 320	2 143 386	2 030 421	1 806 573	2 331 246
Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic	707 103	743 824	730 880	735 715	830 200
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals, e.g. kieselguhr, tripolite	163 006	173 176	199 608	181 177	195 308
Ceramic pipes, conduits, guttering and pipe fittings (excluding of siliceous fossil meals)	127 181	127 738	111 989	101 252	109 324
Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes	913 203	471 846	382 941	300 249	34 997

List of exported Ceramic products worldwide

Source: (International Trade Center 2021a)

Appendix 13. Return on Assets



Source: (Banco de Portugal 2021)

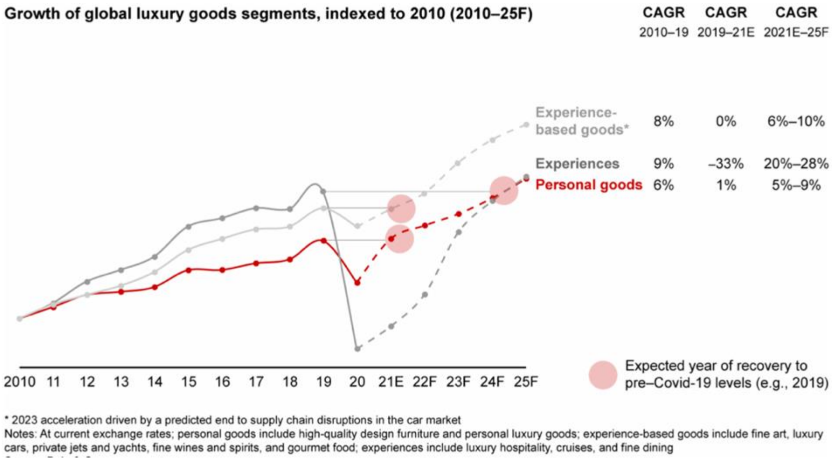
Appendix 14. Distribution of companies, people, sales, and service by location of headquarter

Distribution by location of the headquarter (%)	Number of companies			Number of people at the service			Sales and services		
Region (NUTS III)	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Alto Minho	1.21	1.20	0.89	0.63	0.71	0.60	0.29	0.35	0.29
Cávado	22.59	22.82	22.85	6.80	6.60	6.75	4.64	5.28	5.32
Ave	1.21	1.20	1.19	1.99	1.96	1.82	2.62	2.11	1.72
Área Metropolitana do Porto	5.72	5.11	5.34	3.62	3.53	3.61	3.52	3.80	3.48
Tâmega e Sousa	0.60	0.30	0.30	0.07	0.08	0.07	0.03	0.03	0.04
Douro	0.30	0.60	0.59	0.08	0.01	0.01	0.00	0.00	0.00
Oeste	17.47	17.12	17.51	0.09	18.85	19.46	12.78	13.65	14.29
Região de Aveiro	14.76	15.02	15.43	0.10	39.44	39.48	42.46	41.57	39.94
Região de Coimbra	4.82	5.71	5.64	0.11	3.16	3.34	1.64	2.18	2.21
Região de Leiria	11.15	10.51	10.09	0.12	16.11	16.50	27.27	23.59	25.34
Viseu Dão Lafões	1.51	1.80	1.78	0.13	2.93	2.55	1.61	1.75	1.21
Beira Baixa	0.60	0.60	0.59	0.14	0.24	0.14	0.06	0.09	0.13
Médio Tejo	0.60	0.30	0.30	0.15	1.29	1.34	0.79	0.65	1.01
Beiras e Serra da Estrela	0.60	0.60	0.30	0.16	0.06	0.06	0.04	0.02	0.03
Área Metropolitana de Lisboa	9.64	9.91	9.50	0.17	4.10	3.30	1.75	4.51	4.47
Lezíria do Tejo	1.21	1.20	1.19	0.18	0.43	0.53	0.28	0.29	0.30
Alentejo Central	3.31	3.30	3.56	0.19	0.26	0.17	0.08	0.05	0.06
Algarve	1.81	1.80	2.37	0.20	0.15	0.19	0.09	0.07	0.16
Região Autónoma dos Açores	0.60	0.60	0.30	0.21	0.08	0.08	0.03	0.01	0.01
Região Autónoma da Madeira	0.30	0.30	0.30	0.22	0.02	0.02	0.01	0.00	0.01

Source: (Banco de Portugal 2021)

Appendix 15: Costa Verde's Terra Collection

Appendix 16. Growth of global luxury goods segments, indexed to 2010 (2010-25F)



Source: (D'Arpizio et al. 2021)

Appendix 17. Green Star Category Deep Dive

Countries	Green Star (only)	Green Star + 3 Stars	Green Star + 2 Stars	Green Star + 1 Star	Green Star + Bib Gourmand	**Total**
Andorra	0	0	0	0	0	0
Austria	0	0	0	1	0	1
Belgium	4	0	2	4	0	10
Croatia	1	0	0	0	1	2
Czech Republic	0	0	0	0	0	0
Denmark	7	1	3	4	0	15
Estonia	2	0	0	0	0	2
Finland	1	0	0	2	1	4
France	17	7	13	45	3	85
Germany	24	1	6	12	18	61
Greece	0	0	1	1	0	2
Hungary	0	0	0	0	0	0
Iceland	0	0	0	1	0	1
Ireland	1	0	0	1	1	3
Italy	5	2	3	16	5	31
Luxembourg	0	0	0	1	0	1
Malta	0	0	0	0	0	0
Netherlands	4	1	2	3	1	11
Norway	7	1	0	1	1	10
Poland	0	0	0	0	0	0
Portugal	0	0	1	1	0	2
San Marino	0	0	0	0	0	0
Serbia	0	0	0	0	0	0
Slovenia	1	0	1	2	2	6
Spain	0	4	5	13	5	27
Sweden	2	0	2	6	1	11
Switzerland	8	2	0	9	10	29
Turkey	0	0	0	1	0	1
United Kingdom	18	1	3	4	0	26
Total	102	20	42	128	49	341

Source: Data retrieved from The MICHELIN Guide website Guide (https://guide.michelin.com)

Appendix 18: Promotional Discounts

Commercial Advantages	
Range of Purchase Values	**Applied discount**
€1 700 - €3 000	5%
€3 000 - €8 500	10%
€8 500 - €18 000	12,5%
€18 000 - €25 000	15%
> €25 000	20%

Appendix 19: Contingency plan's financial results for scenario 1 (values in euros)

Scenario 1: Recession					
	2023	**2024**	**2025**	**2026**	**2027**
Targeted Opportunity Size (in units)	10 244	10 654	11 080	11 524	11 985
Expected Penetration (in units)	4 098	4 262	4 432	4 610	4 794
Average Price	19.75	19.75	19.75	19.75	19.75
Revenues	80 927.60	84 164.70	87 531.29	91 039.60	94 681.50
Average Unitary Cost	12.91	12.91	12.91	12.91	12.91
COGS	52 900.02	55 016.02	57 216.66	59 509.94	61 890.54
Rebates and Discounts	1 213.91	1 262.47	1 312.97	1 365.59	1 420.22
Gross Profit	26 813.67	27 886.22	29 001.67	30 164.07	31 370.74
Marketing Costs	28 560.00	11 900.00	5 950.00	5 950.00	4 760.00
Legal Costs	850	0	0	0	0
Allocation of Personnel`s Salaries	15 000.00	15 000.00	15 000.00	15 000.00	15 000.00
EBIT	-17 596.33	986.22	8 051.67	9 214.07	11 610.74
Tax Payable	-3 695.23	207.11	1 690.85	1 934.95	2 438.25
OCF	-13 901.10	779.11	6 360.82	7 279.12	9 172.48
Inventory	4 408.33	4 584.67	4 768.05	4 959.16	5 157.55
NWC	6 743.97	7 013.73	7 294.27	7 586.63	7 890.13
Difference in NWC	-6 743.97	-269.76	-280.55	-292.36	-303.49
ICF	-6 743.97	-369.60	-385.75	-292.36	-303.49
FCF	-20 645.07	409.51	5 975.06	6 986.76	8 868.99
Discounted Rate	0.07216	0.07216	0.07216	0.07216	0.07216
Present Value	-19 255.58	356.24	4 848.01	5 287.34	6 260.03
NPV	**-2 503.97**				

Appendix 20: Contingency plan's financial results for scenario 2 (values in euros)

Scenario 2: Higher energy costs					
	2023	**2024**	**2025**	**2026**	**2027**
Targeted Opportunity Size (in units)	10 134	10 540	10 962	11 400	11 856
Expected Penetration (in units)	5 574	5 797	6 029	6 270	6 521
Average Price	19.85	19.85	19.85	19.85	19.85
Revenues	110 637.95	115 070.45	119 673.27	124 459.50	129 437.88
Average Unitary Cost	14.20	14.20	13.56	13.56	13.56
COGS	79 152.11	82 323.20	81 724.48	84 992.99	88 392.70
Rebates and Discounts	1 659.57	1 726.06	1 795.10	1 866.89	1 941.57
Gross Profit	29 826.26	31 021.20	36 153.69	37 599.62	39 103.61
Marketing Costs	30 240.00	12 600.00	6 300.00	6 300.00	5 040.00
Legal Costs	850.00	0.00	0.00	0.00	0.00
Allocation of Personnel`s Salaries	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00
EBIT	-21 263.74	-1 578.80	9 853.69	11 299.62	14 063.61
Tax Payable	-4 465.38	-331.55	2 069.27	2 372.92	2 953.36
OCF	-16 798.35	-1 247.25	7 784.41	8 926.70	11 110.25
Inventory	6 596.01	6 860.27	6 810.37	7 082.75	7 366.06
NWC	9 219.83	9 589.20	9 972.77	10 371.63	10 786.49
Difference in NWC	-9 219.83	-369.38	-383.57	-398.85	-414.86
ICF	-9 219.83	-369.60	-385.75	-398.85	-414.86
FCF	-26 018.18	-1 616.86	7 398.66	8 527.85	10 695.38
Discounted Rate	0.07216	0.07216	0.07216	0.07216	0.07216
Present Value	-24 267.07	-1 406.54	6 003.08	6 453.59	7 549.16
NPV	**-5 667.79**				