A Work Project, presented as part of the requirements for the Award of a Master's in Management from the Nova School of Business and Economics

Revitalizing the Port Wine Industry Through Premium Rum Diversification and Strategic Innovation

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21/05/2025

Abstract

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

Keywords

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

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

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

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

Abbreviations

CAGR - Compound Annual Growth Rate

EU - European Union

M&A -Mergers and Acquisitions

PYCC - Portuguese Yeast Culture Collection

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

STP - Segmentation, Targeting, Positioning

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

TAM - Total Addressable Market

SAM - Serviceable Available Market

SOM - Serviceable Obtainable Market

IWSR - International Wine and Spirits Record

DMA - Distilled Market Analysis

SCDO - Scoundrels Distilling Company

IVV - Instituto da Vinha e do Vinho

DGAE - Direção-Geral das Atividades Económicas

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0. Introduction

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

I. Overview of the Port Wine Industry

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

i. Market Size and Scope

The global Port wine market is projected to reach **USD 1.10 billion by 2025**, with a CAGR of 8.5% until 2035, driven by premiumization rather than broad demand growth (Future Market Insights). Sales volume has fallen from 10.5 million cases in 2000 to 7.3 million recently (Forbes). In Europe, key markets like France, the UK, and the Netherlands have seen **reduced consumption**, although aged and premium Ports are gaining appeal (Grand View Research).

Portugal remains the primary producer but is also experiencing domestic decline. The port wine market volume declined to 11.63 million liters in 2024, with further decreases projected for 2025 (GlobalData). A modest recovery (CAGR 0.67%) is expected by 2028, but volumes will remain below historic levels. Revenue from fortified wines in Portugal is forecasted to drop from €3.36M in 2025 to €3.28M by 2029 (Statista), due to **overproduction** and **declining exports** (Wine Intelligence).

ii. Competitive Landscape

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

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

iii. Market Decline

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

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

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

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

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

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

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

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

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

I. Introduction to the Rum Industry

i. Market Size and Growth

The global rum market is experiencing steady growth, driven by premiumization and increased consumer interest in craft spirits. In 2023, the global rum market was valued at approximately USD 17.4 billion and is projected to reach USD 21.5 billion by 2030, growing at a CAGR of

3.2% (Statista, n.d.(b)). While mass-market rum sales remain stable, the premium and ultra-premium segments are experiencing significant expansion, reflecting changing consumer preferences toward higher-quality products (IWSR 2024b).

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

ii. Competitive Landscape

1. Key Competitors & Market Segments

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

The market is segmented into white, dark, spiced, and aged rums, with the premium and ultra-premium categories showing the fastest growth, particularly in Europe (Deb 2024, "Craft Rum Market Size and Share | Industry Report, 2030," n.d.).

2. Emerging Trends

The rum industry is evolving towards greater sophistication, with a clear shift from mass-market products to premium, aged, and craft expressions. Consumers, particularly in Europe and North America, are increasingly drawn to authenticity, quality, and unique production methods, including cask finishing and small-batch distillation. This trend is reinforced by the rise of cocktail culture, sustainability concerns, and digital channels that make it easier for niche brands to reach targeted audiences. As a result, rum is no longer seen solely as a mixing spirit but is gaining recognition as a refined alternative to whisky and other aged categories (IWSR 2024b; Monoche and Monoche 2024).

3. Market Opportunities for New Entrants:

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

II. Proof of Concept: Scoundrels Distilling

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

i. Overview of the Business Model – Rum

Figure 1- Scoundrels Distilling's Rum Business Model Canvas

<table>
<tr><td rowspan="2">KEY PARTNERS
Local Producers
Bars & Restaurants
Distribution & E-commerce Platforms
Events & Festivals</td><td>KEY ACTIVITIES
Rum Production & Quality Control
Aging Techniques & Cask Experimentations
Marketing & Brand Storytelling
Sales & Distribution Management
Community Engagement & Customer Experience</td><td rowspan="2">VALUE PROPOSITION
Premium Small-Batch Rums
Unique & Experimental Flavours
Authentic Brand Identity
Sustainability & Local Sourcing
Experiential Offerings</td><td>CUSTOMER RELATIONSHIPS
Tastings Experiences
Community Engagement
Interactive Content
Customer Feedback</td><td rowspan="2">CUSTOMER SEGMENTS
Craft Spirit Enthusiasts
Collectors
Mixologists & Bartenders
Tourists & Experience Seekers</td></tr>
<tr><td>KEY RESOURCES
Distillery & Production Equipment
Raw Materials & Ingredients
Brand Identity & Marketing Assets
Talent & Expertise
Licensing & Compliance</td><td>CHANNELS
Direct-to-Consumer Sales
E-commerce & Online Retail
B2B Wholesale Distribution
B2BB Wholesale Distribution to Resellers
Events & Pop-Ups</td></tr>
<tr><td colspan="3">COST STRUCTURE
Raw Materials & Ingredients
Rent & Utilities
Distillery Operation & Equipment
Regulatory Compliance & Licensing
Marketing & Branding
Distribution & Logistics
Labor</td><td colspan="2">REVENUE STREAMS
Bottled Rum Sales
Limited Edition & Aged Releases
Distillery Tours & Tastings
Merchandise & Brand Products</td></tr>
</table>

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

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

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

Context & Assumptions: Why Now for Porto Rum

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

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

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

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

1. Laying the Foundations of the Porto Rum Cluster

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

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

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

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

1.1 Upstream: Raw Materials & Sourcing

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

1.1.1 Molasses: The Foundation of Rum

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

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

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

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

In-House

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

Strategic Partnership

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

1.1.2 Barrel Procurement: Where Tradition Meets Innovation

The selection of barrels is the next crucial factor in rum manufacturing after molasses is established as the primary raw material, especially for producing a high-end, distinctive spirit. This is a strategic opportunity rather than merely a technical choice in the context of the Porto Rum Cluster. The ability to employ their own Port cask barrels that have aged fortified wines for years, giving them rich, complex characteristics puts Port wine houses in a unique position. After being retired from Port production, these **same barrels can be given a second chance at life through rum aging, which gives the finished product more complexity and legacy**.

The Porto Rum Cluster **suggests keeping these barrels in Portugal and using them locally**, in contrast to the fact that many foreign spirits makers, especially those from the Caribbean and Scotland, look for Portuguese barrels for their aging programs. By incorporating barrel reuse into their own production cycle, Port wineries can improve sustainability and product authenticity rather than exporting value. Ruby casks offer a red berry and spicy depth, while tawny casks contribute elements of dried fruit, caramel, and nutty flavor. These subtleties not only improve the finished product but also tell an engaging story about craftsmanship and provenance.

In-House

Reusing their own Port barrels is a logical progression of their core business for Port wineries that make rum in-house. Because they have **established partnerships with local cooperages and instant access to seasoned barrels**, producers are able to handle the full aging process in-house. Leveraging the expertise, maintaining the ideal humidity and temperature levels, to store and age rum. They have complete creative and operational control over this model, including choices about blending methods, barrel rotation, and aging duration. The end product not only captures the essence of the rum but also the heritage of the Port house that produced it.

Strategic Partnership

By providing their own casks, port makers who choose to collaborate with an established distillery, like Scoundrels Distilling, **can still maintain control over the barrel element.** The Port House's barrels offer a distinctive finishing touch, enabling them to preserve brand identification and guarantee flavor consistency even when fermentation and distillation are contracted out. The partner's facility would host the aging process but within predetermined guidelines with precise expectations about handling, duration, and climate. With this strategy, the **Port house maintains a physical link to the product through the barrels** while concentrating on branding, marketing, and distribution.

1.1.3 Other Raw Materials: Yeast, Water, and Additives

Even though barrels and molasses are the most obvious parts of making rum, other ingredients like **water, yeast, and fermentation additives** are just as important in forming the finished product. The product's overall consistency, flavor complexity, and fermentation efficiency are all directly impacted by these inputs. The **objective is to source all components domestically** as part of the Porto Rum Cluster's dedication to local integration, strengthening a value chain that is both sustainable and regionally based.

Local water sources are both possible and desirable. **Porto offers pure, high-quality water** that can be used for dilution and fermentation in the making of rum after undergoing simple filtration and mineral adjustment. Both yeast activity and the final product's texture are influenced by the water's composition, especially its pH and mineral balance. Upholding water quality requirements is an essential part of guaranteeing product consistency, regardless of whether production is carried out internally or in collaboration.

The situation with yeast is more complex. There isn't a single provider of rum-specific yeast strains that are suited to thrive in high-sugar conditions like molasses in Portugal at the moment. As a result, **producers frequently depend on foreign partners**. **Lallemand,** a world pioneer in fermentation technology, is among the most reputable names in this field. Scoundrels Distilling currently uses Lallemand's rum-focused strains because they provide clean flavor development, high alcohol production, and dependable fermentation kinetics. There are, nevertheless, encouraging local substitutes. Approximately 6,000 yeast strains, including those isolated from Mediterranean foods and beverages, are kept at the **Portuguese Yeast Culture Collection (PYCC)**, which is located at the Universidade Nova de Lisboa. PYCC encourages research and development and might be a **useful collaborator in creating special yeast strains** suited to certain fermentation requirements. Based in Loures, **Credin Portugal – Produtos Alimentares, SA** is another regional provider. Credin is an expert in pastry and bread goods, including yeast of all kinds. They provide a variety of yeast products that are appropriate for various fermentation procedures.

Especially when utilizing nutrient-poor molasses, fermentation additives such as nutrients, enzymes, and pH buffers promote yeast health and maximize alcohol production. These inputs may usually be obtained within Portugal through the country's established industrial and beverage supply networks, and they are frequently utilized in small amounts. Forming alliances with regional providers of chemicals and ingredients could help the cluster become less dependent on imports as it expands.

In-House

The procurement, handling, and quality control of all fermentation inputs must be **directly managed by port wine establishments that produce rum in-house.** This entails building a trustworthy relationship with a global yeast supplier like Lallemand or regional organizations like PYCC to create unique yeast strains. Along with obtaining fermentation additives and incorporating them into their recipes and production procedures, they would also be in charge of finding water locally, making sure it is filtered, and maintaining consistency. Complete control over fermentation parameters is made possible by this method, which is essential for flavor profiling, product innovation, and consistency. It also increases operational complexity, necessitating the purchase of equipment for water treatment and fermentation management, as well as internal microbiology and process control.

Strategic Partnership

The **partner handles the majority of the procurement and management of these inputs** in a strategic partnership model, like the one with Scoundrels Distilling. In order to ensure dependable performance and quality control, the distillery already uses Lallemand yeast and has established fermentation systems and additional protocols. The partner sources and treats water on-site according to standards that suit their operational requirements. The Port House can concentrate on cask aging, branding, and distribution in this situation since it is not required to interact directly with these inputs. This speeds up market access and lessens operational load, but it also means that you have less control over the fermentation process, which may limit your ability to differentiate your product at this early stage of manufacturing.

1.2 Downstream: Production, Bottling, and Distribution

The next stage of the rum value chain is downstream, where the spirit is finished, bottled, and sold after the raw materials are sourced, fermentation, and aging are finished. The rum takes its final shape as a branded product that is prepared for consumers in this step of the process, which covers everything from the operational side of production to packaging and distribution.

The **operations and outbound logistics components of Porter's value chain framework** are practically reflected at this step. It's where the rum's quality, identity, and presentation are realized; it's not simply about infrastructure and efficiency. This last phase must stay firmly anchored in Porto for the Porto Rum Cluster in order to f**ulfill the goal of a completely local production chain and to strengthen the product's authenticity.**

Decisions regarding bottling, labeling, and bringing the product to market become crucial during the downstream stage, regardless of whether a Port winery is managing production internally or collaborating with a partner like Scoundrels Distilling. Additionally, it is the intersection of brand storytelling and operational execution, turning a well-crafted drink into a product with market reach, shelf presence, and enduring consumer appeal.

1.2.1 Production: From Fermentation to Distillation

Following the acquisition of raw materials, molasses is fermented and distilled to create raw spirit, which is the next stage in making Portuguese rum. At this point, the rum's strength, aromatic profile, and the fundamental qualities that will develop over time are all established.

The **first step in making rum is fermentation**, which involves adding yeast to water and molasses to convert sugar to alcohol. Although the procedure might appear simple, it needs to be carefully monitored to guarantee uniformity and quality. The liquid, called the wash, is distilled after fermentation is finished in order to concentrate the alcohol and enhance the flavor. Pot stills, which enable more character and complexity in the finished spirit, are used for this phase by the majority of small-batch makers, including Scoundrels Distilling.

One crucial factor for Port wineries looking to produce their own rum is that, in accordance with **Portuguese and EU regulations,** port and rum must be produced in different, permitted facilities. Rum is categorized as a spirit and subject to a distinct set of regulations than port wine, which is a fortified wine with protected designation of origin status, even though the two products are situated on the same property. This implies that a **Port house would have to establish a distinct, specialized production area** with its own license and equipment in order to produce rum, they are not permitted to use the same space. Although it adds another level of complexity, it enables the company to **remain local and still adhere to legal requirements.**

In-House

A Port producer will have **complete control over fermentation and distillation** if it chooses to construct its own rum distillery. Experimentation with recipes, practical quality control, and a closer bond with the finished product are all made possible by this. But it also entails assuming the duties of constructing the facility, overseeing compliance, and making personnel and equipment investments, all of which demand a substantial investment of time and money.

Strategic Partnership

Partnering with an established distillery, such as Scoundrels Distilling, **provides a quicker and more effective entry for those wishing to adopt a more relaxed strategy**. According to this strategy, the partner manages the fermentation, and distillation processes and produces a base spirit that is ready to age. After that, the Port house may concentrate on its core competencies, which include blending, aging, and creating a brand that honors its history. This approach **lowers operational risk and facilitates a more seamless introduction into the rum category**, even though it gives less control over the early phases of production.

1.2.2 Bottling: Sealing the Story in Porto

The **last stage before rum is delivered to the customer is bottling**, which has a significant impact on how the product is viewed. Delivering a sense of place, showcasing quality, and encapsulating the brand's personality are more important than simply packing the beverage. The Porto Rum Cluster believes that maintaining bottling operations in Porto is crucial to finishing the story of a quality, locally made spirit.

Although Scoundrels Distilling presently bottles its rum in Spain, the cluster's long-term goal is to anchor this stage domestically. Localizing bottling promotes regional business, lowers shipping expenses, and strengthens the perception that a product is really Portuguese.

Porto already possesses the industrial capacity to facilitate this action. The city is home to **BA Glass,** one of the **leading producers of glass packaging in Europe,** which provides premium bottles to the wine and alcohol industries around the continent. They provide supply stability, superior craftsmanship, and design flexibility, making them a strategic advantage to the rum cluster because of their closeness and experience.

Furthermore, since 1957, Vila Nova de Gaia-based **Patrick Thompson, Lda**. has been planning and constructing bottling facilities. In addition to providing technical consulting services including layout design, assembly, and maintenance of filling and labeling lines for wine, pharmaceutical, and other food products, they also sell new and used bottling equipment. They are a great partner for starting internal bottling operations because of their **wealth of knowledge and local presence.**

Cergam Glass, a Portuguese company that specializes in **creating personalized and reusable glass bottles**, is another regional provider. They provide a range of glass pieces that may be customized and are appropriate for eco-friendly packaging options. Their capacity to create superior, bespoke bottles fits perfectly with the branding requirements of high-end rum manufacturers.

In-House

A Port wine house would also be in charge of bottling if it decided to handle rum production in-house. This entails **working directly with suppliers such as Cergam Glass, Patrick Thompson, and BA Glass**, either through flexible arrangements that scale with demand or long-term contracts that lock in volume and pricing. Some manufacturers might even go into joint ventures to create unique bottle molds that capture the essence of the brand and its premium positioning. Producers have complete control over timing, branding components, and packaging quality when they handle bottling in-house. Additionally, it enables quicker turnaround times, improved integration of the finished product into a larger storytelling plan with Porto roots, and tighter ties with local suppliers.

Strategic Partnership

In a partnership model, bottling is usually managed by the distillery. For example, in the case of Scoundrels Distilling, the rum is currently bottled in Spain. **This setup simplifies logistics for the Port wine house, as it eliminates the need to oversee packaging operations or negotiate with bottle suppliers.** However, it also means giving up control over a key part of the product's presentation. Even in a strategic partnership, bottling should preferably take place in Porto if the objective is to preserve a strong Portuguese identity. This would guarantee that the entire value of production stays in the area, enable the Port House to continue participating in design choices, and collaborate with reliable suppliers like **BA Glass, Patrick Thompson, and Cergam Glass.**

1.2.3 Distribution: Bringing Portuguese Rum to Market

Getting the rum into consumers' hands after it has been bottled is the last stage, and this is where distribution is crucial. **Distribution is where the commercial side of the value chain really shines**, despite the fact that it is sometimes dismissed as mere logistics. To reach the correct audience, the product must be positioned, made visible, and made accessible. Building distribution from Porto benefits the Porto Rum Cluster by bolstering the local economy and enhancing the perception of a really regional product.

Numerous wineries in Port are already prepared to manage this. These manufacturers have a distinct edge thanks to their decades of expertise exporting to foreign markets, established distributor partnerships, and strong ties to the hospitality industry. This base can be expanded upon by entering the rum market, which will enable them to introduce something novel and intriguing while still accessing well-known channels.

In-House

A Port house can handle distribution utilizing its own pre-existing infrastructure if it decides to produce rum on its own. This entails incorporating the new product into existing export flows and utilizing existing alliances with domestic and international wine and spirits distributors. With this strategy, the manufacturer has complete control over the rum's price, placement, and distribution, whether it be at boutique bars, duty-free airport stores, or upscale wine shops.

The ability to carefully match rum and port wine to create a unified brand narrative is one benefit of in-house distribution. Nevertheless, it also entails greater corporate accountability for controlling stock, handling logistics, and even assembling a new sales force or allocating resources to successfully enter the spirits industry.

Strategic Partnership

The Port producer can still oversee the distribution process when it is complete, ideally **through the same channels they are already familiar with**. Without starting from scratch, this model enables the brand to enter the market faster. Additionally, it provides flexibility: the Port house leverages its current wine network to broaden its reach, while the distillery may open doors to more specialized spirits markets, such as craft-focused merchants or international rum festivals. When combined, **they can produce a dual-distribution plan that includes the advantages of both approaches.**

1.3 Supporting Activities: Building the Backbone of the Porto Rum Cluster

The physical processes of making and delivering rum, from procuring molasses to bottling the finished product, have received the most of this chapter's attention. However, the **support activities** are an equally significant but less obvious element in the value chain. These are the backend operations that keep the whole system running smoothly and enable long-term, sustainable production. These consist of **firm infrastructure, technological development, human resource management, and procurement**, as per Porter's Value Chain architecture.

Although they are frequently disregarded, this is where a cluster like this really grows. Additionally, how these support activities are managed and the benefits they offer might vary greatly depending on whether a Port wine house decides to create rum internally or through a strategic partnership.

1.3.1 Procurement: Turning Sourcing into Strategy

Purchasing ingredients is only one aspect of procurement in both approaches. It **involves establishing enduring, solid bonds with suppliers** to guarantee cost containment, stability, and quality. Port wine businesses will have to take the initiative to negotiate directly with suppliers such as cooperages for barrels, BA Glass for bottles, and RAR Açúcar for molasses under the in-house model. This entails establishing agreements that not only guarantee favorable prices and supply levels but also align with their branding objectives, such as selecting premium or more environmentally friendly products. Although it's a complicated duty, companies have complete control over the ingredients that go into their goods.

In contrast, **the distillery bears the majority of these procurement responsibilities while operating under a strategic partnership**. Port wineries won't have to worry about running day-to-day operations with yeast labs or molasses suppliers, it will be taken care of by their partner. They can still set expectations for quality or origin, though, and request certain inputs, like as their own Port barrels for aging. Although it's less involved, done correctly, it nevertheless enhances the finished product's authenticity.

1.3.2 Technology Development: Innovating from the Ground Up

There is a lot of room for innovation in the manufacture of rum, whether it be in the form of testing out novel yeast strains, reconsidering the repurposing of barrels, or enhancing distillation energy efficiency.

In-house producers have the opportunity to **incorporate this innovative thinking into their business practices from the outset.** They can experiment with fermentation methods or times, conduct small-batch testing, and create a distinctive house style. They might eventually work with universities or biotech labs in Porto to create their own yeast strains or improve methods suited to regional conditions, transforming Portugal into a center for rum research and development.

Although the Port House will not have control over the lab or the fermentation tanks under a strategic partnership, they are still able to contribute innovation. Many distilleries already have sophisticated procedures in place, like Scoundrels, and Port houses can collaborate with them to create limited editions, age in experimental casks, or create unique blends. **Innovation turns into a collaborative process that gains from trust.**

1.3.3 Human Resource Management: Growing Expertise from Two Worlds

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

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

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

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

1.3.4 Firm Infrastructure: Building a Foundation That Lasts

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

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

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

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

1.4 Strategic Partnership Models for Rum Production

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

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

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

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

Certain collaborations have the potential to develop into something even more official, like an **equity joint venture**. Under this arrangement, the distillery and the Port house share ownership and decision-making of a specialized rum business. Although it necessitates greater alignment and dedication, this structure allows for longer-term brand development and more ambitious undertakings.

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

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

Conclusion: A Locally Anchored, Globally Oriented Supply Chain

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

From upstream logistics, including obtaining molasses, barrels, yeast, and additives, to the downstream activities of production, bottling, and distribution, we have examined each step of the process using Porter's Value Chain as a guide. In addition to improving the final product's authenticity, giving preference to local vendors like RAR Açúcar, BA Glass, Patrick Thompson, and possible yeast partners like PYCC also **boosts the local economy and reduces the distance between raw materials and consumers.** By looking into local innovation partnerships, the cluster continues to be dedicated to long-term quality and resilience, even in situations when local sourcing isn't entirely easy and direct, like yeast.

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

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

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

2. Rum Market Landscape and Consumer Trends

2.1 Rum Market: Size and Growth

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

The global spirits industry is shifting its focus from volume growth to **value creation**. While consumers are not necessarily drinking more, they are spending more on quality and prioritizing authenticity and storytelling. As noted in the introduction, rum is part of this trend. The overall rum market is expanding at a CAGR of 3.2% (Statista, n.d.(b)), with premium segments growing faster at 6–8%, depending on the region – especially in mature markets such as the US and UK (Bopgun 2024; Carruthers 2024). By 2027, over 30% of global spirits value growth is expected to come from premium and above products (Monoche and Monoche 2025b). Rum is predicted to follow whisky and tequila as one of the fastest-growing premium categories. This shift is also being driven by younger consumers who are seeking out aged spirits and who are influenced by urban cocktail culture and lifestyle choices that favor “less but better” drinking. Increasing disposable income in markets such as China and Brazil is another contributing factor (IWSR 2024b).

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

2.1.2 Mass-Market vs. Premium/Craft Rum

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

This **premiumization** is also reshaping the competitive landscape. Brands that focus on authenticity, limited editions, and cask finishing techniques are indeed gaining ground. This shift is visible across Europe: in Germany, for example, some whisky drinkers are turning to premium rum for new flavor profiles (IWSR 2024b). In France, demand for terroir-driven rums is rising. Consumers familiar with 'rhum agricole' are open to authenticity and craftsmanship, especially when aging stories and provenance are well communicated. The UK has a strong demand for innovation in the spirits market, with premium rum gaining traction among cocktail enthusiasts and sipping rum audiences ("A Definitive Guide to the France Spirits Market [2025]," n.d.; "A Definitive Guide to the UK Spirits Market [2025]," n.d.).

2.1.3 Why Premium Rum Matters for Portugal

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

2.2 Consumer Trends and Preferences

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

2.2.1 Main Trends

It is possible to identify five key trends shaping the way consumers engage with premium rum. First, there is a growing preference for **craftsmanship and authenticity**. Consumers are increasingly interested in knowing where rum comes from, how it is made, and the people behind it. Small-scale producers, traditional techniques, and local ingredient use are now perceived as key indicators of quality. These elements are particularly valued in the premium segment, where buyers are looking for a deeper connection to the product, not just taste. As a result, interest in the product's sense of place and cultural heritage is growing ("Craft Rum Market Size and Share | Industry Report, 2030," n.d.; Dingwall, 2023).

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

Third, **storytelling and heritage** are now essential parts of the consumer experience. People value narratives that feel authentic and rooted in history or tradition. Portuguese rum, for example, could offer rich storytelling opportunities – linking the spirit to the port wine barrels used to age it, the heritage of the Douro Valley, and the wider revival of artisanal distillation in Portugal. These stories build emotional connections and help the creation of a lasting brand loyalty (Team 2025a; Scheer 2025).

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

Finally, **consumer buying patterns** are evolving. While traditional retail remains relevant—especially for discovery and tactile experiences—e-commerce is growing rapidly. In countries like France, Germany, and the UK, consumers access curated selections of aged rums online, complete with tasting notes and production details. Meanwhile, travel retail (notably in airports) is gaining importance, offering brands a chance to showcase exclusive or limited editions to international audiences (IWSR 2024b; Monoche and Monoche 2025b).

2.2.2 Comparing Market Cultures: France vs. the United States

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

In contrast, **France** has a more mature premium spirits market. Consumers are already familiar with aged categories like cognac and rhum agricole, which are associated with aging, terroir, and craftsmanship – concepts that fit well with the positioning of a premium port cask aged rum. They value origin, history, and production quality, and are generally more willing to pay for these attributes ("A Definitive Guide to the France Spirits Market [2025]," n.d.; Patil 2023). Another key advantage is the cultural familiarity of French consumers with Port wine, meaning that Portuguese rum aged in Port casks is likely to seem both authentic and intriguing to them. France represents therefore a strong strategic fit.

2.3 Market Prioritization: Core and Emerging Markets

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

2.2.3 Core Markets: United States, France, United Kingdom

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

Secondly, the **UK** is another established market with a growing interest in premium sipping rums and a vibrant mixology scene. However, while the UK has high consumption levels, France could offer a more strategic fit for the development of Portuguese premium rum. Not only do French consumers have a deep familiarity with aged spirits and rhum agricole, but France recently overtook the UK as the largest importer of Port wine. This demonstrates a strong existing connection with Portuguese products and creates a natural awareness of and appreciation for the port cask aging concept (Walker and Walker 2024; "A Definitive Guide to the UK Spirits Market [2025]," n.d.).

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

2.2.4 Secondary Growth Markets: Germany, Brazil, China

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

Brazil shows growing potential despite cachaça's market dominance. Affluent Brazilian consumers increasingly embrace luxury spirits, particularly aged rums as whisky alternatives. Premium rum could effectively position itself as a status symbol within high-end nightlife scenes in São Paulo and Rio de Janeiro. The country's vibrant cocktail culture presents opportunities to market port cask-aged rum as a sophisticated, collectible alternative (“Brazil Rum Market Size &Amp; Outlook, 2030” 2025; Research, n.d.)

Finally, in **China**, aged and exclusive spirits are in high demand among status-conscious consumers. The country's gift-giving culture and growing interest in western cocktail experiences make it an attractive long-term market. Aged rum, especially when positioned as rare, can appeal to the same consumers who already buy high-end whisky and cognac (Bonafide Research, 2023b; “China Craft Rum Market Size &Amp; Outlook, 2030” 2025).

2.2.3 Portugal: Strategic Anchor Market

Although Portugal is not a large consumer of rum by volume, it is central to this strategy. The aim is to develop a national rum identity, with aging, blending, and branding taking place locally – ideally using Port wine barrels (Travis’ Interview 2025). Cities such as Lisbon and Porto are already showing strong interest in premium spirits, and the country's growing spirits tourism creates a perfect platform for new product launches. In addition, the cultural connection with Port wine helps consumers immediately understand and appreciate the aging process. Whether through Scoundrels or other partners, Portugal is not just a production location – it's at the **heart of the story**.

2.3 Benchmarking: Key Players and Competitive Landscape

2.3.2 This section analyzes how top premium rum brands position themselves globally by looking at their product offerings, pricing, brand stories, and distribution in key markets (France, UK, US, Germany, Portugal, Brazil, and China). Before diving into brand comparisons, it first outlines how the premium rum market is structured from the consumer's point of view, focusing on different product tiers.

2.3.3 Understanding Product Tiers in Premium Rum

The premium rum market is divided into three main tiers, primarily based on aging, but also influenced by cask finishing, storytelling, and packaging. Market research from retail sites like The Whisky Exchange and House of Malt confirms pricing and positioning across tiers:

White or Lightly Aged Rum (up to 3 years) – Priced at €25–€50, these rums appeal to younger consumers and mixology fans. They focus on innovation, ethical sourcing, and unique finishes (e.g., Port casks), rather than age.

Aged Rum (4–12 years) – Priced between €50–€100, this tier targets more experienced drinkers seeking quality and authenticity. It includes both core aged expressions and more exclusive "Signature" releases, often central to a brand's identity.

Limited Edition or Collector Rums (12–25+ years) – These rare, high-end rums (€100–€300+) are designed for collectors and connoisseurs, often featuring special finishes and packaging. Port cask aging offers strong storytelling potential for Portuguese producers.

Instead of generic tier names, brands use terms like “Reserva” or “Master Blender” and highlight specific cask types to signal quality and craftsmanship, enhancing premium appeal beyond age alone.

2.3.3 Benchmarking Framework and Evaluation Criteria

This section presents a benchmarking analysis of leading premium rum brands across different product tiers to understand how they compete—particularly in ways relevant to the Portuguese rum cluster's development strategy. Brands are evaluated based on key dimensions such as price positioning in target markets, cask aging and product range strategies, brand identity and storytelling, and packaging and perceived quality. The analysis is organized by tier, with selected brands operating in the cluster’s priority markets to support both domestic and international growth.

While each brand is assigned to a specific tier for clarity, most operate across multiple segments, offering products that range from entry-level to collector editions. This fluidity should be kept in mind when interpreting the results. Additionally, although some benchmarked brands are based in the Caribbean or overseas territories, their inclusion is based on competitive presence in priority markets rather than origin. Full details and brand selection rationale are provided in Appendix 6.

2.3.3.1 Tier 1: Unaged and Lightly Aged Premium Rums

The French market, identified as a priority for premium rum, has a distinctive rum culture shaped by the rhum agricole tradition in Martinique and Guadeloupe. French consumers are highly educated and value origin, production method, and aging—favoring terroir-driven, aged agricole rums often regulated under AOC Martinique standards. As a result, unaged or lightly aged rums, such as "blanc agricole," are mostly used in cocktails like Ti' Punch and are seen as functional rather than premium lifestyle products.

Although these rums are less focused on branding and storytelling compared to UK and US markets, they are still respected in France for their authenticity, craft, and connection to terroir. A strong example is Rhum Clément Blanc, which features simple packaging but is appreciated for its traditional production and cultural roots. This contrasts with brands like Equiano or Ten To One, which rely heavily on branding and lifestyle appeal in more image-driven markets like the UK and US.

Table 1. Tier 1 Premium Rum Brand Comparison

Brand	**Origin**	**Ageing**	**Key Features**	**Typical Price (without VAT)**
Rhum Clément Blanc	Martinique	Unaged	Traditional Agricole method, terroir authenticity, cocktail versatility	€22-€28
Eminente Ámbar Claro	Cuba	~3 years, ex-whisky casks, lightly filtered	Small batch, terroir storytelling, elegant packaging, brand heritage focus	€40-€50
El Dorado 3-Year-Old	Guyana	3 years, oak barrels, charcoal filtered	Traditional wooden pot stills, smooth profile, emphasis on heritage, clean/classic packaging	€25-€35
Trois Rivières Ambré	Martinique	12-18 months, American oak barrels	AOC Agricole origin, heritage since 1660, smooth yet expressive style, refined Caribbean packaging	€30-€40

Table 2. Tier 2 Premium Rum Brand Comparison

Brand	**Origin**	**Ageing**	**Key Features**	**Typical Price (without VAT)**

Planteray 2018 Barbados Saint Estèphe Single Cask	Barbados/France	6 years (3 tropical + 2 Cognac + 1 wine cask)	Single cask, triple maturation, French wine finish, storytelling around terroir and craftsmanship	€58–€65
Appleton Estate 8 Year Old	Jamaica	8 years, tropical ageing	Traditional pot still distillation, heritage focus, versatile sipping rum	€55–€65
Dalmore 12 Year Old	Scotland	12 years (9 bourbon + 3 Oloroso sherry)	Highland single malt, sherry cask finish, luxury branding, rich flavour profile, strong European presence	€80-€85
Diplomático Single Vintage 2011	Venezuela	Up to 12 years (bourbon + sherry casks)	Collector's edition, limited release, luxury positioning, special cask heritage	€95-€100

The Tier 2 analysis reveals that this is where most rum brands establish their identity through age statements, cask selection, storytelling, and refined presentation. While aging remains key, consumers also value craftsmanship, heritage, and elegant branding.

France stands out as a strategic market due to its appreciation for aged, terroir-driven spirits and its mature premium rum retail ecosystem. Port cask finishes align well with these preferences, offering a distinctly European appeal rooted in Douro craftsmanship. In the UK and US, Tier 2 rums are also crucial for brand-building. The UK rewards originality and quality through its cocktail culture and retail scene, while US consumers—especially collectors and whiskey enthusiasts—are increasingly drawn to craft and cask-finished rums.

Portugal has a strong opportunity to lead in this niche by offering a differentiated product. Instead of competing with tropical-aged rums, a 5–12-year-old rum finished in Port casks could introduce a unique European identity. Pricing could range from €60–€70 for rums aged 4–10 years, and €90–€100 for 10–12-year Reserva editions, reflecting their added value through aging, finishing, and origin-driven storytelling. This small-batch, identity-rich category holds strategic potential across premium retail and on-trade channels in France, the UK, and the US.

2.3.3.3 Tier 3: Limited Edition or Collector Rums

Tier 3 represents the ultra-premium end of the rum market, characterized by limited editions, rare cask finishes, and extended aging (12+ years). These rums are valued not just for taste but also as collectibles, gifts, or status symbols. Priced above €100, they target connoisseurs, collectors, and experienced drinkers seeking exclusivity and prestige.

Table ***3. Tier 3 Premium Rum Brand Comparison***

Brand	Origin	Ageing	Key Features	Typical Price (without VAT)
Foursquare Exceptional Cask Series	Barbados	12-18 years	High-proof, no additives, batch-limited, transparency-focused, complex profile, whisky crossover appeal	€160-€170
Mount Gay Master Blender Collection	Barbados	Up to 20 years, experimental casks	Heritage innovation, master blender focus, exclusive releases, collector appeal	€160-€200
Dictador XO & Limited Editions	Colombia	12-25+ years, designer casks & packaging	Luxury positioning, cross-category partnerships (wine/whisky), storytelling-driven, collector prestige	€140-over €300

In conclusion, Tier 3 is defined not just by age but by rarity, cask selection, and storytelling. Brands in this segment create value through small-batch production, unique barrels, and limited availability to justify premium pricing. While the core focus may be on Tier 2, a limited 12+ year Port cask-aged release could elevate brand prestige and appeal to collectors and gift markets—especially in the UK and Germany, where exclusivity and presentation are highly valued. Priced between €110 and €180, such a product would stand out through its rarity, craft identity, Port finish, and rich cultural narrative.

2.4.3 Defining Market Relevance: Sales Volume Justification

In the small-batch premium rum segment, brand relevance is not defined by scale but by visibility and credibility with consumers, distributors, and trade partners. Industry benchmarks suggest that selling 15,000 to 25,000 bottles annually across multiple markets is a viable threshold for strategic relevance.

This target aligns with strong global growth in premium and craft spirits, where visibility without overproduction is key. Market leaders like Foursquare (ECS series) and Appleton Estate demonstrate that small-batch runs between 13,000 and 27,000 bottles can achieve international success while preserving a craft image.

For the Porto Rum Cluster, reaching an annual volume of 15,000 to 20,000 bottles would ensure presence in premium channels (retail, HoReCa, e-commerce) across key markets such as France, Germany, the UK, and the US. This approach supports both artisanal positioning and long-term sustainability, reinforcing a narrative rooted in small-batch, terroir-driven production.

2.4.3.1 Port Wine Production vs Rum Relevance: A Scale Comparison

Compared to the scale of the Port wine industry, producing 15,000 to 20,000 bottles of rum annually is minimal. In 2024, over 63 million bottles of Port wine were sold globally, meaning that 25,000 rum bottles would represent less than 0.04% of total volume. This small scale would place minimal logistical demands on Port producers, allowing them to better utilize existing infrastructure and address underused capacity. Moreover, leveraging established Port wine distribution networks would make the launch of a small-batch rum line efficient and commercially viable, requiring little additional investment.

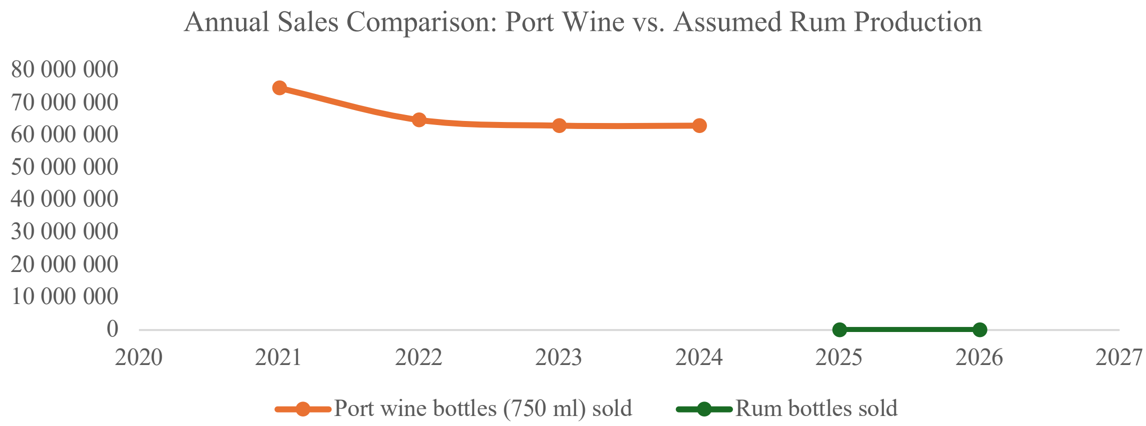
Figure 2. Annual Sales Comparison: Port Wine vs. Assumed Rum Production

(The methodology used to derive annual volume comparisons is provided in Appendix 7).

2.5 Distribution Infrastructure and Capacity

2.5.1 Global Distribution Models for Premium Spirits (Export)

In international markets, premium rum distribution involves both physical availability and brand storytelling. Successful brands combine retail, hospitality, travel retail, and digital channels with experiential marketing, influencer collaborations, and digital content to build visibility and positioning. For a new Portuguese rum brand focused on craft and heritage, mastering both distribution and narrative is key to effective market entry.



Premium rum brands rely on a multi-channel distribution model that combines physical availability with strong storytelling. In the off-trade, specialist retailers like The Whisky Exchange (UK), La Maison du Whisky (France), and Rum&Co (Germany) offer curated selections and visibility among connoisseurs. On-trade channels (hotels, bars, restaurants) are vital for positioning, with top venues launching new rums and helping to build credibility through signature cocktails and word-of-mouth.

Travel retail at major airports provides global exposure through gift sets and exclusives, placing rum alongside luxury spirits. E-commerce and direct-to-consumer (DTC) platforms—especially strong in the UK, Germany, and the US—offer narrative control, data collection, and premium positioning through limited releases.

Each market emphasizes different channels:

US: Focuses on branding, DTC, packaging, and exclusive drops via platforms like ReserveBar.

France: Prioritizes craftsmanship, terroir, and boutique retail experiences.

UK: Combines cocktail culture with strong online presence and experiential marketing.

Germany: Digitally mature, with online research and connoisseur-driven buying.

Brazil: Premium rum is tied to nightlife, aspirational venues, and in-person experiences.

China: Luxury retail and gifting dominate, especially during holidays, with strong emphasis on exclusivity and storytelling.

Marketing plays a central role. Key tools include: International rum festivals (e.g. Paris Rhum Fest, UK RumFest, Bar Convent Berlin) for brand launches and credibility. Influencer collaborations with bartenders and reviewers to humanize and amplify product stories. Content marketing through educational websites, distillery history, and storytelling. Spirits tourism and hotel partnerships to create immersive brand experiences. Trade press and competitions (e.g. IWSC, SFWSC) to build reputation and gain distributor attention. For a Portuguese rum brand, success lies in combining strong international distribution with a consistent, narrative-driven identity rooted in Porto’s craft, heritage, and connection to Port wine.

2.5.2 Porto-Based Distribution Potential (Domestic Platform)

Porto provides a strong foundation for domestic premium rum distribution by combining robust infrastructure with a well-established culture of experiential marketing. While historically centered on Port wine, many of the city's assets can be repurposed for premium rum without overlapping in image or branding.

Porto's logistics infrastructure—bonded warehouses, temperature-controlled storage, and distribution hubs in Vila Nova de Gaia and near the Port of Leixões—is well-suited for spirits and currently underutilized. National distributors like Sogrape Distribuição, Vinalda, and Real Companhia Velha offer strong retail and HoReCa connections. Online and DTC platforms (e.g., Portugal Vineyards, Garrafeira Nacional) and high-end retailers like El Corte Inglés provide further reach.

The HoReCa sector is key for brand positioning, supported by suppliers such as Empor Spirits and PrimeDrinks. Events like Essência do Vinho and the Lisboa Rum Festival offer visibility and direct sales opportunities. Supporting industries also add value—RAR Açúcar supplies local molasses, BA Glass produces premium bottles, and local cooperages offer barrels for aging, enabling full domestic production.

Porto’s thriving tourism industry (3M+ visitors annually) enhances marketing potential. Distillery tours, tastings, and curated bar programs—as already demonstrated by Scoundrels Distilling—offer experiential touchpoints. High-end hotels, restaurants, and rooftop bars provide platforms for showcasing rum in signature cocktails. The integrated tasting-and-retail model used by wine cellars can be adapted for on-site rum sales and duty-free outlets.

Brand visibility can be further boosted through festivals, pop-ups, and media engagement. Porto’s identity as a hub of craft and tradition supports premium rum storytelling focused on local production, innovation, and authenticity—without relying on Port wine branding.

In summary, Porto offers both the physical infrastructure and cultural ecosystem needed to launch and grow a premium rum brand locally, while laying the groundwork for international expansion.

2.6 TAM-SAM-SOM Analysis

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

2.6.1 Total Addressable Market (TAM) – Global Rum Industry

The Total Addressable Market (TAM) for rum was valued at USD 17.4 billion in 2023 and is projected to reach USD 21.5 billion by 2030, growing at a 3.2% CAGR. This figure includes all rum types across both mass-market and premium segments. Major markets include the U.S., U.K., France, and Brazil, with Europe representing around 25% of global consumption. While not yet segmented by market access or category, this TAM provides a clear benchmark for positioning a rum cluster in Porto within a sizable and growing global industry.

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

The Serviceable Available Market (SAM) for the proposed Porto rum cluster focuses on the premium and ultra-premium segment—small-batch, aged, craft, and cask-finished rums. This segment accounted for 30–35% of the global rum market in 2023, valued at approximately USD 5.2 to 6.1 billion. Unlike the overall market’s 3.2% growth rate, this segment is expanding more rapidly, with a projected CAGR of 6–8%, potentially reaching USD 8.2 to 9.7 billion by 2030. Growth is driven by rising consumer demand for authenticity, craftsmanship, and distinctive aging stories.

Table 4. TAM-SAM Projections (2023-2030)

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

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

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

The Serviceable Obtainable Market (SOM) estimates the realistic market share a Portuguese premium rum cluster could capture within 5–7 years, factoring in brand development, distribution, regulation, and consumer demand. Based on Section 2.3's benchmarks, the primary target markets are the U.S., U.K., and France, given their strong spirits cultures, purchasing power, and affinity for aged craft products. Secondary markets with emerging premium trends include Germany, Brazil, and China. Portugal is also included, serving both as a production base and a growing domestic market for premium spirits.

Table 5. Serviceable Obtainable Market by Country

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

Total SOM	–	–	$36.7M – $73.5M

To project the Serviceable Obtainable Market (SOM), a market-by-market penetration model was used, based on five key factors. First, **consumer readiness** supports higher penetration (1.5–3%) in mature spirits markets like France, Germany, and the UK. Second, **market size and competition** lead to a more cautious estimate (0.5–1.5%) for the U.S., given its complexity and saturation. Third, **cultural alignment** boosts potential in France and the UK, where Port wine familiarity enhances the credibility of Port-cask-finished rum. Fourth, **Portugal's domestic market** offers early traction through tourism, local partnerships, and premium on-premise sales in cities like Porto and Lisbon. Lastly, **emerging markets** like China and Brazil are projected at 0.5%, focusing on prestige and selective brand entry.

While the global premium rum market presents strong growth and clear demand for aged, craft spirits, capturing SOM will require more than production capacity. Long-term success depends on sharp brand positioning, strategic entry, and deep consumer insight—raising the critical question of how a Portuguese rum cluster can stand out and convert its potential into global relevance.

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

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

3.1 Crafting the STP Framework: Segmentation, Targeting and Positioning

3.1.1 Segmentation

A thorough market segmentation has been created in order to position the brand, present this premium rum aged in port wine casks, and maximize market penetration. Using a multifaceted approach based on **geographic, demographic, behavioral**, and **psychographic** criteria, this approach finds and targets specific consumer groups. These segments are not arbitrary; rather, they are the outcome of a comprehensive analysis carried out in Chapter 2, which included estimates of the **Serviceable Obtainable Market** (SOM), **consumer trend mapping**, **market benchmarking**, and **market prioritization**. With the help of these data, distribution, product development, and marketing strategies may be precisely tailored to maximize effect and resonance in key markets.

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

3.1.1.1 Geographic Segmentation

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

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

After establishing in core markets, expansion should target the US and Germany. Due to its **robust cocktail culture**, **increasing demand for premium rums**, and growing direct-to-consumer and e-commerce platforms, the **US** provides considerable scale and diversity. In **Germany**, the **demand for premium**, **matured rums**, especially those with unique cask flavors like Port, is being driven by an increasing number of whiskey-to-rum converts and enthusiasts.

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

3.1.1.2 Demographic Segmentation

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

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

3.1.1.3 Behavioral Segmentation

Consumers are driven by several key motivations when purchasing rum. First is a **true passion for taste** and **craftsmanship**, consumers look for aged spirits with rich and unique flavors. In addition, many value **mixability** and **versatility**, appreciating rum not just for neat sipping but more for elevating its cocktails. **Collectability plays a considerable role** when considering premium and unique spirits. Their drinking habits show a preference for **premium experiences**, whether enjoying spirits neat, in crafted cocktails or shared in social settings. While premium rum consumers are open to discovering new and emerging brands, their loyalty lies in quality, authenticity, and storytelling.

3.1.1.4 Psychographic Segmentation

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

3.1.2 Targeting

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

The research identified five key consumer segments with a strong interest in premium rum and strong alignment with the brand's values and vision. Defined by demographic, psychographic, and behavioral traits, these groups were prioritized based on **market potential** and **strategic fit**. Each target group demonstrates a distinct motivation for exploring craft spirits—from an appreciation of artisanal methods to cultural experiences and investment potential.

3.1.2.1 Craft Spirit Enthusiasts – Primary Target Group

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

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

3.1.2.2 Gen Z and Millennials – The Future of the Industry

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

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

3.1.2.3 Collectors and Investors – Prestige and Exclusivity

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

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

3.1.2.4 Mixologists & Bartenders – Industry Professionals Driving Influence

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

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

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

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

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

3.1.3 Positioning

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

3.1.3.1 Vision & Mission

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

3.1.3.2 Brand Values

More than just a rum, this is a skillfully created manifestation of place, passion, and purpose—formed by an unshakeable commitment to **craftsmanship**. Rooted in **heritage,** it honors Portugal's historical contribution to the sugarcane and rum trade, an underappreciated legacy that adds cultural depth and meaning to every bottle. At the same time, it embraces **innovation**, pushing the limits of aged rum with creative techniques and distinctive cask finishes. The process, which is transparent and locally rooted, is anchored in **authenticity**, capturing the essence of the land and its people. Above all, it values **exclusivity**, providing limited editions, and single-cask expressions for collectors looking for uniqueness, distinction, and meaning.

3.1.3.3 Points of Parity

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

3.1.3.4 Points of Differentiation

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

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

3.2.1 Product

3.2.1.1 Product Concept

This premium rum revives Portugal's overlooked role in rum history, tracing back to when Portuguese explorers introduced sugarcane to the Americas. Blending Portugal's legacy of wine aging with modern craft distillation, the rum is produced in small batches and aged in Port casks, creating a complex, fruit- and spice-rich spirit. It represents a fusion of two iconic traditions—Port wine and rum—and can be produced either in partnership with Scoundrels Distilling or directly by a Port wine house, offering flexible, integrity-driven production models tailored to each producer's goals.

3.2.1.2 Product Line and Product Mix

The product line is structured into four strategic tiers, each tailored to specific customer segments and brand objectives.

Entry-Level Rum (42% of the mix) targets visibility and volume, filling a market gap with a premium rum aged under 18 months in wine casks. Aged for one year and bottled in 750 ml, it serves as an accessible gateway to the brand.

Signature Rums – Tawny and Ruby Cask Finishes (each 24%) form the brand's core identity. Aged four years in respective Port casks, the Ruby offers a fruity profile while the Tawny brings depth. Bottled in 700 ml for European alignment, they're ideal for upscale retail and storytelling.

Limited Edition (10%) features ultra-premium, 12-year-aged rums in 500 ml bottles, emphasizing rarity and craftsmanship. Aimed at collectors and luxury buyers, this tier enhances brand prestige and exclusivity.

Overall, the portfolio balances reach, identity, and prestige while aligning with market trends, customer preferences, and geographic strategy.

3.2.1.3 Production Strategy

The brand will adopt a small-batch production model, totaling 250,000 bottles over 15 years. This scale aligns with premium industry benchmarks (e.g., Foursquare, Diplomático) to ensure market relevance while preserving artisanal identity. It supports consistent availability across key channels and markets, reinforcing the brand's positioning in quality, exclusivity, and terroir. Representing less than 0.04% of annual Port wine volumes, this output is operationally minimal, allowing the brand to leverage underused Port infrastructure for cost-efficient, scalable production without major investment—supporting sustainable growth in the craft rum segment.

Table 6 - Product Mix, Size, Age Statement, and Bottle Production

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

3.2.2 Price

To define a competitive and appropriate price point, a market research study analyzed key players across entry-level, core premium, and limited-edition rum segments, focusing on pricing, age statements, and brand positioning. Insights from Scoundrels Distilling and established premium brands helped shape a pricing strategy that reflects quality, exclusivity, and market expectations. A consistent retail pricing model is being applied across both partnership-based and in-house production routes to ensure brand coherence and reinforce premium positioning.

3.2.2.1 Entry-Level Tier

This entry-level rum targets younger consumers and serves as the brand's gateway product. At 40% ABV, it offers a balance of quality and affordability, competing with mid-range rums like Rhum Clément Blanc and El Dorado White. Priced at €50 (excl. VAT), it sits within the €25–€50 range, maintaining accessibility while emphasizing premium value, Portuguese craftsmanship, and authenticity—supporting both brand scaling and strong market positioning.

3.2.2.2 Signature Line

The signature line includes two premium expressions: Tawny Cask Finish (48.6% ABV) and Ruby Cask Finish (46% ABV), both showcasing Portuguese wine cask aging. The Tawny offers a bold, complex profile for seasoned drinkers, while the Ruby delivers a smoother, balanced flavor suited for sipping or upscale mixology. Positioned to compete with brands like Planteray and Diplomatico, both rums will retail at €90 (excl. VAT), aligning with the €60–€100 premium range to reflect quality and craftsmanship.

3.2.2.3 Limited Edition Tier

The Limited Edition Rum is an ultra-premium offering designed for collectors and connoisseurs, emphasizing rarity, heritage, and craftsmanship. Comparable to high-end releases like Foursquare ECS and Dictador XO, it delivers a luxurious, authentic experience. Priced at €140 (excl. VAT) within the €110–€180 range, it reflects the value of extended aging, rare casks, and small-batch production.

Table 7. Price per Product Tier with ABV and Bottle Size

Product Tier	ABV	Price	Size
Entry-Level Rum	40%	€50	750 ml
Signature Rum	48.6% Tawny Finish 46% Ruby Finish	€90	700 ml
Limited Edition Rum	60% (Cask Strength)	€140	500 ml

3.2.3 Place

The place strategy emphasizes distribution as both a practical and symbolic extension of the brand, rooted in Portuguese heritage, artisanal values, and Port cask refinement. Leveraging the established networks and credibility of a Port wine house enables efficient market entry and brand positioning. Rather than mass distribution, the strategy focuses on selective, high-impact channels—off-trade, on-trade, e-commerce, DTC, travel retail, and events—designed to highlight storytelling, craftsmanship, and quality. Porto's robust infrastructure and partnerships (e.g., BA Glass, RAR Açúcar, cooperages) further support logistical efficiency and authenticity, turning each distribution point into a meaningful brand experience.

3.2.3.1 Tier-Based Strategic Execution

3.2.3.1.1 Entry-Level Tier

The entry-level rum strategy focuses on accessibility, discovery, and cultural relevance for younger, urban consumers. Distribution will be broad but curated to maintain authenticity. Off-trade placements include premium retailers like El Corte Inglés and The Whisky Exchange, while on-trade targets cocktail-forward bars and boutique hotels in cities like London, Paris, Berlin, and Lisbon. Events will feature pop-ups and collaborations in trendy venues such as rooftop bars and summer beach clubs. E-commerce and DTC will prioritize major spirits platforms and a content-rich brand website, while travel retail will target high-traffic airports with younger, trend-focused travelers.

3.2.3.1.2 Signature Tier

The core line targets discerning connoisseurs and emphasizes heritage, craftsmanship, and storytelling. Distribution will be selective and narrative-driven. Off-trade placement includes specialist spirits retailers like La Maison du Whisky and Rum&Co, as well as premium wine and terroir-focused stores. On-trade focuses on upscale restaurants (e.g., Belcanto, Sketch) and luxury hotels. Events will feature food pairing dinners with chefs and sommeliers. E-commerce will rely on curated platforms with detailed filters, while travel retail will position the rum as a premium gift in duty-free shops.

3.2.3.1.3 Limited Edition Tier

The Limited Edition tier emphasizes prestige, rarity, and storytelling, with distribution designed to highlight its exclusivity. Off-trade placement will be ultra-selective, limited to rare spirits programs like La Maison du Whisky’s Connoisseur Club and The Whisky Exchange Vault Editions. On-trade access will be reserved for Michelin-starred restaurants and elite cocktail bars. Events will feature private tastings and luxury brand collaborations. DTC will be the main channel for narrative control, with personalized touches like handwritten notes and behind-the-scenes content. In travel retail, it will be positioned as a high-end collectible in select premium duty-free locations.

3.2.4 Promotion

3.2.4.1 Creative Concept: Alma Atlântica

The Alma Atlântica campaign—meaning "Atlantic Soul"—captures the spirit of Portugal's overlooked legacy in Atlantic trade, navigation, and cultural exchange. More than a name, it serves as the emotional and creative anchor for the brand, guiding storytelling, visuals, and experiences. The campaign evokes the ocean's poetry and Portugal's maritime past, positioning the rum as both a tribute to Portuguese sailors and the country's winemaking heritage. Aged in Port casks, the rum embodies depth, tradition, and character—blending craftsmanship with cultural storytelling to create a layered and timeless expression of Portuguese identity.

3.2.4.2 Tier Structure and Symbolism

Alma Atlântica's rum portfolio is structured around three tiers, each reflecting a stage in the consumer journey and a facet of Atlantic identity. The entry-level tier, Atlântico Claro, symbolizes freshness and initiation, ideal for cocktails and social moments, inspired by the Atlantic's vibrant energy. The signature tier, Alma Atlântica, forms the brand's core, offering depth and complexity through Port cask aging, with Tawny and Ruby Cask Finish expressions rooted in Portuguese terroir. The limited edition tier, Linha do Horizonte, represents discovery and exclusivity—single-cask releases crafted for collectors, evoking the poetry of exploration and the unknown.

3.2.4.3 Communication Objectives

The Alma Atlântica promotional strategy is guided by interconnected communication goals that support both brand growth and emotional resonance with its audience. It begins by aiming to boost brand awareness, positioning Alma Atlântica as the first premium rum brand to reinterpret Portugal’s role in Atlantic rum culture. The strategy then focuses on reinforcing brand identity by highlighting process transparency, Atlantic aging techniques, and a poetic, narrative-driven tone. To drive purchase intention, the campaign will use sensorial content, immersive storytelling, and strong visual assets. Long-term loyalty will be nurtured through exclusivity, direct-to-consumer engagement, and storytelling around individual batches, targeting collectors, bartenders, and premium spirits enthusiasts. Ultimately, the strategy also seeks to elevate the entire rum category by aligning it with the sophistication, terroir focus, and collectability typically associated with whisky and wine.

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

Tailored promotional strategies are essential to engaging different target audiences. Younger consumers are drawn to dynamic, experience-led storytelling, while collectors and connoisseurs prioritize depth, exclusivity, and cultural meaning. By aligning each product tier with these motivations and applying insights from Chapter 2, the brand builds authentic connections and a distinct identity. This approach also reflects current industry trends and best practices, ensuring continued relevance and competitiveness in an evolving market.

3.2.4.4.1 Entry-Level Tier: Atlântico Claro

The Atlântico Claro expression is positioned as an accessible introduction to crafted rum, targeting Gen Z and Millennials drawn to authenticity, exploration, and social experiences. The campaign will use social media—especially Instagram Reels and TikTok—to highlight the rum's versatility, unique aging process, and aspirational coastal lifestyle. Collaborations with micro-influencers and mixologists will feature cocktail tutorials and engaging content. Real-world activations include bar partnerships, exclusive signature cocktails, and themed events like "Rum & Music" nights. Paid digital media and SEO will boost visibility, while in-store storytelling and QR codes linking to behind-the-scenes content will deepen consumer engagement.

3.2.4.4.2 Signature Tier: Alma Atlântica Signature Series

The Alma Atlântica tier represents the brand's artisanal heart—small-batch rum rooted in Portuguese heritage and Atlantic influence, finished in Port casks. It targets experienced drinkers over 30, premium gift buyers, and niche spirits collectors who value origin, craftsmanship, and depth. Communication is poetic and reflective, connecting emotionally with consumers seeking meaning in their choices.

The media strategy emphasizes rich storytelling through YouTube mini-documentaries, email campaigns, batch-specific content, and high-end visuals. Brand visibility will be built through participation in events like Whisky & Rum Lisbon and UK RumFest, as well as private tastings and in-store activations at premium venues. Earned media will focus on top spirits outlets and influencers, while cross-promotions with Portuguese artisans will strengthen cultural ties. Staff training and collaborations with bartenders and sommeliers will ensure authentic storytelling at every touchpoint.

3.2.4.4.3 Limited Edition Tier: *Linha do Horizonte*

Linha do Horizonte is the brand's most exclusive tier, crafted for collectors, cultural connoisseurs, and discerning investors aged 40+. Each small-batch release is positioned as a rare, poetic expression of Atlantic heritage—more than a spirit, a collectible legacy piece.

Communication will be intimate and evocative, focusing on emotional depth, origin, and craftsmanship.

Promotion will center on exclusivity, using private channels, invite-only pre-orders, and cinematic storytelling around each release. Packaging will be symbolic and artisanal, featuring hand-numbered logbooks, cask-aged wood tokens, and poetry cards. Collaborations with Portuguese artisans and winemakers will enrich the sensory and cultural experience.

The line will gain prestige through luxury publications, curated auctions, and private tastings in partnership with galleries, premium retailers, and design-forward venues. Influencer and expert reviews on niche platforms like Rum Howler and LMDW will build credibility. A dedicated Collector's Club will offer early access, distillery visits, cask-naming rights, and curated gifts, positioning Linha do Horizonte as a timeless, shareable legacy.

3.3 Implementation Plan for Promotion, Distribution, and Brand Expansion

Alma Atlântica's 15-year promotional and distribution plan unfolds in four strategic phases, starting with launches in Portugal and the UK and expanding to the U.S. and Germany. Each phase focuses on building brand equity, scaling distribution, and increasing awareness through targeted marketing. The strategy combines digital innovation, experiential activations, and culturally rich storytelling to establish a strong, premium brand identity.

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

The brand will launch with a robust omnichannel strategy, featuring a multi-language e-commerce platform and retail partnerships with Garrafeira Nacional, El Corte Inglés (Portugal), Master of Malt, and The Whisky Exchange (UK). On-trade distribution will target premium venues like Red Frog, The Yeatman, The Hoxton, and Scarfes Bar, with travel retail starting at Lisbon, Porto, and Heathrow airports.

The “Alma Atlântica” campaign will drive promotion through social media, influencer and bartender seeding, pop-up tastings, and interactive QR-linked bottle experiences. Storytelling will be enhanced through a “Meet the Maker” documentary series and presence at events like Douro Wine Fest and London Rum Week. Seasonal mixologist collaborations will showcase cocktail recipes, and in Year 3, a digital pre-launch campaign will generate anticipation for the Signature Series.

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

This phase centers on launching the Alma Atlântica Signature Series to strengthen the brand across new and existing markets. In France, distribution will focus on premium retailers like La Maison du Whisky and Lavinia Paris, with on-trade activations in Paris, Lyon, Bordeaux, and Nice targeting bistronomy venues and terroir-driven bars. Fine dining pairings will highlight the rum’s Atlantic character. Growth will also continue in Portugal and the UK to build a strong tri-market presence.

The promotional strategy includes a French-localized campaign, “Alma do Atlântico,” and a content series called “The Atlantic Influence.” A Paris launch dinner with French-Portuguese chefs will showcase cultural storytelling, supported by media campaigns in Whisky Magazine France and lifestyle outlets. Tasting events with sommeliers and bartenders will foster premium engagement, while holiday gifting editions, exclusive tastings, mailing lists, and media coverage in Forbes Spirits, Punch, and Time Out will further boost visibility.

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

In this phase, the Alma Atlântica tier will elevate its direct-to-consumer platform with personalized features like a taste profile quiz and tailored cask recommendations, enhancing the customer experience. A travel-exclusive edition will debut in airport retail to boost global visibility. Expansion in Portugal, the UK, and France will deepen through placements in premium wine shops, boutique bars, and fine dining venues to reinforce exclusivity and loyalty.

The “Discover Your Atlantic Soul” campaign will drive emotional engagement through Atlantic-inspired storytelling. Local brand ambassadors will strengthen authenticity, while batch-specific content will be shared via newsletters and social media. An interactive virtual tasting journey will immerse users in the rum’s origins and craftsmanship. A PR campaign will highlight the brand’s terroir, cultural richness, and premium identity. By Year 9, the “Rum Route Returns” teaser campaign will build anticipation for the U.S. market launch.

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

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

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

Conclusion

Alma Atlântica's go-to-market strategy combines precise segmentation, a tiered product portfolio, and culturally tailored marketing to position the brand as a symbol of Portuguese heritage in the premium rum space. Each product tier serves a distinct purpose, from accessibility to exclusivity, supporting a 15-year global expansion roadmap. However, to turn this vision into reality, we must now address a critical question: **what financial resources are needed to bring Alma Atlântica to life? And sustain its premium positioning as it grows?**

4. Financial Analysis and Strategic Projections

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

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

Figure 3. Assumptions & Reasoning

Discount rate

A 10% discount rate was chosen to represent the expected return and blended risk profile of a high-end, cask-aged rum company in Portugal with export goals. Advantages like port cask distinction, established distribution networks, strong global premiumization trends (6–8% CAGR, IWSR 2024), and possible alliances are balanced with operational and commercial concerns. The rate is supported by lower capital intensity, specialty positioning, and geographic risk diversification, even though it is lower than normal early-stage spirits ROEs (12–20%).
Inflation
Nominal terms are used in the financial model, and neither expenses nor revenues throughout the course of the 15-year prediction are explicitly adjusted for inflation. The 10% nominal discount rate reflects anticipated inflation, and projections are in current prices. In keeping with best practices for early-stage spirits ventures, this streamlines the model.
Casks are not reused
In order to maintain flavor quality, the financial model considers that ex-Port casks won't be used again during different production cycles. The richest Port-derived notes that are crucial to the rum's premium positioning are present in first-fill casks, whereas later uses greatly reduce this flavor. Casks only add tannins and oxygen exchange after the third or fourth usage, which puts the product's uniqueness at danger. Additionally, immediate reuse is less successful in preserving the flavors of fresh port, and unused casks must be stored carefully to avoid contamination. Flavor is also influenced by the type of port that was previously kept (such as tawny or ruby), with first-fill barrels offering the most complexity. The manufacture of rum and port naturally coexist since port establishments usually supply fresh casks. Since used barrels can still be sold, the no-reuse policy preserves quality, prevents waste, and bolsters the premium narrative of the brand.
VAT Exclusion
All financial calculations, price benchmarks, and projections are presented excluding Value-Added Tax (VAT) in order to have a clearer cross-market comparison.

4.1 Cost drivers

4.1.1 Production Strategy

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

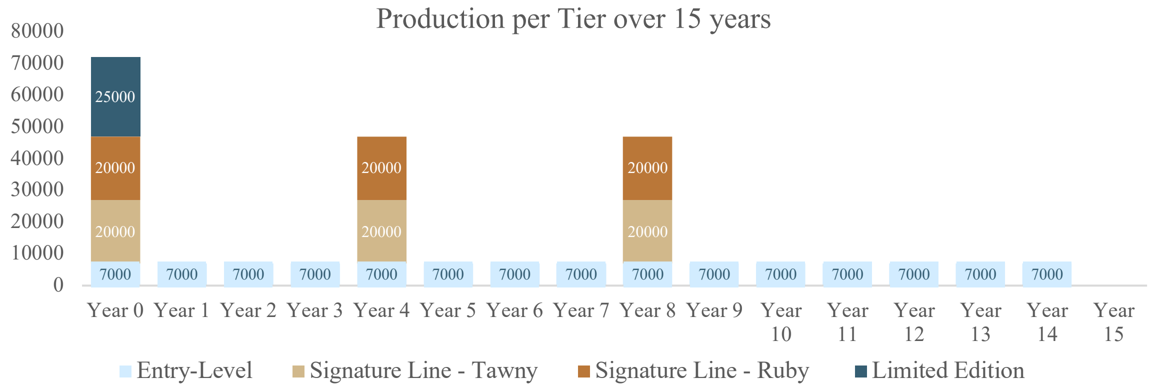
The **Entry-Level Rum** accounts for **105,000 bottles**, representing 42% of the total production. It is aged for one year and produced at a consistent rate of 7,000 bottles per year, except for the final year of the projection where production is assumed to pause. The production is paused in Year 14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

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

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

Overall, the production timeline has been designed to balance operational feasibility with strategic market objectives. By structuring the output to include early-release products such as the Entry-Level rum, the model ensures the generation of initial cash flows that support financial sustainability from the beginning. At the same time, the staggered introduction of aged tiers allows the brand to progressively build visibility, recognition, and consumer engagement. This phased approach creates the necessary momentum for the eventual launch of the Limited Edition after 12 years, ensuring that the market is sufficiently aware, primed, and receptive to its ultra-premium positioning.

Figure 4. Production per Tier over 15 Years



4.1.2 Production costs (OPEX, CAPEX)

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

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

The Porto Rum Cluster's financial model outlines a comprehensive, small-batch production plan with a clear breakdown of costs across raw materials, aging, operations, packaging, and capital investment.

Raw materials include molasses (€0.22/kg), filtered tap water (€0.02/bottle), and yeast/minerals (€0.08/bottle), all benchmarked against Scoundrels Distilling. Water usage is estimated at 1.2L per 750ml bottle.

Aging costs are tier-specific and calculated based on cask price, Angel's Share (evaporation), warehousing, and capital tie-up. Barrel costs range from €320 to €510 depending on the product tier and Port cask type. Evaporation is estimated at 8% for Entry-Level (1 year), 25% for Signature (4 years), and 35% for the Special Edition (12 years). Warehousing costs increase with aging time, from €1.20 to €4.23 per bottle. Capital tie-up is calculated at a 5% annual cost, rising with aging length. Total aging costs per bottle are: €2.58 (Entry-Level), €4.45 (Signature Tawny), €3.48 (Signature Ruby), and €7.36 (Special Edition).

Operational expenditures total €213,620 annually, or €0.85 per bottle. These include labor (€56,000 for four full-time staff), electricity (€10,500), maintenance (€6,000), land rental (€120,000 for 1,000m²), and insurance (€21,120).

Packaging costs vary by tier: €1.90 for Entry-Level, €2.50 for Signature, and €6.20 for the Special Edition. Glass bottle prices range from €1.10 to €3.00 depending on design and tier, sourced from BAglass. Corks are priced accordingly: €0.10 (basic), €0.30 (natural), and €0.50 (engraved). Labels cost €0.50, shrink capsules €0.10, and eco-friendly shipping boxes €0.10. The Special Edition also includes custom outer packaging (€2.00).

Capital expenditure (CAPEX) totals €810,500 for full in-house production. This includes 92 copper still pots (€594,750), 92 fermentation tanks (€137,250), a bottling line (€12,000), filtration equipment (€6,500), storage racks (€39,000), and licensing/compliance costs (€21,000). The decision to internalize production was made due to lack of adequate third-party capacity and the need for control over aging and quality. Annual depreciation, using a straight-line method over 15 years, is €52,633.

This model supports scalable, artisanal rum production while maintaining premium positioning, operational efficiency, and financial sustainability.

4.2 Revenue Drivers

This section outlines how Porto Rum Cluster generates income through a gradual sales rollout, tiered pricing, and geographic market targeting over 15 years.

4.2.1 Sales Strategy

The Porto Rum Cluster's sales strategy assumes full sell-through of all bottles over 15 years, with no leftover inventory. The distribution approach is phased—introducing product tiers sequentially—and progressive, with sales volumes increasing steadily to support sustainable growth and premium positioning.

In Year 1, only 2,000 of 7,000 Entry-Level bottles are sold, reflecting a cautious market entry. Full sales are achieved by Year 4, indicating growing brand awareness and demand. The Signature Lines, requiring four years of aging, launch in Year 4 and scale gradually, reaching consistent sales by Year 8. The 12-year-aged Special Edition debuts in the final four years, with volumes rising from 2,000 to 10,000 bottles, reinforcing its exclusivity and enhancing brand storytelling. This strategy ensures controlled growth, market adaptability, and long-term brand equity.

4.2.2 Sales Geographic Allocation

The international rollout of the Porto Rum Cluster follows a phased, strategic approach aligned with market priorities and go-to-market planning. Rather than launching globally at once, the brand begins in Portugal and the UK (Years 1–3) to build credibility, test operations, and optimize pricing in key, cost-efficient markets. France enters in Year 4, chosen for its strong alignment with aged spirits, storytelling, and terroir positioning, allowing time to prepare inventory and tailored messaging.

The U.S. and Germany are added in Years 10–15, despite the U.S. being the largest premium rum market. Their delayed entry reflects lower strategic fit, higher costs, and the need for stronger brand maturity before tackling complex, competitive environments. Germany's entry focuses on niche, cost-efficient channels after trust is built in earlier markets.

This sequence enables reinvestment of early revenues into higher-return markets while avoiding early capital strain. Market allocation is based on realistic Serviceable Obtainable Market (SOM) estimates: the UK receives 67% of initial volume, France 49% from Year 4, and the U.S. and Germany just 30% and 13% from Year 10, respectively—reflecting both timing and market fit. Overall, the phased rollout ensures brand credibility, operational efficiency, and financial sustainability.

4.2.3 Revenue Forecast

The Porto Rum Cluster's revenue model aligns with its phased product rollout and international expansion strategy, projecting total revenues of €19.55 million over 15 years. Growth is driven by increasing sales volumes and a gradual shift toward higher-value products.

By tier, Entry-Level rum generates €5.25 million (27% of total revenue), providing early cash flow. The Signature Tawny and Ruby lines each contribute €5.4 million, reflecting their role as core premium offerings. The Limited Edition line, though lower in volume, adds €3.5 million due to its ultra-premium pricing and high margins.

Geographically, France leads with €6.77 million, benefiting from early entry and alignment with aged, terroir-driven spirits. The UK follows with €5.01 million, supported by strong early distribution. Portugal contributes €2.48 million as the foundational market. The U.S., despite entering in Year 10, contributes €3.72 million, reflecting strong late-stage growth. Germany adds €1.56 million due to its smaller, niche-focused approach.

Revenues accelerate in Years 13–15, driven by full portfolio commercialization and increased sales of high-margin products. This trajectory reflects strategic market entry, product readiness, and long-term financial sustainability.

4.2.4 Breakeven Point

The break-even analysis for the Porto Rum Cluster shows that the project reaches profitability after selling approximately 11,451 units across all product tiers, covering the initial €810,500 capital investment. Contribution margins vary by tier: €44.43 for Entry-Level, €81.97 and €82.94 for the two Signature lines, and €125.40 for the Limited Edition. Despite its high margin, the Limited Edition has a smaller impact due to its limited volume share.

A Weighted Average Contribution Margin (WACM) was used to allocate break-even volumes proportionally: 4,810 units for Entry-Level, 2,748 units for each Signature line, and 1,145 units for the Limited Edition. This structure highlights the Entry-Level's role in early cash flow, the Signature lines as the financial core, and the Limited Edition as a high-margin enhancer. Reaching break-even at under 5% of total planned output demonstrates strong financial efficiency and a sustainable, low-risk path to profitability.

4.3 Scenario Analysis

To evaluate the financial resilience of the Porto Rum Cluster, three sales velocity scenarios were developed. The baseline assumes all 250,000 bottles are sold over 15 years, following the planned strategy. The accelerated scenario models the same volume sold 15% faster, reflecting stronger demand or improved distribution. The slower scenario extends the sales period by 15%, indicating delayed market adoption or unforeseen challenges. These scenarios test the sensitivity of the financial model to different market conditions, helping identify strategic responses for both upside and downside outcomes.

4.3.1 Baseline Scenario

In the baseline scenario, the Porto Rum Cluster sells all 250,000 bottles over 15 years, following its planned rollout strategy. This results in €19.55 million in total revenue, with the entry-level line contributing €5.25m, each Signature line €5.4m, and the Special Edition €3.5m. France is the top market (€6.77m), followed by the UK (€5.01m), USA (€3.72m), Portugal (€2.48m), and Germany (€1.56m).

Financially, the scenario generates a gross profit of €17.7m, NPV of €432,705, and cumulative NOPAT of €7.9m. EBITDA grows steadily, from €12,082 in Year 1 to over €1.7m in Year 15, with positive free cash flow starting in Year 4. The break-even point is reached after just 11,452 bottles—less than 5% of total production—highlighting strong financial efficiency.

Success relies on disciplined execution of the tiered rollout, precise supply-demand alignment, quality control, brand visibility, and strong distribution partnerships. If executed effectively, this baseline scenario presents a financially sustainable and strategically sound path for long-term growth.

4.3.2 Accelerated Scenario

In the Accelerated Scenario, the Porto Rum Cluster sells all 250,000 bottles 15% faster due to stronger demand or improved distribution. Total revenue remains €19.55 million, but the faster cash flow boosts Net Present Value (NPV) to €1.28 million—almost triple the baseline. Cumulative free cash flow reaches €1.5 million, and operating cash flows accelerate to €9.6 million, enhancing reinvestment potential.

However, the rapid sales pace puts pressure on inventory and production, especially for aged products like the Signature and Special Edition lines. If not managed properly, this could lead to stock shortages and strain distributor relationships or damage brand credibility.

To mitigate these risks, the cluster must adjust production planning, consider scaling capacity, and ensure bottling and logistics can handle higher volumes. While faster cash inflows create opportunities for reinvestment in marketing, product development, or new markets, careful resource management is essential. Overall, the scenario improves financial performance but demands precise operational coordination to sustain product quality, availability, and brand positioning.

4.3.3 Slower Scenario

In the Slower Scenario, the Porto Rum Cluster sells 15% fewer bottles than planned over 15 years due to weaker market uptake or distribution challenges. Total revenue drops to €15.78

million (vs. €19.55m baseline), and NPV declines to €154,530, though cumulative NOPAT remains positive at €8.9 million. The extended timeline reduces cash flow efficiency and increases financial strain from delayed returns and prolonged capital tie-up.

Operationally, slower sales cause inventory build-up, higher storage costs, and inefficiencies in managing aged stock. The cluster must slow production while maintaining quality, and may need to adjust aging schedules. Commercially, management should intensify promotions, revisit pricing, and strengthen distribution to boost demand.

Limited cash inflow restricts reinvestment in marketing and expansion, requiring corrective actions to realign with growth targets. Despite being financially viable, this scenario demands agile planning, proactive marketing, and tight inventory control to preserve brand value, profitability, and long-term sustainability.

4.3.4 Payback Period

The payback period for the Porto Rum Cluster—the time needed for cumulative free cash flow to recover the initial €810,500 investment—is approximately 9 years, 9 months, and 12 days in the baseline scenario. This longer timeline is typical for premium spirits businesses due to high upfront costs and delayed revenue from aged products. Early cash flows remain modest due to the phased rollout strategy, with profitability increasing only after the launch of aged Signature and Special Edition lines.

In comparison, the accelerated scenario shortens the payback period to about 9 years and 6 months, thanks to faster sales and earlier cash inflows. The slower scenario extends it to 10 years and 1 day, reflecting delayed revenues and prolonged capital lock-up. These variations highlight the importance of long-term planning and financial patience for sustainable profitability in premium spirits ventures.

Conclusion

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

5. Conclusion and Strategic Recommendations

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

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

5.1 Near-Term Recommendation: Scoundrels Distilling as a Scout

In the near future, the best course of action is to handle **Scoundrels Distilling like a market scout**. By utilizing Scoundrels' operational agility and early proof of concept, Port wine houses may **test the market viability of Port-cask-aged rum** using their established brands, storytelling, and distribution networks rather than making hasty collaborations or large-scale commitments to new distilleries. Before determining if and how to scale, port producers can gauge demand, get feedback, hone the narrative, and generate interest by entering markets like France, the UK, and the US, where consumers are becoming more interested in provenance and craft and premium rum consumption is on the rise. **This "Scoundrels-as-a-Scout" approach is sustainable and strategic**. It enables each party to capitalize on its advantages: while Port producers provide market access, credibility, and storytelling power, Scoundrels concentrates on improving the spirit and production consistency. Crucially, this entry approach guards against **reputational risk** as well as **early capital exposure**. Additionally, it promotes **mutual learning** and **trust**, two qualities that are crucial to the success of any future integration. If the outcomes demonstrate traction, both sides may proceed more clearly since they will have a better understanding of how customers respond to this new category. If there is little response, the project can be put on hold or reorganized without sacrificing the integrity of either brand.

5.2 Limitations of Partnership and In-House Models

The research suggests that **in-house rum production** or **large-scale strategic alliances are not yet feasible**, notwithstanding the promise of partnerships. Most Port houses do not yet have the technical, legal, and physical facilities required for producing high-quality rum. According to EU laws, rum and port must be manufactured in separate, licensed facilities, as covered in Chapter 1. Furthermore, current distilleries, including Scoundrels, **don’t have the excess**

capacity to accommodate increased third-party production temporarily. Although in-house production has long-term advantages including creative control, quality control, and brand integrity, it also **requires a large financial outlay**, **specialized knowledge**, and **intricate licensing**. Building operational teams and skills from scratch would be necessary even for co-location in the Porto region. For most producers, **internal manufacturing should therefore be seen as a long-term goal** that comes after a period of capacity growth, market research, and brand validation.

5.3 Opportunities: Profitability, Storytelling, and Local Impact

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

5.4 Risks and Constraints

There are risks associated with every innovative path. The worldwide spirits market is susceptible to **category saturation**, **changing consumer tastes**, and **economic shocks**, especially in the premium section. Profitability is delayed, and early investor trust may be strained, if a sizable amount of annual production is not sold (for example, only 25–50% of the anticipated volume). Furthermore, there is a lot of **operational risk in the early stages**. Production quality may differ if skilled rum distillers and fermentation experts are not available. This **discrepancy has the potential to damage a brand's reputation**, particularly in high-end markets where people have high standards and little patience for failure. Risks to brand identity also exist. Rum might be viewed as an **opportunistic brand extension or distraction** if it is not positioned appropriately, which could confuse Port wine drinkers or erode historical ties. It is crucial that Port houses continue to **communicate clearly between rum and wine**, but also highlight the commonalities between the two, such as maturing, barrel craftsmanship, and local storytelling.

5.5 Long-Term Recommendations: Building the Porto Rum Cluster

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

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

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

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

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7. Appendix

Appendix 1: PESTEL Analysis

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

Appendix 2: Porter's Five Forces Analysis

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

Appendix 3: POSITIONING MAP interpretation and analysis

Looking over to the Port Wine competitive landscape, we outlined a positioning map based on price and quality, through a thorough analysis, Taylor's prides itself on being the most upscale brand, particularly in the older Tawny category. Although it continues to receive top quality reviews, it faces fierce competition from other manufacturers that provide comparable quality at somewhat lower price points. The brand's premium stance is probably justified by its solid reputation. Graham's provides a good mix of cost and quality, especially in the older Tawny Ports. It receives excellent quality ratings on par with Taylor's, but at a more affordable price, which makes it a desirable choice for customers looking for both value and prestige. Sandeman is a slightly more affordable option in the premium category, closely trailing Taylor's and Graham's in terms of quality. For those seeking premium-aged Tawny without the greatest price tag, it is still a good option. With quality ratings marginally lower than those of Taylor, Graham, and Sandeman in the older Tawny market, Fonseca and Ramos Pinto serve the mid-range market. Ramos Pinto offers competitive mid-tier products, particularly in the intermediate aging categories, whereas Fonseca is positioned as a more affordable choice. All of the brands in the fiercely competitive 10- and 20-year Tawny categories maintain comparable levels of quality. Nonetheless, some companies charge more prices than others, most likely due to perceptions of their brands rather than notable variations in quality. While Taylor's and Graham's continue to be quality options for all age groups, Fonseca stands out as a more affordable option.

Appendix 4: Scoundrels Distilling's Product Portfolio

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

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

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

- **International Dry** (44% ABV at €39.95)**:** A juniper-forward, London Dry-style gin (Gold Medal, London Spirits Competition).
- **Portuguese Citrus (42% ABV at €44.95)**: Infused with Portuguese citrus peels, including Douro tangerine.
- **Navy Strength (57% ABV at €54.95)**: A bold, high-proof gin for intense flavor seekers.
- **FC Porto - Legends Edition (42% ABV at €35):** A special edition gin honoring FC Porto's legacy.

Appendix 5: Scoundrels Distilling's Rum Business Model Canvas

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

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

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

The **business's core activities** include the production of rum according to innovative aging techniques, cask tastings, customer experience delivery, brand promotion, and sales management. Events, tastings, and stories are central to building brand identity as well as customer loyalty.

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

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

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

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

In combining tradition with experimental innovation, Scoundrels Distilling not only disrupts the premium rum category but also offers a template for regional revitalization policy. By combining Port wine tradition, local origin, and unapologetic narrative, the brand is a market leader and a probable driver of a rethink of the Port wine industry's future.

Appendix 6: Understanding Product Tiers in Premium Rum

The first tier is **White or Lightly Aged Premium Rum**. These rums are usually **unaged** or **aged for a short period** (up to 3 years) and are often filtered to remove color, giving them a clean, clear appearance. This tier is positioned for premium cocktail use or casual sipping, particularly by younger consumers such as **millennials and Gen Z**, who are drawn to smooth and versatile spirits with modern branding and ethical sourcing stories. Rather than focusing on age, brands in this category emphasize elements such as origin, blending techniques, or special cask finishes (IWSR, 2024b; Wright 2025; InsightTrendsWorld 2024). The typical price range for this category is around **€25-€50** and key examples include Equiano Light, Ten To One White, and Mount Gay Eclipse (The Whysky Exchange, n.d.). This space represents a promising opportunity for Porto-based rum producers, particularly those using short aging in Port casks, which can give lightly aged rum a unique local identity and flavor profile.

The second tier in the premium rum market is best defined as **Aged Rum**, referring to products that have been matured in barrels for a significant period – typically **between 4 and 12 years**. This aging process is what truly separates this tier from lightly aged or white rums, as the spirit gains deeper complexity, color, and richness from time spent in wood (IWSR, 2024b; "Craft Rum Market Size and Share | Industry Report, 2030," n.d.). While some brands may label certain bottles as "Signature" or "Reserva," these are marketing terms rather than technical classifications. What unites this tier is the fact that these rums have undergone a proper maturation process and are positioned as a **premium sipping rums**, often used to represent the heart of a brand's identity (Monoche and Monoche 2024; Scheer 2025). These rums are usually aimed at **more experienced spirits drinkers**, including those who are transitioning from whisky or cognac and are looking for quality, authenticity, and refined flavor profiles. Consumers in this segment expect more than mixability – they seek craftsmanship, tradition, and a compelling narrative (Admin 2024; "Rum Market Size | Mordor Intelligence," n.d.). Aged rums in this category often highlight cask influence, such as aging in ex-bourbon, sherry, or wine barrels, which brings extra character and differentiation to the final product. The price range for aged rums generally falls between **€50 and €100**, depending on the age, origin, and packaging. Within this same tier, brands may offer different **levels of premiumization** – from core aged rums (e.g. 4–6 years) to more elevated "signature" expressions aged 10–12 years, sometimes in special casks or with limited packaging (The Whisky Exchange, n.d.). Notable examples include Rum Sixty Six Foursquare Extra Old 6 Year Old, William Hinton 6 Year Old Rum, Damoiseau XO 6 Year Old Rum, Don Papa 10 Year Old Rum, and Dictador 12 Year Old Rum (The Whisky Exchnage, n.d.). In summary, this tier is defined by genuine barrel aging which serves as the key marker of quality and value, but it also allows brands to position products across different premium levels, from accessible aged expressions to flagship "signature" rums. Therefore, it plays a central role in building brand identity and appeals to consumers seeking depth of flavor, authenticity, and craftsmanship.

The third tier consists of **Limited Edition or Collector Rums**, which are often aged for **12 to 25 years or more**, or are created as rare, experimental, or one-off releases. These rums are not always defined by age alone but also by limited availability, special packaging, unique finishes, and a strong connection to the brand's history or terroir (IWSR, 2024b; "Limited Edition: The Allure of Limited Editions: Exploring Special Items - FasterCapital," n.d.). The target audience includes **high-end consumers, collectors, and connoisseurs**, and prices typically range from **€100 to €300 or more**. These rums are often used for special occasions, gifting, or as part of private collections. Examples of brands operating in this tier include the Foursquare Exceptional Cask series, Dictador 20 and 25, Mount Gay Master Blender Collection, and Ron del Barrilito 5 Estrellas (The Whisky Exchange, n.d.). For producers in Porto, this tier presents a strong opportunity to develop **exclusive, cask-aged rums** that celebrate Portuguese heritage and craftsmanship – especially through the use of Port wine barrels and limited-number releases.

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

Benchmarking: Key Players and Competitive Landscape (3.4)

Benchmarking Framework and Evaluation Criteria

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

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

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

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

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

Tier 1: Unaged and Lightly Aged Premium Rums

Let's start with the Tier 1 analysis. We have previously identified the French market as a priority due to its strong premium spirits culture and established rum consumption patterns. However, the French rum landscape is quite unique and tends to skew towards aged and terroir-driven rums, largely due to the strong rhum agricole tradition in Martinique and Guadeloupe (Patil 2023; “A Definitive Guide to the France Spirits Market [2025],” n.d.). This is supported by a highly educated consumer base that appreciates the nuances of rum. This results in a strong preference for aged or well-crafted agricole rums, often bottled under AOC Martinique regulations (“Rhum Agricole,” n.d.). On this basis, French rum culture values origin, production method, and maturity over unaged 'white' expressions, which are often perceived as lacking depth. That said, there are lightly aged or unaged agricole rums available in France, but these are often considered mixers or "blanc agricole", used mainly in cocktails such as Ti' Punch and not in large quantities – there simply are not that many (Rhum Clément 2024).

The important thing to note is that while these types of rums in France are less aged and generally less focused on storytelling, they are still respected in the market. They are often more functional in nature and not usually branded in a premium lifestyle format like brands such as Equiano or Ten To One (eqAdmin and eqAdmin 2021; “Rum Reimagined - Ten to One Rum” 2025). However, their value lies elsewhere: they are valued for their authenticity, traditional production methods, and strong link to terroir. This makes them very different from the UK and US markets, where unaged rums tend to rely more on branding, image, and accessibility ("Rum Market 2025 Forecasts and Trends," n.d.; IWSR, 2024b).

A clear example is **Rhum Clément Blanc** from Martinique, priced between **€22 and €28** (Rhum Clément 2024). This is an **unaged agricole rum** made from fresh sugar cane juice and protected under Martinique's AOC rules. Its packaging is simple and classic, and while it is most commonly used in cocktails, it is also appreciated by purists for its clarity and quality. Because it follows strict production standards and reflects a defined regional identity, it has cultural and artisanal value even without time spent in barrels. This shows that even unaged rums can carry premium weight in France – but only if they are rooted in tradition, craft, and place. Unlike lifestyle brands built on image or accessibility, our positioning is based on craft, heritage, and the unique synergy between local molasses, traditional methods,s and port cask aging. France therefore represents not only a strategic opportunity but also a cultural fit for the identity we are building.

Another strong benchmark for our Tier 1 category is **Eminente Ámbar Claro**, a Cuban rum aged for about **3 years** in ex-whisky casks and lightly filtered to maintain a pale golden color. Although still young, this rum shows how short aging can add character and complexity while retaining freshness. Produced in small batches by Cuban master distillers, it reflects a deep knowledge of local sugar cane and traditional techniques. Priced between **€40 and €50**, it is clearly positioned as a premium product despite its short aging period (The Whisky Exchange, n.d.). Eminente is backed by Moët Hennessy, giving it strong credibility in the premium spirits segment. The brand has a premium lifestyle positioning and relies heavily on storytelling – focusing on Cuban terroir, heritage, and wildlife-inspired packaging. It also emphasizes craftsmanship and the identity of the master blender, making it particularly relevant in markets such as France and Germany, where consumers value authenticity and artisanal production.

Indeed, the brand was launched in France and is now sold in Germany, the UK, and across Europe through premium channels such as The Whisky Exchange and Home of Malts. The packaging is elegant and tactile, with visual elements that reinforce a sense of quality and place (Superbar, n.d.). Eminente is a useful reference for us, proving that even lightly aged rums can have strong identity and prestige - especially when supported by careful production, clear storytelling, and cultural depth.

Another strong reference in the Tier 1 category is **El Dorado 3-Year- Old White Rum**, produced in Guyana by Demerara Distillers, a brand with a long-standing reputation in the global rum industry. This rum is aged for three years in oak barrels and then charcoal filtered to remove color while retaining depth and complexity (Jack, n.d.). Despite its white appearance, the aging process gives it a smoother, more refined profile than most unaged white rums. Priced between **€25 and €35**, it is positioned as an accessible premium option, making it attractive to both casual drinkers and cocktail professionals (The Whisky Exchange, n.d.). The brand places a strong emphasis on authenticity and heritage, highlighting the use of traditional wooden pot stills - a rare and respected method in modern rum production. This link to craftsmanship and history is a key factor in the product's credibility and consumer appeal. The packaging is clean and understated, with classic cues that signal maturity and tradition. While lacking the lifestyle branding of newer entrants, El Dorado 3 Year Old earns its premium perception through quality, consistency, and its established presence in the European and US markets. It demonstrates how a short-aged rum can still carry prestige and value when backed by a respected name and traditional production techniques (Jack, n.d.).

Another strong Tier 1 reference is **Trois Rivières Rhum Ambré**, a Martinique rum aged between **12 and 18 months** in American oak barrels (“Rhums Agricoles De Martinique | Trois Rivieres” 2025). Despite its short aging, it develops a smooth and expressive profile, making it suitable for both sipping and premium cocktails. With roots dating back to 1660, the brand is known for its link to Martinique's terroir and AOC Rhum Agricole tradition. It appeals to consumers who value authenticity, regional identity, and traditional methods. Priced between **€30 and €40**, it is positioned as a premium yet accessible option in the French market (The Whisky Exchange, n.d.). The packaging is distinctive, reflecting the rum's Caribbean origins while maintaining a refined, premium feel. Trois Rivières Ambré is well established in France and provides a relevant benchmark for short-aged rums that rely on heritage and craftsmanship rather than branding alone.

The Tier 1 analysis highlights a clear opportunity in the market for **lightly aged premium rums**. Most of the established products in this category are aged for at least 3 years, placing them at the upper end of the tier - almost in "aged rum" territory. There are very few premium rums aged for less than 18 months and almost none use wine casks as part of the aging process. Notably, many of these rums - such as El Dorado 3 or Eminente Ámbar Claro - are charcoal-filtered after aging, which allows them to be classified and marketed as white rums. This helps position them in the cocktail space but also makes them visually and stylistically different from what a Portuguese short-aged port cask rum would offer. This opens the door to **clear product differentiation based on appearance**, depth of flavor, and storytelling. The Scoundrels' proof of concept already demonstrates the viability of this niche. Aged for 6 to 18 months in port barrels, it combines tradition, craft, and regional character. Given the lack of competition in this specific space and the growing demand in markets such as France for authenticity and terroir - even in younger spirits - there is strong potential for Portugal to lead with a distinctive premium rum identity.

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

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

Tier 2: Aged and Signature Rums

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

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

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

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

An example is the **Planteray 2018 Barbados Saint Estèphe Single Cask**, which demonstrates how a relatively young rum can be successfully positioned as a premium sipping product through careful aging, finishing, and storytelling. Distilled in 2018 at the West Indies Rum Distillery, this limited-edition rum is aged for a total of six years following Planteray's signature double aging process: an initial tropical maturation in ex-bourbon casks in Barbados, followed by continental aging in Ferrand Cognac barrels in France. It is then finished for one year in Saint Estèphe red wine casks, which impart subtle notes of red fruit and refined tannins. It will be bottled in 2024 at 50.5% ABV, and it presents a complex aromatic profile combining vanilla, sweet spices and a delicate woody character. The price range is around **€58-65** and it is distributed in France and the UK through premium channels. In particular, This brand sits firmly in the aged rum category (4-6 years) and provides valuable insight into how aging and finishing can work together to elevate a product in the premium segment ("Welcome to the Maison Ferrand Website," n.d.; The Whisky Exchange, n.d.).

The product also reflects Planteray's broader positioning strategy, which includes a transparent sourcing model, limited single cask editions, and consistent use of wine cask finishes. For our purposes, it provides a highly relevant benchmark for how port cask aging can be used not only to add complexity but also to build a premium identity grounded in European terroir and craftsmanship ("Welcome to the Maison Ferrand Website," n.d.).

Then, **Hampden Estate** is one of the most iconic and historically significant rum distilleries in Jamaica. The **Hampden Estate 8 Year Old** is aged entirely in the tropical climate of Jamaica and is produced exclusively using traditional pot still distillation. It delivers an intense, high-ester profile with bold notes of overripe banana, pineapple, exotic spices, and a touch of smokiness, reflecting its natural fermentation process and long maturation in ex-bourbon barrels ("Hampden Estate Rum &Mdash; Pure Single Jamaican Rum" 2025). Marketed as a premium sipping rum for connoisseurs, it is priced around €60–€80 and is available across major European and U.S. markets (The Whisky Exchange, n.d.). Its authenticity, full-bodied complexity, and commitment to traditional Jamaican rum-making make it a benchmark for terroir-driven aged rums with character and depth (“Hampden Estate Rum &Mdash; Pure Single Jamaican Rum” 2025).

The analysis will now focus on slightly more expensive spirits, referred to as 'Signature/Reserva rums and whiskies'. A relevant example is **Dalmore 12 Year Old – Scotland**, a Highland single malt whisky known for its elegant sherry cask influence and complex maturation process. After nine years in ex-bourbon barrels, half of the whisky is transferred to 30-year-old Gonzalez Byass Matusalem Oloroso sherry casks, creating a refined and layered profile (“Dalmore Principal Collection Sherry Cask 12 YO 750ml,” n.d.). Priced around €85, it is positioned as an accessible luxury within the single malt category and is widely distributed across premium markets in Europe and North America (The Whisky Exchange, n.d.). Its rich flavor profile—featuring notes of orange zest, dark chocolate, and spice—along with its distinctive cask heritage and high-end branding, make it a strong benchmark for premium storytelling and aged spirit identity (“Dalmore Principal Collection Sherry Cask 12 YO 750ml,” n.d.).

Lastly, **Diplomático Single Vintage 2011 - Venezuela** is one of Diplomático's most exclusive rums, aged for up to **12 years** in a combination of ex-bourbon and sherry casks. Released as a Vintage Edition, it is aimed at collectors and connoisseurs seeking depth and rarity (“Rum Diplomático Single Vintage 70cl – Garrafeira Grande Escolha,” n.d.). Priced at **around €100**, it is positioned at the top end of Tier 2 and is available in premium retail and gifting channels in France, Germany, and the UK (The Whisky Exchange, n.d.). It illustrates how limited releases and special cask finishes can create value through exclusivity and craftsmanship.

To conclude, the Tier 2 benchmark shows that this is where most brands are defining their **identity and reputation**. It is also where they begin to add depth to their portfolio through age statements, barrel selection, and more sophisticated positioning. Rums in this tier are designed for sipping and are often marketed as the brand's signature expression, combining both authenticity and complexity. What stands out from this analysis is that while aging is central to craftsmanship, heritage, and originality - especially when paired with elegant packaging and a strong story. Brands such as Planteray, and Diplomático show that a clear identity, combined with selective aging and barrel selection, can strongly position a product in the €55-€100 range.

Among our priority markets, France again emerges as a key strategic focus. French consumers have a long-standing appreciation for aged, controlled origin spirits such as Cognac and Rhum Agricole, and they value terroir, transparency of aging, and craftsmanship. This creates a natural cultural fit for a Portuguese rum aged in port wine casks, especially when backed by authentic production and a compelling heritage story. The strong presence of premium rum in French retail and online channels, combined with consumer openness to artisanal and terroir-driven products, makes France one of the most promising markets for this tier. It is also a market where the influence of wine and barrel aging traditions is well understood - giving further relevance to our use of port casks. This is where the Portuguese rum cluster can offer something new. Rather than competing directly with tropical-aged rums from the Caribbean or Latin America, a 5-12 year old rum finished in Port casks introduces a distinctive European identity. The uniqueness of the product would come not only from the aging process but also from its link to the Douro Valley, Portuguese craftsmanship, and the reuse of port barrels, which are already respected in the global spirits industry.

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

Tier 3: Limited Edition or Collector Rums

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

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

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

Thirdly, **Dictador XO & Limited Editions – Colombia** is another relevant example. Its Dictador's XO and ultra-limited expressions (such as the 2 Masters series) combine age (**12-25+ years**) with a luxury-oriented image (Admin 2025). These rums are often released in designer packaging and involve partnerships with wine, whisky, or cognac producers for cask finishing. Prices range from **€140 to over €300**, especially for collector's releases (The Whisky Exchange, n.d.). Dictador is relevant to this analysis because it demonstrates how storytelling, branding, and packaging design can elevate a long-aged rum to luxury status - important elements in developing a premium product with a port heritage (Admin 2025). To conclude, the Tier 3 benchmark shows that high-end rum is not just about age - it is about **rarity, barrel selection,n, and storytelling**. All three examples show how brands use small batch production, carefully selected casks, and limited availability to create perceived value and justify higher prices. Some focus on purity and age transparency (Foursquare), others on blending innovation (Mount Gay), and still others on luxury design and partnerships (Dictador).

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

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

Appendix 7: Methodology for Port Wine vs. Rum Volume Estimations

To contextualize the scale of our proposed premium rum initiative, we estimated the total number of Port wine bottles sold globally per year and compared it with a hypothetical output of 20,000 bottles of Portuguese rum. The figures below are derived from official IVDP data on Port wine sales, reported in 9-liter cases, and converted into 750ml bottles using the industry standard of 12 bottles per case.

Year	**Port Wine Sales (9L Cases)**	**Bottles (750ml)**
2021	8,302,024	74,718,216
2022	7,206,309	64,856,781
2023	7,011,873	63,106,857
2024	7,011,873 (provisional)	63,106,857

Explanation:

- 1 case = 9 liters = **12 × 750ml bottles**
- Example: 8,302,024 × 12 = **74,718,216 bottles (2021)**

Given our benchmark assumption of producing **20,000 bottles of premium rum annually**, the output would represent just a **tiny fraction (<0.04%)** of total Port wine volume—highlighting its niche positioning and limited operational burden relative to the existing ecosystem.

Source: Instituto dos Vinhos do Douro e do Porto (IVDP)

Appendix 8: Consumer Profiles

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

1. Craft Spirit Enthusiasts

- **Age Range**: 30 and above
- **Occupation**: Professionals, business owners, and entrepreneurs, often with backgrounds in creative or culinary fields
- **Income Level**: High disposable income (upper-middle to high-income class)
- **Psychographics**:
    - Passionate about craftsmanship and artisanal production methods
    - Highly value small-batch, high-quality products that offer uniqueness

    - Tend to be knowledgeable about spirits and interested in discovering new, innovative products
    - Appreciate the artistry behind distillation and aging processes
    - Active in online communities dedicated to craft spirits, attend distillery tours, and seek out exclusive releases
- **Behavioral Traits**:
    - Preference for sipping premium rums neat or in refined cocktails
    - Willing to pay a premium for authenticity and innovation
    - Frequent purchasers of premium spirits, often from niche brands
    - Participate in tastings and purchase limited editions to add to their collections
- **Key Motivations**:
    - Desire for rare and high-quality spirits
    - Seeking products that align with their appreciation for craftsmanship and tradition
    - Enjoys products that are "story-driven" and connected to artisanal heritage
    - Motivated by exclusivity and the opportunity to engage with products on a deeper level

2. Gen Z and Millennials (25-40)

- **Age Range**: 25-40
- **Occupation**: Young professionals, students, and entrepreneurs
- **Income Level**: Middle to upper-middle class
- **Psychographics**:
    - Social media savvy, active on Instagram, TikTok, and other digital platforms
    - Highly influenced by trends, lifestyle choices, and visual aesthetics

    - Value authenticity, sustainability, and transparency in the brands they support
    - Interested in experiences over possessions, and prioritize unique, memorable products
    - Trendsetters in cocktail culture and appreciate innovative blends and flavors
- **Behavioral Traits**:
    - Likely to purchase based on brand story, packaging, and lifestyle alignment
    - Enjoy discovering new products that they can share and showcase on social media
    - Often social drinkers, prefer products that offer versatility for both sipping and cocktails
    - Engage with brands through digital platforms, influencers, and event experiences
- **Key Motivations**:
    - Seeking authenticity and products that reflect their values and lifestyle
    - Interested in products with sustainable practices and transparent sourcing
    - Attracted to products that offer a unique twist on tradition, such as Port-cask aged rum
    - Enjoys the experience of sharing drinks with friends on social occasions

3. Collectors and Investors

- **Age Range**: 40 and above
- **Occupation**: Affluent professionals, business owners, investors, and luxury collectors
- **Income Level**: High income, often with investments in luxury goods or collectible assets
- **Psychographics**:

    - Motivated by exclusivity and rarity, often seeking products with strong investment potential
    - Appreciate products with a legacy or unique backstory
    - Highly value heritage, authenticity, and craftsmanship in their collectible items
    - Tend to be established in their careers and have a refined taste for luxury and heritage-driven items
- **Behavioral Traits**:
    - Prefer limited-edition, high-value items that are rare and have potential for future appreciation.
    - Often buy in small quantities but are loyal to exclusive, high-end brands
    - Seek out rare and collectible items, attending private tastings and exclusive events
    - Often purchase products as an investment or a gift for other collectors
- **Key Motivations**:
    - The desire for exclusivity and unique, rare items
    - Interested in products with the potential to appreciate in value
    - Motivated by a sense of prestige and a desire to own something that is not widely available
    - Value products that are both luxurious and meaningful, with a rich history and narrative

4. Mixologists & Bartenders (Industry Professionals)

- **Age Range**: 25 and above
- **Occupation**: Bartenders, mixologists, and spirits professionals

- **Income Level**: Varied; often from the middle class, but with potential for tips and bonuses based on their work
- **Psychographics**:
  - Highly creative and innovative, constantly seeking new and distinctive products to elevate their craft
  - Passionate about the art of mixology and the ingredients that make unique cocktails
  - Often trendsetters within the spirits industry, attending masterclasses, competitions, and industry events
  - Strongly influenced by the uniqueness and flavor profile of spirits
- **Behavioral Traits**:
  - Prefer products with distinctive flavor profiles that can elevate cocktails
  - Engage with spirits brands through professional channels, masterclasses, and industry events
  - Often loyal to high-quality spirits that they believe will enhance their reputation within the industry
- **Key Motivations**:
  - Desire to experiment with unique, high-quality spirits that can offer an edge in mixology
  - Interested in products that reflect heritage and craftsmanship
  - Motivated by creating unique and memorable cocktail experiences for their patrons
  - Value versatility in spirits that can be used across a variety of cocktails

5. Tourists and Experience Seekers

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

Appendix 9: Enhanced Implementation Plan for Alma Atlântica

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

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

Objectives:

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

Key Activities:

Brand Development and Product Launch

- Finalize branding, packaging design, and product range (Entry-Level Rum and Signature Rum).
- Work with local distributors to ensure shelf placement in premium outlets (e.g., Garrafeira Nacional in Portugal, and The Whisky Exchange in the UK).
- Launch the product with digital campaigns on social media and via partnerships with influencers and mixologists.

- Host private tastings and experiential events for industry professionals and press to build anticipation.

Distribution Strategy

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

Promotional Strategy

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

Customer Engagement

- Develop an engaging website with educational content about the rum, its production process, and the cultural significance of Portugal's maritime history.
- Offer limited-time promotions and product bundles to encourage first-time buyers.

- Implement a customer loyalty program with exclusive access to special releases.

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

Objectives:

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

Key Activities:

Market Entry Strategy

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

Distribution and Sales Strategy

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

Cultural Integration and Storytelling

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

Marketing and Public Relations

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

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

Objectives:

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

Key Activities:

Premium Product Launches and Limited Editions

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

Brand Prestige and Storytelling

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

Direct-to-Consumer and Loyalty Programs

- Develop a VIP loyalty program for repeat buyers and collectors, offering early access to new releases and invitations to exclusive events.
- Build a robust online store experience that emphasizes storytelling, craftsmanship, and the premium nature of the product.
- Offer customization options for collectors, such as personalized bottles and cask-naming privileges.

Marketing and Digital Strategies

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

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

Objectives:

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

Key Activities:

Market Entry and Brand Activation

- Secure distribution with premium U.S. retailers such as ReserveBar, Caskers, and top German liquor shops.
- Organize launch events in key cities, such as New York, Los Angeles, and Berlin, with industry influencers, mixologists, and press.
- Begin collaborations with luxury spirits retailers in airports, targeting high-net-worth individuals traveling internationally.

Marketing Strategy for Global Audiences

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

Premium Distribution Expansion

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

Consumer Engagement and VIP Programs

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

Appendix 10: Distribution Costs Assumptions

Off-Trade Retail (Liquor Stores, Gourmet Retailers)

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

On-Trade (Bars, Restaurants, Hotels)

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

E-Commerce / DTC

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

Travel Retail

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

Logistics & Warehousing

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

Appendix 11: Distribution Cost Allocation per Channel and Tier

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

Appendix 12: Production Strategy

<table>
<tr><th>Tier Line</th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th><th>Year 6</th><th>Year 7</th><th>Year 8</th><th>Year 9</th><th>Year 10</th><th>Year 11</th><th>Year 12</th><th>Year 13</th><th>Year 14</th><th>Year 15</th></tr>
<tr><td colspan="17">Entry-Level</td></tr>
<tr><td>Bottles</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td>7000</td><td></td></tr>
<tr><td>Liters</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td>5250</td><td></td></tr>
<tr><td colspan="17">Signature Line - Tawny</td></tr>
<tr><td>Bottles</td><td colspan="4">20000</td><td colspan="4">20000</td><td colspan="4">20000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Liters</td><td colspan="4">14000</td><td colspan="4">14000</td><td colspan="4">14000</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="17">Signature Line - Ruby</td></tr>
<tr><td>Bottles</td><td colspan="4">20000</td><td colspan="4">20000</td><td colspan="4">20000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Liters</td><td colspan="4">14000</td><td colspan="4">14000</td><td colspan="4">14000</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="17">Limited Edition</td></tr>
<tr><td>Bottles</td><td colspan="12">25000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Liters</td><td colspan="12">12500</td><td></td><td></td><td></td><td></td></tr>
</table>

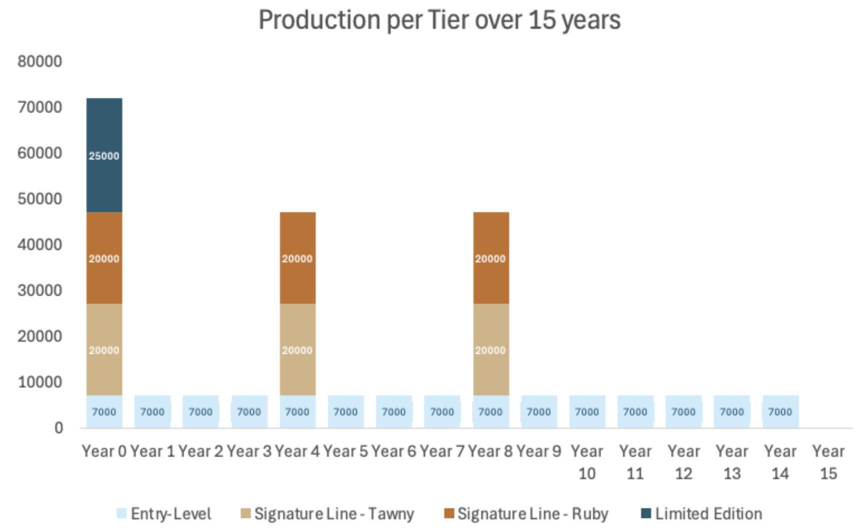
Legend

Production Cycle

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

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

<table>
<tr><th>Timeline</th><th>Entry-Level</th><th>Signature Line - Tawny</th><th>Signature Line - Ruby</th><th>Limited Edition</th></tr>
<tr><td>Year 0</td><td>7000</td><td rowspan="4">20000</td><td rowspan="4">20000</td><td rowspan="12">25000</td></tr>
<tr><td>Year 1</td><td>7000</td></tr>
<tr><td>Year 2</td><td>7000</td></tr>
<tr><td>Year 3</td><td>7000</td></tr>
<tr><td>Year 4</td><td>7000</td><td rowspan="4">20000</td><td rowspan="4">20000</td></tr>
<tr><td>Year 5</td><td>7000</td></tr>
<tr><td>Year 6</td><td>7000</td></tr>
<tr><td>Year 7</td><td>7000</td></tr>
<tr><td>Year 8</td><td>7000</td><td rowspan="4">20000</td><td rowspan="4">20000</td></tr>
<tr><td>Year 9</td><td>7000</td></tr>
<tr><td>Year 10</td><td>7000</td></tr>
<tr><td>Year 11</td><td>7000</td></tr>
<tr><td>Year 12</td><td>7000</td><td></td><td></td><td></td></tr>
<tr><td>Year 13</td><td>7000</td><td></td><td></td><td></td></tr>
<tr><td>Year 14</td><td>7000</td><td></td><td></td><td></td></tr>
<tr><td>Year 15</td><td></td><td></td><td></td><td></td></tr>
</table>



Appendix 13: Production Costs (OPEX)

PRODUCTION COSTS

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

RAW MATERIALS

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

AGING COSTS

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

OPERATION COSTS

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

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

Appendix 14: Sales Strategy

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

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

Appendix 15: Sales Geographic Allocation

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

Country	Tier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Portugal																	
	Entry-level Rum	662	993	1325	845	1014	1182	1351	1520	1520	872	969	969	969	969	291	15451
	Signature line 1 - Tawny				422	591	676	760	845	929	533	630	581	581	581	484	7614
	Signature line 2 - Ruby				422	591	676	760	845	929	533	630	581	581	581	484	7614
	Special Edition												194	484	775	969	2422
Total Bottles Sold		**662**	**993**	**1325**	**1689**	**2196**	**2534**	**2872**	**3209**	**3378**	**1938**	**2229**	**2326**	**2616**	**2907**	**2229**	**33103**
UK																	
	Entry-level Rum	1338	2007	2675	1706	2047	2389	2730	3071	3071	1762	1957	1957	1957	1957	587	31212
	Signature line 1 - Tawny				853	1194	1365	1535	1706	1877	1077	1272	1174	1174	1174	979	15381
	Signature line 2 - Ruby				853	1194	1365	1535	1706	1877	1077	1272	1174	1174	1174	979	15381
	Special Edition												391	979	1566	1957	4893
Total Bottles Sold		**1338**	**2007**	**2675**	**3412**	**4436**	**5118**	**5801**	**6483**	**6824**	**3915**	**4502**	**4698**	**5285**	**5872**	**4502**	**66867**
France																	
	Entry-level Rum				2449	2939	3429	3919	4409	4409	2529	2810	2810	2810	2810	843	36166
	Signature line 1 - Tawny				1225	1715	1959	2204	2449	2694	1546	1827	1686	1686	1686	1405	22082
	Signature line 2 - Ruby				1225	1715	1959	2204	2449	2694	1546	1827	1686	1686	1686	1405	22082
	Special Edition												562	1405	2248	2810	7025
Total Bottles Sold					**4899**	**6368**	**7348**	**8328**	**9307**	**9797**	**5620**	**6463**	**6744**	**7587**	**8430**	**6463**	**87355**
USA																	
	Entry-level Rum										2703	3004	3004	3004	3004	901	15620
	Signature line 1 - Tawny										1652	1953	1802	1802	1802	1502	10514
	Signature line 2 - Ruby										1652	1953	1802	1802	1802	1502	10514
	Special Edition												601	1502	2403	3004	7510
Total Bottles Sold											**6008**	**6909**	**7209**	**8110**	**9012**	**6909**	**44157**
Germany																	
	Entry-level Rum										1134	1260	1260	1260	1260	378	6550
	Signature line 1 - Tawny										693	819	756	756	756	630	4409
	Signature line 2 - Ruby										693	819	756	756	756	630	4409
	Special Edition												252	630	1008	1260	3149
Total Bottles Sold											**2519**	**2897**	**3023**	**3401**	**3779**	**2897**	**18517**

Appendix 16: Distribution Costs

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

Annual Costs

Tier	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Entry-Level	Off-Trade Retail	€1 400	€2 100	€2 800	€3 500	€4 200	€4 900	€5 600	€6 300	€6 300	€6 300	€7 000	€7 000	€7 000	€7 000	€2 100	
	On-Trade	€600	€900	€1 200	€1 500	€1 800	€2 100	€2 400	€2 700	€2 700	€2 700	€3 000	€3 000	€3 000	€3 000	€900	
	E-Commerce & DTC	€1 750	€2 625	€3 500	€4 375	€5 250	€6 125	€7 000	€7 875	€7 875	€7 875	€8 750	€8 750	€8 750	€8 750	€2 625	
	Travel Retail	€800	€1 200	€1 600	€2 000	€2 400	€2 800	€3 200	€3 600	€3 600	€3 600	€4 000	€4 000	€4 000	€4 000	€1 200	
	Events	€1 200	€1 800	€2 400	€3 000	€3 600	€4 200	€4 800	€5 400	€5 400	€5 400	€6 000	€6 000	€6 000	€6 000	€1 800	
	Logistics (EU)	€5 000	€7 500	€10 000	€12 500	€15 000	€17 500	€20 000	€22 500	€22 500	€15 741	€17 490	€17 490	€17 490	€17 490	€5 247	
	Logistics (US)										€10 814	€12 016	€12 016	€12 016	€12 016	€3 605	
Total		**€10 750**	**€16 125**	**€21 500**	**€26 875**	**€32 250**	**€37 625**	**€43 000**	**€48 375**	**€48 375**	**€52 430**	**€58 256**	**€58 256**	**€58 256**	**€58 256**	**€17 477**	**€587 805**
Signature Lines	Off-Trade Retail				€4 375	€6 125	€7 000	€7 875	€8 750	€9 625	€9 625	€11 375	€10 500	€10 500	€10 500	€8 750	
	On-Trade				€3 125	€4 375	€5 000	€5 625	€6 250	€6 875	€6 875	€8 125	€7 500	€7 500	€7 500	€6 250	
	E-Commerce & DTC				€5 000	€7 000	€8 000	€9 000	€10 000	€11 000	€11 000	€13 000	€12 000	€12 000	€12 000	€10 000	
	Travel Retail				€2 500	€3 500	€4 000	€4 500	€5 000	€5 500	€5 500	€6 500	€6 000	€6 000	€6 000	€5 000	
	Events				€5 250	€7 350	€8 400	€9 450	€10 500	€11 550	€11 550	€13 650	€12 600	€12 600	€12 600	€10 500	
	Logistics (EU)				€12 500	€17 500	€20 000	€22 500	€25 000	€27 500	€19 239	€22 737	€20 988	€20 988	€20 988	€17 490	
	Logistics (US)										€5 620	€7 868	€8 992	€10 116	€11 240	€12 364	
Total					**€32 750**	**€45 850**	**€52 400**	**€58 950**	**€65 500**	**€72 050**	**€69 409**	**€83 256**	**€78 581**	**€79 705**	**€80 829**	**€70 355**	**€789 634**
Limited-Edition	Off-Trade Retail												€2 000	€5 000	€8 000	€10 000	
	On-Trade												€1 600	€4 000	€6 400	€8 000	
	E-Commerce & DTC												€4 000	€10 000	€16 000	€20 000	
	Travel Retail												€1 200	€3 000	€4 800	€6 000	
	Events												€2 000	€5 000	€8 000	€10 000	
	Logistics (EU)												€3 498	€8 745	€13 992	€17 490	
	Logistics (US)												€2 403	€6 008	€9 612	€12 016	
Total													**€16 701**	**€41 753**	**€66 805**	**€83 506**	**€208 765**
Total		€10 750,00	€16 125,00	€21 500,00	€59 625,00	€78 100,00	€90 025,00	€101 950,00	€113 875,00	€120 425,00	€121 839,73	€141 511,43	€153 537,60	€179 713,37	€205 889,15	€171 337,21	**€1 586 203**

Appendix 17: Promotion and Marketing Assumptions

ASSUMPTIONS

Social Media & Digital Advertising

Tier	Assumption
Entry-Level	Uses a paid content strategy across Instagram, TikTok, and YouTube targeting younger consumers. Monthly spend of **€1500** covers influencer seeding, short-form ads, and boosted content.
Signature	Focused on storytelling and batch visuals for YouTube and Meta. Monthly spend of **€2000** includes high-quality editorial-style content and content production.
Limited Edition	Cinematic storytelling with collector focus. Quarterly **€4500** video production budget used for launch films, cask stories, and behind-the-scenes visuals.

Influencer Marketing & Thought Leadership

Tier	Assumption
Entry-Level	Partners with micro-influencers (5k–10k followers) and bartenders for cocktail content. 5 **campaigns/year**, each at **€1000**.
Signature	Collaborates with sommeliers, chefs, and mid-tier creators (15k–50k followers). **3 campaigns/year**, each at **€2000**.
Limited Edition	Partners with spirits critics, auction YouTubers, and reviewers. **3 collaborations/year**, each at **€5,000**. High-trust engagement includes private tastings and launch previews.

Events & Activations

Tier	Assumption
Entry-Level	Hosts 1–2 lifestyle cocktail events per year (beach clubs, bars, rooftops). Annual budget: **€10,000**, including staffing, stock, and branding.
Signature	Conducts one annual premium dinner or tasting event per region with sommelier or chef collaboration. Budget: **€20,000**.
Limited Edition	Hosts 1 private collector launch event per year in a gallery or luxury venue. Budget: **€35,000**, including venue, F&B, guests, and experience design.

Trade Shows & Spirits Fairs

Tier	Event Format	Booth & Design	Staffing	Storytelling & Experience	Annual Cost
Entry-Level	2x/year – RumFest, Wine Fest	Basic/shared booth	1–2 reps	Intro-level education, simple samples	**€7,500/event × 2 = €15,000**
Signature	2x/year	Medium custom displ	3–4 trained staff	Guided tastings, pairing menus, batch story	**€10,000/event × 2 = €20,000**
Limited Edition	2x/year	High-end curated boo	Founders, distillers, VIP hos	VIP tastings, collector kit display, cask story	**€12,500/event × 2 = €25,000**

Content Production

Tier	Assumption
Entry-Level	Short-form content (Reels, TikToks, cocktail tutorials). Annual content production budget: **€4000**, including scripting, editing, and post.
Signature	2–3 mini-docs per year for YouTube and social. Long-form storytelling budget: **€8000/year**.
Limited Edition	Cinematic content (e.g. unboxing, cask aging, artistic bottling). **€10,000/year** for unboxing + premium films.

PR & Media Outreach

Tier	Assumption
Entry-Level	Outreach to drinks blogs and lifestyle media. Includes sample kits, releases, and seeding. Budget: **€8,000/year**.
Signature	Coverage in trade press (e.g. *Forbes Spirits* , *Distiller*). Earned outreach + media seeding. Budget: **€12,000/year**.
Limited Edition	Collector PR targeting auction magazines, whisky/rum investment media, and high-end spirits publications. Budget: **€12,500/year**.

Pre-Launch Digital PR Campaigns

Tier	Assumption
Signature	1 campaign before Signature line launch. Buzz content & teasers. Budget: **€2500** (Year 3 for Year 4 launch).
Limited Edition	1 campaign before Limited Edition debut. Storytelling teasers, cinematic countdown. Budget: **€2500** (Year 11 for Year 12 launch).

POS & Shelf Marketing

Tier	Assumption
Entry-Level	QR shelf talkers and tasting cards for gourmet supermarkets. Rollout based on market entry. Cost: **€3000/market/year**.
Signature	Premium POS kits and display stands for boutique retailers. Cost: **€4000/market/year**.
Limited Edition	Hand-numbered POS kits with collector logs, wood displays, gift inserts. Cost: **€2000/market/year**.

Loyalty Programs & CRM

Tier	Assumption
Signature	CRM setup with segmentation tools, tasting quizzes, and behavior-driven campaigns. Budget: **€5,000/year**.
Limited Edition	Collector Club for top-tier buyers. Includes exclusive content, name-a-cask, and early access. Budget: **€10,000/year**.

Appendix 18: Promotion and Marketing Cost Structure

Total Cost	€2 936 000
Entry-Level Total Cost	€1 062 000
Signature Total Cost	€1 337 000
Limited Edition Total Cost	€537 000

Annual Costs

Tier	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Entry-Level																	
	Social Media Ads	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	€18 000	
	Influencer Collabs	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	
	Events & Festivals	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	€10 000	
	Spirits Fairs	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	
	Reels & Tutorials	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	€4 000	
	Print & Digital PR	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	
	POS Material	€6 000	€6 000	€6 000	€9 000	€9 000	€9 000	€9 000	€9 000	€9 000	€15 000	€15 000	€15 000	€15 000	€15 000	€15 000	
Total		**€66 000**	**€66 000**	**€66 000**	**€69 000**	**€69 000**	**€69 000**	**€69 000**	**€69 000**	**€69 000**	**€75 000**	**€75 000**	**€75 000**	**€75 000**	**€75 000**	**€75 000**	**€1 062 000**
Signature																	
	Social Media + Content				€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	€24 000	
	Influencers & Tastings				€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	€6 000	
	Tastings & Dinners				€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	
	Spirits Fairs				€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	
	Mini-Docs & Visuals				€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	€8 000	
	Print & Digital PR				€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	
	Digital PR (Pre-Launch)			€5 000													
	Premium POS				€12 000	€12 000	€12 000	€12 000	€12 000	€12 000	€20 000	€20 000	€20 000	€20 000	€20 000	€20 000	
	Loyalty Tools				€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	€5 000	
Total				**€5 000**	**€107 000**	**€107 000**	**€107 000**	**€107 000**	**€107 000**	**€107 000**	**€115 000**	**€115 000**	**€115 000**	**€115 000**	**€115 000**	**€115 000**	**€1 337 000**
Limited-Edition																	
	Premium Content												€18 000	€18 000	€18 000	€18 000	
	Experts & Collectors												€15 000	€15 000	€15 000	€15 000	
	Prestige Tastings												€35 000	€35 000	€35 000	€35 000	
	Spirits Fairs												€25 000	€25 000	€25 000	€25 000	
	Unboxing + Cask Footage												€10 000	€10 000	€10 000	€10 000	
	Print & Digital PR												€10 000	€10 000	€10 000	€10 000	
	Digital PR (Pre-Launch)											€5 000					
	Collector Packaging												€10 000	€10 000	€10 000	€10 000	
	Collector Club												€10 000	€10 000	€10 000	€10 000	
Total												**€5 000**	**€133 000**	**€133 000**	**€133 000**	**€133 000**	**€537 000**
Total		**€66 000**	**€66 000**	**€71 000**	**€176 000**	**€176 000**	**€176 000**	**€176 000**	**€176 000**	**€176 000**	**€190 000**	**€195 000**	**€323 000**	**€323 000**	**€323 000**	**€323 000**	**€2 399 000**

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

Appendix 19: CAPEX

DEPRECIATION

Striaght Line-Method

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

CAPEX

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

Appendix 20: Inventory

	End of Year 0	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 7	End of Year 8	End of Year 9	End of Year 10	End of Year 11	End of Year 12	End of Year 13	End of Year 14	End of Year 15
Scenario 1 - Apply Sales Strategy																
Entry Level																
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0
Sales (in bottles)		2000	3000	4000	5000	6000	7000	8000	9000	9000	9000	10000	10000	10000	10000	3000
Inventory at the end of the year (in bottles)	7000	12000	16000	19000	21000	22000	22000	21000	19000	17000	15000	12000	9000	6000	3000	0
Inventory at the end of the year (in €)	€ 350 000,00	€ 600 000,00	€ 800 000,00	€ 950 000,00	€ 1 050 000,00	€ 1 100 000,00	€ 1 100 000,00	€ 1 050 000,00	€ 950 000,00	€ 850 000,00	€ 750 000,00	€ 600 000,00	€ 450 000,00	€ 300 000,00	€ 150 000,00	€ -
Signature Line 1																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2500	3500	4000	4500	5000	5500	5500	6500	6000	6000	6000	5000
Inventory at the end of the year (in bottles)				20000	17500	14000	10000	5500	20500	15000	9500	3000	17000	11000	5000	0
Inventory at the end of the year (in €)				€ 1 800 000,00	€ 1 575 000,00	€ 1 260 000,00	€ 900 000,00	€ 495 000,00	€ 1 845 000,00	€ 1 350 000,00	€ 855 000,00	€ 270 000,00	€ 1 530 000,00	€ 990 000,00	€ 450 000,00	€ -
Signature Line 2																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2500	3500	4000	4500	5000	5500	5500	6500	6000	6000	6000	5000
Inventory at the end of the year (in bottles)				20000	17500	14000	10000	5500	20500	15000	9500	3000	17000	11000	5000	0
Inventory at the end of the year (in €)				€ 1 800 000,00	€ 1 575 000,00	€ 1 260 000,00	€ 900 000,00	€ 495 000,00	€ 1 845 000,00	€ 1 350 000,00	€ 855 000,00	€ 270 000,00	€ 1 530 000,00	€ 990 000,00	€ 450 000,00	€ -
Limited Edition																
Production finished at the end of the year (in bottles)												25000				
Sales (in bottles)													2000	5000	8000	10000
Inventory at the end of the year (in bottles)												25000	23000	18000	10000	0
Inventory at the end of the year (in €)												€ 3 500 000,00	€ 3 220 000,00	€ 2 520 000,00	€ 1 400 000,00	€ -
Scenario 2 - Selling 15% faster than the Sales Strategy																
Entry Level																
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0
Sales (in bottles)		2300	3450	4600	5750	6900	8050	9200	10350	10350	10350	11500	1200	7000	7000	7000
Inventory at the end of the year (in bottles)	7000	11700	15250	17650	18900	19000	17950	15750	12400	9050	5700	1200	7000	7000	7000	0
Inventory at the end of the year (in €)	€ 350 000,00	€ 585 000,00	€ 762 500,00	€ 882 500,00	€ 945 000,00	€ 950 000,00	€ 897 500,00	€ 787 500,00	€ 620 000,00	€ 452 500,00	€ 285 000,00	€ 60 000,00	€ 350 000,00	€ 350 000,00	€ 350 000,00	€ -
Signature Line 1																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2875	4025	4600	5175	5750	6325	6325	4925	6900	6900	6200	0
Inventory at the end of the year (in bottles)				20000	17125	13100	8500	23325	17575	11250	4925	20000	13100	6200	0	0
Inventory at the end of the year (in €)				€ -	€ 1 541 250,00	€ 1 179 000,00	€ 765 000,00	€ 2 099 250,00	€ 1 581 750,00	€ 1 012 500,00	€ 443 250,00	€ 1 800 000,00	€ 1 179 000,00	€ 558 000,00	€ -	€ -
Signature Line 2																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2875	4025	4600	5175	5750	6325	6325	4925	6900	6900	6200	0
Inventory at the end of the year (in bottles)				20000	17125	13100	8500	23325	17575	11250	4925	20000	13100	6200	0	0
Inventory at the end of the year (in €)				€ 1 800 000,00	€ 1 541 250,00	€ 1 179 000,00	€ 765 000,00	€ 2 099 250,00	€ 1 581 750,00	€ 1 012 500,00	€ 443 250,00	€ 1 800 000,00	€ 1 179 000,00	€ 558 000,00	€ -	€ -
Limited Edition																
Production finished at the end of the year (in bottles)												25000				
Sales (in bottles)													2300	5750	9200	7750
Inventory at the end of the year (in bottles)												25000	22700	16950	7750	0
Inventory at the end of the year (in €)												€ 3 500 000,00	€ 3 178 000,00	€ 2 373 000,00	€ 1 085 000,00	€ -

Scenario 3 - Selling 15% slower than the Sales Strategy																
Entry Level																
Production finished at the end of the year (in bottles)	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	0
Sales (in bottles)		1700	2550	3400	4250	5100	5950	6800	7650	7650	7650	8500	8500	8500	8500	2550
Inventory at the end of the year (in bottles)	7000	12300	16750	20350	23100	25000	26050	26250	25600	24950	24300	22800	21300	19800	18300	15750
Inventory at the end of the year (in €)	€ 350 000,00	€ 615 000,00	€ 837 500,00	€ 1 017 500,00	€ 1 155 000,00	€ 1 250 000,00	€ 1 302 500,00	€ 1 312 500,00	€ 1 280 000,00	€ 1 247 500,00	€ 1 215 000,00	€ 1 140 000,00	€ 1 065 000,00	€ 990 000,00	€ 915 000,00	€ 787 500,00
Signature Line 1																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2125	2975	3400	3825	4250	4675	4675	5525	5100	5100	5100	4250
Inventory at the end of the year (in bottles)				20000	17875	14900	11500	27675	23425	18750	14075	20000	14900	9800	4700	450
Inventory at the end of the year (in €)				€ -	€ 1 608 750,00	€ 1 341 000,00	€ 1 035 000,00	€ 2 490 750,00	€ 2 108 250,00	€ 1 687 500,00	€ 1 266 750,00	€ 1 800 000,00	€ 1 341 000,00	€ 882 000,00	€ 423 000,00	€ 40 500,00
Signature Line 2																
Production finished at the end of the year (in bottles)				20000				20000				20000				
Sales (in bottles)					2125	2975	3400	3825	4250	4675	4675	5525	5100	5100	5100	4250
Inventory at the end of the year (in bottles)				20000	17875	14900	11500	27675	23425	18750	14075	20000	14900	9800	4700	450
Inventory at the end of the year (in €)				€ 1 800 000,00	€ 1 608 750,00	€ 1 341 000,00	€ 1 035 000,00	€ 2 490 750,00	€ 2 108 250,00	€ 1 687 500,00	€ 1 266 750,00	€ 1 800 000,00	€ 1 341 000,00	€ 882 000,00	€ 423 000,00	€ 40 500,00
Limited Edition																
Production finished at the end of the year (in bottles)												25000				
Sales (in bottles)													1700	4250	6800	8500
Inventory at the end of the year (in bottles)												25000	23300	19050	12250	3750
Inventory at the end of the year (in €)												€ 3 500 000,00	€ 3 262 000,00	€ 2 667 000,00	€ 1 715 000,00	€ 525 000,00

Scenario 2 - Selling 15% faster than the Sales Strategy																
Country	Tier															
Portugal																
	Entry-level Rum	762	1142	1523	971	1166	1360	1554	1748	1748	1003	1114	116	678	678	678
	Signature line 1 - Tawny				486	680	777	874	971	1068	613	477	669	669	601	0
	Signature line 2 - Ruby				486	680	777	874	971	1068	613	477	669	669	601	0
	Special Edition												223	557	891	751
Total Bottles Sold		762	1142	1523	1943	2525	2914	3302	3691	3885	2229	2069	1676	2573	2771	1429
UK																
	Entry-level Rum	1538	2308	3077	1962	2354	2747	3139	3532	3532	2026	2251	235	1370	1370	1370
	Signature line 1 - Tawny				981	1373	1570	1766	1962	2158	1238	964	1351	1351	1214	0
	Signature line 2 - Ruby				981	1373	1570	1766	1962	2158	1238	964	1351	1351	1214	0
	Special Edition												450	1125	1801	1517
Total Bottles Sold		1538	2308	3077	3924	5101	5886	6671	7456	7848	4502	4179	3386	5197	5598	2887
France																
	Entry-level Rum				2817	3380	3943	4507	5070	5070	2908	3232	337	1967	1967	1967
	Signature line 1 - Tawny				1408	1972	2253	2535	2817	3098	1777	1384	1939	1939	1742	0
	Signature line 2 - Ruby				1408	1972	2253	2535	2817	3098	1777	1384	1939	1939	1742	0
	Special Edition												646	1616	2585	2178
Total Bottles Sold					5633	7323	8450	9577	10704	11267	6463	6000	4861	7461	8037	4145
USA																
	Entry-level Rum										3109	3454	360	2103	2103	2103
	Signature line 1 - Tawny										1900	1479	2073	2073	1862	0
	Signature line 2 - Ruby										1900	1479	2073	2073	1862	0
	Special Edition												691	1727	2764	2328
Total Bottles Sold											6909	6413	5197	7975	8591	4431
Germany																
	Entry-level Rum										1304	1449	151	882	882	882
	Signature line 1 - Tawny										797	620	869	869	781	0
	Signature line 2 - Ruby										797	620	869	869	781	0
	Special Edition												290	724	1159	976
Total Bottles Sold											2897	2689	2179	3344	3603	1858

Scenario 3 - Selling 15% slower than the Sales Strategy																
Country	Tier															
Portugal																
	Entry-level Rum	563	844	1126	718	861	1005	1149	1292	1292	741	824	824	824	824	247
	Signature line 1 - Tawny				359	503	574	646	718	790	453	535	494	494	494	412
	Signature line 2 - Ruby				359	503	574	646	718	790	453	535	494	494	494	412
	Special Edition												165	412	659	824
Total Bottles Sold		563	844	1126	1436	1867	2154	2441	2728	2872	1647	1894	1977	2224	2471	1894
UK																
	Entry-level Rum	1137	1706	2274	1450	1740	2030	2320	2610	2610	1497	1664	1664	1664	1664	499
	Signature line 1 - Tawny				725	1015	1160	1305	1450	1595	915	1081	998	998	998	832
	Signature line 2 - Ruby				725	1015	1160	1305	1450	1595	915	1081	998	998	998	832
	Special Edition												333	832	1331	1664
Total Bottles Sold		1137	1706	2274	2900	3770	4351	4931	5511	5801	3328	3827	3993	4492	4991	3827
France																
	Entry-level Rum				2082	2498	2915	3331	3747	3747	2150	2389	2389	2389	2389	717
	Signature line 1 - Tawny				1041	1457	1666	1874	2082	2290	1314	1553	1433	1433	1433	1194
	Signature line 2 - Ruby				1041	1457	1666	1874	2082	2290	1314	1553	1433	1433	1433	1194
	Special Edition												478	1194	1911	2389
Total Bottles Sold					4164	5413	6246	7079	7911	8328	4777	5494	5733	6449	7166	5494
USA																
	Entry-level Rum										2298	2553	2553	2553	2553	766
	Signature line 1 - Tawny										1404	1660	1532	1532	1532	1277
	Signature line 2 - Ruby										1404	1660	1532	1532	1532	1277
	Special Edition												511	1277	2043	2553
Total Bottles Sold											5107	5873	6128	6894	7660	5873
Germany																
	Entry-level Rum										964	1071	1071	1071	1071	321
	Signature line 1 - Tawny										589	696	642	642	642	535
	Signature line 2 - Ruby										589	696	642	642	642	535
	Special Edition												214	535	857	1071
Total Bottles Sold											2141	2463	2570	2891	3212	2463

Appendix 21: Revenue Structure

Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Per Tier																
Entry-level	€ 100 000	€ 150 000	€ 200 000	€ 250 000	€ 300 000	€ 350 000	€ 400 000	€ 450 000	€ 450 000	€ 450 000	€ 500 000	€ 500 000	€ 500 000	€ 500 000	€ 150 000	**€ 5 250 000**
Signature line 1				€ 225 000	€ 315 000	€ 360 000	€ 405 000	€ 450 000	€ 495 000	€ 495 000	€ 585 000	€ 540 000	€ 540 000	€ 540 000	€ 450 000	**€ 5 400 000**
Signature line 2				€ 225 000	€ 315 000	€ 360 000	€ 405 000	€ 450 000	€ 495 000	€ 495 000	€ 585 000	€ 540 000	€ 540 000	€ 540 000	€ 450 000	**€ 5 400 000**
Limited Edition												€ 280 000	€ 700 000	€ 1 120 000	€ 1 400 000	**€ 3 500 000**
Total	**€ 100 000**	**€ 150 000**	**€ 200 000**	**€ 700 000**	**€ 930 000**	**€ 1 070 000**	**€ 1 210 000**	**€ 1 350 000**	**€ 1 440 000**	**€ 1 440 000**	**€ 1 670 000**	**€ 1 860 000**	**€ 2 280 000**	**€ 2 700 000**	**€ 2 450 000**	**€ 19 550 000**
Per Country																
Portugal																
Entry-level	€ 33 113	€ 49 669	€ 66 225	€ 42 230	€ 50 676	€ 59 122	€ 67 568	€ 76 014	€ 76 014	€ 43 605	€ 48 450	€ 48 450	€ 48 450	€ 48 450	€ 14 535	€ 772 566
Signature line 1				€ 38 007	€ 53 209	€ 60 811	€ 68 412	€ 76 014	€ 83 615	€ 47 965	€ 56 686	€ 52 326	€ 52 326	€ 52 326	€ 43 605	€ 685 300
Signature line 2				€ 38 007	€ 53 209	€ 60 811	€ 68 412	€ 76 014	€ 83 615	€ 47 965	€ 56 686	€ 52 326	€ 52 326	€ 52 326	€ 43 605	€ 685 300
Limited Edition												€ 27 132	€ 67 829	€ 108 527	€ 135 659	€ 339 147
Total	**€ 33 113**	**€ 49 669**	**€ 66 225**	**€ 118 243**	**€ 157 095**	**€ 180 743**	**€ 204 392**	**€ 228 041**	**€ 243 243**	**€ 139 535**	**€ 161 822**	**€ 180 233**	**€ 220 930**	**€ 261 628**	**€ 237 403**	**€ 2 482 314**
UK																
Entry-level	€ 66 887	€ 100 331	€ 133 775	€ 85 304	€ 102 365	€ 119 426	€ 136 486	€ 153 547	€ 153 547	€ 88 081	€ 97 868	€ 97 868	€ 97 868	€ 97 868	€ 29 360	€ 1 560 584
Signature line 1				€ 76 774	€ 107 483	€ 122 838	€ 138 193	€ 153 547	€ 168 902	€ 96 890	€ 114 506	€ 105 698	€ 105 698	€ 105 698	€ 88 081	€ 1 384 306
Signature line 2				€ 76 774	€ 107 483	€ 122 838	€ 138 193	€ 153 547	€ 168 902	€ 96 890	€ 114 506	€ 105 698	€ 105 698	€ 105 698	€ 88 081	€ 1 384 306
Limited Edition												€ 54 806	€ 137 016	€ 219 225	€ 274 031	€ 685 078
Total	**€ 66 887**	**€ 100 331**	**€ 133 775**	**€ 238 851**	**€ 317 331**	**€ 365 101**	**€ 412 872**	**€ 460 642**	**€ 491 351**	**€ 281 860**	**€ 326 880**	**€ 364 070**	**€ 446 279**	**€ 528 488**	**€ 479 554**	**€ 5 014 274**
France																
Entry-level				€ 122 466	€ 146 959	€ 171 453	€ 195 946	€ 220 439	€ 220 439	€ 126 453	€ 140 504	€ 140 504	€ 140 504	€ 140 504	€ 42 151	€ 1 808 323
Signature line 1				€ 110 220	€ 154 307	€ 176 351	€ 198 395	€ 220 439	€ 242 483	€ 139 099	€ 164 390	€ 151 744	€ 151 744	€ 151 744	€ 126 453	€ 1 987 370
Signature line 2				€ 110 220	€ 154 307	€ 176 351	€ 198 395	€ 220 439	€ 242 483	€ 139 099	€ 164 390	€ 151 744	€ 151 744	€ 151 744	€ 126 453	€ 1 987 370
Limited Edition												€ 78 682	€ 196 705	€ 314 729	€ 393 411	€ 983 527
Total	**€ -**	**€ -**	**€ -**	**€ 342 905**	**€ 455 574**	**€ 524 155**	**€ 592 736**	**€ 661 318**	**€ 705 405**	**€ 404 651**	**€ 469 283**	**€ 522 674**	**€ 640 698**	**€ 758 721**	**€ 688 469**	**€ 6 766 591**
US																
Entry-level										€ 135 174	€ 150 194	€ 150 194	€ 150 194	€ 150 194	€ 45 058	€ 781 008
Signature line 1										€ 148 692	€ 175 727	€ 162 209	€ 162 209	€ 162 209	€ 135 174	€ 946 221
Signature line 2										€ 148 692	€ 175 727	€ 162 209	€ 162 209	€ 162 209	€ 135 174	€ 946 221
Limited Edition												€ 84 109	€ 210 271	€ 336 434	€ 420 543	€ 1 051 357
Total	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 432 558**	**€ 501 647**	**€ 558 721**	**€ 684 884**	**€ 811 047**	**€ 735 950**	**€ 3 724 806**
Germany																
Entry-level										€ 56 686	€ 62 984	€ 62 984	€ 62 984	€ 62 984	€ 18 895	€ 327 519
Signature line 1										€ 62 355	€ 73 692	€ 68 023	€ 68 023	€ 68 023	€ 56 686	€ 396 802
Signature line 2										€ 62 355	€ 73 692	€ 68 023	€ 68 023	€ 68 023	€ 56 686	€ 396 802
Limited Edition												€ 35 271	€ 88 178	€ 141 085	€ 176 357	€ 440 891
Total	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ -**	**€ 181 395,35**	**€ 210 368,22**	**€ 234 302,33**	**€ 287 209,30**	**€ 340 116,28**	**€ 308 624,03**	**€ 1 562 016**

Appendix 22: Accounts Receivable and Payable

Accounts Receivable
10% of revenue

Accounts Payable
20% of revenue

Appendix 23: Taxes

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

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

Assuming
USD to EUR ≈ **0.93**
GBP to EUR ≈ **1.15**

Appendix 24: Breakeven Point

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

CAPEX	€ 810 500,00
BEP (in units)	**11452**

	Allocation of BEP (in units) per tier
Entry-level	4810
Signature line 1	2749
Signature line 2	2749
Limited Edition	1145

Appendix 25: Projections – Baseline Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Revenues		€ 100 000	€ 150 000	€ 200 000	€ 700 000	€ 930 000	€ 1 070 000	€ 1 210 000	€ 1 350 000	€ 1 440 000	€ 1 440 000	€ 1 670 000	€ 1 860 000	€ 2 280 000	€ 2 700 000	€ 2 450 000	€ 19 550 000
COGS		-€ 11 168	-€ 16 752	-€ 22 336	-€ 65 679	-€ 86 366	-€ 99 502	-€ 112 638	-€ 125 774	-€ 133 325	-€ 133 325	-€ 154 013	-€ 175 632	-€ 219 389	-€ 263 146	-€ 238 125	-€ 1 857 171
Gross Profit		**€ 88 832**	**€ 133 248**	**€ 177 664**	**€ 634 321**	**€ 843 634**	**€ 970 498**	**€ 1 097 362**	**€ 1 224 226**	**€ 1 306 675**	**€ 1 306 675**	**€ 1 515 987**	**€ 1 684 368**	**€ 2 060 611**	**€ 2 436 854**	**€ 2 211 875**	**€ 17 692 829**
Marketing & Promotion Costs		-€ 66 000,00	-€ 66 000,00	-€ 71 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 190 000,00	-€ 195 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	€ 2 399 000,00
Distribution Costs		-€ 10 750,00	-€ 16 125,00	-€ 21 500,00	-€ 59 625,00	-€ 78 100,00	-€ 90 025,00	-€ 101 950,00	-€ 113 875,00	-€ 120 425,00	-€ 121 839,73	-€ 141 511,43	-€ 153 537,60	-€ 179 713,37	-€ 205 889,15	-€ 171 337,21	€ 1 586 203,49
EBITDA		**€ 12 081,94**	**€ 51 122,91**	**€ 85 163,88**	**€ 398 696,17**	**€ 589 533,67**	**€ 704 472,90**	**€ 819 412,14**	**€ 934 351,37**	**€ 1 010 249,64**	**€ 994 834,91**	**€ 1 179 475,70**	**€ 1 207 830,15**	**€ 1 557 897,69**	**€ 1 907 965,23**	**€ 1 717 537,73**	**€ 13 170 626,01**
Depreciation		-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 789 500,00
EBIT		**-€ 40 551,39**	**-€ 1 510,43**	**€ 32 530,54**	**€ 346 062,84**	**€ 536 900,34**	**€ 651 839,57**	**€ 766 778,80**	**€ 881 718,04**	**€ 957 616,30**	**€ 942 201,57**	**€ 1 126 842,37**	**€ 1 155 196,82**	**€ 1 505 264,35**	**€ 1 855 331,89**	**€ 1 664 904,39**	**€ 12 381 126,01**
Taxes		-€ 8 833	-€ 25 706	-€ 41 528	-€ 159 433	-€ 225 282	-€ 266 771	-€ 308 260	-€ 349 749	-€ 374 108	-€ 333 633	-€ 392 693	-€ 404 771	-€ 497 500	-€ 590 230	-€ 501 281	**-€ 4 479 777,92**
NOPAT		**-€ 49 384,08**	**-€ 27 215,95**	**-€ 8 997,82**	**€ 186 629,42**	**€ 311 618,75**	**€ 385 068,70**	**€ 458 518,65**	**€ 531 968,60**	**€ 583 507,98**	**€ 608 569,02**	**€ 734 149,49**	**€ 750 425,48**	**€ 1 007 763,90**	**€ 1 265 102,31**	**€ 1 163 623,64**	**€ 7 901 348,09**
Depreciation		€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	**€ 789 500,00**
Operating Cash Flows (OFC)		€ 3 249,25	€ 25 417,38	€ 43 635,51	€ 239 262,75	€ 364 252,08	€ 437 702,03	€ 511 151,98	€ 584 601,93	€ 636 141,31	€ 661 202,35	€ 786 782,83	€ 803 058,82	€ 1 060 397,23	€ 1 317 735,64	€ 1 216 256,97	**€ 8 690 848,09**
CAPEX	-€ 810 500,0																
Change NWC	€ 350 000,00	€ 240 000	€ 195 000	€ 3 745 000	-€ 400 000	-€ 603 000	-€ 734 000	-€ 874 000	€ 2 586 000	-€ 1 099 000	-€ 1 090 000	€ 2 157 000	€ 2 071 000	-€ 1 972 000	-€ 2 392 000	-€ 2 425 000	
(NWC)	€ 350 000,00	€ 590 000	€ 785 000	€ 4 530 000	€ 4 130 000	€ 3 527 000	€ 2 793 000	€ 1 919 000	€ 4 505 000	€ 3 406 000	€ 2 316 000	€ 4 473 000	€ 6 544 000	€ 4 572 000	€ 2 180 000	-€ 245 000	
Investment Cash Flows (ICF)	-€ 1 160 500,0	-€ 240 000,0	-€ 195 000,0	-€ 3 745 000,0	€ 400 000,0	€ 603 000,0	€ 734 000,0	€ 874 000,0	-€ 2 586 000,0	€ 1 099 000,0	€ 1 090 000,0	-€ 2 157 000,0	-€ 2 071 000,0	€ 1 972 000,0	€ 2 392 000,0	€ 2 425 000,0	
Free Cash Flows (FCF)	-€ 1 160 500,0	-€ 236 750,7	-€ 169 582,6	-€ 3 701 364,5	€ 639 262,8	€ 967 252,1	€ 1 171 702,0	€ 1 385 152,0	-€ 2 001 398,1	€ 1 735 141,3	€ 1 751 202,4	-€ 1 370 217,2	-€ 1 267 941,2	€ 3 032 397,2	€ 3 709 735,6	€ 3 641 257,0	
Discounted FCF	-€ 1 160 500,0	-€ 215 228,0	-€ 140 150,9	-€ 2 780 889,9	€ 436 625,1	€ 600 587,4	€ 661 395,3	€ 710 802,0	-€ 933 667,0	€ 735 869,3	€ 675 164,3	-€ 480 252,8	-€ 404 005,1	€ 878 377,5	€ 976 889,3	€ 871 688,0	
NPV	**€ 432 704,5**																

Appendix 26: Projections – Accelerated Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Revenues		€ 115 000	€ 172 500	€ 230 000	€ 805 000	€ 1 069 500	€ 1 230 500	€ 1 391 500	€ 1 552 500	€ 1 656 000	€ 1 656 000	€ 1 461 500	€ 1 624 000	€ 2 397 000	€ 2 754 000	€ 1 435 000	€ 19 550 000
COGS		€ 12 843	€ 19 265	€ 25 687	-€ 28 306	-€ 21 884	-€ 15 462	-€ 9 041	-€ 2 619	-€ 2 619	-€ 2 619	€ 3 802	-€ 20 507	-€ 20 507	-€ 20 507	-€ 123 811	-€ 206 285
Gross Profit		**€ 127 843**	**€ 191 765**	**€ 255 687**	**€ 776 694**	**€ 1 047 616**	**€ 1 215 038**	**€ 1 382 459**	**€ 1 549 881**	**€ 1 653 381**	**€ 1 653 381**	**€ 1 465 302**	**€ 1 603 493**	**€ 2 376 493**	**€ 2 733 493**	**€ 1 311 189**	**€ 19 343 715**
Marketing & Promotion Costs		-€ 66 000,00	-€ 66 000,00	-€ 71 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 190 000,00	-€ 195 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	€ 2 399 000,00
Distribution Costs		-€ 10 750,00	-€ 16 125,00	-€ 21 500,00	-€ 59 625,00	-€ 78 100,00	-€ 90 025,00	-€ 101 950,00	-€ 113 875,00	-€ 120 425,00	-€ 121 839,73	-€ 141 511,43	-€ 153 537,60	-€ 179 713,37	-€ 205 889,15	-€ 171 337,21	€ 1 586 203,49
EBITDA		**€ 51 093,27**	**€ 109 639,91**	**€ 163 186,54**	**€ 541 069,30**	**€ 793 515,93**	**€ 949 012,57**	**€ 1 104 509,20**	**€ 1 260 005,84**	**€ 1 356 955,84**	**€ 1 341 541,11**	**€ 1 128 791,04**	**€ 1 126 955,61**	**€ 1 873 779,83**	**€ 2 204 604,06**	**€ 816 851,42**	**€ 14 821 511,45**
Depreciation		-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 789 500,00
EBIT		**-€ 1 540,06**	**€ 57 006,57**	**€ 110 553,21**	**€ 488 435,96**	**€ 740 882,60**	**€ 896 379,23**	**€ 1 051 875,87**	**€ 1 207 372,50**	**€ 1 304 322,50**	**€ 1 288 907,78**	**€ 1 076 157,71**	**€ 1 074 322,27**	**€ 1 821 146,50**	**€ 2 151 970,72**	**€ 764 218,09**	**€ 14 032 011,45**
Taxes		-€ 13 241,29	-€ 32 318,44	-€ 50 345,59	-€ 189 578,35	-€ 265 331,28	-€ 312 849,55	-€ 360 367,82	-€ 407 886,09	-€ 436 120,76	-€ 382 801,86	-€ 449 715,61	-€ 468 281,68	-€ 575 351,85	-€ 682 422,02	-€ 584 936,86	**-€ 5 211 549,06**
NOPAT		**-€ 14 781,36**	**€ 24 688,13**	**€ 60 207,62**	**€ 298 857,61**	**€ 475 551,31**	**€ 583 529,68**	**€ 691 508,05**	**€ 799 486,41**	**€ 868 201,75**	**€ 906 105,92**	**€ 626 442,10**	**€ 606 040,59**	**€ 1 245 794,65**	**€ 1 469 548,70**	**€ 179 281,23**	**€ 8 820 462,40**
Depreciation		€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
Operating Cash Flows (OFC)		€ 37 851,98	€ 77 321,47	€ 112 840,96	€ 351 490,95	€ 528 184,65	€ 636 163,01	€ 744 141,38	€ 852 119,75	€ 920 835,08	€ 958 739,25	€ 679 075,43	€ 658 673,93	€ 1 298 427,98	€ 1 522 182,03	€ 231 914,56	**€ 9 609 962,40**
CAPEX	-€ 810 500,0																
Change NWC	€ 350 000,00	€ 223 500,00	€ 171 750,00	€ 1 914 250,00	€ 1 287 500,00	-€ 745 950,00	-€ 896 600,00	€ 2 542 400,00	-€ 1 218 600,00	-€ 1 316 350,00	-€ 1 306 000,00	€ 6 007 950,00	-€ 1 290 250,00	-€ 2 124 300,00	-€ 2 439 700,00	-€ 1 303 100,00	
(NWC)	€ 350 000,00	€ 573 500	€ 745 250	€ 2 659 500	€ 3 947 000	€ 3 201 050	€ 2 304 450	€ 4 846 850	€ 3 628 250	€ 2 311 900	€ 1 005 900	€ 7 013 850	€ 5 723 600	€ 3 599 300	€ 1 159 600	-€ 143 500	
Investment Cash Flows (ICF)	-€ 1 160 500,00	-€ 223 500,00	-€ 171 750,00	-€ 1 914 250,00	-€ 1 287 500,00	€ 745 950,00	€ 896 600,00	-€ 2 542 400,00	€ 1 218 600,00	€ 1 316 350,00	€ 1 306 000,00	-€ 6 007 950,00	€ 1 290 250,00	€ 2 124 300,00	€ 2 439 700,00	€ 1 303 100,00	
Free Cash Flows (FCF)	-€ 1 160 500,00	-€ 185 648,02	-€ 94 428,53	-€ 1 801 409,04	-€ 936 009,05	€ 1 274 134,65	€ 1 532 763,01	-€ 1 798 258,62	€ 2 070 719,75	€ 2 237 185,08	€ 2 264 739,25	-€ 5 328 874,57	€ 1 948 923,93	€ 3 422 727,98	€ 3 961 882,03	€ 1 535 014,56	
Discounted FCF	-€ 1 160 500,00	-€ 168 770,93	-€ 78 040,11	-€ 1 353 425,28	-€ 639 306,78	€ 791 137,37	€ 865 204,76	-€ 922 791,01	€ 966 006,04	€ 948 784,86	€ 873 155,02	-€ 1 867 738,03	€ 620 987,22	€ 991 442,38	€ 1 043 287,37	€ 367 470,28	
NPV	**€ 1 276 903,18**																

Appendix 27: Projections – Slower Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Revenues		€ 85 000	€ 127 500	€ 170 000	€ 595 000	€ 790 500	€ 909 500	€ 1 028 500	€ 1 147 500	€ 1 224 000	€ 1 224 000	€ 1 419 500	€ 1 514 120	€ 1 770 800	€ 2 027 481	€ 1 748 101	€ 15 781 502
COGS		-€ 9 493	-€ 14 239	-€ 18 986	-€ 55 827	-€ 73 411	-€ 84 577	-€ 95 742	-€ 106 908	-€ 113 327	-€ 113 327	-€ 130 911	-€ 149 287	-€ 186 481	-€ 223 674	-€ 202 406	-€ 1 578 595
Gross Profit		**€ 75 507**	**€ 113 261**	**€ 151 014**	**€ 539 173**	**€ 717 089**	**€ 824 923**	**€ 932 758**	**€ 1 040 592**	**€ 1 110 673**	**€ 1 110 673**	**€ 1 288 589**	**€ 1 364 833**	**€ 1 584 320**	**€ 1 803 807**	**€ 1 545 694**	**€ 14 202 907**
Marketing & Promotion Costs		-€ 66 000,00	-€ 66 000,00	-€ 71 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 176 000,00	-€ 190 000,00	-€ 195 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	-€ 323 000,00	€ 2 399 000,00
Distribution Costs		-€ 10 750,00	-€ 16 125,00	-€ 21 500,00	-€ 59 625,00	-€ 78 100,00	-€ 90 025,00	-€ 101 950,00	-€ 113 875,00	-€ 120 425,00	-€ 121 839,73	-€ 141 511,43	-€ 153 537,60	-€ 179 713,37	-€ 205 889,15	-€ 171 337,21	€ 1 586 203,49
EBITDA		**-€ 1 242,85**	**€ 31 135,72**	**€ 58 514,30**	**€ 303 547,99**	**€ 462 988,62**	**€ 558 898,22**	**€ 654 807,82**	**€ 750 717,42**	**€ 814 248,44**	**€ 798 833,71**	**€ 952 077,63**	**€ 888 295,14**	**€ 1 081 606,42**	**€ 1 274 917,69**	**€ 1 051 357,26**	**€ 9 680 703,52**
Depreciation		-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 52 633,33	-€ 789 500,00
EBIT		**-€ 53 876,19**	**-€ 21 497,61**	**€ 5 880,96**	**€ 250 914,66**	**€ 410 355,29**	**€ 506 264,88**	**€ 602 174,48**	**€ 698 084,08**	**€ 761 615,11**	**€ 746 200,38**	**€ 899 444,30**	**€ 835 661,81**	**€ 1 028 973,08**	**€ 1 222 284,36**	**€ 998 723,93**	**€ 8 891 203,52**
Taxes																	€ -
NOPAT		**-€ 53 876,19**	**-€ 21 497,61**	**€ 5 880,96**	**€ 250 914,66**	**€ 410 355,29**	**€ 506 264,88**	**€ 602 174,48**	**€ 698 084,08**	**€ 761 615,11**	**€ 746 200,38**	**€ 899 444,30**	**€ 835 661,81**	**€ 1 028 973,08**	**€ 1 222 284,36**	**€ 998 723,93**	**€ 8 891 203,52**
Depreciation		€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 52 633,33	€ 789 500,00
Operating Cash Flows (OFC)		-€ 1 242,85	€ 31 135,72	€ 58 514,30	€ 303 547,99	€ 462 988,62	€ 558 898,22	€ 654 807,82	€ 750 717,42	€ 814 248,44	€ 798 833,71	€ 952 077,63	€ 888 295,14	€ 1 081 606,42	€ 1 274 917,69	€ 1 051 357,26	**€ 9 680 703,52**
CAPEX	-€ 810 500,0																
Change NWC	€ 350 000,00	€ 256 500,00	€ 218 250,00	€ 1 975 750,00	€ 1 512 500,00	-€ 460 050,00	-€ 571 400,00	€ 2 909 600,00	-€ 809 400,00	-€ 881 650,00	-€ 874 000,00	€ 4 471 950,00	-€ 1 240 462,02	-€ 1 613 668,02	-€ 1 970 668,02	-€ 2 054 562,02	
(NWC)	€ 350 000,00	€ 606 500	€ 824 750	€ 2 800 500	€ 4 313 000	€ 3 852 950	€ 3 281 550	€ 6 191 150	€ 5 381 750	€ 4 500 100	€ 3 626 100	€ 8 098 050	€ 6 857 588	€ 5 243 920	€ 3 273 252	€ 1 218 690	
Investment Cash Flows (ICF)	-€ 1 160 500,00	-€ 256 500,00	-€ 218 250,00	-€ 1 975 750,00	-€ 1 512 500,00	€ 460 050,00	€ 571 400,00	-€ 2 909 600,00	€ 809 400,00	€ 881 650,00	€ 874 000,00	-€ 4 471 950,00	€ 1 240 462,02	€ 1 613 668,02	€ 1 970 668,02	€ 2 054 562,02	
Free Cash Flows (FCF)	-€ 1 160 500,00	-€ 257 742,85	-€ 187 114,28	-€ 1 917 235,70	-€ 1 208 952,01	€ 923 038,62	€ 1 130 298,22	-€ 2 254 792,18	€ 1 560 117,42	€ 1 695 898,44	€ 1 672 833,71	-€ 3 519 877,27	€ 2 128 757,16	€ 2 695 274,44	€ 3 245 585,71	€ 3 105 919,28	
Discounted FCF	-€ 1 160 500,00	-€ 234 311,68	-€ 154 639,90	-€ 1 440 447,56	-€ 825 730,49	€ 573 134,36	€ 638 023,88	-€ 1 157 064,91	€ 727 806,29	€ 719 226,49	€ 644 949,81	-€ 1 233 693,79	€ 678 287,63	€ 780 725,00	€ 854 664,16	€ 743 532,38	
NPV	**€ 153 961,66**																

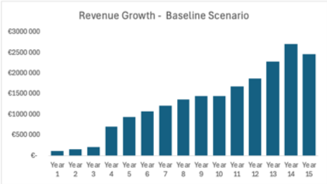
Appendix 28: Payback Period

Baseline Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-1160500	-1397250,745	-1566833,364	-5268197,855	-4628935,1	-3661683,018	-2489980,985	-1104829,001	-3106227,066	-1371085,755	380116,5987
Cash Inflow in Year 10	1751202,354										
Fraction of year to recover remaining	0,782939648										
Payback Period	9,782939648	9,395275781	11,85827342								
Payback Period in Years	9 years 9 months and 12 days										

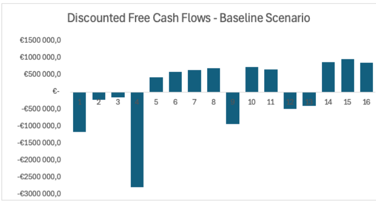
Accelerated Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-€ 1 160 500,00	-€ 1 346 148,02	-€ 1 440 576,56	-€ 3 241 985,60	-€ 4 177 994,65	-€ 2 903 860,00	-€ 1 371 096,99	-€ 3 169 355,61	-€ 1 098 635,87	€ 1 138 549,21	€ 3 403 288,47
Cash Inflow in Year 10	€ 2 264 739,25										
Fraction of year to recover remaining	0,502728609										
Payback Period	9,502728609	6,032743306	0,98229918								
Payback Period in Years	9 years 6 months and 1 days										

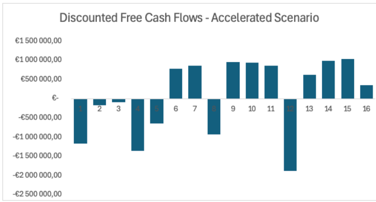
Slower Scenario	0	1	2	3	4	5	6	7	8	9	10
Cumulative Free Cash Flows	-€ 1 160 500,00	-€ 1 418 242,85	-€ 1 605 357,13	-€ 3 522 592,84	-€ 4 731 544,84	-€ 3 808 506,22	-€ 2 678 208,00	-€ 4 933 000,19	-€ 3 372 882,77	-€ 1 676 984,33	-€ 4 150,62
Cash Inflow in Year 10	1672833,712										
Fraction of year to recover remaining	1,00248119										
Payback Period	10,00248119	0,029774279	0,893228375								
Payback Period in Years	10 years and 1 day										

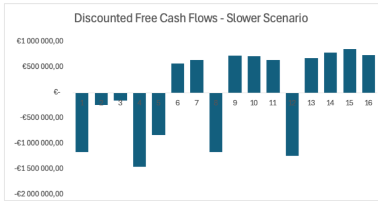
Appendix 29: Revenue Evolution



Appendix 30: Discounted Free Cash Flow Evolution







Appendix 31: Interview Script 1

Interviewee: Travis, Founder of Scoundrels Distilling

Date: February 21st

Location: Porto, Scoundrels Distilling

Welcome, Travis! It's a pleasure to have you here. You're the founder of *Scoundrels Distilling*, a bold new venture in the world of spirits, specifically rum. Let's dive right in. **What's the main goal of this project?**

Travis:

The vision behind Scoundrels Distilling is to spark a rum revolution right here in Porto. I want to build more than just a single distillery. The goal is to establish a true rum industry in the city, potentially with multiple distilleries operating and collaborating. We're also aiming to partner with one of Porto's iconic Port wine houses, not just to use their casks for aging, but to tap into their distribution and marketing channels. That's where real synergy lies. Of course, that requires investment—but it's key to making this vision scalable and sustainable.

That's ambitious and exciting. And speaking of Port houses—you've joked that you "beg" them for casks.

Can you explain the relationship between Port wine and rum? What makes the two such a natural fit?

Travis:

Absolutely. There are chemical, historical, and geographical synergies. For starters, both rum and Port are sugar-based, and they share a rich, complex flavor profile. But the real magic happens in the aging process. Port casks add extraordinary depth to rum, depending on the type—Tawny, Ruby, etc.—each offering a unique finish. Plus, Porto already has all the infrastructure: the RAR sugar refinery**,** coopers (tanoeiros)**,** glass manufacturers across the river in Gaia, and even alembic still producers. You've got the entire value chain in one city. Imagine that, from raw material to bottled rum, all in Porto**.**

That sounds like the birth of a new industry cluster—similar to what we've seen with whiskey in Scotland.

Travis:

Exactly! Porto can be a destination not only for Port wine but also for world-class rum**,** and maybe even whiskey down the line.

Let's go a bit deeper into the aging process.

What's the difference between aging rum in tropical climates versus here in Europe?

Travis:

Great question. In the tropics, rum ages fast due to consistent heat—but that can also lead to rapid evaporation. In Porto, we get continental aging: the seasons cause the casks to expand and contract, which gently infuses flavor into the rum. It's a more nuanced, slower aging process, and I believe it gives our rum a distinctive character.

You mentioned Port wine casks. But what about those larger vessels—port tankers?

Travis:

Ah yes, those are called "balseiros" in Portuguese. They're massive wooden tanks, sometimes holding up to 2,000 liters, traditionally used for Ruby Ports. They're ideal for long-term aging and offer very different flavor dynamics than smaller casks. They could be a game-changer for rum too.

Let's talk about ingredients. Do you currently work with RAR?

Travis:

Not directly. RAR is **the** molasses supplier for ACDO distillery, and right now that's their only connection to this space. But there's huge potential—if they decided to establish their own distillery, we could see a real ecosystem emerge in Porto**.**

And what about your own proof of concept, what validates this project right now?

Travis:

It's all the synergies I mentioned. The local infrastructure, the flavor potential of Port casks**,** the opportunity to use Porto's international brand, and the untapped European rum market. That's our foundation.

How do Port wine producers benefit from collaborating with you?

Travis:

It works both ways. They can outsource aging services to us or create new Port expressions aged in rum casks. That's a premium, unique product they can offer. This isn't just about rum, it's a cross-pollination of craft and identity.

Now let's talk product.

What are your first releases, and how are you pricing them?

Travis:

We're starting with two high-end bottlings:

- **Pure Single Rum – Tawny Cask Finished** at €90

- **Pure Single Rum – Ruby Cask Finished** at €90

  These are premium products, with a distinct identity and taste rooted in Porto.

And your marketing and distribution plan?

Travis:

It's a mix of direct-to-consumer online sales**,** strategic events, and placements in select bars and hotels. We'll also build our presence through tasting experiences, storytelling, and maybe even a DOC-style protection for rum aged in Porto. That's still exploratory, but it would cement our regional identity.

How long does it take to set up a functioning distillery?

Travis:

Setting up a functional distillery with a business model similar to ours typically takes between 6 to 12 months.

Why Porto? What does this city mean to you and your project?

Travis:

Porto is a city of legacy and reinvention. It has everything we need, from raw materials to craftsmanship to international recognition. We're not just building a distillery; we're planting the seeds for a whole new chapter in Porto's spirits history. And rum is just the beginning.

Appendix 32: Interview Script 1

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

Date: March 26th

Location: online

1. Introduction and Context

Question:

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

Answer:

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

2. Diagnosis of the Port Wine Sector

Question:

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

Answer:

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

Question:

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

Answer:

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

Question:

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

Answer:

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

Question:

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

Answer:

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

3. Openness to New Products and Synergies

Intro:

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

Question:

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

Answer:

Yes, there is room and interest. Port wine barrels have high oenological value for aging spirits like rum. The result can be distinctive and high-end products. Some international distilleries are already doing this, Portugal should absolutely explore this path.

Question:

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

Answer:

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

Question:

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

Answer:

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

Question:

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

Answer:

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

Opportunities: development of high added-value products, engagement with younger audiences, cross-promotion between segments, and reinforcing the Douro's image as a territory of excellence.

Question:

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

Answer:

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

Appendix 33: Interview Script 2

Interviewee: João Sousa, Rum expert and producer

Date: 28th of March

Location: Online

1. Introduction and Context

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

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

2. Diagnosis of the Port Wine Sector

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

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

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

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

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

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

Question: What would you say are the main revenue and cost drivers for Port wine producers today? How have these changed in recent years?
Answer: This wasn't directly addressed, but João implied that packaging and glass bottle costs are significant. Innovation through partnerships (e.g. with distilleries) may help offset costs or generate new sources of revenue, especially by giving new life to old barrels.

3. Openness to New Products and Synergies
Question: Do you believe there is space for collaborations between Port wine houses and rum producers?
Answer: Absolutely. Port wine barrels are excellent for finishing spirits, as shown by the success of Sherry casks in the whisky industry. Unfortunately, Port wine hasn't capitalized on this as much. Selling used barrels to distilleries could become a solid secondary revenue stream.

Question: From a legal and institutional standpoint, is there room for hybrid products (e.g., rum aged in Port casks)?
Answer: Yes, but with limitations. Port wine producers cannot legally produce or age rum in the same facilities. Doing so would require major investment and regulatory compliance. Therefore, partnerships are the most realistic route.

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

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

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

Answer:

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

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

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

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

Appendix 34: Survey

Understanding Consumer Preferences for Port-Cask Aged Rum

Introduction:

"Thank you for participating in our survey! We are exploring consumer interest in a new **Port-cask aged rum** that blends the **rich heritage of Portuguese winemaking with premium craft distillation**. Your feedback will help us create a product that aligns with your preferences. This survey should take about **5 minutes** to complete."

Section 1: Consumer Profile & Drinking Habits

1. **Which of the following best describes your age group?**
    - 18-24 (Gen Z)
    - 25-34 (Millennial)
    - 35-44
    - 45-54
    - 55+
2. **How often do you drink premium spirits (e.g., aged rum, whiskey, Cognac, craft gin)?**
    - Daily
    - A few times a week
    - Once a week
    - Occasionally (once or twice a month)
    - Rarely
3. **What is your primary reason for purchasing premium spirits?** *(Select up to 2)*
    - Personal enjoyment

- Collecting & investment
- Gifting
- Experimenting with cocktail creations
- Social occasions & entertaining guests

4. **Which premium spirits do you regularly consume?** *(Select all that apply)*
   - Aged Rum
   - Whiskey (Scotch, Bourbon, Japanese)
   - Cognac & Brandy
   - Tequila & Mezcal
   - Craft Gin
   - Other (Please specify) __________

Section 2: Perception of Rum & Aging Techniques

5. **What factors influence your decision when buying a premium rum?** *(Rank in order of importance, 1 = Most Important, 5 = Least Important)*
   - Aging process (e.g., Port-cask aging, double maturation)
   - Brand heritage & storytelling
   - Price & value for money
   - Rarity & exclusivity (e.g., limited edition, numbered bottles)
   - Flavor profile & complexity
6. **Have you ever purchased or tried a cask-aged rum before?**
   - Yes, I regularly drink cask-aged rum
   - Yes, but only occasionally
   - No, but I am interested in trying
   - No, and I am not interested

7. **Would you be interested in a premium rum aged in Port wine barrels?**
   - Yes, I find it exciting and unique
   - Maybe, depending on price and availability
   - No, I prefer traditional aging methods
8. **How much would you be willing to pay for a premium, small-batch Port-cask aged rum?**
   - Under €40
   - €40 - €70
   - €70 - €120
   - Over €120

Section 3: Purchase Behavior & Brand Engagement

9. **Where do you typically purchase premium spirits?** *(Select all that apply)*
   - High-end liquor stores
   - Online retailers (e.g., Drizly, Master of Malt)
   - Directly from distilleries or brands
   - Duty-free shops (travel retail)
   - Bars & restaurants
10. **How do you learn about new spirits brands?** *(Select up to 2)*

- Social media (Instagram, TikTok, YouTube)
- Recommendations from friends & family
- Bartenders & mixologists
- Industry events & tasting experiences
- Online reviews & spirits publications (e.g., Whisky Advocate, The Spirits Business)

11. **Which of the following would make you more likely to try a new premium rum brand?** *(Select up to 2)*

- A compelling story & heritage
- Collaboration with top bartenders/mixologists
- Limited-edition releases
- Exclusive distillery experiences & tastings
- Award recognition in global spirits competitions

Section 4: Targeted Questions by Segment

For Gen Z & Millennials (if Q1 = 18-34)

12. **When choosing a spirit, how important is its mixability for cocktails?**

- Very important
- Somewhat important
- Not important, I prefer drinking neat

13. **How likely are you to buy spirits based on influencer or social media recommendations?**

- Very likely
- Somewhat likely
- Not likely

For Collectors & Investors (if Q3 = “Collecting & Investment”)

14. **What makes a spirit appealing as a collectible?** *(Select up to 2)*

- Limited-edition & numbered bottles
- High aging statement (e.g., 10+ years)
- Prestigious awards & critic ratings
- Distillery heritage & craftsmanship

15. **Would you be interested in a private cask ownership program (e.g., buying a barrel to be aged and bottled under your name)?**

- Yes
- Maybe, if pricing is right
- No

For Craft Spirit Enthusiasts & Mixologists (if Q3 = "Experimenting with cocktail creations")

16. **What type of rum do you most frequently use for cocktails?**

- White Rum
- Dark Rum
- Aged Rum
- Spiced Rum

17. **Would you be interested in a rum masterclass or bartender-led tasting experience?**

- Yes, I love learning about spirits
- Maybe, if it's easily accessible
- No, I prefer casual drinking

For Tourists & Experience Seekers (if Q3 = "Social occasions & entertaining guests")

18. **Would you visit a distillery for a rum tasting experience while traveling?**

- Yes, I seek out these types of experiences
- Maybe, if it was part of a larger tour
- No, I don't prioritize spirits tourism

19. **What type of rum-themed experience would interest you the most?** *(Select up to 2)*

- Private tasting events with master blenders
- Rum and cigar pairing nights
- Cocktail-making workshops
- Exclusive "behind-the-scenes" distillery tours