ISCTE Business School
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AN INTEGRATED COMMUNICATION PLAN FOR HERDADE DOS ARROCHAIS

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RESUMO

A presente tese de mestrado é um projecto-empresa em cooperação com a Herdade dos Arrochais, uma empresa produtora de vinhos Alentejanos, com localização na Amareleja (Alentejo), cujo reconhecimento por parte dos consumidores é reduzido embora os seus vinhos tenham um grande potencial.

Após a identificação do problema, foi analisada toda a envolvente macro-económica, o sector, a concorrência e o consumidor por forma a identificar as oportunidades existentes. Foi igualmente efetuada uma análise interna, que permitiu a identificação das principais lacunas da empresa, e uma revisão de literatura e uma revisão de literatura que permitiu enquadrar os principais conceitos teóricos que estão na base deste projeto.

Apesar da atual crise económica, os portugueses continuam a ser dos maiores consumidores de vinho do Mundo, pelo que o problema que se verifica está relacionado com a falta de reconhecimento da marca.

A solução encontrada para aumentar o valor e a notoriedade da marca, conquistando clientes e aumentando as vendas, foi um plano de comunicação integrada. Assim, foi elaborado um plano com especial enfoque na proposta de comunicação através da criação de um Website, com o intuito também de melhorar a distribuição.

A proposta realizada resultou no desenvolvimento de ideias e ações, reforçando os principais pontos fortes encontrados e criando novas vantagens competitivas, sem esquecer as limitações monetárias da empresa, bem como a concorrência.

Keywords: Marketing, Comunicação, Sector Vinhos, Marketing Digital

ABSTRACT

The present masters' thesis is a company project with the cooperation of Herdade dos Arrochais, a wine producer in Alentejo, situated in Amareleja (Eastern Alentejo). Although these wines have great potential, they are not very well known amongst consumers.

Once the problem was defined, the macroeconomics environment, the sector, the competitors and the consumers were analysed, in order to identify existing opportunities. An internal analysis was also carried out which helped to determine the company's main shortfalls, and the literature review that allowed to frame the main theoretical concepts which are the bases of this project.

Despite the present economic crises, Portuguese people continue to be one of the major wine consumers in the world. However, the problem that arises has to do with the lack of brand awareness.

The solution to the problem is a plan for integrated communication, to enhance the value and prestige of the brand, gain new customers, increase the consumer pool and boost sales. The main emphasis was on a communication proposal plan that focused on the creation of a website, but also with the intention of improving distribution.

The proposal resulted in the development of ideas and actions, as well as reinforcing the principal strengths of the business, creating new competitive advantages but bearing in mind the monetary limitations of the company and not forgetting about other competitors in the marketplace.

Keywords: Marketing, Communication, Wine Sector, Digital Marketing

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EXECUTIVE SUMMARY

The potential of Portuguese wines is recognized all over the world, despite the hard penetration and strong competition in several markets.

Over the years, the Alentejo wines established their position between Portuguese wine consumers and have become the most appreciated wines in Portugal.

With the current economic crises, the purchasing power of Portuguese people is decreasing; however, they continue to be one of the biggest consumers in the world.

To attract new customers and, even more relevant, to retain them in the present competitive and ever changing market, wine producers must communicate and deliver effective and efficient competitive advantages to their target, as well as never forget the market environment.

The enterprise *Herdade dos Arrochais* is only one more case of a wine producer, which despite its medium size and amateur spirit, has a high potential to compete in the wine market.

The data collected and the conclusions drawn from the macro-environment sector, consumer and internal analysis, the consolidation of the literature review allowed to identify the opportunities and threats sector, and the company's major strengths. The first accomplishment was that without communication and being an invisible brand makes the recognition of the brand by potential customers very weak.

Thus, it was concluded that the best solution to suit the brand was the development of an integrated marketing communication plan for *Herdade dos Arrochais*, to increase and improve brand awareness and also to add value to the company.

The integrated communication plan for *Herdade dos Arrochais* aims at the usage of digital platforms – the Website and the *Facebook* page, and also the offline communication tools to communicate the brand idea, to have a unique relationship with customers and also reinforcing customization.

To achieve the objectives through an efficient communication and with the creation of the Website, people will have the possibility to get information about the company, also

to have access to their own page enabling them to order online, to seek promotions, to customize products and to know about events taking place; on the other hand with the development of the customers' database, the company will get to know the customers' preferences and suggestions. Currently, the improvement of the *Facebook* page is also mandatory, as well as the actions developed there. Regarding offline communication, the brand will gain more visibility.

The integrated communication plan for *Herdade dos Arrochais* aims to communicate the brand and to exchange information with customers, by sharing a consistent message that identifies and differentiates the brand among the other wine producers. The objective is to become recognizable and consequently to get valuable customers, who will discover, try and share the potential of *Herdade dos Arrochais* wines.

1. INTRODUCTION

The history of wine in Portugal goes beyond the foundation of the nation. The vineyard was planted for the first time in Portugal about 2000 years B.C. With the establishment of Portugal as a country, wine becomes Portugal's most exported product. The enormous export impact started in the second half of the 14th century. Unfortunately, in the 19th century the *phylloxera* plague destroyed large areas of Portuguese vineyards, however wine production started a slow recovery during the same century. After the Portuguese adhered to the European Union in the 20th century, several areas were demarcated; vineyard regions were redefined and new ones were created.

Therefore Portugal has a huge tradition in wine production, and is known for its diversity in wines which are characterised by the wide variety of soils, castes and climate; being one of the major wine producers (Portugal Web, 2010).

The wine market is very fragmented due to the number of players, thus competition is strong and with the present economic crisis every sector is affected, so it is becoming more and more complicated not only to attract consumers, but to keep them.

Herdade dos Arrochais is a wine production property, in Alentejo. This enterprise was identified as having great potential for success in the wine market, so it became extremely important to develop an integrated marketing communication plan.

1.1. PROBLEM DEFINITION

The wine production at *Herdade dos Arrochais* started in 2006, in Alentejo, when the passion and dedication for wines were demonstrated through the production of quality wines – intensely fruity and very complex in taste.

The wine project at *Herdade dos Arrochais* is a hobby for the family, whose main aim is to present the wines produced on the property to friends, family and acquaintances. Indeed, the project is very amateur, since sales and offers are not rigorously controlled, which in turn complicates the accountability of the yearly sales evolution, or the amount that is exported. This project is promising and has legs to grow. *Herdade dos Arrochais* have already started introducing the wines in some restaurants and as people familiarize themselves with this product, they tell friends and so publicity is made by word-of-mouth.

However, there is a gap in the relationship with customers because the majority of them are their family/friends (or friends of friends), and in many cases people have to contact friends to order or to request wine. Although *Herdade dos Arrochais* has now managed to get into *Pingo Doce* and *Continente* (only with the weaker wine – *Ardila*), they do not have a communication plan to communicate either with the customers or potential customers, and the distribution channels can be improved. It is crucial to have a Website where people can find information and also have the possibility to shop online for the products.

1.2. OBJECTIVES OF THE PROJECT

As the problem was identified, this project aims to create a communication plan; therefore there is a need to identify not only internal reasons, but also external aspects that are important to find the best solution for *Herdade dos Arrochais*.

In order to achieve an effective and efficient project, an external analysis about the macro-environment will be carried out initially, which will cover the political, legal, economic, social and technological factors; furthermore it will also refer to the competitors, the sector analysis and the consumer profile. Thereafter, an internal analysis will be done about *Herdade dos Arrochais*, where it will be possible to pinpoint the most important operational and strategic gaps. Thus, after understanding and developing these topics, a Literature Review will be done based on the relevant topics like Marketing 3.0 and New Media, the importance of the Internet in digital communication and also allowing the best conclusions to define the strategy.

The knowledge acquired will be used to create an integrated communication plan proposal, which will increase the brand value and recognition, the relationship with customers, and consequently enhance sales (and who knows production) too.

1.3. IMPORTANCE OF THE SUBJECT

The wine sector in Portugal is composed of several producers, some at a small scale and others with a huge capacity, many of them facing wine production as amateurs.

However, wine is one of Portugal's most exported products. A few years ago, the potential and image of Portuguese wines were not well perceived around the world, so the brand "Wines of Portugal" (an *umbrella brand* for Portuguese wines) was founded, which aimed at brand awareness and promoting Portuguese wines' notoriety.

Based on a real case of a wine producer, this project tries to demonstrate the importance of operational and strategic marketing tools adaptation, in order to facilitate the integrated marketing communication plan focus in a digital way with/to customers.

Although the project is developed for a specific company, *Herdade dos Arrochais*, it can obviously be used as an instrumental guide for other wine producers, providing the utility of marketing tools to help some companies in the digital and integrated era of marketing communications.

2. EXTERNAL CONTEXT

The competitiveness of the wine market is more and more intensive and to survive in this atmosphere companies need to be aware of the macro-environment dynamics. The success of a company depends on how efficiently and sometimes how quickly the idea adapts to the business strategy, and operational decisions to the external shifts, avoiding new threats and taking advantage of new opportunities.

2.1. MEDIATE ANALYSIS – PEST

The following assay examines the last data regarding the main external political/legal, economical, socio-cultural and technological environments influencing the wine sector.

2.1.1. POLITICAL AND LEGAL ENVIRONMENT

Portugal, in terms of political environment, is a peaceful and stable country within the Euro group and has belonged to the European Union for more than twenty years, but that did not stop the country from facing one of the major financial crises of all time, and has forced the government to act by creating or reformulating laws, as well as increasing taxes.

At this moment VAT applied to the wine industry continues at 13%. In the IMF (International Monetary Fund) report issued in January 2013, it was suggested that Portugal increase it from 13% to 23%, because wine is considered a non-basic good. For instance, if the Portuguese government goes ahead with this IMF proposal, it will be disastrous for many producers and consequently due to the steep price increase, there would be a sharp decline in sales (Sol, 2013).

Regarding the Alentejo wines, the CVRA (Comissão Vitivinícola Regional Alentejana) founded in 1989, is a private law and public utility organism that certifies the DOC[1] Alentejo wines and the Regional Alentejano wines. Furthermore, it is responsible for the promotion of Alentejano wines (Vinhos do Alentejo, 2012).

Lastly, it is important to mention that there are regulatory entities like *Comissão Nacional do OIV* – the official representation of “Office Internacionale de la Vigne et

[1] Annex 1.1 – The denomination of wine terms.

du Vine"-, ICEP (*Investimento, Comércio e Turismo de Portugal*), *IVV* (*Instituto da Vinha e do Vinho*) and the *ViniPortugal*, which represent and support the wine sector in Portugal, in terms of market introduction, licenses and financing.

2.1.2. ECONOMICAL ENVIRONMENT

Banco de Portugal (BdP) projects a contraction of the economic activity in 2013 (2.3 percent of the GDP). The exportations will register a deceleration in 2013, notwithstanding maintaining a positive growth. This projection only considers the implementation of fiscal consolidation measures included in State Budget for 2013 (SB2013), in the absence of additional measures specified in detail for 2014. Thus, in 2014, a growth of 1.1 percent is expected in the economic activity. Moreover, it is forecast that the private consumption decreases 3.8 per cent in 2013 and approximately 0.4 per cent in 2014 (Banco de Portugal, 2012 – Annex 1.2).

Regarding purchasing power in 2011, the GDP *per capita* in Portugal represents 77,4% of the European average, thus being one of the wealth indicators of a country and also representative of the families' welfare. Portuguese people's purchasing power is decreasing (INE, 2012).

The relative weight of the wine sector in PIB was 2,1% between 2006 and 2009, representing € 881 million (Turismo de Portugal, 2010).

The inflation, (price evolution in a standard-package of services and goods for consumption), recorded in Portugal in 2012 was 2,088% (Global Rates, 2013).

The active population in Portugal during the first trimester of 2012 was 5.481,7 thousand individuals; from 2011 to 2012 the unemployed population increased from 688,9 to 819,3 thousand people (INE, 2012 – Annex 1.3).

However, despite the national crises, there was a growth in wine consumption in Portugal between 2007 and 2011. Around the world, some countries are decreasing wine consumption while others are consuming more than ever (The Economist, 2012 – Annex 1.4).

2.1.3. SOCIO-CULTURAL ENVIRONMENT

The socio-cultural environment is in fact one of the most important influences regarding the type and number of customers.

The resident population in Portugal in 2011 was 10.636.979 inhabitants, of which 2.839.908 lived in Lisbon (which corresponded to 26,67% of the total population). From the total population of Portugal, 5.934.933 individuals are between the ages of 25 and 64 (INE, 2011 – Annex 1.5).

The average life expectancy in Portugal in 2010 was 76,5 years for men and 82,4 years for women (PORDATA, 2013).

The Internet has confirmed its presence in the daily lives of Portuguese people. According to the data of *Bareme Internet 2012* by Marktest (2012), the number of Internet users increased tenfold in the last sixteen years, namely from 6,3% in 1997 to 62,3% in 2012 (Annex 1.6). The younger generation, which belong to the upper class, and the students are the main groups. 71,6% of men are Internet users, as opposed to 54,8% of women. The penetration rate is higher with students, youngsters between 18 and 24, individuals belonging to the upper class and also mid-upper class (Annex 1.7) (Marktest, 2012).

Regarding social networks, women make up for the majority of visitors to social networks and blogs, and people aged between 18 and 34 have the highest concentration of visitors among all the different age groups. The age group 35 to 49 is even a regular visitor. *Facebook* is on the top in terms of Social Networks. Moreover, the Mobile Social Media is on the rise, 2 in 5 social media users access these services from their mobile phones (Nielsen/ NM Incite Report, 2011).

Indeed, even according to Nielsen/ NM Incite Report (2011), consumers frequently trust the recommendations of their peers, making social media an ideal platform for influencers to spread their ideas and purchase power. 60% of social media users create reviews of services and products.

2.1.4. TECHNOLOGICAL ENVIRONMENT

According to the Minister of Agriculture (in 2009), António Serrano (in Confragui, 2011), the Portuguese wine producers should invest “more and better” in technology, knowledge and promotion in order to achieve the consolidation presence in international markets and acquire notoriety.

The technological advances in the wine sector have improved, as can been seen in the grape harvest which is done more quickly, at a lower cost and consequently at a lower price.

However, the sector in Portugal is very fragmented and few producers have the chance to implement the latest technology in their wine farms, and most of them test and analyse the products in the big cities.

In terms of wine production, the technology used by producers is very similar; some of them can vary according to the specific type of wine. The place where the wine is kept is relevant because climate can modify the wine properties; furthermore, the wines have specific indications/suggestions for consumption; consequently there are some specific refrigerators which provide the necessary temperature/climate.

The CRM system (Customer Relationship Management) used to manage customers and to have a secure database is also important, so as to keep them informed with the latest news, and also to identify the most valuable customers.

Furthermore, improvement of technology over the years enabled the digital era as well as the integrated communication of today, making companies closer to customers, having knowledge about their ambitions and needs (also, the distribution of products is now available on the Internet via online shopping; Website is an indispensable tool because of its information and the possibility of shopping online); making it possible to access information more quickly and easily, better coordination, integration and automation of the different working processes, linking stakeholders by networking too.

2.2. IMMEDIATE ANALYSIS

The immediate analysis chapter is divided into three topics covering the main issues related to the wine sector and its consumers, which although being external factors, obviously influence directly the *Herdade dos Arrochais* performance:

a) The objective of the wine sector study in Portugal is to understand and recognize the characteristics of the market, namely the general wine market and its evolution and export. Moreover, taking into consideration the most important sector trends emerging in the national and international wine producers.
b) A brief analysis of the *Herdade dos Arrochais* direct competitors.

c) Wine Consumer characterization, preferences and habits, and once again, the new trends influencing wine consumption.

2.2.1. SECTOR

According to *ViniPortugal*[2], the national wine market was valued at € 510 million in 2008. José Luis Reis (in Meios&Publicidade, 2010) – IPAM Professor specialized in Wine Marketing – stated that the more competitive wine enterprises both in quantity and portfolio, in Portugal, are *Sogrape*, *José Maria da Fonseca* and *Quinta da Aveleda*.

In 2012, the **production** of wine in Portugal increased 9,2% compared to the year before, displaying a growth in production in most of the regions in Portugal, special highlight to the increment regions of Lisbon, Tejo and Setúbal, whilst Minho and Alentejo were the regions that recorded the most significant decreases. As for the islands, Madeira registered an increase in wine production, while Açores had a sharp drop from the previous year (Instituto da Vinha e do Vinho (IVV), 2013 – Annex 1.8). Even though there was a decline, Alentejo is the third biggest wine producing region.

In the first 10 months of 2012, **exports** reached a total value of € 561.683 million, corresponding to a volume of 2.731.377 hl, at an average price of € 2,06/L which represents an increase of 7,3% and 10,1% of value and volume, respectively, compared with the homologue period of 2011. The average export wine price records a break of 2,6%. France, Angola, United Kingdom and United States of America are the main Portuguese wine export markets, presenting a growth in value and volume compared to the information recorded in the same period of 2011 (IVV, 2013). Moreover, over the years from 2000 to 2011, the value and volume of wine exports has increased in countries which import Portuguese wines (Annex 1.9 and Annex 1.10).

The wine sector is not an exception and is one of the most important sectors where it is mandatory to sell much more in quality than in value, and do not forget how important it is to sell with added value. Thus, Almeida Henriques – "Secretário de Estado Adjunto da Economia (in 2012)" – (in Económico, 2012), defended that "markets, especially the more demanding and emerging ones, where our wines should bet on, are prepared to pay for quality wines; wine producers need to be more innovative and also need to differentiate the product, they must be flexible and smart in offers, they should compare

[2] www.viniportugal.pt

the requirements and trends of the market and they should have a brand; finally they should get into other markets like Brazil, Russia, China, Angola or Mozambique, which requires an economic strategy, a strategy of critical dimension, via a logical network of distribution and promotion".

Figure 1 – Wines of Portugal.

Source: IVV

Portugal has a good export performance according to the perception of all the different sector levels. Studies in the United States of America and the United Kingdom involving wine consumers show that Portugal has a clear absence of image, even though it's a good wine producer. Thus, on 10th of February 2010, the brand **VINHOS DE PORTUGAL/ WINES OF PORTUGAL** was presented at the *Centro Cultural de Belém*; one global brand (*umbrella* brand) for Portuguese wines reveals the major importance of promoting the notoriety of Portugal as a producer of quality wines, therefore contributing to generate added value to our products. Moreover, the aim is to create a strong signature that will raise Portuguese wines' perception in international markets (IVV, 2010).

Paulo Matos Graça Ramos– Professor at the Faculty of Human and Social Sciences at Fernando Pessoa University – (in Sol, 2012), advocates that competition in the national wine sector depends on major investment in know-how about the market and the consumers' preferences.

With regards to Alentejo wines, the Angolan market registered a rise of 82,5% in the purchase of these wines between January and October of 2011, when compared to 2010 (Marketeer, 2012). According to Tiago Caravana – Marketing Director of *Comissão Vitivinícola Regional Alentejana* – (in Marketeer, 2012), during this period 3,2 million litres of Alentejo wines were exported to Angola and this volume of exports makes Angola "the major importer of Portuguese wines"; moreover exports to Angola have a tendency to grow further, as the Angolan economy is evolving and there is a portion of the population that already consume quality wines frequently. China, Macau and Hong Kong have also increased their imports by 44%, Brazil by 14,9% and Canada by 10,2%. Finally, Angola, Brazil, the United States of America, China and Canada are actually in this order, the five main markets of Alentejo wine destinations.

For the future, between 2012 – 2014, taking into account the projections, the export of Portuguese wines will continue to grow yearly by 1% in terms of volume and 5% in terms of value (Económico, 2012).

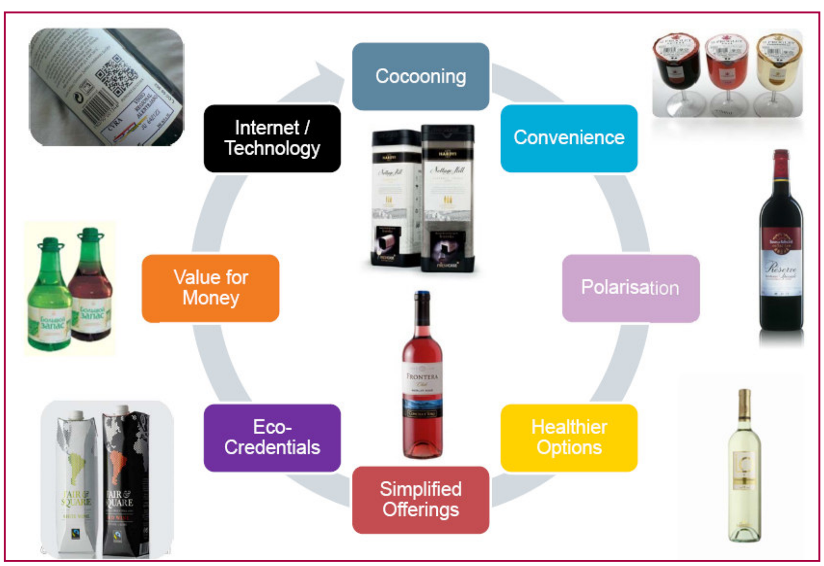
According to a strategic study developed by ViniPortugal (2008), the brands with higher notoriety in Portugal are *Casal Garcia* (20%) and *Monte Velho* (19%) (Annex 1.11). Looking into this study, there are relevant conclusions like the need to clarify the wines that are offered as well as to educate and inform the consumer; positive ties with associations (quality, confidence, prestige, tradition, elegance, refinement, passion, well-being, health, and so on); the use of specialists and wine lovers as our ambassadors; the importance of TV and the Internet aiming at potential customers' awareness of Portuguese wines; the need for generic marketing strategies.

2.2.1.1. WINE SECTOR TRENDS

According to the Wine Trend Report (Trend Hunter, 2012), the wine sector is so expansive that releasing new and emerging patterns can be painful; however, there is such an abundance of valuable inspiration that no trend can be ignored. Thus, in this chapter a couple of trends are presented, which have arisen in the wine sector and are also available to *Herdade dos Arrochais*.

- THE WINE KEY DRIVERS AND TRENDS

Figure 2 – Wine Key Drivers and Trends



Source: Euromonitor, 2011

- **Cocooning –** is not a new behaviour; born out of a mix of fear and fun, it became a trend that led to stay-at-home entertainment. Consumers are staying at home more, watching movies, eating and transforming their houses and apartments into a shelter from the daily social storm (USA Today, 2013). Moreover, the quality of wine in bag-in-box suited to home consumption.
- **Convenience –** over the years the wine packaging has been modified, becoming more convenient to customers and innovative in terms of form and materials used.
- **Polarisation –** will increasingly replace *premiumisation*[3] ("is the key trend behind recent innovative product launches, with consumers continually seeking better quality products, services and experiences across the board" as the new buzzword. Premium offerings will continue to leverage the wine packaging and heritage credentials, while smaller pack sizes and alternative packaging formats will continue spearhead the economy segment's revival (Just-Drinks, 2010).
- **Healthier Options –** the wine is increasingly seen as a healthy product; indeed, the wine drinkers live longer, have lower cancer rates, and eat better (Focused-on-Fitness, 2013).
- **Simplified Offerings –** there are increasingly more winemakers, whose offer is very diversified, that attempt to place their products in several locations, so they can reach their potential customers.
- **Eco-Credentials –**environmental sustainability is increasingly present in wine producers' lives (thus the green packaging) as well as several solutions to improve the productive process in an eco-friendly way, making wine producers' companies more environmentally responsible. Besides, consumers keep in mind the importance of preserving the environment and have begun to choose environmentally friendly packaging (green packing).
- **Value for Money –** Both consumers and winemakers are attentive to value for money. The current produced wines are of great quality (value) and thus, must have a matching price (money). Thus, the value for

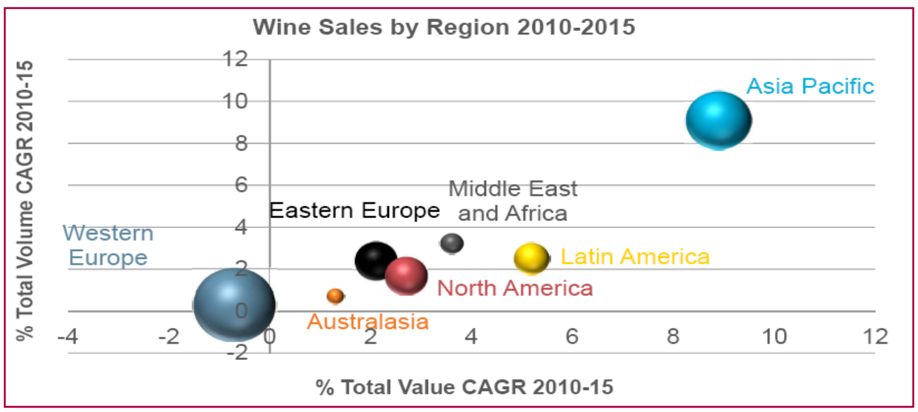
[3] http://www.wool.com/Design-and-Market_Consumer-Insights.htm

money is not only the minimum purchase price, but also the maximum efficiency and effectiveness of the purchase.

- **Internet/Technology –** the revolution of technology and the potential of the internet have also been availed in the wine sector; indeed, several wine producers are present in several Social Networks (like *Facebook*), have a Website (where people can also order and purchase wine online), or have developed applications through the *QR Code*[4] (it stands for "Quick Response") to establish a link between customers and the company; the relationship between customers and wine producers is increasing due to the use internet, mobile devices and other technological advances.

- THE EMERGING MARKETS

Figure 3 – Wine Sales by Markets



Source: Euromonitor, 2011

Asia Pacific will continue to drive wine sales and together with the Brazilian market this will be the key to future opportunity markets, but the developed markets are also relevant (Euromonitor, 2011).

- PACKAGING AND CONVENIENCE

Innovation is present in wine packaging and **thinking outside the bottle** is fundamental. Suppliers are raising the quality of the packaging in boxes and are moving to kegs and other alternatives (Ink Foundry, 2012).

[4] http://www.qrstuff.com/qr_codes.html

Figure 4 – Wine by the Glass

Source: Euromonitor, 2011

The **wine by the glass trend** is on the rise and it is capturing consumer interest and wine consumption around the world. It has resulted in one of the most consolidated categories for packaging, also remaining key for premium wines (Euromonitor, 2011). Wine managers are relying increasingly on data to help increase profitability on wines by the glass program (Ink Foundry, 2012).

Today the focus is on **green packaging** from light weight bottles to labels that have sustainable, bio-dynamic or other "natural" packaging (Ink Foundry, 2012). It is becoming ever so important to reduce distribution costs and environmental issues are of great concern, so wine producers also take into account packaging innovation. Fortunately, there are a lot of different types of innovative and eco-friendly packaging.

Figure 5 – Green Packaging

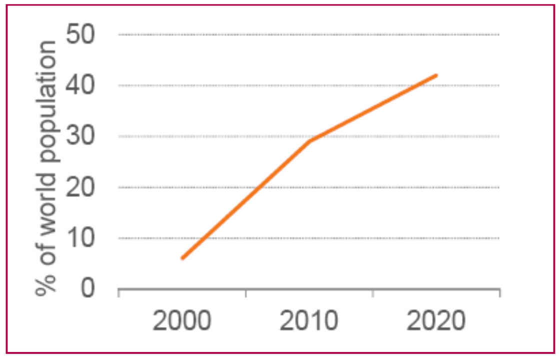
Source: Euromonitor, 2011

Two new challenges in wine packaging and convenience are:

- **Cans** – With the global crises the consumers trade down and the producer profit margins are also affected, thus the alternative in wine packaging is increasingly coming under the spotlight. Following the success of the bag-in-box formats and other innovative initiatives, can packaging escaped the rising costs of glass bottles, while at the same time increasing one's green credentials (The Drink Report, 2009);
- **PET Bottles (Small Size)** – The PET Bottles are the biggest challenge because a change in the consumption culture "buy to drink now" is needed, but this packaging has a lot of advantages because it is lighter and safer to transport; most of the weight is wine, not packaging and it is perceived as being green (Euromonitor, 2011).

- THE INTERNET AND ITS TECHNOLOGICAL INFLUENCES

Figure 6 – Evolution of People on the Internet



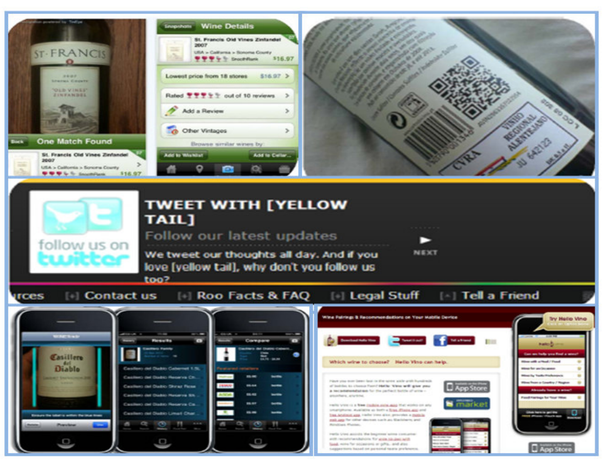
Source: Euromonitor, 2011

In 2020, more than 40% of the world's population will be on the Internet (Euromonitor, 2011).

The Drinks Business[5] (2012) pointed that online retailing is growing at 15-20% a year while the overall market stagnates, but in terms of wine sales the internet penetration is low compared with other sectors. This expected that more retailers make use of the shopping opportunities offered by the Smartphone revolution. As an example of success, Virgin Wines in 2011 increased the online traffic and launched a mobile version of its Website.

Indeed, the Internet and its technological advances (also the Smartphone) allow people to get more information about products wherever they are, and the wine sector is no exception. The social network, online retailing, consumer reviews "word-of-mouth" and so on, will continue to play a huge role in consumer trends. Below, there are some examples taken from Euromonitor 2011.

Figure 7 – Examples of Internet and Technological Evolutions



Source: Euromonitor, 2011

According to Ink Foundry (2012), technology is really bringing excitement to the wine industry.

[5] http://www.thedrinksbusiness.com/

2.2.2. COMPETITORS

The world wine market is characterised by an intense fragmentation, with a higher number of small and medium producers having similar behaviour and value proposals, so the identification of *Herdade dos Arrochais'* direct competitors becomes more difficult; indeed, today there are no bad wines or bad producers. Moreover, as *Herdade dos Arrochais* has several types of wines (namely, different wines with different prices and characteristics), it becomes even more difficult to define competitors. Therefore, the best way to identify direct competitors was to segment them by production region and proximity, as well as the range of products, price and reputation.

After taking a look at the market and according to agronomist José Rodrigues (during an author's interview, 2013), even though there is a difference between brand awareness and the size of the companies, the final conclusion regarding competitors is a sample composed of five wine brands[6] from Alentejo: "Adega de Borba", "Adega Mayor", "Fundação Eugénio de Almeida", "Herdade do Esporão" and "Herdade da Malhadinha Nova".

- ADEGA DE BORBA

Adega de Borba was founded in 1955; the first wine cellar to be established in Alentejo, at a time when the sector did not have the prominence it now has in the regional economy.

The brand transmits the idea of prestige and integrity; indeed, the range of products is vast and is composed of several types of wine, with different characteristics and different prices (the prices range from € 2,93 to € 49,95). All the products have a nice clean label.

Brand recognition is strong due to the brand's past and history; penetration in the market is relevant too and it is possible to find wines from *Adega de Borba* in all of Portugal's supermarkets. *Adega de Borba* has a Website[7] where people can find a lot of information about the wine cellar, their products and it is also possible to purchase online; they are also on *Facebook* with 12.161 fans. In 2011, the company won several awards like the gold medal in *Mundus Vini* (Germany).

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[6] Annex 1.21 – Brands Portfolio of Competitiors.
[7] http://www.adegaborba.pt/

According to Manuel Rocha (*Adega de Borba's* CEO, in Distribuição Hoje, 2011) tradition is an asset of the brand which makes them very proud; also it has more than 60 years of know-how in wine production and so tradition is of unquestionable value. Moreover, *Adega de Borba* has two main objectives: to make quality wines and it has the best economies of scale due to competitive prices, and to reach a new group of consumers (presenting alternatives according to their needs and for different occasions). They bet on an attractive and appealing image, and it was also the first Portuguese wine cellar to have massive campaigns on TV. Finally, they are growing a lot in exports.

- ADEGA MAYOR

Adega Mayor was inaugurated in 2007, but has been producing wines since 2002; it has 65 hectares of vineyards distributed on 2 farms. The company intends to develop a cohesive and solid brand, grounded on a sustainable project where man and nature get together to produce the best of nectars.

Adega Mayor's project brings together wine and architecture. Wine production is a passion for the owner Rui Nabeiro, and the wine cellar was projected by architect Siza Vieira (one of the most well-known architects, due to his work).

The range of products is huge and varied, composed of wines with unique characteristics and prices that go from € 3,99 to € 189. Adega Mayor has a large market penetration and the wines are easy to find in supermarkets; people can purchase them through the company's Website[8] and people can also find all the information needed; moreover they have a *Facebook* page with 11.576 fans.

Regarding exports to places like Angola, Brazil and the United States of America, these countries contribute towards the strategy of internationalization of the brand.

- FUNDAÇÃO EUGÉNIO DE ALMEIDA

Within the *Fundação Eugénio de Almeida* emerged the *Adega da Cartuxa*, where *Eugénio de Almeida* wines are produced and bottled. The centre stage of wine production is a wine press that has been operating since 1776.

[8] http://www.adegamayor.pt/

This brand has four properties composed of more than 300 hectares of vineyards, where several of the company's wines are produced. The range of products is characterized by the different castes and prices (going from € 4,49 up to € 100).

The wines from *Fundação Eugénio de Almeida* can be found in supermarkets, and although the company's Website[9] is available to everyone so that they can purchase online, people must become a member of Pêra Manca Club that has a limited number of subscriptions. The prices of the wines are not available on the Website, and the information about the wines is not easy to access. The *Facebook* page has 2.417 fans. In 2011, the export volume was 30% of the global production.

- HERDADE DO ESPORÃO

Herdade do Esporão was founded in 1973 and up till now continues to be a family business. The mission proposed by the company is to change the relationship between people and Portuguese wines, improving their notoriety, sustainability and proximity.

The wines from *Herdade do Esporão* are well-known and are a recognizable brand among wine consumers; the range of products is large and the wines are good value for money because they have the best quality/price ratio among Portuguese wines (the price of wines can vary between € 2,19 up to 37,50€).

In 2007, *Herdade do Esporão* was Portugal's leader in quality wine sales. Besides the property in Alentejo, the company bought *Quinta das Murças* (in Douro) as part of their growth and diversification plan. Currently, 50% of sales are done in international markets.

The company's Website[10] transmits the brand's idea of integrity, modernity and innovation; it is easy to find information about the company and its products (except prices) as people cannot purchase the wines online, so the prices of wines are not available. On *Facebook* the brand has 1.634 fans and people can participate in contests if they so wish.

[9] http://fundacaoeugeniodealmeida.pt/cartuxa/Default.aspx
[10] http://www.esporao.com/

- HERDADE DA MALHADINHA NOVA

Herdade da Malhadinha Nova was founded in 1998; the wines produced here are a reflection of the enormous respect for nature, and one can feel all the passion and dedication that was created. The company has a large range of products, characterized by elegance, intensely fruity and great complexity in taste; some of the wines have people's names, giving an idea of proximity with the consumer; the different products range from € 7 to € 57.

Herdade da Malhadinha Nova has a Website[11] with information about the products, the company, but not prices, therefore it is not possible to buy online. Their *Facebook* page has 6.608 fans, where people can be informed about their different courses of action.

30% of the wines are exported; in Portugal the wines are not available on supermarket shelves, they can only be found in restaurants and cellars, reinforcing the idea of "quality instead of quantity".

Conclusion

Indeed behaviour of brands is similar, but innovation in terms of product, image and promotion are the main differentiators among them. The relationship established with consumers is also substantial in order to achieve success. After having done this competitors' analysis study, it was possible to identify all the wine producers with a high notoriety and strong brand awareness, the importance of having a Website and a *Facebook* page.

Their reputation and notoriety is clearly above that of *Herdade dos Arrochais*, as well as the market share of any of those presented before. Nevertheless they are competing for the same target. The requirement for a communication plan becomes increasingly important after looking at the competitors' positioning.

One relevant action which is common to all competitors is wine tourism. According to Turismo de Portugal (2013), wine tourism involves all sorts of activities associated with wine, different events, venues and services; where wine, vineyards and the wine culture can assert themselves, sustain tourist demand, reinforce the attractiveness of the

[11] http://www.malhadinhanova.pt/index2.html

territory and also acknowledge other proposals for tourist visits, which could be a good means to improve brand awareness.

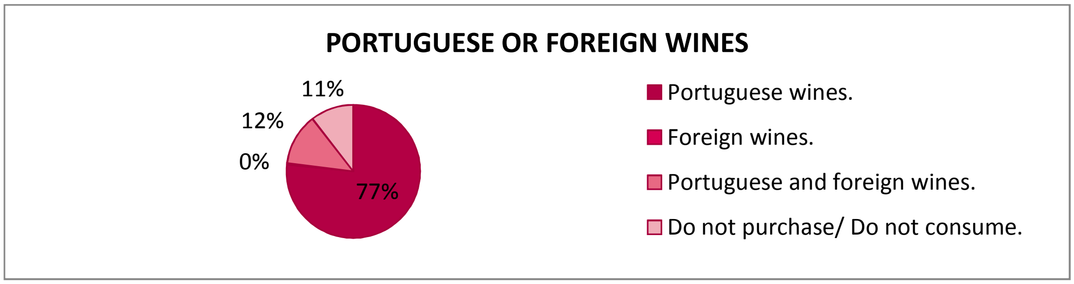
2.2.3. CONSUMER

The wine sector is very competitive and characterised by rivalry on substitute products; consequently consumers have low switching costs and are very price sensitive. Companies should to be aware of the size and changing characteristics of the consumer in order to ensure an offer capable of attracting and retaining the most valuable customers; all customers are important because they represent potential consumers and so the aim is for them to enjoy the experience of consuming *Herdade dos Arrochais* wines.

First of all, wine consumption is inherent to Portuguese culture, according to Euromonitor (2011). Portugal had the highest global *per capita* consumption in 2010 (Annex 1.12). According to IVV (2011), Italy, France, USA and Germany are the world leaders in wine consumption (Annex 1.13).

The evolution of Portuguese wine consumption demonstrates a growth from 2005 to 2010, moreover it shows that Portuguese people consume more local wine than imported wine, as stated in ViniPortugal (2010) (Annex 1.15), also acknowledged by author's survey (Annex 3.3.2).

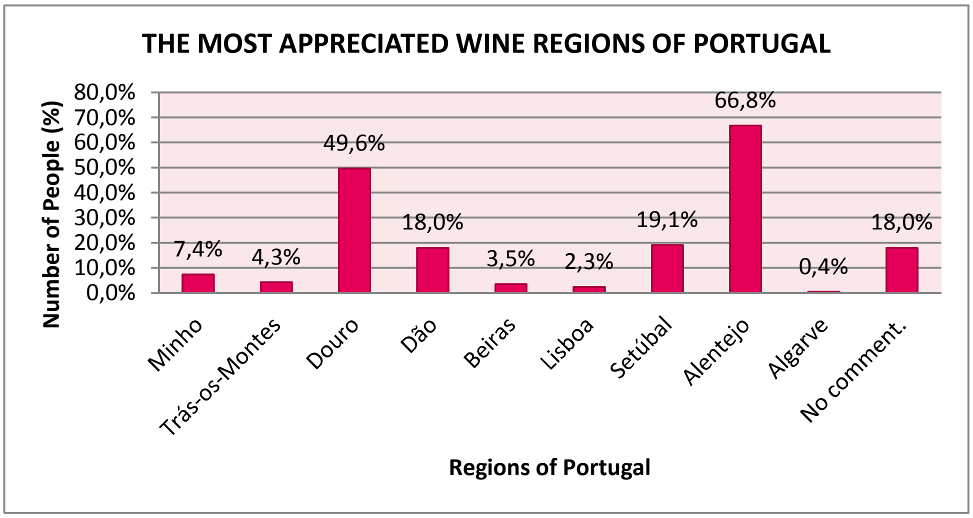
Graphic 10 – Portuguese or Foreign Wines



Source: Author's Survey

GfK, a market research company, did a poll in 2012 (with 1.235 individuals aged over 18), where the wine sector in Portugal was evaluated for consumer behaviour. The most relevant factor in purchase/consumer decisions was the "pleasant aroma" (61%), but price is also important (44%) and the region of origin (43%). In the same study, in comparison to the year before, wine consumption has declined; there were 44% consumers in 2012 and in 2011 they were 57%. The Alentejo (61%) continues to be the most popular wine region, and the most appreciated wine is red wine (74%). Finally there is also a decline when it comes to tasting new wines (Meios&Publicidade, 2012). Therefore, it is important to define new strategies to approach Portuguese people and the wine industry, as well as reinforcing the presence in international markets. The author's questionnaire reached the same conclusion, and people agreed that the most appreciated wine is from Alentejo (Annex 3.3.2).

Graphic 11 – The Most Appreciated Wine Regions of Portugal



Source: Author's Survey

ViniPortugal (2008), reported that the place where consumers drank the most was in restaurants (95%), then at home or at a friend's house (79%) (Annex 1.16). The reasons given for drinking wine instead of other drinks were: for gastronomic reasons, health benefits, at social gatherings and other venues. Confirming the data above, this study also concluded that price is not the main decision factor, as it comes after flavour, brand and origin. 43% of the people questioned were prepared to pay between € 5 to € 10 for a bottle of wine (Annex 1.17). In the author's survey (Annex 3.3.2), the opinion poll also pointed out that the most important reasons for consuming wine are for pure enjoyment or because they are wine lovers, and for special occasions with family and friends. Furthermore, from the results obtained in the own conducted survey, people chose to buy a particular wine that was suggested to them by friends or simply because of their own appreciation of wine (Annex 3.3.2).

Still according to ViniPortugal (2008), concerning the place of purchase, Portuguese people buy wine mostly in hyper/supermarkets (Annex 1.18), as confirmed by the author's survey (Annex 3.3.2). Regarding the frequency of purchase, Portuguese people purchase wine monthly (Author's Survey - Annex 3.3.2).

The definition for a target wine consumer is not easy because there are a lot of segments in this market. Analyzing the segments (Annex 1.19) and the frequency of consumption (Annex 1.20), a **target** for wine consumers can be a profile like: men aged between 36 and 55, who appreciate wine; they are curious and open to new experiences and stimulus, they seek information and recommendations; they are attentive to region of origin, brand, labels and bottles, also to fashion and opinion makers; moreover they are prepared to pay more than 5€ for a bottle.

2.2.3.1. CONSUMER TRENDS

- DO IT YOURSELF

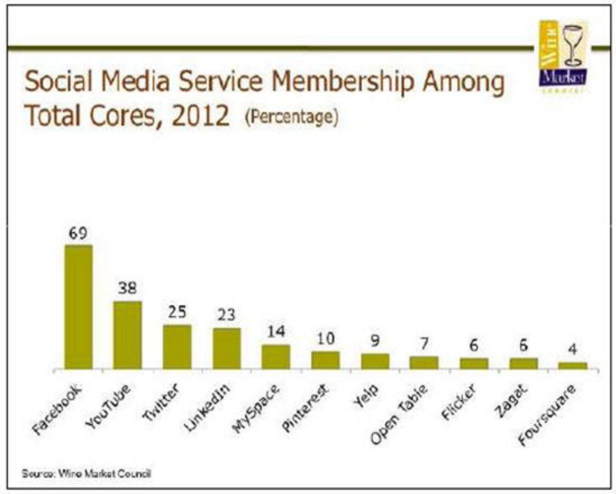
According to JWT Intelligence (2010), there are some trends in the wineries like the do-it-yourself movement. It consists of the personalization/have-it-your-way trend and foodies' growing interest in understanding what goes into producing foodstuffs. Thus, some wineries allow customers to participate in each step of the wine process, ending up with a barrel they can call their own.

- SEVERAL WINE TRENDS BY VINIPORTUGAL (2008)
    - Greater interest for wine – the number of connoisseurs is increasing.
    - Statement from females – more and more women drink wine, with huge decision-making power.
    - Acceptance of wine in a glass.
    - Association to new occasions (bars, nightclubs, parties and happy hours).
    - Decrease in wine consumption per capita: people drink less quantity, but more in quality.
    - Increasing demand for white and rosé wines.

- CONSUMER BEHAVIOUR IN SOCIAL NETWORKING

In the USA the wine consumer involvement in social media continues to grow and the expectation is for it to grow also in other countries. Across all generations, *Facebook* is the most popular social media. The trend is that males dominate *YouTube*, while females dominate *Pinterest* (Wine Market Council, 2012).

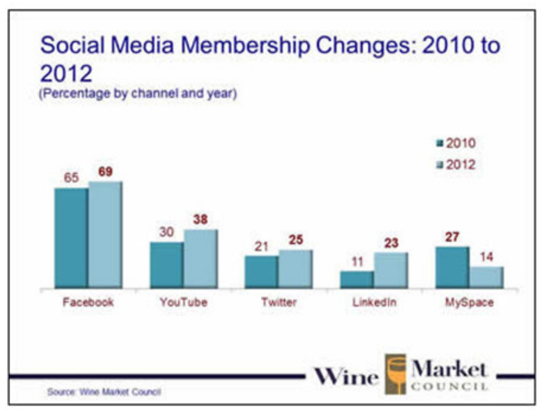
Figure 8 – Consumer Trend in Social Media (USA)



Source: Wine Market Council, 2012

All Social Media outlets increased their consumer base, except for *MySpace* (Wine Market Council, 2013).

Figure 9 – Social Media Changes in Wine Consumer Behavior from 2010 to 2012



Source: Wine Market Council, 2013

- PAIRING YOGA AND WINE

Pairing Yoga and Wine is an innovative approach to pairing supplements that put together people's favourite reds and whites wines with yoga stretches. This idea could be the next big thing in health, taking exercise to a whole new level of bliss (Trend Hunters, 2007).

2.3. EXTERNAL OPPORTUNITIES AND THREATS

The following Opportunities and Threats were identified based on the previous analysis of the external environment at *Herdade dos Arrochais* company.

Table 1 – External Opportunities and Threats

OPPORTUNITIES	THREATS
Portuguese community around the world.	Strong competitors in national and international markets.
Improvement in productivity and getting high quality products due to new production technologies.	Strong and efficient campaigns from competitors.
Some of the Portuguese castes are unique in the world and much appreciated.	Replaced by other beverages.
Cooperation between companies with the same DOC supporting their actions.	Other countries not only have a bigger dimension of production, but also have better economic and politic capabilities.
Wine is one of the most important exports in Portugal.	Harder to get in some markets (China).
A strong implementation in other countries by the umbrella brand WINES OF PORTUGAL[12].	Increase on costs due to the higher VAT charged.
Consumers demand for information.	Decrease on private consumption.
New targets on wine consumption.	

Source: Author's analysis

[12] http://www.winesofportugal.info/

3. INTERNAL ANALYSIS

3.1. COMPANY'S HISTORY

Herdade dos Arrochais was founded in 1990 and today is one of the most extensive and diversified properties in Alentejo. At the beginning, the main activity was hunting but over the years they started to produce wine. Furthermore, they have other activities like: olive oil production, fruit and cereal production, cattle (beef), goats, horses, pigs and even fishing.

Therefore in 2006, the passion and dedication for wine led to the production of quality wines – intensely fruity and very complex in taste, and the outcome was in 2008 when *Herdade dos Arrochais* won the "*1º Prémio no XVII Concurso de Melhores Vinhos do Alentejo*[13] *pela Confraria dos Enófilos do Alentejo*".

Wine production is a hobby for the family, like many others wine producers of Portugal, and focuses its main activities between Alentejo where the wine cellar is located and Lisbon's central head office. The whole procedure from vineyards to bottled wine is carried out in the Alentejo and the rest in Lisbon.

Until 2011, the main buyers of *Herdade dos Arrochais* wines were family, friends, restaurant guests like family and friends of friends. People got to know about the wine through word-of-mouth. But in 2011, *Herdade dos Arrochais* due to family networking, started exporting to Angola which presently is the company's main market.

Nevertheless, entering the Portuguese market was always an ambition, but had never been possible until now. Finally in October 2012, the wine *Ardila – Herdade dos Arrochais* was commercialized by *Pingo Doce – Grupo Jerónimo Martins* and just recently in January 2013, it started to be commercialized by *Continente - Grupo SONAE*.

[13] Concurso dos Melhores Vinhos do Alentejo – the objective of this initiative is to distinguish the best wines produced in Alentejo. http://www.vinhosdoalentejo.pt/index.php

3.2. THE CONCEPT

The concept at *Herdade dos Arrochais* is to be a brand which produces Alentejo wines with quality. On the property, 50 hectares are vineyards; the castes used in the wine production are Portuguese, and very relevant in the Portuguese wine culture.

The concept, despite being a family/amateur project is well-done in terms of brand idea. The winery is well equipped with the most recent technology and machines; there is also a laboratory to test the products and also to examine/determine the characteristics of the wine. There are also machines to bottle and label the wine and a huge wine cellar to store the products when they are ready. Moreover, there is an evidence room in the same building, where experts can taste the wine. There is also a private restaurant which is only used on special occasions by the family. All the different parts of the wine cellar are decorated with a wine theme.

People can find a range of products with different types of wines, distinct in their intrinsic characteristics and prices; *Herdade dos Arrochais* can embrace the target of wine consumers defined previously.

3.3. THE MARKETING MIX OF HERDADE DOS ARROCHAIS

3.3.1. PRODUCT

a) BRAND EXPRESSION

The brand *Herdade dos Arrochais* is an independent brand using a different name for each range of products. The slogan "***A passion we want to share***." demonstrates the love and the enthusiasm of the owners.

- **Name** – The brand name "Herdade dos Arrochais" emerged from the name of the property since its acquisition in 1990. The name given to the company is the same as the property, aiming at the recognition of the origin of the wines. Regarding the names of the wines, most of them have a name associated with the property; *Pianito* was inspired by and got its name from a part of the property, *Ardila* was chosen because of the proximity to Ardila River, which is a river on one of the extremities of the property, *Coutada dos Arrochais* was also named after a part of the property, and finally *Herdade dos Arrochais,* which has the most important name because it is the name of the company as well as the property. It is the best wine of the house.

- **Logotype and symbol** – The logotype is the visual identity of *Herdade dos Arrochais*, composed of the logo and the symbol. The symbol presented in the logotype puts together the main activities of the property. It is possible to identify the symbols of wine (grapes and vine leaves), of hunting (rabbit and partridge) and also the name of the owner "JG". Regarding the logo, it only identifies the brand name. Together, these elements reflect an image of what *Herdade dos Arrochais* symbolizes, which is elegance and simplicity at the same time.

Figure 10 – Herdade dos Arrochais Logotype

Source: Herdade dos Arrochais

- **Colours –** Purple and grey are the colours. Purple shows the royalty of the brand and grey is a neutral colour between black and white. The brand is a mixture of luxury and purity, respectively.

b) PRESENTATION OF THE PRODUCTS

Herdade dos Arrochais produces two types of wines: red and white; within these, they have four of each type. Although production occurs every year, some wines must follow certain standards of quality and other characteristics; thereby some of the wines below are not produced every year. In order to simplify things, wines are not separated by year of production but by brand (the characteristics of each wine brand can change a little year by year).

The range of brands is composed of a table wine called *Pianito* which is the weakest wine, then the other wines *Ardila*, *Coutada dos Arrochais* and *Herdade dos Arrochais* are all sorted by quality and price. *Pianito* is sold in a 5 litre box, while all the others are sold in 0,75 litre bottles. The detailed description and the packaging of all the wine typology are in Annex 2.2.

3.3.2. PLACE

The distribution channel of *Herdade dos Arrochais* is composed of B2C (Business to Consumers) and B2B (Business to Business) intermediaries who are responsible for delivering the products to customers. Thus, it is possible to find wines on the HORECA channel (in some restaurants) as well as on the Take Home channel (*Pingo Doce* and *Continente*).

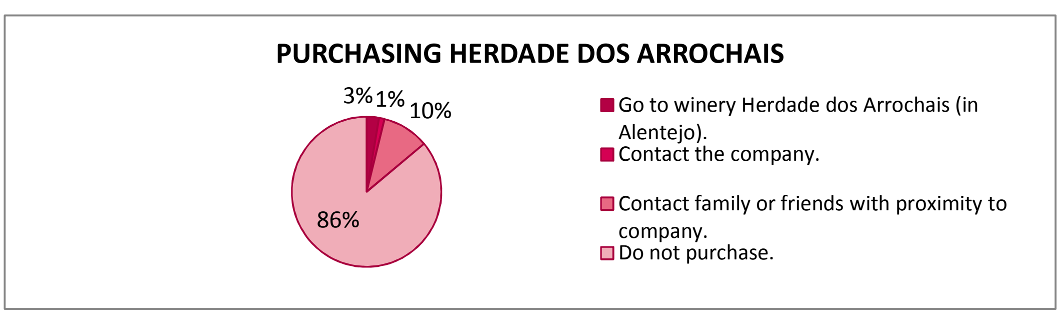
COLUSA – GESTÃO DE SERVIÇOS DE VINHO, LDA is the wholesaler for the B2B channel; this company purchases wines and is responsible for the distribution to *Pingo Doce* and *Continente* which are the retailers selling directly to consumers.

On the other hand, *BacoMania* as well as *SaborReal* act as retailers for both the B2B and B2C distribution channel, as they are small companies; curiously *BacoMania* was created by a co-worker of the company and is the most important retailer for the B2C channel.

Besides that, wines are also available on the property and in Angola.

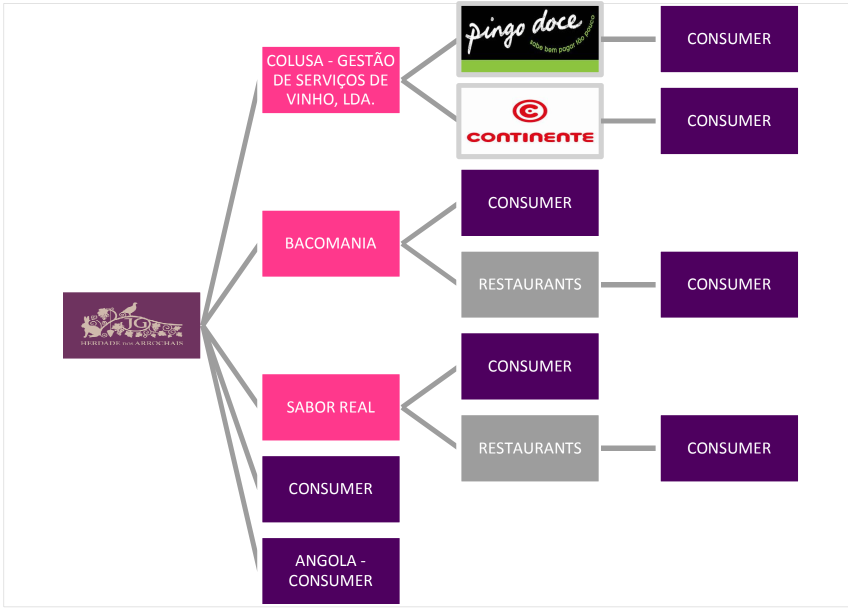
Although these distribution channels exist, when people need to order wine pertaining to the author's survey, they usually contact family or friends that have ties with the company (Annex 3.3.4).

Graphic 16 – Purchasing Herdade dos Arrochais



Source: Author's Survey

Figure 11 – Distribution Channels of Herdade dos Arrochais



Source: Author's design

Therefore, the distribution strategy of *Herdade dos Arrochais* is a bit more complex, because the different products also influence the target and strategy to follow.

With the introduction of *Ardila* in *Pingo Doce* (2012) and in *Continente* (2013) distribution became more **intensive**, because it was available in more places and for more people who consequently purchased more frequently but in smaller quantities.

However, the other brands (*Pianito* and *Coutada dos Arrochais*) are only available through other intermediaries so distribution is **selective**, except for *Herdade dos Arrochais,* due to its price, quality and because the owners so wish. This wine is only sold via *BacoMania* to special restaurants and clients, thus becoming an **exclusive** distribution.

Nevertheless, as wine production is a family hobby, lots of wine is given to friends and family.

Actually, *Herdade dos Arrochais* does not have a Website which is important nowadays with all the technological advances and the possibility to order/shop online.

For the future, the intention is to increase production in order to be strong in the marketplace and also increase exports to Angola.

3.3.3. PRICE

The definition of price is crucial for the success of the company. As well as the other variables of the marketing mix, price also creates the image value, and moreover contributes in a unique way to transform that value into profit.

Price strategy is defined by a company that should have the notion that for consumers the price is measured by a perceived value, according to the benefits and consumers' ambition and needs.

Thus, *Herdade dos Arrochais* determined the price strategy in conformity with the direct competitors in the same target market. Thereby to enter the market, *Continente* and *Pingo Doce* adopted the strategy of **price competition** which is characterized by a price which is equal or below the competitors and a positioning of *value for money* with a low price. This strategy not only has the advantage of generating market share rapidly, but also has a disadvantage: it is difficult to increase the price. For the near future, the aim is to increase the price of *Ardila*, because the current price is only applied to get into the market, a competitive strategy.

Owing to the different range of products, the strategy announced before is only applied to wines commercialized in supermarkets (*Ardila*). For the remaining wines, the strategy adopted is the **non-price competition**. Although it is a strategy where the brand is differentiated by the competitors through other factors than price, the price applied is above the market average (consequently, it generates cash flow to recover the costs and attracts specific consumers); the quality of the wine is the main differentiating factor.

a) WINE PRICES

- **Pianito Branco/ Pianito Tinto (*Bag-in-Box*)** – € 7,85.
- **Ardila Branco/ Ardila Tinto** – € 2,99.
- **Coutada dos Arrochais Branco/ Coutada dos Arrochais Tinto** – € 4,97.
- **Herdade dos Arrochais Branco/ Herdade dos Arrochais Tinto** – € 11,30.

3.3.4. PROMOTION

Herdade dos Arrochais is a small company, consequently both the number of customers or the amount of revenue do not allow them to adopt a very expensive communication strategy such as the above-the-line strategy, where advertising like mass media, TV, radio, and outdoor advertising is included. Thereby, following a pull strategy which is directly from producer to customers, *Herdade dos Arrochais* uses a below-the-line strategy to communicate with the target, by direct marketing (face-to-face). However, nowadays the main promotion tool used is word-of-mouth, but *Herdade dos Arrochais* also has a *Facebook* page.

Indeed, *Herdade dos Arrochais*' brand awareness is really weak, just 21,1% of the respondents of the author's survey knew the brand (Annex 3.3.4); moreover, people know the brand through the owners or through friends (Author's survey, Annex 3.3.4).

Although they are invited to several wine events, the *Feiras de Amareleja*[14] is the only event where they participate in year by year.

a) WORD-OF-MOUTH

Word-of-Mouth (WOM) is a very important communication tool, influencing customers purchase decision and also gaining greater importance in attracting new customers, or on the other hand, it can also be critical because a negative opinion about a company can influence clients not to purchase more; in other words, as it appears spontaneously and spreads quickly and easily, word-of-mouth can be dangerous and difficult to control, so it can either build or destroy a business. Besides that, word-of-mouth is free and the only strategy for companies is to guarantee positive word-of-mouth in order to preserve the quality and expectations of customers. According to the author's questionnaire, it is common to purchase or to get information about the company (about the products, prices, and so on) through people contact like family or friends with ties to the company (Annex 3.3.4).

Usually people tend to give more credibility to informal but informed sources, not connected to any form of paid advertising and whose assessment results only from direct contact with the product.

[14] http://www.feirasdeamareleja.pt/FeiraVinhaVinho.html

Word-of-mouth about *Herdade dos Arrochais* wines started in 2006, the year of their first production, through family and friends who spread the word to their contacts.

b) THE INTERNET

- **Social Media** – *Herdade dos Arrochais* is present in social media through a *Facebook* page, not corporate, and has more than 200 friends. The page is not controlled by a professional person as there are publications that must be deleted, so it would be better if they had a professional *Facebook* page, with regular updates, more interactive for customers and aiming at engaging clients and attracting more customers. Currently this page has only some photos of their products and events.
- **Website** – Unfortunately, *Herdade dos Arrochais* had a Website some years ago, but decided to close it. Nowadays, in this era of communication and technology it is mandatory to have a Website, even the respondents of the author's survey admitted to the importance of a Website (Annex 3.3.5).

3.3.5. PROCESS

The process of *Herdade dos Arrochais* wines is comparable to the standard process of another wine producer. Although this process accomplishes the essential, it doesn't have any differentiating point to distinguish it; however, sometimes to produce a superior quality wine, the grape harvesting time is further controlled.

In 2012, for the first time, they tried harvesting with machines. Unfortunately this year, they cut one of the vines because it was not productive, however the area planted with vines is almost 50 hectares, of which 22,1 hectares were harvested by machines (grape harvesters).

The process of wine production at *Herdade dos Arrochais (HA)* is explained in detail in Annex 2.3. During the process the engineers (Margarida Racha and Bruno Jorge) as well as the winemaker Mário Andrade, do experiments in the laboratory in order to obtain the best wines; *Herdade dos Arrochais* is fortunate because it has its own laboratory where the experts can do all the wine experiments.

3.3.6. PEOPLE

As explained before, *Herdade dos Arrochais* is a small company, and although the owners go to Alentejo almost every weekend, the structure is well-done.

Currently, there are 4 people working at *Herdade dos Arrochais* in Alentejo. The engineer Margarida Racha works in the laboratory, the winemaker is Engineer Mário Andrade, Engineer Bruno Jorge is responsible for the wine cellar and finally the cellar man is Domingos Santos who is responsible for the production process, activities in the wine cellar and so on.

During the grape harvest last year (2012), there were 20 women and 8 men.

As explained before, the distribution to consumers is mainly done by retailers however, when someone comes to purchase wines on the property, one of the people mentioned before is responsible for that. Moreover, the accounting is done at the main office in Lisbon, by employees.

3.3.7. PHYSICAL EVIDENCE (AMBIENCE)

The physical evidence of *Herdade dos Arrochais'* products is on the packaging of the wines, the bottles and boxes, which demonstrates a clear image of passion and refinement. The entire plantation is carefully crafted, as well as the wine cellar and the main building in Alentejo, which are decorated in harmony with the wine theme. (The first 10 minutes of this video proves that: http://www.youtube.com/watch?v=LJGETUVjmSA

3.4. CLIENT/TARGET ANALYSIS

In order to develop an effective marketing strategy for *Herdade dos Arrochais,* it is essential to understand and know the consumers' profile (habits, preferences).

According to engineer Margarida Racha (during the author's interview, 2013), the customers who purchase *Herdade dos Arrochais* wines, in Alentejo, are men aged between 40 and 65.

However, according to António Gomes (during the author's interview, 2013), a co-worker at *Herdade dos Arrochais* and owner of *BacoMania*, the core market of the wines is in Lisbon and the customers are mainly men aged between 30 and 65, and belong to the middle and upper classes.

The target of *Herdade dos Arrochais* wines are people who appreciate the best Alentejo wines, aged between 30 and 65, and belong to the middle and upper classes. Overall, it must be similar to the wine consumers described before in the external analysis.

3.5. SALES EVOLUTION

Analysing the sales evolution during the last 5 years (2008-2012), the wine that sold the most in 2008 in terms of quantity was *Coutada dos Arrochais Branco*, while in terms of value was *Herdade dos Arrochais Branco* (coincidence or not, it was the award winning wine). In 2009, *Ardila Tinto* was the wine most sold both in terms of quantity or value. In 2010, the wine most sold in terms of quantity was *Ardila Tinto* (though there was a decline compared to the year before), in terms of value it was *Coutada dos Arrochais Tinto*. In 2011, *Ardila Tinto* was again the wine most sold both in terms of quantity or value. Finally, in 2012, the wine *Pianito Tinto* was the wine most sold both in terms of quantity and value.

Overall, there was a growth in sales between 2008 and 2009, but a decrease in 2010. From 2010 to 2011, a new growth happened, even greater than the years before. In 2012, global sales reached € 318.930 (Annex 2.4 and Annex 2.5).

Wine Exports to Angola have been relevant to *Herdade dos Arrochais*. In 2011, the value exported was € 45.000 for *Pianito* and € 97.500 for *Ardila*; and in 2012, Pianito increased the value to € 140.000 while *Ardila* decreased to a value of € 19.800. However, the expectation for Angola in 2013 is to only sell *Pianito*.

3.6. MAIN STRENGTHS AND WEAKNESSES OF HERDADE DOS ARROCHAIS

The Strengths and Weaknesses of *Herdade dos Arrochais* will be presented below, as a remaining part of the SWOT analysis, bearing in mind the identified Opportunities and Threats of the market and the internal review of the company.

Table 2 – The main strengths and weaknesses of Herdade dos Arrochais

STRENGTHS	WEAKNESSES
Present in the Angolan market, and strong possibility of increasing exports.	Lack of a business strategy.
Possibility of increasing production.	Small dimension.
Good quality/price relation.	Small level of production.
Diversity of wines and Portuguese castes.	Absence of communication campaigns and communication/distribution plan.
Herdade dos Arrochais belongs to *Rota dos Vinhos do Alentejo*[15].	Do not participate in national wine events.
Good reputation between consumers.	Absence of social network interaction.
Already present on the national wine market.	No relevant differentiation with other competitors.
The award won in 2008 as the best Alentejo wine.	Does not have a Website and the Facebook page is not corporate.
	Lack of brand awareness and recognition.
	Wine production is a hobby and a lot of wine is given to friends and family.

Source: Author's analysis

[15] Rota dos Vinhos do Alentejo - http://www.vinhosdoalentejo.pt/index.php

3.7. CONCLUSION

3.7.1. CRITICAL SUCCESS FACTORS

The sector, critical success factors' identification, is crucial to help determine the most relevant differentiators on which the company should focus on, in order to create competitive advantages in relation to its competitors.

Therefore, the quality of the wine, the packaging, the region of production (as demonstrated by GfK study and author's survey – Annex 3.3.2), the awards, and finally the brand awareness and recognition, appear as the key factors for any wine producer to be successful and achieve the best profit objectives in this sector.

3.7.2. COMPETITIVE ADVANTAGES

Even though there are relevant strengths which could be improved by the wide number of opportunities on the market, the lack of a strategic plan (marketing plan in terms of communication and distribution), resulted in a weaker number of competitive advantages for *Herdade dos Arrochais*.

The main competitive advantages of *Herdade dos Arrochais* are the region of production, the castes used in wine production, the networking done by the family, and the award won in 2008 that made the brand more recognized. Despite having great quality, the weak brand awareness, the inefficient communication strategy inhibits it as a competitive advantage.

4. LITERATURE REVIEW

The Literature Review represents the most important considerations supported by the review of scientific articles and document sources, on topics directly or indirectly related to the communication of a company. Therefore, according to the objective of the project, the following topics developed are Marketing 3.0 and New Media, Communication and Distribution.

4.1. MARKETING 3.0 AND NEW MEDIA

4.1.1. INTRODUCTION

The American Marketing Association (2008), in Kotler *et al*. (2011), defined "**Marketing** is the activity, the set of practices and processes that aim to creation, to communication, to offer and change offers that have value to consumers, clients, partners and general society."

Marketing is aimed at clients and is based on developing an integrated work program which is directed to the target. Thus, marketing is based on: customers needs, recognising their differences, pleasing their specific needs, long term judgement of the occasions and threats in working activities, such as work coordination and control (Mircheska and Hristovska, 2010).

4.1.2. EVOLUTION OF THE MARKETING CONCEPT

In the period between the First and the Second World Wars, *Marketing* emerged as a distinct business function, when the classic consumer goods companies such as *Unilever* and *Procter & Gamble* started to develop the concepts of product and brand management (Lindgreen *et al.*, 2010).

One of the major changes has been in the focus, the first focus of *Marketing* was to gain customers and now marketers are much more preoccupied with retaining existing customers (Lindgreen *et al.*, 2010).

Marketing has evolved over the years through three phases: *Marketing* 1.0, 2.0 and 3.0. *Marketing 1.0* the focus was on the product era; *Marketing 2.0* was the turning point where the focus was on the client, which emerged in the present information era

(*Marketing 3.0*), and the main components are information technology and the Internet. Consumers are benefited according to their wishes and needs; on the other hand, marketers seek to achieve the heart and the mind of consumers (Kotler *et al.*, 2011).

4.1.3. THE ROLE OF MARKETING 3.0 AND NEW MEDIA

The success of Digital Marketing for the business is always relative. It depends on the company, if it is ahead or behind your direct competitors (Torres, 2012).

Marketing has been one of the most exciting themes in the business world and the three major marketing fields of study are: product management, customer relationship management and brand management (Kotler *et al.*, 2011).

Bernhardt *et al*. (2012) defined new media including electronic communication channels such as social networking, websites, blogs, chat rooms, discussion boards, and customer service, all providing opportunities for two-way communication between marketers and consumers. New communication media is growing all over the world. The interactive nature of new media channels and their place-based features provide social marketers with tools to become part of consumers' conversations and engage with audiences for social change. Social networking websites are the most extensively used new media.

According to Straus *et al.* (2006), organizations have many solid e-marketing successes which inform all subsequent attempts; the Internet strengths identified by Jones and Spiegel (2003) are the following:

- Provides a research resource for buyers, sellers, and learners.
- Elevates and extends strong existing brands.
- Is cost-effective for customer self-service and ongoing business (as opposed to new online businesses).
- Allows unprecedented one-to-one communications and dynamic personalization during an online session.
- Opens the market to new groups of customers.
- Customizes powerful extranets to the company and individuals.
- Offers unlimited real estate on the Web, so prospects can dig deeper and marketers can present items that wouldn't be cost effective on print.
- Allows for profitable strategic business alliances and affiliations.

- Offers unique ways to present information and increase sales and profits.

Over the years consumers have become more intelligent. Consumers believe more in each other than in enterprises. After all, marketing is the closest management process for consumers. Thus, in Marketing 3.0 enterprises have to approach consumers as complete human beings (Kotler *et al.*, 2011).

Marketing 3.0 must be redefined as a harmonious triangle of brand, positioning and differentiation, corresponding to a clear definition of unique identity and fortification of an authentic integrity with the construction objective of a strong brand. Moreover, it also takes into account the mission, vision and corporate values. Marketing should not be considered only as a selling tool, but also helps generate demand and there is hope for a company to recover the consumers' trust (Kotler *et al.*, 2011).

The level of user engagement with new media is astonishing, new media puts consumers at the centre of information exchange such as content creators, information sharers and direct collaborators (Kaplan and Haenlein, 2010).

New media allows social marketers to connect with audiences in place and real-time in unprecedented ways, providing greater richness and deeper engagement with consumers, while reaching a huge number of new media users (Bernhardt *et al.*, 2012).

Thus, there are two fundamental characteristics of new media: interactive and digital. Shankar and Hollinger (2007) have classified new media into three groups: **intrusive** - consumer is "interrupted" (Godin, 1999) by advertising (Internet advertising, product placement in video games and M-Commerce); **non-intrusive** – consumer chooses to receive the communication (social networking sites, "buzz" or viral marketing); and **user-generated** – consumer actually creates the communication (blogs, video sites, ratings/ recommendations) (Russel, 2009).

4.1.4. THE RELEVANCE OF WEB 2.0

Web 1.0 emerged with the Internet and was the first implementation of the web with very rudimentary capabilities. There was a very significant change from the static 1.0 to a new and more interactive network named Web 2.0 (O'Reilly & Battelle, 2004).

Web 2.0 technologies have facilitated globally the creative development in many disciplines (McLean *et al.*, 2010), their key features are participation, share, collaboration and communication (O'Reilly, 2005). The main difference between the traditional Web and Web 2.0 is the use of content generated, and there is more collaboration amongst Internet users (Lim *et al.*, 2011).

Web 2.0 is used by enterprises in many different ways to connect with customers, employees and other stakeholders; and is generally understood to be dynamic (updates content automatically) and collaborative (draws information from a huge number of sources and from users) (Schindler, 2007).

Technologies themselves differ extensively, like Facebook, Twitter, YouTube, Wikipedia, Blogger and Flicker. Web 2.0 is not a new version of the Internet, but in fact it is a lot more different than Web 1.0, because users are now the ones providing the content on the Web (Rosen and Phillips, 2011).

4.1.5. CUSTOMER RELATIONSHIP MANAGEMENT IMPORTANCE FOR MARKETING

Customer Relationship Management (CRM) is important in marketing because of the benefits from strategic planning and integration. The adoption of a relationship-orientated intervention to build consumer loyalty, which requires marketing effort for individual consumers, will only be effective in increasing a company's profitability if these efforts are carried out (Rust and Verhoef, 2005).

Reinartz and Venkatesen (2008) stated that customer relationship is created by four key actions: customer acquisition, customer retention, customer growth and the winning back of customers.

An effective CRM strategy consists of two key components: firstly, the competence in knowledge management (the collection, analysis, dissemination, and application of customer information from its dynamic customer database – provides the information to understand segment and target customers, allowing to allocate more efficiently the resources to create customer value, increase customer loyalty and consequently company profitability) (Abe, 2009); secondly, the competence in developing and maintaining relationships over time (Arnett and Badrinarayanan, 2005), the importance of a long-term coordination of marketing communication between the marketer and the consumer, the intensification of new media also provides opportunities for companies to better understand consumers and manage customer interactions (Hennig-Thurau *et al.*, 2010).

Kotler and Keller (2012) suggested that customers expect an integration from channels that allows them to order a product online and pick it up at a convenient retail location; return an online-ordered product to a nearby store; receive discounts and promotional offers based on total online and offline purchases.

The consumer trust has been acknowledged in marketing literature as a crucial factor for the success of business trade, and in turn, the development and management for a long-term customer relationship. Trust has been defined as a willingness to rely on an exchange partner in whom one has confidence, is reliable, and has integrity (Morgan and Hunt, 1994).

Moreover, as the service element of customer experiences becomes more important, location and convenience have emerged as major factors in consumer decisions for products and services (Chan, Padmanabhan, and Seetharaman, 2007). The location and allocation of decisions on supply chain network designs, including the choice of number, site and capacity of facilities, as well as assigning customers to these facilities, have significant long-term impacts on the efficiency of the network (Shang *et al.*, 2009).

Chaudhuri and Holbrook (2001) believed that people, who trust a traditional brick-and-mortar retailer, will have a similar level of confidence with an online retailer when shopping for products, because it operates in the same manner as a traditional store which they trust.

“An increased emphasis on customer relationship management has resulted in significant changes to how companies market their products and services” (Castronovo, and Huang, 2012).

4.2. COMMUNICATION – A WAY TO EXCHANGE INFORMATION

4.2.1. INTRODUCTION

Marketing Communication is the brand and product communication that follows the market evolution and has three phases: One-to-many (mass media, no segmentation), One-to-few (segmented communication/ specific messages for homogenous groups, direct marketing) and finally One-to-one (individual communication, individual databases, personalized messages) (Lendrevie *et al.*, 2010).

Lendrevie *et al.* (2010) defined three strategies of communication: **push** – sent by a company, brand or distributor, without being requested by the receiver; **pull** – requested by a potential customer; **interactive** – dialogue between a brand representative and a consumer.

On the scope to define a communication strategy, is needed to consider not only the buyers or consumers but it is also mandatory to know who is directly affecting the purchase (such as prescribers or influencers), and who effectively decides which brand/product will be purchased or consumed (Lendrevie *et al.*, 2010).

Marketing communication through the online medium is growing rapidly. The role of online marketing communication in the marketing mix is constantly evolving (Shankar and Hollinger, 2007). Indeed, new media such as social media and mobile media are turning marketing communication strategy on its head (Winer, 2009).

4.2.2. FROM TRADITIONAL COMMUNICATION TO INTEGRATED MARKETING COMMUNICATION

Integrated Marketing Communication (IMC) emphasizes the benefits of harnessing synergy across the multiple media to build brand equity of products and services (Pitta, Weisgal and Lynagh, 2006). The American Association of Advertising Agencies (Schultz, 1993), defines IMC as "a concept of Marketing communication planning that recognizes the added value of a comprehensive plan, that evaluates the strategic roles of a variety of communication disciplines – for example, general advertising, direct response, sales promotion, and public relations – and combines these disciplines to provide clarity, consistency, and maximum communication impact".

Traditional mass media has been a popular communication channel for building brands, since they are capable of reaching a large number of audiences at one time. Therefore, the relative cost of using this media is very low when we consider the number of target audience reached. Mass media provides one-way, non-personal communication, where the audience is unable to interact with the sender of the message and there is no real person to communicate with. (Hongcharu and Eiamkanchanalai, 2009).

Therefore, Belch and Belch (2009), explained that traditional mass media can be broadly divided into three categories: print, broadcast and support media. Print media includes newspapers and magazines. Broadcast media includes television and radio, the signals of which can be transmitted via wired or wireless communication. Support media includes the rest which are not broadcast or printed such as the out of home media, promotional products, point of purchase materials, captive location medium and entertainment program communication (Hongcharu, 2008).

The Internet and mobile phones are different since both media can elicit customers' responses. To enhance the capability of both types of media to create customer relations and stimulate purchase, marketers make use of customers' databases to customize the messages sent to their customers. Through customer databases, many companies successfully satisfy the needs of their small but loyal customers which are carefully segmented by using their purchasing behaviour data. This development is likely to flourish with mobile phones since markets can decide to target their customers using mobile media usage, mobile purchase behaviour or their connections, etc. Moreover, they can also use mobile geo-targeting in which the marketers can send messages to customers in a more specific geographical area (Sharma, Herzog and Melfi, 2008).

Through these new types of communication, the company can communicate with their customers in stages, from the Internet to SMS or phone calls. Firstly, customers can be contacted regularly via e-mails with special promotional offers which are more discreet and anonymous and do not provoke any reaction from competitors. In addition, this can gradually build the relationship with customers as they also look forward to future promotional offers made by the brands. Secondly, the company can be more interactive with the target customers by calling them on their mobile phones, sending them SMS's and offering even better promotional offers that they cannot resist (Hongcharu and Eiamkanchanalai 2009).

With IMC, marketers plan and then execute marketing communication programs that create and maintain long-term relationships with customers by satisfying customer needs. This means that promotional tools are used in such a way as to build ongoing loyal relationships with customers or other stakeholders, rather than simply causing a one-time product purchase or short-term change in behaviour. Today, with increased global competition, customers are bombarded with more and more marketing messages.

At the same time, technology now enables even small firms to develop and effectively use customer databases, giving them greater opportunities to develop and effectively use these databases, giving them also greater opportunities for understanding customers and for developing one-to-one communication programs (Solomon *et al.*, 2006).

IMC can make firms more efficient and/or effective in communicating with their intended target markets, and in turn can help firms achieve superior financial performance through higher brand equity (Madhavaram, Badrinarayanan and McDonald, 2005).

Solomon *et al.* (2006), concluded that effective communication occurs only when the source and the receiver have a mutual frame of reference; both parts must share the same understanding about the world. According to promotion mix, it includes the following elements: personal selling, advertising, sales promotions and public relations. Nevertheless, there are new appeals and different forms of alternative marketing communication as follows:

Table 3 – Forms of alternative Marketing Communication

FORMS OF ALTERNATIVE MARKETING COMMUNICATION		
FORM	**FORMAT**	**MEASUREMENT CRITERIA**
CRM	Online & Offline	Customer base Sales revenues and marketing costs Partnership with customers
BRANDS COMMUNITIES	Online & Offline	Engagement and loyalty Size of community Ideas generated
E-MAIL	Online	Link clicks and customer service calls Delivery rates Open rates and conversation rates

SEARCH ENGINE	Online	Website ranking and link popularity Traffic Referrals
VIRAL	Online	Number of pass-alongs or forwards, embeds, and comments Content downloads Total views and unique viewers Conversations and click-throughs URL refresh Email addresses collected
GUERRILLA	Online & Offline	Attendance Sales and customer acquisition Website traffic
EVENTS-BASED	Offline	Business, behavioural and learning impacts
MOBILE	Online	Cost-per-acquisition Consumer engagement

(Source: Castronovo *et al.*, 2012)

4.2.3. DIGITAL MARKETING COMMUNICATION

Digital communication is becoming increasingly social, mobile and local. The Web, with its billion devices, is moving its current state of connecting people and content even further. The emerging technology trends propose a convergence of augmented reality, real time, location and sensors. The Web is evolving quickly, driven by exponential changes in technology and an awesome abundance of innovation (Hoffman *et al.*, 2011).

In fact, as companies begin to realize the value of the Internet as a primary component of their communication platform, they begin to leverage alternative marketing practices that are more cost-effective and more efficient at actively engaging with consumers, than traditional advertising channels. The alternative marketing practices used effectively can be especially advantageous for SMEs in the consumer products and services industry, which often lack the resources that are needed for employing traditional forms of advertising. By developing a strategy in accordance with the company's overall strategic objectives, a smaller company not only has the ability to communicate the message to its target, but also has the ability to cultivate meaningful relationships with its consumers (Castronovo *et al.*, 2012).

Internet advertising has increased the set of communication tools that marketers used for 50-100 years such as TV, radio, magazines, newspapers and outdoor advertising. Traditional media is not disappearing, it is facing new formats. The movement towards new media is made up of factors such as the existence and improvement of new technologies at home and in the workplace, the creation of "experiences" for customers in order to interact more with them. These changes have impacted marketers, so that they increased the number of "alternative" media and also increased competition between companies (Russel, 2009).

In fact, the nature of the communication's model has changed (Hoffman and Novak, 2009).

Taylor (2009), defined principles of digital advertising related to understanding consumer considerations:

- Marketers must be sensitive to consumer concerns about privacy and spam: in this era of *iPhones*, *BlackBerrys* and androids, consumers are "always on" mode. Consumers view their mobile devices such as their own "personal space" and are very sensitive to privacy (Hart, 2008);
- Consumers are more likely to be receptive to digital ads from marketers they trust: Choi *et al.* (2008) found that trust and advertiser credibility led to better results for advertisers, moreover companies with consumers who already know and trust them are able to have more success using digital media than those with whom consumers do not have a previous relationship;
- Consumers are more likely to be receptive to respond to digital ads for products that are relevant to them: the importance of relevance is not unique in new media, it clearly matters in an environment where consumers are concerned about privacy;

- Digital approaches that incorporate interactivity are more likely to be effective: McMillan *et al.* (2003) found that research on the Internet does suggest that interactivity is a key driver to success.
- Advertising messages that are entertaining have a higher chance of success in the digital context: the digital advertising programs which incorporate both interactivity and entertainment tend to have a significant advantage.
- New media messages need to build the brand to be effective: it is important for companies to take advantage of the brand-building capacity of the Internet when advertising (Taylor, 2009).

Thus, online media is **interactive** (Bolton and Saxena-Yver, 2009); **searchable using keywords** (Rangaswamy *et al.*, 2009), **flow-based** (Hoffman and Novak, 2009), serves as a **marketing channel** (Neslin and Shankar, 2009), allows **click-stream** analysis (Bucklin and Sismeiro, 2003), is possibly more **targetable**, and involves elevated roles of **trust** (Urban *et al.*, 2009) and **privacy** (Peltier *et al.*, 2009). Most importantly, it is with the media that consumers are spending more of their time.

More than a few aspects of online marketing communication are attracting attention. **Social media**, which includes sites such as *Facebook*, *LinkedIn* and *MySpace*, have been of great interest to marketers for a while now. **Mobile marketing** is taking off as more consumers are increasingly becoming dependent on their mobile device for their day-to-day needs, including music, voice, data communication and photography (Shankar and Balasubramanian 2009).

Regarding online versus offline, Shankar *et al.* (2009) demonstrated that it is optimal for marketers to spend more than their current level on online marketing communication efforts. Moreover, the user-generated content such as online blogs and chat data can be used to predict future sales and plan marketing activities. Regarding the online experience, online engagement is useful and there are two components, personal and social-interaction engagement which can be measured and controlled to improve the effectiveness of advertising online (Shankar and Batra, 2009).

Thus, the most relevant Social Media tools and their objectives are:

Table 4 – Relevant Social Media Tools

SOCIAL MEDIA TOOLS AND THEIR OBJECTIVES	
SOCIAL MEDIA TOOLS	**OBJECTIVES**
CHAT ROOMS	Improve customer service
	Create sense of community
	Garner customer feedback
BLOGS	Drive WOM recommendations
	Build meaningful relationships
	Increase loyalty
YOUTUBE	Harness power of video to increase embedding of content on other sites
FACEBOOK	Advertising
	Develop a community
	Target specific audiences
LINKEDIN	Connect with professional communities
TWITTER	Customer engagement
	Conversation propagation

(Source: Castronovo *et al.*, 2012)

4.3. DISTRIBUTION – A WAY TO DELIVER PRODUCTS/SERVICES

4.3.1. INTRODUCTION

"**Marketing Channels**" or "**Placement**" in marketing terms are like where and how a product gets to the consumer. The "where" is described by discussing the retailers involved or the channels that are utilized. The "how" is best explained by examining the distribution network or supply chain of a particular product and the steps contained within the supply chain of this product. A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer (Kotler and Keller, 2009).

Kotler and Keller (2012) defined the **marketplace** as physical, such as a store where people shop in; the **marketspace** is digital, as when people shop on the Internet.

Distribution channels are used by marketers to display, sell or deliver the physical product or service(s) to the buyer or user. These channels may be direct via the Internet, mail, or mobile phone or telephone, or indirect with distributors, wholesalers, retailers, and agents as intermediaries. To carry out transactions with potential buyers, the marketer also uses **service channels** that include warehouses, transportation companies, banks, and insurance companies. (Kotler and Keller, 2012)

Kotler and Keller (2012) explained that most producers do not sell their goods directly to the final users; between them stands a set of **intermediaries** performing a variety of functions. These intermediaries constitute a **marketing channel** (also called a trade channel or distribution channel). Formally, marketing channels are sets of interdependent organizations participating in the process of making a product or service available for use or consumption. They are the set of pathways a product or service follows after production, culminating in purchase and consumption by the final end user.

Channels of all types play an important role in the success of a company and affect all other marketing decisions. Marketers should judge them in the context of the entire process by which their products are made, distributed, sold, and serviced.

There are two types of strategies: the **push strategy** that uses the manufacture's sales force, trade promotion money, or other means to induce intermediaries to carry, promote, and sell the product to end users, used when there is low brand loyalty in a category, brand choice is made in the store, the product is an impulse item, and product benefits are well understood; and the **pull strategy** where the manufacturer uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries, thus inducing the intermediaries to order it, used when there is high brand loyalty and high involvement in the category, when consumers are able to perceive differences between brands, and when they choose the brand before go to the store.

Regarding the distribution channels, the hybrid channels and multichannel occurs when a single company uses two or more marketing channels to reach consumers. The **hybrid channels** must make sure their channels work well together and match each target customer's preferred ways of doing business. On the other hand, the **multichannel** is characterized by each channel targeting a different segment of buyers, or different needs stated for one buyer, delivering at the right place in the right way at the least cost (Kotler and Keller, 2012). The multichannel strategy provides the retail company with a competitive edge by operating two or more retail channels to distribute products to customers. The multichannel retailers generate greater revenue than single channel retail operators because they attract more cross-shoppers (Levy and Weitz, 2004).

Distribution management is one of the priorities in this era of competition. The channel management efficiency is becoming a compulsion among the marketer for the right placement of product and service to customers. Channel partners consider themselves as an integrated part of the company using six dimensional influence strategies: information exchange, recommendation, requests, threat, promises and legalistic plea (Mandal and Roy, 2012).

Developing an **optimal distribution network strategy** is a delicate combination of science, art, and compromise. It goes beyond mathematical models and also from the lowest cost. The optimal strategy supports the broad and future needs of the business through a service-friendly, cost-effective approach that minimizes the tax burden, mitigates risk, allows flexibility, and accommodates growth. Thus, the optimal design will result from careful evaluation of these and other variables in the context of the organization's overall business strategy (Tiede and Lee, 2005).

4.3.2. THE ROLE OF THE INTERNET AS A DISTRIBUTION CHANNEL

During the previous decade the Internet created a retail and consumer revolution by providing a new and convenient channel for shopping. The **online retail market** is increasing quickly, with a huge assortment of products and services. Throughout this period e-retailers have had to ensure they offer consumers appropriate customer service and a pleasant online shopping experience, including the order fulfilment process.

Online shopping enables customers to stay at home and wait for products to be delivered by retailers. The responsibility of many physical aspects of this fulfilment process, which previously lay with the consumer in-store and beyond, is now taken on by the retailer.

Thus, **online retailing** requires different logistic tasks from the retailer. Traditional retailers need to redesign their distribution systems to work in this new multi-channel format; in order to have online retailing and home delivery, one must improve the physical flow and offer a better service to consumers (Xing *et al.*, 2010).

Online business is steadily increasing every year, not entirely because of pure web-based retailers, but also due to multi-channel retailers conducting business both online and offline (Levy and Weitz, 2004).

The digital economy is unique. The Internet offers a basis for global connectivity and interaction. A virtual location on the World Wide Web allows a firm to easily reach more domestic and international customers, as we have seen with the global expansion of companies such as Amazon.com, Yahoo, and Google. In addition, the Internet allows companies to improve their business process and achieve more efficient and effective operations in support of far-flung customers (Kauffman and Wang, 2008).

Although these are advantages that all Internet companies enjoy, some have been taking advantage of this global interactivity and offering services to facilitate interaction among their customers but in special ways. Such large-scale global connections among individuals and businesses are unprecedented and impossible without the Internet, and they increase the business and social networks that companies and individuals face. As a result, these business models take advantage of global connectivity from the Internet, which increases their suitability for the digital channel and their chances of survival (Kauffman and Wang, 2008).

There are a set of “characteristics” that distinguish the Internet from traditional distribution experiences, such as accessibility, destination information, search capability, feeling in control, wide range of choices, low price, simplicity and easy to use, multimedia presentation, online community and answers to all the questions (Zhang *et al.*, 2006 p.392).

Customers can and do easily find low prices because the Internet fosters broad search, facilitated by powerful search engines and the Internet search costs are also lower (Brunger and Perelli, 2009).

The growth of Internet-based e-commerce has accelerated this global trend by providing the capacity to efficiently link firms from around the globe in a vast electronic marketplace (Kalakota and Whinston 1996).

The corner grocery store being replaced by the supermarket, the hardware stores by home centres, and bookstores by online retailer Amazon.com are typical examples. In recent years, this type of metamorphosis in distribution channels has been referred to as *reintermediation* – a reconfiguration of middlemen in distribution channels rather than the elimination of intermediaries from distribution channels.

In today's global markets where distribution channels commonly reach beyond a nation's borders and frequently extend to operate in many countries, the concept of functional shifting is as relevant to designing effective and efficient channel structures as ever. Channel managers attempting to make products and services available to diverse and distant global markets, need channel structure and most probably multiple channel structures, to reach their customers (Rosenbloom, 2007).

4.3.2.1. E-COMMERCE AND M-COMMERCE

Whiteley (2000), defined **e-Commerce** as a general concept covering any form of business transaction or information exchange which is executed using information and communication technologies (ICT's); moreover, e-Commerce takes place between companies, between companies and their customers, or between companies and public administrations; it includes electronic trading of goods, services and electronic material.

In fact, online retail sales have exploded in recent years, and it is easy to see why. Online retailers can predictably provide informative, convenient, and personalized experiences for different types of businesses and consumers. By saving the cost of retail floor space, inventory, and staff, online retailers can profitably sell low-volume products to niche markets. Online retailers compete in three different key aspects of a transaction: **customer interaction** with the Website, **delivery** and **ability to address problems** when they occur (Kotler and Keller, 2012).

Laudon and Traver (2011) defended that the Internet has had three very broad impacts on marketing. Firstly the Internet, as a communication medium, has broadened the scope of marketing communication as seen by the number of people who can easily be reached. Secondly, the Internet has increased the richness of marketing communication by combining text, video and audio content into rich messages. Arguably, the Web is a richer medium than even television or video because of the complexity of messages available, the enormous content accessible on a wide range of subjects, and the ability of users to interactively control the experience. Thirdly, the Internet has greatly expanded the information intensity of the marketplace by providing marketers (and customers) with unparalleled fine-grained, detailed real-time information about consumers as they transact in the marketplace. The impact of unique features of E-Commerce technology on marketing follows:

Table 5 – Impact of unique features of E-commerce technology on Marketing

E-COMMERCE TECHNOLOGY DIMENSION	SIGNIFICANCE FOR MARKETING
UBIQUITY	Marketing communications have been extended to the home, work, and mobile platforms; geographic limits on marketing have been reduced. The marketplace has been replaced by "marketspace" and is removed from a temporal and geographic location. Customer convenience has been enhanced, and shopping costs have been reduced.
GLOBAL REACH	Worldwide customer service and marketing communications have been enabled. Potentially hundreds of millions of consumers can be reached with marketing messages.
UNIVERSAL STANDARDS	The cost of delivering marketing messages and receiving feedback from users is reduced because of shared, global standards of the Internet.
RICHNESS	Video, audio, and text marketing messages can be integrated into a single marketing message and consuming experience.

INTERACTIVITY	Consumers can be engaged in a dialogue, dynamically adjusting the experience to the consumer, and making the consumer a co-producer of the goods and services being sold.
INFORMATION DENSITY	Fine-grained, highly detailed information on consumers' real time behaviour can be gathered and analyzed for the first time. "Data missing" Internet technology permits the analysis of terabytes of consumer data everyday for marketing purposes.
PERSONALIZATION/ CUSTOMIZATION	This feature potentially enables product and service differentiation down to the level of the individual, thus strengthening the ability of marketers to create brands.

Source: (Laudon and Traver, 2007).

Regarding the E-commerce success factors, the companies must set up and operate their e-commerce Websites carefully. The customer service is critical, online shoppers may select an item for purchase but many fail to complete the transaction. The firms should make the Website fast, simple and easy to use; something as simple as enlarging product images on-screen can increase perusal time and the amount customers buy. Also, customers must find the Website trustworthy, thus online privacy and ensuring security remains important. The new technologies such as blogs, social networks and mobile marketing are also used by online retailers in order to attract new shoppers (Kotler and Keller, 2012).

M-Commerce (m for mobile) is the future for many people. The widespread penetration of smart phones and cell phones – currently there are more mobile phones than personal computers in the world – they allow people to connect to the Internet and place online orders while on the move. The media and the existence of mobile channels can keep consumers connected and interacting with a brand throughout their day-to-day lives (Kotler and Keller, 2012).

According to Xu and Yang (2012), the goal of M-Commerce is to accomplish purchasing without the limitation of time and location, a goal which cannot be accomplished by E-Commerce. However, the perspective of M-Commerce must be understood by users to ensure the successful implementation of its applications. M-

Commerce is convenient for users to operate in the wireless environment, rendering its transactions and communication highly interactive; it enables consumer personalization, and provides the possibility for businesses to offer location-based M-Commerce, in other words, knowing where a user is physically located at a particular time and offering relevant mobile services in real time.

The advantages of M-Commerce are:

- **Ubiquity:** a mobile handset can fulfil the need both for real-time information and for communication anywhere, independently of the user's location.
- **Convenience:** a mobile handset with all the capabilities of the Internet can assist anybody immensely in their day-to-day life. Users can check their email, stock quotes; obtain weather information, driving directions, and shop for items such as airline and movie tickets while driving and using their mobile handsets.
- **Competition:** the hype behind M-Commerce has raised interest from many firms currently competing in the wireless arena. This will force those companies to innovate, and in the process develop new technologies that can shape the future of E-Commerce and the business of a business as a whole.
- **Revenue:** M-Commerce gives businesses a new frontier to market their products. With the current large number of mobile subscribers worldwide, and further developments in the M-Commerce arena, there is no doubt businesses can profit immensely from M-Commerce (Yadav *et al,* 2012).

4.3.3. THE IMPORTANCE OF DISTRIBUTION CHANNELS IN EXPORTS

The major part of the total business establishment around the world is formed by small and medium enterprises (SMEs) (Mukhamad and Kiminami, 2011). As a result of its significant presence, the sector contributes substantially to the Gross Domestic Product (GDP), value-added creation, employment and poverty alleviation (Agyapong, 2010). More fascinatingly, the increased involvement of SMEs in export activities in the last few years would make them more recognizable by competitors, better access to new markets (Ungson *et al.*, 1997) and more supportive of GDP growth (Kotz, 2011).

The potential determinants of **export performance** include the marketing strategy carried out by the firm in its foreign markets (adaptation of marketing-mix strategy and expansion) and the resources available for implementing the strategy. Designing a global marketing strategy to operate in international markets is fundamental for succeeding overseas (Chao and Kumar, 2010).

According to Cadogan *et al.*, (2009) the **international marketing strategy** has two dimensions: the "scope" dimension, through which the company defines its business and segments its market; and the "competitive" dimension, which mainly consists of the company's marketing-mix strategy.

However, in order to have success in the **export market**, many internal and external factors are required which are conducive to exporting firms. Internal factors are variables that can be controlled by firms (Sousa et al., 2008), whereas external factors are out of the company's control. Identifying the variables affecting a company's export performance is a strategic move and triggering a vital interest among export managers, public policy makers and researchers (Mohamad *et al.*, 2009).

Besides innovation in all the different distribution channels, there are also some other factors which may influence a company's performance, like: firm size, firm age, the industry and the environment. It was found that innovation in certain distribution channels functions, but assortment and transportation coordination enhanced the effectiveness of the distribution channel, which ultimately improved the SMEs export-oriented performance (Kuswantoro *et al.*, 2012).

5. INTEGRATED COMMUNICATION PLAN

5.1. NEW STRATEGY OF COMMUNICATION

The definition of new strategies of communication is even more important when a company does not have a well defined structure. Thus, after analysing the external and internal environment, identifying the most relevant competitors, as well as recognising the target and the trends of the wine sector and wine consumption, it was concluded that there is a gap between the consumers and the brand *Herdade dos Arrochais*. Although it has some good advantages in its favour, such as the quality of the wine and a well-equipped wine cellar, *Herdade dos Arrochais* is not able to take advantage of them and to enhance its value.

Therefore in this chapter, strategies (in the short term) of integrated marketing communication for *Herdade dos Arrochais* will be proposed, aiming at the application of digital marketing to link customers (or potential customers) to the brand.

5.1.1. NEW STRATEGY OBJECTIVES

In fact, communication of *Herdade dos Arrochais* is truly weak, which hampers brand awareness and customer loyalty. Therefore, the main objective of the new strategies is to increase and improve communication by creating a Website; notwithstanding, the creation of a Website will also provide the tools to upgrade the distribution channels.

By developing the marketing plan for *Herdade dos Arrochais,* it is necessary to balance the objectives and the budget, namely the money the company is willing to pay and spend, as well as the actions to achieve their objectives.

The starting point to define a strategy of communication is to determine the final objectives.

As announced before, the main objective of the new strategy is to create a Website aiming at closing the gap between company and customers, thus the main objectives in terms of communication are:

- Increase brand awareness of *Herdade dos Arrochais*;
- Increase the number of customers and the value/volume of orders;
- To give a chance to customers or potential customers to know more about the company, the products, prices and so on;
- The possibility to order online or get to know the contacts to place an order;
- Participate in events (like wine fairs);
- The creation of a customers' database (according to the bases of CRM);
- Improve the export level.

5.1.2. THE DEFINITION OF A POSITIONING

The development of a positioning for *Herdade dos Arrochais* was thinking because the bases for a well defined marketing plan is also a shapely positioning. Thus, the most common way to determine a positioning is reflecting the positioning triangle. *Herdade dos Arrochais* positioning is demonstrated below:

- **Expectations of Target Market –** more and more, wine consumers are more demanding and seek quality wines with a good quality-price relationship; the aroma and the region of origin of the wine are relevant aspects in choosing wine.
- **Competitors Positioning** – direct competitors have a stronger market share, they are bigger in terms of production and brand recognition, also in notoriety; communication and distribution is intensive (they have more resources to use in communication campaigns), some of them are also well positioned abroad.
- **Potential Product Trump** – the quality of the products, the range of products which suits all the target market, innovation in production and the castes used in the production process.

Moreover, positioning is complete after the description of the identification and differentiation. In terms of **identification**: Alentejo wines; on the other hand, the **differentiation**: a wine from Alentejo with quality and passion. Nevertheless, the

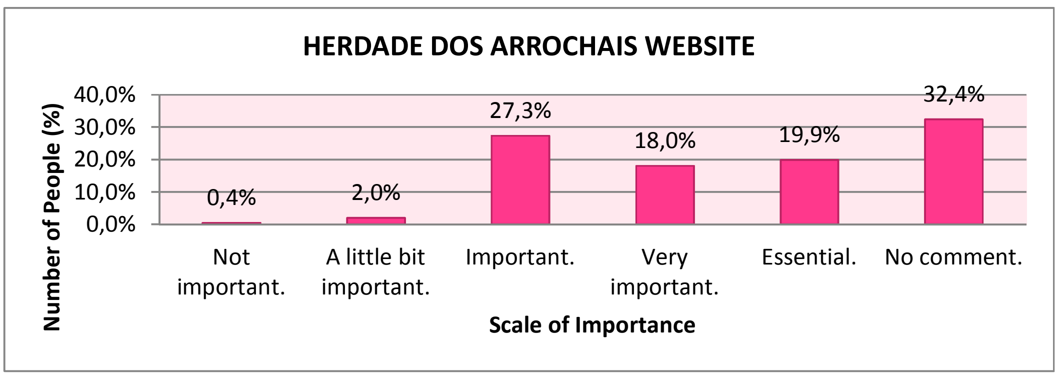
promise is the satisfaction of choosing a great wine with good proprieties, and as mentioned before the **slogan** is "a passion we want to share".

5.2. STRATEGY IMPLEMENTATION – HERDADE DOS ARROCHAIS

The implementation of the new strategy has a major implication on the creation of the Website, because through it, will the principal communication strategies be made. Thus, in this chapter the Website (including an approach about distribution and the CRM) will be developed, as well as the Integrated Marketing Communication Strategies and finally the measures.

Indeed, the respondents of author's questionnaire also believe in the importance of having a Website.

Graphic 18 – Herdade dos Arrochais Website



Source: Author's survey

5.2.1. THE WEBSITE

The development of the Website (www.herdadedosarrochais.com) is crucial for the success of the new strategies. First of all, we have to define the brand expression through the Website and be immediately aware that people are on the *Herdade dos Arrochais* Website. For this, the characterization of the brand's basic elements for expression of the brand will be:

- **Tone of Voice** – the tone of voice must be formal, honest, friendly, welcoming and relaxing; translating an image of quality, serenity and refinement.
- **Typefaces** – the objective of the website is to be modern and up-to-date, thus both typefaces chosen remind us of modernity and simplicity, the primary

typeface of the titles and subtitles is **Segoe UI** always used in uppercase, in normal or bold; Microsoft YaHei will be the body text, simple, thin and easy to read, perfect for direct communication.

- **Colours** – the best colours to use in the *Herdade dos Arrochais* Website are **black**, **white**, **grey**, **purple** and some tones of **green** (the green colour reflects an idea of the environment, peace and tranquillity) inspired by nature; the colours must be neutral and natural, establishing an idea of refinement, purity and luxury (Annex 4.1).
- **Imagery** – imagery is fundamental to communicate the brand idea; in this project the imagery will be photographs and images recalling the environment and the property (including the wine cellar) with colours, but with a neutral application; awakening the curiosity of the online visitors (Annex 4.2).
- **Strapline** – the strapline will also be present on the Website and the slogan is: "*a passion we want to share*".
- **Sound** – the sound on the Website should be something calm, without words, only instrumental music, very clean and fresh. The choice made was Lounge/Chill-Out Music as can be heard on this link: http://www.youtube.com/watch?v=gDh5ntUMoeA.
- **Movie** – when people enter the Website, there will be a movie introducing the company, awakening the curiosity and desire to know more. This movie will have images of the property and small quotes, the sound heard will only be Chill-Out Music.

The content of the Website will be divided into six sections. The **Wine** section will have the description of each wine, services and programmes (like wine courses and wine tasting); in the **Herdade dos Arrochais** section people can find the history of wine production, the location, the contacts, the presentation of the winemakers, the sustainability of the property, and the guided tours on the property; there will also be a section about **Hunting** (as the property is one of the biggest hunting reserves of Portugal); the next section, the **Company** with a description of the family run business, also the timeline, the mission, vision, strategic objectives and values; the **Events** section will inform online visitors about the events and fairs where *Herdade dos Arrochais* will be present; and finally the **Customer** section, where customers will have the possibility to register or to do the login to have access to more information, for promotions and to order (to make a new order, or view information about the last order, or the state of the current order).

Furthermore, the languages available on the Website have to be: Portuguese, Spanish and English. Portuguese, because the company is Portuguese and the main target are Portuguese people; in Spanish due to the proximity with the Spanish border; and finally English, for export reasons.

On the Website, people will have the option of becoming a fan on *Herdade dos Arrochais Facebook* page and also to share the *Facebook* information they are reading (Annex 4.3).

5.2.1.1. DISTRIBUTION THROUGH THE WEBSITE

Although *Herdade dos Arrochais* has a distribution strategy that works, it is still weak and it could be improved to reach more customers and increase the performance of the company, reducing the costs of transport and enhancing the efficiency of the distribution channels.

The objective of Distribution through the Website is to allow online shopping, enabling customers to place orders when they want, without worries, and also trying to increase the export level. According to the author's survey, 84% of the respondents assumed that the option of purchase online is relevant, 52% affirmed that they usually do online shopping, and 61% admitted that they would be available to purchase in the near future (Annex 3.3.5).

On the Website, in the Customer section, all the customers are able to do orders or view their own page, which means that there will be two subparts, the B2B and the B2C. In each case, in order to enter people need to log in or to register in case of being a new customer.

In the **B2B** section (only for restaurants) it will be possible to order and to have special offers, to do wine tasting as a way of introducing the brand to a restaurant, for example. Furthermore, companies could request to have the *Herdade dos Arrochais* wines at their events.

On the other hand, in the **B2C** section, it will also be possible to order and access to special offers (explained in the Communication chapter). Beyond that, customers will have the possibility of suggesting restaurants where they would like to consume this wine.

In both cases, on the Website customers will be able to choose the date of delivery, it will be possible to see the state of the order, and also customers can choose to receive a message or e-mail with all the information about the order.

Notwithstanding, with the introduction of online shopping refreshing the Distribution Channel of *Herdade dos Arrochais*, the offline distribution will continue to work and will need to be improved too.

The offline distribution could increase performance through the contacts available on the Website.

Therefore, the distribution of *Herdade dos Arrochais* will become more intensive, the product will be available for everyone, the consumers can purchase more frequently and in small amounts.

5.2.1.2. CRM APPLICATION

The Customer Relationship Management (CRM) is an important concept in Marketing and with the creation of the Website the company *Herdade dos Arrochais* will be able to apply the principles of CRM.

In fact, Mass Marketing is changing to a One-to-One Marketing, where interactivity and the relationship with the clients are customized, generating new opportunities of knowledge, and competence in developing and maintaining relationships over time.

The CRM application allows the identification of the most valuable customers (must be rewarded), the most grow-able customers (must be kept) and the below zero (they just buy promotions and always complain; giving lots of trouble to the company).

Therefore, with the registration on the Website, the customers become part of the database, which is the platform of interactivity between them and the company, linked also with an integrated marketing communication, as was explained before.

Thus, the Website will be the basic tool of CRM for *Herdade dos Arrochais*, because it allows the **identification** of the client (via the registration on the Website), the **interaction** between the company and the clients (via the company e-mail and via promotions too), it also enables the **differentiation** between customers, and consequently adapting to the **customization** of the specific needs of the clients.

The advantages of employing the CRM for clients and for the company are: customized products and services, the knowledge of the market through communication, dialogue and feedback.

Herdade dos Arrochais must work not only to get new customers, but also to keep them and reward the most valuable customers; knowing in advance that online customers seek privacy, protection from messages and contents, lower prices, easy and quick to order and customization. Moreover, the company has to know what the clients are searching for, a good Alentejo wine and a wine with good quality/price relationship.

The actions of the CRM developed by *Herdade dos Arrochais* must lead to increase the level of client retention, repeat purchase and increase brand loyalty.

Once the CRM elements are developed, the **Complaint Management** cannot fail because it can influence the whole company, from sales to the loyalty of customers. In fact, the complaints are very important for the company, it enables them to resolve problems and mistakes, bring new ideas (improve quality and performance), and also learn from their mistakes (turn an upset customer into a loyal and satisfied customer).

When *Herdade dos Arrochais* receive a complaint, it should be resolved as soon as possible, in a fast, polite and serious way; to lose customers due to dissatisfaction has a negative impact. Thereby, *Herdade dos Arrochais* should take into account that a significant proportion of discontented customers contribute to a negative WOM, having a greater impact than the positive WOM.

The advantages of applying the Complaint Management at *Herdade dos Arrochais* are: a better image, increased customer loyalty, increased market share, a realistic notion of satisfaction levels, a constant upgrading, a better internal relation and also an increase in investment return.

5.2.2. INTEGRATED MARKETING COMMUNICATIONS STRATEGIES

The communication of *Herdade dos Arrochais* is still very weak, indeed there is not a marketing plan for promotion, and the company up until now has not developed strategies to communicate.

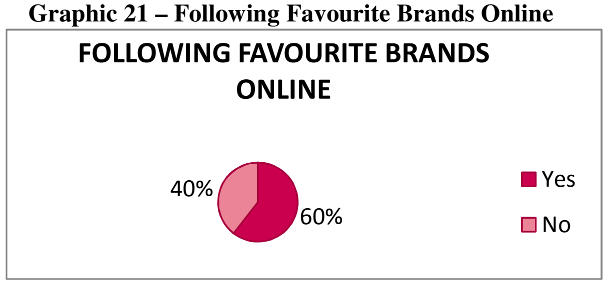
The best approach for communication is the **Integrated Marketing Communication** (IMC), which consists on a strategy where there is no line, and the main goal is to generate short-term financial returns and build long-term brand value; this strategy puts together the below-the-line and the above-the-line politics.

Thus, the strategy proposal of digital communication by creating a Website for *Herdade dos Arrochais* will be defined based on the elements of IMC; having also the objectives of getting consumers involved and to interact with them. Nevertheless, according to communication through the Website, distribution will be explored through it and the CRM bases.

The choice of developing a marketing strategy through a Website occurred because the presence on the Internet is mandatory nowadays, such as in the Social Networks like Facebook, making it easier and more effective in terms of marketing communication and interaction with consumers, moreover it is cheap, accessible anytime, has an easy access and allows to continuous update. Thereby, the *Herdade dos Arrochais'* Website will be the platform for communication, promotion actions, translating the **pull strategy** of communication, which allows communication with customers (or potential customers) without intermediaries, using integrated channels.

5.2.2.1. ONLINE COMMUNICATION

Graphic 21 – Following Favourite Brands Online



Source: Author's Survey

The *Herdade dos Arrochais* Online Communication will be made through the Website of the company and through the *Facebook* page, aiming at understanding and making themselves known to customers: exchange ideas, know their expectations and suggestions. Regarding the author's survey, people follow their favourite brands online (Annex 3.3.5).

a) COMMUNICATION THROUGH THE WEBSITE

The Website, as previously identified, will be used as a communication tool, to enhance the relationship between the target and the company, increasing the interactivity and brand awareness. On the Website, customers can choose to be notified by e-mail or SMS. The marketing communication strategies which will be used here are:

- SALES PROMOTIONS

The enforcement of sales promotions will have two objectives, one for new customers (with the objective of leading consumers to try the product and deviate consumers from the competitors) and another to retain the most valuable customers (rewarding them and building relationships) by:

- **Contents**, at the end of each season (Spring, Summer, Autumn and Winter), the customer with the highest value of purchases will be named and he will be rewarded with an offer to visit the property, the vineyards and the wine cellar, as well as winning a surprise box with two bottles of his most purchased wine; the notice will appear on each client's page, giving the good news or regretting not having been awarded (Annex 4.4.1). According to the author's questionnaire, 67% of the respondents assumed the participation on online contests.
- **Coupons**, for the most profitable customers, when they achieve € 200 in purchases, they receive a message or an e-mail, giving them 10% discount on the next purchase during the following month (Annex 4.4.2).
- **Extra Product**, when a customer orders 10 or more bottles of the same wine, on the same day, the company rewards him with an offer of a corkscrew and a cooler sleeve from *Herdade dos Arrochais* (Annex 4.4.3).
- **Product Offering**, on the client's birthday, if they make an order of 3 or more bottles (or bag-in-box) of the same wine, the company will reward them with another bottle of the same wine for 50% of the price. To get to know about this, the client will receive an e-mail or message, congratulating him/her and offering this possibility (Annex 4.4.4).
- **Quantity Discounts**, during the week of a special date (like Christmas, Father's Day, or Valentine's Day), there will be an ad on the Website,

available to everyone, to buy 5 bottles of wine and have 1 for free (expect the *Herdade dos Arrochais* wine) (Annex 4.4.5).

- DIRECT MARKETING

The direct marketing tool allows setting up direct relationships between the organization and the target, is interactive (two-way communication), enabling to get to know the consumers, listen, reward and associate them. To be efficient, one fundamental element is the construction of a clients' database.

With the development of the Website, clients should register (becoming part of the *Herdade dos Arrochais'* database), can make orders online, making purchases faster, simple and fun; it will also be possible to see the last orders. The company can, not only send e-mails as Newsletters (advising about new products, or new promotions) when people ask for it, but also send personalized e-mails for each client (only when a client has a previous register on the Website); sometimes, a company may send e-mails with games like a quiz about *Herdade dos Arrochais* wines (people will have 24 hours to answer), and the person who answers correctly and quickly will get a 10% discount on every purchase during the following week. The customers are also welcome to send e-mails to the company. On the Website, people should have the possibility to share the *Facebook* page and also be a fan (*Like)* the *Herdade dos Arrochais Facebook* page.

- PUBLIC RELATIONS

Public relations has as an objective, the creation of a favourable reputation – in the long term – considering the positive opinion of the stakeholders relative to the company, using:

  - **Patronage**, is the unique Public Relations tool which will be used on the Website. The patronage will have a solidarity character, meaning that during December, 5% of all the orders will be donated to charitable associations, so people have the possibility of choosing the association between three chosen by the company; moreover, on the Website it will be possible to donate more for these associations (Annex 4.4.6).

Still on the Website, according to emerging marketing tools and trends, the ***prosumers*** (people who deliberately and actively take part in the process of design, shaping or even producing a product, knowing it is "for them") will have the possibility of personalizing the labelling the bottles: there will be some suggestions for special occasions, however customers can do it even more personalized by sending images to print on the bottle, or choosing a white label for kids (or even adults) to paint. In the author's survey, 86% of the respondents assumed that they would like to have the possibility of purchasing online and of having a personalized packaging (Annex 3.3.5).

b) COMMUNICATION THROUGH THE SOCIAL MEDIA – FACEBOOK

The Social Networks discovered new ways of marketing, and getting closer to people. Nowadays, the *Facebook* page of *Herdade dos Arrochais* must be renewed, transforming it to a new professional page, where people can see what is being done on the property, to be informed about their actions, and also leave suggestions for the company. The communication tool used is **Direct Marketing**, moreover it is also interactive marketing.

In fact *Facebook* is the most important Social Media tool in Portugal. According to the SocialBakers website, there are 4.731.400 Portuguese users on *Facebook*, making Portugal the 39th country with more users around the world (PowerUser, 2013). According to the author's survey, 56% of the respondents do "*Like*" on *Facebook* pages of their favourite brands (Annex 3.3.5).

Thus, the *Facebook* page should be dynamic, clean, and with an informal tone of voice, stimulating the proximity with customers, but without being invasive or too playful; must have images of the products and the property. Moreover, it must communicate the new strategic developments (like the launching of new wines).

In order to communicate and interact with consumers, actions should be developed like contests or promotions (for example, for each hundredth fan, the company offers a bottle of *Coutada dos Arrochais* wine). On the *timeline* messages should appear and images according to the positioning and the spirit of the company. Furthermore, as the consumers' recommendations and opinions influence other consumers' actions, the company should be careful and control the messages of the consumers on the page. On the *Facebook* page, there will be a link to access the Website.

Finally, regarding Online Communication, advertising on another companies' Website is very expensive, so it could be an opportunity to be used in the future, depending on the sales and production evolution. However, in terms of the search engine like *Google*, the ambition concerning the new Website is to appear in first place when people search for "Herdade dos Arrochais", so as to communicate the brand worldwide and improve brand awareness.

5.2.2.2. OFFLINE COMMUNICATION

Although the major objective in developing this plan is the utilization of the digital marketing tools (applying reduced costs and being also effective) through the *Internet*; the use of the offline communication strategies as announced before, are also important, and thus were chosen the best solutions to suit the brand *Herdade dos Arrochais*.

- ADVERTISING

Advertising is an expensive marketing communication tool, so only two means were chosen: the press and outdoor advertising. Furthermore, the objective of this communication tool is to create awareness, stimulate demand and consequently gain new customers, thus:

  - **Press**, due to the high price of using this tool, only 2 different newspapers were chosen, aiming to achieve the target of the brand; even though the brand has different types of wine, the same ad would be put in the *Diário Económico* and in the *Destak* newspapers. Lots of people read these two newspapers every day, and it will be put to the test for a half month, by entries on the Website and *Likes* on the *Facebook* page. The message on this ad should have the idea "a passion we want to share" as well as the information links to the Website and *Facebook* page, also a QR code for the Smartphones link directly to the Website of *Herdade dos Arrochais*. The cost of *Diário Económico* for a half month in an even page is approximately € 250, while the cost of *Destak*[16] for half a month on a half page is approximately € 135 (Annex 4.4.7).
  - **Outdoor**, the idea of using outdoor advertising will be possible only in Alentejo, inside the property, because the costs for outdoor

[16] http://classificados.destak.pt/ajuda.php?aID=33#33

advertising for example in Lisbon[17] are impossible to sustain. Thus, outdoor advertising on the property has the objective of getting to know the brand, inviting people to come and also to make the Website known. It can also awaken the curiosity and the willingness to try, of potential customers (Annex 4.4.8).

- DIRECT MARKETING

Telemarketing, the objective of using telemarketing is to communicate directly with a specific customer. So, the *inbound actions* are when the client contacts the company – the client can contact the company to get information, to order, or simply to know the state of the order, on the other hand the *outbound actions* occur when the company contact the clients – it can happen when the order is ready, for example. This is a tool that probably will be used more by the clients.

Mobile Marketing, the SMS or MMS as a marketing tool will not be used in order not to upset the customers, it will only be used if customers on the Website prefer to be notified by SMS instead of e-mail. With the evolution of the Smartphone's it will also be possible to access the *Herdade dos Arrochais* Website by smart phone, as well as through the QR code present in the adverts found in the newspapers. For the future it could be possible to create a mobile application for the brand, it depends on the growth of the company.

- PUBLIC RELATIONS

Events & Fairs, the participation in events and wine fairs is mandatory for a company which wants to have notoriety and be recognized in the market. The events and fairs suggested to *Herdade dos Arrochais* are: *Festa da Vinha e do Vinho*[18] (in November, in Borba, Alentejo), *Festival do Vinho Português*[19] (in August, in Bombarral, Leiria), *Feira da Vinha e do Vinho*[20] (in December, in Amareleja, Alentejo), the contest *Vinhos de Portugal*[21], amongst other events and fairs in Portugal and around the world (within

[17] http://www.mop.pt/documents/tabela.pdf
[18] Festa da Vinha e do Vinho: https://www.cm-borba.pt/pt/conteudos/festa%20da%20vinha%20e%20do%20vinho%202012/Festa%20da%20Vinha%20e%20do%20Vinho%202012.htm
[19] Festival do Vinho Português: http://www.visitoeste.com/default.asp?S=2&ID=0&ID_idioma=1&ITEM=593
[20] Feira da Vinha e do Vinho: http://www.feirasdeamareleja.pt/
[21] Vinhos de Portugal: http://concursovinhosdeportugal.pt/

the project Wines of Portugal); usually the company is invited to participate in the events, and for those which are not invited, the company should evaluate the pros and cons, and must sign up.

Sponsorship, the objective of sponsorship is to increase the notoriety of the brand as well as the brand image and product enhancement. To reach these objectives, the *Portugal Open*[22] is a nice event to make it; it could be the official wine of this event and be present in the VIP area enabling people to experiment the wine. Moreover, in the open air and available to everyone, people could participate in small games to win small gifts (Annex 4.4.9).

Word-of-Mouth (WOM) Marketing is like promotion without a communication plan, in fact people love to talk, and companies have to learn how to make customers happy, as all the companies, *Herdade dos Arrochais* should treat their customers well, people should love the products and trust the brand, and then they are willing to talk about it in a good way. For example, after the *Portugal Open*, the company should invite public figures to recommend and leave their opinions about the wine. Furthermore, to improve the WOM, the company could invite public figures for a wine course with the winemaker, and then publish the feedbacks and the photographs on the Website and on their *Facebook* page.

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[22] http://pt.estorilopen.net/

5.3. FROM PLANNING TO ACTION

To implement the strategies defined before, it is necessary to define people who are responsible for the actions: execution, maintenance, evaluation and improvements. Therefore, it will be possible to analyse if the chosen strategies are being effective and whether the company is achieving the established objectives.

The construction of the Website will be made by a web-designer; the company must explain all the things they want on the Website.

Concerning the development of the strategies, and taking into account the size of the company, the best option is to contract a new employee, a marketing manager, to decide the best timing for the promotions and to put in action the strategies defined; moreover, this person should be responsible for the distribution channels and to the complaint management. Obviously, the company has to contract someone else, if there is a lot of work to be done by one person.

The control and update of the database will be made automatically when a new customer registers, during an order, and so on; *Herdade dos Arrochais* must buy a good computer software to support the database and its actions.

The evaluation of the implemented strategies will consist of:

- The evolution of the number of Website visitors and new customer registration;
- The evolution of the number of *Facebook* fans;
- The evolution of online and offline sales (including foreign requests);
- Number of e-mails sent and received;
- Perception of brand notoriety in the Events, Fairs and Sponsorship Events.

Thus, the effectiveness of each strategy should be analysed month after month (except the *Facebook* page, which should be ransacked day-by-day), ensuring the success of the company, brand awareness and the customers' satisfaction.

6. CONCLUSION

The Alentejo wines are the most sought and the most loved wines in Portugal by the Portuguese people. Unfortunately, most people are not aware of the excellent qualities of the wines produced at *Herdade dos Arrochais*.

However, up until now, very few things were done in order to make the brand known amongst its potential clients – not having a communication strategy, a weak attendance on *Facebook* and the WOM through family and friends is not enough to achieve this goal.

Thus, with all of the potential that *Herdade dos Arrochais* wines promises, it is more than an obligation to have an Integrated Marketing Communications strategy as well as being present on the Internet aiming at brand awareness, and consequently reinforcing the increase of customer numbers.

The creation of the Website aims not only to communicate the brand, but also to have a dynamic interaction with customers, where the passion and the philosophy of the brand will be exposed and transmitted so that customers may feel unique and a part of the company.

The success of the new strategy is supported by the author's questionnaire. Indeed, in order to survive in this competitive and interactive era, it is more and more relevant to be present *Online* and to develop strategies to involve customers, like contests and promotions.

With the achievement of this project, it is expected that the brand of *Herdade dos Arrochais* becomes a more recognized brand, as well as an increase in sales and in the number of consumers; it is also expected the consistency on the Website and on *Facebook*, resulting in the company's involvement with the customers, making their products and activities known.

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8. ANNEXES

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Annex 1. EXTERNAL ANALYSIS CHAPTER

Annex 1.1. DENOMINATION OF WINE TERMS

The entrance of Portugal in the European Union forced to several changes in the designation of produced wines. The "Denominação de Origem" concept is assigned to wines by characteristics, which are intimately linked with a certain region: having origin and production on that region and having quality or characteristics inherent to the geographical environment. These wines are submitted to high control in every production stages. The certificate entities exam the wine elaboration and production process to preserve the quality and unique characteristics.

DOP - Denominação de Origem Protegida (Protected Designation of Origin). Adopted to designate the wines integrating a unique community register and conferring protection according to regulation.

DOC - Denominação de Origem Controlada (Controled Designation of Origin). Wines provenience from oldest regions and by this subject to own legislation (soils characteristics, castes, vinification, bottled).

IG - Indicação Geográfica (Geographic Indication). Produced in a specific region and minimally prepared with 85% grapes provenience from that region and with typical region castes. This wines are controlled by a certificate entity.

IGP - Indicação Geográfica Protegida (Protected Geographic Indication). Community designation adopted to design wines with Geographic Indication and that integrate them in a unique community register giving protection according to regulation.

Vinhos Regionais (Regional Wines). Traditional mention to wines that have Geographic Indication. Sometimes are produced in DOC regions, but as do not respect one of the rules of elaboration or protection as such are not catalogued. It is admitted to introduce 15% of wine from another regions, use castes and bottles not authorized in DOC wines or shorten the stage times. The reference of regional mention exemption the utilization of Protected Geographic Indication (InfoVini, 2013).

Annex 1.2. ECONOMIC PROJECTIONS OF BANCO DE PORTUGAL

Table 6 – Economic Projection of Banco de Portugal

2013-2014 – Annual Variance Rate (%)				
	Weight (2011)	EB Spring 2013		
		2012	2013 (p)	2014 (p)
GDP	100.0	-3.2	-2.3	1.1
Private Consumption	66.5	-5.6	-3.8	-0.4
Public Consumption	20.0	-4.4	-2.4	1.5
Exportation	35.8	3.3	2.2	4.3
Importation	40.1	-6.9	-2,9	2.7
EB – Economic Bulletin (p) - preview				

Source: Boletim Económico Banco de Portugal, Spring 2012

Annex 1.3. POPULATION EMPLOYED AND UNEMPLOYED

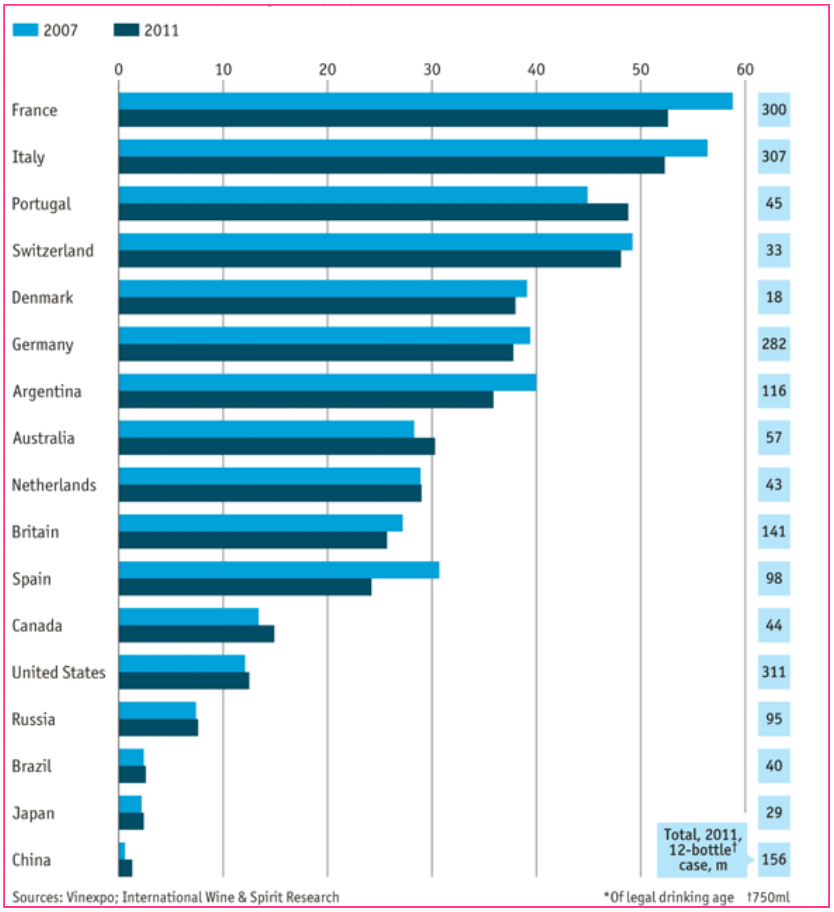
Table 7 – Characterization of Portuguese Population

Total Population, Active, Inactive, Employed, Unemployed by Region NUTS II.		
Portugal	(thousands of individuals) (trimester value)	
	2011 (1T)	2012 (1T)
Total Population (15 or more years)	9.030,1	9.013,9
Active Population	5.554,0	5.481,7
• Employed Population	4.866,0	4.662,5
• Unemployed Population	688,9	819,3
Inactive Population	3475,2	3.532,2

Source: INE, 2012

Annex 1.4. WINE CONSUMPTION BY COUNTRY

Figure 12 – Wine Consumption by Country (2007-2011)



Source: The Economist, 2012

Annex 1.5. POPULATION OF PORTUGAL

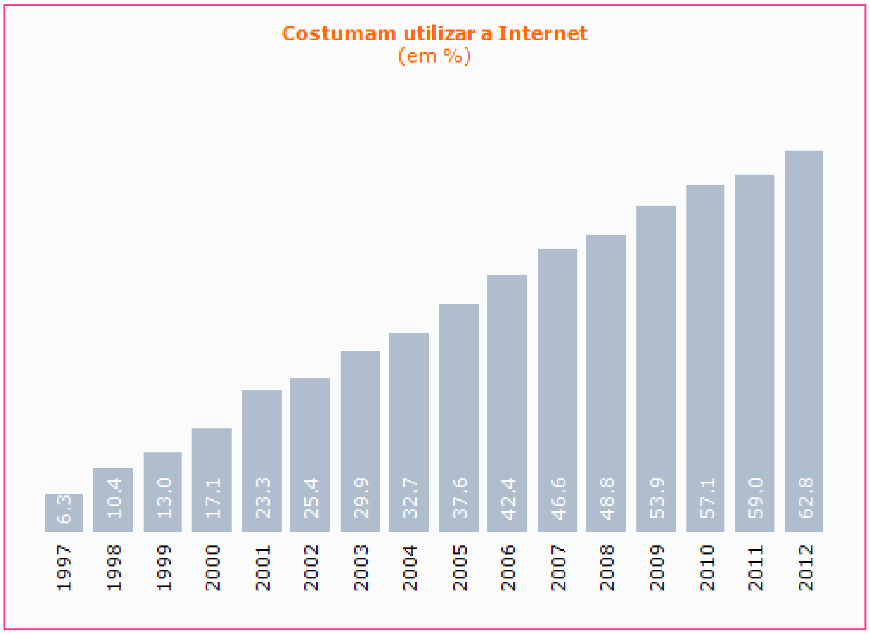
Table 8 – Population of Portugal

Population of Portugal	
Portugal	10.636.979
Lisbon	2.839.908
Age	
0-14	1.607.734
15-24	1.162.855
25-65	5.934.933
+65	1.931.457

Source: INE, 2011

Annex 1.6. EVOLUTION OF INTERNET USERS IN PORTUGAL (%)

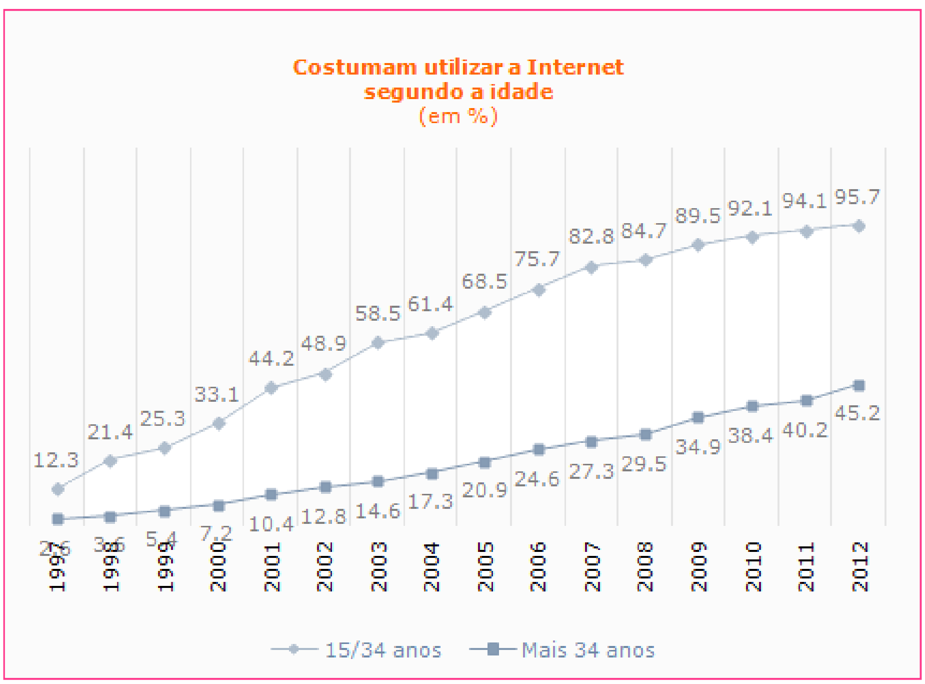
Figure 13 – Evolution of Internet Users



Source: Marktest, 2012

Annex 1.7. EVOLUTION OF INTERNET USERS BY AGE (%)

Figure 14 – Evolution of Internet Users by age



Source: Marktest, 2012

Annex 1.8. WINE PRODUCTION BY REGION OF PORTUGAL

Table 9 – Wine Production by Region of Portugal

WINE PRODUCTION BY REGION OF PORTUGAL (in Lt)			
WINE REGION	**2010/2011**	**2011/2012**	**2012/2013 (p)**
MINHO	912.176	823.341	646.533
TRÁS-OS-MONTES	119.367	102.005	108.475
DOURO E PORTO	1.660.408	1.329.423	1.303.822
BEIRA ATLÂNTICO	297.704	292.596	283.846
TERRAS DO DÃO	355.687	293.537	356.500
TERRAS DA BEIRA	224.735	184.759	208.517
TERRAS DE CISTER	61.036	45.959	61.376
TEJO	630.548	382.276	637.184
LISBOA	1.204.098	826.666	1.093.154
SETÚBAL	431.696	308.857	513.900
ALENTEJO	1.189.719	969.832	862.424
ALGARVE	19.190	13.150	12.439
MADEIRA	36.782	38.769	48.000
AÇORES	4.783	11.192	4.977
TOTAL PORTUGAL	7.147.927	5.622.363	6.141.146

(p) – data from 31/12/2012, excepted Madeira with prevision data.

Source: IVV

Annex 1.9. EVOLUTION OF WINE EXPORTATION BY COUNTRY OF DESTINATION IN VOLUME

Table 10 – Evolution of wine exportation in volume

EVOLUTION OF WINE EXPORTATION BY COUNTRY OF DESTINATION in VOLUME (except liqueur wines

Em volume (HL)

País de Destino	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ANGOLA	88.596	97.156	168.399	325.471	422.056	447.118	580.032	541.797	506.441	444.569	490.694	627.474
E.U.AMERICA	52.830	52.707	56.426	49.445	57.451	63.445	62.584	74.929	73.669	82.841	92.811	94.723
SUICA	27.019	22.601	25.497	24.678	31.438	33.044	42.100	49.147	55.510	60.970	62.757	66.500
MOCAMBIQUE	39.453	13.922	13.003	26.458	57.031	64.681	69.206	76.067	74.540	57.720	66.289	70.687
CANADA	28.031	27.619	27.474	29.041	32.948	37.396	40.004	46.282	52.544	57.179	56.653	62.092
BRASIL	45.308	41.452	25.547	31.332	35.832	45.555	55.537	58.949	55.678	51.658	74.044	84.450
CABO VERDE	18.138	23.837	28.772	28.730	38.380	41.832	49.497	54.938	39.308	36.938	40.983	39.864
GUINE BISSAU	27.010	27.287	35.071	32.285	27.854	33.070	22.540	35.397	32.011	32.521	44.321	61.909
NORUEGA	15.078	13.858	16.113	20.745	23.932	21.689	31.864	31.276	28.624	24.998	25.389	23.820
S.TOME PRINCIPE	22.049	26.953	35.851	42.203	35.857	31.994	39.720	26.551	23.879	23.318	37.744	39.885
MACAU	5.972	5.123	5.825	7.057	7.805	8.052	11.347	13.178	15.075	14.927	17.173	19.244
CHINA	524	692	2.839	690	553	3.884	3.846	7.439	6.276	11.295	27.401	61.104
JAPAO	4.091	4.050	4.147	3.810	3.949	2.771	2.997	2.283	4.406	5.810	6.782	8.037
AUSTRALIA	4.448	4.414	4.812	5.659	5.658	5.774	5.459	6.546	6.069	5.430	5.130	5.639
VENEZUELA	6.316	8.014	3.216	3.285	3.850	4.070	3.607	3.073	2.762	3.026	3.126	3.930
TIMOR LESTE				422	441	413	637	776	1.338	2.379	2.033	3.329
MEXICO	1.191	3.075	4.078	3.317	3.942	5.809	3.887	3.064	2.307	2.370	3.552	3.048
AFRICA DO SUL	2.267	3.121	2.012	1.185	4.236	2.329	2.809	3.136	2.300	1.994	1.532	2.265
RESTANTES PAÍSES	15.446	22.232	23.694	17.328	23.281	18.173	118.177	218.824	118.650	17.058	23.430	26.292
Total	**403.767**	**398.113**	**482.776**	**653.140**	**816.494**	**871.098**	**1.145.849**	**1.253.652**	**1.101.385**	**937.001**	**1.081.844**	**1.304.292**

Fonte: INE | Análise: IVV, IP

Source: IVV

Annex 1.10. EVOLUTION OF WINE EXPORTATION BY COUNTRY OF DESTINATION IN VALUE

Table 11 – Evolution of wine exportation in value

EVOLUTION OF WINE EXPORTATION BY COUNTRY OF DESTINATION in VALUE (except liqueur wines Porto and Madeira)

Em Valor (1000 €)

País de Destino	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ANGOLA	7.722	11.590	14.827	23.942	27.919	31.871	39.182	45.951	53.576	56.866	55.076	71.916
E.U.AMERICA	14.678	15.374	16.773	12.152	13.062	14.752	15.898	18.146	17.027	18.598	22.469	21.541
CANADA	7.518	7.394	6.835	7.135	8.226	9.652	11.555	13.361	15.090	15.541	17.745	19.403
SUICA	5.018	5.129	6.223	6.450	7.709	7.264	9.396	11.468	13.540	13.980	14.707	15.924
BRASIL	11.982	11.567	7.083	7.722	7.920	10.012	12.935	14.135	13.965	13.943	19.948	23.676
NORUEGA	3.435	3.336	4.013	4.524	4.999	4.171	6.076	6.008	5.452	4.760	4.940	4.629
MACAU	1.468	1.396	1.748	1.686	2.035	2.065	2.548	3.064	3.768	3.697	4.361	5.543
MOCAMBIQUE	3.281	1.001	802	1.182	2.543	3.082	3.507	3.799	3.943	3.277	3.758	4.878
CABO VERDE	1.227	1.692	1.913	2.018	2.525	2.563	3.079	3.706	3.342	3.190	3.696	3.317
CHINA	119	110	399	145	250	901	931	1.244	1.461	2.218	4.293	8.229
GUINE BISSAU	1.671	1.358	1.549	1.391	1.304	1.674	1.308	2.007	2.001	1.861	2.279	3.834
S.TOME PRINCIPE	1.333	1.395	1.527	1.827	1.559	1.420	1.812	1.441	1.566	1.644	2.724	3.046
JAPAO	1.344	1.264	1.189	1.057	1.104	703	848	624	1.105	1.328	1.566	1.873
AUSTRALIA	1.161	1.018	1.065	1.052	1.105	1.164	1.038	1.464	1.319	1.250	1.234	1.569
VENEZUELA	1.024	1.394	536	400	491	570	573	576	456	528	617	813
AFRICA DO SUL	584	749	443	277	804	486	602	695	574	460	341	515
HONG-KONG	273	165	191	123	147	141	236	461	557	435	1.150	1.360
MEXICO	224	455	506	382	434	617	589	480	360	398	539	535
RESTANTES PAÍSES	2.695	2.696	2.792	2.542	3.253	2.666	5.852	9.640	7.468	3.490	4.414	5.524
Total	66.758	69.082	70.415	76.006	87.391	95.775	117.964	138.270	146.568	147.464	165.857	198.125

Fonte: INE | Análise: IVV, IP

Source: IVV.

Annex 1.11. WINE BRANDS NOTORIETY IN PORTUGAL

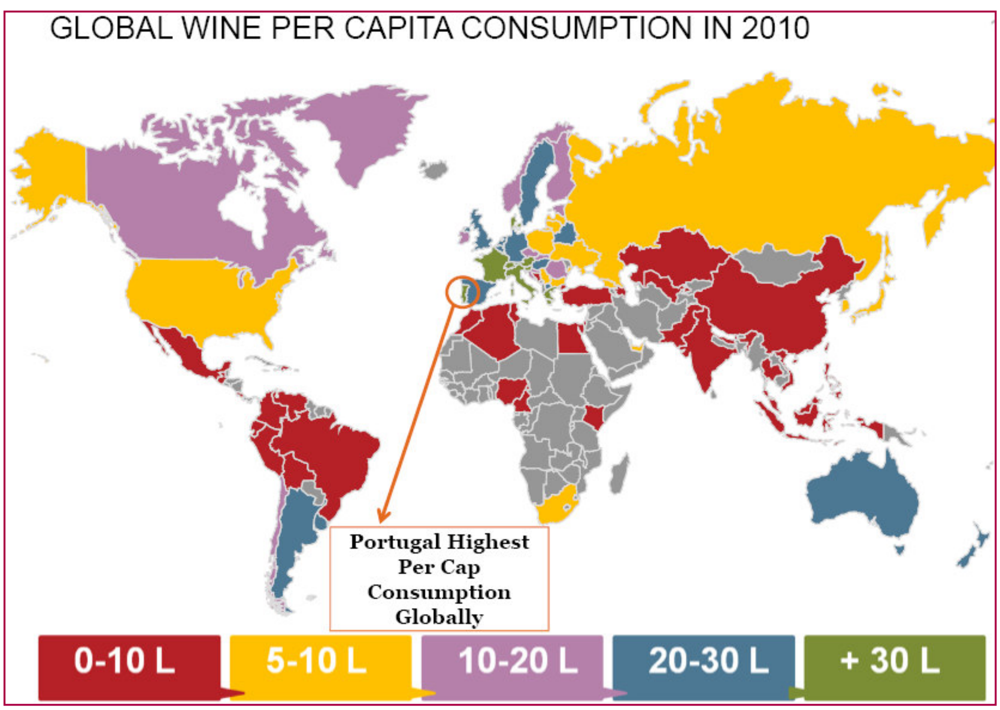
Table 12 – Wine Brands Notoriety in Portugal

BRAND	% OF NOTORIETY
1.Casal Garcia	20%
2.Monte Velho	19%
3.Borba	17%
4.Gazela	13%
5.Dão	13%
6.Muralhas	12%
7.Periquita	12%
8.Porta da Ravessa	11%
9.Reguengos	9%
10.Alvarinho	9%
11.Esporão	8%

Source: ViniPortugal, 2008

Annex 1.12. GLOBAL WINE CONSUMPTION PER CAPITA IN 2010

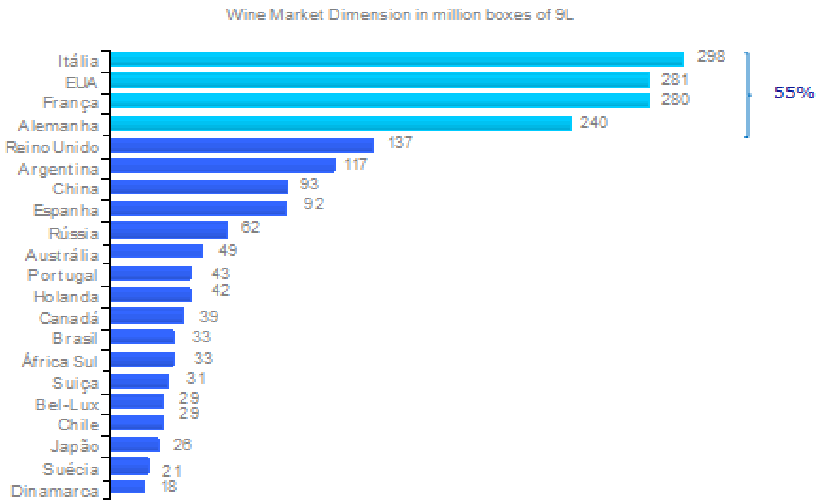
Figure 15 – Global Wine Consumption per Capita in 2010



Source: Euromonitor, 2011

Annex 1.13. WINE CONSUMPTION MARKET DIMENSION

Figure 16 – Wine Consumption Market Dimension



Source: IVV, 2011

Annex 1.14. EVOLUTION OF WINE CONSUMPTION IN PORTUGAL

Table 13 – Wine Consumption in Portugal (2005-2010)

WINE CONSUMPTION IN PORTUGAL (2005-2009)

CONSUMPTION - Wines: 000's 9 Litre Cases

000's 9 Litre Cases	2000	2005	2006	2007	2008	2009	F'Cast 2010
Wine Total	**50,236.25**	**47,080.15**	**46,555.97**	**46,237.25**	**46,018.25**	**46,261.25**	**47,087.25**
Still Light Wine	**46,190.50**	**43,278.75**	**42,746.00**	**42,424.00**	**42,242.25**	**42,684.75**	**43,538.50**
Sparkling Wine	**1,415.75**	**1,152.90**	**1,192.22**	**1,226.75**	**1,261.75**	**1,219.25**	**1,192.00**
- Champagne	37.50	37.15	38.47	42.75	32.00	27.00	24.50
- Other Sparkling	1,378.25	1,115.75	1,153.75	1,184.00	1,229.75	1,192.25	1,167.50
Fortified Wine	**1,750.75**	**1,804.00**	**1,820.25**	**1,861.00**	**1,805.75**	**1,639.25**	**1,642.25**
- Sherry	1.00	1.00	1.00	1.00	0.75	0.25	0.25
- Port	1,456.50	1,405.00	1,404.00	1,429.00	1,390.00	1,223.50	1,225.00
- Other Fortified	293.25	398.00	415.25	431.00	415.00	415.50	417.00
Light Aperitifs	**879.25**	**844.50**	**797.50**	**725.50**	**708.50**	**718.00**	**714.50**
- Vermouth	878.25	844.00	797.00	725.25	708.25	717.75	714.25
- Wine Aperitifs	1.00	0.50	0.50	0.25	0.25	0.25	0.25
- Fruit Based Aperitifs	Min	Min	Min	Min	Min	Min	Min
Other Wine	-	-	-	-	-	-	-

Source: IWSR Calculations based on trade comment.

Source: ViniPortugal

Annex 1.15. WINE CONSUMPTION – LOCAL VS. IMPORTED

Table 14 – Wine Consumption - Local vs. Imported

CONSUMPTION - Wines: Local v Imported

000's 9 Litre Cases	2000	2005	2006	2007	2008	2009	F'Cast 2010
Wine Total	**50,236.25**	**47,080.15**	**46,555.97**	**46,237.25**	**46,018.25**	**46,261.25**	**47,087.25**
- Local	49,926.50	46,756.20	46,214.40	45,875.25	45,654.50	45,930.55	46,771.05
- Imported	309.75	323.95	341.57	362.00	363.75	330.70	316.20
Still Light Wine	**46,190.50**	**43,278.75**	**42,746.00**	**42,424.00**	**42,242.25**	**42,684.75**	**43,538.50**
- Local	46,178.50	43,261.75	42,726.00	42,399.50	42,214.00	42,650.25	43,500.00
- Imported	12.00	17.00	20.00	24.50	28.25	34.50	38.50
Sparkling Wine	**1,415.75**	**1,152.90**	**1,192.22**	**1,226.75**	**1,261.75**	**1,219.25**	**1,192.00**
- Local	1,120.00	847.50	872.25	890.75	927.50	923.75	915.00
- Imported	295.75	305.40	319.97	336.00	334.25	295.50	277.00
Fortified Wine	**1,750.75**	**1,804.00**	**1,820.25**	**1,861.00**	**1,805.75**	**1,639.25**	**1,642.25**
- Local	1,749.75	1,803.00	1,819.25	1,860.00	1,805.00	1,639.00	1,642.00
- Imported	1.00	1.00	1.00	1.00	0.75	0.25	0.25
Light Aperitifs	**879.25**	**844.50**	**797.50**	**725.50**	**708.50**	**718.00**	**714.50**
- Local	878.25	843.95	796.90	725.00	708.00	717.55	714.05
- Imported	1.00	0.55	0.60	0.50	0.50	0.45	0.45
Other Wine	-	-	-	-	-	-	-
- Local	-	-	-	-	-	-	-
- Imported	-	-	-	-	-	-	-

WINE CONSUMPTION LOCAL v IMPORTED (2005-2010)

Source: IWSR Calculations based on trade comment.

Source: ViniPortugal

Annex 1.16. PLACE OF WINE CONSUMPTION

Table 15 – Place of Wine Consumption

PLACE	%
Restaurants	95%
Homeownership or friend's house	79%
Bars/ Night Clubs	10%
Cafés/ Terraces	9%

Source: ViniPortugal, 2008.

Annex 1.17. PRICE WILLING TO PAY FOR A WINE BOTTLE

Table 16 – Price Willing to Pay

PRICE	%
<5€	35%
5€ - 10€	43%
>5€	22%

Source: ViniPortugal, 2008

Annex 1.18. PURCHASING PLACE

Table 17 – Purchasing Place

PLACE	%
Hyper/Supermarket	89%
Cellars	30%
Discounts	28%
Neighbourhood Stores	27%
Producer	24%
Wine Clubs	5%
Internet	1%

Source: ViniPortugal, 2008

Annex 1.19. SEGMENTATION OF WINE CONSUMERS

ViniPortugal (2008) developed a report were introduced the wine consumers segmentation.

a) **CONNOISSEUR (25-45 YEARS OLD) –** search for wines with quality, is curious and open to new experiences and stimulous. Read journals, magazines, go to proves and is not faithful to brands, weekend wine consumer.

b) **CONNOISSEUR (> 45 YEARS OLD) –** search for wines with quality, more accommodated and faithful to brands, is a traditional consumer.

c) **INTERESTED (25-40 YEARS OLD) –** appreciate wines, is curious and open to new experiences and stimulous, consume with friends and in special moments; search for information, recommendations and counselling; is attentive to region of origin, brand, labels and bottles; attentive also to fashion and opinion markets and to advertising and promotions; low faithful to brands; available to pay more than 5 years for a bottle and needs to learn how to feel, how to enjoy and how to distinguish wines.

d) **NOT KNOWLEDGEABLE –** purchase based on the price; acceptance of advice from those who know, do not read magazines, do not search wine Websites; feel insecure between several brands – buy always the same brands; very conservative.

e) **YOUNG (18-25 YEARS OLD) –** purchase curious, open to new experiences and stimulous, starts with friends and family; drink because is fashion, because of socialization, and environments; needs advice and recommendations; need to learn.

Annex 1.20. CONSUMPTION FREQUENCY

Even according to the study of ViniPortugal (2008), the consumption frequency of wine:

Table 18 – Consumption Frequency

TYPE OF CONSUMER	TYPE OF CONSUMPTION
YOUNG ADULTS (26-35)	32% are not regular consumers.
	37% are weekend consumers.
ADULTS (36-55)	30% are weekend consumers.
	30% drink wine in a diary base.

Source: ViniPortugal, 2008

Annex 1.21. PORTFOLIO OF COMPETITORS BRANDS

The companies presented as the competitors of *Herdade dos Arrochais* wines, have several brands within the principal one, thus is relevant to explore and analyse the portfolio of these wine producers.

- **Adega de Borba**

The Adega de Borba is the cheapest wine (2,93€), while the "Edições Especiais – Campeões Europeus" is the most expensive (49,95€).

Table 19 – Adega de Borba Portfolio

BRANDS	TYPE OF WINE			DESIGNATION
	RED	WHITE	ROSÉ	
Galitos	X	X	X	Regional Alentejano
Adega de Borba (a)	X	X	X	DOC Alentejo
Convento da Vila	X	X		Regional Alentejano
Rótulo Cortiça (b)	X	X		DOC Alentejo
Montes Claros (c)	X	X		DOC Alentejo
Senses				
Touriga Nacional	100% touriga nacional castes			Regional Alentejano
Syrah	100% syrah castes			Regional Alentejano
Verdelho	100% verdelho castes			Regional Alentejano
Alvarinho	100% alvarinho castes			Regional Alentejano
Edições Especiais	RED	WHITE	ROSÉ	
ACB Garrafeira	X			DOC Alentejo
ACB Cinquentenário	X			DOC Alentejo
Eusébio	X			DOC Alentejo
Campeões Europeus	X			DOC Alentejo
Aguardentes				
Bagaceira				
Bagaceira Velha				
Bagaceira Velhissima				
Licorosos	(d)			
Aguardente vinica				
(a) Beyond the red, white and rosé, have also the premium wine. **(b) Beyond the red and white, have also the great reserve.** **(c) Beyond the red and white, have also the white sparkling, red reserve, white reserve and "Garrafeira".** **(d) Red, white and premium red.**				

Source: author's adaptation from http://www.adegaborba.pt/vinhos/galitos/galitos-tinto

- **Adega Mayor**

The brand "Caiado" is the cheapest with a price of 3,99€, while the "9 (nove)" is the most expensive wine, 189€.

Table 20 – Adega Mayor Portfolio

BRANDS	TYPE OF WINE			DESIGNATION
	RED	WHITE	ROSÉ	
Caiado	X	X		Regional Alentejano
Monte Mayor	X	X	X	
Solista	X	X		
Reserva do Comendador	X	X		
Pai Chão	X			
Edições Especiais				
7 (sete)	(a)			
8 (oito)	(b)			
9 (nove)	(c)			
Oriente	Only red wine.			

The first three "Edições Especiais" have specific characteristics:

- **(a) 7 (sete): in the day 07/07/2007, 7 people, at 07:07:07 hours, filled 2007 bottled numbered, making the wine so special; the same for the other two.**
- **(b) 8 (oito): in the day 08/08/2008, 8 people, at 08:08:08 hours, filled 8008 bottles proudly baptised with the eternity number.**
- **(c) 9 (nove): in the day 09/09/2009, 9 people, at 09:09:09 hours, filled 2009 bottles.**

Source: author's adaptation from: http://www.adegamayor.pt/vinhos/

- **Fundação Eugénio de Almeida**

The brand "EA" is the cheapest with a price of 4,49€, while the "Pêra Manca" is the most expensive wine, 100€.

Table 21 – Fundação Eugénio de Almeida Portfolio

BRANDS	TYPE OF WINE			DESIGNATION
	RED	WHITE	ROSÉ	
EA (a)	X	X	X	Regional Alentejano
Floral de Évora	X	X		DOC
Cartuxa (b)	X	X		DOC
Cartuxa Espumante (c)			X	DOC
Scala Coeli	X	X		Regional Alentejano
Pêra Manca	X	X		DOC

(a) Beyond the red, white and rosé, have also the red reserve.
(b) Beyond the red and white, have also the red reserve.
(c) Beyond the sparkling rosé, have also the reserve and "bruto".

Source: author's adaptation from: http://fundacaoeugeniodealmeida.pt/cartuxa/default.aspx

- **Herdade do Esporão**

The brand "Alandra" is the cheapest with a price of 2,19€, while the "Private Selection" is the most expensive wine, 37,50€.

Table 22 – Herdade do Esporão Portfolio

BRANDS	TYPE OF WINE			DESIGNATION
	RED	WHITE	ROSÉ	
Torre	X			DOC
Private Selection	X	X		DOC
Monocastas	(a)			Regional Alentejano
Esporão Reserva	X	X		DOC
Varietais	(b)			
Vinha da Defesa	X	X	X	Regional Alentejano
Monte Velho	X	X		Regional Alentejano
Alandra	X	X		
Espumante		X		
Late Harvest		X		

(a) The "Monocastas" brand name is the name of castes: AB – Alicante Bouschet, V – Verdelho, and S – Syrah.
(b) The "Varietais" brands: 4 Quatro castas tinto (red); 2 Duas castas branco (white).

Source: author's adaptation from: http://www.esporao.com/vinhos/

- **Herdade da Malhadinha Nova**

Table 23 – Herdade da Malhadinha Nova Portfolio

BRANDS	TYPE OF WINE			DESIGNATION
	RED	WHITE	ROSÉ	
Monte da Peceguina	X	X	X	Regional Alentejano
Malhadinha	X	X		
Menino António	X			
Marias da Malhadinha	X			
Pequeno João	X			
Monocastas	(a)			
Edições Limitadas	(b)			
Malhadinha Late Harvest				

(a) The "Monocastas":
- **a. Antão Vaz**
- **b. Viognier**
- **c. Verdelho**
- **d. Syrah da Peceguina**
- **e. Touriga Nacional**
- **f. Aragonês da Peceguina**
- **g. Arinto**
- **h. Cabernet Sauvignon**
- **i. Alicante Bouschet**

(b) "Edições Limitadas"
- **a. Virgem Suta**
- **b. Syrah Joachim Koerper**

Source: author's adaptation from: http://www.malhadinhanova.pt/pt/vinhos/vinhos/

Annex 2. INTERNAL ANALYSIS CHAPTER

Annex 2.1. IMAGES OF HERDADE DOS ARROCHAIS

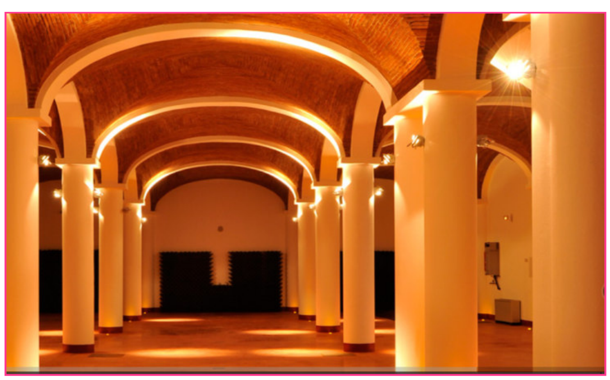
Figure 17 – Boxes of Herdade dos Arrochais Wine

Source: Herdade dos Arrochais

Figure 18 – Outside of Herdade dos Arrochais Wine Cellar

Source: Herdade dos Arrochais

Figure 19 – Inside of Herdade dos Arrochais Wine Cellar



Source: Herdade dos Arrochais

Annex 2.2. HERDADE DOS ARROCHAIS PRODUCTS

PIANITO BRANCO (WHITE)

Figure 20 – Pianito Branco

TECHNICAL FILE	WHITE WINE FROM *ANTÃO VAZ* CASTE, CULTIVATED IN *HERDADE DOS ARROCHAIS*.
TASTE NOTE	AROMATIC PROFILE JUST GORGEOUS BUT ORIENTED TO CITRUS NOTES AND PINEAPPLE.
CONSUMPTION	THIS WINE SHOULD BE CONSUMED BETWEEN 10ºC AND 12ºC; GOES WELL WITH FISH AND SNACK IN THE LATE AFTERNOON.
WINEMAKER APPRECIATION	COHESIVE WINE, WITHOUT LOOSE TIPS, BALANCED AND ROUND.

Source: Herdade dos Arrochais

PIANITO TINTO (RED)

Figure 21 – Pianito Tinto

TECHNICAL FILE	RED WINE FROM *ARAGONEZ (50%)* AND *TRINCADEIRA* (50%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*.
TASTE NOTE	FRESH PROFILE, WHERE THE RIPE FRUIT BLEND WITH GOOD VEGETAL SENSATIONS.
CONSUMPTION	THIS WINE SHOULD BE CONSUMED BETWEEN 16ºC AND 18ºC; GOES WELL WITH MEAT DISHES LITTLE SPICY.
WINEMAKER APPRECIATION	FORTIFIED WINE IN FRUIT, SIMPLE IN PURPOSE, BUT ABLE TO AN IMMEDIATE GOOD TASTE.

Source: Herdade dos Arrochais

ARDILA BRANCO (WHITE)

Figure 22 – Ardila Branco

TECHNICAL FILE	WHITE WINE FROM *ARINTO* (60%) AND *ANTÃO VAZ* (40%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES.
ANALYTIC DATA	ALCOHOL: 12,5% VOL.
TASTE NOTE	WINE COLOURED OF OPEN STRAW, FRESH AND FRUITED AROMA, PRESENTS SOFT AND FRESH AND ONE PERSISTENT FINAL IN THE MOUTH.
CONSUMPTION	BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12°C), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED YOUNG AND FRESH (8°C); GOES WELL WITH SEAFOOD AND FISH DISHES.
WINEMAKER APPRECIATION	THIS WINE IS FRESH AND FRUITED, WHICH COMBINE PERFECTLY WITH COOLNESS OF *ARINTO* AND TROPICAL FRUIT OF *ANTÃO VAZ*, ONE EXCELLENT CHOICE FOR ALL OCCASIONS.

Source: Herdade dos Arrochais

ARDILA TINTO (RED)

Figure 23 – Ardila Tinto

TECHNICAL FILE	RED WINE FROM *ALICANTE BOUSCHET* (20%), *ALFROUCHEIRO* (10%), *ARAGONEZ* (30%), *TINTA CAIADA* (10%) AND *TRINCADEIRA* (30%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES.
ANALYTIC DATA	ALCOHOL: 14% VOL.
TASTE NOTE	WINE COLOURED OF RED. IN THE NOSE PRESENTS RED FRUIT AROMAS. IN THE MOUTH PRESENTS SOFT WITH TANNINS ROUND AND COMPLEXES WHICH PROVIDES WITH AN EXCELLENT MOUTH FINAL.
CONSUMPTION	BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12°C), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED BETWEEN 16°C AND 18°C; GOES WELL WITH MEAT AND PASTA.
WINEMAKER APPRECIATION	ALENTEJO WINE WITH "RACE", ALIVE AND SOFT TANNINS; ONE STEADY WINE FOR EACH CHOICE.

Source: Herdade dos Arrochais

COUTADA DOS ARROCHAIS BRANCO (WHITE)

Figure 24 – Coutada dos Arrochais Branco

TECHNICAL FILE	WHITE WINE FROM *ARINTO* (30%) AND *ANTÃO VAZ* (70%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES. THIS WINE HAS A RIGOROUS QUALITY CONTROL, AND ALSO A STAGE OF 5 MONTHS WITH THE OBJECTIVE OF INCREASE THE STRUCTURE AND TEXTURE OF THE WINE.
ANALYTIC DATA	ALCOHOL: 12,5% VOL.
TASTE NOTE	WINE COLOURED CITRUS, ORANGE BLOSSOM AROMA, PASSION FRUIT AND PINEAPPLE, PRESENTS SOFT AND WITH A COOLNESS WELL BALANCED BY MOUTH VOLUME AND ONE PERSISTENT FINAL.
CONSUMPTION	BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12ºC), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED YOUNG AND FRESH (8ºC); GOES WELL WITH SEAFOOD AND FISH, WHITE MEAT AND PASTA DISHES.
WINEMAKER APPRECIATION	ONE EXCELLENT WINE WHICH EXPRESS THE FULL POTENTIAL OF MOST UNIQUE CASTE OF ALENTEJO, THE *ANTÃO VAZ*.

Source: Herdade dos Arrochais

COUTADA DOS ARROCHAIS TINTO (RED)

Figure 25 – Coutada dos Arrochais Tinto

TECHNICAL FILE	RED WINE FROM *ALICANTE BOUSCHET* (40%), *ALFROCHEIRO* (20%), *ARAGONEZ* (20%) AND *TRINCADEIRA* (20%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES.
ANALYTIC DATA	ALCOHOL: 14% VOL.
TASTE NOTE	WINE COLOURED OF DEEP RED. IN THE NOSE PRESENTS RED FRUIT, BLACKBERRIES AND CASSIS AROMAS, WHICH ALSO DOMINATE IN THE MOUTH. THE SOFT TANNINS PROVIDES HIM ONE STRUCTURE WELL BALANCED AND PLEASANT DURING ALL TASTING, AND ONE EXCELLENT EXTENSION IN THE FINAL.
CONSUMPTION	– BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12ºC), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED BETWEEN 16ºC AND 18ºC; GOES WELL WITH HUNTING AND RED MEAT.
WINEMAKER APPRECIATION	FRUIT OF THE REGION OF "SUN OF EUROPE", THIS IS A LUMINOUS AND VIBRANT WINE THAT LEAVES NO ONE INDIFFERENT.

Source: Herdade dos Arrochais

HERDADE DOS ARROCHAIS BRANCO (WHITE)

Figure 26 – Herdade dos Arrochais Branco

TECHNICAL FILE	WHITE WINE FROM *ARINTO* (50%) AND *ANTÃO VAZ* (50%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES. THIS WINE HAS A RIGOROUS QUALITY CONTROL, AND ALSO A STAGE OF 5 MONTHS WITH THE OBJECTIVE OF INCREASE THE STRUCTURE AND TEXTURE OF THE WINE.
ANALYTIC DATA	ALCOHOL: 14% VOL.
TASTE NOTE	WINE COLOURED CITRUS, ORANGE BLOSSOM AROMA, PASSION FRUIT AND PINEAPPLE, PRESENTS SOFT AND WITH COOLNESS WELL BALANCED BY MOUTH VOLUME AND ONE PERSISTENT FINAL.
CONSUMPTION	BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12ºC), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED YOUNG AND FRESH (8ºC); GOES WELL WITH SEAFOOD AND FISH, WHITE MEAT AND PASTA DISHES.
WINEMAKER APPRECIATION	ONE EXCELLENT WINE WHICH EXPRESS THE FULL POTENTIAL OF WHITE WINES OF ALENTEJO.

Source: Herdade dos Arrochais

HERDADE DOS ARROCHAIS TINTO (RED)

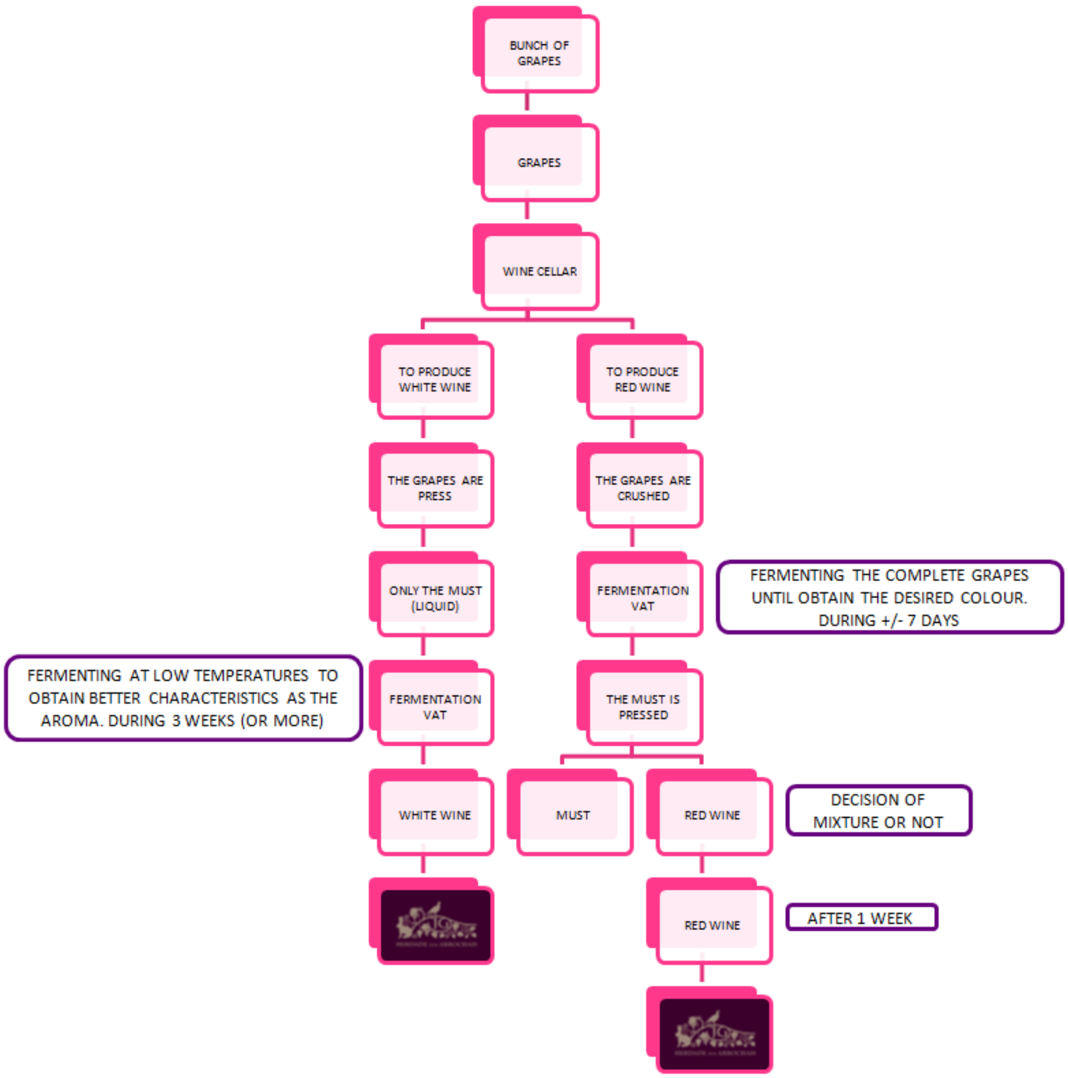
Figure 27 – Herdade dos Arrochais Tinto

TECHNICAL FILE	RED WINE FROM *ALFROCHEIRO* (30%), *ARAGONEZ* (30%) AND *TRINCADEIRA* (40%) CASTES, CULTIVATED IN *HERDADE DOS ARROCHAIS*, USING MAINLY ORGANIC PRODUCTS AND TECHNIQUES. AFTER THE FERMENTATION, THE STABILIZE AND BALANCE OF THE WINE, THE WINE STAGES ON HALF CASKS OF FRENCH OAK DURING APPROXIMATELLY ONE YEAR. AFTER THIS PERIOD IS BOTTLED AND RESTS MORE ONE YEAR IN BOTTLE TO A MAJOR INTEGRATION, INVOLVEMENT AND COMPLEXITY.
ANALYTIC DATA	ALCOHOL: 14,5% VOL.
TASTE NOTE	WINE COLOURED OF DEEP RED. IN THE NOSE PRESENTS BLACK PLUMS JAM, BLACKBERRIES AND WILD VEGETATION AND SPICE AROMAS. IN THE MOUTH PRESENTS WITH A BIG STRUCTURE, TANNINS WELL INVOLVED IN A LARGE SET OF ELEGANCE. WITH A BIG FINAL TASTE STAND OUT THE JAM AND SPICE NOTES.
CONSUMPTION	BOTTLES SHOULD BE CONSERVED IN A FRESH LOCAL (12ºC), WITH SOME HUMIDITY AND IN THE DARK. THIS WINE SHOULD BE CONSUMED BETWEEN 16ºC AND 18ºC; GOES WELL WITH HUNTING AND RED MEAT.
WINEMAKER APPRECIATION	ONE EXCELLENT WINE WHICH EXPRESS THE FULL POTENTIAL OF RED WINES OF ALENTEJO.

Source: Herdade dos Arrochais

Annex 2.3. PROCESS – WINE PRODUCTION OF HERDADE DOS ARROCHAIS

Figure 28 – Wine Production Processo of Herdade dos Arrochais

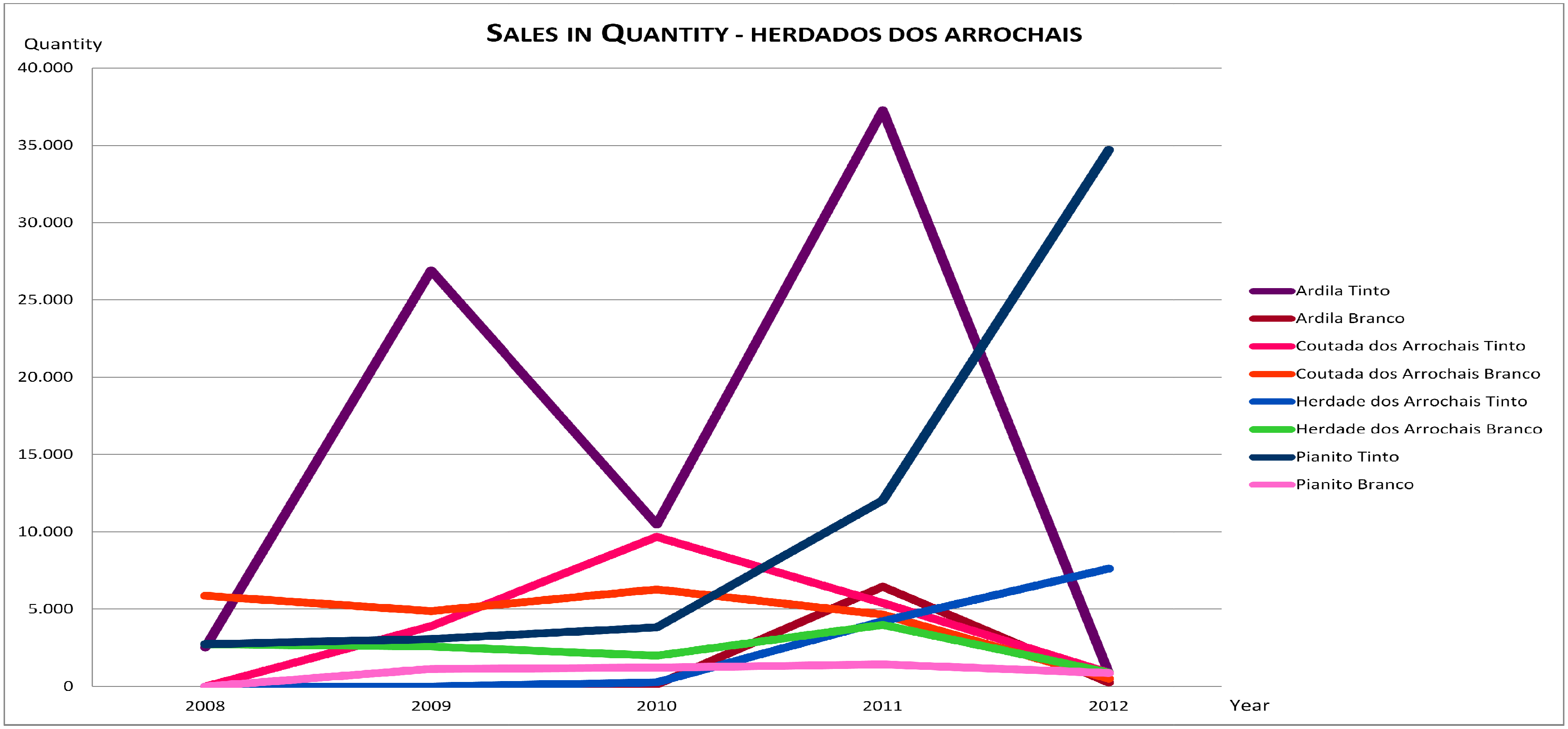


Source: Author's Analysis

The process of wine production in *Herdade dos Arrochais* explained above is the normal process of wine production, regarding the different types they need to be in the vat during certain times to obtain the differences. When the wine is ready, it is bottled and labelled, and starts the distribution strategy.

Annex 2.4. HERDADE DOS ARROCHAIS SALES IN QUANTITY

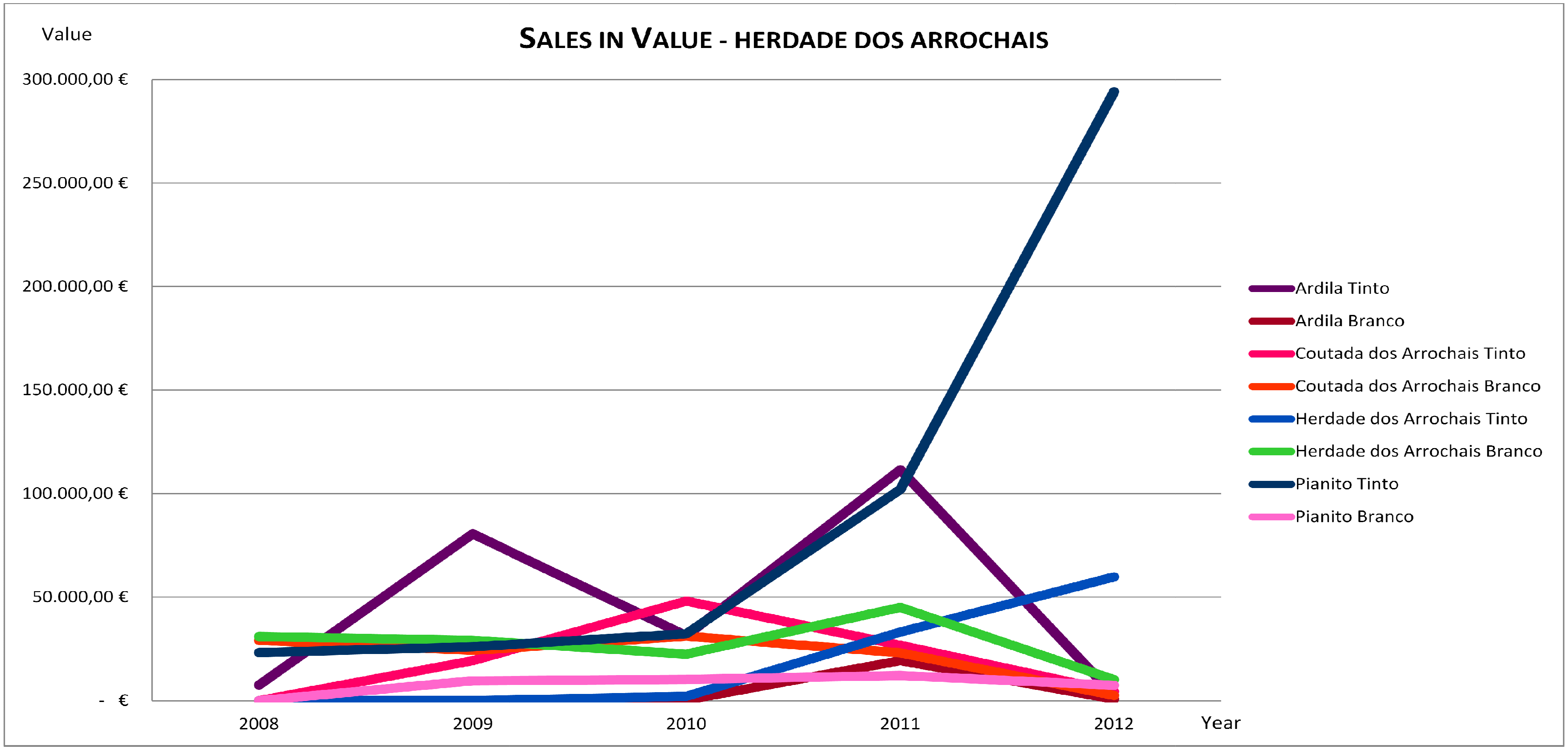
Figure 29 – Herdade dos Arrochais Sales Evolution in Quantity



Source: Herdade dos Arrochais

Annex 2.5. HERDADE DOS ARROCHAIS SALES IN VALUE

Figure 30 – Herdade dos Arrochais Sales Evolution in Value



Source: Herdade dos Arrochais

Table 24 – Herdade dos Arrochais Sales in Value

Sales (Value/Year)	2008	2009	2010	2011	2012
Ardila Tinto	7.546,14 €	80.587,98 €	31.370,38 €	111.551,11 €	2.626,18 €
Ardila Branco	€	€	368,32 €	19.335,49 €	769,59 €
Coutada dos Arrochais Tinto	€	19.390,80 €	48.094,16 €	26.823,94 €	4.420,11 €
Coutada dos Arrochais Branco	29.155,81 €	24.263,36 €	31.189,36 €	23.124,77 €	2.535,72 €
Herdade dos Arrochais Tinto	€	€	2.128,30 €	33.157,48 €	59.835,82 €
Herdade dos Arrochais Branco	30.995,90 €	29.233,10 €	22.543,50 €	45.098,30 €	10.170,00 €
Pianito Tinto	23.221,50 €	26.069,10 €	32.340,60 €	102.013,58 €	294.124,88 €
Pianito Branco	€	9.669,98 €	10.314,08 €	12.119,25 €	7.449,53 €
Total	90.919,35 €	189.214,32 €	178.348,69 €	373.223,91 €	381.931,81 €

Source: Herdade dos Arrochais

Annex 3. ONLINE SURVEY DEVELOPED BY THE AUTHOR

Annex 3.1. SURVEY

SURVEY – THESIS PROJECT – AN INTEGRATED COMMUNICATION PLAN FOR HERDADE DOS ARROCHAIS

This questionnaire aims to a Thesis-Project of a Master in Marketing in ISCTE-IUL (Lisbon University Institute). Your help is crucial to evaluate the communication and distribution of Herdade dos Arrochais wines, as well as the study of wine consumers' characteristics. The questionnaire takes 5 minutes to response, it is anonymous, confidential and it aims exclusivity to data collection for academic purposes.

Thank you in advance for your cooperation.

QUESTIONS

1. **Gender**
    - Female
    - Male
2. **Age**
    - 18 to 25
    - 26 to 40
    - 41 to 60
    - More than 60
3. **Qualifications**
    - 4th Grade
    - 9th Grade
    - 12th Grade
    - Graduation
    - Master
    - PhD

4. **Indicate where you live.**
   - Açores
   - Aveiro
   - Beja
   - Braga
   - Bragança
   - Castelo Branco
   - Coimbra
   - Évora
   - Faro
   - Guarda
   - Leiria
   - Lisboa
   - Madeira
   - Portalegre
   - Porto
   - Santarém
   - Setúbal
   - Viana do Castelo
   - Vila Real
   - Viseu
5. **How often do you consume wine?**
   - Everyday – one meal (lunch or dinner).
   - Everyday – two meals (lunch and dinner).
   - Between one and three times a week.
   - Between four and six times a week.
   - Only in special dates – parties, birthdays, lunch or dinner with friends or family.
   - Do not consume.
6. **Which is/are the reason/s that makes you consume wine?**
   - Only because I appreciate.
   - Because it is a healthful beverage (when drink with moderation).
   - Special date – party, birthday, Christmas.
   - Do not consume.
7. **Where do you usually purchase wine?**
   a. Specialized wine store.
   b. Supermarket.
   c. Online – company's webpage.
   d. Particular winery.
   e. Do not purchase.
   f. Other:
8. **How often do you purchase wine?**
   - Daily

- Weekly
- Monthly
- Yearly
- Do not purchase.
- Another:

9. Do you usually offer wine as birthday or Christmas gift?

- Yes
- No

10. Do you usually offer wine when visit family or friend's house?

- Yes
- No

11. Do you usually purchase/consume Portuguese or foreign wines?

- Portuguese.
- Foreign.
- Portuguese and foreign wines.
- Do not purchase/consume.

12. The wines you appreciate the most, come from which regions of Portugal?

- Minho
- Trás-os-Montes
- Douro
- Dão
- Beiras
- Lisboa
- Setúbal
- Alentejo
- Algarve
- Other:
- No comment.

13. How do you choose the wine you purchase/consume?

- Try one time, liked, so purchase it.
- Friend's suggestion.
- Specialized people/ Winemaker.
- Wine magazines.
- Because it is on promotion.
- Other:
- Do not purchase/consume.

14. Do you know the wine brand Herdade dos Arrochais?

- Yes

- No

15. How did you know the brand Herdade dos Arrochais?

- Through brand owners.
- Through family.
- Through friends.
- At the restaurant.
- Do not know the brand.
- Other:

16. How do you purchase wines from Herdade dos Arrochais?

- Go to winery in Herdade dos Arrochais (Alentejo).
- Contact company.
- Contact family or friends with proximity to company.
- Do not purchase.
- Other:

17. Regarding the brand Herdade dos Arrochais, how do you have information, as new products or prices?

- Go to winery in Herdade dos Arrochais (Alentejo).
- Contact company.
- Contact family or friends with proximity to company.
- No comment.
- Other:

18. Which is your opinion about the existence of a Webpage of Herdade dos Arrochais brand? (Where you can find information about products, prices, etc.)

- Not important.
- A little bit important.
- Important.
- Very Important.
- Essential.
- No comment.

19. Which importance do you give to presence of companies/brands in Internet (Webpage or Facebook own page)?

- Not important.

- A little bit important.
- Important.
- Very Important.
- Essential.
- No comment.

20. Do you usually do "like" in Facebook pages of products you consume?

- Yes
- No

21. Do you usually follow online the brand you like the most?

- Yes
- No

22. What do you give more importance in terms of available information in Webpage of brands/companies?

- Information about products (characteristics/ prices)
- Information about promotions.
- Possibility to buy online.
- Another:

23. Do you think is important the possibility to purchase online?

- Yes
- No

24. If there are contests/ sweepstakes online (in the webpage of brand/company or in Facebook) with the objective of offer products (wine), will you going to participate?

- Yes
- No

25. Do you usually do online shopping of products (in the Webpage of brand/company)?

- Yes
- No

26. In the case, you do not have buy online yet, are you available to do it in a near future?

- Yes
- No

27. If you have the possibility to buy online, would be good the possibility of personalize the packaging (as Christmas or Birthday gift)?

- Yes
- No

This survey ends here. Your contribution was determinant.

Thank you.

Annex 3.2. SURVEY ANALYSIS METHODOLOGY

a) DATA COLLECTION

In the following chapter will be described the objectives of the research and the variables under study; the chosen methodology and the tool selection; and, finally, the population and reasoning that lead to its type and dimension. Further, it will be presented the results of the conducted investigation and the main conclusions.

OBJECTIVES AND METHODOLOGY

The leading objectives of the study can be divided in:

- Identification of the main characteristics of wine consumers (frequency of consume and purchase, reasons to purchase/consume, wine region more appreciated, and so on).
- Analysis of the perceptions and intentions of the consumers, regarding the online marketing development, including the *Herdade dos Arrochais*.

To fulfil those objectives were analysed the current habits of wine consumers or buyers. It was created an online survey[23] with 27 questions.

UNIVERSE AND SAMPLE

The enquiry was made to a universe composed by individuals belonging to young adults and adults groups, living in Portugal. The size of the universe implied the establishment of a non-probabilistic sample collected by convenience. This was considered the most adequate to achieve the proposed objectives of extrapolation of valid conclusions to confirm/refute the general data held on the external analysis and to provide solid clues on the best implementation politics. The sample obtained was formed by 270 individuals, from which 14 were excluded by insufficient number of answers, arriving to a final number of 256 valid respondents.

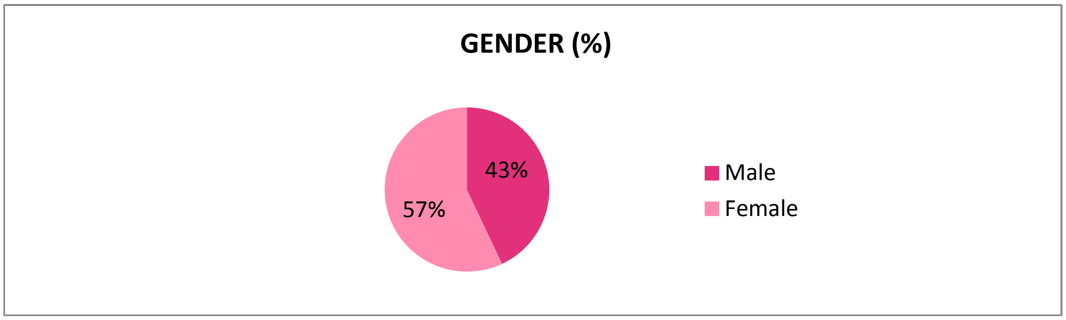
[23] https://www.surveymonkey.com/s/BSPV893 (from 9 December 2012 to 9 January 2013)

Annex 3.3. SURVEY RESULTS ANALYSIS

ANNEX 3.3.1 SOCIO-DEMOGRAPHIC CHARACTERIZATION

a. GENDER

Graphic 1 – Gender

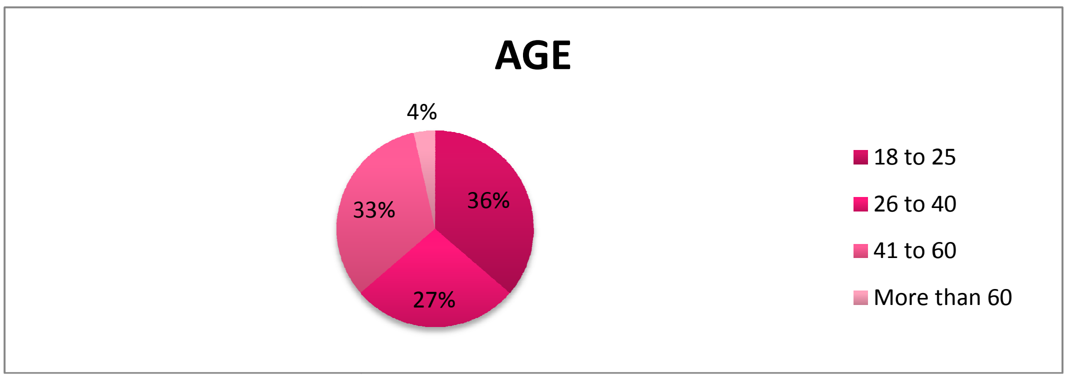


Source: Authors' Analysis

The sample shows a relative equilibrium of 43% men and 57% women (Graphic 1).

b. AGE

Graphic 2 – Age

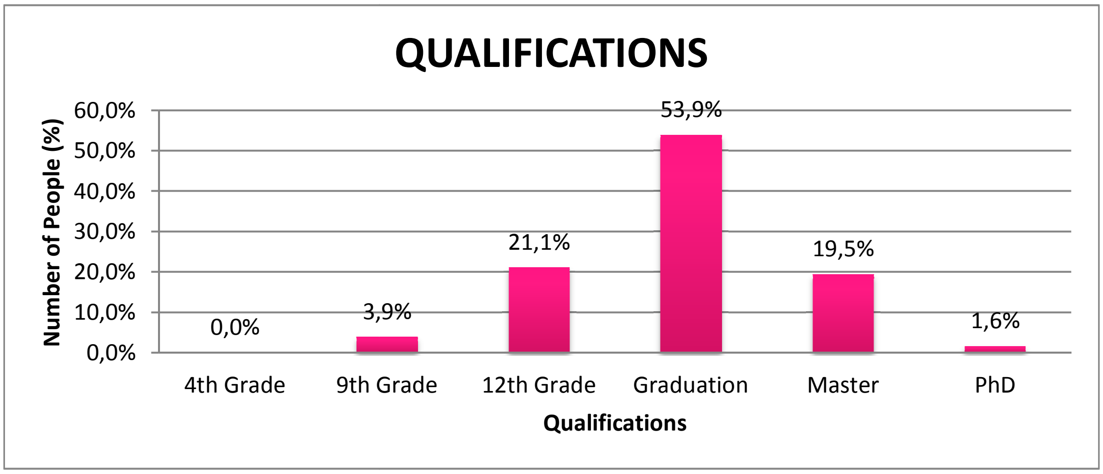


Source: Authors' Analysis

The sample was divided in age groups and it shows that from 18 to 60 years old the output is very similar in number of respondents, meaning that the questionnaire include all the segment ages; in fact the age group with fewer respondents are the people who have more than 60 (only 4% of the sample), which could reflect that people over 60 are not present on the Internet as the other groups (Graphic 2).

c. QUALIFICATIONS

Graphic 3 – Qualifications

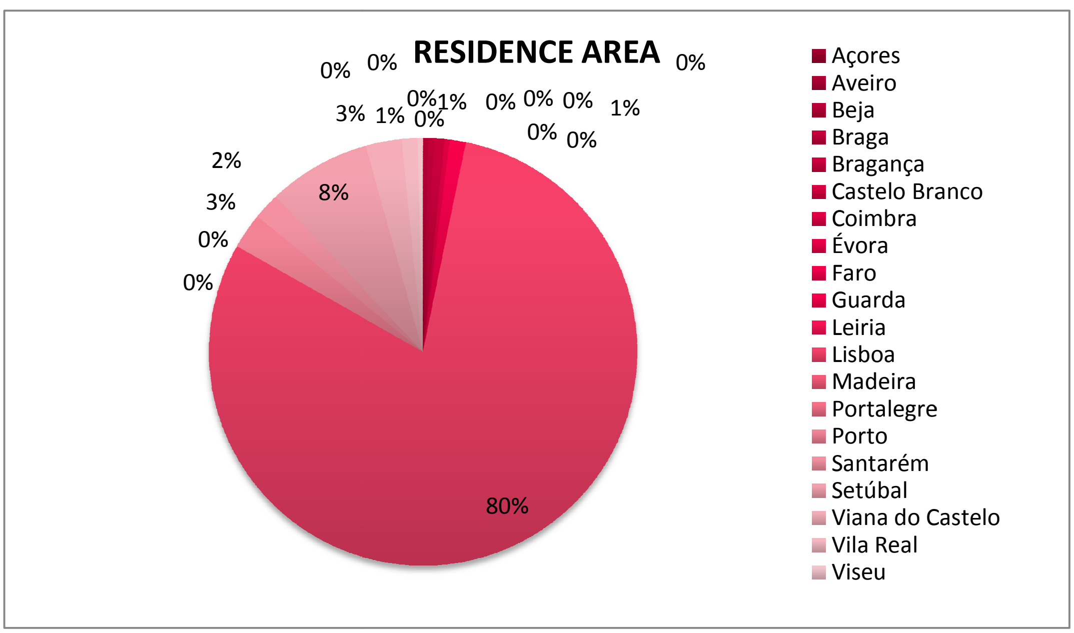


Source: Authors' Analysis

Regarding the Qualifications, among the 256 respondents, 53,9% have a Graduation degree (Graphic 3).

d. RESIDENCE AREA

Graphic 4 – Residence Area



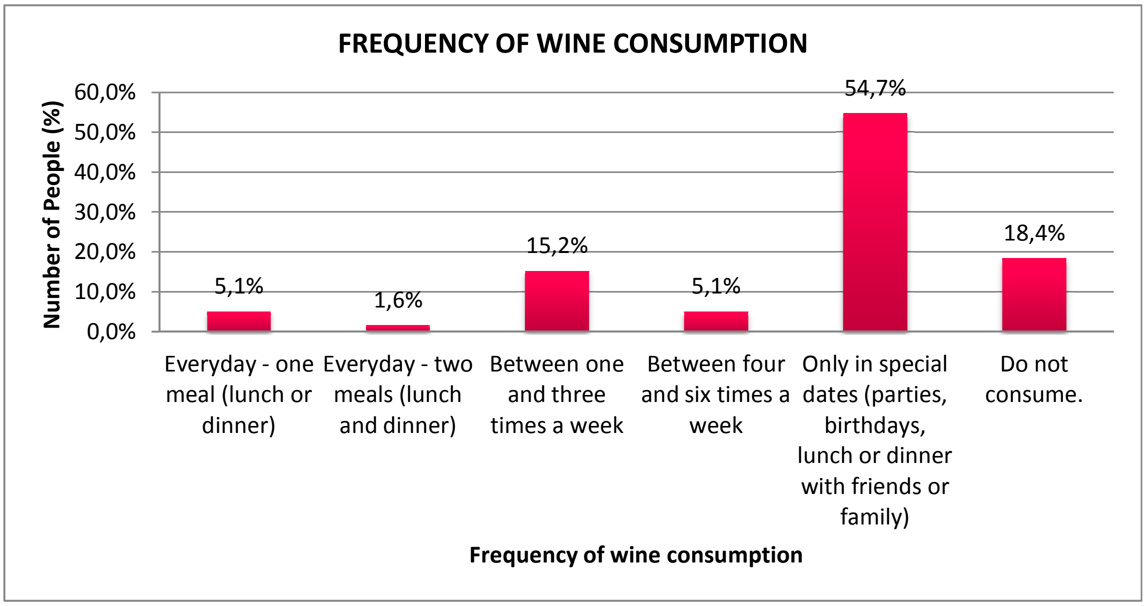
Source: Author's Analysis

The majority of the respondents live in Lisbon (Graphic 4).

ANNEX 3.3.2 WINE CONSUMPTION/PURCHASE PROFILE

a. FREQUENCY OF WINE CONSUMPTION

Graphic 5 – Frequency of Wine Consumption

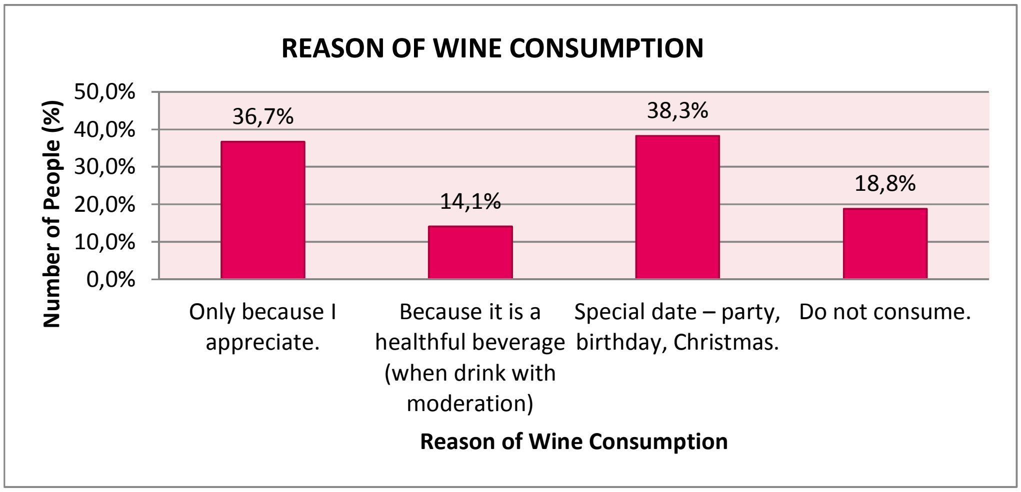


Source: Author's Analysis

The majority of the respondents (54,7%) assumed that only consume wine in special dates like parties, birthdays, and lunch/dinner with friends/family; for the respondents of this survey, is not frequent to drink wine everyday like a quotidian consumer behaviour (Graphic 5).

b. REASON(S) TO WINE CONSUMPTION

Graphic 6 – Reason of Wine Consumption

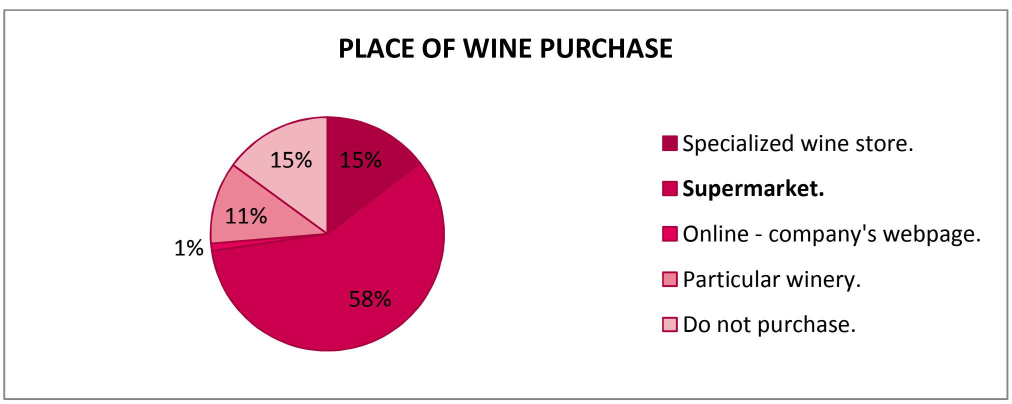


Source: Author's Analysis

The reasons outlined as the most important influencers to wine consumption were the wine appreciation (36,7%) and the special dates (38,3%); it reveals that people tend to consume wine like a social beverage, to have a great time with friends/family.

c. PLACE OF WINE PURCHASE

Graphic 7 – Place of Wine Purchase

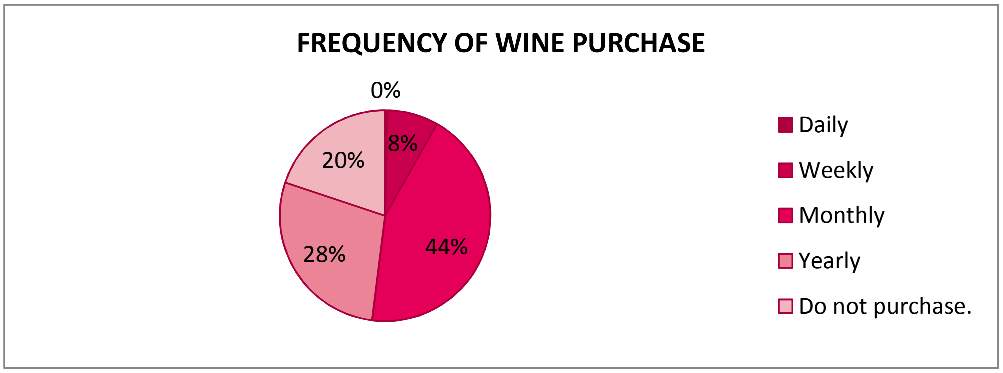


Source: Author's Analysis

The majority of the respondents (58%) purchase wine at the supermarket; only 1% of the respondents purchase wine through Online webpage of the producer (Graphic 7).

d. FREQUENCY OF WINE PURCHASE

Graphic 8 – Frequency of Wine Purchase

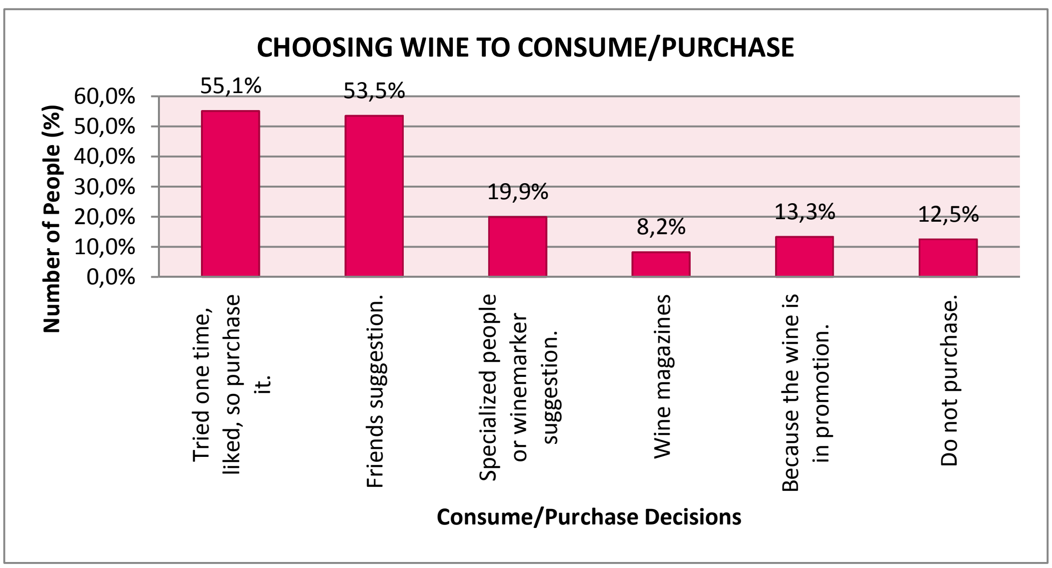


Source: Author's Analysis

Indeed, wine is not a daily product, due to this, the 44% of the respondents buy it monthly (Graphic 8).

e. CHOOSING WINE TO CONSUME/PURCHASE

Graphic 9 – Choosing the Wine to Consume/Purchase

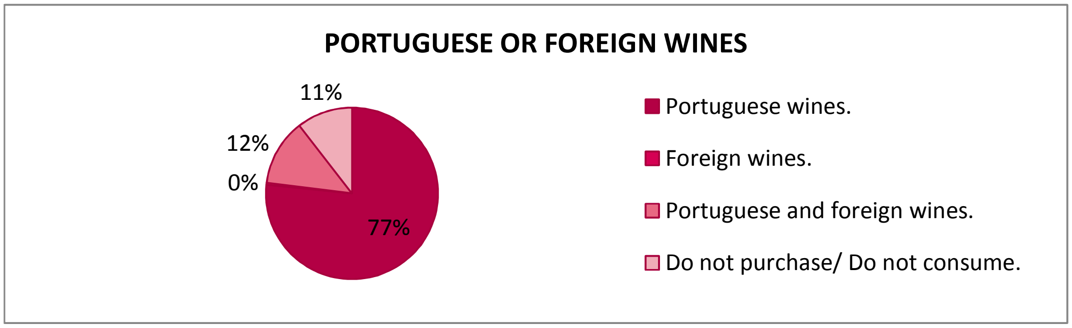


Source: Author's Analysis

When people need to choose wine to consume/purchase, the choice is sustained given importance to the experienced and liked a specific wine (55,1%) (It means they experienced before, and liked it), and also to friends' suggestion (53,5%) (Graphic 9).

f. PORTUGUESE OR FOREIGN WINES

Graphic 10 – Portuguese or Foreign Wines

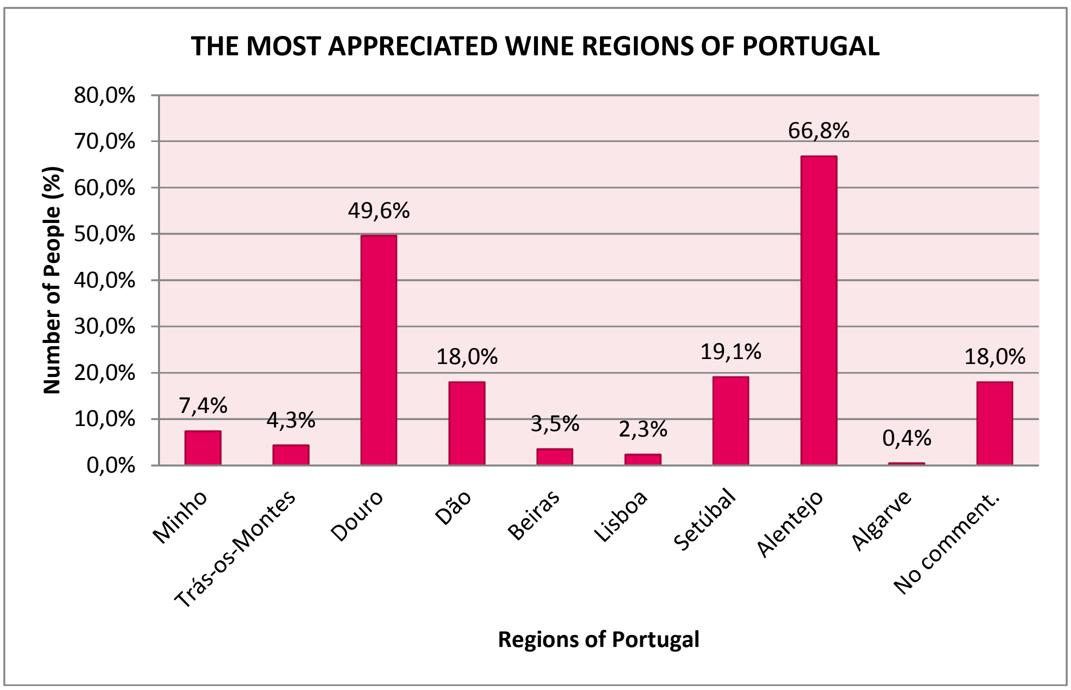


Source: Author's Analysis

The questionnaire as was announced before, was done only to Portuguese respondents, and according to this output, the majority of Portuguese people (77%) purchase Portuguese wines (Graphic 10).

g. THE MOST APPRECIATED WINE REGIONS OF PORTUGAL

Graphic 11 – The Most Appreciated Wine Regions of Portugal



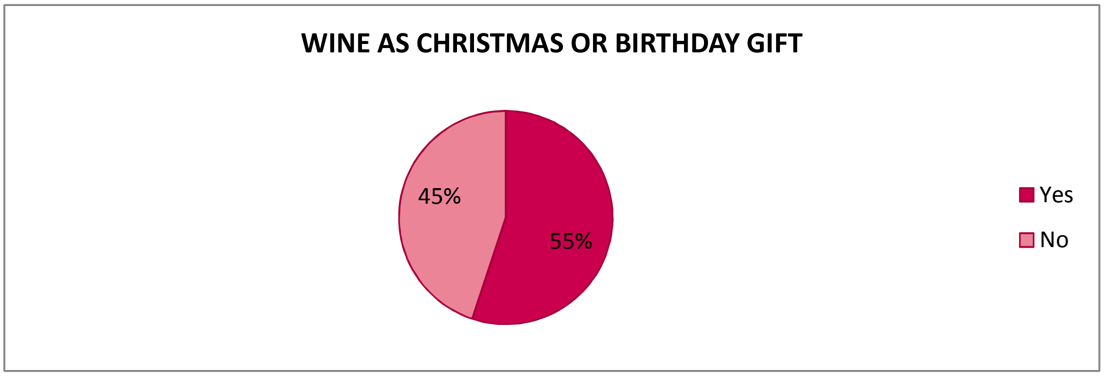
Source: Author's Analysis

The most appreciated wines of Portugal are the Alentejo (66,8%) and the Douro (49,6%) regions (Graphic 11).

ANNEX 3.3.3 WINE AS GIFT

a. WINE AS A CHRISTMAS OR BIRTHDAY GIFT

Graphic 12 – Wine as a Christmas or Birthday Gift

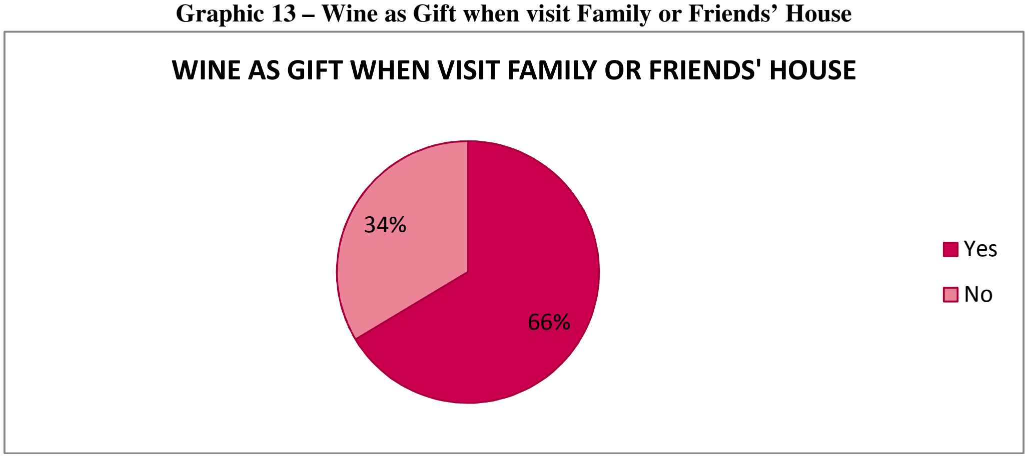


Source: Author's Analysis

The wine is a good gift suggestion, 55% of the respondents admitted that congratulate people in Christmas or Birthday with wine (Graphic 12).

b. WINE AS GIFT WHEN VISIT FAMILY OR FRIENDS' HOUSE

Graphic 13 – Wine as Gift when visit Family or Friends' House



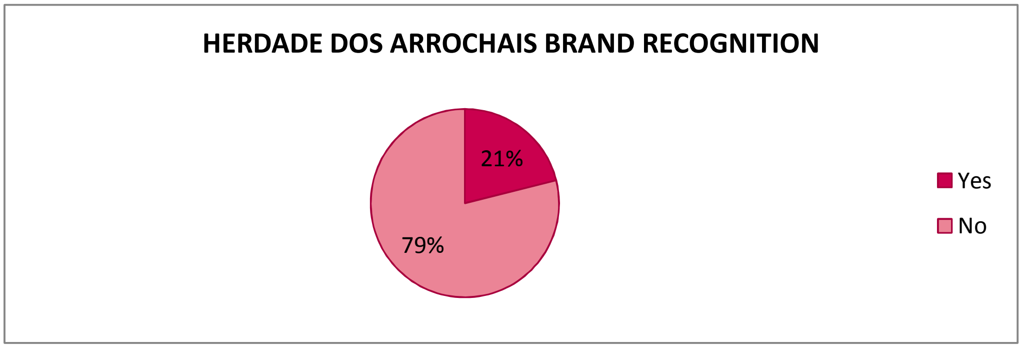
Source: Author's Analysis

In fact, in Portugal is common to bring wine when there is a meeting at family or friends' house; 66% of the respondents act in this sense (Graphic 13).

ANNEX 3.3.4 HERDADE DOS ARROCHAIS BRAND AWARENESS

a. BRAND RECOGNITION

Graphic 14 – Herdade dos Arrochais Brand Recognition

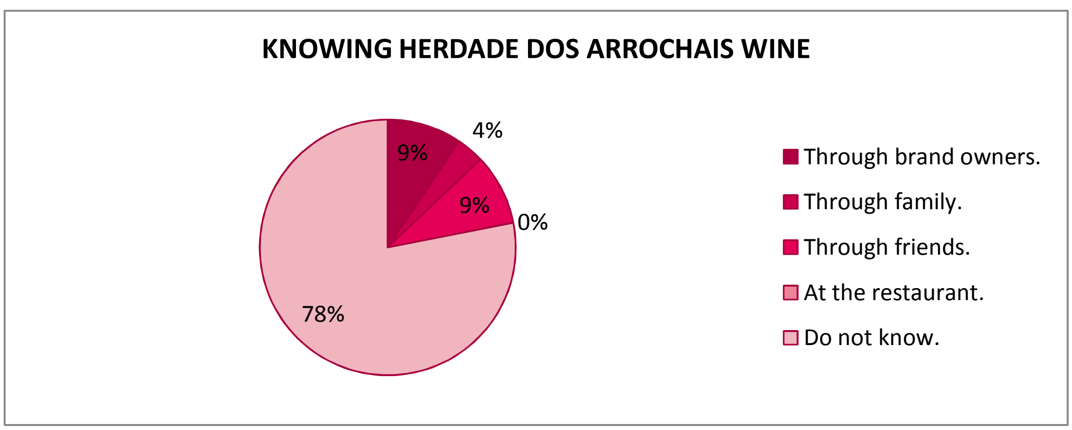


Source: Author's Analysis

The brand *Herdade dos Arrochais* is a small company, and through this questionnaire was possible to realize that in fact, the brand is not recognize for many people. 79% of the respondents do not know the *Herdade dos Arrochais* brand.

b. KNOWING HERDADE DOS ARROCHAIS

Graphic 15 – Knowing Herdade dos Arrochais

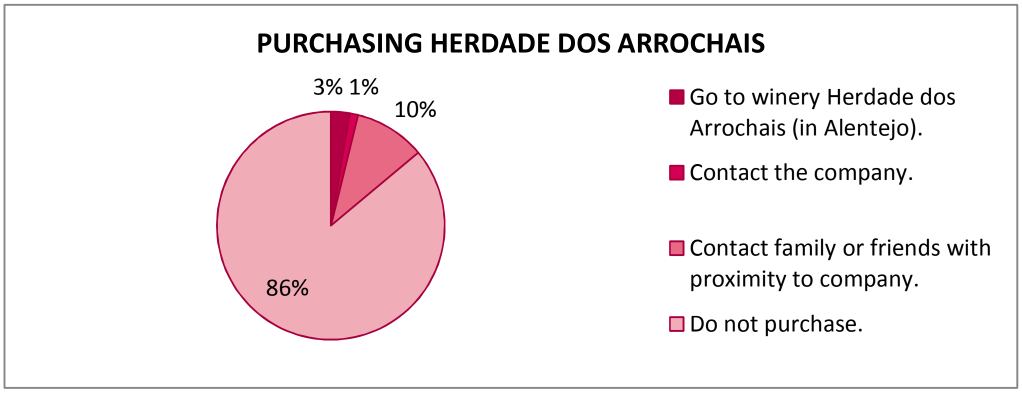


Source: Author's Analysis

Although the brand awareness of *Herdade dos Arrochais* is very weak; people who know the brand is through the brand owners (9%) and friends (9%) (Graphic 15).

c. PURCHASING HERDADE DOS ARROCHAIS

Graphic 16 – Purchasing Herdade dos Arrochais

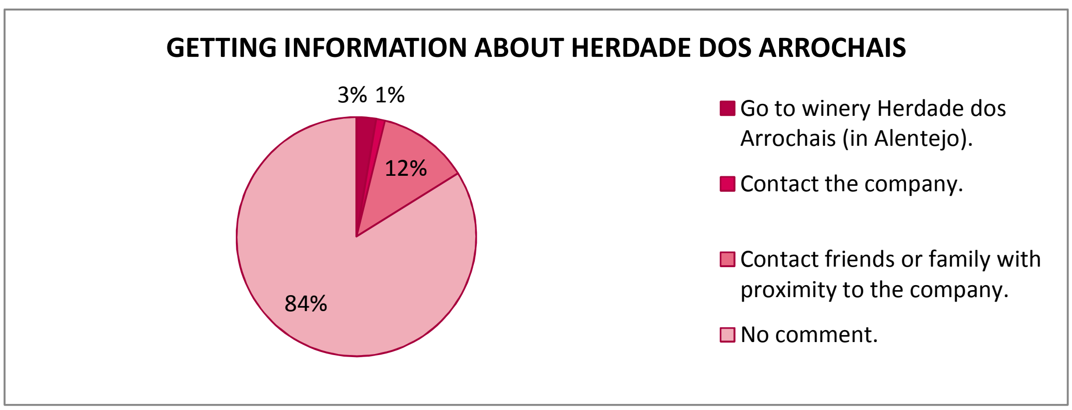


Source: Author's Analysis

The most used vehicle to purchase the *Herdade dos Arrochais* wines is over the contact with family or friends with proximity to company. Only 1% of the respondents contact the company to purchase wine.

d. GETTING INFORMATION ABOUT HERDADE DOS ARROCHAIS

Graphic 17 – Getting Information about Herdade dos Arrochais

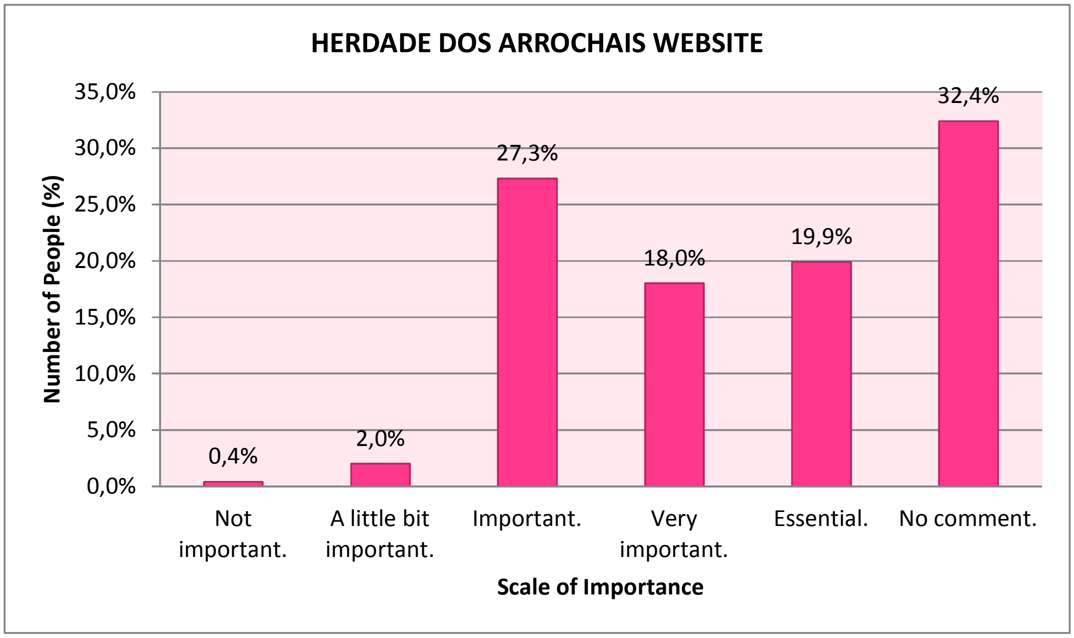


Source: Author's Analysis

As in the purchasing action, to get information about the company, people contact friends or family with proximity to the company, which proves the need of having a platform of information available to everyone (Graphic 17).

e. IMPORTANCE OF HERDADE DOS ARROCHAIS WEBSITE

Graphic 18 – Herdade dos Arrochais Website



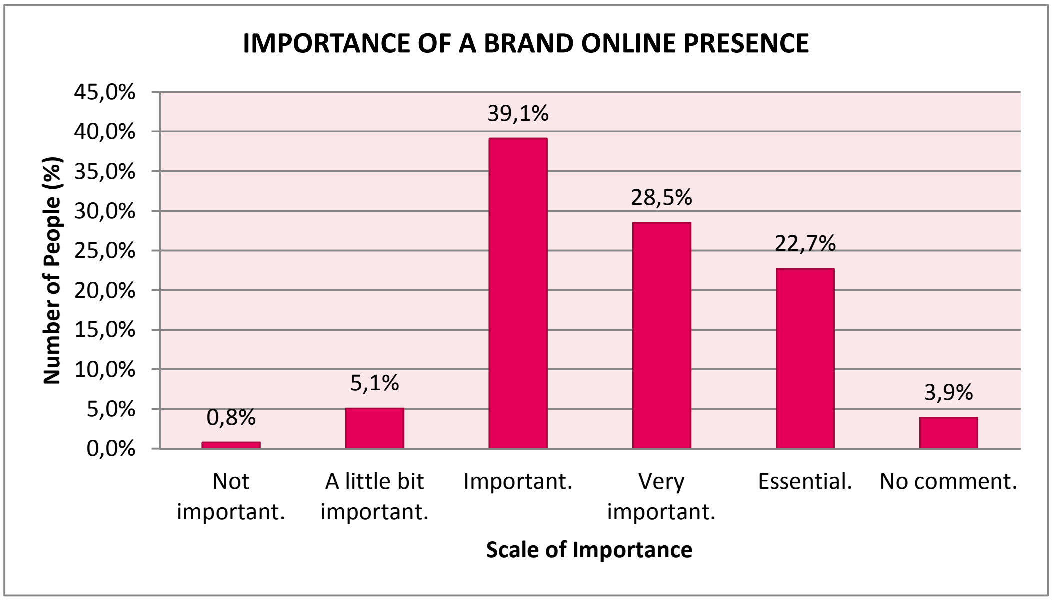
Source: Author's Analysis

The respondents of the questionnaire assumed that is important to exist the *Herdade dos Arrochais* Website (Graphic 18).

ANNEX 3.3.5 ONLINE BRANDS PRESENCE

a. IMPORTANCE OF A BRAND ONLINE PRESENCE

Graphic 19 – Importance of a Brand Online Presence

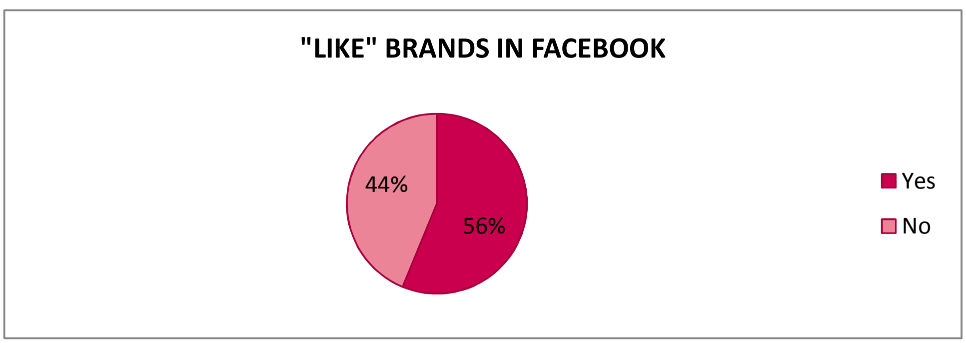


Source: Author's Analysis

The majority of the survey respondents' (39,1%) statement that is important to have a brand Online presence (Graphic 19).

b. "LIKE" BRANDS IN FACEBOOK

Graphic 20 – "Like" Brands in Facebook

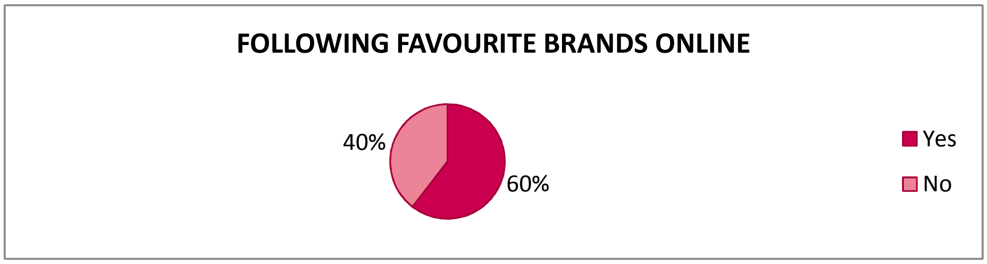


Source: Author's Analysis

To become a fan on *Facebook* page of brands people like to follow is common, 56% of the respondents put "like" on the *Facebook* pages of the brands (Graphic 20).

c. FOLLOWING FAVOURITE BRANDS ONLINE

Graphic 21 – Following Favourite Brands Online

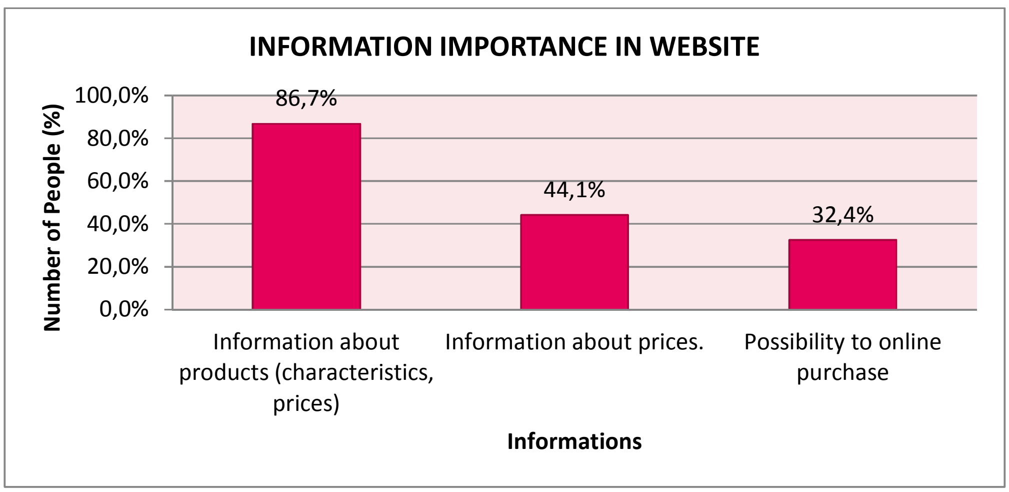


Source: Author's Analysis

The majority of the respondents (60%) assumed that follow their favourite brands online (Graphic 21).

d. INFORMATION IMPORTANCE IN THE WEBSITE

Graphic 22 – Information Importance in the Website

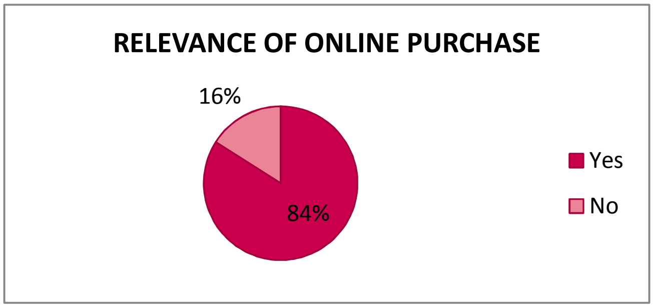


Source: Author's Analysis

Regarding to the information disposable in the Website, the information about the products is the most important to the clients (86,7%) (Graphic 22).

e. RELEVANCE OF ONLINE PURCHASE

Graphic 23 – Relevance of Online Purchase

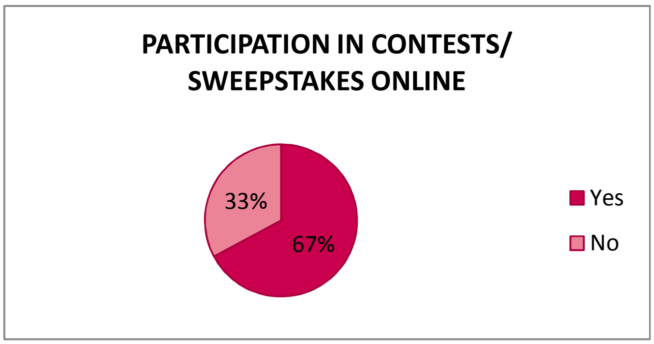


84% of the respondents assumed the possibility of online purchasing is very important to a company/brand (Graphic 23).

Source: Author's Analysis

f. PARTICIPATION IN CONTESTS/SWEEPSTAKES ONLINE

Graphic 24 – Participation in Contests/Sweepstakes Online

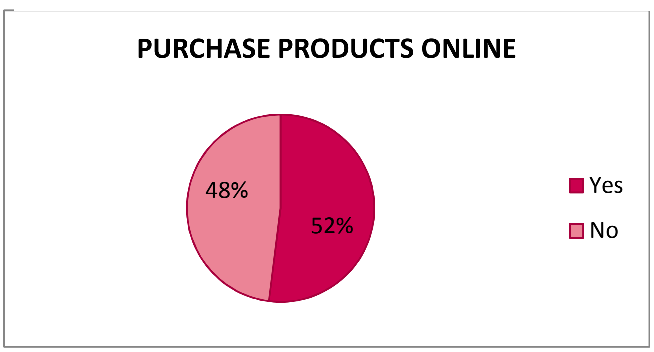


The majority of the respondents (67%) affirmed that are available to participate in online contests and sweepstakes (Graphic 24).

Source: Author's Analysis

g. PURCHASE PRODUCTS ONLINE

Graphic 25 – Purchase Products Online

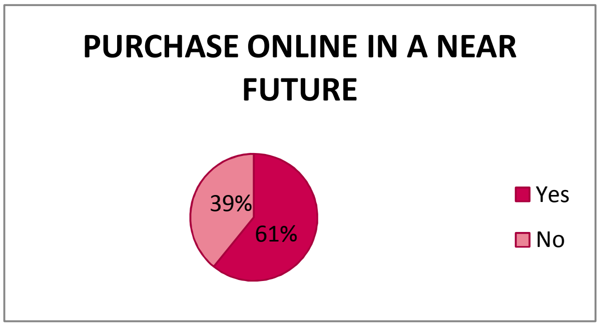


52% of the respondents are affirmed that purchase products online (Graphic 25).

Source: Author's Analysis

h. PURCHASE ONLINE IN A NEAR FUTURE

Graphic 26 – Purchase Online in a Near Future

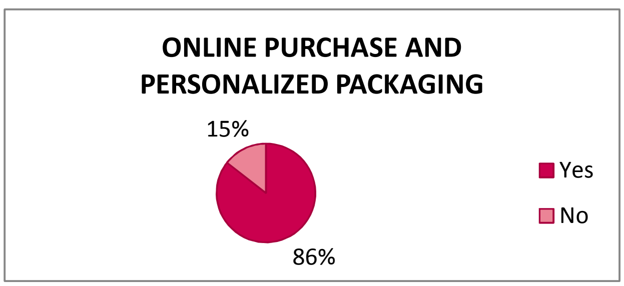


Source: Author's Analysis

Concerning to the possibility of purchase products by online technologies, 61% of the respondents is available to experience that in a near future (Graphic 26).

i. ONLINE PURCHASE AND PERSONALIZED PACKAGING

Graphic 27 – Online Purchase and Personalized Packaging



Source: Author's Analysis

If there is a possibility of online purchase together with a personalized packaging, 86% of the respondents, are disposable to experience it (Graphic 27).

Annex 4. COMMUNICATION STRATEGY

Annex 4.1. COLOURS OF THE WEBSITE

Figure 31 – Pantone Colours

Source: Author's by Pantone Colour Chart[24]

Annex 4.2. EXAMPLES OF IMAGERY

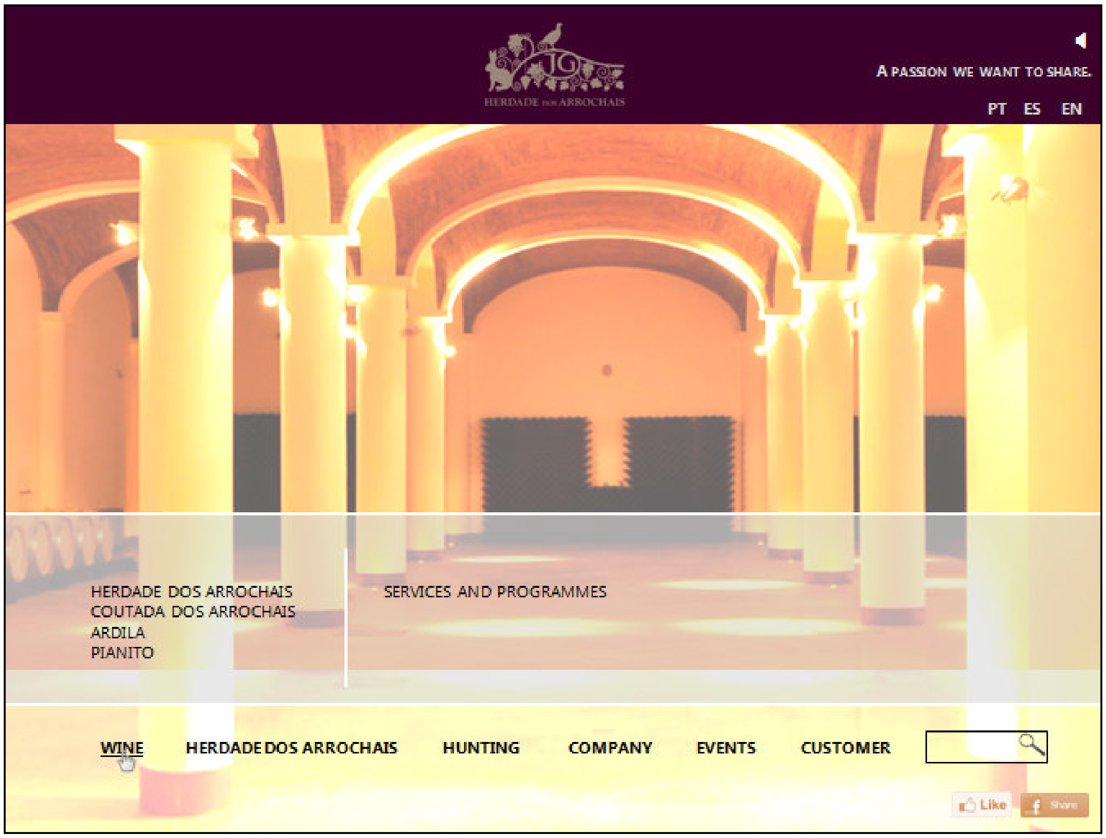
Figure 32 – Examples of Imagery

Source: Author's Design

[24] Pantone Colour Chart: http://www.docstoc.com/docs/70707130/Pantone-Colour-Chart---Large-Format-Print-Guide.

Annex 4.3. WEBSITE PRESENTATION

Figure 33 – Website Presentation



Source: Author's Design

Annex 4.4. COMMUNICATION STRATEGIES

Annex 4.4.1. COMMUNICATION – CONTEST

Figure 34 – Communication - Contest

Source: Author's Design

Annex 4.4.2. COMMUNICATION – COUPON

Figure 35 – Communication - Coupon

Source: Author's Design

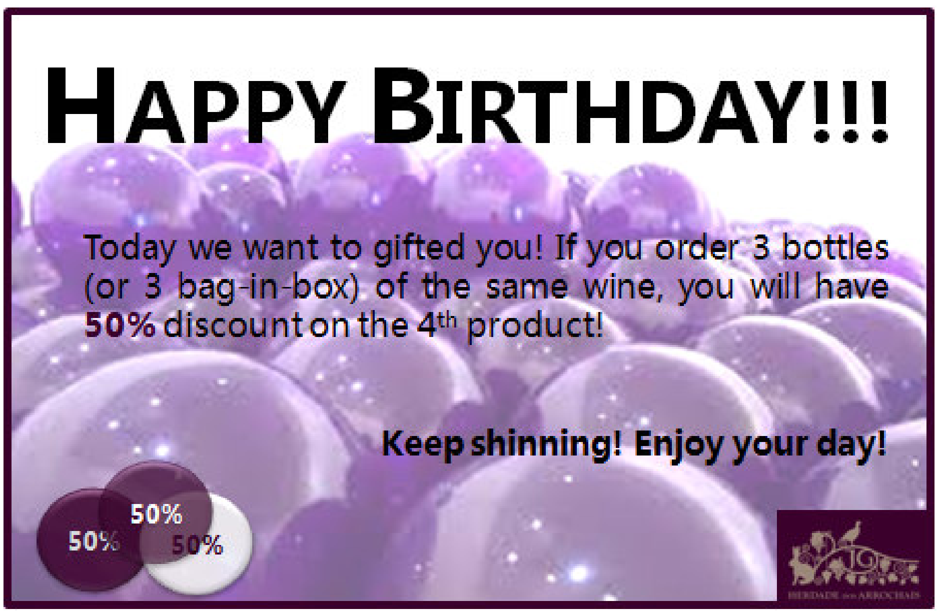
Annex 4.4.3. COMMUNICATION – EXTRA PRODUCT

Figure 36 – Communication - Extra Product

Source: Author's Design

Annex 4.4.4. COMMUNICATION – PRODUCT OFFERING

Figure 37 – Communication - Product Offering



Source: Author's Design

Annex 4.4.5. COMMUNICATION – QUANTITY DISCOUNTS

Figure 38 – Communication - Quantity Discounts

Source: Author's Design

Annex 4.4.6. COMMUNICATION – PATRONAGE

Figure 39 – Communication - Patronage

Source: Author's Design

Annex 4.4.7. COMMUNICATION – PRESS

Figure 40 – Communication - Press

Source: Author's Design

Annex 4.4.8. COMMUNICATION – OUTDOOR

Figure 41 – Communication - Outdoor

Source: Author's Design

Annex 4.4.9. COMMUNICATION – SPONSORSHIP

Figure 42 – Communication - Sponsorship

Source: Author's design adapted from Herdade dos Arrochais