



How does a luxury wine framework applies and affects the internationalisation of wineries of the Vinho Verde Region?

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Abstract

Title: How does a luxury wine framework applies and affects the internationalisation of wineries of the Vinho Verde Region?

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Keywords: Luxury, wine, Vinho Verde, Internationalisation, high prices, Quinta de Santiago, Anselmo Mendes, Premium

This dissertation provides an analysis of a luxury wineries in the region of Vinho Verde by applying a framework developed by Beverland and also trying to understand how this impacts the internationalisation process. To do so the study proceeds with multiple interviews to two owners of wineries that position themselves and were also considered by their peers as luxury within the Vinho Verde Region. These two wineries are Anselmo Mendes and Quinta de Santiago.

The concept luxury is one very transversal that can be found in every category of commodities. However when it comes to the wine segment, it can be perceived as one of the oldest due to the nature and history of this product that has been one of the most traded goods throughout the last centuries. When it comes to luxury wines, they have their own proper characteristics with aspects such as a slight difference in palate might lead to significant changes in pricing.

Vinho Verde is a unique region in the world that has been struggling with the image of low cost wines and where more and more a segment of luxury has been developing. It is for these reasons that they provide the perfect background to build a case study about luxury wines of that particular region and their internationalisation.

Regarding the wineries, the dissertation intends to show how they have been developing their own luxury products while also improving their internationalisation process.

The final objective is to obtain findings that will not only provide new insights about the region and the luxury segment but also be attractive for future research and also bring awareness to the particularities of this segment in this special region of Portugal, the Vinho Verde Region.

Resumo

Título: Como se enquadra uma estratégia de vinhos de luxo na região do Vinho Verde e como é que isso afeta o processo de internacionalização?

Autor: João Cortes

Palavras-chave: Luxo, vinho, Vinho Verde, Internacionalização, Preços Altos, Quinta de Santiago, Anselmo Mendes, Premium

A seguinte dissertação fornece uma análise sobre uma estratégia de vinhos de luxo na região do Vinho Verde seguindo por isso uma estrutura definida anteriormente por Beverland e qual o seu impacto a nível do processo de internacionalização. Consequentemente, o estudo prossegue com entrevistas a dois proprietários de adegas que se posicionam e também foram considerados pelos seus pares como luxo na região do Vinho Verde. Estas duas adegas são portanto Anselmo Mendes e Quinta de Santiago.

O conceito de luxo é bastante transversal e pode ser encontrado em todas as categorias de comódite. No entanto, quando se trata do segmento do vinho, este pode ser considerado como um dos mais antigos devido a toda a história deste mesmo produto que tem sido um dos bens mais comercializados ao longo dos últimos séculos. No que toca aos vinhos de luxo, estes têm as suas próprias características como, por exemplo, uma ligeira diferença no palato pode levar a mudanças significativas no preço.

O Vinho Verde é uma região única no mundo e que tem enfrentado a imagem de vinhos de baixo custo e onde cada vez mais um segmento de luxo se tem desenvolvido. São estas razões que fazem desta região o pano de fundo perfeito para construir um caso sobre os vinhos de luxo dessa mesma região e os seus processos de internacionalização.

Em relação às adegas, esta dissertação pretende mostrar como estas têm desenvolvido seus próprios produtos de luxo, além de melhorar seu processo de internacionalização.

O objetivo final é obter resultados que não só proporcionem novos conhecimentos sobre a região e o seu segmento de luxo, mas também sejam

atraentes para futuras pesquisas e que por acréscimo transmitam as particularidades deste segmento nesta região especial de Portugal, a região do Vinho Verde.

Table of Abbreviations

Abbreviation	Meaning
DOC	“Denominação de Origem Controlada” – Denomination of Origin
CVRVV	Comissão de Viticultura da Região dos Vinhos Verdes
VV	Vinho Verde

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1. Introduction

In our current world of constant change, the word of internationalisation has become frequently used by business students but more importantly, it has become crucial for companies throughout the world (Kim and Aguilera, 2015). Nevertheless, internationalisation does not come easy, especially when you are competing in a “niche” market such as the luxury wines. Considering the uniqueness of this Portuguese product and all the characteristics of both the internationalisation process and those of a luxury product, this thesis hopes to answer the following question: **How does a luxury wine framework applies and affects the internationalisation of wineries of the Vinho Verde Region?**

Throughout the years, internationalisation has been studied by many (Johanson, 1975) resulting in widespread theories and models (Mejri, 2010) that try to establish a direct connection to a firms financial performance (Contractor, Kumar and Kundu, 2007). In a general perspective it is seen as the process of going from international exposure, to then operate in multiple countries and finishing by treating the global market as just one (Lynch, 2006).

With the internationalisation process under such scrutiny, two models emerged as a general consensus to explain internationalisation (Andersen, 1993) the Uppsala model or U-M (Johanson and Vahlne, 1977) and the innovation-related internationalisation models frequently known as I-M (Bilkey and Tesar, 1977). While the U-M expresses internationalisation processes by having more time-consuming processes that lead to organizational learning, the I-M model analyses the expansion process as an innovative path where new ways of doing business are frequently adopted (Madsen and Servais, 1997; Jarosiński, 2013).

Nevertheless, throughout recent times a different phenomenon has appeared in which a firm takes a global or international approach since birth, this positioning strategy has been called ‘Born Global’ (Bell et al., 2003; Madsen and Servais, 1997). Although very often the internationalisation process falls in the two older models, currently we can observe new types such as born global and born again (Knight et al., 2001). This later type is referent to firms who previously made no efforts to go global and suddenly invest heavily in doing so. So among the traditional and more recent theories with the aim of studying the wine

segment, we will adopt a more general definition of internationalisation such as “the process of increasing involvement in international operations” (Welch and Luostarinen, 1988). They further add to justify this definition; “An important reason for adopting a broader concept of internationalisation is that both sides of the process, i.e. both inward and outward, have become more closely linked to the dynamics of international trade.”

International trade and globalisation are very good terms to apply in the wine industry as vineyards have been performing exportations for thousands of years (Hussain, Cholette and Castaldi, 2008). Wine as a product is known for having a high symbolic value and being considered by many consumers as much more than just an alcoholic beverage (Overton, Murray and Banks, 2012). Nevertheless, the world of wine has been under recent changes as new players have been appearing around the world in the last two decades (Banks and Overton, 2010). That is why this master thesis aims at showing how a particular strategy such as those of luxury wines (Beverland, 2005) can help a winery from Portugal in their internationalisation process. We focus on Vinho Verde as this is the most original Portuguese wine (Guichard, 1975) but also because it is one with a substantial history in terms of international trade, going back to the 17th century (vinhoverde.pt, 2017).

To provide insights on this situation, a case study has been developed based on a case study research (Yin, 2003). The support of this case study relied on the comparison of two premium wine brands: Anselmo Mendes and Quinta de Santiago. Both position themselves as premium and therefore they represent the perfect example to illustrate wine luxury internationalisation strategy.

2. Literature Review

Due to the specificity of this master thesis the literature review develops throughout several domains of past research. Starting with research on the wine industry, going from a broader perspective to the particular case of Vinho Verde, the internationalisation of wineries and finally the concept of luxury wineries.

2.1. The wine industry: An overall perspective

Wine is considered by many a unique commodity, not only because of its historical presence but because of its symbolic value. It is perceived as much more than just an alcoholic beverage, but rather an experience that will change from bottle to bottle due to characteristics such as the location, mix used or years of production (Overton, Murray and Banks, 2012; Marks, 2011). For thousands of years, different countries have been producing, consuming and trading this commodity. So even though globalisation is not considered a recent trend, this term gains another contour when it comes to the wine industry (Hussain, Cholette and Castaldi, 2008).

In the later decades, the development of new markets led to the growth of the worldwide wine trades. Increasing mostly in the North of Europe and also in the North of America, balancing the decrease or stagnation felt throughout the Mediterranean countries (Mariani, Pomarici and Boatto, 2012). With the new millennium, new situations such as the decline in tariffs, cost reduction regarding operations and the lowering of trade barriers have made exportation much more affordable for wine producer throughout the globe (Hussain, Cholette and Castaldi, 2008). Therefore the growth that had been previously observed continued, facing only a small overall decrease due to the international economic crisis felt from 2008 to 2010. Following this negative period, wine trade reached a new peak in 2011 (Mariani, Pomarici and Boatto, 2012) with many countries reaching their highest levels of consumption. Nevertheless, while production continuously increased in the upcoming years, consumption reached a stagnating situation (Figure 1.). The justification for this demean in the consumption is the compensation by the new consuming countries such as China or Australia that keep increasing versus the Old World countries such as France, Italy and Portugal who have seen their consumption of wine decrease in the later years. This significant difference between production and consumption

represents the excess of supply of the wine market that for this reason is becoming more competitive.

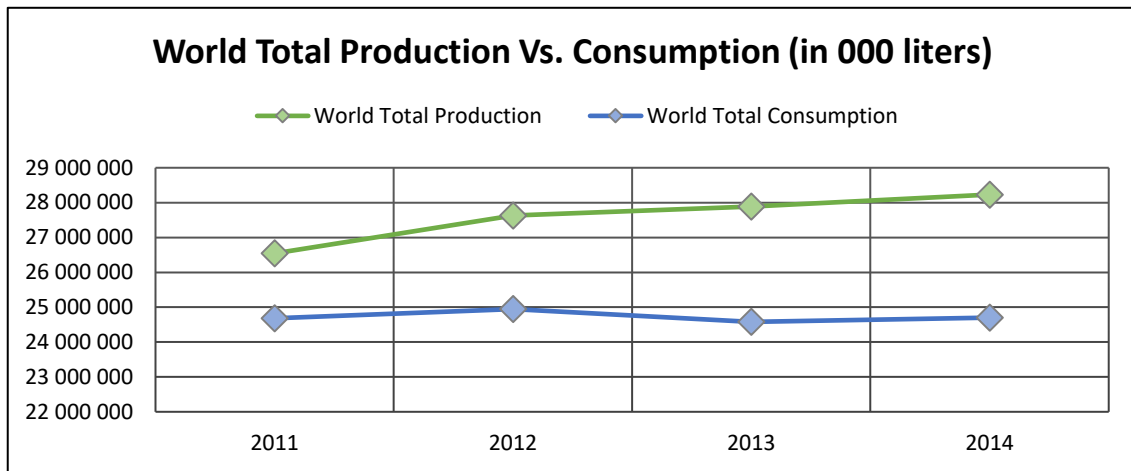


Figure 1 - World Total Production and Consumption. Source: (Wineinstitute.org,2016)

2.2. The Old versus the New World of Wine

From the nineties onwards the wine world has been dominated by two distinct organisational domains: the Old World and the New World (Aylward and Zanko, 2008) with these terms being adopted not only by different authors but also by the majority of wine consumers (Banks and Overton, 2010). While the Old World consists of the European countries and in particular the Mediterranean ones, the New World is spread out throughout the globe, with countries from all other continents being included in this domain (Marks, 2011). Nevertheless, these terms although often associated with a geographic situation are also representative of differences in production, resources and structure. Old World wine industries are characterised by being much formalised and bureaucratic, tending to legislate each step of the viticulture or oenological process. This industry is considered to be highly fragmented due to the presence of a lot of micro and small producers that would populate strongly branded regions. Often being family-owned businesses that put into place a productive process that is based upon traditional methods (Banks and Overton, 2010; Aylward and Zanko, 2008). On the other hand, the New World producers are more aligned toward a mass production and high value of distribution (Banks and Overton, 2010; Marks, 2011). Having the capacity to gain a relevant presence in markets such as the United Kingdom and the United States. When it comes to the product, it tends to

be more consistent and technically faultless product that ends up being much more approachable (Aylward and Zanko, 2008).

This shift of supply is not only backed up by the mass appeal of the product, but by the different business models, each domain applies. The New World ends up offering better value for money and innovative blending but also the level of expenditures in R&D is much higher than the Old World who tends to keep traditional. This investment is mainly possible because the New World producers are not so bound by viticulture and oenological traditions (Aylward, 2003).

2.3. The Vinho Verde Region

Located in the Northwest of Portugal, between the rivers Minho on the North and the river Vouga on the South, you will find the largest¹ denomination of origin in Portugal, the Vinho Verde Region (Winesofportugal.info, 2017). The region is divided in 9 different sub-segments named after rivers or towns [Appendix 2] Having been legally demarcated at the beginning of the 20th century, allowing the region to have a better control of the producers and the methods used for the wine production (Guichard, 1975). On 1959, the CVRVV (“Comissão de Viticultura da Região dos Vinhos Verdes”) who was responsible for the demarcated region, received the possibility to award the seal of guarantee of a denomination of origin. This special denomination can be applied to still and sparkling wine; white, red and rosé; Brandy, “Bagaceira” and red or rosé vinegar (Vinhoverde.pt, 2017).

Vinho Verde has become a well-sought product being sold in 96 countries around the world and with the exportation weight in the total production growing from 15% in 2002 to 37% in 2012 (Forbes, 2013) [Appendix 3]. Although most of the major importers are in Europe, it is interesting to see that in the past five years exportation has mostly been always increasing (Figure 2). Most of this growth can be partly attributed to the CVRVV, who has been promoting Vinho Verde as

¹ It is important to stand out that a Wine Region [Appendix 1] is not the same as a region with Denomination of Origin. Although there are multiple regions larger than the Vinho Verde region, their DOC are much smaller, such as the case of Alentejo.

a product in the external markets while also being able to provide wineries with networks that might facilitate their exports (Nunes and Franco, 2015).

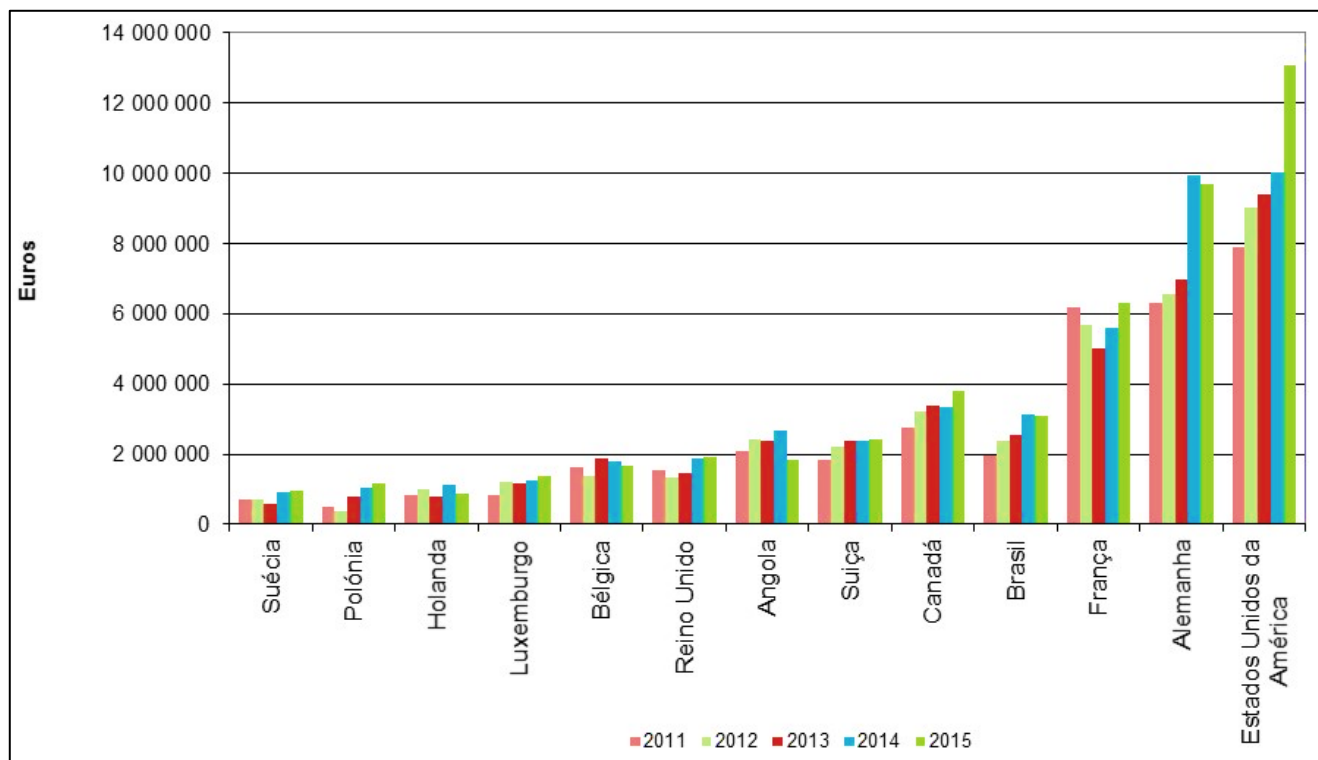


Figure 2 - Top 13 importers of VV (source: CVRVV, 2017)

2.4. Internationalisation of wineries

For most wine producers, nowadays, proceeding with internationalisation has become a necessity, rather than a mere possibility (Alonso, 2010). This led to some firms going directly international even before achieving any domestic presence (Pellicanò and De Luca, 2016). However having this division regarding the wine world will also bring differences in the way in how wineries across the world proceed with their internationalisation strategy.

Due to their more recent creation, New World wine regions do not have an established image in the global wine market. Therefore, the internationalisation process becomes harder to put in place (Zen, Fensterseifer and Prévot, 2011). That is why they depend heavily on the development of networks with both government and international organisations (example: the Intern-American development Bank, for South America) to access other markets or even gather international knowledge (Dalmoro, 2013; Alonso, 2010). Previous research

enlightens the clear need of knowledge referring to market opportunities and export procedures (Wickramasekera and Oczkowski, 2004). In an opposite sense, Old World wineries benefit massively from the regions' image (Olmos, 2011; Zen, Fensterseifer and Prévot, 2011). This effect is so strong that it can overcome the fact that often wineries from the Old World are of small size, which might be perceived as a weakness. This allows them to have a facilitated way towards internationalisation, with several small and medium firms directly selling to foreign customers without having control on what happens to the product and how it is perceived afterwards (Pellicanò and De Luca, 2016; Olmos, 2011).

A method that has been used towards a successful internationalisation on both domains of the wine world is through wine clusters. These have proven to be particularly important in the first steps of internationalisation (Zen, Fensterseifer and Prévot, 2011; Nunes and Franco, 2015). Again the main issue is that New World clusters face a lack of image and reputation in the global wine market. Past research has shown that these characteristics end up being fundamental for the internationalisation of clusters (Zyglidopoulos, DeMartino and Reid, 2006).

2.5. The concept of luxury wines and Beverland's classification

Like many industries, the wine segment has a small niche that is luxury wines. Indeed, they are one of the oldest categories of luxury products (Heine, Phan and Atwal, 2016). That is why luxury wines can be seen as an example for the whole luxury world. This industry is full of successful wineries who manage the creation of authenticity and prestige correctly through a real commitment to quality and cultural events (Heine, Phan and Atwal, 2016). Within the wine industry, even though this small segment only amounts to 1% of the world wine supply (Hojman, 2014) the premium market has been showing signs of growth in the later years (Sjostrom, Corsi and Lockshin, 2014).

Because this master thesis will focus on how a luxury positioning can be helpful in the internationalisation, we analyse first what past research defined as crucial criteria for a wine considered luxury to be defined as successful. Michael

Beverland has been one of the most influential authors regarding luxury wines, and therefore we will use his criteria as the standard regarding what this thesis wishes to study further on.

Beverland concluded eight attributes or characteristics that end up being crucial to the development of the luxury segment within the wine industry (Beverland, 2005):

- The role of formal and informal classifications – Luxury status is further enhanced by the endorsement of institutionalized quality classification systems. Consumers might become more sceptic with an increase of awards and classifications however awards still prove to be a quite useful marketing tool and often used by consumers (Neuninger, Mather and Duncan, 2017).

- Commitment to quality – Wineries examine their vineyards continuously to seek quality improvement. Vineyards tend to do a careful analysis and do a triage of the production into second and third labels of the brand so that there is a clear positioning from the winery (Beverland, 2006).

- Story's sincerity – According to the consumer, there is a direct connection between real commitment to product quality and story's sincerity. Wineries tend to have great care of details, such as still using hand harvesting (Beverland and Luxton, 2005; Heine, Phan and Atwal, 2016). The sincerity of a story was also a way of fighting off imitation in the segment.

- Usage of traditional production methods - Commitment to traditional production methods is taken so seriously that some wineries would hire the same family throughout the years for the same tasks. Making use of the knowledge that has been passed through generations. This commitment also allows enhancing the previous point regarding story sincerity.

- Location as a referent – The view of authenticity can be expressed in the brand's commitment to terroir (Beverland and Luxton, 2005), with wines showing differences due to seasonal variations. These are perceived by consumers as a realistic trait. Wineries take an enormous care to emphasise that they do not intervene in their approach to the land (Beverland, 2006). They prefer

to express the quality of the place, while also identifying the role of the individual, such as the efforts of previous owners.

- Stylistic Consistency – Mainly wineries need always to remain faithful to their origins when it comes to style. Wineries that go the opposite way and that decide to undertake a drastic change in style tends to result in a substantial loss of profits.

- History and Culture – A connection to the past is crucial to remain authentic and therefore enhance the sincerity of the story. Wineries often reinforce their links to the past through demonstration of histories such as maintaining original facilities, through tours of the wineries or historical rituals and ceremonies. This heritage is also often applied to their marketing strategy.

- Appear above commercial consideration – Luxury wineries clearly show and state that the focus is the product and not the client. Although wineries are not against marketing, they reject the concept of doing promotion based upon their image (Beverland, 2006). Wineries often manage the supply of their wines to generate scarcity. For some consumers, the shortage of bottles and the fact that authentic wines are hard to find actually adds value (Beverland, 2006).

Based on past research on luxury wine brands (Beverland, 2005; Tabita Mendes, 2015; Pardinhas Azevedo, 2010) and combining with the research performed on the Vinhos Verde region (Alves, 2017) this dissertation aims to answer the following questions:

RQ1: How do the Vinho Verde top tiers fit when it comes to being considered premium?

RQ2: How are these premium producers counteracting the effect caused by the strategy followed by low-tier brands?

RQ3: How is the internationalisation process managed while being considered premium Vinho Verde brands?

3. Research Methodology

In this chapter of the dissertation, the author will proceed to the explanation of the research method used as well as the chosen companies when it comes to the suitability in this master thesis research topic.

3.1. Research type

Case studies are considered to be an exhaustive description and analysis of phenomenon (Merriam, 2002; Flick, 2009) while also being the method that allows retaining all characteristics of real-life events (Yin, 2012). These have also the characteristic of not being restricted because they often are comparable and can use the potential of diverse methods (Flick, 2009).

Following this rationality, the chosen research method was the elaboration of a case study.

3.2. Data collection

To build this case study data was gathered from multiple sources: mainly from direct information provided by both interviewees and from indirect sources such as public information regarding each winery.

Regarding wineries selection, Beverland considers a starting price of 50€ for wine to be considered premium (Beverland, 2005). This criterion did not fit the Vinho Verde Region wines where the premium market is still in development and wines starting at 10€ can already be considered to be top tier. Therefore the sampling of wineries to contact gathered from the opinion of specialised wine sellers in the Lisbon area on premium wines from the VV region. Different wineries were then surveyed, with the two final wineries being chosen not only by their availability but also due to the contrast and similarities that both presented while exploring the premium segment.

The wineries selected were Quinta de Santiago, a quite new winery that from the start focused on quality and on positioning themselves as premium and Anselmo Mendes, a winery that uses the name of the owner and producer, which has been producing premium Vinho Verde for the last 20 years. These companies were the chosen due to their positioning as premium while both only, or mainly, work with Alvarinho and also because they are trying to push the boundaries of

VV. This not only on the type of wine produced but also when it comes to perception but also pricing. In both cases, the responsible for the wineries were the interviewees. For Quinta de Santiago it was Joana Santiago, and for Anselmo Mendes, it was Anselmo Mendes itself. Given that they are both the ones responsible for their respective winery they are very aware of each process from the cult of the vine to the promotion. They are able to recount the history of their winery and also what was the reasoning behind each decision.

Interaction started by telephonic contact, where the whole purpose of the interviews was explained and a larger interview was scheduled. As preparation for the face to face meeting, small questioning was held on the two phone calls for each participant. These larger interviews were held according to the interviewees' preferences. The objective of being face to face, had the goal of them having more spontaneous reactions and that the interviewer could establish a connection, while being more at ease with each other through social clues (Opdenakker, 2006).

Each interview was prepared taking into account the characteristics described by Beverland regarding premium wine (Beverland, 2005) and the available information available regarding each winery. Both interviews were recorded having an average of one hour for each interviewee, and they were fully transcribed to be better analysed. The language used in both cases was Portuguese as this was the first language (mother tongue) for both parts and therefore made the whole process more comfortable. The interviews conducted were semi-structured with mostly open questions to firstly not bias the interviewees and secondly to give the freedom to cover topics that might not have been previously thought by the interviewer but remain relevant for the research [Appendix 4 & 5]. An obvious example of an open question was: "Why do you believe that you cannot put into place higher prices?" Nevertheless, some closed questions were also used to get more direct answers "What has been your yearly growth in the last couple of years?"

All information collected had the sole purpose of putting together the case study providing enlightenment on the topic researched. The analysis of the data was done in order to see how it fitted directly with the theoretical background

regarding premium wine while looking for new insights on the Vinho Verde Region.

4. Companies' overview

4.1. Anselmo Mendes

Anselmo Mendes is a company named after the producer and oenologist himself. Being from the region of Monção and Melgaço, from a very tender age he was introduced to the concept of Vinho Verde. Therefore right after finishing his studies, he knew he wanted to produce in this unique region. With a particular focus on researching different methods of production, he started doing multiple experiments. He then began producing officially in 1998. He has been quite successful through the years not only being able to develop the whole segment of luxury in the Vinho Verde Region but also developing new wines and actively branding himself as an expert of "Alvarinho". 2015 represented for Anselmo a production of 424.300 bottles of different types of Vinho Verde with an average price per bottle of 12.77€ well above what is the standard for the Vinho Verde Region.

4.2. Quinta de Santiago

Quinta de Santiago started as a farm in the 19th century, and for the following century, it remained that way. They would produce different types of vegetables but also some wine however it was all for consumption of the family or only small business. It was only in 2009 that the grandchildren of the first owner decided to embrace only the production of wine and therefore reconstructed all of the vineyards. As a recent winery, they ended up entering the market only in 2014 but from the start focusing on all markets, both national and international. They stand for the luxury segment of the region of Vinho Verde and believe that with all the new producers this segment will grow strongly over the upcoming years. Doubling their sales each year, they produced in 2015 33.000 bottles at an average price of 14.05€. They expect to continue this strong growth and produce more than 40.000 bottles during the following year.

5. Results and Findings

With the aim of building the case study, three research questions were defined as crucial points therefore before addressing the results obtained, we will recall the research questions of this research. These were the following:

RQ1: How do the Vinho Verde top tiers fit when it comes to being considered premium?

RQ2: How are these premium producers counteracting the effect caused by the strategy followed by low-tier brands?

RQ3: How is the internationalisation process managed while being considered premium Vinho Verde brands?

5.1. The concept of premium

So, to classify if the both companies can be considered premium, we will compare answers from both interviewees to what the criteria previously defined by Beverland (Beverland, 2005).

We will start by going through the historical criteria in which a connection to past is crucial to remain authentic. In fact, this trait can be present in such different ways from the packaging, the labelling or just how the firm describes themselves. When taking on a macro perspective that ends up affecting not only the two companies but also the whole wine segment, Portugal is a country with a long history of wine making, and therefore historical ties to current production are not difficult to find. The same applies to the wine region of Vinho Verde with a long history that some say started during the Roman Empire, and that has been legally demarcated for more than a hundred years. Nevertheless, when addressing both companies, we can see that they pursue different strategies with both relevant historical impact.

Starting by the older firm: Anselmo Mendes takes a lot into account the whole background of wine production in the Vinho Verde Region and often

applies this to the naming of some of his wines. The usage of the word “muros” (walls) derives from how the region itself is known for:

- *“My brands always have some type of reference (...). The walls are deeply connected to the region itself. What is this region? It’s a region formed by small properties divided by walls often made by dirt, rock, or some more developed way. It is even possible that they are created by nature. That was my basis to create the segment “Muros”.”*

However the historical relevance does not stop on the naming of the wines, more recently Anselmo purchased a property that is much larger than the one he started and where he is already producing. On this property, there is a house from the 14th century and he intends to transform this property into a walk-in tour regarding all the developments of the company. Although he states that he does not wish to pursue the path of wine tourism, this experience will lead customers to feel all the history behind the company and the production process while providing an imagery of a historic house that will create the idea of a very historical place.

When it comes to Quinta de Santiago one of the key elements that enhance their connectivity to the Portuguese history is not so much the name but rather the symbol used on the label, or we can say their logo. The winery uses a heart known as



“Coração Minhoto” which is a typical design for jewellery exclusively from the Minho region. Not only jewellery is very often associated or considered a luxury product but also this type, in particular, is made using a unique and traditional Portuguese method called “filigrana” (filigree) which is also known as being a method that requires a lot of patience in the manufacture of each piece. These are all characteristics that can often be associated with the production of luxury wine and in the production of Quinta de Santiago’s wines as it will be shown further on.

Another clear point where Quinta de Santiago is using a historical background is in the way they present themselves even though they only exist officially for less than ten years. According to Quinta de Santiago’s website and

representatives, the farm where the winery is based, exists for more than 100 years and the family has been producing wine and other products for as long as the farm exists:

- *“Quinta de Santiago was built in 1899(...). For about 100 years Quinta Santiago had as main activity the production of wine, olive oil, lupine, cereals, fruit, etc. for self-consumption” (Quinta de Santiago, 2017)*

So this brings a whole historical significance to the present wine production process which is then also enhanced by the presence of a family legacy. This concept is often explored with it serving as an introduction to the creation of the luxury winery:

- *“The roots from that past gave glory to the Quinta de Santiago’s wines, produced by the third generation of the family, in this centennial Quinta.” (Quinta de Santiago, 2017)*

When it comes to usage of traditional production methods, the Vinho Verde Region cannot be accessed equally to other luxury regions. Although there is a long history regarding the production of Vinho Verde, this has been mainly by little entities throughout the years, and therefore the historical way of producing has been lost in the past decades to give way to a more quantitative driven production of the sparkling wine. So concepts such as a family that has been working for the wineries for several generations is not a typical situation in the Vinho Verde Region.

Nevertheless, this new wave of quality driven producers have been researching and recuperating methods that for some time have not been used in the production of Vinho Verde. Even though it is not easy to ask wineries to disclose their production methods, both shared some insights on how they explore this concept of traditionalism.

Anselmo Mendes explained that he is currently studying what he considers to be unattended wines. This does not mean that the wines will be not be treated but rather that it will have little intervention. This was based upon ancient ways of producing that were abandoned and where a popular limitation was implemented

without reason for it. According to him, producers need to go back and see how wine production was done and not be afraid to recreate them as he clearly states:

- *“In the old days people who would produce white wine, would put it in the winepress and would leave it there to separate the solid from the liquid part, but for a question of functionality, people stopped doing that. With the new techniques, people have been abandoning the act of macerating with the grapes’ skin, saying that to do so is incorrect. But I always question why?”*

Quinta de Santiago also has also been rejecting the usage of more standard procedures and going for more traditional and natural way of producing. For their upcoming wine, and expected to be the most expensive wine in their portfolio so far, they opted to use a type of container called a “balseiro” which is entirely made of wood and that according to them will allow having a process of spontaneous fermentation. This results in a much more natural and flavorful way of producing wine.

This least explored path of abandoned methods was also followed when they were choosing the types of grapes to produce the wine. Opting to use old wine and grapes from “ramada” that is a way in which the vines grow similar to trees and larger branches are formed, and the vine itself is much higher than regular vines. Both are methods no longer used as Joana informed:

- *“We did an Alvarinho with only old wines and “ramada”, like no one uses or that almost no one has in the region of Vinho Verde. (...) This is much more similar to what is employed in the Galicia region than the system of vine conduction that we use here,”* (Joana Santiago)

So both wineries follow the same way of thinking in the sense of exploring the past to implement novelty and quality in today’s present production.

Commitment to quality is another differentiating point when it comes to not only to luxury wines but luxury products in a general sense. It is this focus on quality that some wineries from the Vinho Verde Region have been following in order to differentiate themselves not only from the pre-established imagery of

Vinho Verde but also when it comes to the competition itself. When talking to both wineries, it is understandable that they also share this same focus.

When addressing this situation with Anselmo, the focus on quality is there however in a more subtle way than when comparing to Quinta de Santiago. In the case of Anselmo it is the main focus is always on being creative while exploring the boundaries and the limitations of the productions of Vinho Verde. The time some experiments take to make them perfect, according to him as a producer, is what ends up defining his focus on quality. Anselmo tests different procedures but does so ensuring quality and a whole sense of experience. Although he also credits it to the market being more open-minded, his latest wine called “Tempo” was a wine that started being developed before 2000, and he decided that only now (2015) it was on point to be sold. Therefore, also explaining the name (Tempo = Time in Portuguese).

In the case of Quinta de Santiago it is very straightforward and it is something that they are not afraid to stand out:

- *“We have our full winery focused on quality and not in volume, that same quality has no price whatsoever. This is both regarding viniculture and wine producing”* (Joana Santiago)

Quinta de Santiago has an obvious positioning and in no way wants to be recognised as a quantity producer. On their most recent wine, called “Rascunho” they have targeted the top tier of the premium market. Being their most premium wine, it has the objective of being an exploratory one, and that will allow them to push beyond the current limits of the region. This wine is being sold only to final consumers with no retailers’ in-between, the price asked 25€ per bottle is very high for the usual prices asked in the Vinho Verde Region. However, Joana Santiago considers that they focus on the quality and they know that this wine, in particular, has it. Having produced only 600 bottles, she believes that they will have no problem in selling all the bottles, but they will not have any rush on selling them because the quality is so good that they can be sold all in one, two or three years and that it will still be an excellent wine.

The confirmation of these two later segments; “Usage of Traditional Production Methods” and “Commitment to Quality” also leads to the evidence of

the part “Story’s sincerity”. Given that the story’s sincerity is the commitment to quality through the usage of traditional methods, we can confirm a strong presence for both wineries.

Moving into the stylistic consistency of the wineries, if we analyse what is the most consistent style of wine produced in the Vinho Verde Region we see that for the past fifty years it has been the sparkling, fruity and cheap white wine. It became so popular that it is commonly confused as the only type of wine produced in this region. However, as is widely known, this is something that many wineries are trying to change, much like those of both our interviewees’. To some extent, the potential of more expensive production of Vinho Verde is pretty much unexplored, and that is the reason why both wineries keep exploring new ways to produce wines and explore different techniques. Nevertheless, it is important to stand out that they do so without harming their portfolio of wines and these experiments tend always to be their most expensive wines so far. So although they keep creating different wines, they also use it to stretch the pricing limitations that currently exist and to educate and attract possible new customers.

Anselmo Mendes and Quinta de Santiago recently released “Tempo” and “Rascunho” respectively, which are in some sort experimental wines and that distinguish themselves from what could be considered the more standard wine from the VV region even in the premium section. Nevertheless, their stylistic consistency does not rely on these two but on the rest of their portfolio that keeps stable and always at a premium level. Thus not tarnishing their image of premium wineries. So we could call in what sort a mixed strategy followed by both wineries on one side they explore the boundaries of the Vinho Verde market and intent to develop new wines. On another side, they have a firm basis that relies on their portfolio.

In both cases, these wines constitute what can be described as their more standard wines. For the case of Quinta de Santiago, so far this basis is formed by their self-entitled wine “Quinta de Santiago” and “Quinta de Santiago – Reserva” [Appendix 6], both “Alvarinhos”, made using only the grape type “Alvarinho”, considered as the most expensive type of grape in the region. Their respective pricing also fits the premium sector with both having a pricing over 10€ per bottle; this constitutes premium pricing for the VV region. So the difference

from one to the other will be due to one being a reserve and the other not. Therefore we are able to observe a focused approach to the type of wine sold. To add on, Joana Santiago states that they do not intend to expand their portfolio because they believe that in the premium segment you need to remain focused. However, in the case of Anselmo Mendes, because he has a larger portfolio of wines [Appendix 7], the stylistic consistency can be slightly diluted. The first factor that might contribute to this situation is that he currently produces using five types of grapes: “Alvarinho” which is considered to be the best and most expensive, “Loureiro” which is the second most known type of grape of the region, “Avesso” and “Trajadura” which are types of grapes still much undeveloped in the wine segment and lastly “Vinhão” which is a grape that produces red wine and by far the one with less market. So being “Alvarinho” the type of grapes directly associated with more premium wines in VV region, it is quite naturally the one the most used by Anselmo when it comes to his wines. In most regions the grape used might not have a significant impact on how the wines are perceived and priced. However, that is not the case for the Vinho Verde Region. Alvarinho has been for long time the most notorious grape type, and therefore a substantial pricing difference exists when using these. This same difference in a premium producer such as Anselmo can be perceived as something not very consistent, with the usage of other grapes representing not only difference in prices but also in the experience that the consumer has while drinking the wine. It is still important to stand out that even if he might have some backlash regarding his perception, each single wine that Anselmo produces is well above the regular pricing. Therefore if we would pursue an analysis of the premium market by type of grape in the VV region, we would realise that his wines would always be top tier. We can thus conclude that any dilution of style would be due to the markets of the other grapes being extremely underdeveloped.

The “terroir” is one of the most important concepts in the world of luxury wines. This term often used to describe authenticity, stands for the quality of the land where the vines are planted, a matter that ends being of the highest importance in this sector. This leads us to the another topic pointed out by Beverland, which is the location as a referent, meaning that luxury wineries would

show that their land is as natural as possible and that they do not interfere in it with the exception of the plantation of the vines.

Having a general perspective regarding this topic in the Vinho Verde region, the importance of the land might fall to a secondary tier. As in this region, what tends to have more notoriety are in fact the type of grapes used. However, when both wineries were asked to discuss their approach towards the “land” they immediately dismissed this misconception of the unimportance of it:

- “[...] Let’s say, in reality, the core work is in the viticulture. Let’s not have any illusions that in the winery you can make miracles. I mean the great miracle is to accurately know how to viticulture, to know the land before even the plantation, to know which are the best places, which are the best grapes that adapt to that precise location” (Anselmo Mendes)
- “The type of grape can be planted everywhere (...) what matters is the “terroir”. The “terroir” is the territorial brand that should be communicated as being the best and the distinctive factor when it comes to the country and the world” (Joana Santiago)

So we can see that both producers attribute a massive responsibility to the “terroir” in their production process, making it a central focus. In both cases, they also do not intervene in the quality of the land. In the case of Anselmo, because he started from a smaller property, he studied heavily with every resource possible what would be the best piece of land to expand his production. So he firmly believes that wine producers should trust technology to pick where to grow vines. However the viticulture itself is a process that should be as natural as possible. The same can be said for Joana Santiago and Quinta de Santiago, where the only modification in the land was the removal of everything that was previously planted to implement the type of grape “Alvarinho” all along their property. Then, because they desire to be a top tier luxury winery, the whole process is done as traditionally as possible until the harvest of the grapes.

Another segment described by Beverland is the positioning above commercial consideration, in other words, the ability to create trends and to not follow what the client is asking or expecting.

This concept affects the Vinho Verde region deeply, where the image of very fruity, light wines with gas have dominated the overall perception. Therefore any producer who does not follow this lower tier approach is already not meeting their clients' expectation. These gains further highlight when you are trying to stretch the boundaries of the luxury segment in a reduced market such as the one here studied. Both wineries considered that there is a whole teaching process of the customers therefore not presenting them with what they are expecting.

Anselmo Mendes' primary focus is always on innovating through originality and to keep expanding his ranges of techniques and experiments with multiple types of grapes. Not afraid to use long forgotten techniques such as the one mentioned previously, he has the idea that in order to sell more premium wines he needs to provide more insights to the client, therefore educating them. To do so he intends to combine with his open winery project:

- *"[When referring to that same space] Of course it has the objective of providing new experiences to customers, but mainly it is to sell the more premium wines. To do so, I need to explain them better, and I have almost to make a guide book"* – Anselmo Mendes

Quinta de Santiago being quality driven and with a highly focused production follows the same path. Assuming that wine is an experience and it is this same experience that they wish to provide to their customers. They intend to use their more recent and more premium wine "Rascunho" to explore these same feelings and in their words to raise clients' curiosity. Nevertheless, they also believe that they need to educate and show the way for most consumers:

- *[Regarding the launching of their newest wine "Rascunho"] "We want to demonstrate that we can sell Vinho Verde at a higher price, it has particular characteristics (...) we will go the people and get them used to it and to investing more in premium wines within the Vinho Verde Region. "* – Joana Santiago

So in this situation, both wineries have similar positioning, and both believe that the education of clients is crucial to the success of their wineries and also of the overall premium sector of Vinho Verde region. Another key point described

by Beverland can also be seen in both companies, as they do not heavily advertise their product and they do not do it based upon their image.

The amount of bottles produced can also be considered an essential point as it creates scarcity. Both wineries pursue the similar strategy to have their more premium wines produced in small quantities. In the case of Anselmo Mendes wines such as “Curtimenta” or “Parcela Unica” were only produced in batches of 3.000 bottles. When compared to one of his more low tier wines which had a quantity of 120.000 bottles produced we can better understand the difference. The same happens with Quinta de Santiago but on a different scale, expecting to produce only 600 bottles of their wine “Rascunho” versus 33.000 bottles of yearly production for their more standard wines.

Finally, when it comes to the role of formal and informal classifications both wineries did not match what Beverland described as an essential component for a luxury wine. The issue that stood out here is that they considered that premium customers do not take into account medals or other classification of this type.

In the case of Quinta de Santiago they do not participate in competitions and only go to one fair Prowein. It is important to stand out that it is considered the leading fair when it comes to wines and spirits. The purpose behind this presence is not directly related to aiming at obtaining some classifications but rather the development of networks and to reach a larger mass of potential clients.

Regarding Anselmo Mendes and his wines, he very openly considers that these type of contests have no real impact when you are trying to penetrate the luxury market. He believes that the main reason for this situation is that currently a lot of wine contests exist and therefore this dilutes the importance of contests. Furthermore, he considers that because there is no control in what the producer sends to the contests, the veracity of it is tarnished. To better explain, according to Anselmo a producer might send his top tier wine in a bottle of one of his middle tier and the contest would judge the wine inside but would attribute a medal to the name on the bottle.

Even though he is not in favor of contests Anselmo attends one but, according to him, only due to a customer demand:

- *“I go to IWC because I have one “Alvarinho”, Contacto, that is quite successful in Sweden, and over there they always want something to put next to the wines name. I go to IWC because it is, if not the most, one of the most prestigious contests. Some years I participate other [years] I don’t. And I do it so that I can display it only for the Swedish market (...). It is a very crucial market for me, and I go to that contest, but for the rest, I don’t go.” – Anselmo Mendes*

So we can see that even for Anselmo (who goes to one of these contests that give a type of formal classification) the impact is minimal as he does not even want to use the medals elsewhere in the world.

Nevertheless, it is important to stand out that starting in 2013 the region of Vinho Verde came under the scope of one of the most famous wine critics, Robert Parker.

- *“A good grade from Robert Parker is worth more than all medals put together.” – Anselmo Mendes*

This review is in Anselmo’s opinion much more important than any contest possible, and in fact, he is correct. Past research has shown that a positive grade from Robert Parker can lead to a significant rise in prices per bottles as the demand increases (Ali, Lecocq and Visser, 2010). This wine guru has rated multiple wines from the VV region and also both interviewed wineries. He ended up awarding them what can be perceived as excellent marks. Anselmo Mendes has had already several of his wines with ratings over 90 points, but his highest was Parcela Unica with 93 points. In the case of Quinta de Santiago, this rating did not happen so often with only their wine Quinta de Santiago receiving 90 points. According to his website (robertparker.com, 2017), a wine that receives a rating between 90 and 95 can be seen as: “An outstanding wine of exceptional complexity and character his ratings or in just. In short, these are terrific wines”. Although it is not possible to precise the statistic of Robert Parker’s ratings for the VV region, we have to stand out that on average for each of these events where wines will be rated, around 100 wines are chosen and that only approximately

50% get 90 points. As the points go up this percentage drastically decreases². In no way, this diminishes the importance of this grading as many wineries are not even considered for the rating event. It is also important to stand out the fact that Anselmo Mendes is frequently mentioned on Robert Parker’s website either in the Wine Advocate³ or small articles of wine suggestions for different events. Therefore it is understandable that this provided an intense boost to both wineries in their growth both in market reach and reputation.

So the positioning here by both wineries matches only half of Beverland had previously described, and that is, an informal classification. Although entitled as a guru of wines, his grades are still based on his personal opinion, and with no particular criteria, for this reason, it is still considered an informal classification.

	History and Culture	Usage of Traditional Production methods	Commitment to quality	Story's sincerity	Stylistic Consistency	Location as a referent	Above Comercial Consideration	Role of Formal and Informal Classifications
Anselmo Mendes	Strong	Very Strong	Very Strong	Very Strong	Mildly Strong	Very Strong	Very Strong	Strong
Quinta de Santiago	Very Strong	Strong	Very Strong	Very Strong	Very Strong	Strong	Very Strong	Mildly Strong

Summing up, we can see the pretty accurate fitness of both companies on the model defined by Beverland.

Therefore, we can better understand that even though this premium segment is quite recent in the Vinho Verde Region and is still struggling to achieve other regions luxury establishment, these two wineries are on the right path to grow and one day establishes themselves in the International Wine premium sector.

5.2. Managing the regions’ perception

The Vinho Verde Region is notoriously known for their low tier wine that tends to be sparkling, very fruity and very easy to drink. This heavily marked

² In Portugal since the beginning of these ratings only four wines ever received the top mark of 100 points.

³ The Wine Advocate is the online paid issue published by Robert Parker.

perception of the region is often seen as the main deterrent for the development of the internationalisation process of every winery that does not fit the characteristics of this low tier. So to understand how each of these wineries approaches this perception issue, we can separate it into three segments: National commercialisation, the overall perception of the region and international perception.

In Portugal, when going to either some wine shop or in a restaurant, it is curious to see that wines produced in the Vinho Verde Region in most cases are sold in a different section. Instead of being classified as red, white or rose, the Vinho Verde wines appear under a particular section as “verde” (which means green in Portuguese). Past research has shown that this way of selling Vinho Verde in Portugal ends up hurting the perception possible future consumers have on the wines produced in that same region (Alves, 2017). So this potentially ends up spreading the false idea that the Vinho Verde denomination is related to the colour of the wine and not to the region. One might think that wineries focused on more of a market niche would feel slightly frustrated by this situation, but that is not the case. According to Joana Santiago, more people already see Vinho Verde as a region and not a type of wine. Therefore when they are searching in menus or stores, it becomes sort of an advantage to be standing out. For her, the problem relies on people believing that wine from the VV region is just white wine. The reason for this is that while associating to only one type of wine, again the perception of the region, due to the name (Vinho Verde = Green Wine), might get tangled with a type of wine and not a region. So what Joana Santiago wishes is that the Vinho Verde region becomes known for red, white and other types of wines even if their most successful might be just the white wine.

Coming mainly from a historical point of view, both interviewees consider it as a privileged situation given that someone who wants wine from the Vinho Verde Region can easily identify them.

When addressing this same subject but on an overall perspective of the region both interviewed wineries did not consider it as something negative but rather a very common situation. Providing examples of other famously known regions (Champagne and Bordeaux) that also have a lot of low tier wines but in the end are known for their premium sector. They perceive this situation has an

issue with the promotion of the region, and that the CVRVV in itself should promote the region based upon their more top tier type of wine and not on what is currently being done.

- *“(…) And there is nothing wrong with it, in every region you have those types of wines [referring to low tier wines]. The big names of Bordeaux represent like 5% of the region. (…) The difference is that they promote their most notorious wine: the “chateaux” and so on. Therefore this is something that we need to learn from them.” – Anselmo Mendes*

However, according to Joana Santiago, this effect is not only due to the commission but also the little cooperation that often happens within the Vinho Verde Region. So the government provides subsidies to the region, but they are individually used by each producer. She also admits that it is not easy convincing multiple small producers to combine as they see these amounts as a path to gain a competitive advantage towards their peers in the region. In a same sort of way as Anselmo, she believes that by promoting the region as a whole every single producer gains from it. In fact, according to her, in the current year, the CVRVV is developing a marketing plan regarding the region and Joana hopes this will also provide strong benefits to the development of Quinta de Santiago.

Even though for a domestic market or a domestic perception this latent image is being detached from the reality of Vinho Verde in an International segment there is still some struggle.

- *“[When addressing the international market] There is still a stigma and a significant lack of knowledge (…)” – Joana Santiago*
- *“In the market, we find ourselves in a situation where people taste my wines and tell me that it is not Vinho Verde because it has no bubbles. I have then to explain that I do not have them because I did not add them” – Anselmo Mendes*

In fact, the term presented by Joana can be well illustrated by Anselmos' example, the previously created expectation led to a situation where the customer believed that a more luxurious Vinho Verde was not, in fact, Vinho Verde. However, the Quinta de Santiago owner also provided an example of how she overcomes this issue of misjudgment: she first presents her wines as white wines

and only after receiving the reviews and opinions of the customer she enlightens them on the nature of the wines and their linkage to the Vinho Verde Region. Through adaptation of this misconception of the region, she can create a stronger impact on the customer and possibly engrave the Vinho Verde Region and her own winery on the customer's memory.

Although tactics like the previous one might work on a face to face contact with the customers, they are not useful without this direct approach. So how can this wrong perception be changed through distance? When asked on how did both wineries overcome this obstacle both pointed out their strongest allies: the CVRVV and Wines of Portugal⁴. They praised the fact that the commission frequently brings international critics, journalist and retailers to each winery allowing, therefore, the development of not only each winery but also the whole region.

- *“[When referring to these actions by CVRVV] They come here, taste some wines, some they like, they make some contacts, and then retailers read it, and when you know it you go to a fair and there are already people looking for you.” – Anselmo Mendes*
- *“(…) the Comissão do Vinho Verde (CVRVV) is the most active commission in the whole country. They often do reverse visits (this means to bring visitors to the wineries), and they take us in several actions outside of the country (...) Therefore we often receive either in group or individually a lot of journalists and opinion makers who come to have a better understanding of the region (...)” – Joana Santiago*

Therefore, while they firstly had pointed out that the Commission should do more regarding the promotion of the image of the region they are also quick to acknowledge that the same Commission is the first that is helping them fight this same stigma and helping reach the international markets.

If we look back at previous research, it is mentioned that luxury brands do not do direct marketing and should not do (Beverland, 2005). Therefore it is interesting to realise that the commission developed a system to promote their

⁴ Wines of Portugal is an overall brand with the aim of promoting Portuguese wines abroad. This brand was created by the Portuguese association ViniPortugal.

luxury wines and region without compromising their respective status. To add on by being considered by both wineries as a key element in their success to overcome the preconceived image of the winery just shows that in fact, they are aware of that same stigma and are focused on letting wineries overcome it. Even though the image of the region being sold by the commission might frequently not been the most correct, they still end up being a powerful partner for every luxury winery in the VV region

So summing up, the stigma exists, and there is no way to make this obstacle simply disappear. But with the help of CVRVV and with handy and resourceful tactics such as the one described by Joana, wineries have been able to little by little gain more notoriety and cement this new perception on consumer's mind, both nationally and internationally.

5.3. The Process of internationalisation

In this industry, to have an international exposure nowadays is crucial to have a sustainable business. It allows you to have multiple sources of income that are geographically unrelated. When taking into account situations such as the wine market in Portugal and especially the luxury segment of this same market, an international exposure is more than mandatory.

It is also in this process that we are able to observe the bigger differences between both wineries. Obviously, there are some common factors, given the same region and the groups supporting it but mainly due to their nature we can see and understand how this development was successful in two different ways.

When looking upon how Anselmo Mendes and his winery reached the international market, we can say they took the most traditional approach:

“Firstly there was a national affirmation because I think that is very important. It is difficult, very difficult to be recognised beyond borders if you are not recognised within.” – Anselmo Mendes

Afterwards, the most common way followed, with the presence in international fairs, in which Anselmo attributed a high importance to Prowein. In

these, he was able to develop some networking and created some contacts that later on would lead to some tastings. It is in these tastings that he considers that the winery was able to establish new customers because according to him if he is making something good, but people do not taste them, it is not enough. So also contributing to his international development and like previously mentioned, he attributes a heavy importance also to the associations and commissions Wines of Portugal and CVRVV. According to Anselmo it is through them that this process starts to happen little by little. They bring media and critics to taste his wines, and when they started liking them, distributors across the world followed, starting to purchase more of his wine. While bringing these key players to them, Anselmo is able to save in efforts and costs that otherwise would have been necessary to reach the same notoriety. In the end, the key elements according to the producer were consistency and being present in events and the specialised media.

So if we take as a framework past research, in terms of internationalisation the strategy, we can see that the winery of Anselmo Mendes followed closer to what is analysed under the Upsala Model (Johanson and Vahlne, 1977). In the sense that the internationalisation process was heavily linked to the organizational learning and also linked to the development of financial performance of the winery itself (Contractor, Kumar and Kundu, 2007).

When addressing to the most recent case, that of Quinta de Santiago, we can see that the strategy has been different but obviously with the same objective. From the onset, they have been opened to every market possible and stating that they intend to diversify as much as possible, in this context. Therefore finding an alternative path to the domestic market and focusing on conquering different markets at the same time. The logic ends up being that in sum, selling lower volumes to multiple markets will compensate a situation where they would be especially focused solemnly on the Portuguese market.

So far this strategy seems to have been successful since their production nearly duplicated every year and they were able to sell the whole stock each time.

The key issue here, stands out as how can such a young winery reach so many markets? Well according to Joana Santiago the answer is networking, and it is where they also invest quite a lot.

- *“We work a lot on networking. Between producers, friends, friends of friends, partners, social networks of all type.” – Joana Santiago*

According to Joana, it is through this push effect that new customers arrive, with other producers recommending them to retailers, or these starting to follow their work through social media and ending up leading to an increase in reach for them. Quinta de Santiago then complements this networking effect, with the more traditional strategy of being present in wine fairs and like Anselmo they pointed out to the Prowein fair has being important to establish new contacts.

Quinta de Santiago like Anselmo then gives merit to the CVRVV in what comes to multiple actions that allow them to enhance their reach and apparently entering new markets. As mentioned previously, by having actions outside of Portugal or bringing relevant peers of the wine world to the winery. Therefore aiding to the internationalisation process by opening new doors.

However, another differentiating factor in the internationalisation process of Quinta de Santiago is the creation and participation in a small cluster group of young producers of Vinho Verde. It is important to stand out that all of the four wineries that take part in this cluster have the similar strategy of producing Vinho Verde in a more luxury segment. “Vinho Verde young project” is a group that brings together four wineries with the objective of enhancing their market reach.

- *“[Referring to Vinho Verde young projects] We always go with a mission, a corporate mission but also with the objective of promoting what is being done in the region and I believe that we have been successful” – Joana Santiago*

So this cluster movement also enhances their reach because not only does it allow to have access to more contacts by joining the four wineries but they move as one they are able to expand in presences and activities that for only one young winery would be very difficult if not impossible. Even though they are competing in the same segment, it is interesting that they have this support feeling for each other. Joana explained that this happened because they are producers who are not competing in quantity but quality and therefore they do not have to fight for every cent. Each of these four wineries would present four different types of wines with different prices without cannibalizing each other because they are selling

firstly the full experience of Vinho Verde and then when it comes to each wine they consider it to be a different experience.

So comparing the internationalisation strategies of both cases, we can see that Quinta de Santiago has some common characteristics with Anselmo but then adds some new factors. The first difference is that Quinta de Santiago is born global (Madsen and Servais, 1997) and did not go through internationalisation phases. Then Quinta de Santiago enhanced the group effect and engaged in the development of a cluster and working through it, beyond the work and reach of the CVRVV. This result proved detrimental for their development in this early stage such as mentioned in past literature (Zen, Fensterseifer and Prévot, 2011; Nunes and Franco, 2015). In an opposite sense, Anselmo never mentioned any work with cluster groups as being necessary.

According to Anselmo, the past five years have been very hard and nothing compared to his first five years, this market wise. He believes that producers starting today have to work to make it, while the times where he began were slightly more permissive. This might justify on why Quinta de Santiago, being a newcomer, opted from the start for so many different approaches to establish themselves.

6. Conclusion

Following the previous findings, multiple conclusions can be drawn from this case study. The first is that some wineries in the Vinho Verde region can be considered as luxury ones when taking into account previous research (Beverland, 2005). The two wineries analysed here presented all the characteristics of luxury wines except for the price. In this sense, both wineries were already very developed even ahead of the development of the region itself. A good luxury wine lives not only of the reputation of the wine and the winery but also a lot of the reputation of the region. This is where both wineries end up losing much of their power as the Region is only now starting to be associated with luxurious wines. However, a finding important to emphasise is that both interviewees do not blame the mass commercialisation of cheaper wines from the Vinho Verde Region as the reason behind this regional reputational drawback. Both interviewees pointed out to the cases of Bordeaux and Champagne as role models for situations where a lot of cheap wines can be found alongside extremely luxurious ones. They rather pointed out to the image of only a specific type of wine that is strongly associated with the region but also admitting that the commission (CVRVV) has been investing in the overcoming of this limitation.

A limitation found during the qualitative study was that although a lot of initiatives have been taken to be able to develop the price range, internationally, there is still a cap that related to not only the region but also the country itself. So even being considered exceptional wines because they are made in Portugal and in the Vinho Verde Region they cannot have excessively high prices.

Finally, this study was not able to determine what the most appropriate strategy was when it comes to the internationalisation of luxury wineries in the Vinho Verde Region. Both wineries used different processes and ended up being successful at their respective level.

7. Limitations

During the development of this research, some limitations came up: the first being the non-random choice of the interviewees because this selection was made based upon the judgment of certain characteristics and not random it can bias the findings.

The second is the fact that the wineries have been created in very different times, with one being set up in the post-crisis period and therefore it is natural that there were financial constraints that might have biased the strategy of one winery and not the other.

Lastly, another significant limitation was the non-inclusion of a winery from outside of the region. Therefore not allowing to understand if some impacts were related to the region or the country or if this was even a constant situation throughout the category of goods.

8. Further Research

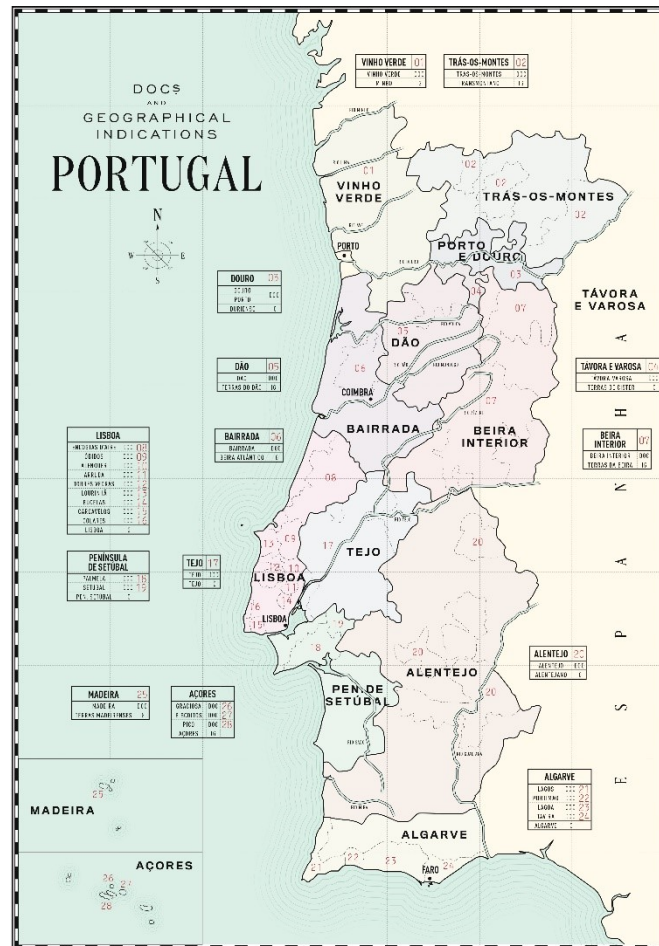
Even though this dissertation has as the objective of elaborating a case study of the luxury segment of the Vinho Verde Region, some further research would still be necessary.

An exciting development to be done would be a quantitative study of the development of this segment in the past years and also a study on the pricing strategy of the luxury segment both within and outside of the region. To study in a mass amount numerical data would bring insights of the whole region concerning development and so on. Allowing to understand the direction the region is going. Regarding the pricing, it would be interesting to compare the strategy to a region with no constraints regarding prices, as this would allow to understand better the obstacles faced.

Lastly, it would be curious to have a more in depth study of the internationalisation process, possibly more focused on one or more stages. Allowing to reach newer and clearer conclusions.

9. Appendix

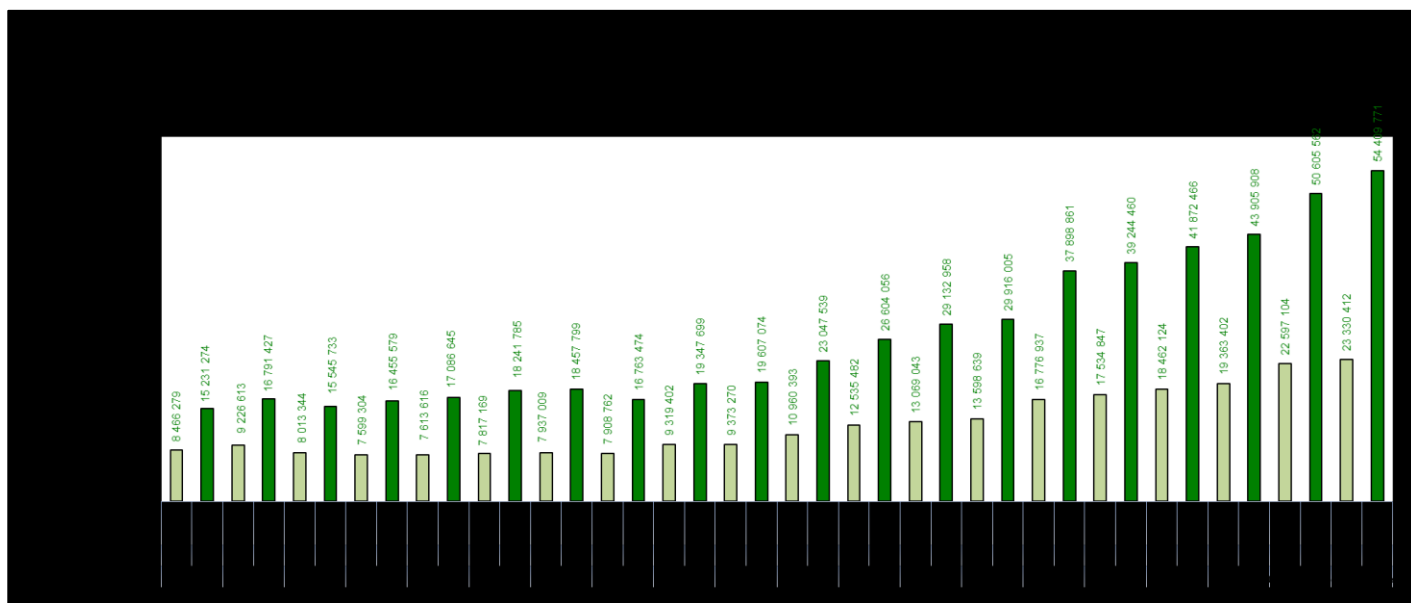
Appendix 1 – Portuguese Wine Regions. Source: Wines of Portugal, 2017.



Appendix 2 – The 9 divisions of the Vinho Verde Region. Source: Wines of Portugal, 2017



Appendix 3 - Evolution of Exports from the Vinho Verde Region 1996 to 2015.
Source: CVRVV, 2017.



Appendix 4 – Key Questions to Anselmo Mendes.

Key Questions to Anselmo Mendes
Do you believe that selling Portuguese products as one, such as Wines of Portugal or the activities performed by CVRVV have been helping in having better reviews by critics?
What do you consider to be your differentiating characteristics? And how do you sell this characteristics or the wines themselves?
Do you identify with wineries that try to preserve as much as possible the traditional methods even if there are some adaptations derived from newer technologies?
Do you believe that in the Vinho Verde Region or in the production of wines from this region there are a lot of barriers that are not broken?
What would you believe are the biggest differences from your first 5 years to the later 5 years in the Vinho Verde Region? This taking into account economic factors and the market itself.
How was your internationalisation process?
What about competitions? Which are the ones that help you the most?
Do you have any major concerns of the image transmitted in your labels and bottles?

Appendix 5 – Key Questions to Joana Santiago

Key Questions to Joana Santiago
How do you intend to launch this new wine of yours and how do you believe it will be successful?
How do you reach these new countries? Do you already have contacts? Is it through fairs?
When you are launching a new product what is the characteristic that you focus to sell it? Because most wines from the vinho verde region go for the type of grape. What is the focus when it comes to Quinta de Santiago?
In Portugal you might find different sections for types of wines and then one for the vinho verde region. This creates a certain distinction in the client's head no?
What do you believe are the best ways to promote the regional brand?
Why do you think that prices cannot be higher?

Appendix 6 – Anselmo Mendes' Wine Portfolio. Source: Anselmo Mendes, 2017



Left to right: Muros Antigos Escolha 2015, Muros Antigos Loureiro Escolha 2015, Muros Antigos Avesso 2015, Muros Antigos Alvarinho 2015, Contacto Alvarinho 2015, Muros de Melgaço Alvarinho 2015, Expressões 2014, Curtimenta Alvarinho 2014, Parcela Única Alvarinho 2014, Pássaros Alvarinho Trajadura Escolha 2015, Pássaros Loureiro 2015, Vinhão Escolha 2015

Appendix 7 – Quinta de Santiago Wine Portfolio. Source: Quinta de Santiago, 2017



Left to right: Quinta de Santiago 2014 and Quinta de Santiago Reserve 2014

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