

CASE STUDY: CORTICEIRA AMORIM AS THE AMBASSADOR OF PORTUGAL'S COUNTRY-BRAND

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Case Study

Master in Marketing

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A master thesis is a process which involves work but above all motivation, which makes us write every page with new information that we have learnt and gives us the possibility of creating solutions to problems that we consider important. Although it can be a fulfilling experience, it can also be a difficult process. In both cases, it is essential to have people around that motivate you and keep your eyes in the prize, and this page is my acknowledgement of their support.

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Abstract

Throughout the course of history, we have been watching the decline of borders physically and commercially; the opening of companies to the world market developed the possibility of expansion and an increase of business opportunities and competition. Nevertheless, globalization is not the only essential element of evolution, the development of technologies, allowed individuals to have access to information that for years was never available due to distance or difficult access. These factors are crucial pieces to brand architecture: brands have developed from only products in which communication was only a description of characteristics and benefits, to products that emphasise values and personality, that nowadays are translated by brand identity.

Considering the enormous offer of brands, it becomes important to have an easy and distinctive identity in the market. The country of origin can be one of the attributes for brand identity that can contribute to a better definition of a brand in a world context. The country of origin is starting to be considered by brands in order to use them as brand leverage or even abolish any association to the country.

Countries are also starting to develop their brands, aiming more than a perceived image by other countries, but also focusing on its economical impact, for example in exports.

In this case study, we intend to focus on the impact of Portugal's country brand on Corticeira Amorim, due to its important contribution to the Portuguese exports, and understand which benefits that can be achieved through the creation of partnerships.

Keywords: Brand identity, Country of origin effects; Nation branding.

JEL: M31 – Marketing

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Resumo

No decurso da história, temos assistido ao declínio das fronteiras em termos comerciais; a abertura das empresas ao mercado mundial possibilitou a expansão dos mercados e consequentemente, um aumento das oportunidades de negócio e da competitividade. No entanto, a globalização não é o único elemento essencial desta evolução: o desenvolvimento das tecnologias, permite aos cidadãos ter acesso a informação que durante anos nunca teve acessível devido à distância ou difícil acesso. Estes factores foram peças essenciais para a construção de marcas, que evoluíram de apenas produtos cuja comunicação era a descrição das características, para produtos que para além de enfatizarem os seus benefícios têm valores e personalidade.

Tendo em consideração a oferta abundante de marcas, torna-se importante ter uma identidade distintiva no mercado. O país de origem pode ser um dos contributos para uma melhor definição de uma marca num contexto mundial. Os efeitos do país de origem, começam a ser considerados pelas marcas, que poderão utilizá-lo como alavancagem do valor da sua marca ou poderão abolir qualquer associação.

De tal modo, os países dedicam-se cada vez mais ao desenvolvimento da sua marca, tendo como objectivo não só a imagem percebida pelos outros países, mas também o impacto económico que poderá ter, por exemplo, nas exportações.

Neste caso de estudo, pretendemos focar-nos no impacto da marca Portugal na Corticeira Amorim, devido ao seu grande contributo para o total das exportações portuguesas e, compreender quais os benefícios que poderão ser obtidos em futuras parcerias.

Palavras-chave: Identidade da marca; Efeitos do país de origem; Marketing territorial.

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O infante

*Deus quer, o homem sonha, a obra nasce.
Deus quis que a terra fosse toda uma,
Que o mar unisse, já não separasse.
Sagrou-te, e foste desvendando a espuma,*

*E a orla branca foi de ilha em continente,
Clareou, correndo, até ao fim do mundo,
E viu-se a terra inteira, de repente,
Surgir, redonda, do azul profundo.*

*Quem te sagrou criou-te português.
Do mar e nós em ti nos deu sinal.
Cumpriu-se o Mar, e o Império se desfez.
Senhor, falta cumprir-se Portugal!*

A Mensagem

Fernando Pessoa

1. Case study

1.1. The problem

Nowadays, countries are looking to create their country brand as corporate brands whilst corporate brands look for aspirations and value to create higher value through their brand identity. Considering these trends, it can be an opportunity for both nation brands and corporate brands to capitalize on each other.

Although there is an opportunity for both sides, it is imperative that both sides evaluate the possibilities, not only in terms of advantages but also disadvantages; and above all, if it is a good and credible match.

Portugal has been rising as a destination all over the world, but various Portuguese brands say that this rise of the country brand only benefits the tourism industry while to others it can be either neutral or even disadvantageous. Some Portuguese brands also claim that there is a problem of identity with the Portuguese brand since it does not add any value or association to its national products, as for example, France does with its stereotype of chic.

In this case, we intend to consider the Portuguese brands perspective through the company Corticeira Amorim, which is one of the most successful companies in Portugal, and also the worldwide leader in the cork market. Through this case study, we will analyse the corporate brand Corticeira Amorim and the nation brand Portugal and will evaluate the possibilities of the two brands capitalize on each other's value, so they become stronger brands in the international market.

1.2. Corticeira Amorim

1.2.1. The company

Corticeira Amorim is a Portuguese subholding which is the world leader in the cork market for already 140 years; it is also one of the most internationalized Portuguese companies, being present in 100 countries. The portfolio of the brand is vast in terms of applications, as you can see in Attachment 1 and among its client industries there are: construction, wine and aeronautical.

The company started in 1870 as a factory that produced Porto Wine cork stoppers and by 1922 constituted the company that originated what today is Corticeira Amorim, which was Amorim & Irmãos, Lda. The strategy of Corticeira Amorim started with the diversification of applications of cork, in 1963 the company decided that it was going to transform the cork

waste. The company started by developing its portfolio through agglomerates, which was followed years later by floor and wall coverings, and an expansion in the cork stoppers by producing it for champagne and sparkling wines also. The second part of the strategy was being present in cork producing countries which enabled also the diversification of the sources of raw materials. In terms of internationalisation, the company started acquiring other leading companies of the sector in other countries, such as Hungary (1984), Sweden (1989), Germany and Belgium (1992), among others. Nowadays, the strategy of the company is defined by creating differentiation through quality, the reinforcement of policies and competencies in research and quality control.

1.2.1.1. Mission and vision

The company's mission is to add value to cork by innovating so that it can stand as a distinctive and competitive material which is sustainable. As its vision the company intends "to remunerate the invested capital in an appropriate and sustained manner, with differentiation factors at the level of product and service and with a workforce that wants to succeed" (Corticeira Amorim, 2011). Throughout its activity, the company values are: market orientation, by creating loyalty and satisfy customers; the creation of value, which expresses the persistence to obtain improvements; responsibility, by achieving its goals always respecting the principles of economical, social and ecological sustainability; and finally, the motivation of the workforce, by creating optimum conditions of work.

As its main objectives the company has defined the following: reinforcement of the leadership in the acquisition of raw material; improve the efficiency of the different steps of the value chain; reinforce the focus in the end clients so that it understands the clients and trends; improvement of efficiency by leveraging throughout the global distribution network; improve the products and try to obtain a higher weight in total sales from the value added products; improve the perception of cork's value by consumers by creating more marketing campaigns about the advantages of cork; and finally, reinforce the research and development in order to make cork more competitive.

1.2.1.2. The value chain

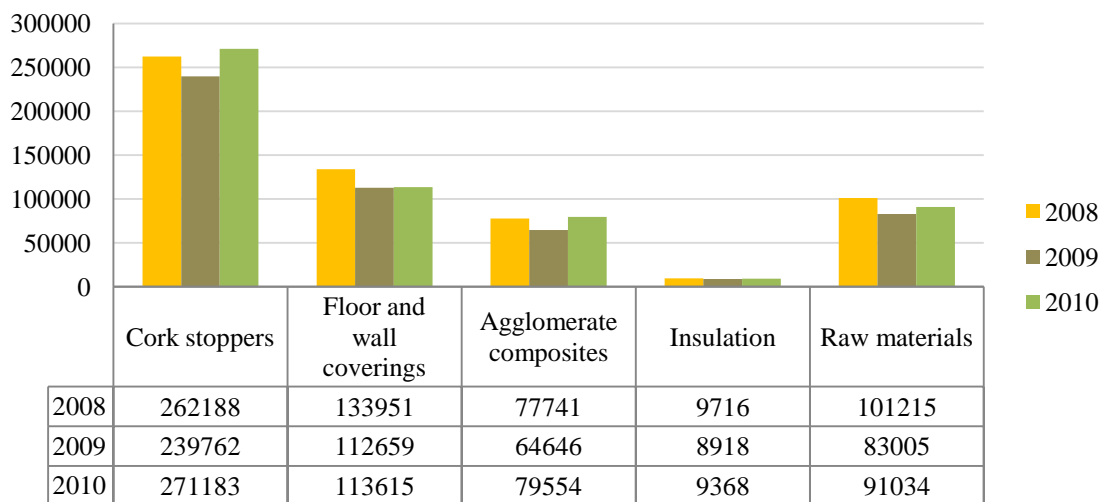
The company's value chain is a competitive advantage comparing to the rest of the market due to the fact that is vertically integrated: it includes the acquisition of raw material, the

transformation, production of a vast range of products and direct contact with the end consumer. The vertical integration allows the company to be aware of the trends in the demand and the potential applications for cork, which is significant to the company since it has its own research centre which aims to create new applications and develop the properties of cork. Although the company integrates all the processing of cork it does not own the forest and it has different sources for the raw material which are Portugal, Spain, Morocco and Tunisia. Corticeira Amorim is also present directly in the big-wine producing countries such as France, U.S.A., Italy, Portugal, Spain, Chile among others, a relevant factor since the wine industry is the main client of the cork industry.

1.2.1.3. Business units

The company is organized in five business units divided by type of products: cork stoppers, floor and wall coverings, agglomerate composites, insulation and raw materials (Attachment 1). The brand is market leader worldwide; having the following market shares in the segments: stoppers (25%), floor and wall coverings (65%), composite cork (55%) and insulation cork (80%)¹.

Figure 1. Sales per business unit and year (million euros)



Source: Corticeira Amorim (2010)

- **Cork stoppers**

As we can observe through Figure 1, the cork stoppers represent the majority of sales in value, followed by floor and wall coverings and the raw materials. In the case of the cork

¹ Source: Relatório de Contas 2010, Corticeira Amorim

stoppers, the main influence of sales is the wine market, which has become more fragmented and diversified, which can become an opportunity, since although France, Italy and Spain are still the main clients, new clients arise with good performance like Israel, Ukraine and United Kingdom. The company has set as goals the increase of product value allied with a higher value perceived by its clients, reinforce the control of operations in order to guarantee the cork properties of sealing the flavour of wine; reinforce the structure of production; invest in the reinforcement of the sales team regarding the segments with more potential; exploit potential partnerships opportunities especially in Europe and in high value products; reinforce the leadership in sales to multinational clients; and increase the market share in Russia, China, Italy, Spain and Brazil.

- **Floor and wall coverings**

In terms of floor and wall coverings, the reduction of sales in 2009, occurred due to the decrease of the construction industry, as a consequence of the economical uncertainty. The company has set as essential the promotion of cork with APCOR (National Association of Cork), in order to promote its properties and advantages of use as floor and wall covering.

- **Raw materials**

The raw materials have decreased in general and the company is focusing its strategy in diversifying the sources of acquisition of cork and consequently, increase the quality of the acquired materials; create more operational efficiency; and investing in Research and Development in order to develop and recognize the properties of the raw material.

- **Agglomerate composites**

The agglomerate composites have recovered in 2010 from the decline in 2009, due to the vulnerability of the client industries of this product, such as construction. The company has set as priority the investment in new products and markets with potential in which is present the importance of innovation in order to develop the use of cork in this segment.

- **Insulation**

The insulation business unit represents less than the other business units and it has declined comparing to 2008. It is important for the company to promote the ecological properties of cork as a material, in order to penetrate in the insulation market.

1.2.1.4. Promotion

Regarding the promotion of its products, Corticeira Amorim focuses in presenting its products in international fairs around the world. In 2010, the company was present in various fairs throughout Germany, Italy, U.S.A., U.K., Russia, Portugal, Japan, Spain and United Arab Emirates, especially regarding the segment of composites.

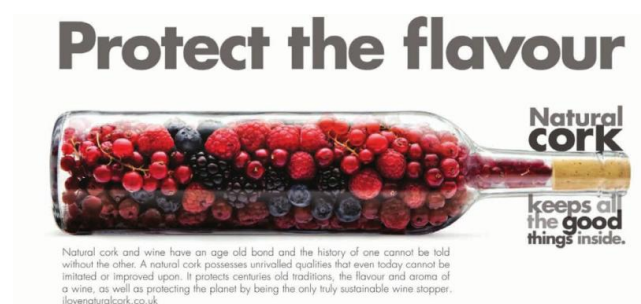
The company has also used marketing directed to prescribers through the sponsoring of the activities of the Order of Architects, the association with the Portuguese event of architecture “Trienal de Arquitectura Lisboa”, and the invitation of architects from other countries to the company’s factories in order to explain the processes and properties of cork as an insulation material. As we can observe, the company communicates directly with the prescribers and it works very close to the industries it produces to, another example is the organization of the international conference of insulation in Lisbon, one of the industries that the company is trying to set the cork as a valuable material.

Another tool used in terms of communication is the association to causes mainly of sustainability, such as Greencork, which is a project of collection of used cork stoppers in order to recycle them; and Project LIFE which aims to develop sustainable solutions for aeronautics, one of the client industries of the company.

1.2.1.5. Intercork

One of the biggest efforts of the company is to promote cork as a material, in order to promote it, Corticeira Amorim joined the campaign InterCork for the international promotion of cork which aims to promote cork stoppers, cork building materials and cork decoration. The campaign stands for quality, performance, design, culture and sustainability, aiming to position cork as a sustainable product for the future.

Figure 2. Intercork campaign



The campaign has a budget of 21 million euros, in which 80% was invested by European communitarian funds and 20% by the private sector, from which 10% were invested by Corticeira Amorim, due to its worldwide leadership. The budget is divided by each sector: the cork stoppers have a budget of 12,5 millions of euros; building and decoration materials 6 millions of euros; and the remaining 2,5 millions of euros are the investment for promotional materials².

- **Target and communication tools**

The promotion is located according to the segment: the cork stoppers promotion is directed to U.S.A., U.K., France, Italy and Germany; while the building and decoration materials are in the U.S.A., Canada, Germany, Russia, Japan, Belgium, Holland, China and United Arab Emirates. The key message is that cork is a natural product, sustainable, modern, and elegant with unique characteristics. The targets of this message depend also on the segment: while the building and decoration segment is directed mainly to prescribers such as architects, engineers, designers, decorators, universities, design centres and specialized media; the cork stoppers segment is directed to clients such as the consumers, retail spaces, supermarkets, wine industry, although it also communicates to opinion leaders, specialized media and professional organizations related to gastronomy and wine. Regarding the communication tools, Intercork uses public relations, advertising, direct marketing, social networks and internet.

1.2.1.6. Acknowledgment

An important and strong factor to Corticeira Amorim's credibility is its acknowledgment in terms of prizes, such as the Portuguese Pavillion in Expo Shanghai (Figure 3) which it was fully made out of Corticeira Amorim's cork and won the award of the best pavilion, but also the Sustainability Award by the The Drinks Business, the leader publication of the wine industry in the U.K. .

The company has also been acknowledged through invitations to exhibit its products in important museums such as Museum of Modern Art in New York (MoMA), and by its important clients such as NASA and Sagrada Família.

² Relatório de Contas 2010, Corticeira Amorim

Figure 3. Portuguese pavilion in Expo Shanghai



1.2.2. The cork market

The cork market and the development of the oak trees forests have been changing throughout the years: initially, the industry started mainly in the U.S. but then changed to the Iberic peninsula due to the fact that it is where the raw material was. But the market has been constantly evolving: new materials were created that competed with cork; new appliances for cork were discovered, specially as a construction material; new wine markets appeared that created new clients for the most important segment of the industry, the cork stoppers; and recently, the certification of cork, which aims to create a sustainable management of the material.

Cork is an important raw material due to its properties: it is renewable, 100% natural, it is biodegradable, it is reusable, it has certifications that enforce its properties and the oak tree additionally to produce oxygen, retains CO₂ that contributes to global warming.

In terms of appliances, the first use discovered for cork was as stopper in the XVII century, in which it was recognized the cork property of sealing the flavour of liquids; secondly, in the XIX century, the invention of the agglomeration process of cork allowed its use for several applications such as domestic utilities and insulation in construction. In the XX century, the creation of synthetic materials created high competition to cork due to its substitutability as a material; this factor created a shift on the cork industry by increasing its concentration on the cork stoppers segment, which has been also challenged because of the competition. Another important change in the industry is the increase of the importance of sustainable management of the cork forest due to the high demand of the economy for sustainable materials.

1.2.2.1. Macro-economic environment

In the last decade, different transformations and events have influenced the international economy: the financial crisis in 2008-2009, the euro crisis, the severe debt of some countries in the E.U. including Portugal, but also the rise of the prices of materials such as oil, metals and food. Aligned with the economical instability in the U.S. and Europe, new economies have arisen: the emergent economies that include China, Brazil, and India.

Regarding the Portuguese economy, the government has high level of debt and it has been receiving funds from the E.U. in order to recover, and the unemployment has been constantly rising.

1.2.2.2. The international cork market

The cork market in the last decade has been decreasing in gross terms, approximately 300 millions of Euros, although this tendency inverted in 2010, in which the global exports increased 100 millions of Euros. In Table 1, we can observe that the exportation of cork is leaded by Portugal, about 61% of the world cork exportations are from Portugal; Spain is the second exporter with approximately 15%, followed by France and Italy.

Table 1. Global value of the exports of cork and cork products by country

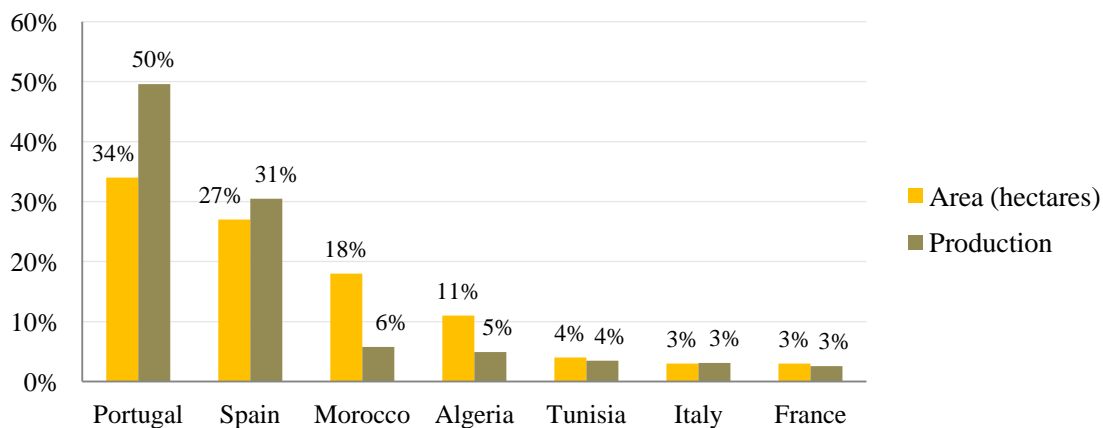
Exporting countries	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Portugal	892	900,1	896,9	872,4	835,7	849,1	852,9	825	699,1	753,2
Spain	280,1	281,1	293,5	261,8	253,7	251,6	255,4	229,8	163,4	185,9
France	72,2	61,8	54,6	51,7	46,7	43,8	46	47,8	41,6	48,2
Italy	65,5	56,9	56	46,1	43,6	42,9	42,8	48,3	40,8	41,8
Germany	39,2	37	33,5	34,1	34,9	35,7	37,9	32	35,8	33,6
U.S.A.	46,7	48,1	44,5	36,3	40,8	55,8	32,3	36,4	28,9	28,4
Switzerland	19,5	13,1	15,9	16,6	15,9	16,5	18,5	20,9	23,4	25,1
Belgium	2,9	5,2	7,4	5,8	6	19,5	11,1	10	9,7	14,6
Austria	12,4	13,3	12,7	13	12,5	11,7	13,6	11,7	9,9	13,3
China	8,9	9,3	9,6	11,1	13,1	18	13,7	12,5	11,3	12,2
World	1.547	1.526	1.543	1.480	1.443	1.472	1.439	1.366	1.127	1.229

Source: APCOR (2011)

- **Raw material and production**

Regarding the cork forest area, we can see in Figure 4 that Portugal concentrates the world's largest area, followed by Spain, representing together, more than half of the world cork tree area. Despite this, in terms of production the disparity between Portugal and Spain is higher, with 50% and 31% respectively. The third cork producer is Morocco representing a small proportion of production (6%) comparing to the two leading countries. Regarding the raw material, its costs of extraction are slightly increasing while its sale price has been decreasing in the last decade, as we can see in the Attachment 2.

Figure 4. Proportion of cork forest area and production of cork by country



Source: APCOR (2011)

1.2.2.3. Cork relevance in Portugal

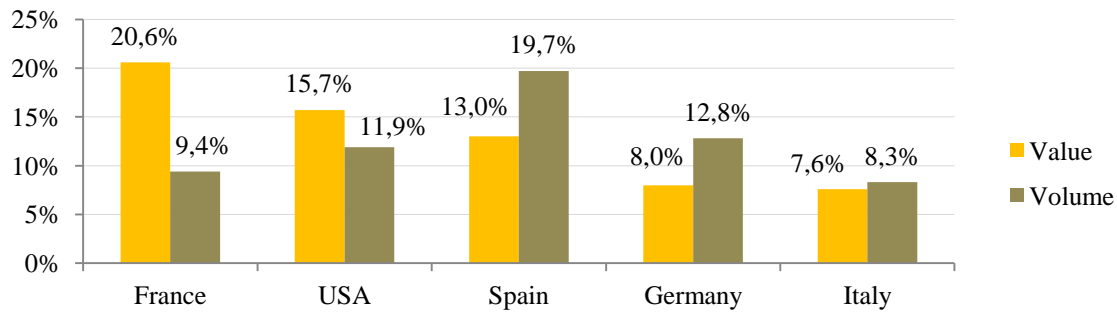
The leadership of Portugal in the exportation of cork is important to the national economy, since it exports 90%³ of the processed corked, which translates into 753,2 million Euros of income for Portugal, as we could see in Table 1. The cork sector represents 2% of the Portuguese goods exports, but regarding the imports, it only represents 0,2 % which translates into national added value (Attachment 3).

- **Exports destinations**

The main destination for the cork exportation, as we can see in Figure 5, in terms of value is France, followed by the U.S., Spain and Germany. Despite these results in the exportation by value, Spain and Germany buy cork in more quantity, 19,7% and 12,8%, while France and America represent 9,4% and 11,9%.

³ Source: Anuário 2009, APCOR

Figure 5. Portuguese cork exports by country – 2007



Source: APCOR (2009)

- **Portuguese imports**

Regarding Portuguese imports of cork, Spain represents 77% which represents 101 millions of Euros, as we can see Attachment 3. It is important to reinforce that approximately 60% of the Portuguese cork imports represent natural, raw or simply prepared cork.

1.2.2.4. Sustainability

Although cork itself is a sustainable product, the existence of the product contributes for the sustainability of the environment since it fixes the carbon absorbed by the oak tree. Considering this, it is important to recycle cork, in order to maintain the carbon fixed as long as possible. Regarding certification in terms of forest management, two initiatives have been created: FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification). As we can see in Table 2, the FSC certification is more used than PEFC among the two main producers of cork and Portugal has the higher certified area.

Table 2. Oak tree certified area in Portugal and Spain (2011)

Certification	Portugal	Spain	Total
PEFC	10.962	11.463	22.425
FSC	68.176	30.469	98.645

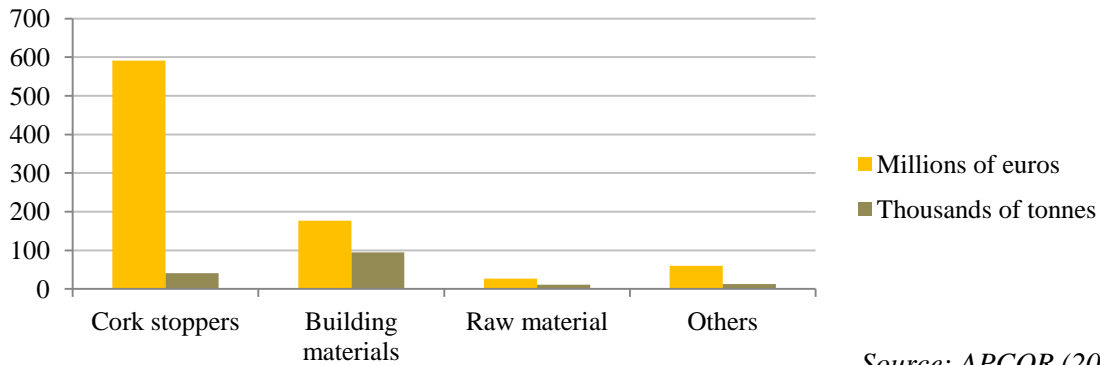
Source: APCOR (2011)

2.2.2.5. Applications

Cork applications have been increasingly diversifying although the market it is divided by the following segments: cork stoppers, in its majority; building materials and raw material. Nowadays, its applications are extending to the decoration market since it is becoming easier

to create different things with cork, thanks to the cork that is sold in rolls and allows the use of cork as a textile, or the agglomerate cork that allows the creation of furniture by designers.

Figure 6. Main exported products in volume and value in 2007

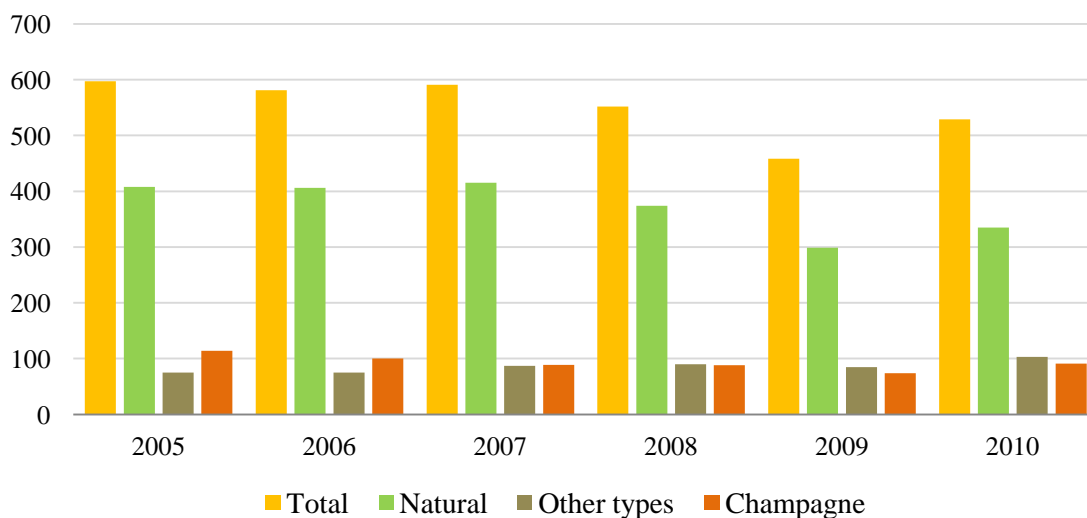


In terms of exportation by segment, there is an important distinction regarding value and quantity since in value, the cork stoppers export 590 million euros and the building materials 176 millions of Euros; in volume, the cork stoppers export 41 thousands of tonnes while the building materials export approximately the double (95 thousands of tonnes).

- **Cork stoppers**

Regarding the type of cork stoppers, we can observe in Figure 7 that the natural stoppers represent a big part of the exportations, approximately 60%, while champagne stoppers and the other types of stoppers represent 19,6% and 17%, respectively.

Figure 7. Evolution of cork stoppers exports by type



Source: APCOR (2011)

Despite this, there has been a high increase of the exportation of champagne stoppers, opposing to the natural stoppers that have decreased in the last decade (Table 3).

Table 3. Variaton of cork stoppers exportation by type

Tipos de rolhas	Var. 09/10 (%)	Var. 00/10 (%)
Natural stoppers	12%	-28,7%
Other type of stoppers	22%	0,8%
Champagne stoppers	21,9%	42,5%
Total	15,5%	-16,8%

Source: APCOR (2011)

France, U.S. and Spain are the main clients of the Portuguese cork stoppers, summing more than half of the exports (56,9%)⁴. In terms of cork stoppers, the main indicator to have in consideration is the evolution of the wine market, which is growing slightly, in gross terms in the last decade, as we can see in Attachment 4. Although the leading markets in the wine industry are France, Italy and Spain, there will be an increase of the relevance of players such as China, Brazil and Canada. Another important factor to consider in the wine market is the constant growing of the premium segments while the cheaper wines are slowing down.

- **Building materials and agglomerates**

Regarding the building materials and cork agglomerates, it is crucial the factor of innovation and the constant development of new products, and the effectiveness of communication that creates credibility to cork properties, not only in terms of its use in the different industries but also its ecological properties, which are more and more valuable in terms of the criteria to choose materials. In addition to this, it is important to consider that the construction market (see Attachment 5) has been affected by the financial crisis. The value of the exports of cork construction materials achieved in 2010 the 176 millions of euros, an increase of 7,4% comparing to 2009. Despite this, the exports of cork construction materials have decreased 28,1% in the last decade, which translates into less 66,5 millions of euros. The main destinations of the exports of these materials are Germany (25,8%), U.S. (12,5%) and Spain (6,5%)⁵.

⁴ Source: Estudo de Caracterização Sectorial 2011, APCOR

⁵ Source: Estudo de Caracterização Sectorial 2011, APCOR

1.2.2.6. The main players in the market

By observing Table 4, we can conclude that in terms of transformation, Portuguese companies are leading the market, especially in the case of Corticeira Amorim, which leads the international market having sales up to 5 times the second leading company of transformation. It is also important to emphasise that Corticeira Amorim is the brand with higher diversity of products, since it produces beyond stoppers, different types of building materials such as, floor and wall coverings, insulation and composite cork.

Table 4. The top 10 transformation companies

Company	Country	Products	Sales Million € (2008)
Corticeira Amorim, SGPS, SA	Portugal, Spain, France, Morocco, Algéria and Tunisia	Stoppers and building materials	468,3
Abel da Costa Tavares, Lda.	Portugal	Stoppers	81,7
Groupe Oeneo	France and Spain	Stoppers	54,5*
Piedade Investimentos SGPS	Portugal and Spain	Stoppers	52,3*
Cork Supply	Portugal and U.S.A.	Stoppers	32*
M.A. Silva – Cortiças Lda.	Portugal, France and U.S.A.	Stoppers	30,2
Juvenal SGPS, SA	Portugal	Stoppers	26,6
Vinocor – Indústria de Cortiça Lda.	Portugal	Stoppers	23,7
Granorte – Revestimentos em Cortiça, Lda.	Portugal, U.K. and Germany	Pavements	22
Trefinos SIL	Spain	Stoppers	N/A

*- Sales value only for stoppers

Source: WWF Meditarrean Portugal

Table 5. Number of companies in the Portuguese cork industry by economical activity (CAE:REV3), in 2009, by business volume

Business volume	Cork preparation industry	Cork stoppers industry	Transformation of other cork products	Total
< 50 million euros	10	28	3	41
50 – 149 million euros	15	77	7	99
150 – 249 million euros	17	54	1	72
250 – 499 million euros	16	72	7	95
500 – 999 million euros	19	44	7	70
1000 – 1999 million euros	24	34	6	64
2000 – 4999 million euros	9	46	6	61
5000 – 9999 million euros	3	12	4	19
10000 – 49999 million euros	3	12	1	16
50000 – 499999 million euros	1	1	1	3
Ignored	17	37	3	57
General total	109	312	36	457

Source: APCOR (2011)

Regarding the Portuguese cork industry, we can observe that the industry of cork stoppers has more companies competing, approximately 68% of the companies while almost 24% of them are dedicated to cork preparation. Another important conclusion to take from the business structure of the cork market in Portugal is that there is only one company in each industry with a business volume superior to 50.000 million euros, which we can affirm that is Corticeira Amorim.

1.3. Portugal - the country brand

1.3.1. The brand management strategy

The management of the Portugal brand is currently delegated to the AICEP, the agency for investment and external trade of Portugal and the ministry of economy and innovation. The current campaign for the brand is “Portugal’s West Coast” a parallel to the American west coast. The aim of the country brand is to improve the economy through the support to Portuguese brands in the internal and external market, add value to the products and services

and organize the political and economical agents to the same direction regarding the communication of the country brand.

1.3.1.1. Tourism

The tourism industry has been generally growing in the last decade, despite the recent decrease in 2009, it has recovered and grow comparing to 2008, by achieving a total of 16 thousand millions of euros in 2010. Since 2000, the industry has grown 3,3% which translates into an increase of 4,4 thousands millions of euros, which according to the report “The evolution of the tourism contribute to the Portuguese economy 2000-2010” by Turismo de Portugal, is explained by the increase not only of the internal but also external demand. Another fact that is important to consider is the relevance of the sector to the Portuguese economy: the tourism sector represents approximately 9% of the GDP⁶.

Figure 8. Evolution of the tourism consumption in the economic territory



Source: Turismo de Portugal

In terms of European destinations, Portugal ranked 13th in the ranking of international tourism revenues, having a market share of approximately 2,5%; while at a worldwide level, ranked in 26th with a market share of approximately 1,10%⁷.

- **Turismo de Portugal**

Turismo de Portugal, is the touristic national authority which is integrated in the Ministry of Economy and Innovation and it is responsible for the promotion, adding value and sustainability of the tourism activity. The mission is to qualify and develop the touristic infrastructures, develop the education of human resources, support the investment in tourism

⁶ Source: Turismo em 2010, Turismo de Portugal

⁷ Source: Turismo em 2010, Turismo de Portugal

and coordinate promotion of Portugal as a destination inside and outside the country. In terms of activities, Turismo de Portugal defines, supports and evaluates the strategies, policies and action plans to the Tourism Sector for the Ministry of Economy and Innovation; it also manages the incentives programmes to the sector; it promotes education to the sector professionals, by coordinating tourism schools and educational activities. In terms of the Portugal brand, Turismo Portugal is an important institution since it is the responsible for the management of Portugal as a destiny, which aims to raise its notoriety by putting the country as a destiny of experiences with high sightseeing and cultural diversity. According to this responsibility, Turismo Portugal establishes the contact with potential markets, develops and implements the communication actions by promoting international events and coordination the Portuguese presence in international fairs. The organization has also allocated teams in potential foreign markets in order to promote the country but also to support Portuguese companies that intend to internationalize to certain countries.

- **Promotion of the industry**

In terms of promotion, Turismo de Portugal focuses in the following tools: international events in the country, international tourism fairs, communication materials, international press, information for tourists, regional promotion and intra-national promotion (Attachment 6). Regarding the message, the focus of the last promotion campaign has been: Portugal, Europe's West Coast, a parallelism to America's West Coast. This campaign emphasises the heritage of the country allied mainly to Portugal's Atlantic attribute and the high level of hospitality of the people. The attributes focused are culture and leisure which can be fragmented in activities that are promoted in the campaign: monuments, beaches and resorts, golf, gastronomy and wine⁸.

Figure 9. Image of the Portugal, Europe's West Coast Campaign



⁸ Europe's West Coast brochure, Turismo de Portugal

Another important communication tool is the web, in which the organization has aligned 4 websites for consumers: visitportugal, directed to foreign tourists; descubraportugal, for the internal demand; proveportugal/tasteportugal, a website about the program of the same name which aims to promote Portuguese gastronomy; and, finally, the recent visitportugalgolf, a communication tool directed not only to the consumers but also the international touristic operators.

1.3.1.2. The exports

The exports are an important contributor to the gross domestic product representing 30% approximately of its total. Although in general terms the exports have grown between 2005 and 2010 it is important to observe that there was a severe decline of almost 11% in 2009; and although it has increased in 2010, this growth has not fulfilled the decrease occurred in the previous year.

Table 6. Indicators of the total of exports in constant prices

	2005	2006	2007	2008	2009	2010
Millions of euros	44.549	49.713	53.463	53.414	47.582	51.758
% of GDP	28,1	30,9	32,5	32,4	29,8	31,9
Year growth rate	0,2	11,6	7,5	-0,1	-10,9	8,8

Source: AICEP – Portugal Global

- **AICEP – Agência para o Investimento e Comércio Externo de Portugal**

In terms of public responsibility, the governmental representative institution is AICEP, which provides different services for companies that intend to export but also is responsible for the unified message of the Portuguese products and services. The message of the Portuguese offer stands on four pillars: opportunities, in which is emphasized the easiness and fastness of creating a company in the country; innovation, by standing on successful Portuguese leading innovative products such as Via Verde; talent, by showing that international companies have invested important amounts of their budgets in innovation centres in the country; and leadership, in which leading Portuguese companies in the world market are given as example, among them Vision-box and Corticeira Amorim.

Regarding the services provided by AICEP to companies that intend to export, they are divided in four areas: knowledge, act, promote and sell. Knowledge wise, it provides statistics, market studies and legislation of other countries, information about business

opportunities at sectors level, consultancy with universities to small businesses that intend to export, reading guides of exportation, potential clients list, information about promotional events in which AICEP will support, meetings, information about incentives and finally, a business intelligence unit in which companies are organized in consortiums by sector and industry in order to create a network of business intelligence among Portuguese companies and institutions.

In the acting sphere, AICEP has a support network of offices overseas that are available to support companies that intend to export; an incentive system to internationalization; a financial investment company partly public; a programme of allocation of specialized in internationalization interns on small businesses; consulting services for small businesses that intend to export and finally, an internship programme of allocation of Portuguese students in foreign companies.

In terms of selling, it promotes networking; gives support in terms of logistics and processes; gives information to clients regarding the international projects that are open to applications; it has protocols with different banks that result from a cooperation that aims to develop the Portuguese exports; and finally, the organization has a partnership with companies that want to invest in small businesses that want to internationalize in the same markets that they operate.

- **Promotion**

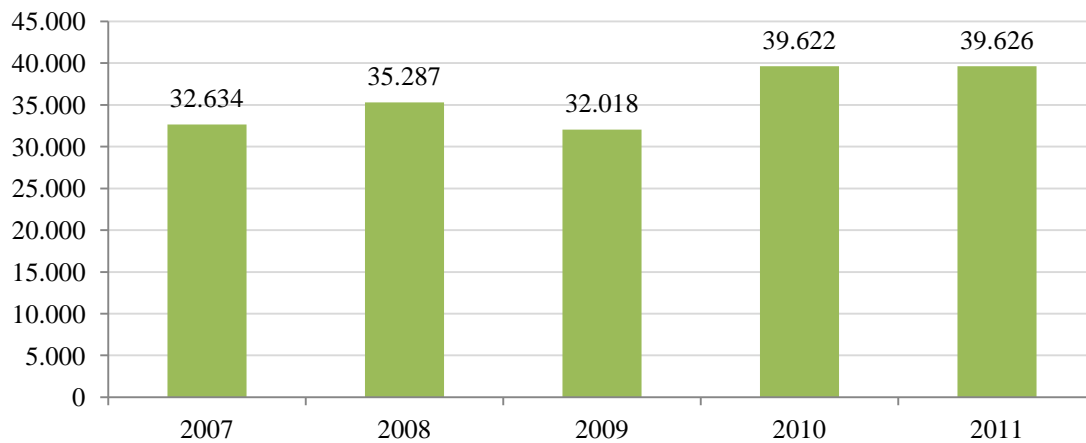
Regarding promotion, the main focus is the international fairs, in which the fairs with high potential are selected, advised to the clients, and possibly AICEP will be involved in the promotion and coordination of the Portuguese brands; there is also an involvement of the institution in terms of bringing potential clients of the Portuguese exporting brands in order to stimulate contacts; conferences are also organized in order to promote Portugal exports and investment in strategic markets; an award was created in order to stimulate the Portuguese network of big and small businesses in foreign countries, this award is given to the company that helps the most other companies to internationalize; and finally, other promotion tools are used in terms of the Portugal brand next to the press, opinion leaders, among others (Attachment 7).

1.3.1.3. The foreign direct investment

Statistically, the foreign direct investment has been growing in gross terms since 2007, as we can see in Figure 10. The sector that benefits the most from foreign investment is the

wholesale and retail trade (45,1%), followed by manufacturing (24,3%) and financial and insurance activities (9,9%). In terms of the country of origin, 88,8% of the foreign investment in the first nine months of 2011 came from E.U. countries, leaded by Spain, France, United Kingdom and Netherlands; outside the E.U. the leading positions are Switzerland and U.S.A⁹.

Figure 10. Foreign direct investment in Portugal between 2007 – 2011



Source: AICEP – Portugal Global

- **AICEP – Agência para o Investimento e Comércio Externo de Portugal**

AICEP is also the organization responsible for the foreign investment in Portugal, not only in terms of capturing the investment but also as an intermediary between the investment and the compatible entities to the project in question. The clients of this agency are big companies with an annual business volume of 75 million euros or investment projects with a value higher than 25 million euros. AICEP's action is selective in terms of projects in order to have an excellent service to the projects that will enable a competitive position and sustainability of the Portuguese economy, through the increase of the goals of added value, reduction of the deficit of the commercial balance and creation of employment. The service of the agency starts in the intention phase of the project until its implementation, which translates into support through the phases of decision, negotiation, implementation and development of the project's activity. AICEP supports the project with its specific competencies such as the preparation and offer of specific information of the country and also by helping in the coordination of contacts with other entities.

⁹ Source: Ficha País, AICEP – Portugal Global

- **Promotion**

In order to attract foreign investment, AICEP has focused its message in six advantages of investing in Portugal: strategic geographical location, people, infra-structure, favourable investment environment, competitive costs and life quality. The location of Portugal is presented as an advantage by its convergence of three continents: Portugal is the European country closer to the American Continent geographically; the country is also a point of entry to the E.U. market from west, and it is also an important entry gate to the African Portuguese speaking countries due to its strong relationships. Regarding people, the message is strengthened by the flexible labour law and the high level of education and availability. Regarding infra-structures, it is emphasised the mobility through the sea, land and air with advanced solutions. The message also concentrates in the easy entrance of companies in the Portuguese market in terms of the easy processes of companies' creation and the low level of costs such as human resources, taxes and public services. Finally, it is also mentioned the style of life in terms of quality of life and the diversity of leisure opportunities.

Figure 11. Image of a presentation for foreign investors



1.3.2. The Portuguese brands

In a Conference organized by Marketeer in October 2011, brands such as Renova, Casal Garcia, EDP, Vila Galé, Delta, Centromarca, among others, united to debate about the value of Portugal as a brand. Important conclusions were reached that sum up the feedback from some of the most relevant Portuguese international brands in terms of what value is added by being Portuguese and regarding the management of the national brand. Firstly, it was concluded that the Portugal brand only adds value to certain sectors, according to Martim Guedes representative of Casal Garcia and Gonçalo Rebelo de Almeida, marketing and sales

director of Group Vila Galé, Portugal adds value to the Wine and Tourism sectors. On the other hand, Rui Nabeiro from Delta, considers irrelevant for their brand the use of their country of origin as an attribute, and it was reached a consensus that only a few sectors could take advantage of Portugal brand. Another problem that was relevant for all the brands present is the lack of definition of attributes of the country brand, according to João Paulo Girbal from Centromarca, brands should have an aspiration, that does not seem to be clear for the Portuguese brand. Rui Nabeiro and the other elements shared the opinion that they cannot define what are the attributes that are supposed to be communicated by the nation brand, and Paulo Campos Costa from EDP goes further and affirms that Portugal has to be a country beyond sun and beaches. Aligned with the misunderstanding message of the Portugal brand it was also recognized a level of inconsistency between campaigns, in which the brands present said that they could not associate with something that is constantly changing its message and consequently its identity. Regarding the relationship between the brand Portugal and the companies present, the representatives asserted that there was a lack of organization in terms of presentation of the Portuguese brands in international fairs. In this case, João Miranda from the company Frulact, affirmed that there was a lack of cohesion, organization and support in the international fairs since the companies were not organized in terms of country force, while other countries appeared as an united front composed by several companies; in the case of Portugal, only some companies would compose the aggregate of the country, debilitating its visibility. Finally, João Rebelo de Almeida from Group Vila Galé, mentioned that there was a lack of cohesion and support of Portuguese brands in the international markets among each other; this opinion was supported by the other brands present and the representative from Vila Galé went further by saying that there is a lack of coordination of the different sectors in terms of promotion of the Portugal brand due to the fact that is very sector oriented.

1.4. Questions

1. Make a market and company analysis considering Porter's five forces and SWOT analysis models.
2. Analyze the brand strategy of the Portugal brand using the Competitive Identity model and name its strengths and weaknesses.
3. Do a brand identity analysis for the brands Corticeira Amorim and Portugal.
4. Do you believe there is compatibility in terms of identity between Corticeira Amorim and Portugal? Define which points the two brands have in common that could enhance a potential future partnership.
5. Considering a potential partnership between Corticeira Amorim and Portugal brand, which do you consider to be its advantages and disadvantages?
6. Having in mind, the points in common between the two brands and the pros and cons, create a communication plan for a potential future partnership.
7. According to Olins, companies and countries are exchanging roles, since more and more, countries are adopting marketing and branding strategies, while companies are pressed to concern more about its environments through corporate social responsibility by the public. How do you think these changes can contribute to possible partnerships between governments and companies? Have in consideration the current situation of Portugal in your answer.

2. Academic note

2.1. Target

The current case study is directed to two publics:

- In the academic atmosphere, master students of Marketing, more specifically, the ones that are subscribed to courses related to brand identity, tourism and marketing communications.
- Professionally, this case study can be useful for brands that intend to create partnerships with other brands, more specifically in partnerships that involve brands that want to take advantage of their country-of-origin attributes.

2.2. Academic aim

After the resolution of the present case study, the students should be able to:

- Make an analysis of the market and the company; and having this in consideration, solve potential problems through the recognition of potential opportunities on a partnership;
- Develop a brand identity analysis, through the identification of elements that contribute to define the brand next to consumers, emotionally and functionally;
- Understand the concept of nation branding, which meaning that students should understand how the country brand is structured and which are the elements to have in consideration while analyzing it;
- Conciliate both opportunities and threats on a partnership, so no one is taken advantage of and which are the common threads that should build up the common strategy;
- Try to conciliate a partnership between a company and a country, in a common communication strategy; and comprehend the differences and communalities among the both strategies.

2.3. Literature Review

2.3.1. Corporate brand identity

2.3.1.1. The evolution of brand

The American Marketing association defines brand as a “ name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those other sellers”. Although this is a current and official definition of brand it undermines the real concept of what a brand is since it subtracts the abstract dimensions that the concept has gained along the years.

Along the first half of the XX century, the brands were communicated as the name of the products that satisfied the needs of consumers, during this period there was an emphasis regarding fast consumer goods in which major brands such as Procter & Gamble and Unilever did not show what nowadays is called mother-brand, and only its sub-brands were visible to consumers (Olins, 2003). This phase complied with the definition previously cited but this definition of brand started changing in the course of the second half of the XX century, in which brands started developing their identities, brands had personalities and established their opinions, which is explicit in the entrance of brands such as Benetton and Starbucks (Olins, 2003). The development of these brands extends the definition of brand into a more abstract perspective which can result in new brand layers such as brand values, which go beyond the functional benefits and extend to an identity.

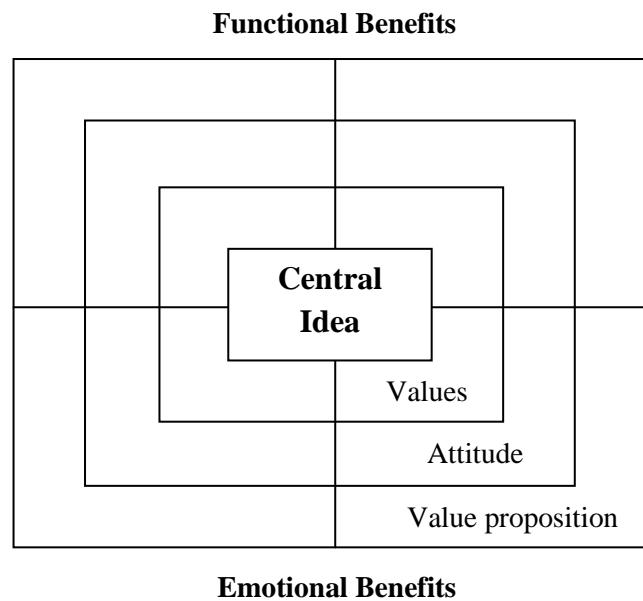
2.3.1.2. Brand identity, image and equity

The evolution of brands in the abstract arena originated brand concepts that can be developed in order to capitalize the brand, as we introduced before, brand identity, for example. Brand identity is the proposition of the company to consumers; it translates its benefits and features, but also its values and personality (Dordevic, 2008). In order to develop a brand, there needs to be a meaning behind it that drives the strategy and the way the company works, this contributes to the easier recognition of the brand, because people will not be connect with a product, but with an idea. But brand’s meaning evolves and it can be redefined in order to better express the identity, to reinforce its culture or even to implement a new layer that the brand represents due to its experience. Although brands have grown its number of dimensions, it is important for companies to develop it, but always having in mind

the authenticity of each layer they add, the heritage, the vision and meaning of the brand must be aligned in order to be credible (Wheeler, 2003).

Brand identity can be defragmented through the use of frameworks; the brand identity model in Figure 12 allows the definition of the brand in four elements: brand idea, values, attitude and value proposition. The model also divides all the elements in two perspectives: functional and emotional. Thanks to the model we can divide brand identity in 4 vectors of identity, which help understand the different layers of the brands.

Figure 12. Brand identity model by João Faria Gomes and Wolf Ollins Consultants



Another important concept to consider is brand image, which opposing to brand identity is the perception of consumers about the brand and is defined as the cluster of attributes and associations to the brand (Dordevic, 2008; Thackor, Kohli, 1996). These concepts translate into higher brand equity, which is the value that a brand adds to a product, because they help to build awareness, brand associations and possibly loyalty.

2.3.1.3. Brand leverage

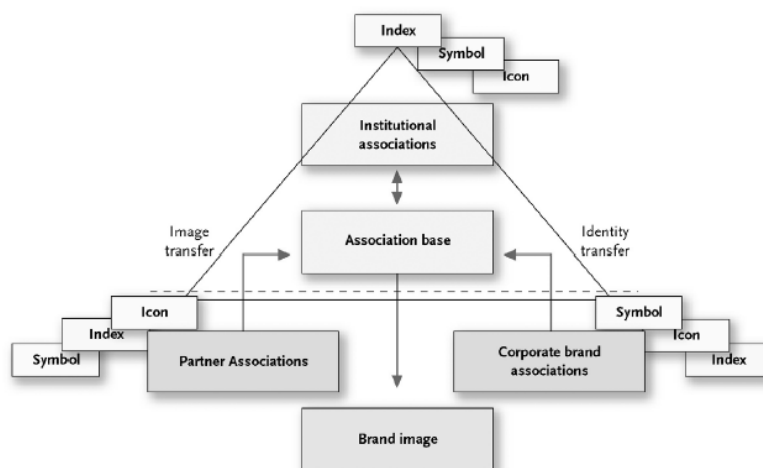
In order to obtain brand equity, brands can leverage with other brands with already established equity and reputation, in this process occurs an identity and image transfer, from which the brands can take advantage of (Uggla, 2006). In the process of linking a brand to another, three factors must be taken into account: if consumers know about the other entity; if

the value of the other brand is meaningful to the value of the brand; and finally, if any value will be transferred and if it will affect the value that brand currently has (Keller, 2003).

The corporate brand association model in Figure 13 by Uggla (2006) explores the types of links brands can make in order to obtain brand leverage through the concept of corporate brand association base which he defines as “the links that a corporate brand establishes to internal and external partner associations such as brands, persons, places, product categories and institutions that add (or subtract) to end customer image and equity derived from the corporate brand”.

The model is also used as a direction in terms of linking the aim of the strategy to the appropriate brand to be linked with. It suggest the following: if the brand wants to reinforce its values it should select a partner that shares them; if the brand wants to follow a certain vision it should select a partner that has the desirable future associations; if the aim is to become more visible the established position the brand should partner with a company that shares the same values and positioning; but if the purpose is to modify or extent the current value proposition, the brand should choose a partner that reflects the change and not the current image.

Figure 13. The corporate brand association base



Source: Uggla, 2006

An important thing to consider in the application of the model is the risk associated that can be divided in four potential problems: loss of control in terms of brand identity, since the brand cannot control the other's brand behaviour; confused positioning; lost of focus in the

target group; and image dilution, which means there can be too much exposure and less of leverage transferred.

According to the model, these associations can be done with brand products, places, product categories and institutions, considering the case, we will focus in places. Considering the associations, places provide instant associations regarding different levels of quality in certain product categories (Uggla, 2006; Kapferer, 2004). Associations with places can go further than functional; there can be emotional associations that can contribute to the emotional dimension of brands.

2.3.2. Country of origin effects

2.3.2.1. Country of origin definitions and typologies

Country of origin effects are the perceptions caused in the consumers' view of the product due to the country of origin of the product. Diverse studies have shown that these perceptions are a summary of the image, reputation or stereotype that consumers associate to products from a specific country (Nagashima, 1970; Johansson et al., 1985; Han and Terpstra, 1988; Teas and Agarwal, 2000; Dagger and Raciti, 2011).

COO's can also be divided in three groups: overall country image, which is a result of stereotypes and attitudes consumers have about a specific country; aggregate product-country image, which relates to the attitudes of consumers towards products of a country; and finally, specific product-country image, which consists of the attitudes of consumers toward a specific product category from the country in question (Hsieh, Pan and Setiono, 2004; Rosenbloom and Haefner, 2009).

Regarding country of origin effects, new concepts have arise due to the globalization of brands, especially in terms of its value chains. In order to optimise their operations, companies allocate their factories in different countries in which the costs of production are lower, which affects the concept of country-of-origin, since a product is fabricated in more than one country. The first concept is COA (country of assembly) or COM (country of manufacture), which is the concept that we associate with the "made in" label. After this concept, a new concept was introduced: COD, country of design, which assembles where the product is designed and developed. And finally, we have an important concept that has been associated to the actual concept that consumers see as COO, which is COB, which stands for country-of-brand.

2.3.2.2. Country of origin effects relevance and critical factors

The COO concept is important strategically especially if a company follows a strategy of internationalization, in which the management of the country of origin effects can be valuable information in the export of products.

Nowadays, due to the globalization in which there are several brands for consumers to choose from, it has become even more important the use of information cues in which the product origin, can be a valuable asset to companies. In this case, the country of origin could be an extrinsic cue of information, in which the COO represents an image and a group of associations that can immediately be connected with the product in question (Laroche et al., 2003).

This type of association of values due to country of origin can be advantageous but also disadvantageous. Consumers can have a stereotype about a country which can add value to the product, for example, France can add values such as elegance and Germany productivity and efficiency, while others can have a negative connotation such as the case of China, in which is assumed that the product is low quality. According to Olins (2003) having prejudices about a country is nowadays an example of ignorance and not a useful point of view in terms of evaluation a product by its country. Despite such affirmation, Olins believes that these stereotypes make sense in specific product categories that involve specific country characteristics such as techniques and climate, for example in the case of wine, arts and culture.

In addition to stereotypes, ethnocentrism arises as another important factor to have in consideration: consumer ethnocentrism is “a systematic preference favouring purchase of domestic over foreign products” (Rosenbloom and Haefner, 2009). Nevertheless, there is also affinity: brands can take advantage of the affinity consumers have with a country whether it is due to its culture or to a previous experience they had with the country. According to Oberecker and Diamantopoulos (2011), their findings supported the proposition that consumer affinity to a country can affect the shopping preferences, showing that it directly affects the perceived risk and the willingness to pay.

2.3.3. National branding

2.3.3.1. Nation branding concept

The world has become more competitive throughout the years, especially due to globalization, that as we have seen before it has contributed for a company in a country to compete with the rest of the world and not only with the national brands. But globalization does not affect only corporate brands, governments are also struggling for their place in the world beyond geography. This can be translated into important indicators of the country that relate to international markets: foreign investment, exports and tourism. Nowadays, countries compete with other countries in order to companies to invest and settle in their country, they compete by trying to sell to other countries their production and make a statement about their qualities, and finally, countries are competing as destinations, trying to have more and more tourists.

According to Olins (2003), these are the reasons countries have been starting to adopt marketing techniques in order to show their identity so they can compete in the indicators we have mentioned above. Due to this evolution of the markets, a new concept arose: nation brand, which translates into the identity of a country as it is captured by the international public (Anholt, 2007; Bigi, et al., Campbell, 2011).

The organization of a strategy of nation branding can help the country attract tourist, talents and investors, but also transfer its magnetism to its national products by transferring the value of its country of origin. Nation branding can improve the three vectors mentioned before (exports, foreign investment and tourism) but it can also create order regarding all the elements that constitute the brand, by defining common goals, it will be easier to create common ground between the stakeholders that are involved in promoting the country (Anholt, 2007).

2.3.3.2. Nation branding theories

Regarding the nation branding literature, two important names arise, Simon Anholt and Wally Olins, while there should be also a consideration regarding Kotler's book "Marketing of Nations". Simon Anholt and Wally Olins develop their theories in terms of branding and the strategies to create a consistent brand while Kotler's view is more focused in governmental marketing, which means it develops the strategy governments should follow in terms of establishing policies that are fundamental to create a process of development of the country.

According to Kotler (1997), in order to strengthen the country's position the government should define which are the important industries and create policies that improve the quality of those industries. The aim of this strategy is to reinforce the strengths of the country so that it can be the best internationally in what it is already good, in order to be coherent and focused instead of disperse and trying to be good at different things and always be average. By developing the strongest industries the country can specialize and innovate at a world level and at the same time, differentiate itself by not competing in a diversity of markets.

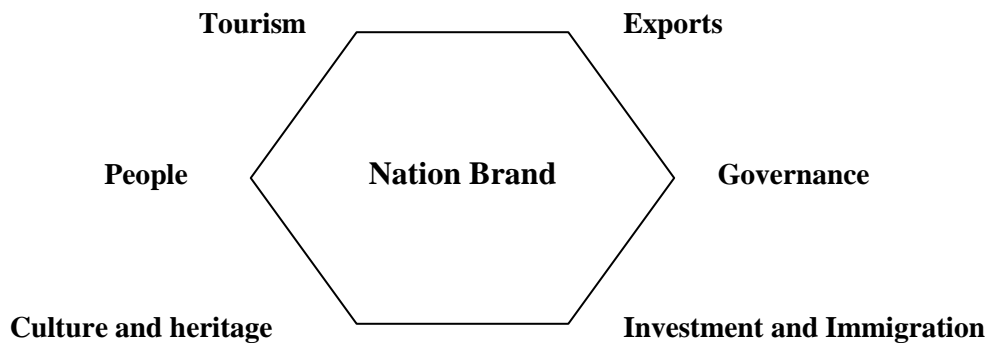
Anholt (2007) and Olins (2003) have a broader vision by focusing on the brand idea, which means in the central concepts that unites all the country in terms of its industries, people, culture, among others. According to Olins, the government should settle a team from different sectors, such as culture, arts, sport, industry, transportation, education, environment and international relations, and consultant members and define the target that the country wants to be seen by and evaluate the current country image not only for the target but also for the citizens of the country itself. Afterwards, there should be an evaluation, so that the team can define the central idea of the country, also known as the insight. From this insight there needs to be created a country brand identity developing the spirit, personality and style that should be translated into a brand book. When these steps are defined, there needs to be an organization in terms of communication from the different sectors, which means they should pass different messages according to their points of view, but they all need to tell the same story by being complementary instead of diffusing individual messages or even contradictory. This allows all the initiatives to be more easily recognized as part of one country. In terms of communication, Olins believes that it is important to go beyond the obvious picture of communication such as fairs, advertising and embassies, and invest in other forms of communication that are more able to influence people such as gastronomy, cinema, arts and sports. It is also imperative to create a network of influence that includes opinion leaders but also the coordination with important stakeholders outside the government, so that it can become more visible and credible.

Anholt (2007) developed a strategy named Competitive Identity for nation branding that aims to lead the countries throughout the process. In order to develop this strategy, countries have to have an agreement among the country about the national identity; innovation needs to be motivated among stakeholders; and the national identity needs to be encouraged to be reflected and reinforced through everything the stakeholders do. One important element for the process to start is the creation of healthy nationalism among the population regarding national elements such as culture, society, linguistics, history, politics, territorial and

economical. An important reason for the involvement of all parts is that governments cannot force a strategy or it might be seen as tyranny, but if there are stakeholders representing different sectors and endorsers; a shared vision with common goals can be created at a country level, and more easily the government will have the population supporting the strategy.

Competitive identity strategy is supported by the hexagon of competitive identity framework which represents the six elements of communication of the nation brand: tourism, exports, governance, investment and immigration, culture and heritage, and people. This is an expansion of the three elements of Olins (2003) allied to Kotler's perspective on governance.

Figure 14. Competitive identity hexagon (Anholt, 2007)



From Anholt's perspective (2007), tourism promotion explores the country experience; the exported brands in which the COO is relevant are the country brand ambassadors; the governance is compatible with Kotler's view of domestic and foreign policies; investment should be considered but also the attraction of talented people (immigration); culture and heritage, which stands for the country traditions, cultural activities and sports; and finally, the people of the country, which the author considers essential in the whole process of developing the country brand, and includes the population, the hospitality, the sport stars, media and the high profile leaders.

The advantage of integrating all these elements in the process will reinforce the message and visibility without raising necessarily the costs, since if there is a coordination from all the stakeholders in terms of the message they are sending, they will only be changing what they are saying and not what they are spending, because they are already spending it, the important element is that all the parts involved tell the same story.

2.3.3.3. Nation brands and corporate brands

Olins (2002) considers that nation brands and corporate brands can create brand leverage from one another, and as Anholt (2007) explains in its competitive identity strategy, brands in which the country or origin is relevant, can be brand ambassadors to the country brand. National brands are important to the country in the way that they constitute national production that is being exported, and countries are always competing for their share of exports. Considering country-of-origin effects, the creation of a country brand image in the consumer's mind, will allow the transfer of attributes from the country to the brands that emerge from it. Although there is a need for an easy to apprehend country image, it is important that is flexible and not specific, in order to enable brands to define which values from the country brand they want to reinforce in their brands.

On the other hand, Anholt (2007) believes that brands are more ambassadors than promotional campaigns, because they are products and not advertising. It is also important to consider that powerful brands might not want to be associated with the country brand because it might be weaker and the country would be the only beneficiary from the partnership. But nowadays, it is becoming more important for consumers to know the origin of products, in order to have more transparency about the brand, in this case, countries can argue that they can give credibility to the products that are associated to it.

2.4. Analysis tools

The present case study should be solved considering both qualitative and quantitative information, in order to have a strong argumentation not only during the analysis but also in the recommendations.

The reading of the case will allow the target to have a comprehensive context but also knowledge in-depth regarding the both brands and its environments. Having this in consideration, the target should have in consideration the following tools:

Quantitative elements that will function as fact to support the analysis and recommendations:

- Evolution of the annual sales of Corticeira Amorim per business unit
- Market shares of Corticeira Amorim in each segment
- Global value of cork and cork products exports by country
- Proportion of cork forest area and production by country

- Destination of Portuguese cork exports by country
- Contribution of the cork sector to the Portuguese GDP
- Area of certified cork in the main producers of cork
- Main exported cork products in volume and value from Portugal
- Number of companies in Portuguese cork industry by business volume
- Evolution of the tourism consumption in Portugal
- Evolution of the total of exports from Portugal
- Contribution of the total exports to Portugal's GDP
- Evolution of the foreign direct investment in Portugal

Qualitative information that will reinforce the facts and recommendations; help understand the context; and provide tools for the resolution of the case:

- Company's history, mission and vision are important elements to make a brand identity analysis of the brand and better understand its identity. Brand identity elements are important considering a potential partner for brand leverage.
- Core competences are an element necessary for the analysis of the company including in the construction of the SWOT.
- Challenges of each business unit of the company, will help to comprehend which are points to improve or consolidate, which are useful for the company analysis but also to understand the direction that the company wants to follow in each segment.
- The communication of the company and the country is an essential element to understand the message that the company is trying to pass through, and consequently, crucial to the brand identity analysis. It is also important to understand which are the communication tools used and its targets, in order to understand who are the targets and how they can be reached.
- The evolution of the cork as a material so it can be understood the potential threats and opportunities in the market to complete the market and SWOT analysis.
- The indicators of the client industries of the cork sector are important to have an understanding the potential tendencies of the market.
- The review literature allows a comprehensive understanding of tools and background in brand identity to have in consideration in the resolution, but also the role that country of origin can play on a product and potential consequences. There is also a background in nation branding, which is a subject not common for students, especially considering the different and various elements that constitute a country brand.

1.5. Animation plan

Activity in session	Tasks after session
Session 1 (90 min)	
<p>Introduction of the case study</p> <p>Presentation of Corticeira Amorim and the country brand Portugal</p> <p>Introduction to the themes of country of origin effects and nation branding</p> <p>Presentation of questions 1 and 2</p> <p>Division of the session in work groups</p>	<p><u>Session is divided in two:</u></p> <p>One half will be divided in two: these two groups will make two presentations to present in the 2nd session. One will answer to question 1 and the other will answer to question 2.</p> <p>The other half will also divide in two: each group will criticize and question each group that will make the presentation</p>
Session 2 (90 min)	
<p>Presentation of analysis of Corticeira Amorim (10min)</p> <p>Presentation of analysis of Portugal brand (10 min)</p> <p>Debate of the roles of nation and corporate brands through question 7</p> <p>Introduction to the concepts of brand identity and brand leverage</p> <p>Presentation of the communication of both brands^{10 11}</p>	<p>The half that did not present divided in two will present in the 3rd session. One presentation will be answering question 3, and the second will be the resolution of questions 4 and 5.</p> <p>The half that presented this session will stay divided and each group will criticize and question each group that will make the presentation.</p>
Session 3 (90 min)	
<p>Presentation of question 3 (10 min)</p> <p>Presentation of question 4 and 5 (10 min)</p> <p>Reach a consensus in which are the points in common between the two brands and which are the pros and cons of a partnership</p>	<p>Each work group will develop a communication plan to the potential partnership between the two brands.</p>

¹⁰ <http://www.youtube.com/watch?v=HlhhhyxeV7o>

¹¹ <http://www.youtube.com/watch?v=m34Wv-2yjQo>

Session 4	
Presentation of the communication plans Answer to questions and potential doubts	
SCORE WORKGROUP: Presentation (35%) + Communication plan (40%) + Critics (25%)	

2.6. Animation questions

1. What do you consider to be the main differences between corporate and nation brands?
2. Do you believe corporate brands should have a sense of responsibility in terms of their country of origin?
3. Do you think that is ethical for the country to support a company that represents a monopoly?
4. Having in consideration the current environment of crisis, do you think that it can be an opportunity or a threat to invest in a country campaign?

2.7. Resolution

1. Make a market and company analysis considering also Porter's five forces and a SWOT analysis.

Nowadays, one of the most important factors to have in consideration in the development of the strategy is the macro-economic environment which has been highly relevant since 2008 due to the financial crisis. Considering the market in question, it is also important to consider one of the most important locations, Europe, in which the national debt of some countries and the increase of unemployment. Nevertheless, new opportunities arise for investment in the emerging economies of China, India and Brazil.

Regarding the industry of cork, it is relevant for the analysis to use the 5 forces of Porter to have a wide understanding of it and afterwards, do a narrower analysis through the comprehension of the segments of the industry which is necessary considering the different industries related to each segment purpose.

5 Forces of Porter

- **Intensity of competitive rivalry: high**

The market is dominated by the company Corticeira Amorim, as we can see in Table 4, the second player in the international market has a fifth of the sales of Corticeira Amorim. The company is also the only one in the top 10 players of the market which has a diversified range of products based on cork, the majority of companies focus on the cork stoppers.

In terms of the cork market, it has been declining in the last decade (300 million of euros) but it has reversed its tendency in 2010 with an increase of approximately 100 million of euros despite of the current crisis. This tendency is mirrored in the segments of the market, the cork stoppers have increased in 15,5% and the building materials 7,4%.

Being this a transformation industry, it implies high fixed costs regarding equipment and as the market evolves, new technology has become more and more important, in order to diversify the range of products but also to modernize them. This creates high barriers of exit, due to the amount of investment that is required to enter the market and be competitive.

Regarding differentiation, it is medium low since being the main factor of differentiation between the main players and the rest is the experience and time to market.

- **Threat of new entrants: high**

The major barrier for new entrants is the scale and experience of the current players of the market, especially the market leader Corticeira Amorim which has a presence in 100 countries and it is present in the market for 140 years. The majority of the top 10 companies are also concentrated in Portugal, the main producer of cork, which creates an advantage regarding location but also an disadvantage since it has various companies competing in this market.

Regarding the supplier access to cork is limited by the few countries that produce it which are mainly Portugal, Spain, Morocco, Algeria, Tunisia and Italy and France with only a proportion of 3% of the total area of cork forest.

- **Threat of substitute products: high**

The threat of substitutes is high to the market and it has been a constant threat and reason for its decline. Its first threat has been to the most traditional and main segment of the market, the cork stoppers, in which plastic and aluminium stoppers have come to substitute cork. Regarding the building materials; cork is not the traditional material for construction either as floor and wall coverings as also as insulation, product types the cork market is trying to settle itself as a solution. The substitutes are generally less expensive and are constantly evolving

technologically in order to have the same properties as cork; for example in the case of cork stoppers, have the same flavour sealing property.

- **Bargaining power of suppliers: medium**

The supply of cork is concentrated in the producing countries, which as we said before are mainly Portugal, Spain, Morocco, Algeria, Tunisia, France and Italy. The switching costs of changing the supplier are mainly concerned with the amount and quality of production, in terms of amount Italy and France have low production levels while Portugal and Spain concentrate more than 50% of raw material production. Regarding quality, it is important to have in consideration the certification that Spain and Portugal have the most certified area, while the North Africa does not have any area certified.

- **Bargaining power of buyers: medium**

Regarding buyers the power is medium since it is a very fragmented market that serves different industries and considering the dominant position of Corticeira Amorim, the power is low in terms of changing from one company to another, especially in the segment of building materials in which Corticeira Amorim is almost the only player in the market. In terms of the cork stoppers there is a high power since there is a fragmented offer in this segment and the wine market is also becoming more and more fragmented and diversified; in addition to this, the switching costs for buyers are low.

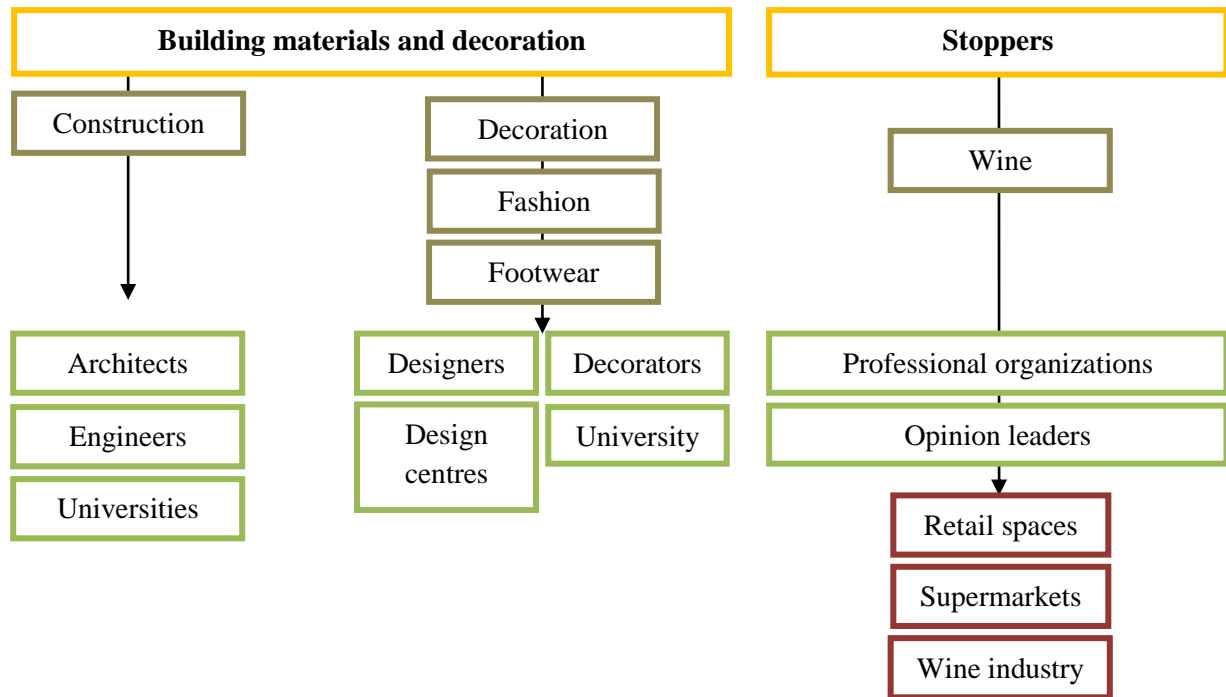
Prescribers and clients (Figure 15)

The main type of products segments of the cork market are building materials and decoration and cork stoppers, although there is also raw or simply prepared cork, which can have numerous buyers. Regarding the first two segments, there are different client industries: in terms of building materials they are directed to the construction industry, but the decoration is oriented to decoration, fashion and footwear; regarding the cork stoppers, the wine industry is the main client.

In the case of the stoppers, the cork has been the traditional material in the industry, on the other hand, the building materials and decoration industries are not acquainted with cork as the usual material, only the advances in research have allowed the cork to enter these segments. These differences in terms of integration of the material in the market segments, create a different path of communication: in the case of the cork stoppers, since the material is already established in the market, the communication is directed to the clients, although it is important to communicate in certain prescribers, due to the specificity of the wine market;

regarding the building materials and decoration, it is important to communicate to the prescribers, since beyond their duty of advising the final consumers (in the construction industry, the architects play a very important role in the choice of materials, for example) they also are able to add credibility to cork as a solution for these market segments.

Figure 15. Prescribers and clients of each segment of the cork market



Labels:



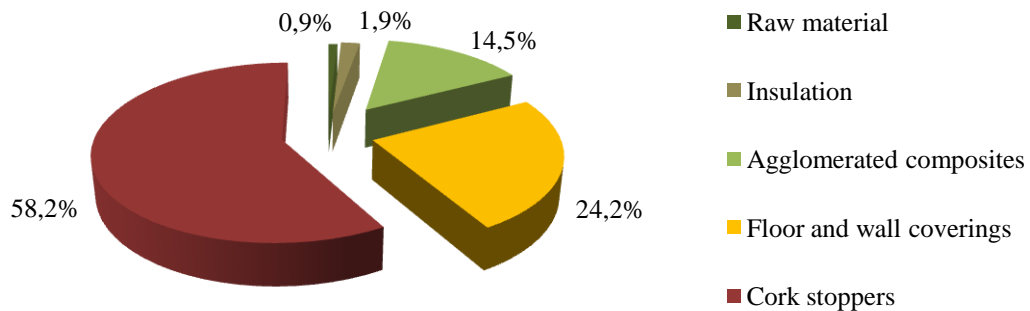
Corticeira Amorim

- **Product and price**

The company Corticeira Amorim has a diverse portfolio of cork products that serve different industries such as construction and wine, mainly. The company portfolio is characterized by high quality products and technical performance, aiming to create high added value products, and therefore directed to a premium segment. Regarding the performance of the company, it is important to emphasise its leadership in the cork market, as we can see in Table 4 of the case study.

In terms of the cork stoppers segment, as we can see in Figure 16, this is the segment with higher volume of sales (represent 58% of company's sales); although it has the lowest market share, 25%; the sales have decreased in 2009, but in 2010 it recovered the loss and increased comparing to 2008. In the case of floor and wall coverings, they represent approximately 113.000 million euros of the total sales (24%), although it has been decreasing since 2008 due to the crisis in the construction industry, in addition to this, the brand has a high market share of 65%

Figure 16. Percentage of sales of each business units in 2010 (sales extra-group)



. The agglomerate composites unit represents 14,5% of the sales of the company and it has recovered in 2010 the loss of 2009; Corticeira Amorim has a market share of 55% and it is important to consider that this is the segment which has more flexibility in terms of product solutions for different industries such as decoration, foot wear and fashion. Finally the insulation segment represents the lowest sales in value (1,9%) but the company has a high market share, 80%.

• **Placement and Promotion**

Regarding the placement, the company is present in 100 countries, a presence achieved by the acquisition of leading companies in the sector, but also the company guarantees a presence in the big-wine producing countries such as France, U.S., Italy, Portugal, Spain, Chile, among others.

Concerning promotion, there are three factors to consider: the internationalisation level of the company; the importance of promotion of the cork as a material; and the importance of prescribers and influencers. Having this in consideration we can list the promotion tools used by the company: the international fairs, which are very important not only in a context of an international company but also in a B2B market; the integration in campaigns that promote cork and its advantages such as Intercork and Greencork; and finally, probably the most

important, different promotion tools directed to prescribers and influencers, such as specialized media, programmed visits for prescribers to get to know the factories and processes, association with the important organizations of the client industries.

- **SWOT**

Strengths:

- *Leadership*: Leader in the cork market in all the segments
- *Vertical integration*: The value chain is vertically integrated except the source of raw material which allows the company to be aware of the demand and potential applications of cork
- *History and experience*: Present and leader in the market for 140 years
- *Diversified strategy*: In Table 4, is the only company that produces more than one type of product
- *R&D*: the company has its own department of research of cork properties, which is a critical factor in the market
- *Diversified raw material*: the raw material is originated from the four main producers
- *Acknowledgment*: Corticeira Amorim has been acknowledged by awards of its client industries which enhances high credibility to the brand
- *Important clients*: NASA, Dolce & Gabana, Sagrada Familia, are very famous clients known worldwide which give credibility and associated high quality
- *Worldwide presence*: the presence in 100 countries and in the big-wine producing countries gives an advantage in terms of placement

Weaknesses:

- *Cork stoppers*: Although it is the market leader, its market share of 25% is low for its leading position in the cork market
- *Insulation*: the segment represents low income for the company
- *Dependence*: the company depends highly in the two main client industries, wine and construction (the building materials were highly affected by the construction crisis and they represent at least 26% of the total sales – floor and wall coverings and insulation)

Opportunities:

- *Sustainability*: The environmental impact has become more important in the choice of materials for companies

- *New markets in wine*: as we can see in Attachment 4. the production in countries outside E.U. 27 has been growing while inside the E.U. 27 has been declining
- *Emergent markets*: New economies are arising such as Brazil, China, Angola, which implies a boom in their construction industries
- *Certified cork*: Although it is important it is still low and it is important for the sustainability of the product and adds value to the material and consequently to the products
- *Associations*: it is important the association with organizations in the client industries oriented for high value products of environmental impact

Threats:

- *Substitutes*: Aluminium and plastic stoppers are developing stronger properties in order to substitute cork stoppers
- *Financial crisis*: the crisis can have not only a big impact in the company, but more important, in the client industries, especially in the case of construction
- *Portuguese debt*: the current crisis in the Portuguese economy can not only affect the image of the company as its origin, but also have impact in the promotion of cork as a material and the protection of the oak tree forest due to cuts in the budget

2. Analyze the brand strategy of the Portugal brand and identify its strengths and weaknesses.

In order to have a wider perspective on the Portugal brand strategy, the Competitive Identity model of Anholt will be the most appropriate since it incorporates also the structural elements of Olins. In general terms, the country is trying to reinforce the central idea of Portugal as “Europe’s West Coast”, a parallel with America’s west coast, through the official organizations: the Turismo de Portugal and AICEP.

Competitive identity

Tourism: One of the most important sectors for the Portuguese economy, contributing 9% for the national GDP. The industry has been growing in the last decade, except in 2009 due to the financial crisis; and has also been rising in the international rankings as a destination, occupying 13th as European destination and 26th worldwide.

Regarding its promotion, we can observe that Turismo de Portugal uses various communication tools, aggregating all the different touristic products and services. In terms of

online communication, it is directed to internal and external demand, but also there is a focus in decentralizing information in important products and services: for example, the main regions of Portugal have their own organizations with specific sites such as Lisboa, Porto, Alentejo, Portuguese centre, Algarve, Madeira and Açores; there is also a site focused only on one of the biggest Portuguese attractions, golf; and finally, there is a website dedicated only to promotion of the Portuguese gastronomy. Another important communication tool is the coordination of the brand Portugal in international tourism fairs, which as we can see in Attachment 6, agglomerates the Portuguese activities in one stand.

The main ideas which the organization is trying to come across are: beach and resorts, monuments, golf, gastronomy and wine.

Exports: The exports constitute 31,9% of the GDP and have been growing since 2005 in gross terms, although in 2009 also suffered a decrease as the tourism industry.

The organization AICEP focuses on incentives and consultancy regarding the markets for future exporting companies, while regarding communication it organizes some conferences and the Portuguese companies for international fairs. Although the organization claims to organize Portuguese brands in international fairs, some of the most internationalized companies complain that there is a lack of coordination.

Investment and immigration: The foreign direct investment has been increasing in gross terms since 2007 and the main destination is the wholesale and retail trade (45%) and manufacturing (24%). The AICEP is a supporting agency for the high investment projects and emphasises the strengths of Portugal for investment: strategically geographic location, high educated people and flexible labour law, advantageous infra-structures (air, land, sea), competitive costs and life quality.

Culture and heritage: Culture and heritage are emphasised mainly by the tourism industry by activities such as Golf and visiting Monuments, but also by the development of the website “Prove Portugal” which aims to promote Portuguese gastronomy. Finally, another important achievement for the projection of Portugal culture is the achievement of turning Fado into heritage of humanity.

Governance: As we can see by the structuring of the previous elements, we can conclude that there is a focus regarding the industry of Tourism and related activities, which can be classified as an example of cluster activities that the government supports. Recently, two factors have become more relevant in terms of governance: firstly, the control of debt which

has become the main focus of the government which includes tightened relationships with the other E.U. members but also diplomatic relationships with other countries in order to invest in the national companies; but also the creation of an unified governmental image through a rebranding (for example, logo of the government in Figure 17).

Figure 17. New logo of the Portuguese Government



People: Regarding people, a new project was created by the government called “O meu movimento”, which through online communications asks the Portuguese citizens for solutions for the country. There is also a growing trend in the social media and from which some brands are taking advantage of: the creation of internal movements to buy what is Portuguese.

Strengths

- Strong tourism industry allied with a rise of Portugal as a destination in rankings
- A cultural and historical relationship with emerging economies such as Angola and Brazil
- The country has an advantageous location, diverse infra-structures of access and legal advantages due to having flexible labour law and low bureaucracy in creating companies
- Some movements are rising of Portuguese people that intend to buy more Portuguese products

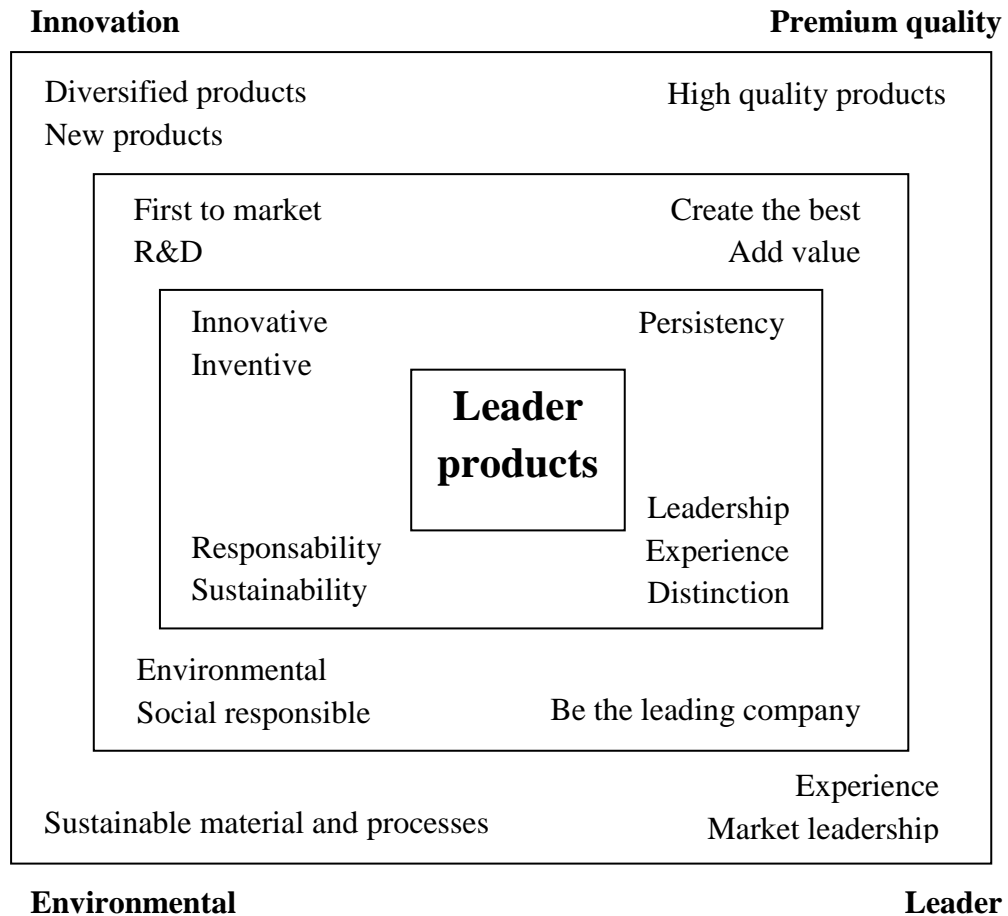
Weaknesses

- Nowadays the government is focused in the current crisis that the country is going through which creates inflexibility in terms of new measures
- Portuguese brands complain about the lack of organization of the Portuguese brands in international fairs
- The taxes have been rising which makes other countries more attracting in terms of investment, for example, Holland
- The elements of the brand strategy could create partnerships beyond the use of “Europe’s West Coast”
- There is a lack of promotion regarding the Portuguese Culture

3. Do a brand identity analysis of Corticeira Amorim and the country brand Portugal.

Corticeira Amorim

Figure 18. Corticeira Amorim Brand identity model



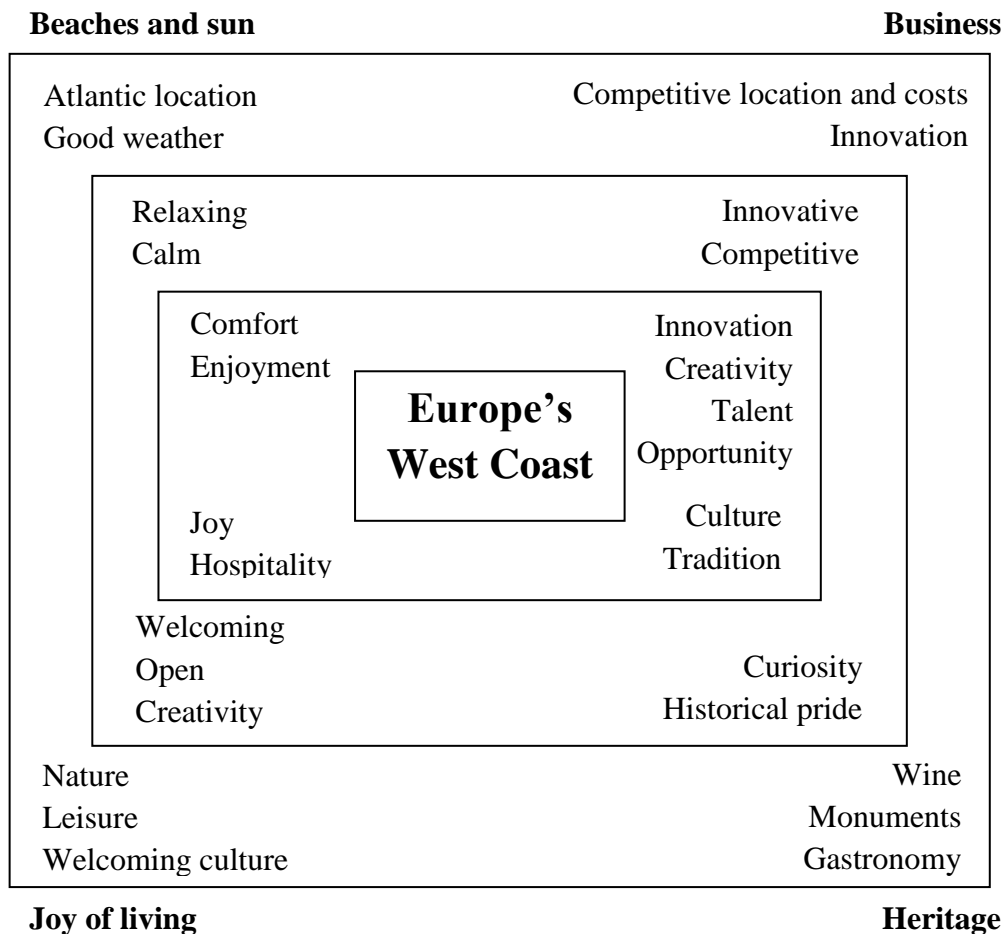
The main positioning of Corticeira Amorim stands on its establishment in the market as the unchallenging leader. In order to support this central idea, the company supports itself in 4 pillars: premium quality, innovation, environmental and leader. Regarding the functional benefits its identity is reinforced by its values of constant innovation and persistency in improving its products. The company's clear proposition in the market comparing to other companies in the diversification of products made out of cork; as we could see in Table 4, Corticeira had the most diversified strategy with the other competitors focusing in specific segments of the cork market. In order to keep this strategy the company has an attitude of being the lead researcher of cork properties, sustaining this with its own cork R&D department. In terms of its premium quality, the company stands for the persistency of always

keep improving its products in order to add value not only to its products but also to cork and create the best products out of it.

In the emotional perspective, the main support is the brand's historical leadership in the cork market, in which it offers the experience and leadership of 140 years, an attitude of leading company which invests more in the promotion of the cork as a material and contributes to the evolution of the range of products and properties of the material. This stands not only in the position of leadership but also in its duties as a distinct and experienced leader. Due to this duality of position and duty of leader the company also stands for sustainability and its responsibility to the environment, which can be considered both a functional and emotional benefit. The industry itself stands for the environment due to cork properties of fixation of CO₂, but the company is also involved in programmes of cork recycling in order to maintain the fixed CO₂ by expanding the durability of the material.

Portugal

Figure 19. Portugal Brand identity model



In the case of the Portugal brand, two functional benefits arise for two purposes: beaches and sun, targeted to tourism and business to investment. In the diagonal of Beaches and Sun, the proposition is good weather and Atlantic beaches allied with relaxing and calm feeling, in which is valued the comfort and enjoyment of the vacations. Regarding the business oriented identity it is emphasised the competitive location and costs, but also the innovation which is developed through the mentioning of innovating and creative brands such as NDrive, Via Verde, among others in the presentations orientated to foreign investment. This is one of the most important ideas which Europe's West Coast intends to come across: the creativity and innovation of Silicon Valley. Regarding the emotional benefits, the brand highly on its heritage, by focusing in certain offers: monuments, gastronomy and wine, which are traditional and important elements of the Portuguese culture (being the wine one of the most essential and internationalized Portuguese product recognized by its origin). This translates into an attitude of historical pride, especially having in consideration the importance of Portugal in the 15th and 16th centuries, in the famous Age of Discovery. This diagonal is supported by the values of Culture and Tradition. The fourth diagonal concerns the Portuguese life style of the joy of living, which is not only used to attract tourists but also investments due to the attraction of foreign workers. It is focused the hospitality, openness and creativity of the Portuguese people which value a life beyond work which includes leisure activities and way of living more relaxed and joyful.

4. Do you believe there is compatibility in terms of identity regarding Corticeira Amorim and Portugal? Define which are the points in common that could enhance a potential partnership.

In order to decide the existent compatibility between the two brands, we need have in consideration Henrik Uggla, who affirms that in order to define an appropriate brand to be linked with, we should consider the direction of the company: if the company intends to change its image, it should link itself to a brand that represents that change; if the company wants to reinforce its current positioning, it should ally to a brand that shares the same values.

Having this in consideration, we should consider the two directions of the company: in the case of Corticeira Amorim, the brand intends to reinforce its positioning, which stands for leadership, experience, distinction, innovation, sustainability, high quality and persistence; regarding Portugal, the country is settling its new vision of "Europe's West Coast", which stands for innovation, creativity, opportunity, talent, tradition, competitive, heritage and

leadership of its brands (which include Corticeira Amorim in its presentation). Therefore, Portugal reinforces the values of Innovation, Experience and its connection to its country of origin, which translates to the market as legitimacy from the leading country in production and transformation; whilst Corticeira Amorim translates the Portuguese vision of Innovation, Experience and Leadership of its brands.

In spite of these points in common, Innovation and Leadership stand out, which are important identity elements and associations in terms of exports and investment of the Portugal brand strategy. Corticeira Amorim is the leading company in innovation in its sector and is the undeniable leader of the market for more than a century; Portugal's strategy in investment is focused in the value of Innovation through the use of national brands which are leaders and innovators, such as NDrive, Via Verde and even the company Corticeira Amorim is mentioned as a reference company in the investment presentations.

Considering future prospects, Portugal has favourable conditions to the development of green energy, which is a common thread between the country and the brand; this means, in the future, both brands can extend the exploration of values in common.

In conclusion, Corticeira Amorim represents a change which Portugal is trying to achieve: one of the company's success factors is its historical presence, a traditional company which has evolved to the worldwide innovative leader; Portugal intends to follow this vision in terms of investment, making a switch from a traditional country to an innovative and creative country like the area of Silicon Valley. In the case of the contribution of the Portugal brand to Corticeira Amorim is mainly a reinforcement of its current values of Innovation and Experience, but also High Quality since the country represents the majority of production, transformation and cork certification.

5. Considering a potential partnership between Corticeira Amorim and Portugal brand, what are the advantages and disadvantages and in which way they could benefit from one another?

Corticeira Amorim

Considering the potential partnership between both brands, the advantages from which Corticeira Amorim can profit of concern the visibility of the brand and cork, but also the association of the company to its country of origin.

Regarding visibility the brand can take advantage of the possibilities of contact and representation, which can vary from international fairs to the strong ties that the Portugal

brand has with the tourism industry. This advantage can not only improve the perception of cork, one of the company's aims, but also through the form of communication the company can strengthen cork's properties that can overshadow the potential substitute materials.

In terms of the association to the country of origin, it can strengthen the brand in terms of maintaining its positioning as high quality since Portugal has legitimacy in the cork market due to its market shares in production and sales, creating a competitive advantage.

From the point of view of disadvantages for the company, the main concern is the image perception of Portugal: although it is well positioned as a destination, the country has not a competitive image in terms of investment destination, especially due to the financial crisis occurring in the country. Despite an overall country perception negative, especially due to the fact of the financial crisis; but in terms of cork, there is a specific product-country image which is favourable due to its legitimacy.

Another problem that might arise is the fact that it is an international company which acquires cork from different countries and it has factories throughout the world, which can create the problem of allocating it to a specific country. Although this could be the problem, the company has as its advantage that the country of brand, remains Portugal.

According to Uggla, one of the main problems in the process of leveraging with another brand is the loss of control in terms of brand identity, since the company will not be able to control the brand's behaviour. For the Portuguese brands, this has been a problem since they do not believe they can associate themselves to a brand which they are not able to define its attributes and which is inconsistent in terms of the message transmitted among the campaigns.

Portugal

In the Portugal's case it can mostly benefit from the legitimacy of the success of Corticeira Amorim but also at the same time, differentiate itself with one of the industries in which is world leader, not only by being the country of origin of the brand leader, but also by its leadership in cork production and sales.

Considering the benefit of association with a successful Portuguese brand, the country brand can leverage its value in terms of Innovation and ability to create successful businesses, which translates into a reinforcement of the message of the campaign Europe's West Coast. This can turn a presumptuous campaign more credible to the fact that the country will be promoted through products which are more credible ambassadors than promotional campaigns, especially considering the long history of the company. In addition to this, as Anholt affirms, the exported brands in which the country of origin is relevant, are the country

brand ambassadors, which also integrates the aim of the Portugal brand to support its brands internally and externally.

In terms of differentiation of the brand, the cork market is an important industry for the country and distinguishes the country since it is the main producer. The cork market represents an adding value industry which exports 98% of its production and represents 2% of total exports and only 0,2% of imports. Additionally, this material has proven to be a game changer in the Portuguese representation, due to its distinctness, which was worth the award of best pavilion represented in Expo Shanghai due to the fact that it was all made out of cork (which was provided by Corticeira Amorim).

Regarding the disadvantages, it can be negative for the Portugal brand since it would support itself in a monopoly company; but beyond supporting the brand, the country would be supporting a sector, and consequently, the country. The association with Corticeira Amorim can also create confusion in terms of positioning, since it is innovative but not technological, like the majority of brands the country mentions in the prospect and aligns with the Silicon Valley parallel. This can not only affect the positioning but also the focus on the target group.

Finally, as we presented before for the case of Corticeira Amorim, this partnership will create a loss of control in terms of brand identity, since Portugal will be linked with the corporate brand and will not be able to control possible negative events related to it and consequently, to the country.

6. Having in mind, the points in common between the two brands and the pros and cons, create a communication plan for a potential future partnership, in which Corticeira Amorim would be Portugal's brand ambassador.

The communication plan should take in consideration not only the Portugal brand's aims but also the company's aims, in order to not occur any type of taking advantage of the other. Having this in consideration, the communication should above all increase the visibility of the country and its national value. Regarding each partner involved, it should increase the visibility of the cork and create awareness about its properties, while from the Portugal perspective it should associate success and innovation, and promote the Portuguese brands.

Communication goals

The communication plan should be integrated in two phases: a first phase, which will aim to promote Corticeira Amorim as the Portugal brand ambassador, aligned with a campaign for

the country brand; and a second phase, in which the company's brand will be integrated in the country brand communication and vice-versa.

The communication plan should also be directed both internally and externally, although differentiating in the communication tools used. The use of Corticeira Amorim as a brand ambassador, will not change the current message but reinforce it, especially in the main focus of the partnership: the support to Portugal value.

Communication tools for the internal campaign

The campaign should firstly start internally, in order to sustain the country brand strategy, regarding an important element: the people, which as we saw before, it was one of its weaknesses.

First phase

- *Online communications:* One of the trending movements in the country is the "Buy Portugal", which has been mainly supported by the citizens and some brands, without any official governmental organization, which can translate into an opportunity since it is the institution with more legitimacy. Having this in consideration, the Portugal brand should organize this movement, mainly in the appropriate channels for the involvement of citizens: the social media. In this way, consumers can be well informed about the products that really constitute national products. The government should consider legal support, by obligating all the Portuguese products to have a Made in Portugal label.

In order to create a personal link with the citizens, an interactive application whether in Facebook or in a Microsite, should measure averagely the percentage of Portuguese products each person buys, according to the answers of an interactive survey "How Portuguese are you?".

- *Events:* One of the areas in which Corticeira Amorim is trying to improve, as we can see by the number of international fairs it participates, and the evolution of sales, it is the building materials segment. Considering this, it can be an opportunity to conciliate the country, people and this cork property, by building the Portugal pavilion. A pavilion in which students from Architecture and Design public universities could build, in which successful businesses and inventions from Portugal would be present.

This would translate a message of the Europe's West Coast, in which we recover the spirit of the Age of Discovery to current days. In order to be credible, there should be successful

brands and people that represent the country; this should be created in a multimedia support, like infographies and documentaries. The pavilion should focus on the main message: innovation. The best way to incorporate the country and innovation should be by introducing the information in technology developed by Portuguese companies: through this, there can be the promotion not only of successful companies, but in the spirit of Silicon Valley, start-ups. The pavilion would translate the message of a “World created by Portugal”, in which brands would provide the materials for the pavilion, in order to promote themselves, and the government would need to organize, this allows the unification of message without a very high increase of costs, since by everyone transmitting the same message, everyone will be using the same budget for promotion, just diffusing a unified message.

Second phase

- *Outdoor communication:* Cork has been recognized by generation as the cork boards where people leave messages, since people are the important element of a country, they are the ones who can better convince other people to invest or visit Portugal. A campaign of outdoors should be launched asking “Why Portugal?”, being the people of the country answering this question, with message in outdoors of corkboards, all over the country. These answers should be present in the international campaign, working as a speech from a country instead of advertising.

Communication tools for the external campaign

The external campaign should enhance the innovation of the country, and as Anholt affirms, the Portuguese brands are the best brand ambassadors, since they are products/services not advertising. Considering this, the communication should use the Portuguese brands as its communication, just like people translate what the country is, in the internal campaign.

First phase

- *Guerrilla marketing:* Aligning with the internal campaign, a moving pavilion would tour across a specific route, like the Intercork did for cork, in this way it would be projecting the Portuguese brands inside, although the pavilion would also be build by universities using cork. The main idea of the internal campaign pavilion would be extended to the tour, “A World created by Portugal”. This would allow cork to be associated with design, construction and innovation, as well as being implicitly associated as the Portuguese distinct material. In terms of the tour, it should circulate in target countries for both countries such as: U.K.,

France, Germany and Netherlands, which are target markets for Corticeira Amorim but also the main markets of origin of tourists in Portugal; and Brazil, Italy and Spain, which are countries Corticeira Amorim intends to increase its market share but also belong to the previous group of main markets of origin of tourists.

Second phase

- *Communication materials*: The main problem in the Portugal brand representation of the Portuguese brands is the lack of the coordination and organization of them in International Fairs. Although AICEP provides coordination of the brands, the brands complained that there is not any organization and brands seem alone instead of part of the country, which creates higher visibility and structure. In the case of Tourism, there is a stand which agglomerates the offer, as we could see in Attachment 6; adopting this coordination, Corticeira Amorim would sponsor the Portuguese stand made of cork, which would differentiate the Portuguese brands, the country, and the material in terms of visibility and properties in terms of building materials.
- *Press*: One of the promotion tools used by the Tourism agency is advertising in the international press. In order to distinguish the country's ad, there should be a special one edition page, in which the page would be made of cork, which would not only differentiate visually, but also in texture and thickness in the magazines.

7. According to Olins, companies and countries are exchanging roles, since more and more, countries are adopting marketing and branding strategies, while companies are pressed to concern more about its environments through corporate social responsibility by the public. How do you think these changes can contribute to possible partnerships between governments and companies? Have in consideration the current situation of Portugal in your answer.

The first point to consider is that if both sides are exchanging roles, it means that the other side as the knowledge for the current role the other one is playing; which means countries can learn from corporate brand strategies and these can learn from country brand strategies. This possibility of learning can add value to a partnership since both corporate and nation brands with their experiences can teach one another how to create strategies more effectively, in order to achieve their goals, which can later be transferred to strategies outside the partnership.

From the point of view of corporate brands, the partnership with governments can help the brand to establish a local strategy which will become easier to create an empathy with the public of the country, since it will be closer to the consumers and to their realities. But this is not only an advantage in marketing terms; it also implies more involvement in the communities: in the case of Shell in Nigeria, the citizens concluded that the damages of the existence of Shell in their country were greater than the profit the country was receiving from it, which was followed by a movement to protect the area and against the company¹². Although the scenario is different from Portugal, the current scenario of crisis is making the citizens more politically and socially involved in their communities, which can consequently, result in asking more responsibility from the companies (something that has been asked to several companies that have been firing people). Despite the possible revolt of people against companies, the fact that the country is currently in crisis will make the public more aware to possible company actions to solve problems that occur in times of lower buying power. This can open a window for interaction with consumers: several brands are using the current adopted ideology of “saving money” as their message to connect to consumers.

From the government's point of view, the engagement in partnerships with national brands, can help the country in terms of spreading a certain message; in the case of internationalized brands, a partnership in terms of communication can associate the country with a certain idea that will travel beyond border and can attract investment and tourism; in the case of national brands, the support of the government works as the spread of a message to its own citizens, in a controlled way. In times of crisis, government's need to rise profits, which can also be achieved through partnerships, like it has been occurring in Portugal: the concession of the naming of the metro station Baixa-Chiado to the national communication company PT¹³, or even the current possibility of naming the national services Loja do Cidadão with private brands¹⁴. Finally, another factor that contributes to private and public partnerships is the country's lower ability to invest in the current crisis, which can enable partnership in order to spread the risk of investment.

¹² Source: Courier Internacional, March 2012

¹³ Source: Jornal de Negócios, September 2011

¹⁴ Source: Marketeer, March 2012

2.8. Resolution slides

Case Study

Corticeira Amorim
Portugal's Brand Ambassador

Case Study

Globalization

Limited access to information and expansion of markets

Brands

Noise of different messages and social responsibility

Countries

How to keep significant?

Cork market

5 Forces Porter

Competitive rivalry

- Domination of Corticeira Amorim
- Most companies are focused in one segment
- Decreasing in the last decade, except in 2009
- High fixed costs

Threat new entrants

- Barriers: Scale and experience of the current players
- Supplier access: Cork is limited to the few countries that produce it

Threat substitutes

- Plastic and aluminium stoppers are constantly evolving to substitute cork stoppers
- Cork is not the traditional material for construction

Bargaining power suppliers

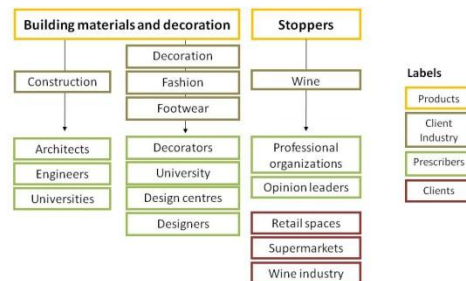
- Supply of cork is concentrated in the producing countries
- Portugal and Spain concentrate more than 50% and have the most certified area

Bargaining power buyers

- Building materials is low due to Amorim being the dominant player
- Cork stoppers there is a higher power since there is a fragmented offer

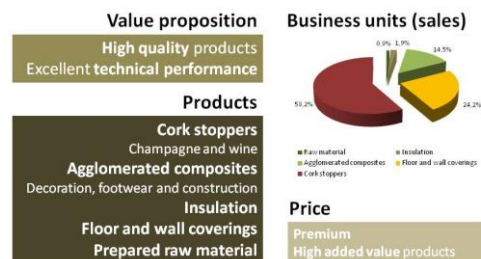
Prescribers and clients

Targets of communication by segment



Corticeira Amorim

Product and price



Corticeira Amorim

Promotion



Corticeira Amorim

S.W.O.T.

Strengths

- Leadership in the market
- Vertical integration
- History and experience
- Diversified strategy
- Own R&D department
- Acknowledgment
- Important clients (ex: NASA)

Weaknesses

- Cork stoppers (low market share)
- Insulation (low sales)
- Dependence of client industries

Opportunities

- Sustainability: growing importance in the companies
- New markets in wine (Outside E.U.)
- Emergent markets: building opportunities
- Certified cork (added value to products)
- Associations with prescribers

Threats

- Substitutes (plastic and aluminium)
- Financial crisis (decrease in 2008)
- Portuguese debt

Portugal

Tourism



CORTICEIRA AMORIM: PORTUGAL'S BRAND AMBASSADOR

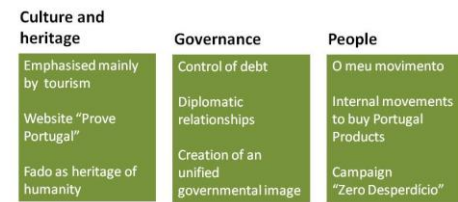
Portugal

Exports and Investment



Portugal

Culture and heritage, Governance and People



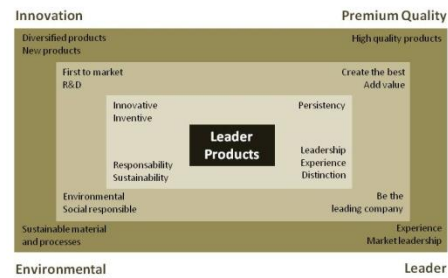
Portugal

Strengths and Weaknesses



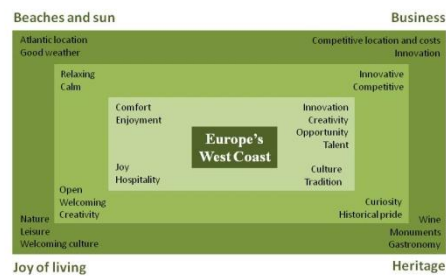
Brand identity analysis

Corticeira Amorim



Brand identity analysis

Portugal



Identity compatibility

Corticeira Amorim and Portugal



Identity compatibility

Corticeira Amorim and Portugal

Henrik Uggla

To define the appropriate brand to be linked with, the company should consider if it wants to follow a certain vision or just reinforce the current values and positioning.



Partnership Amorim & Portugal

Advantages and disadvantages

• Corticeira Amorim

Advantages

Take advantage of the possibilities of contact and representation

- Increase the visibility of the brand and cork
- Improve the perception of cork
- Strengthen cork's properties that can overshadow the potential substitute materials

Association of the company to its country of origin

-It can strengthen the brand in terms of maintaining its positioning as high quality since Portugal is the main producer and has the higher certified area

Partnership Amorim & Portugal

Advantages and disadvantages

- Corticeira Amorim

Disadvantages

The main concern is the image perception of Portugal
Well positioned as a destination but not a competitive as an investment destination

Negative country perception
Debt and financial crisis, but regarding cork, there is a specific product-country image which is favourable

International company
Can be a problem allocating it to a specific country

Loss of control in terms of brand identity

Partnership Amorim & Portugal

Advantages and disadvantages

- Portugal

Advantages

Benefit from the legitimacy of the success of Corticeira Amorim

Differentiate in a industry in which is world leader

Leverage its value in terms of Innovation and ability to create successful businesses

The cork market represents an adding value industry

Cork has proven to be a game changer in the Portuguese representation, due to its distinctness

Partnership Amorim & Portugal

Advantages and disadvantages

- Portugal

Disadvantages

The country will be supporting a monopoly company
But the country would be supporting mostly the cork sector

Confusion in terms of positioning
since it is innovative but not technological, like the majority of brands the country mentions in the prospect which align with the Silicon Valley parallel

Exchanging roles

Partnerships between corporate and nation brands

Exchanging knowledge

Companies and countries can exchange knowledge according to the role they played before

Corporate brands

Help establish a local strategy
Create empathy with the country consumers

More involvement in the communities
Increase of responsibility (CSR)

Crisis can be an opportunity to connect to consumers
Openness to actions (promotions, for e.g.)

Increase visibility through country communication

Exchanging roles

Partnerships between corporate and nation brands

Nation brands

Corporate brands can help spread the message
The national corporate brands can spread the country name and make associations, whether internally or externally

Opportunity to rise profit
Partnerships or concessions to corporate brands (for e.g. PT bluestation)

Spread the risk
Through partnerships countries in financial crisis can spread the risk and the cost of investment with corporate brands

Communication plan

Corticeira Amorim as Portugal's brand ambassador

Communication goals

Promote Corticeira Amorim as the Portugal brand ambassador

Company's brand will be integrated in the country brand communication and vice-versa

Communication plan

Corticeira Amorim as Portugal's brand ambassador

Internal Campaign - Integrate people in the country strategy

Online communications
Create an official "Buy Portugal" movement online
Create an interactive website "How Portuguese are you?"

Events
The Portugal pavillion built by Design and Architecture students
The "World created by Portugal", the pavillion would be built and filled only by Portuguese brands

Outdoors communication
Cork boards outdoors to be filled by Portuguese with answers to "Why Portugal?"

Communication plan

Corticeira Amorim as Portugal's brand ambassador

External Campaign

Guerrilla marketing
Portugal Pavillion tour projecting Portuguese brands inside
Message: "A World created by Portugal"

Communication materials
Portugal cork stand for the organization of the Portuguese brands in international fairs

Press
Special edition page made of cork in specialized media
(Promotion of Portugal)

2.9. Contributions to management

Globalization has opened the markets and created a sea of opportunities for companies, but has also increased the competition between brands; nowadays, consumers are “attacked” by brands from everywhere, literally. Brands now establish themselves throughout the world, setting factories in Asia, designing in Italy and selling them to the whole world. In addition to this, the world was high affected by the financial crisis of 2008, which affected several markets but also countries.

Having this scenario in hands, brands are giving more relevance to identity and to connect with consumers through experiences, but they are also being demanded more responsibility socially and environmentally. In this context, brands need to fight more for differentiation, find efficient channels of communication, but also take more responsibility regarding its impact in society and the environment; consumers are becoming more demanding and judgemental regarding the processes, behaviours and values of the brands.

However, these conditions are not only having impact on how brands work, countries are also shifting: more and more countries are opening their economies and playing in the world market with competitive advantages, these emergent economies are attracting all the investments, which creates a more competitive environment for all the countries. Portugal was once very competitive in Europe due to its low cost labour, but this is not an available strategy; nowadays, the country needs to reinforce value and differentiate, in order to capture investment, tourism and be able to export its production. To achieve this, countries are developing their brands, so they can be distinguished in the markets. But currently, with the financial crisis in Portugal, negative preconceptions can be created and expanded to the country image, which means it is important to control the image and try to project the associations the country wants to be linked with.

Considering the current roles of country and corporate brands, it is clear that there is an exchange of roles between two brands. In spite of this exchange, advantages should be taken: countries need investments and brands need visibility, but both want to developed a distinguishable identity that consumers can hear in the middle of the noise that globalization created to consumer's senses.

The present case study intends to explore these opportunities that arise from negative and competitive new conditions of the markets by exploring the specific opportunities of partnership between corporate and nation brands from a brand identity perspective. Beyond exploring the current situation for corporate and nation brands, the case study intends to

extend the knowledge of students in what regards nation branding, especially regarding the communication of the different elements that constitute the strategy of brand identity of a country. More importantly, understand and contextualize the role of the country's brands to the country economy and wealth, not focusing in production and profits but mainly in terms of country of origin effects to the brand identity.

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4. Attachments

4.1. Attachment 1: Corticeira Amorim Portfolio

- Raw cork:



Prepared raw cork ready for transformation from different sources such as Portugal, Spain, Algeria, Tunisia, Morocco and Sardinia.

- Cork stoppers



Natural cork stopper: Recommended for wine reserves and wines that need to age inside the bottle.



Twin Top stopper: A technical cork stopper recommended for fruity wines and wines that do not need ageing in the bottle.



Spark stopper: Stopper for champagnes and sparkling wines with high level of physical, chemical and enological performance allied to an ease of bottling.



Neutrocork stopper: A new generation technical stopper with great structural stability which is ideal for wines of early consumption.



T-Cork stopper: Natural cork stopper with a range of different caps recommended for fortified wines and spirits and with easy extraction and possibility of reutilization.



Colmated cork stopper: A cork stopper made from porous natural cork.



Agglomerated cork stopper: A cork stopper recommended for wines of early consumption, with a good price and sealing properties relation.



Advantec: An innovative cork of high level for high-rotation wines, unbeatable regarding the price, sensory and technical performance.



SparkOne: A sparkling and carbonated wines oriented cork made of cork microparticles creating a single piece. It is easy to use and it does not crumble during uncorking since it never breaks.



Acquamark: First-rate sealant in which is ensured that there will not be any migration of cork particles to the wine and at a lower price.

- Floor and wall coverings

The product range of this business unit is divided in two types: cork floor coverings (cork or wood-looking) and non-cork floorings (laminates or wooden parquet). The value proposition of these products is: easy installations, environmental friendly, sound resistant, natural thermal insulation, durable and easy to maintain, and re-usable.

- Composite cork

This business unit is divided in the type of products presented below and it translates the benefits of cork in this sector such as sealing, thermal and noise insulation, but is also used in decorative and functional products.

Types of products:

- Noise reduction solutions to underlayment, flooring and wood panels
- Gaskets and Materials for Automotive and Heavy Duty applications
- Gaskets and Materials for Electrical Transformers
- Gaskets and Materials for Natural Gas applications (Gas Meters and Water Heaters)
- Thermal protection shields
- Expansion/Contraction joints
- Home and office accessories
- Footwear components

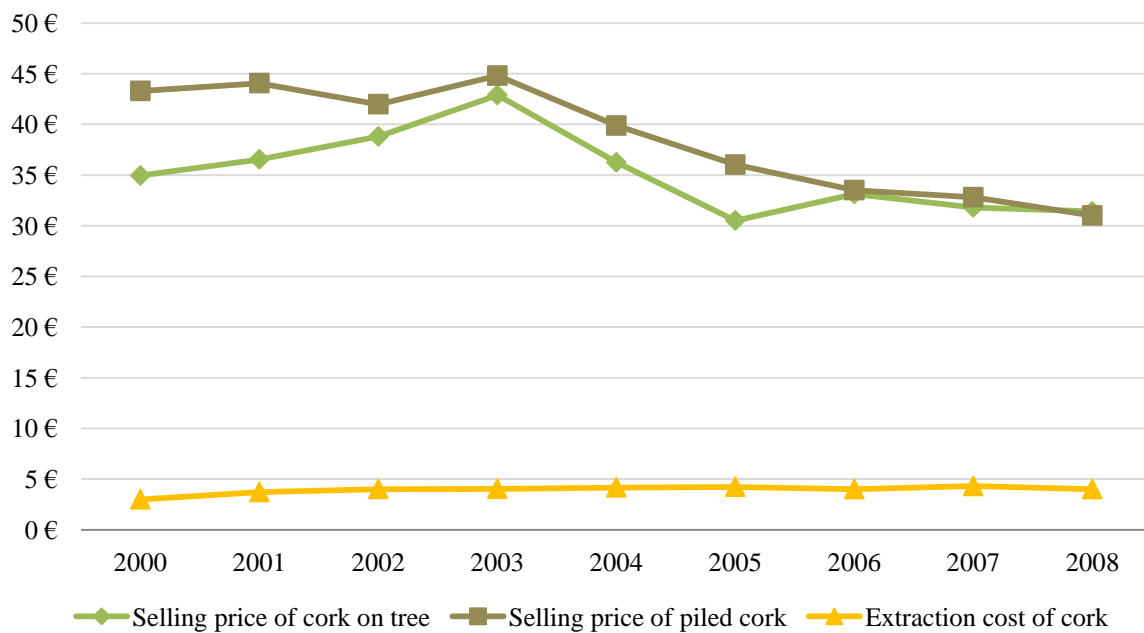
- Insulation cork:

Regarding insulation, Corticeira Amorim produces expanded corkboards which can be used as thermal and acoustic insulation solutions, having has advantage being environmentally-friendly while having an excellence technical performance. The company has also developed expanded corkboards with coconut fibre, which is ideal for excellent performance regarding acoustic performance and noise level reduction.

4.2. Attachment 2: Raw materials

The price of cork has been decreasing per arroba achieving approximately 31€ in 2008, while the cost of extraction has slightly increased during the last decade from 2,99€ in 2000 to 4€ in 2008.

Figure 20. Evolution of the selling price and extraction prices reproduction cork



Source: APCOR (2009)

4.3. Attachment 3: Portuguese imports and exports of cork

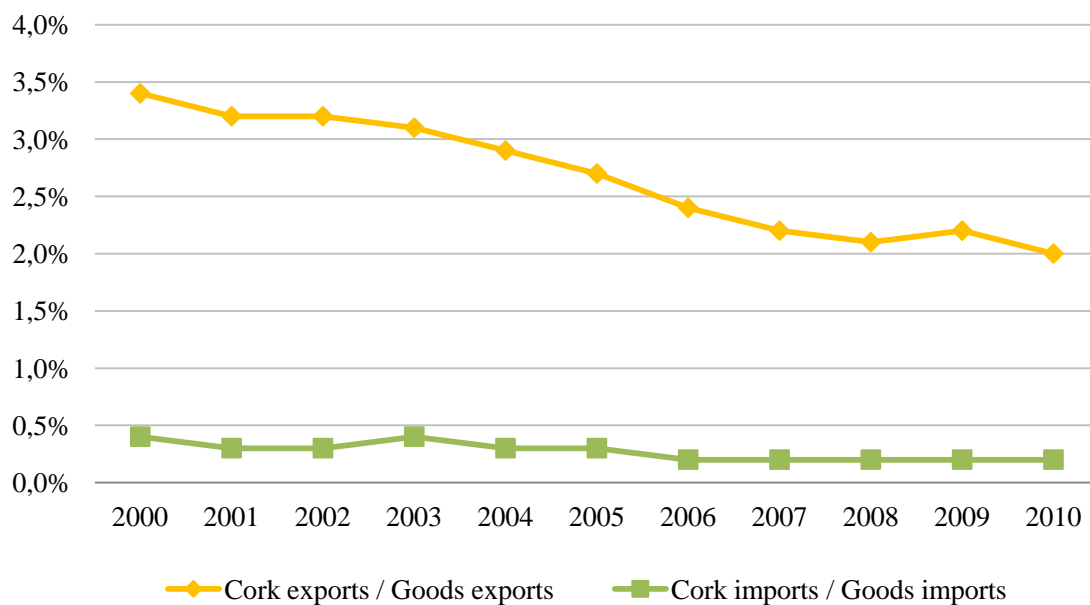
- Portuguese cork imports and exports

Table 7. Portuguese trading balance of the cork sector (millions of euros)

Trading balance	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Exports	917,1	895,9	903,3	896	881,7	838	848,5	853,8	823,7	698,3	754,5
Imports	154,8	140	139,1	169,8	130,2	146,2	130,4	131,8	129,3	83	95
Balance	762,3	756	764,2	726,2	751,6	691,8	718,1	722	694,4	615,4	615,4

Source: APCOR (2011)

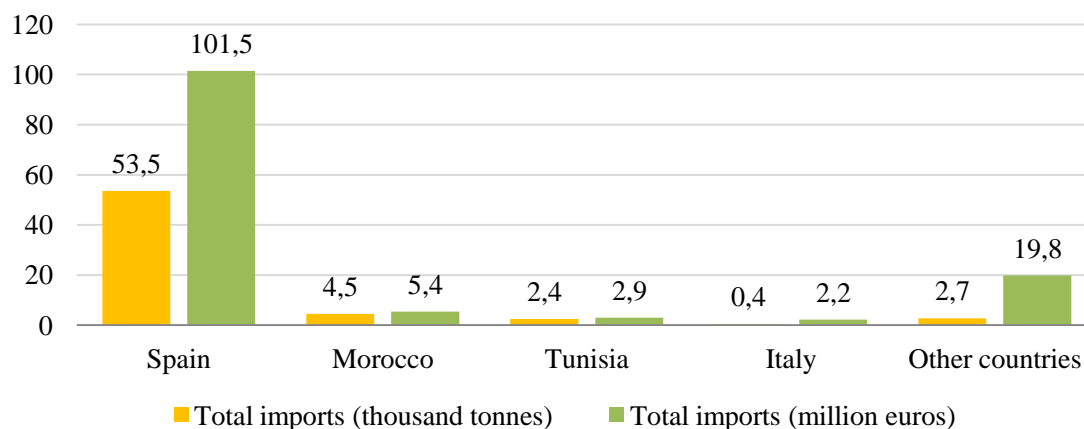
Figure 21. Weight of cork products in Portuguese goods exports and imports



Source: APCOR (2011)

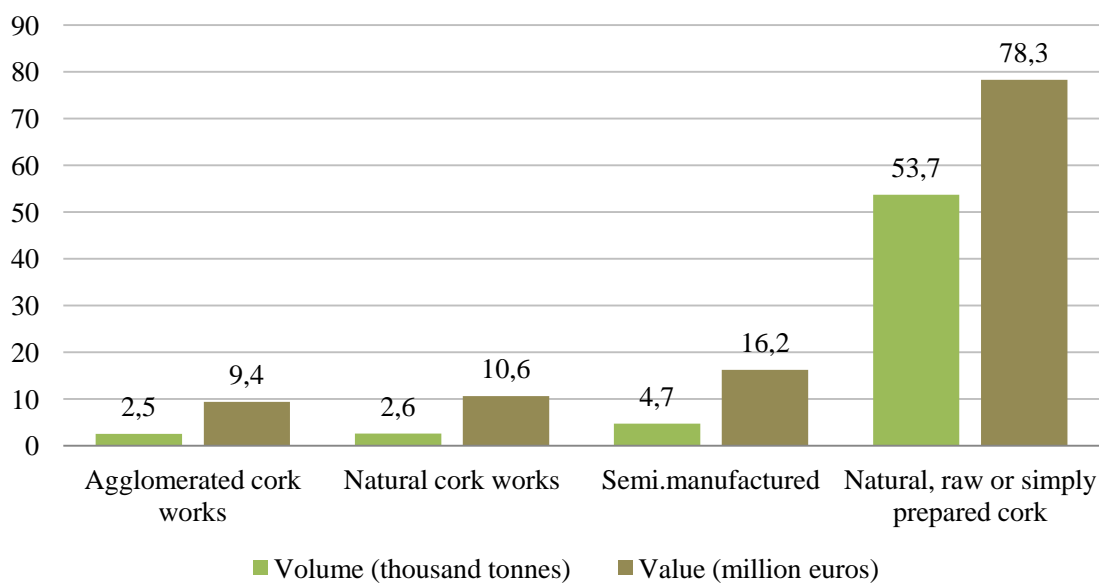
- Portuguese cork imports by country of origin and by type of product

Figure 22. Main origin countries of Portuguese cork imports – 2007



Source: APCOR (2009)

Figure 23. Portuguese imports by product class - 2007

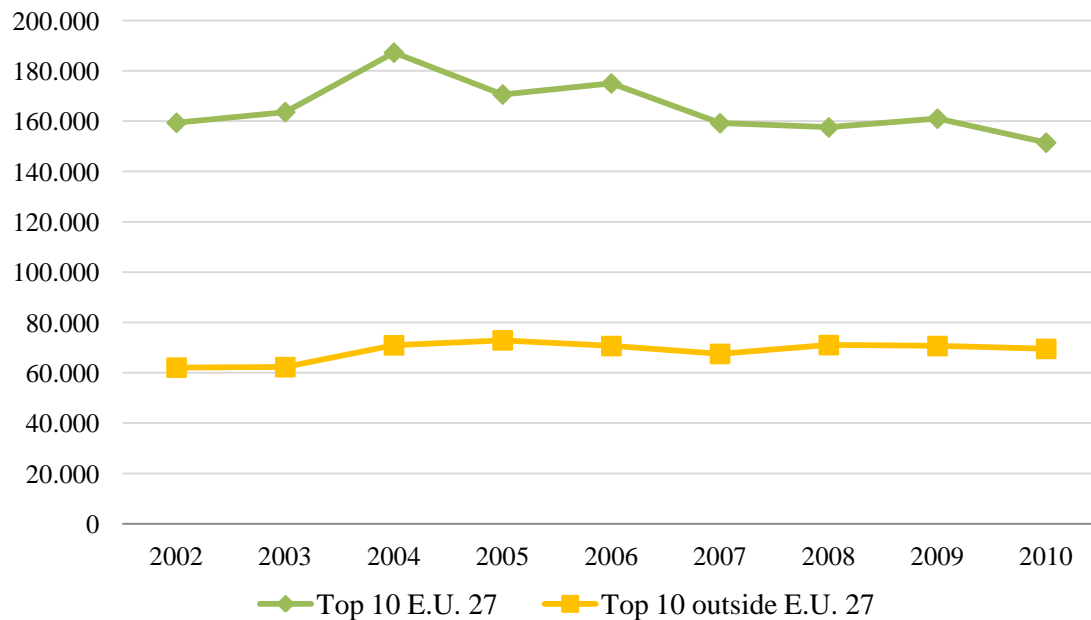


Source: APCOR (2009)

4.4. Attachment 4: Wine industry

- Production

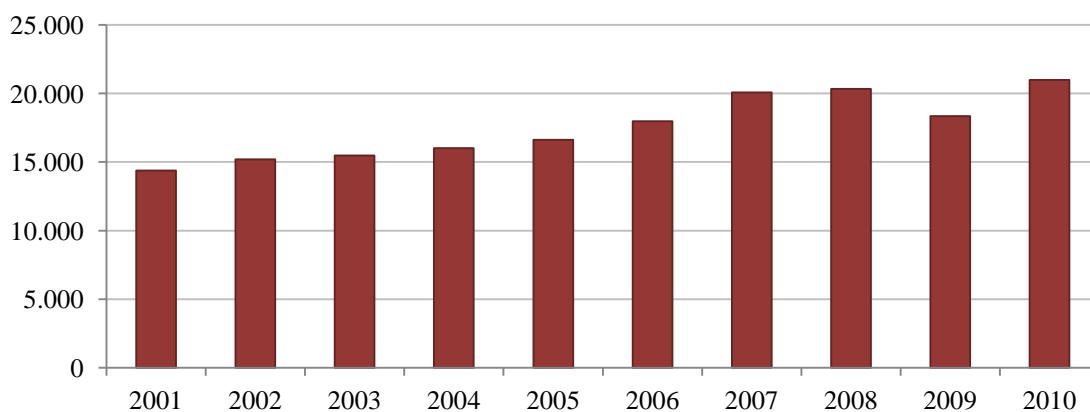
Figure 24. Evolution of wine production in E.U. 27 and outside E.U. 27 (hl)



Source: APCOR (2011)

- World exports

Figure 25. World wine exports (million euros)



Source: APCOR (2011)

Table 8. Main exporters of wine in 2010 (million euros)

Country	Value (million euros)	Proportion
France	6.317	30,1%
Italy	3.907	18,6%
Spain	1.868	8,9%
Australia	1.438	6,9%
Chile	1.165	5,6%
Germany	859	4,1%
U.S.A.	832	4%
Argentina	604	2,9%
Portugal	603	2,9%
South Africa	590	2,8%
New Zealand	583	2,8%
United Kingdom	492	2,3%
Singapore	205	1%
Austria	125	0,6%
Switzerland	124	0,6%
Total TOP 15	19.712	94%
World total	20.971	100%

Source: APCOR (2011)

4.5. Attachment 5: Construction industry**Table 9. Portuguese trading balance of construction materials (millions of euros)**

Trading balance	2006	2007	2008	2009	2010	Variaton 06/10 (%)	Variation 09/10 (%)
Exports	2.408	2.773	2.739	2.190	2.326	-3,4%	6,2%
Imports	1.896	2.068	2.140	1.687	1.619	-14,6%	-4%
Balance	511	705	599	503	707	38,2%	40,6%

*Source: APCOR (2011)***Table 10. Exports of construction materials by type of product (millions of euros)**

Materials	2006	2007	2008	2009	2010	Variaton 06/10 (%)	Variation 09/10 (%)
TOTAL	2.407,7	2.772,9	2.738,6	2.189,9	2.333	-3,1%	6,5%
Metals	978,9	1.159,9	1.200,8	945,4	1.013,2	3,5%	7,2%
Ceramic	387	424,5	404,9	360,6	365,5	-5,5%	1,4%
Wood	435,5	507,7	433,1	304,7	315,2	-27,6	3,5%
Rocks	278,9	305,8	328,7	278,8	298	6,8%	6,8%
Cork	179,3	177,8	159,8	149,5	176,3	-1,7%	17,9%
Plastic	137,5	179,4	191	139,1	143,7	4,6%	3,3%
Glass	10,6	17,8	20,3	11,8	21,2	100,1%	80%

Source: APCOR (2011)

4.6. Attachment 6: Promotional campaign by Turismo Portugal

Figure 26. Europe's West Coast brochure (industries mentioned)



Figure 27. Internal campaign “Escolha Portugal”



Figure 28. Tourism stand of Turismo de Portugal



4.7. Attachment 7: Promotional campaign by AICEP

Figure 29. Transversal Campaign Portugal Brand

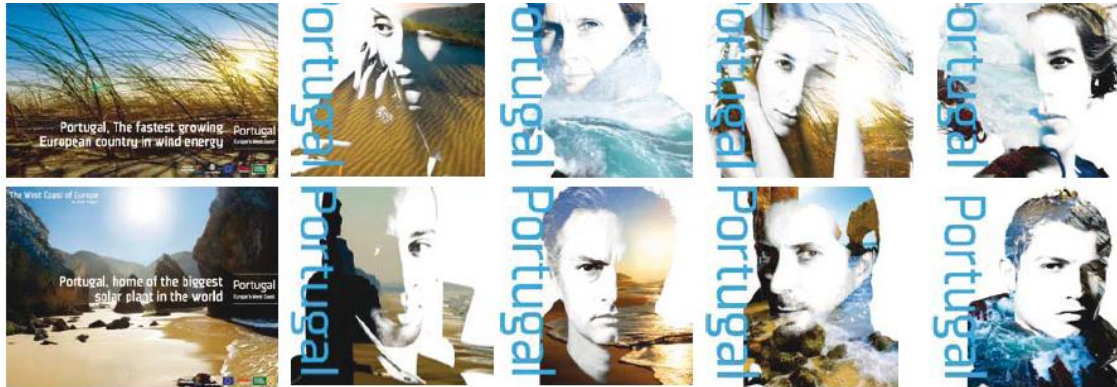


Figure 30. Sub-brand Economy – Events promotional material



Figure 31. Sub-brand Economy – Portugal coast of business

