

A Work Project, presented as part of the requirements for the Award of a Master's  
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**HOW TO LEAD THE WINE REGION OF  
ALENTEJO TOWARDS A LUXURY  
POSITIONING IN FOREIGN MARKETS?  
IS THE DEVELOPMENT OF THE REGIONAL WINE  
BRAND A VIABLE APPROACH?**

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# **How to lead the wine region of Alentejo towards a luxury positioning in foreign markets?**

## **Is the development of the regional wine brand a viable approach?**

### **Abstract**

This study explores if the development of the Alentejo regional wine brand is a viable approach for the region to achieve a luxury positioning internationally. The literature review established the concept of luxury, country of origin and regional branding, from which we were able to infer research questions. Exploratory qualitative interviews were conducted with producers and organizations (N=11). We conclude that currently, the region is unable to achieve a luxury positioning via this approach. Nonetheless, the regional brand can reach a premium positioning, which is an important advancement to reach a luxury positioning in the long-term.

**Keywords:** *regional brand, Alentejo, wine industry, luxury*

This work project was developed as a group project together with Rita Pedrosa, 23963. Therefore Chapter 2, until 2.7, corresponding to the market analysis and review of the literature, was written in common, while the approach to the problem was written separately based on the same information.

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## TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>Chapter 1: Introduction</b>                                | <b>1</b>  |
| <b>Chapter 2: Contextual Background</b>                       | <b>2</b>  |
| 2.1 The Portuguese Market                                     | 2         |
| 2.2 The Alentejo wine region                                  | 3         |
| 2.3 Introduction to the Literature Review                     | 4         |
| 2.4 Luxury definition   | 4         |
| 2.5 Country Image   | 8         |
| 2.6 Regional Branding   | 10        |
| 2.7 Approach to the Problem                                   | 12        |
| <b>CHAPTER 3. Addressing the project topic</b>                | <b>13</b> |
| 3.1 Methodology   | 13        |
| 3.2 Analysis and Discussion                                   | 15        |
| <b>CHAPTER 5: Managerial Implications and Recommendations</b> | <b>19</b> |
| <b>CHAPTER 6: Main Work Project Limitations</b>               | <b>22</b> |
| <b>References</b>   | <b>23</b> |
| <b>Appendixes</b>   | <b>29</b> |

## **CHAPTER 1: INTRODUCTION**

The world of wine has completely changed over the last decades and today it is characterized by a rising plethora of brands (Bruwer, 2004) that leads the consumer to feel overwhelmed with the high complexity of the buying process (Vrontis and Papasolomou, 2007). Thus the market is reacting to these new conditions by creating strong brands that the consumer can easily identify and trust (Bruwer and Johnson, 2010). Distinctively, the New World wine countries, have been extremely successful in building wine brands, that employ the region of origin as a branding (Tustin and Lockshin, 2001). The Alentejo region is one of the greatest wine-producing regions of Portugal, a country full of tradition in this industry. Nonetheless, the little exposure of the Portuguese wines to international markets leads consumers to choose wines from competitor countries, such as France or Italy, which are more directly associated with sophistication and social status. Hence the purpose of this thesis is to explore the journey of the wine region to a luxury positioning in order to increase its value by elevating its product qualities and increasing the sophistication and the status associated with the Alentejo wine in foreign markets.

For the current thesis, two different yet complementary approaches are considered: i) the development of the regional wine brand; ii) the analysis of the dynamics to push an alentejo winery corporate brand towards a luxury positioning, developed by my colleague Rita Pedrosa. Both of the presented approaches should, individually and collectively, elevate the positioning of Alentejo as a wine region.

In this thesis, the regional brand approach is considered. The thesis is structured into four chapters. The first one corresponds to the contextual background, which consists of an analysis of both the circumstances of the industry and the literature on the subject,

focusing on three main topics that support the further study - Luxury Definition, Country Image, and Regional Branding. The second chapter addresses the work project topic, both the methodology employed and the analysis and discussion of the data collected, in order to reach a final conclusion on the current situation of the regional brand. Consecutively, we were able to formulate the managerial implications and recommendations, with the aim of building a stronger and elevated regional brand that presents higher brand equity. Lastly, it is important to mention the main limitations of the work project.

## **CHAPTER 2: CONTEXTUAL BACKGROUND**

### **2.1 The Portuguese Market**

Portugal has a long tradition in the wine industry. Remarkably, the first form of “appellation” in what regards wine and geographical origin appeared in Portugal, in 1756, in consequence of the Port wine (Bruwer and House, 2003). In what regards the Portuguese economy, throughout time, wine has been one of the most important “export-oriented” products (Simões, 2006). According to the International Organization of Vine and Wine, OIV, in 2017, Portugal produced 6,737,000 hectolitres of wine, of which 2,986,000 were exported, corresponding to 777,924,000 euros (VINI PORTUGAL, n.d.). The main importing countries of Portuguese wine include the major worldwide wine importers - Germany, the United Kingdom and the United States of America, as well as France, Angola and Brazil (Appendix 1) (OIV, 2019).

Currently, there are 14 wine regions (Appendix 2) (Wines of Portugal, 2019). Accordingly, producers can obtain a PGI - Protected Geographical Indication. To obtain this Indication, the wine has to be produced from grapes grown in one of the 14 regions, nonetheless non-native varieties can be blended with traditional ones. Producers can also obtain the stricter PDO (Protected Designation of Origin) which restricts the variety of

grapes that may be used to grapes grown in a sub-region of the 14 regions. There are 14 certifying entities, one for each region (Appendix 3) (IVV, 2016). In total there are 29 PDOs in Portugal, with the four largest in production being Alentejo, Dão, Douro and Vinho Verde (Appendix 3). Particularly, the wines from the Alentejo have the highest market share in the domestic market, both in value and volume, 40% and 37%, respectively (CVRA, 2019). The remaining 25 PDOs represent less than 1% of the internal market share (Panzone and Simões, 2009). To protect this important asset of the Portuguese economy and agriculture, policies have been created to protect and create a collective reputation of the wine-producing regions (Simões, 2006).

## **2.2 The Alentejo wine region**

The Alentejo region is located in the south-central and southern Portugal. The region extends over a third of the Portuguese area and it is divided into three administrative districts: Portalegre, Evora, and Beja, which together compose the natural boundaries of the wine region, with 21,989 ha of certified vineyard area (CVRA, 2019). Wines certified as Alentejo PGI are made from grapes grown in one of these three districts. Moreover, there are eight sub-regions (Appendix 4), each with particular conditions, regarding the soils and climate, that provide a unique character to the wine. If the wine is produced with grapes grown in one of these subregions it is suitable for Alentejo PDO. These PDOs and PGIs are acknowledged by the Alentejo Regional Winegrowing Commission (CVRA). Nowadays, there are 284 producers in Alentejo and 96.8% of the production is PGI and/or PDO (IVV, 2018).

In what concerns the market quota, the Alentejo wine region has been able to hold the highest share in the domestic market, both in volume and in value, for the category of bottled wines with PDO and PGI (CVRA, 2019). Additionally, the average retail price in

2018 of certified wines in Alentejo was €5.91, being higher than the average domestic retail price of €5.40 and expected to increase (IVV, 2018).

Regarding the international landscape, Alentejo net exports grew by 3.1% in 2018 and represent 20% of the Portuguese PDOs and PGIs wines exported. Exports to countries outside of the EU account for 70% of the total exported volume. The three main export markets are Brazil, Angola, and the United States (Appendix 5). Contrarily to what is observed on a national level, the major importers of Alentejo wines include only one of the main worldwide wine importers. (CVRA, 2019)

In 2017 the production was 73.2% red, 25.0% white and 1.9% rose (CVRA, 2019). The majority of the grape varieties used in Alentejo wines only exist in Portugal and are not known among the international community. Furthermore, Portuguese wines are commonly constituted by at least two grape varieties, constituting a blend.

### **2.3 Introduction to the Literature Review**

In order to explore the work project topic, it is necessary to understand the existing body of literature. The first relevant topic to be studied is luxury, as the end goal of this project is to lead the region towards a luxury positioning, corresponding to the highest stage in terms of brand value (Kapferer, 1997). Due to the specificities of this industry, the need to deepen the study of luxury in the wine industry arised. In this case, luxury is highly linked to the place of origin and therefore, for this project we assume a regional perspective. The literature review chapter is organized in three main chapters, which constitutes the main theoretical concepts behind our research topic.

### **2.4 Luxury definition**

The luxury definition can be approached from different angles. A rising interest in the marketing literature on the subject led to extensive studies on the nature of the

consumption of luxury goods. Mortelmans (2005, p.505) defines luxury “as those scarce products, with an objective or symbolic extra value, with a higher standard quality, and a higher price than comparable products”. Accordingly, the conceptualization of the new luxury paradigm (da Silveira, 2019) suggests that a luxury product or service possesses two main aspects: the substance, as luxury provides an individual pleasure; ii) status, as luxury is a social statement.

Substance in luxury elicits a sense of elevation in terms of individual satisfaction and pleasure, “luxury for the self” (Kapferer and Bastien, 2009, p.314). Additional motivations to purchase the products include the higher levels of quality (Garfein, 1989) and authenticity (Beverland, 2005). Therefore, Kapferer and Bastien (2009, p.315) state that luxury should be “multisensory and experiential”. As well, in the center of luxury consumption is the desire to belong to a superior class, “luxury for others” (Kapferer and Bastien, 2009, p.314). Consequently, the main function of luxury is its social stratification role. It rests on the acquisition of a status, and luxury brands introduce key subjective benefits to create visible symbols of taste, such as “the aesthetic, the sensual, the hedonistic, the cultural, the sacred” (Kapferer and Bastien, 2009, p.81). Accordingly, Kapferer (1997, p. 253) suggest that luxury “is art applied to functional items”.

On the other hand, premium relies on the willingness to ensure a high level of substance (da Silveira, 2019), as the consumption of premium rests on the tangible qualities of the offer. Since the price is determined by functional attributes, any increase in price has to be justified by superior performance of the product or service. This logic led certain premium brands to go up-market and raise their mass-products prices over luxury ones. Meaning, this premiumization approach misled the conceptualization of luxury and raised confusion between luxury and premium.

As previously stated, luxury brands aim to exceed the rational, which applies as well to the price level. In this case, the price is not justified by functional attributes, but by a “symbolic value” that is hardly quantifiable and highly relative (Kapferer and Bastien, 2009, p.177). Nonetheless, it is necessary to attribute a price to luxury. Hence, even though "being expensive is not enough to be luxury" (Kapferer and Bastien, 2009, p.177), in the absence of other objective attributes it is used as a proxy to determine its value. Accordingly, BCG provides a threshold price for a number of categories which is employed as a proxy to determine whether a product classifies as luxury (BCG, 2017).

This thesis builds on authors such as Kapferer and Bastien (2009, p.79), who argue that a luxury brand is the “central unit” of the luxury concept. Even though luxury brands are highly associated with their core products, the “products are always somehow comparable, but luxury brands aim to be absolute brands” (Kapferer and Bastien, 2009, p.483). There are two levels of brands to be considered: the corporate brand which corresponds to the organization’s brand, and the commercial brand which refers to the product’s brand. The creation and development of a strong brand identity for both levels of brands, is fundamental for a luxury brand. Kapferer (2008, p.171) defines the concept as the “vision, the key belief of the brands and its core values”. It corresponds to the description of the facets that drive the brand’s value and uniqueness which is summarized in a model denominated "Brand Identity Prism" (Appendix 6). Thus, the concept stands as imperative in guiding all brand-related decisions, and, correspondingly, luxury firms implement actions through the value chain, such as eliminating the active role of communication, controlling distribution, increasing prices overtime, to transmit the brand's identity and maintain the desirability of the brand (Da Silveira, 2018).

On the other hand, for premium brands its positioning in comparison to its competitors is a central aspect (Da Silveira, 2018). Keller (2012) defines brand positioning as the “act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s minds”. An adequate positioning helps clarifying the brand, how unique it is and how similar it is to other brands, and why consumers should buy and use it (Keller, 2013).

At the end of the day, both these concepts reflect on the equity of the brand. Keller (2013, p.41) defines customer-based brand equity as “the differential effect that brand knowledge has on consumer response to the marketing of that brand”, which depends on the consumers’ knowledge and perception of the brand.

#### 2.4.2. Luxury in the wine industry

Regarding the management of luxury wine brands, a large number of studies center on the importance of authenticity as a core concept of the brand identity for the maintenance of its distinctiveness (Beverland, 2005). However, the definition of authenticity is not consensual. A review of the strategies from 26 luxury wine firms suggests that authenticity contains “elements intrinsic to the product, the production process, links to place and/or historical style”, as well as subjective elements that are “created by the brand, consumers and other stakeholders” (Beverland, 2005, p.1008). The creation of authenticity is difficult for brand managers, essentially due to the paradox of remaining true to its core while continuing relevant (Aaker, 1996). In this industry, Beverland (2005) states that appearing authentic is also critical for wineries to maintain their status, set higher prices and ward off competition. To enhance perceptions of authenticity, wineries employ sincerity in their stories. Under marketing and communication efforts, firms associate their traditions with the production of fine wine. In particular, wineries

strategically use images of craft production handmade techniques, and make claims of the term terroir, so their day-to-day operations and production practices disconnect from their “espoused philosophies and public persona” (Beverland, 2005, p.1002). Authenticity also lies in the legitimacy of established institutions (Scott, 2001). Therefore, luxury wineries preserve their status through the use of classification systems, while making real commitments to quality (Beverland, 2005).

In conclusion, building a luxury brand involves managing two key dimensions in order to preserve its equity: i) the substance, which refers to the individual dimension; and ii) status, which corresponds to the social dimension. We infer that in the wine industry, both these dimensions of a luxury brand are supported and nurtured by the concept of authenticity.

## **2.5 Country Image**

### **2.5.1 Definition of Country of Origin and Country Image**

The term Country of Origin (COO) has been analyzed either as a one dimensional concept or a multidimensional one. The former translates into a synonym of the term “made in”, which simply refers to the country where the product is manufactured (Agrawal and Kamakura, 1999). The following considers not only the production country, but also other countries involved along the value chain. Therefore, the multidimensional COO distinguishes between (Hui and Zhou, 2003). Bearing in mind the importance of the production profile of the country in the product category studied in this thesis, we take the assumption that the COO corresponds to the country where the product is manufactured.

Although there is no consensus on the definition of country of image, the concept is typically understood to stand as “the impact which generalizations and perceptions about

a country have on a person's evaluations of the country's products and/or brands" (Ayyildiz and Cengiz, 2007. p.46).

There are multiple variables that impact and explain the formation of the country image (Nagashima, 1970). Those include characteristics of the country, such as the economic background, political situation, history and culture (Pisharodi and Parameswaran, 1992), as well as characteristics of the consumer, like demographics, experience with the country, social norms, and values (Balabanis, Mueller, and Melewar, 2002). Roth and Romeo (1992) state that the country image is affected by the association between a product category and its country of origin. This results from the marketing strategies of firms and from the market share occupied by a country in that particular segment (Assarut, 2006). If the products have the same specific image, they will reinforce country's specific images and impact the overall image of the country (Lampert and Jaffe, 1998).

#### 2.5.2 The effect of Country of Origin on consumer behavior

When choosing a product, consumers try to simplify the information in the evaluation process. Additionally, when it is difficult to evaluate the intrinsic value of a product, consumers make judgments about its quality and value based on extrinsic cues (Ayyildiz et al., 2007). COO, which constitutes an extrinsic cue, consequently influences consumer's evaluations of the products (Huber and McCann, 1982). To maximize their satisfaction, consumers purchase products that originate from countries they believe "have the technology, integrity and world reputation associated with such products" (Shenge, 2010, p.195).

Further studies have been conducted to deepen the knowledge on this matter. A study conducted by Wall, Liefeld and Heslop (1991) states that COO is perceived as a better

indicator of quality than price and brand. However, a study by Hamzaoui and Dwight (2007) states that only when the brand is unknown to the customer, or there is no particularly well-known brand in the product category, is COO's influence in the customer choice greater than the brand. Additionally, a study by Roth and Romeo (1992) revealed that the COO's impact varies depending on whether the country image is an important characteristic in that specific product category. Furthermore, a study by Piron (2000) states that COO is more important when it comes to luxury goods rather than necessity goods.

## **2.6 Regional Branding**

### **2.6.1 Definition of Region of Origin in the wine industry**

Region of origin is a backbone concept for the topic being studied. The definition of region of origin can be considered in both a single-dimensional nature, as the name of the region, or in a multi-dimensional form, that includes as well the wine type and grape variety (McCutcheon, Bruwer, and li, 2009). Nonetheless, when referring to the concept of regional wine brand image, researchers consider it a complex concept. Vaudour (2002, p.119) refers to it as a "rich amalgam of characteristics" that surpasses the regional's environmental properties. Accordingly, Johnson and Bruwer (2007, p. 277) define it in a more detailed manner as "a held perception (or belief) about a bounded wine area space that is usually wholistic and multidimensional in nature, the elements of which are "glued together" by inter-related winescape elements (vineyards, wineries and other physical structures, wines, natural landscape and settings, people and heritage, town(s) and architecture)".

### **2.6.2 The effect of Regional Branding on consumer behavior**

It is important to understand consequently the influence of region and regional brand in the consumer decision-making process. A study by Johnson and Bruwer (2007) states that the wine region constitutes the most important attribute in predicting the quality of wine. Contrarily, in a different study, conducted by Hall (2001), in which respondents had to identify the important factors taken into consideration when buying wine, only 6% considered region as an important factor. Another study found that region of origin in its simple form ranked fifth, however in its multi-dimensional form, it ranked third (McCutcheon et al., 2009).

Further research has been conducted to understand how the level of importance varies between behavioral, demographic and involvement segments. As wine knowledge and category involvement increases, so does the understanding of region of origin attributes, and consequently, it leads to a greater importance of this factor. As well, consumers who have engaged in wine tourism rank the region of origin as a more important choice factor than those who have not. Red wine consumers attribute likewise a higher score to the aforementioned decision factor. (McCutcheon et al., 2009)

### 2.6.3 The importance of Regional Branding

The region of origin constitutes as well a strong marketing and branding tool. A marketing strategy centered in place, provides differentiation on the basis of an attribute that is hardly replicated (Thode and Maskulka, 1998). Regions are homogeneous in terms of human and natural characteristics, therefore providing a good basis for a marketing and branding strategy (Bruwer and House, 2003). Overall, consumers pay a premium price for wines from well-known regions, even if uncertain about the quality of the wine (Schamel, 2006).

In the wine market, there is a strong relationship between the product's origin and its quality. Thus, linking product to place is a strategy that delivers quality to the aforementioned market (Thode and Maskulka, 1998; Dimara and Skuras, 2005). Through a regional branding strategy, brands can differentiate from foreign competitors, as well as from domestic ones (Bruwer and House, 2003). This differentiation strategy guarantees that there is always space for the development of new brands (Lockshin and Albisu, 2006).

Even though the marketing of a region is a difficult strategy (Papadopoulos and Heslop, 2002), from the previous literature reviewed it is clear that a region combines winescape elements in a unique way (Famularo, Bruwer, and Li, 2010).

## **2.7 Approach to the Problem**

The purpose of this thesis is to understand if the development of the Alentejo regional wine brand is a viable approach to achieve a luxury positioning in foreign markets. From the contextual analysis previously presented it is indisputable that, even though in a national context, the region is particularly well positioned and successful, in the foreign markets, the perception of the region isn't as positive. The relationship between the concept of regional brand and luxury positioning is inferred from the literature published on the subject.

In this project, we make the assumption that it is necessary to manage two facets for a premium brand to evolve into a luxury brand: status and substance. Moreover, we assume that in the wine industry, the core concept of authenticity supports and nourishes both facets, enabling the brand to achieve a luxury positioning. Authenticity is composed of both objective elements, such as the geographical origin, and subjective elements, such as brand elements. To create authentic brands, marketers leverage on the history of the

brands as sources of market value (Penaloza, 2000), using components such as wine production traditions or the relationship with the place of origin (Beverland, 2005: 1002), widely employing the term “terroir” (Guy, 2002, p. 2). On the other hand, from the consumer point of view, the region of origin is also a factor of major importance in the decision-making process. Overall, in this industry, a strategy that links the product to place on the label conveys quality and creates value (Dimara and Skuras, 2005).

From this analysis, we infer that the creation of a strong regional brand may be employed as a means of upgrading a brand to a luxury positioning. Henceforth, we can assess the current situation of the Alentejo regional wine brand through the discussion of the following research questions:

Table 1: Research questions

|    |  |
|----|--|
| #1 | Is the region of origin employed as a marketing and branding tool, becoming a source of market value?                          |
| #2 | Are the products from the region more often chosen by the consumers, due to displaying the region on the label?                |
| #3 | Are the producers of the region able to increase the price of their products due to the regional brand?                        |
| #4 | Is the regional brand an element of differentiation from domestic competitors from other regions and from foreign competitors? |
| #5 | Is the regional brand characterized by both a social and an individual dimension?  |

### **CHAPTER 3. Addressing the project topic**

#### **3.1 Methodology**

To further study the topic, a qualitative exploratory research design was employed. A qualitative research design is applied when there is the need to “make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied” (Saunders, Lewis, and Thornhill, 2009. p.168), being misused when regarded as

conclusive and employed to form generalizations. By having an exploratory purpose, the main objective of this research design is to provide insights regarding the problem in cause.

As such, this thesis followed a methodology of qualitative semi-structured interviews with experts in the area. The interviewed experts were categorized into two groups: organizations and producers. This duality allowed for a greater variety of insights, collected with entities with different roles and, therefore, different perspectives of the industry, enabling a more reliable understanding and maximizing the potential insights.

In what regards the sample of organizations, we interviewed the Regional Commission, denominated “Comissão Vitivinícola Regional Alentejana” (CVRA). It is the certifying entity of the wines from Alentejo and the responsible entity for its promotion. Additionally, we contacted the national institute, “Instituto do Vinho e da Vinha” (IVV). These two contacts enabled a general understanding at a regional and national level, in addition to any possible connections between the two levels.

As for the producers, we tried to achieve a sample of wine producers from the region with the largest possible diversity. It resulted in a sample of companies of different sizes, from different sub-regions and from different levels in the market. As a result, 9 producers were interviewed in the scope of this thesis.

The list of interviewees is enclosed in Appendix 7. Two interview guides were formulated, one for each group of interviewees (Appendix 8). The interviews were of around 45 minutes on average and took place in the interviewees’ offices, mostly. The transcript of one of the interviews is presented in Appendix 9.

### 3.2 Analysis and Discussion

Our primary research suggests that the wine from the Alentejo region is facing the problems described as follows. Currently, the region is serving two types of markets that are highly distinct: the “mature markets” and the “emerging” markets. The first correspond mostly to European markets, such as Switzerland and Germany. Nonetheless, Brazil and some regions of the USA are also included. These markets are oriented to niche products, demand high quality and high-level products, as one interviewed producer states: *“In Switzerland, they look for expensive wines, so we sell the most expensive wines there very easily”*. The consumers are more knowledgeable and look for sophisticated products. As mentioned in one of the interviews *“Pêra Manca could sell all its production in Brazil, if they wanted to”* (Organization). Thus, these markets allow producers to sell more expensive and more premium, or even luxury, products. It is possible to infer from the literature review that these are the markets in which the region of origin has the biggest impact on the purchasing decision.

The latter - the “emerging” markets - refer to markets such as Angola, East Europe or China. These markets are more oriented to low-cost wines, which are either sold at a low price or at a higher price due to the design of the bottle and the label, an important decision factor in such markets. As declared by one of the interviewees, *“They want the bottle of the Pera Manca but the price of an entry-level product”* (Producer).

Nonetheless, the overall perception of the wine from the region *“is that the wines are good for the value, meaning that they are good and cheap”* (Organization). Both Portugal and the region of Alentejo lack in communicating status in this industry. Even though the quality of the wine is excellent, and when in a situation of experimentation, consumers are fully satisfied, it is still difficult to convey the quality if not by experimentation, due

to factors like the image of the country or the low price of the product, *“The Alentejo, and the Portugal, made-in effect still doesn’t transmit quality”* (Producer). The overall image is particularly prejudicial in the “mature” markets, where consumers demand high-quality wines.

Adding to this, the region is characterized by a big quantity of small producers, alongside a big diversity regarding producers’ strategies, *“which isn’t good because it makes it impossible to have a focus”* (Organization). There are producers following a volume strategy and others following a value strategy. Hence, many producers, especially the ones employing the latter strategy and the larger ones, understand that the region is too diverse, with greatly different companies and different strategies, making it troublesome to associate this multitude into only one region. One of the interviewed producers argues that *“It can be a problem to be associated with CVRA, to be also associated with those producers that only care about volume”*. Even though CVRA has a large impact in improving promotion of the region in external markets, there isn’t a defined strategy between the commission and the producers, as the first doesn’t have a wide influence and control over the following. Therefore, there isn’t one common strategy for the region.

To further understand the situation of the regional brand of the Alentejo wines, reach a conclusion and consequently being able to develop recommendations, it is necessary to discuss the research questions presented in Chapter 2.

1. Is the region of origin employed as a marketing and branding tool, becoming a source of market value?

The interviews revealed there is interest on behalf of the producers in being certified by the regional commission, and all products display the region in the label. Hence, we understand there is market value in presenting it, as the geographic origin is part of each

brand's identity, and each one gains from being associated with a "terroir". However, the lack of status and the difficulty in transmitting quality that nowadays characterizes the Alentejo regional wine brand leads the bigger brands to rely, almost exclusively, on their brand. Therefore, several producers, mainly the largest or more premium producers, are decreasing their level of engagement in the promotional activities developed by the commission, as they understand the region as being too diversified for it to be beneficial to be promoted as one. One of the interviewees expressed that "*there isn't a connection between the brands from the region*". This implies that currently, the brand presents poor brand equity, meaning that there is low added-value to the brands in being associated with the regional brand.

2. Are the products from the region more often chosen by the consumers, due to displaying the region on the label?

As previously stated, there is a lack of knowledge regarding the Portuguese wines, which is combined with a non-favorable image of the country, and this equally applies to the region. Thus, presenting the region on the label is not a factor that leads most of the consumers to choose the product, due to its low brand equity. As mentioned in one of the interviews, "*In the international market, we aren't a brand of reference as Portugal, and even less as Alentejo*" (Producer).

3. Are the producers of the region able to increase the price of their products due to the regional brand?

Even though prices have been increasing lately, it is still clear that the prices practiced by the producers of the region are very low. Additionally, from the interviews conducted, we understand that the lack of status, a concern that was voiced by all interviewees, is a significant obstacle for increasing prices. Once again, the lack of knowledge regarding

the wines of the region and a poor perceived image precludes the producers from charging higher prices. As mentioned by one of the interviewed producers, *“The image of Portugal and the lack of knowledge about the Alentejo region make it very hard to sell more expensive wines”*. Ergo, we conclude that nowadays the regional brand isn’t a factor that supports a raise in prices, confirming its low brand equity.

4. Is the regional brand an element of differentiation from domestic competitors from other regions and from foreign competitors?

The Alentejo wine region is very different from other regions, and so are its products, thus there is great potential in that sense. Nevertheless, there still isn’t a defined identity for the regional brand to support this differentiation. One of the interviewed producers stated that *“Neither Portugal, nor the Alentejo region have a strong enough brand to compete globally”*. Consequently, many producers are differentiating on price, competing with New World wine countries like Chile.

5. Is the regional brand characterized by both a social and an individual dimension?

The wine region of Alentejo is characterized as “good for value”. The high quality of the product and the fulfillment consumers enjoy when experimenting a wine from the region are referred by the experts. Nonetheless, the individual dimension is difficult to communicate, greatly due to the low prices practiced as well as to the image of the country. As mentioned by one of the interviewed producers, *“The wines from the region are so cheap that it is difficult to transmit the substance”*. These factors also impact the social function. Overall, consuming wine from the region does not constitute a form of acquisition of status, contrary to the case of France or Italy. Thus, the wine region fails to achieve a luxury positioning.

The research questions are denied by the insights collected in this research. Thus, we understand that the regional wine brand of Alentejo is characterized by low brand equity. In the present situation, there are several discrepancies that stand as an obstacle to create a defined and consolidated brand identity, and there is a lack of focus on what connects the region. This impedes the region of improving its positioning, as producers harm each other with opposite strategies. Therefore, by repairing the identity, and consequently the positioning of the regional brand, combined with appropriate marketing programs, the perceived image of the brand should improve, increasing the brand equity accordingly. The model is presented in Appendix 10.

### **CHAPTER 5: Managerial Implications and Recommendations**

It stands as a goal of this thesis to improve the equity of the regional brand. In practice, it is necessary to create a brand identity and positioning that allow for a change in the brand image, so that it is no longer perceived as “*good for the value*”, and transitions into more of a high-quality, premium brand. Arising out of the interviews conducted with the experts, we recommend the following brand identity (Kapferer’s approach) and brand positioning (Keller’s approach), respectively:

Figure 1: Brand Identity following Kapferer’s approach (Appendix 11)

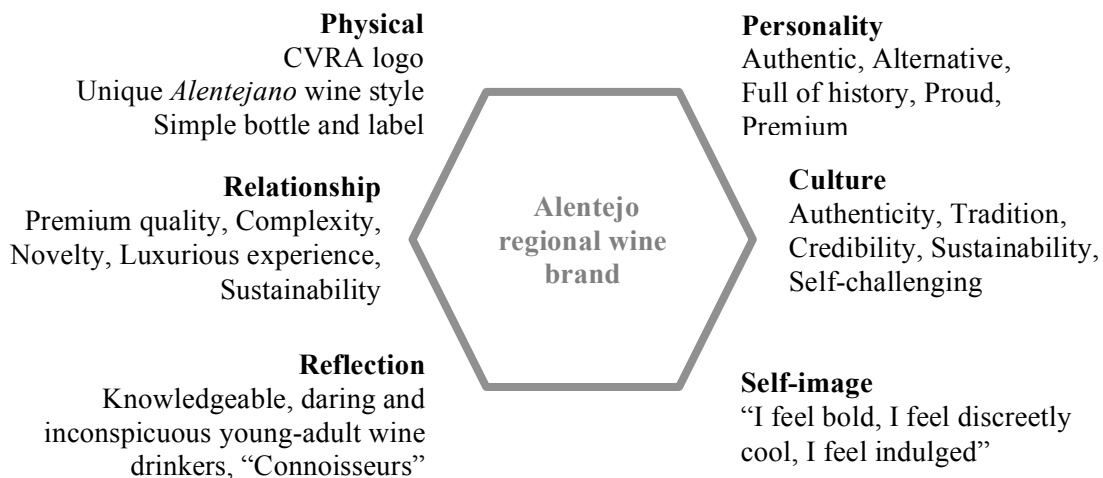


Table 2: Brand Positioning following Keller's approach (Appendix 12)

|   |                    |  |
|---|--------------------|--|
| <b>Target</b>   |                    | Consumers from the mature markets; young adults, between 25 and 50 years; wine “ <i>connoisseurs</i> ”; enjoy high-quality wine and don't mind paying more for a more luxurious experience; enjoy trying different wines and inconspicuous consumption |
| <b>Competitors</b>  |                    | <ul style="list-style-type: none"> <li>• Product type level: premium wine</li> <li>• Direct Competitors: Italian, French, Spanish wines, as well as premium wines from the New World.</li> </ul>   |
| <b>Frame-of-reference</b>   |                    | Premium Alentejo wine brand  |
| <b>Points of Parity</b>   | <b>Category</b>    | Premium quality and indulgence experience  |
|   | <b>Competitive</b> | Full of history  |
| <b>Points of Difference</b>   |                    | <p>Different and unique</p> <p>High-quality and complex wine</p> <p>Discreetly cool</p>  |
| <p><i>“For young adults that are knowledgeable and enjoy high-quality wine (Target), the Alentejo regional wine brand is a premium indulgence brand, full of history (Frame of Reference - POPs). It provides a complex, trendy in a discreet manner and unique wine (PODs). The wine is made with several grape varieties that solely exist in this region and the soils contribute to the creation of a singular wine. It has been awarded many international prizes (Reasons to Believe).”</i></p> |                    |  |

It is indisputable that such a brand identity and positioning, as the ones recommended, aren't consistent with the current panorama of brands that are under the name of the region. Given its diversity, it is extremely difficult to increase brand equity and change its positioning. Hence, the recommendation of the previously mentioned brand identity and

positioning requires the assumption from the literature that the region of origin holds greater importance when the consumer is highly involved with the category.

The core recommended strategy consists in centering the creation of the regional brand in the mature markets. Those are the markets in which the consumer is the most knowledgeable, and consequently gives importance to the region of origin. Additionally, those are the markets that demand the most premium and luxury products, thus being the ones where those products should be focused on. By directing the products that fit the recommended identity and positioning in the mature markets, we are able to establish the regional wine brand of Alentejo with the recommended brand identity and positioning. Nevertheless, as the production in the region will not be restricted, the remaining products also need a selling strategy. The products that don't match the recommendations should be sold mostly to the emerging markets, as those are the biggest markets for those brands. As the region of origin isn't as important as a factor in those markets, the association of these brands to the region should be reduced. Adding to the assumption from the literature, we understand from the interviews that the consumers from these markets give higher importance to other characteristics. These should be the characteristics explored by the producers.

The suggested strategy should allow for the development of the regional wine brand of Alentejo in the most pertinent markets, improving its positioning and moving from a "*good for the value*" position to a premium position. The producers shouldn't harm each other anymore, as they all fit the brand identity and positioning, but help each other thrive. The producers that aren't as represented in these markets shouldn't be harmed as well, as these aren't their most successful markets. In practice, for the aforementioned strategy to succeed, it is necessary that the commissions coordinate the producers'

strategies, in order to facilitate the creation of a regional brand that fits the recommendations.

It is important to note that at this stage, and with the current overall image of the regional brand, it would be extremely challenging to move from a “*good quality-price relationship*” image to a luxury positioning. Hence, the recommendation is that firstly the region becomes recognized as a premium brand, increasing the substance perceived by the consumers, so that it becomes a more immediate association. Following this stage, it should be possible to work on achieving a luxury positioning as it would be easier to have knowledgeable wine-drinkers as advocates of the brand. The strategy of creating a regional brand with significant brand equity is a long-term one, that will require to be frequently monitored and corrected.

#### **CHAPTER 6: Main Work Project Limitations**

This research presents the following limitations, that need to be taken into account. During this thesis price was used as a proxy to understand the positioning of the brands, as it represents an objective factor of much less complexity. As mentioned in the literature, in the wine industry, given the difficulty that stands in evaluating the quality of the products, consumers rely on extrinsic cues to evaluate quality (Ayyildiz et al., 2007), such as the price. Hence, price is a significant factor for the consumer when in the purchasing decision process (Hall et al., 2001). As well, in luxury, price is used frequently to determine whether or not a good classifies as luxury (BCG - The True-Luxury Global Consumer Insight, 4th Edition. 2017). Nonetheless, this constitutes a limited proxy to understand the positioning of a brand and evaluating if a brand is positioned as luxury.

Additionally, previously to the project, we understood the regional wine brand from Alentejo as a brand with positive equity. However, from the research we realized the brand has no equity and is positioned as “*good for the value*”. Thus, accordingly, the regional brand is far from reaching a luxury positioning, and the recommendations aim at a premium positioning, being the luxury positioning a long-term goal.

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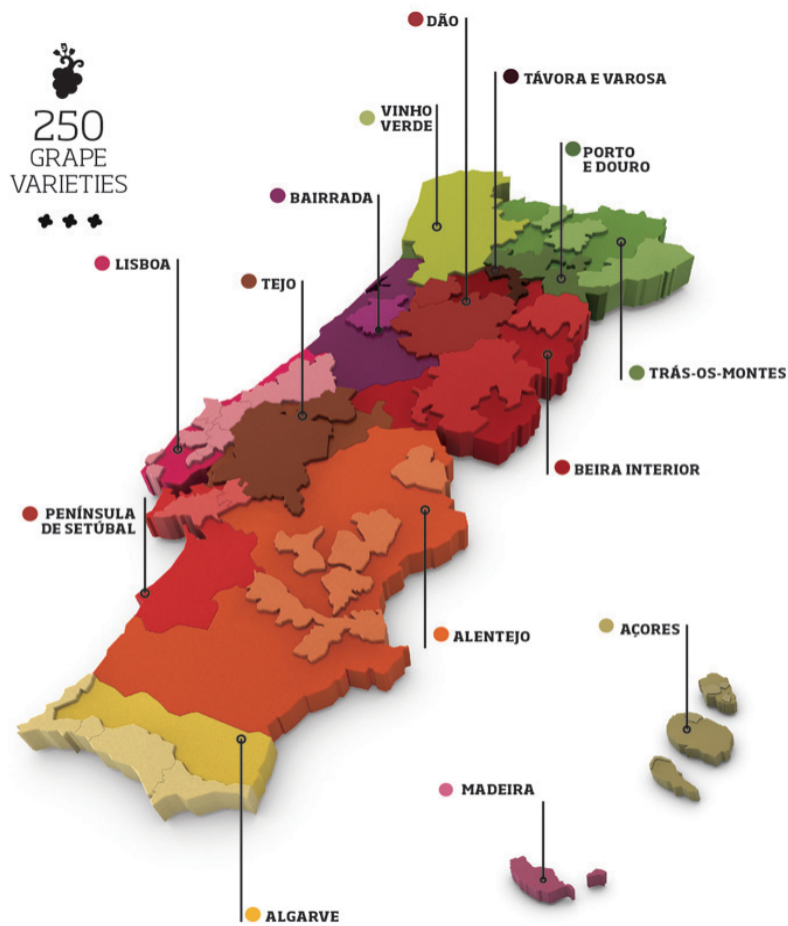
## APPENDIXES

### Appendix 1: Main wine exporters (countries with 2018 wine exports of more than 2mhl)

| Countries     | Volume 2018 (mhl) | Value 2018 (m EUR) |
|---------------|-------------------|--------------------|
| France        | 14.1              | 9,336              |
| Italy         | 19.7              | 6,148              |
| Spain         | 21                | 2,916              |
| Australia     | 8.6               | 1,829              |
| Chile         | 9.3               | 1,680              |
| United States | 3.5               | 1,226              |
| Germany       | 3.8               | 1,032              |
| New Zealand   | 2.6               | 1,011              |
| Portugal      | 3                 | 804                |
| Argentina     | 2.8               | 674                |
| South Africa  | 4.2               | 663                |

Source: OIV (2018)

Appendix 2: Wine-producing regions of Portugal



Source: WinesofPortugal

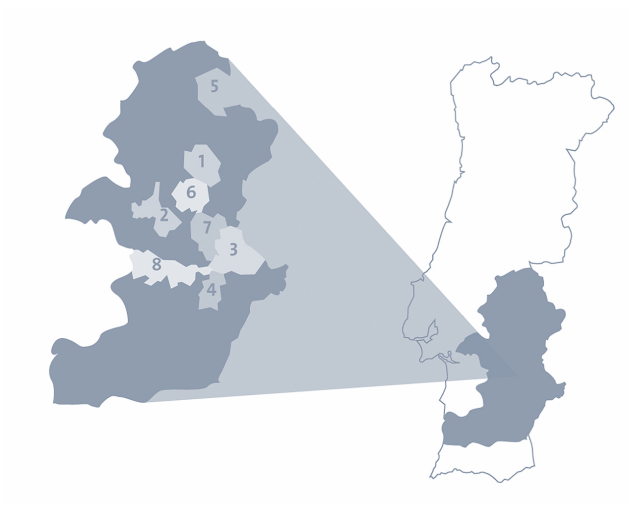
### Appendix 3: Certifying entities in Portugal

| Region  | Certifying Entity    | Region-Specific PDOs  |
|---|----------------------|---|
| Vinho Verde   | Minho                | Comissão de Viticultura   |
| Trás-os-Montes  | Transmontano         | Comissão Vitivinícola Regional de Trás-os-Montes                |
| Porto e Douro   | Duriense             | Instituto dos Vinhos do Douro e Porto, I.P.                     |
| Távora-Varosa   | Terras de Cister     | Comissão Vitivinícola Regional Távora-Varosa                    |
| Bairrada  | Beira Atlântico      | Comissão Vitivinícola Regional da Bairrada                      |
| Dão e Lafões  | Terras do Dão        | Comissão Vitivinícola Regional do Dão                           |
| Beira Interior  | Terras da Beira      | Comissão Vitivinícola Regional da Beira Interior                |
| Encostas D'Aire,<br>Lourinhã, Óbidos,<br>Alenquer, Arruda, Torres<br>Vedras, Bucelas,<br>Carcavelos e Colares | Lisboa               | Comissão Vitivinícola Regional de Lisboa                        |
| DoTejo  | Tejo                 | Comissão Vitivinícola Regional Do Tejo                          |
| Setúbal e Palmela   | Península de Setúbal | Comissão Vitivinícola Regional da Península de Setúbal          |
| Alentejo  | Alentejano           | Comissão Vitivinícola Regional Alentejana                       |
| Lagoa, Lagos, Portimão e<br>Tavira  | Algarve              | Comissão Vitivinícola do Algarve                                |
| Madeira e Madeirense  | Terras Madeirenses   | Instituto do Vinho, do Bordado e do Artesanato da Madeira, I.P. |
| Biscoitos, Pico e Graciosa  | Açores               | Comissão Vitivinícola Regional dos Açores                       |

Source: WinesofPortugal

#### Appendix 4: PDO sub-regions

1. Borba
2. Evora
3. Granja-Amarela
4. Moura
5. Portalegre
6. Redondo
7. Reguengos
8. Vidigueira



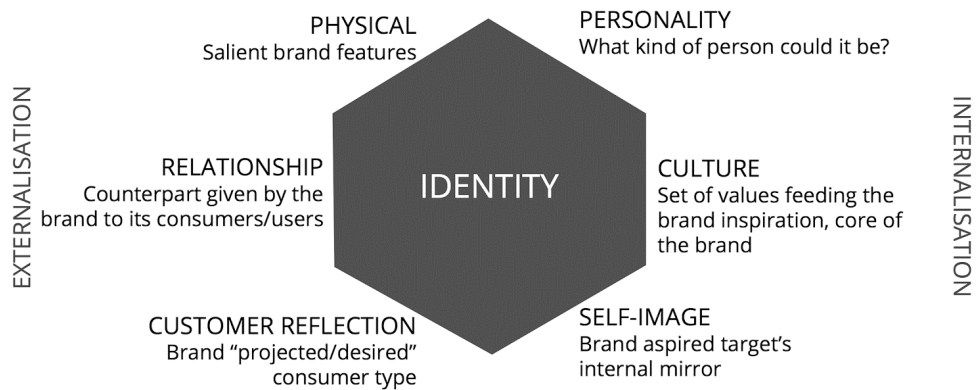
Source: CVRA

#### Appendix 5: Main export markets for the Alentejo wine

| Countries   | Volume (L) |
|-------------|------------|
| Brazil      | 5779       |
| Angola      | 3730       |
| USA         | 2861       |
| Switzerland | 2816       |
| Canada      | 1804       |
| China       | 1784       |
| Poland      | 1648       |
| Belgium     | 1450       |
| France      | 1290       |

Source: CVRA (2019)

## Appendix 6: Brand Identity Prism, Kapferer



Source: Da Silveira (2019)

## Appendix 7: List of Interviewees

Organizations:

- CVRA - Comissão Vitivinícola Regional Alentejana
- IVV - Instituto do Vinho e da Vinha

Producers:

- Cortes de Cima
- Quetzal
- Ribafreixo
- Encostas d'Alqueva
- Segur Estates
- Cartuxa
- Herdade da Malhadinha Nova
- Fita Preta
- Ervideira

## Appendix 8: Script of the Interview Guides

### **PRODUCERS**

Good morning/Good afternoon,

My name is Teresa Baptista, and as explained in the email I am a student from Nova SBE and I am currently conducting a thesis about the Alentejo Wine Region. First of all I would like to thank you for accepting to meet for this interview. With this meeting I aim to explore the issues and opportunities of the wine industry in this region.

The interview should take around 35 minutes. It will be recorded for further analysis, however the results will be treated and analyzed in an anonymous manner. Is that ok for you?

(This guide represents only the main themes to be discussed with the participants. Consequently, it does not include the several prompts that may also be used, nonetheless, examples are given for each question. General prompts will also be used, for example: “That is interesting, can you delve more into that?”.)

#### **Establishing Rapport**

Before we begin, can you tell me about the history of this brand? (to better understand the context of the interview)

#### **1. International Presence**

Can you tell me about the presence of the brand internationally?

Prompts: Is the brand present in external markets?

Prompts: What is the strongest international market for this brand?

Prompts: What is the most sold product in external markets? What is the average price of the product?

Prompts: How does the brand sell to those markets? Do you participate in International Fairs? Do you go participate individually or with an organization? Do you sell B2B or B2C at an international level?

## **2. The overall perception of the brand and the wine region**

What is your understanding of the consumer perception of the brand as well as of the wines from the Alentejo wine region?

Prompts: How do you think the foreign consumer perceives your brand?

Prompts: How do you think the foreign consumer perceives the Alentejo wine region?

Prompts: How do you think it is perceived when compared to competitor countries?

Prompts: How do you think French and Italian wines are perceived? For instance, wines from Bordeaux or Puglia?

## **3. Challenges in selling to external markets**

Can you tell what are in your opinion the biggest challenges when selling this brand and others from Alentejo internationally?

Prompts: Do you think it is the selling strategy?

Prompts: Do you think it is the perception the consumer has of the region?

Prompts: Do you think we need to work on the positioning of the region so that it is to sell the wines?

## **4. Organizations**

Can you tell me what is your opinion about the Portuguese wine organizations and institutions?

Prompts: Do you think the organizations give prestige to the wines and make it easier to sell? Why?

Prompts: Do you think the organizations make it easier to sell internationally?

Prompts: Do you think it is better to go to the international fairs along with the organizations or alone?

Prompts: Do you think the organizations should do more to improve the region? What?

## **5. Conclusion**

Is there anything else that you would like to discuss regarding this topic that I haven't asked you about?

Thank you very much for your time, your insights will be extremely valuable for my research.

## **ORGANIZATIONS**

Good morning/Good afternoon,

My name is Teresa Baptista, and as explained in the email I am a student from Nova SBE and I am currently conducting a thesis about the Alentejo Wine Region. First of all I would like to thank you for accepting to meet for this interview. With this meeting I aim to explore the issues and opportunities of the wine industry in this region.

The interview should take around 35 minutes. It will be recorded for further analysis, however the results will be treated and analyzed in an anonymous manner. Is that ok for you?

(This guide represents only the main themes to be discussed with the participants. Consequently, it does not include the several prompts that may also be used, nonetheless, examples are given for each question. General prompts will also be used, for example: “That is interesting, can you delve more into that?”.)

### **Establishing Rapport**

Before we begin, can you tell me about the history of this organization? (to better understand the context of the interview)

#### **1. Role of the organization**

Can you explain in more detail the role of the organization and its relations with the producers of the region?

Prompts: What are the most important functions of the organization?

Prompts: Is the communication with regional producers easy?

Prompts: Is the relationship with the producers easy?

#### **2. International Markets**

Can you tell me in more detail the role of the organization internationally?

Prompts: What are the most important functions of the organization internationally?

Prompts: What is the involvement of the organization in international wine fairs?

Prompts: Is it easy to coordinate with all the players involved?

#### **3. Regional Brand**

Since you have an overall and general understanding of the region can you explain what differentiates the region?

Prompts: What do you think characterizes the best the Alentejo wine region?

Prompts: What is the characteristic that adds the greatest value to the region?

Prompts: What do you think unifies all the producers and brands?

Prompt: What do you think should be the goals for the region in general?

#### **4. International Challenges**

Can you tell what are, in your understanding, the biggest challenges the region faces internationally? What are your recommendations for those challenges?

Prompts: What do you think needs to change so that the Alentejo wines are sold more easily in external markets?

Prompts: What are your recommendations for the future?

#### **5. Conclusion**

Is there anything else that you would like to discuss regarding this topic that I haven't asked you about?

Thank you very much for your time, your insights will be extremely valuable for my research.

#### Appendix 9: Transcript of Interview with CVRA

Me: To start, I would ask you to tell me a bit about the history of this organization, even though we already know a bit about it but to understand better the context of this interview.

CVRA: So... CVRA is an entity that was born in 1989... with the purpose of certifying the wines with an origin certification. We have two types of certifications: PDO and PGI. That is the main function of the commission. The second role is... the second big role of the commission is to promote the wines outside the region, and inside the region as well.

Me: Alright. The first topic would be to discuss the role of the organization. You said it is to certify, how does that work? Is it the producers that contact the CVRA because they see it as an added-value? Is it the CVRA that tries to contact the producers?

CVRA: So the producers from the Alentejo region are all associated with the commission, and through this association, the producers ask... the producers are associated and the commission certifies their wines. It is a complex process... it starts with the collection of samples, the samples come to the commission and is analyzed the laboratory as in a tasting department, and then it is certified... I am simplifying a lot because the process is way more complex, it starts in the vineyards. It is a very complex process... but just to explain that the producers are associated with the commission and they submit their wines for the approval.

Me: So the communication with the producers is easy?

CVRA: Yes it is.

Me: Both sides have advantages is being connected and having an association?

CVRA: Yes, yes the commission is only here to serve them... it only exists because they exist. On the other side, the producers understand that there is an advantage in certifying their wines because it is the only way they have to have the name "Alentejo" or "Alentejano" in their labels and they consider it an added-value, obviously.

Me: And on an international level, which is our biggest focus? I would like to know the role of the organization on an international level? The role is to promote but in what way?

CVRA: So we have two types of markets, the markets “extra-community” and there we work four markets: Brazil, United States, Angola and Switzerland, being Switzerland an extra community market. Ah... so we only work these four markets through tastings, inverse visits, which are the invitation of journalists to come here and visit the region, some publicity and fundamentally that is it. Tastings, inverse visits and publicity... ah and qualification, I was forgetting qualification and it is a very important part. We do as well qualification, mostly in Brazil, occasionally in Angola and occasionally in the United States.

Me: And that qualification is for people that sell in stores, in restaurants, or...?

CVRA: It is mostly for people that work directly with the wine, the called Sommeliers. We have done as well with importers and stores, namely in Brazil, but mostly it is intended to Sommeliers.

Me: And the commission only works those markets because they are the ones where Alentejo is mostly recognized?...

CVRA: Yes

Me: Are those the biggest importers?

CVRA: Exactly, those are our biggest markets, and we have to focus, we can't have 10 markets when we don't have the capital nor the human capital... So we focus in 4 markets, they are the markets we have been working in the last years, this is not a 1 or 2 years work, it has to be continuous, so these are the markets we have been working in the last years, these are the markets. Then, other than the extra community markets, we work with Alemanha. We do the fair Prowine, which is a fair, the biggest wine fair in Europe, so we do the Prowine. Then we work in the United Kingdom occasionally with inverse visits. Right now, it is the only thing we are doing. And that is it...

Me: And how is the relation, when there are fairs because I can imagine that is when the producers are more involved, because for instance when it is qualification is it just CVRA or are the producers involved?

CVRA: It is just CVRA but I ask the producers to send wines. Because the qualifications have a theoretical part but also a practical part of wine tasting.

ME: And in regarding the International fairs, how is the relationship with the producers? Normally the CVRA represents all producers, do some producers go individually? How does it work?

CVRA: So the procedure is always the same, we create an informational document and send it to all producers. We invite them all and give all the opportunity to go. When there is a fair, we normally have a stand and places for the producers to be... ah... so normally in all fairs there all places for all the producers that want to go. The exception is exactly the Prowine that's is a fair where all producers want to be and the places are limited. So it is the only fair that where some producers are out. In all the other all that want to go, go. Then we also explain in the informational document what are the main objectives, how the event is gonna be, ah... they subscribe with us and the commission gives them a platform to promote themselves. We also have activities, during the fair or the tasting. We have masterclasses with a renowned journalist or a wine critic or something like that, that presents specifically 1 product of each producer that is present in the fair or in the tasting. So... and the relationship with the producers is very good. We are an added-value to them and we exist for that so the relationship is good and the communication is normally done like this, through an informational document and all of them subscribe with us.

Me: And normally in those fairs, the ViniPortugal is also there? And how does it work with the organization?

CVRA: We work well. We get along very well. The only fair that we do at this moment is the one in Alemanha. Other than that, we are not doing any fair right now. Ahhh we are only doing tastings.

Me: So it is different?

CVRA: Yes it is different. In a fair normally there are many people, many entities, many producers, from the entire world, like this one, and there is a specific stand for the Alentejo region. There are many complexes, one for Portugal and Spain, there is one stand for Alentejo, ViniPortugal has many stands and then the commissions of the other regions all have one stand and there are some producers individually. But the ideal would be to be grouped, in terms of Promotion. You know this... A small country like ours, it makes more sense to be grouped by regions, and for the producers to be under the “umbrella” of that region.

Me: Normally the producers that go individually are the biggest ones right?

CVRA: Yes it is, for instance, Sogrape, Esporão, which are bigger producers and multi-regional, meaning that have wine productions in more than 1 region, and then normally they get... or they are in ViniPortugal, because it is an “umbrella” that promotes all the wines of Portugal, and they can also be there. In our stand, we only have producers from Alentejo or at least just with wines from Alentejo.

Me: And in the tastings? How does it work? The fairs are bigger, how are the tastings?

CVRA: The tastings are just tasting from Alentejo. So the tastings in the markets I have mentioned are just from Alentejo, markets we want to be in, mature markets in our opinion, markets where the wines from Alentejo already have “feet to walk”, in which the

wines are already recognized as “Marca Vinhos do Alentejo” and there we do specific tastings with wine just from Alentejo. Ah... normally, the traditional format that we have already been doing for many years is the rental of a hotel room in which each producer has its bench. Behind every bench are a producer and an importer, giving tastings to the people. We have a good database in those markets, we contact people from trade. Normally we have an hour for trade and then the final consumer. We have that separated because it is important that they have contact with the ones that will buy the wines from them. Inside the tastings, there can be two types, the ones that are intended for producers that are already represented in the market or the tastings that also have producers that aren't represented. In those cases, we send the wines from here, because those producers that aren't represented can't have the wines there if it isn't us sending it. So there can be those two ways. This year, moreover, four years ago, we started with a different event in Brazil, which is an event in the street, intended to the final consumer. It is in Brazil so no problem with the rain, the worst is the warmth. It is a street event that connects the local gastronomy with our wines. The purpose is to democratize the consumption of wine. Because in certain markets, like Brazil for instance, that aren't wine traditional markets, people consider wine a luxury or just for special occasions. Fundamentally, these type of events is to transmit the message that we consume it every day, it is a “food”, it doesn't have to be for a special occasion. But always in moderation, obviously. We are always associated with the “wine in moderation”. All our materials have this, but all regions have this, all ViniPortugal, IVV uses this logo in all materials. These events aim to democratize the wine consumption in these new wine markets, show them that wine can be consumed normally, with everyday food. This event, we started it in Belo Horizonte, 4 or 5 years ago, and this year it is in São Paulo and Rio de Janeiro because we think the

hotel room event type is too used up, always the same type of people, ... in these two big cities, São Paulo and Rio de Janeiro, we have started doing as well street events, it is in a closed space but in a garden or something. Free entrance and then the consumption of the glass. In the United States, the events are slightly different. We have as well events for trade occasionally, and... what are we doing more... the United States isn't one of my markets.... We are also doing an event once a year that is very big, which is the beverage conference, and there is also ViniPortugal and also some independent producers, and it works more or less like a fair even though it is in a Hotel room. So it is a smaller fair.

Me: Now, about the Alentejo region, being that here in CVRA you can have a more general perspective? How would you characterize the region? What unifies and differentiates more the region from other regions?

CVRA: So... The exportation phenomenon in Alentejo is relatively recent... ah... only in the 80s Alentejo started producing more, planting more vineyards and producing more, because until then the consumption of wines from Alentejo was mostly consumed by us, in the region and in Portugal. With the increase in production, the producers started then exporting. At the beginning of the 90s, the end of the 80s, 90s, that started a bigger wave of exports. The production increased and the producers had to turn to the external market. At the beginning of the promotion, it was very difficult to promote a region that foreign consumers didn't know, of a country consumers, didn't know, especially with grape varieties that consumers couldn't even say. What a lot of the producers did was start to use foreign grape varieties to make communication with foreign consumers easier. And that was done through the two most known grape varieties, Syrah and Cabernet Sauvignon, that are the grape varieties that have been for the longest here in Alentejo, not counting with the Alicante Bouschet that is our grape variety that we consider as from the

region, as it has been here for over 200 years. And it has a more foreign name it also helped with communication. Nowadays, we can see a bit of the inverse. The foreign grape varieties are hidden, disguised and the Portuguese grape varieties are having more protagonism. And this happens why? Because Portugal, a lot because of tourism, is minimally known internationally. Namely in the fair in Germany, last year or 2 years ago, Portugal was considered the Hipster of the fair, the most important thing that people could look for and so we can see a difference. It is a difference that I followed. In the beginning, it was really difficult. And now, since 4 or 5 years ago, it has become easier. As well, because we have gained some awards by the American press, and the global press, but mostly the American one, which is the one that spreads the news better. “Best region to visit”, Alentejo was considered by the USA today, in 2015, if I’m not mistaken. There have been a number of awards that have helped to get people curious and interested in the region. So nowadays, the foreign grape varieties are anymore a lever, they were but not today. The region starts to have a name, people start to know about it. Some consumers, especially in the market of the United States, some of Switzerland. Meaning some of the big markets start to be interested in trying new things, and that we understand very well that by the contact we have with the sommeliers. Some of them say exactly that, that the consumer wants new things, that they are tired of the Cabernets, the riesling... “give me something new”. And that is an opportunity for us, to start being noticed.

Me: And do you think that Portugal and the Alentejo already have a reputation stable and built enough to start investing in differentiation, with the different grape varieties? Does it have enough structure?

CVRA: Not really because we have the structure that is needed, but more because the rest of the world starts to be interested in different things, we can start being noticed. As a matter of fact, the slogan of ViniPortugal is “World of difference”, so it is already a cause for pride to be different, while some years ago we would say that in a very shy manner because no one really cared, nowadays that slogan makes total sense and we as region also like to state that we are a region of diversity.

Me: One of the things we start to understand is that not only we have different grape varieties but the fact that we produce wines that combine a lot of varieties and that is harder to understand by the foreign consumer because they aren't used to it.

CVRA: Yes... the blends.

Me: Is that still a problem, or just like the grape varieties it can be an advantage now?

CVRA: It starts being an advantage as well, even though it is very difficult for the consumer to understand the blends. For the consumer, some consumers, don't understand the blends. There is still work to do in this regard. The producers and some producers have wines with just one grape variety, and a lot of times we use the mono casts and a blend in which those mono casts are, this in the masterclass and qualifications we do. But yes that is a difficulty, our blend tradition.

Me: And in what regards the prices, what would be the price that the consumer, the average of the price a consumer would pay for a wine from Alentejo? What is the price level that is the easiest to sell in international markets?

CVRA: That depends on the market... I mean, the general trend is that the wines from Alentejo and from Portugal are “good for the value”, meaning that they are good and cheap. Personally, I hate that sentence and try to never use it. But in reality, when we compare our prices to other countries', ours are much cheaper and equally good. And has

been proved by blind tastings, and the Portuguese wine isn't worse than many French, Italian, Spanish wines, and in the end, always have better prices. Thankfully, our average price has been rising in most of the markets. I can tell you that last year the best average price was in Switzerland and it was 4,6 or 4,4. Which is a low price, is a modest price, but it is in the average and slightly above the Portuguese average of wines, not considering the liqueur wines, like Port. So it is a modest price, but it is where we have been working on. Most of the tastings we do abroad are with the middle-top level and some top-level wines and something we have been doing as well is showing old wines, and using it in tasting exactly to dignify the region. So, our promotion goes exactly in that direction, dignifying the region and increasing the average price.

CVRA: So even though consumers think we have a good quality-price relation, they still choose wines from a lower level, not wines of 30, 40 euros, that maybe would be better than a French one, but they still prefer to pay that much for a French wine? Is that so?

CVRA: Yes. In the end, wine consumption is still associated with status. If you're in a restaurant it is probably much more sophisticated if you're drinking a French wine rather than a Portuguese wine, especially in certain markets. For instance, in Switzerland is not so much like that, because the consumer doesn't look much to the price, but they know better the French, the Italian and the Spanish wines and not the Portuguese ones. The Portuguese wines, there is still a lot of work to do.

Me: So you would say there is a difference when consumers are looking for a wine around 40€ they will choose a French wine, when they want a cheaper one they will choose a Portuguese one?

CVRA: Yes, eventually, eventually.

Me: But CVRA has as a strategy to increase that price?

CVRA: Yes, all our strategy goes in that direction. Increase the notoriety of the wines from Alentejo and increase the average price.

Me: Being that probably the biggest challenge, other than trying to get the regional brand recognized and present in more places, to try to increase the price?

CVRA: Yes, I would say so.

Me: And what would be your recommendations? Do we understand that there are some strategies as the differentiation with the different grape varieties as well as with older wines? What would you say is the best strategy, a wine that is modern, as in the sense that it is different from what they are used to, or a wine that has a lot of history? It is difficult to achieve that status probably since we are competing with countries such as France and Italy, but maybe we can position as a different wine but with history?

CVRA: Yes, that is a bit of our goal, we have almost as much history producing wines as France, or Spain or Italy, We have now since 2011 started certifying “Vinhos de Talha” which is very good as a marketing strategy because it proves that we have history-making wine, we have been producing it since ever and we have a lot of tradition, so we can be at the same level as any other traditional wine producer, we are a traditional wine producer, and the “vinho de Talha” is a proof of that. We have been using it a lot in the promotion. After that comes all the modern wines, that are traditional but that are modern because the producers are paying attention to the trends and have been making changes in the wine so that it is better accepted. Some years ago, one of the major characteristics of the wines from the Alentejo, was the body and that it was a heavy wine, and now we can find much lighter wines, even though they still have a good body. Now the wines can go with any international food. And that is a work that has been done very well by the producers that are paying a lot of attention to the international markets. It is a trend, the modernity

in wine is achieved through changing the production process to make it more attractive to foreign consumers.

Me: And in what regards the price, in restaurants, abroad and in wine shops. Are there any, of course, there are cheap wines because that is what the consumer looks for and not only “Pera Manca”, but middle-level wines? Is it accessible to the consumer?

CVRA: Yes they do. Those are rare occasions, there isn’t a big variety but normally in the portfolios of some producers, there are middle market and top market.

Me: And what is the reaction of the consumers to those wines? When they taste it they feel like it is worth the price and they are willing to pay for it? Is it because they haven’t tried the wine, so they won’t buy? Or when they taste, as it is different from what they are used to, and it doesn’t have status, they still don’t buy it?

CVRA: That is what we have been working on. Our tastings... I’m telling you honestly, in the beginning the prices, because in some tastings, the producers take their entry-level wines, because they also need to sell them, and because they are good wines, and “everyday” wines and the producers have to sell them. So, unfortunately, or not, we don’t only have top-level wines in our tastings, and so the entry levels, which are very important to the producers are also in the tastings. Sometimes I even was ashamed of saying the price of those wines. Because the consumers, when the price is too low, abroad the consumers try, and may even be interested but they don’t even take the wine seriously because of the very low price. After tasting is different, and it depends on the consumer, if it is an expert than knows Portugal, knows our wines, and can understand the price and knows that we are wine producers and that we have good wines and that the wines and the production cost is how it is, and it may be taken more seriously then. But... The price is a very very sensitive topic.

Me: So you think that for us to be able to position, to increase the price, even being the entry-level very important, it would be more important to show, not the most expensive wines because the consumer will prefer for instance a French one, but try to increase the prices that are taken to those tastings and maybe the entry-level would be the focus of those events but try to stabilize the regional brand and recognize it. So that the consumer could understand “Alentejo has good wines and this is an entry-level, so it is cheaper, but I recognize the producer and I know it has value and quality?”

CVRA: I understand, that is very much what the producers have been doing and even we, in our tastings, normally it isn't us choosing the wine, it is the master of wine or the journalist doing the masterclass that chooses the wine. We give a list of all the wines available and price, and the instructions we give, what we want to communicate is: we have entry-level wines however we also have other wines. And the portfolios of wines that the producers take enables that perfectly, it is possible to choose between the entry-level, middle and top. And almost all producers have that, there are half a dozen that only have middle-upper level, but the rest has the three levels.

Me: And each producer decides what they take to each tasting?

CVRA: Yes they are the ones that choose, we only create the platform for them to promote themselves, they choose what they want to promote, what are their goals and what they want to sell.

Me: And do you think, the entry-level wines, a lot of times people taste and knowing that it has such a low price, or if they don't taste it, knowing that it has such a low price makes them not buy it instead of buying more easily? Wouldn't it be beneficial to raise the price abroad, to a price that is more the norm for them?

CVRA: Yes, but that would be unfair and unethical to have a different price here and abroad. What producers sometimes do is create a different brand to sell abroad, and then they are able to... Very similar wines can have different names and prices here and abroad. Some producers do that and it does not seem like a bad strategy. Us, Portuguese, are used to consuming wine at this price because it is part of our culture, starting even with the tax, the wine is considered food. Which is different from other markets, such as Brazil, in which that doesn't happen. The tax of the wine is the same as the other alcoholic beverages. We are used to consuming wine for a low price that everyone can pay, and abroad, in some markets, the price defines if the wine is good or not. And the consumer, a lot of times, it is impossible to know all the wines, to know which one is good. So a lot of time they judge based on price or the label.

Me: Ok so we have covered all the topics that I had planned. I wanted to know if there is any other topic that you think is important and that we didn't discuss?

CVRA: The qualification. I consider the qualification of the sommeliers one of our most important actions because the sommeliers have direct contact, it's important to note that it is not only the sommeliers that work in restaurants, it is also the ones that work in stores, in supermarkets, sommeliers that choose and purchase the wines for supermarket chains. So it is very important this qualification. Because they are the ones deciding which wines are available. And after that explaining to the consumer why that wine is there. This is why I consider that as one of our most important actions.

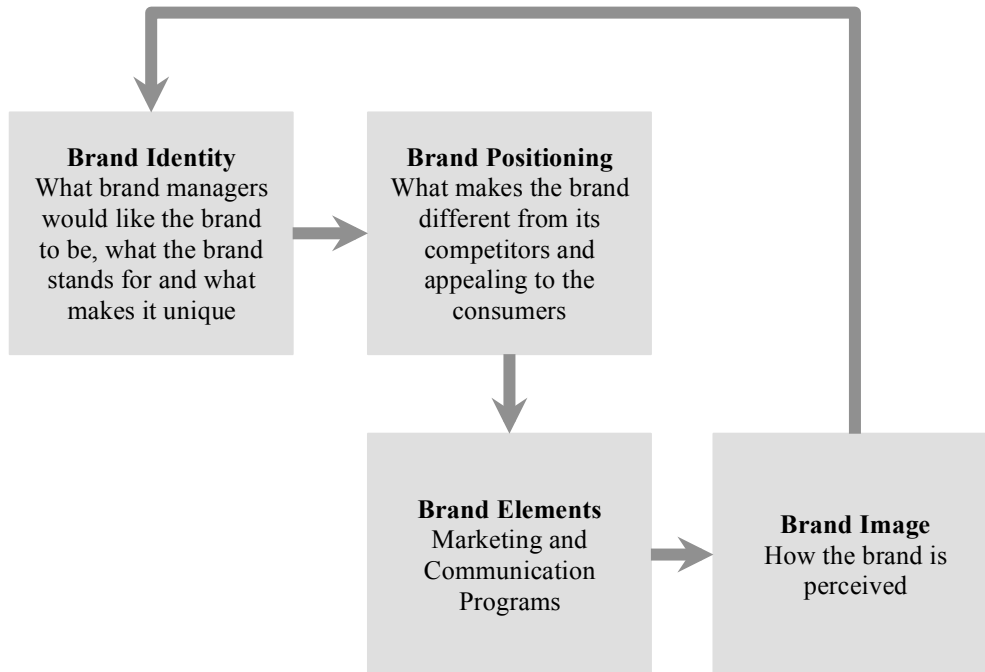
Me: So for example, in what restaurants a Portuguese wine would be present? That is decided by whom? By the sommeliers that are qualified, do they come to Portugal or is the CVRA that goes to their country?

CVRA: The final decision is theirs always. We do both things, we go to the market to meet the sommeliers and we invite them to come to Portugal.

Me: And once again, in this type of event, there are represented wines from all levels?

CVRA: Yes, yes. In the end, it is to show the whole region. CVRA doesn't promote brands, or better, it promotes the brand "Vinhos do Alentejo". We have to use specific wines from specific producers to do the masterclasses. In our classes, we always explain first the region, the soils... we explain as well the gastronomy, the tourism. Nowadays we talk a lot about sustainability, which for us is a great marketing tool. We have a unique program in Europe, there is no other organization with a sustainability program for a group of producers, there are producers that have their own sustainability programs, but there is no other region. For now. There are already other organizations planning, being inspired by us which is great. But we are the only region with a sustainability program, and that helps as well for the sommeliers to understand the region from a different perspective. This is a topic of high interest. And when we present the region and the culture it is a needed step for the sommeliers and consumers to understand our wines.

Appendix 10: Simplified theoretical models of the articulation of Brand Identity, Positioning and Image



Source: Silveira, Catherine. 2018

Appendix 11: Detailed analysis of the facets of the identity of the Alentejo regional wine brand

|                            |  |
|----------------------------|--|
| <b>Physical</b>            | The most salient features are the CVRA logo which is present in all the products that are certified by the regional commission; the unique <i>Alentejano</i> wine style due to the production of several grape varieties that solely exist in the region and due to the expression of the grapes in the soils of the region and with its climatic conditions; simple bottle and label as the focus is on the product's quality, not on ornamenting the bottle                                    |
| <b>Relationship</b>        | The regional brand offers to the consumers premium quality products; complexity and novelty in the sense that the wines from the region are different from the wines the consumer is normally used to; luxurious experience because the premium quality wines are more than food or more than something to go with the food, they constitute an experience by itself; sustainability as the regional commission has implemented a unique sustainability program with the producers of the region |
| <b>Customer Reflection</b> | The ideal consumer of the wines from the Alentejo regional brand is a young-adult that is a wine drinker and knowledgeable regarding the category, "connoisseur". A consumer that looks for high quality wines   |

|                    |  |
|--------------------|--|
|                    | but is interested in trying new flavours and new brands besides the obvious brands. It looks for low-profile wines, the target consumer don't search solely for wines with an established and recognized status.   |
| <b>Personality</b> | If the regional wine brand was a person it would be authentic, in the sense that it is extremely connected with its origin and even though it has suffered improvements, it stays true to its essence; alternative because it is different from all the other wines; full of history as the wine production in this region started even before the romans were in Portugal; proud as it stands as different and doesn't change to be more similar to other wines; premium due to its high-quality  |
| <b>Culture</b>     | The set of values of the regional wine brand correspond to the values of the regional commission – CVRA: authenticity by certifying the origin of the wine and investing in the differentiation supported by the singular production environment of the region and the grape variety; tradition due to its long history; credibility through time which is verified by the awards that the region has received; sustainability in what regards the environment, proven by initiatives like the sustainability program implemented with the producers of the region, making it the only regional organization with such a program; self-challenging as the region invests in improving its products |
| <b>Self-image</b>  | The consumers should feel bold when buying and consuming wine from the regional brand as the product is so different from the normal, even though it has premium quality; feel discreetly cool because the brand isn't high-profile like the French wines but however it is a hipster and cool brand; feel indulged due to the type of product that it is and to its high quality, consuming such a wine should constitute a pleasurable experience to the consumers   |

## Appendix 12: Detailed analysis of the Competitors and Points of Difference

### **Competitors at the different levels:**

- Product type level: premium wine
- Product category level: wine
- Product class level: alcoholic beverages
- Benefit level: indulgence experience

Considering that our target customers are high-quality wine-drinkers, and consequently are already greatly invested and loyal to the product type level, we understand that our competitors are at the product type level.

### **Points of Difference – Desirability Criteria:**

### Different and unique

- **Relevance:** It is relevant as the target is consumers that besides being wine-drinkers and invested in the category, are interested in exploring different wines
- **Distinctiveness:** The region of Alentejo is able to combine alternative wines, that you can only find in this region, and a premium quality, which is valued by the bold target of this brand
- **Believability:** The region of Alentejo has very different grape varieties that exist solely in the region, as well as the soils, that contribute to an expression of the grapes that is very different.

### High-quality and complex wine

- **Relevance:** The target is wine-drinkers that enjoy high-quality wines and pay for premium products, thus this is an important characteristic for the target
- **Distinctiveness:** The high-quality of the wine has been awarded, hence being superior to many other wines, as well as the wine from the region being characterized by a high complexity that appeals to the most knowledgeable consumers
- **Believability:** International awards for producers of the region, such as International Wine Challenge or the award of “best in show” in the red wine category for a wine from the Alentejo region

### Discreetly cool

- **Relevance:** It is relevant as the target of this brand is younger consumers that value inconspicuous wine brands, hence it is relevant as they are able to consume a product of high quality, while still being low-profile

- Distinctiveness: It presents high quality combined with a lower profile than many of the other wine-producing regions
- Believability: The regional brand has been considered the “Hipster” in one of the most important wine fairs worldwide