A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA - School of Business and Economics

How to Develop the Brand Monte da Ravasqueira in the Brazilian Market

Maria do Carmo Bello Guedes - MST15001016

A Project carried out under the supervision of:

Professor Vítor Centeno

ABSTRACT

This paper studies the development of the brand Monte da Ravasqueira, in the Brazilian market. A brief industry analysis, together with the evaluation of microfactors, was undertaken in order to define a positioning statement, which would suit this specific brand. In addition, three strategic options were suggested in order to enter this market, followed by a marketing and communication plan. To conclude, a financial forecast was undertaken in order to examine the potential of the project.

Key words

Old World Wines - Wines produced in the Western World in which modern winemaking styles developed. Countries for the Old World include, amongst others, Portugal, Spain, France and Romania.

New World Wines - Wines produced in countries such as Argentina, Chile, South Africa. The rationale being that these countries only started to produce wine from the fifteenth century, following European exploration.

Viti-Vinifera Wines - Wines produced with demarcated grapes for the production of wine.

CONTENTS

1. PURPOSE OF PROJECT

Monte da Ravasqueira is a wine producer located in the Alentejo, managed and run by Sociedade Agrícola D. Diniz, part of the José de Mello group. Ravasqueira not only gives its name to the estate, but also to three wines, which make up the "standard" category of the twelve wine portfolio range of the company.

The company has recently entered the Brazilian wine market through the export of nine different wine references. This is an emerging market in which wines are perceived as *the* drink for the most affluent. For the purpose of this project, the wines that shall be studied will be Monte da Ravasqueira Red, Rosé and White (Image 1, in the appendix)

Monte da Ravasqueira's aim is to become a bigger player in the international market and has recently began exporting its wines. In Brazil, Monte da Ravasqueira's importer is Vinci Importadora de Vinhos (Vinci), which is part of the Mistral group, currently the biggest and leading importer in the country. Vinci holds a portfolio of over 250 producers and more than 1500 wines, reaching a large audience.

We inhabit a wine experiencing world with widespread changes in consumer spending - both upwards and downwards - coupled with equally widespread producer cost increases, and a structural oversupply of wine of the order of 30 million hectolitres a year (Wine Intelligence, online). Against this background, one of the most critical issues facing wine producers is the investment balance - where to invest in International markets.

The aim of this work project is to develop the brand Monte da Ravasqueira, by developing a concise marketing and communication strategy. For this exercise it was necessary to deconstruct the Brazilian market and, most importantly, to understand the

Brazilian consumer so as to develop an appropriate strategy which will lead to long-term sales.

2. LITERATURE REVIEW

Driven by the intense interest in branding, academic researchers, such as Keller and Lehmann (2006), have explored a number of different brand-related topics in recent years. Keller and Lehmann's paper on "Brands and Branding: highlight what has been studied and learned from an academic perspective on important topics such as brand positioning, brand-equity measurement, brand growth and brand management.

For Westling (2001), building a brand in the wine industry is particularly difficult, yet necessary. In making a brand recognizable, and developing a relationship with consumers, the decision making process for wine purchases becomes simpler and more direct for the consumer. In order to break free from the plethora of wines many topics, such as differentiation and positioning, need to be addressed.

Further on, in the past few years, Brazil officially became a strategic market for Chile, Portugal and France. Evidence shows that, from 2001 to 2011, the amount of wine imported into Brazil rose increased 315% in the last ten years. Burgos (2012), goes on explaining that the reason for this boom is not only due to the development of their economy and higher wage levels - Brazilians are travelling abroad like never before, and there luxury market is booming. Qualitative research by ADEGA came up with insights into what is driving wine consumption, which include factors such as projecting wealth, and to feel better about themselves.

Considering that Brazil is one of the world's most dynamic emerging economies it has yet to receive a lot of attention from the wine industry. But, according to Graham Hotler (2012), recent Wine Intelligence research has revealed that now is the right time to get established in the small, but growing market. Although the wine trade in Brazil is experiencing modest growth there are signs that, in the bigger cities, wine drinking is becoming more popular. In São Paulo 69% of adults currently drink wine, and in Rio de Janeiro de proportion is 53%.

Studies by Euromonitor show that wine is expected to show good performance over the forecast period, growing 32% in total volume terms from 2010 to 2015. In addition, it is expected that the average unit price of wine, driven mainly by still light grape wine, will experience slight growth in constant value terms due to growing sales of high-end products driven by the sophistication of consumption among the Brazilian middle class.

3. INTRODUCTION

The optimistic outlook for imported wine in Brazil comes after many years of slow progress for international wine brands in one of the world's key emerging markets. The typical Brazilian is a *cachaça* and beer drinker, and wine remains the preserve of the affluent, especially those in São Paulo and Rio de Janeiro (Wine Intelligence). According to the Brazil Wine Market Landscape Report, Brazilians are now drinking imported wine at least twice a year, as they seek out new lifestyles that reflect their growing affluence.

Wine Intelligence Brazil correspondent and report editor Dirceu Junior states that "amid high levels of taxation, bureaucracy, immanent anti-fraud duty policies, Brazil is not a wine market without hurdles. Companies that invest their time, energy and resources in Brazil now and are able to understand consumer behaviour formulate the right strategy will be rewarded".

Brazil has a low per capita consumption rate of wine (2 litres per capita), with a narrow range of countries of origin and wine styles. Most importantly, wine is still aspirational, but familiarity with the category and thus confidence to choose is low. This is the opportunity to influence a new generation of wine drinkers.

4. INDUSTRY ANALYSIS

4.1 Wine Consumption Trends

The wine market in Brazil is divided into two categories: current wines, which are those wines that are not produced by *viti-vinifera* grapes, and fine wines, which is the category in which Monte da Ravasqueira falls into.

The total consumption of still light wine (in 9 litre cases) in Brazil in 2011 was 36,379.50, a 7.2 percentile growth when compared to 2010. By 2012, this figure is expected to have grown to 38,049.00. Figure 2, in the appendix, illustrate the total value of still light grapevine sales (R$ million) from 2006 to 2011.

Chilean wines continue to dominate the imported market, followed by Argentinean. Although Italian wines come third in the ranking, between 2010 and 2011 there was a small growth of 3.8% in sales, whereas Portugal, 4th in the ranking, had a 10.4% growth in the same period (IWSR, 2011).

Existing wine drinkers have been able to consume more and better quality wines mainly due to an increase in disposable income. Over 70% of volumes consumed are in São Paulo, Rio de Janeiro, Rio Grande do Sul and Parana.

4.2 Demographic Trends

Brazil has an estimated total population of 207, 716, 890, with a median age range of 29.3 years (just below the expected age of wine consumption) and has an estimated growth rate of 1.102%. The growth of the population underlines growth in the drinks market, as nearly 10m Brazilians have come onto the drinking age in recent years.

As previously stated, the consumption of wine is mainly concentrated in São Paulo and Rio de Janeiro, with the latter having a total population of 19.96 million people. According to IBRAVIN, 102 million litres of wine was commercialised in São Paulo in 2011.

4.3 Legal/Tax Regulations

As of 2008, all alcoholic beverages in Brazil, particularly those that are imported are highly regulated by the government. The import of alcohol faces a 20% duty, whereas wine faces a 27% (ITD, online). In general, despite the increase in taxes, bureaucracy and pressure from the local government and Brazilian's wine industry, imported wines continue to demonstrate strong volume growth, albeit at a reduced pace when compared to 2011 (IWSR, 2012).

4.4 Location

The bulk of wine sales are concentrated in the off-trade channel as a consequence of the high consumption of still table wine. 49% of all wine sold in Brazil is sold through exclusively off-trade establishments (Market Watch). Exclusively on-trade account for a further 16% of all wine sold, a figure matched by Internet and other direct sales, and a large proportion of the remaining of the market is sold predominantly through *Empórios* (19%), a hybrid segment with both on and off-trade. However, the majority of fine wine sales are predominantly sold through the on-trade channels, and current wine through the off-trade.

5. COMPETITOR ANALYSIS

The wine industry in Brazil is not only highly fragmented, but it is extremely competitive. Producers from around Europe have been coming into Brazil with the hope of increasing their exports, many to support their business at home. The wine market as a whole is growing immeasurably; Monte da Ravasqueira's competitors however, are the fine wine producers, which commercialize the more expensive and better quality wines, between R$ 40 - 120.

There is also the issue of the dispute between the "New World" versus "Old World" wine producers. Chilean wines (New World) continue to dominate the imported market, with an increase in volumes of 10%. While Sta Helena and Concha y Toro dominate the market in terms of volume, many other host competitors were able to increase their share. Argentinean wines (New World) slowed after a widespread price increase, whereas Italian wines (Old World), the third biggest importer, also failed to repeat their success in 2010. However, the strong cultural links continue to benefit Portuguese wines as they rapidly approach the million-case mark (IWSR, 2012).

Brazil has always represented a market of great opportunities for Portuguese industries, especially when it comes to wine. Figure 3 shows the ranking of the top 10 Portuguese wine producers in Brazil.

Monte da Ravasqueira's main competitors are not those who are at the top of the ranking, as such brands have been present in the market for many years, as these invest greatly in promotional activities. Monte da Ravasqueira's main competitor is Herdade do Esporão, for it's similarity in the wine, region of production and average price. In addition, Monte da Ravasqueira is competing mainly against Old World wine, because of its character and mainly because of its value. Cune is a Spanish wine and, similarly to

Monte da Ravasqueira is a blended wine that offers Red, Rosé and White, and is categorized in the same price range.

6. CONSUMER ANALYSIS

In Brazil, drinking wine is a symbol of status, and everyone wants to become involved in the wine drinking experience. According to studies by Market Watch, Brazilians are red wine drinkers, and have learned to drink wine abroad. They are more likely to be male and between the ages of 31 and 50. Most of these drinkers consume wine socially, and are still in the learning process. As such, Brazilian drinkers look for, and rely on, wine press awards and scores to choose what they drink, especially those that are International, such as The Wine Spectator. This may be associated with the fact that foreign travelling is booming, which serves to strengthen the popularity and profile of imported goods.

7. COMPANY ANALYSIS

Linked to the family José de Mello for several generations, Monte da Ravasqueira is located in the Municipality of Arraiolos, occupying a vast area of a typical Alentejo landscape, whose managements and operations are assured by Sociedade Agrícola D. Diniz (Monte da Ravasqueira, online). The estate has 40 hectares of planted vineyard and 20 other hectares are managed from a nearby vineyard. The company has a modest management process in Portugal, with a small workforce.

8. COLLABORATOR ANALYSIS

Monte da Ravasqueira's entry in the Brazilian market is dependent on third party collaborators, as the company has no formal structure in the country. Monte da Ravasqueira's wine is imported and distributed by a national importer, Vinci. Although

Vinci reaches a great audience, it lacks focus, and it is therefore complex to construct a brand, without a proper marketing and communication plan. As the company is dependent on a third party, there is the need to join forces with the importer's collaborators.

9. SWOT

9.1 Strengths

Monte da Ravasqueira's wines are produced from viti-vinifera grapes, and in Brazil wines produced from these grapes are considered as fine wines. Moreover, its importer, Vinci, is the only distributor that fully covers Brazil, with a great reputation nationally.

The wines produced by Monte da Ravasqueira have recently been awarded a silver medal in the National Wine Competition and a gold medal for its red wine in the Brussels World Competition.

9.2 Weaknesses

In both Brazil and in Vinci, Monte da Ravasqueira has a lack of competitive strength, since it is smaller than most of the other producers in Vinci's portfolio, and it is not well known by wine consumers, than most of the other producers in Vinci's portfolio. The main problem that derives from this is that Monte da Ravasqueira is currently competing both internally and externally, to receive share of attention.

Finally, Monte da Ravasqueira's headquarters in Portugal does not have its marketing expenditures budget for Brazil clearly defined. As a consequence, no marketing activities have been developed and therefore it cannot be considered an attractive brand either for the distributor or for the market itself.

9.3 Opportunities

Brazil's wine market is developing and is expected to grow 32% in total volume from 2010 to 2015, which will also lead to the increase of the average price of wines. The rise of the middle class in Brazil, the 10^{th} largest economy in the world, has aided in the development of the wine market in the country, influenced by an increase in disposable income.

Although the total consumption of wine per capita is 2 litres, vitis-vinfera wines account for only 0,427 litres. The neighbouring country, Argentina, has a consumption of 25 litres per capita, demonstrating the opportunities to further develop this market. This is illustrated by the expectation of total sales to see CAGR approaching 6% in both volume and constant terms. Due to the global financial crisis, and Brazil's economic development, there is an increase in the number of Portuguese communities. This presents an opportunity for Monte da Ravasqueira to develop its brand close to these communities.

National manufacturers are investing to increase sales of standard and premium products in bars and restaurants, giving other small producers such as Monte da Ravasqueira the opportunity to free ride. Still light grape wine was the most dynamic category, with a 15% increase in volume terms, followed by sparkling wines. Key strategies, such as continuous innovative activity, point-of-sale merchandising and food pairing suggestion help to spur sales.

Moreover, there is no other imported wine in the country that has such strong roots in Brazil, and that is directly targeted at the wealthy consumer, with disposable income and who aspire to be wine-educated. Finally, improvements in distribution and economic conditions will play a key role in driving demands.

9.4 Threats

Throughout the years, the off-trade has showed better performance than the on-trade market and Vinci, the wine importer, works solely with on-trade. In addition, Chile and Argentina favour from the Mercosul bilateral agreement, which enjoy lower prices than European Wines.

Beer and *cachaça* remains the alcoholic beverage of choice (beer has a consumption of 52 litres per capita). In addition, new launches are expected from both national and international producers, and domestic wine producers are expected to continue expanding their portfolios.

Each of Brazil's 27 states has its own complex tax system, which makes it difficult and costly to import. Moreover, the introduction of fiscal stamps on wines has increased the cost for importers between 10% and 20% as crucially the stamps must be applied on Brazilian soil. In some cases this has led to stock shortages and bottlenecks in processing and a lack of supply of stamps holds up distribution.

10. POSITIONING STATEMENT

Positioning requires that similarities and differences between brands are defined and communicated. Specifically, deciding on a positioning requires determining a frame of reference by identifying the target market and the competition, and the ideal points of difference of brand associations (Kotler and Keller, 2006)

10.1 Target

Brazilians are red wine drinkers; they are more likely to be male, and fit between the age ranges of 31 to 50 (Market Watch). Most of these drinkers consume wine socially, are still in the learning process and have learned to drink wine by travelling abroad and by imitating the upper class. Monte da Ravasqueira should target rich end consumers who have disposable income, who aspire to be wine-educated, frequently dine out for both leisure and business, and who travel abroad.

The second target market would be opinion-leaders, such as journalists, "*gourmets*" and restaurant owners, as these are more likely to acknowledge the quality of Monte da Ravasqueira's wines, and accept a higher price. In addition, these may influence other wine consumers.

10.2 Frame of Reference

Monte da Ravasqueira is an Old World wine, produced in Portugal, which offers a product range of three fine wines.

10.3 Point of Difference

For wines, the regional drivers that differentiate one regional brand from another include the region's reputation for wine quality; environmental assets; and the unique stories and heritage of the region (Dawson, 2011). The Alentejo region is the most well known Portuguese wine region in the Brazilian market, as opposed to other regions such as the Douro. Successful brands incite beliefs, evoke emotions and prompt behaviours (Kotler and Gertner, 2002). The spatially embedded nature of wine production renders "place" a potentially powerful component in the promotion and selling of wine products and experiences (Dawson, 2011). At this point in time, Monte da Ravasqueira is not communicating these emotions successfully.

Studies exploring place-marketing images consider 'the past' as a resource that can be exploited in order to build a place image. The reason for this is because the association between wine production and heritage is engrained in the culture of wine consumption.

Unique stories are a point of difference used to sell bottles of wine, which encapsulate these stories (Dawson, 2011).

Monte da Ravasqueira's heritage and presence in Brazil dates back to the year 1500 when the Portuguese navigator and explorer Pedro Álvares Cabral arrived at Porto de Galinhas. Articles show that 65 thousand litres of wine were taken in the thirteen ships that crossed the Atlantic Ocean, and it is acceptable to assume that, from documents found at Monte da Ravasqueira, part of that wine was originated in the current Ravasqueira estate. Records bring Pedro Álvares Cabral very close to this area as his fondness of high quality wine ensured that part of the wine taken across the Atlantic was produced in this area of the Alentejo.

At the time of the discovery, D. Manuel I conceded the previous owners of the estate, Marqueses de Fontalva, a crest which can still be seen in the labels of Monte da Ravasqueira's bottles of wine (Figure 1).

Therefore, Monte da Ravasqueira's positioning statement is:

For affluent men and women, who are in the process of learning to drink wine; ***Monte da Ravasqueira*** offers a range of fine, Portuguese wines; ***Which stands out from competition because*** it has strong links with Brazil's history, and its culture, and it stands for traditional values, which relate back to the discovery of Brazil;
Because Monte da Ravasqueira was taken to Brazil by Pedro Álvares Cabral in his first trip, and represents both heritage and legacy combined with the expertise of Old Wine producers.

11. MARKETING OBJECTIVES

The marketing objective of this work project is to develop the brand Monte da Ravasqueira, to become one of the top 5 leading Portuguese brands in the Brazilian Market, with sales in year 5 in excess of 14,000 bottles. There are three possible distribution strategies to accomplish this objective:

11.1 Option 1 - Sell Monte da Ravasqueira solely in the off-trade, through the big supermarket and hypermarket chains

According to statistics by Euromonitor International (2012), 61.8% of all wines sold in Brazil are through the off-trade, and sales continue to prosper. The table in figure 4 illustrates sales, in millions (R$), from 2006 to 2011.

Moreover, the top 3 supermarket chains (out of 300) hold 59% of the off-trade market (table 5). Although sales continue to grow in the off-trade market, most of these sales account for *table wine,* and Monte da Ravasqueira is considered a *fine wine.*

If this is the chosen strategy, three important remarks need to be taken into account:

First, the best importer in Brazil, Vinci, does not work with supermarket and hypermarket chains. Therefore, there is the need for either of the supermarket chains to import directly from the producer of Monte da Ravasqueira or, switch to an importer that will sell to the off-trade market. Secondly, if there is a direct import from a supermarket or hypermarket chain, they will demand exclusivity. For example, if Pão de Açucar imports Monte da Ravasqueira, they do not want it to be available in Carrefour. In the case of direct importation by a supermarket chain, they will require extremely low costs, which Monte da Ravasqueira cannot offer. Finally, although sales are much higher in the off-trade market, it is not possible to develop a brand, and sustain long-term sales in off-trade. Not only because it is an overloaded market, but also because of the recent news on the safeguard of the National Wines in Brazil. Although the initial request for the safeguard was removed, there is still the need for 25% of supermarket shelves to be occupied by Brazilian viti-vinifera wines, more than double of current numbers, in order to benefit these producers.

11.2 Option 2 - Sell the brand solely on the on-trade and Internet, with an importer that focuses only on this market, and develop the brand through focused marketing strategies.

According to trade specialists, premium wine is showing the fastest growth, albeit from a very small base. The aim is, therefore, to target more affluent consumers, who are generally more informed about the wine type and quality, allowing Monte da Ravasqueira to have a competitive advantage, and surpass the entry barriers of this channel who value a more restricted product. Although the bulk of wine sales are concentrated in the under $R24 bracket due to strong sales of table wine, sales of premium wine are slowly increasing as consumers become more demanding about the quality of wine and types of grapes. Moreover, due to the size of the country, sales via the Internet have always been important as a means of giving consumers in remoter parts access to the products they desire. Therefore, sales through this channel continue to grow (IWSR, 2012).

Strong brands combined with strong distribution networks have a greater chance to succeed, especially in a market such as Brazil, and this is the case with the chosen importer, that has more than 21 salesperson around the country. There is however the problem that Vinci has an oversized portfolio with over 1500 brands, and their main focus is Chilean and Argentinean wines, as this is what allows them to work with higher margins. In addition, the salespeople do not have sales objectives, and will probably sell what will give them a higher commission and contribute to a higher salary at the end of the month. Since European wines pay a higher tax, the wines are more expensive, and they sell less than those wines who benefit from the Mercosul agreement.

In this case, there is the possibility of either continuing to work with Vinci or, rather, analyse the possibility of working with another wine importer, which will give a greater focus to Monte da Ravasqueira but still have a strong wine portfolio to attract clients. The problem with this is that Monte da Ravasqueira is already associated to Vinci, and a smaller importer would not have the same coverage as Vinci. In most cases, clients prefer to work with few distributors and will therefore choose those that offer a wide range of products.

11.3 Option 3 - Sell Monte da Ravasqueira in both off-trade and on-trade markets, and allow the brand to be present throughout Brazil.

A third alternative would be to combine the know-how of the distributors of wine importers, such as Vinci, and the excellent sales by supermarkets, such as Pão de Açucar. This would allow Monte da Ravasqueira to be present throughout Brazil and, additionally, with a greater focus in São Paulo.

The current importer does not sell imported wines to the off-trade, as they believe it diminishes the perceived quality of the wines. There would therefore be the need to switch to another importer that covers both markets, such as Aurora and Zahil. There is however no distributor with the capacity to have a strong focus on both on-trade and off-trade and this solution would lead to further disorganization. Moreover, an obvious issue with this strategy is the difficulty to manage a balanced pricing strategy in both channels if two different operators distribute the brand.

Having analysed the above possibilities, the most sensible strategy to follow is *to sell the brand solely on the on-trade and Internet,*. Therefore, Monte da Ravasqueira will follow through with Vinci, and begin by developing the brand in the city of São Paulo and Rio de Janeiro, the two biggest consuming cities in Brazil.

12. RECOMMENDED MARKETING AND COMMUNICATION PLAN

12. 1 Product

Cabernet Sauvignon and Merlot are the two most popular varietals in wine for the Brazilian consumer. Nevertheless, other varietals are increasing sales as the consumer becomes more familiar with imported wine. Like most of Portuguese wines, Monte da Ravasqueira's wine is made up of blends, rather than one grape varietals. With the increase of wine-educated consumers in Brazil, wine varietals will not become a predicament. National manufacturers are investing to increase sales of standard and premium products in bars and restaurants, giving other small producers such as Monte da Ravasqueira the opportunity to free ride. National manufacturers are investing to increase sales of standard and premium products in bars and restaurants, giving other small producers such as Monte da Ravasqueira the opportunity to free ride.

The production volume for Monte da Ravasqueira wines is quite limited, as production of these wines is restricted to their own vineyards. The estate owned by Monte da Ravasqueira has 40 acres of planted vineyard, and per year, an estimated total of 182, 500 litres of wine is produced.

12.2 Price

For wineries, often the pricing strategies is determined by pricing costs, size, routes to market and scalability. This would be the case however when considering a price strategy for Portugal, not when internationalizing the brand. In order to determine the price strategy used in the Brazilian market, it is necessary to rely less on factors of production and more on brand positioning and growth goals (Agility Marketing, online).

According to Wine in Brazil, premium still light grape wine has still a small volume share in all categories and it is typically imported wines that are priced at more than $R40 per unit. This is consistent with Monte da Ravasqueira wines, which are priced slightly above this figure. The table in figure 6 points the price per unit of each category of Monte da Ravasqueira, when sold directly from the distributor (internet prices).

It is necessary to compare these values to those from real competitors, such as Herdade do Esporão, which has as a point of parity not only its location but also its similarities in quality. In addition, larger wineries' price structures typically influence smaller wineries' price. Thus, wine pricing probably reflects implicit coordination, and economic gaming is relevant to this coordination (Buccola, S and VanderZanden L., 1997)

Monte da Ravasqueira wines follow a value pricing strategy. Value pricing is related to customer expectations: it gives the customer more than they expect for the price paid. This needs to be accompanied by communications, packaging and other elements of the marketing mix that indicate a high level of quality (Lehman and Winer, 2005).

Monte da Ravasqueira's current selling price to the brand importer/distributor in Brazil is €3.50 per unit. However, the main purpose of developing this brand is to create value through the communication strategy and, in turn, capture the value created, by increasing sales in volume and getting consumers to pay a higher price per bottle through the course of the years. In the introduction phase of the product, the wine should have a sale price of $R120 in restaurants, which is a competitive strategy against wines with the same quality. It is expected that, by creating value, prices may increase

20% per year and, by the end of year 5, Monte da Ravasqueira wines will be able have a PVP of $R180 (figure 7) representing net sales per unit of $R21.09, or €7.81.

Place

Having analyzed the above information, the most rational decision would be to sell Monte da Ravasqueira through the importer Vinci, solely on the on-trade. However, Vinci does not take responsibility for any communication activities or the development of merchandising products. Monte da Ravasqueira will therefore have to be accountable for the development of the brand. These activities and products have a financial cost, which should be partly supported by Vinci as it is in their interest that a brand under its distribution is developed, implying greater sales for the distributor itself. Moreover, it is crucial to design a compensation plan that motivates Vinci's employees to collaborate with Monte da Ravasqueira, and set territory-level goals that are fair and reasonable. The best way to achieve this is by offering tangible incentives, such as a trip to Monte da Ravasqueira's estate in Portugal, for the best salesperson, at the end of year 1.

12.4 Promotion

The most critical element in brand building is communicating the attributes of the product to prospective customers (Hill, C 2005). The choice of the communication strategy is partly defined by the choice of channel. The chosen channels of communication have to be well defined, as Monte da Ravasqueira does not have a high budget to implement the strategy.

The main decision with regard to a communications strategy is the choice between a push and a pull strategy. Since a pull strategy depends more on mass media advertising, a push strategy has been decided as the most fit to apply in this case because not only will Monte da Ravasqueira work on a reduced budget but also the objective is to develop the brand gradually and geographically. Strategies have to be well defined, turning a possible weakness into a strength. One of the main struggles that Monte da Ravasqueira faces in the Brazilian market is its name, as not only is it difficult to pronounce, it is not easy on the ears either. The name could therefore be used as a differential point when communicating the brand to potential consumers.

The communication strategy would be focused on getting the target market acquainted with the name and product by promoting its uniqueness. Mystery would be added to the communication through the development of a story around the wine about the "Legend of Monte da Ravasqueira", a play on the Gold that the Portuguese took from Brazil in the past, announcing that the Gold is now being returned in the form of Monte da Ravasqueira wine. In addition, the bottle itself would serve as a promotional channel, as the back label would tell a story to the consumers, playing the marriage between the Portuguese product and the Brazilian history.

The implementation of the first phase will create awareness of Monte da Ravasqueira, through wine tastings and food and wine pairing events in the most trendy restaurants in town, with actors dressed as Pedro Álvares Cabral. Such restaurants include Alluci Alluci, Serafina, and Spot, located in the *Jardins* neighbourhood in São Paulo, the most expensive neighbourhood in the city. In Rio de Janeiro, restaurants located in *Leblon* and *Ipanema*, such as Sushi Leblon and Carlota, would create a positive buzz and enthusiasm.

The brand would be launched with a big event on the 22nd of April, the date that the Portuguese arrived at Porto Seguro, through the invitation of guests to these top quality trendy restaurants to blind taste the three wines and request them to guess the region of the wine, offered to them by Pedro Álvares Cabral, serving the wine with a golden decanter so as to emphasize the exceptionality of the wine. Following this engagement with the brand, a brief description of the winery would be presented, emphasizing that the wine they are drinking is one with a great legacy and that goes back to the discovery of Brazil by Pedro Álvares Cabral.

Monte da Ravasqueira should exploit the new technologies as they reach a greater audience with lower costs involved. A resource that has had a great impact in recent years have been blogs. The benefit of brands using blogs may range depending on how they are used, but major advantages include highlighting new products without the costs of advertisements and, most importantly, giving a voice to the brand that a consumer may associate with. Having Monte da Ravasqueira associated to a selection of blogs would be a great driving force to generate both interest and sales.

Identifying opinion leaders is key, especially in a country such as Brazil. One interesting way to develop a relationship with these blog owners would be to send out a press kit, offering the three wines along with explanatory material, always emphasizing that the gold is being returned back to its origins.

Wine is cultural and the habit of drinking was adopted and fostered by upper class, to the extent that any soap opera character that is meant to be sophisticated must have a glass of wine in their hands. Ricardo Pereira, who is a Portuguese actor very well known to the Brazilian public, may be a strategic type of endorsement. In addition, he has a great collection of corks, because every time he goes out to eat, and enjoys a bottle of wine with friends he asks them to sign the cork, and keeps them as a remembrance. Messages delivered by highly credible sources are more persuasive (Kotler, p.559). Inviting him to become the brand ambassador of the wine, in the Brazilian market, and taking part in the wine tasting events, would be an interesting move for the brand.

13. FINANCIAL PLAN

In order to support the suggested brand management plan it is necessary to access the financial forecast for the brand Monte da Ravasqueira, in the upcoming years. The role of managerial judgement in deriving potential is crucial and ubiquitous (Lehman and Winer, 2005). Although statistical knowledge is useful, logic and common sense are much more important. In this case, as no access to the company's financial account was allowed, assumptions were made by interviewing Vinci's commercial director. A simple financial analysis was undertaken, as there was a lack of data available. In figure 8 in the appendix, it is possible to visualize the forecast between the launch of the brand Monte da Ravasqueira, in 2013, up to 2017.

According to estimates by Vinci and, by analysing a similar Portuguese product to Monte da Ravasqueira, Quinta da Pacheca, sales are expected to be 3500 bottles in the first year and, with the help of the brand launch, sales are likely to increase 200% in the second year, followed by an increase of 50%, 25% and 10%. Although these are high numbers, they come from a very small base of sales. Based on comparable costs of similar products, the COS (unit cost) of a bottle of Monte da Ravasqueira is, in the first year, €1.75. This number is increased yearly due to inflation rates.

For the first two years, the marketing budget will be disproportionally high, as these two years will represent the most important periods for the success of the brand. Losses shall be accepted with the expectation of recovering these after the second year. Starting in the third year, the budget will decrease significantly as this will represent a percentage of net sales, as it will only be necessary to perform the maintenance of the brand. Although the Return on Investment in the first two years is negative, it is expected that, by the end of 2017, the Return on Investment will be over 170%, ensuing positive results.

In order to analyse if Monte da Ravasqueira should enter, or not, the Brazilian market it is necessary to calculate the Net Present Value of the investments made and cash flows obtained. The minimal accepted break-even rate for this investment is 8%, with an initial investment of €15,000. As it may be seen in figure 9**,** by the end of year 5, the NPV of the project has a positive balance of €38,505.96 and, therefore, the project will be accepted.

14. CONCLUSION

Due to the growing realization that brands are one of the most valuable intangible assets that firms have, branding should become one of top management's priority. Brazil's passion for wine has been increasing, developing and consolidating together with its international market; higher wage levels, increased higher education and the lowest unemployment rate of recent decades (Burgos, 2012). However, it is not sufficient to invest in exporting products to this market, there is the need to develop the brand slowly, and with clearly defined marketing tools.

Monte da Ravasqueira will be entering this market with three fine wine references: Monte da Ravasqueira Red, Rosé and White. These three wines cover the standard range of the company's portfolio and are considered as key for the firm. In order to develop the brand, the on-trade market has been chosen. Although the bulk of wine sales are located in the off-trade, premium fine wines are mainly sold in the on-trade. Fine wine consumers believe that, once wines are sold in the off-trade their quality diminishes, and do not enjoy their selected wines in supermarket shelves. For Brazilian consumers, drinking wine is a symbol of status, and most drinkers consume wine socially. Maintaining the brand in its current importer/distributor, Vinci, was the chosen distributing strategy as it is of the upmost importance for Monte da Ravasqueira to be in included in a portfolio, with a wide range of brands, as clients normally limit their distributors and choose amongst those that are able to offer a variety of different wines, regions and producers.

Through communication and promotional strategies, linking Monte da Ravasqueira's history with Brazil's creates a point of difference when compared to other wine brands in this market. Reminding consumers, through communication activities, such as developing the Legend of Monte da Ravasqueira, and revealing it through the bottle's back-label, working closely with the most important blog owners, from both São Paulo and Rio de Janeiro will help in the promotion of the brand.

Finally, the price strategy chosen has to be taken into much care and attention and it is the most important marketing tool when defining the brand. By creating value through marketing actions, Monte da Ravasqueira is simultaneously capturing that value by increasing its consumer base, and increasing the wine's price 20% annually. This way, the brand is creating brand equity, which was inexistent prior to the development of the brand.

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APPENDIX

Figure 1 - Monte da Ravasqueira Red, Rosé and White wines.

Figure 2 - Total value of sill light grapevine sales ($R million)

	2006	2007	2008	2009
Red	254.6	246.5	232.7	267.9
Rosé	4.8	5.5	4.9	5.4
White	55.6	52.7	49.52	73.4
Total	315	304.7	287.12	346.7

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Figure 3 - Ranking of top 10 Portuguese wine producers in Brazil

#	Producer	Importer	2009	Sales in Volume (9 litre Cases) 2010	2011
1	Periquita (José Maria da Fonseca)	Diageo	63.7	65.6	80.4
2	Herdade do Esporão	Qualimport	28.3	54.3	61.7
3	Caves Aliança	Imp. Directa	27.8	50.5	45.9
4	Quinta da Aveleda	Interfood	29.6	54	41.7
5	Real Companhia Velha	Barrinhas	49	69.1	39.2
6	Fundação Eugenio Almeida	Adega Alentejana	16.7	25.2	30.1
7	Caves Dom Teodosio	Domno Brasil	20	18.4	21.2
8	Caves Messias	Casa Flora	11.5	21.6	20.4
9	Sogrape	Zahil / La Pastina	6.8	21.3	19.5
10	JP Vinhos		18.2	22	19.5
Others			379.9	461.3	619.2
Total			651.5	864.3	907

Figure 4 - Table illustrating sales, in $R millions, in the off-trade and on-trade

	2006	**2007**	**2008**	**2009**	**2010**
Off-trade	3,913.50	4,012.60	3,790.70	5,167.20	5,516.30
On-trade	2,772.40	2,777.80	2,814.60	3,383.30	3,573.60
Total	6,685.90	6,790.40	6,605.30	8,550.50	9,089.90

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Figure 5 - Table showing sales, in $US millions, and market share of top 3 Supermarket and Hypermarket chains, out of 300

#	**Cadeia**	**Sede (State)**	**Nº Shops**	**Sales 2010**	**Market Share**
1	Pão de Açucar	SP	1,571	28,476	21,60%
2	Carrefour	SP	ND	15,549	21,10%
4	Wal Mart	SP	521	12,686	16.30%

Figure 6 - Table showing current Internet prices for Monte da Ravasqueira wines

Category	Price Per Unit (R$)
Red	62,68
White	62,68
Rosé	54,72

Figure 7 - Table showing price strategy for Monte da Ravasqueira wines

				Price in €
PVP		180.00		66.67
Restaurant Margin	50.0%	90.00		
Net Sales 1 - Restaurant		90.00		
Importer's Margin	33.3%	30.00		
Net Sales 2 - Importer		60.00		
IPI / bottle	1.08	1.08		
Freight and Insurance	0.15	0.15		
Dispatch	0.80	0.80		
Seal	1.00	1.00		
Net Sales 3		56.97		
ICMS	52.0%	10.92		
PIS/COFINS	14.0%	2.94		
Import Tax	27.0%	5.71		
Net Sales 4		37.40		
ICMS Difference	25.0%	12.27		
COFINDS	3.7%	2.19		
IR	3.1%	1.85		
Net Sales 5		21.09		7.81
COS		2.70		
Gross Profit		18.39	87%	

Exchange	2.7
Price FOB	21.00
Price CIF	21.150

Figure 8 - Table illustrating financial forecast

	2013	2014	2015	2016	2017
Unit Price	3.5	4.5	5.40	6.50	7.77
Inflation		2%	2%	2%	2%
Nº bottles	3,500	7,000	10,500	13,125	14,438
Expected Growth	0%	100%	50%	25%	10%
Sales	12,250	31,500	56,700	85,313	112,179
Cost Unit Price	1.75	2.25	2.70	3.25	3.89
Margin Cost	50%	50%	50%	50%	50%
Cost of Sales	6,125	7,002	10,503	13,128	14,441
Gross Profit	6,125.00	24,497.75	46,197.30	72,184.25	97,737.99
Marketing	15,000	10,000	5,670	8,531	11,218
(% Net Sales)	n/a	n/a	10%	10%	10%
Other Fixed Cost	3,063	7,875	14,175	21,328	28,045
	25%	25%	25%	25%	25%
EBITDA	-11,938	6,623	26,352	42,325	58,475
IRC		1,656	6,588	10,581	14,619
	25%	25%	25%	25%	25%
Net Income	-11,938	4,967	19,764	31,744	43,856
ROI	-80%	-28%	42%	114%	175%

Figure 9 - Table illustrating NPV of project

Year	0	1	2	3	4	5
Cash Inflow	-15000	-11938	4967	19764	31744	43865
x Present Value Factor	0.925925926	0.480769231	0.85733882	0.793832241	0.735029853	0.680583197
PV Cash Inflow	-13888.88889	-5739.423077	4258.40192	15689.30041	23332.78765	29853.78194
Total PV of Cash Inflow	53505.95995					
- Initial Investment	15000					
NPV	**38505.95995**					