Case Study

Sogrape - Born to the world

Rita Alexandra Vieira Cardoso

Student Number: 152116078

Dissertation written under the supervision of Prof. Nuno Cardeal

Dissertation submitted in partial fulfilment of requirements for the MSc in Business Administration, at the Universidade Católica Portuguesa, January 2018.

Abstract

Title: Sogrape – Born to the world

Author: Rita Alexandra Vieira Cardoso

This dissertation aims to understand how Sogrape, a successful Portuguese wine company, was able to start its internationalization since an early stage of its existence and how it has been capable to sustain that ability to serve globally throughout its 75 years of existence. Furthermore, the main goal is to recognize how the company was able to enter foreign markets, what role their resources and capabilities had throughout that process, and what kind of barriers are in the way of born global firms (BGFs).

It is possible to conclude that the combination between an unique portfolio – possible due to their great number and diversity of vineyards, and products that have gained an international status due to their quality and history – and a big scale operations plus the capability of managing knowledge from all their learning experiences and being able to meet local tastes, ultimately leads to a path of success and great conquers, enviable by any company.

Nevertheless, it is also exposed some concerns regarding growth opportunities which are still a grey area concerning some markets, especially the Chinese wine buying behavior. Intrinsic to all industries, online commerce is a global trend and since even well-established companies face obstacles, Sogrape is still trying to understand how to incorporate it to their business model.

Keywords: Adaptation; Born Global Firms; Capabilities; Dynamic Capabilities; Entry modes; Internationalization strategies; Resources; Sustainable competitive advantage

Resumo

Título: Sogrape – Nascida para o mundo

Autor: Rita Alexandra Vieira Cardoso

A presente dissertação tem por objetivo analisar como a Sogrape, uma empresa de vinhos Portuguesa que é sinónimo de sucesso, foi capaz de internacionalizar desde o seu início e manter essa capacidade de servir mercados mundiais durante os seus 75 anos de existência. Para além disso, o principal objectivo é reconhecer como a empresa foi capaz de entrar nesses mercados, qual o papel que os seus recursos e capacidades tiveram no processo e que barreiras estão no caminho de uma empresa nascida global (BGFs).

Depois de uma detalhada análise, é possível concluir que a combinação entre um *portfolio* único – possível a partir do número substancial de vinhas que têm na sua posse e de produtos que têm conquistado um *status* internacional, resultante da sua qualidade e da sua história – e uma grande escala de operações, com a capacidade de gerir o conhecimento proveniente de experiências passadas e de ir ao encontro dos paladares internacionais, levou a empresa a construir um caminho de sucesso e de conquistas ao longo da sua história, envejáveis por qualquer empresa.

Todavia, são também evidenciadas algumas preocupações em relação a oportunidades de crescimento que representam algumas dúvidas para a empresa, especialmente o comportamento de compra de vinho na China. Intrínseco a qualquer indústria, o comércio *online* é um assunto na ordem do dia e considerando que mesmo empresas bem resolvidas enfrentam obstáculos, Sogrape ainda está a tentar encontrar o seu caminho no que toca à integração das plataformas de venda online no seu modelo de negócio.

Palavras-chave: Adaptação; *Born Global Firms*; Capacidades; Capacidades dinâmicas; Modos de entrada; Estratégias de internacionalização; Recursos; Vantagem competitiva sustentada.

Acknolowdegements

First of all, I want to thank to Dr. João Gomes da Silva from Sogrape Vinhos, without whom this thesis would not be possible, for being a fundamental key during his entire process, constantly available to help me and to provide me with tools to build this analysis.

To my supervisor Professor Nuno Cardeal, for being so understandable along the way and always available to help me to constantly improve and complete this analysis. I also must thank to Professor Ricardo Reis, who managed to get me in touch with Dr. João Gomes da Silva.

To my parents, who always believe in me and have always stand by me during my lifetime, loving me, understanding me and encouraging me.

To my brother, who is the happiness in my days and makes everything easier.

Finally, I want to thank to Maria do Ó and Catarina Pereira, my dearest friends who went through this process with me, always making sure that I believed in myself and turning the bad days into better ones.

Table of Content

List of Tables

List of Graphs

List of Figures

List of Abbreviations

ADVID – Association for the Development of Viticulture in the Douro Region

B2B – Business to Business

B2C – Business to Consumer

BGF – Born Global Firm

E.G. – *Exempli grata* (for example)

E.I. – *Id est* (in other words)

EIF – Early Internationalization Firm

FDI – Foreign Direct Investment

FOMO – Fear of Missing Out

IPLC – International Product Life Cycle

PORVID – Associação Portuguesa para a Diversidade da Videira

R&D – Research and Development

RBV – Resource-based view

WWI – World War I

WWII – World War II

WAWWJ - World Association of Writers and Journalists of Wine and Spirits

1. Introduction

1.1 Problem Statement

Strategic management, as field of study and concern, only started to get some spotlight at the beginning of 1960, decade when the importance of the strategic thought, practices and instruments have conquered the attention of diverse researchers. Nevertheless, until then some companies were already doing it – simply without calling it strategic management – and were able to successfully manage resources and capabilities in order to serve foreign markets, under not so favorable economical and political conditions.

Adding this with the reality that Portugal is a country which has been closely connected to the wine consumption since its ancient days – not only this commodity has an economical importance, but is also inherently connected to a cultural side of Portuguese customs – the curiosity to understand how some wine companies have been able to uplift Portuguese products on a global level arises. Hence one of the best examples of good practices in the wine sector is Sogrape, a company with about 75 years of history that has a path full of conquers and successes. Therefore, the current study is an analysis to the strategic management performance that this wine company has had on its internationalization since its inception and how it has contributed to its great achievements, not forgetting the role of resources and capabilities on this quest for a continuously sustainable competitive advantage on an international scale of operations.

1.2 Research Questions

This study is focused on answering the following questions:

- *What was the internationalization strategy in terms of entry strategies, standardization vs adaptation and marketing mix of Sogrape Vinhos?*
- *How Sogrape Vinhos did gained and sustained a competitive advantage in international markets?*
- *Sogrape Vinhos was created with the born global syndrome. What are the main advantages and disadvantages related to compete with global players?*

1.3 Methodology

In order to complete this study, I gathered the information about the company through several interviews at the firm and an extensive search at the company's website. Plus, all the existing research regarding internationalization strategies played an important role to reach conclusions with added value.

In order to guide the reader through this paper, the following structure is applied: after the introduction, I elaborated a literature view with meaningful information to understand all the theoretical concepts developed throughout the case; after one can find the case study about the subject of study and for last there is a discussion of the findings and a matching between the information on the case and the theoretical notions.

2. Literature Review

2.1 Internationalization Strategies

Any firm competing in a certain industry, in order to survive and ultimately succeed, has to have a competitive strategy. By 2016 there were about 43 192 listed domestic companies worldwide, and the ones who want to stand out must choose to perform activities differently than rivals do – and here we can find the essence of the strategy concept (Porter, 1996). With that in mind, strategy has three key principles underlying: the creation of a unique and valuable position, involving a different set of activities; requires you to make trade-offs in competing – to choose what *not* to do; and involves creating "fit" among company's activities (Porter, 1996). Of course this strategy must be competitive and therefore is formulated attending several key factors that determine the limits of what a company can successfully accomplish (Porter, 1980).

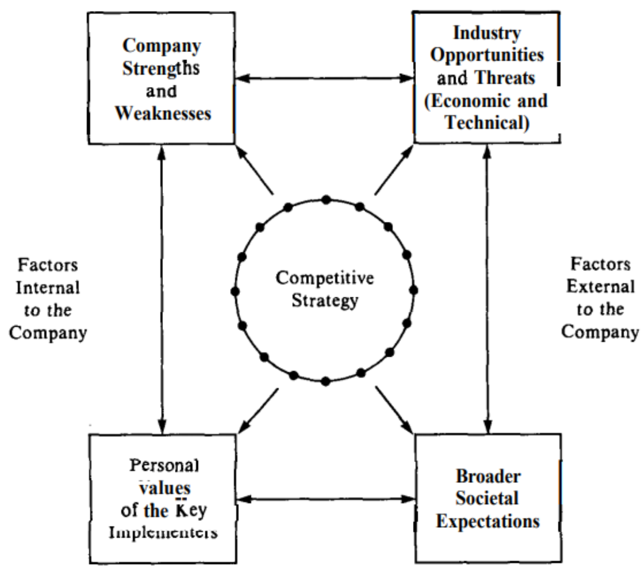


Figure 1 - Context in which competitive strategy is formulated
Source: Porter, M. E. (1980). *Competitive Strategy*. New York: Free Press. p.XXVI

When a company goes (or simply is born) international, there is a wide range of parameters that must adjusted to the aiming country, whether if it is the specific needs of the clients, the current drives or the reality of each country in which it is or aims to be doing business. This process is called "Internationalization Strategy", i.e. the way the corporation approaches its activities outside of its country of origin (Cardeal, 2015).

2.1.1 EIFs (Early Internationalization Firms) vs BGFs (Born Global Firms)

EIFs are firms which become international, through export or any other entry mode, in their first three years of life (Madsen & Servais, 1997) and the processes of such an early internationalization are the result of complex interactions among changes in the international markets environment (Evans & Wurster, 1999).

In this case study, the focus is on a company that was born to serve globally from its inception (BGFs). With the beginning of the century, a web of new economic conditions led to the decrease of barriers of trade, allowing many companies to shift to global value chains. In fact, born global firms are not born global but rather internationalize rapidly from the beginning by expanding their geographic scope to foreign operations (Hashai, 2011). Despite the limited resources that usually they have at their very beginning, these firms are usually able to achieve substantial international sales since an early stage. These early adopters of internationalization look for a superior international business performance through the use of knowledge-base resources and the sale of outputs in several different countries (Oviatt and McDougall, 1994). As opposite to the traditional pattern of firms that initially focus on the domestic market and years later slowly evolve into international trade (Johanson and Vahlne, 1977), BGs start from a global view of the markets and expand capabilities in order to achieve their international goals.

2.1.2 Entry Modes

Defined as "*an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management or other resources into a foreign country*" (Root, 1994, p 5), the choice of entry mode is one of the most important decisions an aspiring international firm has to make. Once a company makes a decision on which country it wants to enter, there is the decision about the mode of entry that suits the best its interests and goals. Initially, the managers structure some entry modes on a multilevel hierarchy and define several evaluation criteria for each level. This decision can follow one of two ways: with Foreign Direct Investment (FDI) or without it, i.e. with or without equity. After that choice is made, managers proceed to decide what specific mode, inside of the chosen alternative, they are going to adopt (Pan & Tse, 2000).

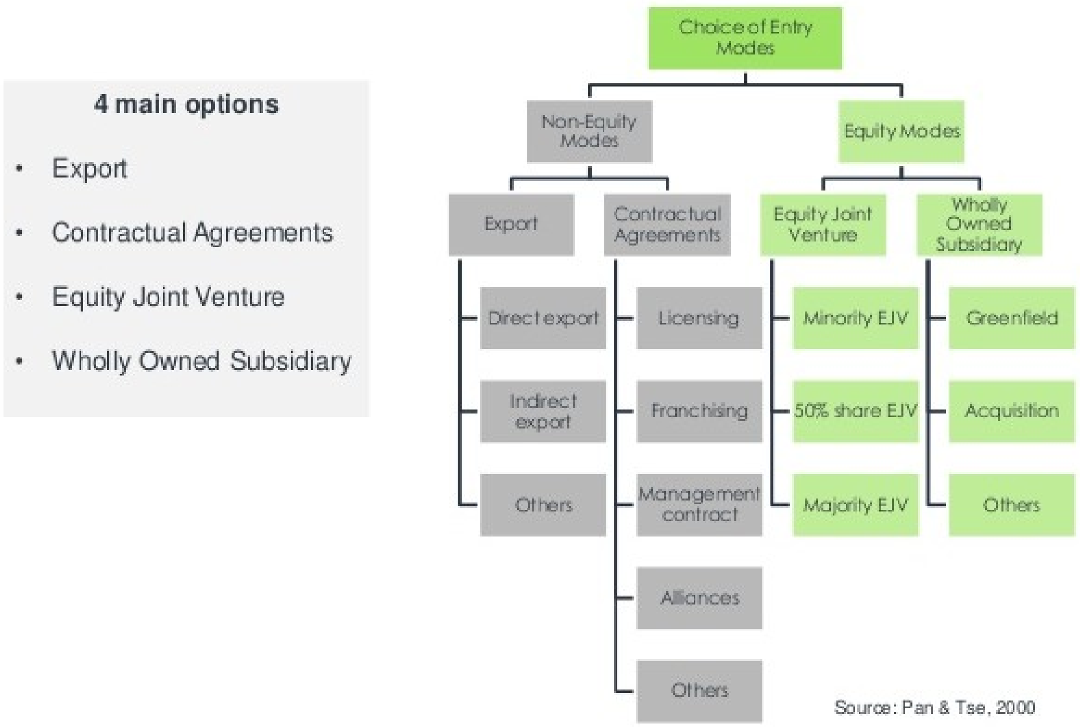


Figure 2 - Choice of entry modes
Source: Online image at https://www.slideshare.net/Novertur/novertur-market-entry-mode-strategies adapted from Pan, Y. & Tse, D. K. (2000). The Hierarchical Model of Market Entry Modes. *Journal of International Business Studies*. 31(4), 535-554

When investing directly abroad, the overall risk tends to be higher than internationalizing through exportations or contractual agreements in favor of a higher control over the operations overseas. Of course, the company does not need to fully integrate its processes abroad (owned subsidiaries), having the possibility of shifting only a few areas of its value chain to foreign countries (joint-ventures), but both options have ups and downs.

Foreign Direct Investment (FDI)	Benefits	Costs and Risks
Joint-Ventures	Access to partners' capabilities. Share of resources. Share of investment.	Share of profits w/ partners. Difficulty dealing with partners. Creation of future competition.
Subsidiaries	Take advantage of all operations' incomes.	Higher investments. Difficulty adapting the business and products to new cultural contexts.

Table 1 - Foreign Direct Investment: Benefits and Costs/Risks
Source: Cardeal, N. (2015). *Pensamento Estratégico* (2nd ed.). Lisboa: Universidade Católica Editora. p. 246

Throughout history, many theories have been developed in order to try to explain international expansion, all influenced by the reality of the decades in which they were elaborated. Without much extent, I'll briefly point out some of the (considered by many) most relevant ones:

- IPLC Theory: International product life cycle

Primarily developed in 1966 by Vernon, it proposes a product life cycle with four stages: innovation (with often changes in design and technology, and unfamiliarity of product), growth (with increase of sales and often a mass production is introduced), maturity of the product (technology and product become standardized) and decline (final stage of the cycle, when the product starts to lose consumer appeal and sales begin to fall). Several factors influence the length and shape of the different phases of IPLC curve, namely the type and nature of the product, the level of competition, the degree of specialization, and government rules and regulations (Onkvisit and Shaw, 1983).

- Strategic Behavior Theory

This model resorts to the dynamics of international competition as a potential explanation for the pattern of FDI. It defends that firms resort to matching the strategic behavior and activities of their rivals to minimize risk and uncertainty and by 1987, Casson argued that FDI is used by many firms as a way to protect their domestic markets from foreign competition (Agarwal, Malhotra & Ulgado, 2003, p.4-5).

- Resource-Advantage Theory

The Resource-Advantage Theory (Hunt, 2002) is built upon two premises: "*firm resources are heterogeneous and imperfectly mobile, and intraindustry demand is substantially heterogeneous, thereby resulting in diversity in firms' sizes, scopes, and levels of profitability*" (Agarwal, Malhotra & Ulgado, 2003, p.5). A firm goes international markets when it can exploit and develop its comparative advantage, capabilities, and societal resources for a sustainable competitive advantage (Andersen, 1997) and the entry mode should be according to the type of resource advantage.

- Eclectic Theory

Dunning (1995) claims with this theory that a successful FDI must contain three components – it ends up being a mix of several theories –: ownership advantages, location advantages and internationalization advantages. He defends that: costs and benefits derived from firm relationships and transactions must be taken into account; location advantages must consider the conditions that make strategic alliances successful and the increasing role of trading blocs; dynamic goals like strategic asset-seeking or efficiency-seeking objectives must be incorporated as well (Agarwal, Malhotra & Ulgado, 2003, p.6).

- Network Theory

This model is constructed on the assumption that internationalization occurs as a result of business and social networks, and so the firm is mainly focused on the interorganizational and interpersonal relationships (Coviello and McAuley 1999). Ultimately it defends that inward internationalization (when the firm is the buyer in an exchange situation) can have an impact on whether and in what form outward activities (when the firm is the seller in an exchange situation) develop at various stages, namely export, contractual agreement and FDI (Agarwal, Malhotra & Ulgado, 2003)

2.1.3 Configuration of the internationalization strategy

Each firm has a different way of approaching markets and organizing operations between its home country and foreign markets. With this in mind, it is possible to classify companies regarding their international strategies:

Global Configuration With activities spread all over the world, the main part of the firm's operations are centered in few countries. Their international system of resources and capabilities and their market position to compete on the market against both local and international companies. Economies of scope and scale. Global Integration: High Local adequacy: Low	**Transnational Configuration** Companies that try to take advantage simultaneously of global efficiency, of learning on a worldwide level and fit to local specificities. Global Integration: High Local adequacy: High
International Configuration This kind of companies has their main resources and capabilities at their home country. Global Integration: Low Local adequacy: Low	**Multi domestic Configuration** The companies' subsidiaries are seen as autonomous and independent firms, and each one of them is in charge of a specific market. Global Integration: Low Local adequacy: High

Table 2 - Foreign Direct Investment
Source: Adapted from Cardeal, N. (2015). *Pensamento Estratégico* (2nd ed.). Lisboa: Universidade Católica Editora. 247-250

2.2 Business Strategies

2.2.1 CAGE Model

Standing for *Cultural Distance, Administrative and Political Distance, Geographic Distance and Economic Distance*, the CAGE model uses those four dimensions to classify the distances and differences between countries that firms should address when going international. It points out factors that increase the distance between cultures and which industries/products are more susceptible to that distance.

	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
attributes creating distance	different languages different ethnicities; lack of connective ethnic or social networks different religions different social norms	absence of colonial ties absence of shared monetary or political association political hostility government policies institutional weakness	physical remoteness lack of a common border lack of sea or river access size of country weak transportation or communication links differences in climates	differences in consumer incomes differences in costs and quality of: • natural resources • financial resources • human resources • infrastructure • intermediate inputs • information or knowledge
industries or products affected by distance	products have high linguistic content (TV) products affect cultural or national identity of consumers (foods) product features vary in terms of: • size (cars) • standards (electrical appliances) • packaging products carry country-specific quality associations (wines)	government involvement is high in industries that are: • producers of staple goods (electricity) • producers of other "entitlements" (drugs) • large employers (farming) • large suppliers to government (mass transportation) • national champions (aerospace) • vital to national security (telecommunications) • exploiters of natural resources (oil, mining) • subject to high sunk costs (infrastructure)	products have a low value-to-weight or bulk ratio (cement) products are fragile or perishable (glass, fruit) communications and connectivity are important (financial services) local supervision and operational requirements are high (many services)	nature of demand varies with income level (cars) economies of standardization or scale are important (mobile phones) labor and other factor cost differences are salient (garments) distribution or business systems are different (insurance) companies need to be responsive and agile (home appliances)

Figure 3 - The CAGE distance Framework

Source: Ghemawat, P. (2001). Distance Still Matters: The Hard Reality of Global Expansion. *Harvard Business Review,* p. 5

2.2.1.1 Hofstede's cultural dimensions theory

The first dimension of this model is the cultural distance, and one might say that probably is the most intriguing one, considering that is the issue more complex to address. To contribute to this matter, psychologist Geer Hofstede developed his cultural dimensions model based on his own research, identifying 6 dimensions to distinguish between cultures, which are the reference points for comparisons:

1. Power Distance Index (high vs low)
2. Individualism vs Collectivism
3. Masculinity vs Femininity
4. Uncertainty Avoidance Index (high vs low)
5. Pragmatic vs Normative
6. Indulgence vs Restraint

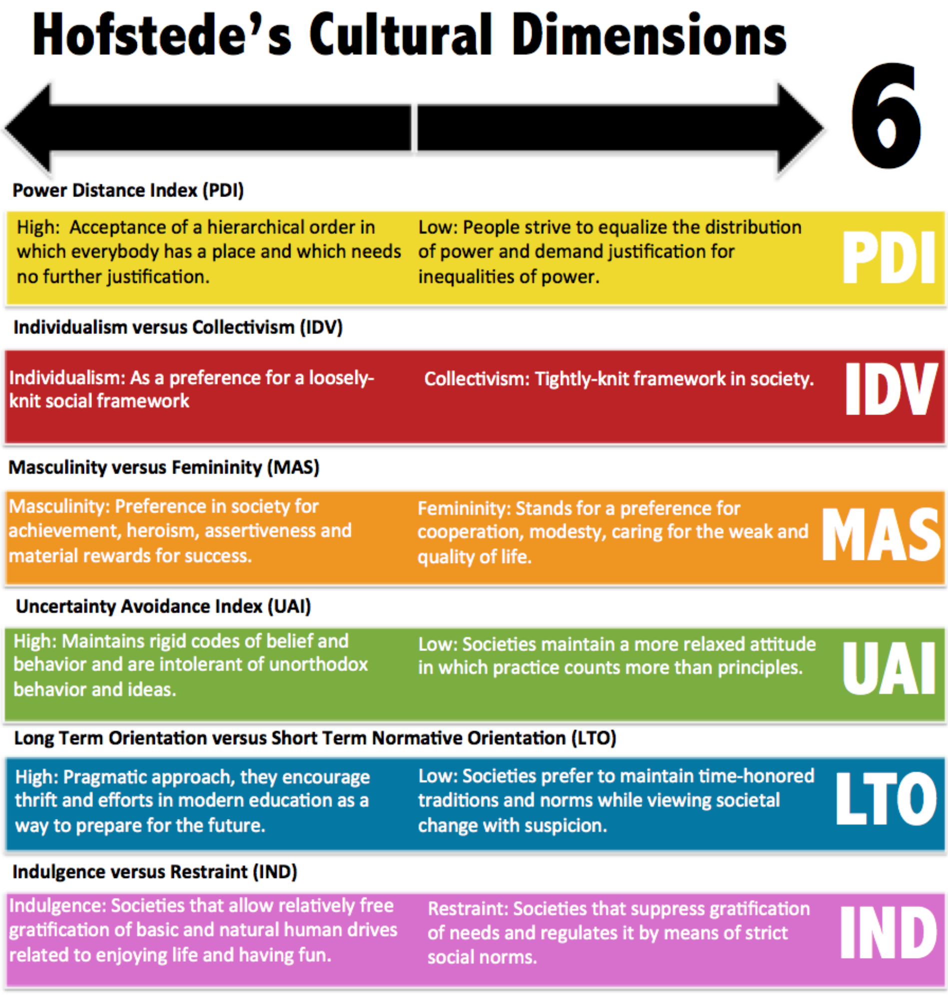


Figure 4 - Hofstede's cultural dimensions
Source: Sordo, A. I. (2015). Beyond Hofstede's Cultural Dimensions Theory: Approaching a Multicultural Audience. Retrieved from https://www.skyword.com/contentstandard/marketing/beyond-hofstedes-cultural-dimensions-theory-approaching-a-multicultural-audience/

2.2.2 Standardization vs Adaptation

In Hofstede's words, (2010, p.6) "*Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others*", and so the needs and preferences are undoubtedly different from one culture to another. That said, many times firms feel the need to adapt their marketing mix (i.e. Product, Price, Place and Promotion – the 4 Ps) in order to succeed and to be understood in entirely different contexts from the ones they are used to be. Doole and Lowe (2008) emphasize that the most influential competing element of the marketing mix is the product itself, and therefore if it is not appealing to the customer, not matter how much effort is put in the other three elements, it is very likely to fail.

While standardization is built upon the belief that one marketing mix can suit all the different world markets where the company operates (Dimitrova and Rosenbloom, 2010), adaptation suggests that firms' marketing strategies should be adjusted according to the characteristics of foreign markets and "*adaptation strategies may be as simple as tweaking the logo and the colors of the packaging, or may involve developing new flavors better suited to the local palate or new financing models more fitting for the local economy*"[1].

- Why standardize products?

According to Ghantous (2008), standardization allows the implementation of economies of scale and that is by far the main advantage, generating important cost savings in different areas of operations, money that can be allocated to investments in order to become more competitive. Also, Van Raaij (1997) considers that when it concerns the communication strategy, the standardization matter should address the mission, the proposition, the concept and the execution, in order to establish an uniform image and meaning of the brand.

- Why adapt products?

Researchers have defended that adaptation strategies end up being more effective as the needs differ according to different cultures. Calantone, Kim and Schmidt (2002) propose three factors that have influence on the international adaptation strategy, namely the impact of market similarity, the influence of organizational structure and the impact of industry adaptation. The need to *act globally but think locally* is supported by many as a way to become market leader and as strategy that influences the improvement of company's export performances (Zaaiem and Zghidi, 2011), and that product adaptability complement and strengthen organizational strategy, since organizations must be prepared to continuously change along the *high-velocity environments* (Bourgeois & Eisenhardt, 1988).

[1] http://bizfluent.com/info-8335809-adaptation-marketing-strategy.html

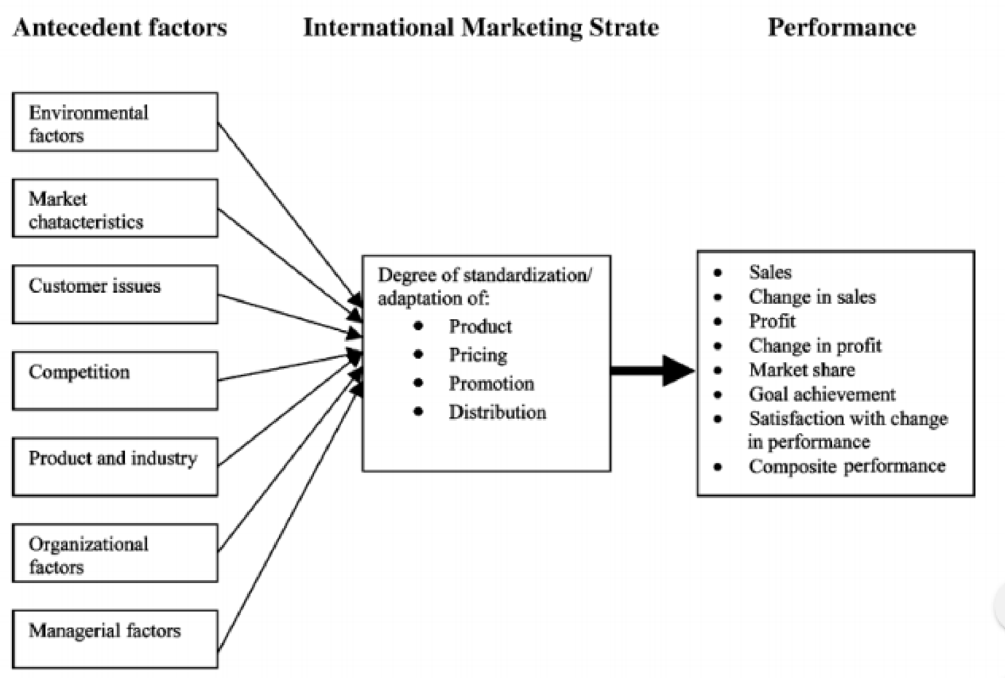


Figure 5 - A conceptual model on international marketing strategy
Source: Temiz, S., & Yaroshyk, T. (2008). Adaptation of International Business Marketing Strategy Between Emerging Markets. Retrieved from https://www.diva-portal.org/smash/get/diva2:1302/FULLTEXT01.pdf, p. 60

2.2.3 Resources and Dynamic capabilities

According to Barney (1991, p.101) "*all assets, capabilities, organizational processes, knowledge, etc., controlled by a company that allows the implementation of strategies that enhance their efficiency and effectiveness*" are considered a resource. With this in mind, capabilities are the result of organizational learning – the collective organizational skills or competencies of the company (Prahalad and Hamel, 1990) –, built through tangible (human and physical) or intangible (organizational and financial) resources, that is translated into tacit knowledge and skills accumulated overtime. Recent researchers have gone even further and developed a new concept, dynamic capabilities, that has different definitions from different authors, but on its essence is the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (Teece et al., 1997). They are used by the firm to adapt its resources in diverse ways like altering operational capabilities (Winter, 2003; Helfat and Winter, 2011) or attributes of the external environment or ecosystem (Teece, 2007).

All players on the market have to face the same trends and *high-velocity environments* (Bourgeois & Eisenhardt, 1988), but what distinguishes the success between them are the resources they have available and what they are capable to do with them.

2.2.4 Competitive advantage vs Sustainable competitive advantage

According to Porter (1986, p.20) "*competitive advantage is a function of either providing comparable buyer value more efficiently than competitors (low cost) or performing activities at comparable cost but in unique ways that create more buyer value than competitors and, hence, command a premium price (differentiation)*", i.e. you win either by being cheaper or by being different. Nevertheless, further researches have shown that it is not enough in order to sustain a firm's advantage. After MacMillan (1989) pointed out the path of the rise and fall of competitive advantage – building advantage, a lull, then collapse as rivals direct their attack on the advantage and achieve imitation – it become clear that in order to obtain a sustainable competitive advantage, one more thing is needed to the original definition: competition must be unable to duplicate the benefits of the firm's strategy (Barney, 1991).

		COMPETITIVE ADVANTAGE	
		Lower Cost	Differentiation
COMPETITIVE SCOPE	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3A. Cost Focus	3B. Differentiation Focus

Figure 6 - Porter's Generic Strategies
Source: Porter, M. E. (1985). 1 - Competitive Strategy: The Core Concepts. In *Competitive advantage - Creating and Sustaining Superior Performance*. New York: The Free Press, p.12

- <u>Resource-based view (RBV) and VRIO model</u>

RBV strategy focuses on the optimization of the role of resources and capabilities as the principal basis for a sustainable competitive advantage (Enríquez-de-la-o, 2015). Along with this view, comes the VRIO model that states that resources and capabilities must be:

- **Valuable**, allowing the firm to exploit opportunities or neutralize potential external threats
- **Rare**, i.e. difficult to obtain, with the control of the resource/capability in the hands of a relative few
- **Inimitable,** i.e. difficult to imitate, representing cost disadvantages to the firms which try to obtain, develop or duplicate the resource/capability
- **Organized**, i.e. the firm is organized and able to exploit the resource/capability in order to have the maximization of their utility and ultimately capture value.

SOGRAPE

ORIGINAL LEGACY WINES

3. Case Study

3.1 Introduction

Sogrape Vinhos is Portugal's largest wine production company with headquarters in Avintes, Vila Nova de Gaia, founded in 1942 by Fernando van Zeller Guedes with the help of 15 friends.

From the pioneer times of buying wine pipes from small Douro producers to be treated and bottled on a rental wine house in Vila Real, Sogrape knew how to grow and develop on a sustainable way, constantly investing on the valorization of its patrimony and human capital, and currently has on its possession more than 830 hectares of vineyards in the main Portuguese wine regions.

Its first and most emblematic product was Mateus Rose, which was the first Portuguese global brand, known worldwide and currently sold in over 125 countries. This was just the starting point for the construction of a portfolio with products suited for a wide range of tastes.

The company is presently led by the third generation of the Guedes family (the founding family) and has as mission "*to be the reference point for Portuguese wines of quality and traditional family values, focusing on the development of relevant brands for the consumer in priority markets*"[2].

As a company born to serve globally, the internationalization process has been, since the very beginning, an intrinsic part of Sogrape's incredible growth. Today the company is present in about 120 markets, producing in Portugal, Spain, Argentina, Chile and New Zealand and at this time counts with 15 wineries, 9 bottling lines and 19 vineyards. However, this was only possible due to a path of constant improvements, efforts and modernization. The company's current strategy remains the dedication to premium wines, resulting from the combination of accumulated experience throughout the years with the competitive advantage of refined production resources and modern wineries.

By 2015, Sogrape was rated the best wine producer in the world by the World Association of Writers and Journalists of Wine and Spirits (WAWWJ).

[2] https://eng.sograpevinhos.com/sogrape/valores

3.2 The Beginning

It was the year 1942, most of the world' nations were involved in the deadliest conflict in human history – World War II (WWII) – and the political alignment and social structure, as known at the time, faced a complete change. Meanwhile, Portugal strategically managed to remain neutral throughout the war, while being ruled by a corporatist authoritarian government called "*New State*", founded and led by António de Oliveira Salazar. Under this not so favorable economical and political environment, a brave group of people took the chance on one man's vision "*to create and develop an innovative wine company with a difference, one which could make and promote Portuguese wines on a global scale*"[3].

The visionary was Fernando van Zeller Guedes – worker for 20 years at a Port Wine Company, *Martinez Gassiot* – who, with the capital raised between 15 friends, founded *Sociedade Comercial dos Vinhos de Mesa de Portugal* (Table Wines of Portugal), currently Sogrape Vinhos S.A., and decided it was time to create the first global Portuguese wine brand and the most international one, Mateus Rosé.

Sogrape is the result of a passion and continuous ambition to let the world know about what it means to be Portuguese made. When set up, the main purpose was to pioneer a product positioning unique to the wine market at the time, with the mission "*to be the reference point for Portuguese wines of quality and traditional family values, focusing on the development of relevant brands for the consumer in priority markets"*[4]. With an outstanding global distribution structure, Sogrape Vinhos, S.A. operates worldwide and is committed to the long-term vision of its founder of promoting Portuguese wines internationally, capitalizing on the importance of new brands and the careful presentation of its wines.

What today is a story of success, back then represented an enormous risk of investment. With WWII going on, it was of major importance to find new markets for the exportation of Douro table wines.

In 1944, Sogrape Vinhos created its first official international distributor under the name of Santos Soares & C.ª, in order to exploit an attractive opportunity in the Brazilian market, due to the large communities of Portuguese emigrants present in that country. Thus, Sogrape's first export market was found and highly contributed to the great success of Mateus Rosé.

[3] https://eng.sograpevinhos.com/sogrape/historia
[4] https://eng.sograpevinhos.com/sogrape/valores

By the end of the 40's decade, a crisis in the balance of international payments ignited in Brazil, leading to an increase of the customs fees imposed by local authorities. Faced with such difficulties, not only Sogrape had to focus on selling wine in bulk to the Portuguese African colonies (mainly Angola and Mozambique), but also Fernando van Zeller Guedes went ahead with a long-lasting trip through several South American cities with the aim to explore new markets.

3.2.1 Mateus Rosé

Currently sold in approximately 125 countries, Mateus Rosé has become one of the best sold brands worldwide since its very first international sale of 100 boxes to Rio de Janeiro, back in November 1943. Nevertheless, Fernando van Zeller Guedes knew that in order to have the doors open to the international market, the secret was to conquer firstly the English taste – country he considered to be the "World's Showcase". Therefore, while trying to penetrate the challenging British market, the revenues from the Portuguese colonies proved to be crucial to support the business.

Britain didn't immediately fell for the wine and it was clear that bold moves were needed in order to make the brand be noticed. Fernando van Zeller Guedes, very much aware of the importance to be different, created himself the flacon-shaped bottles characteristic of Mateus, inspired by the WWI soldier's flasks, and actively engaged as spokesperson in the wine's promotional campaigns devised by Rawling & Sons (Sogrape Vinhos' agents in England). Despite such efforts, it was not until the second half of the 1950's that Britain was captivated and fell under Mateus' charm. By 1961, Mateus Rosé sponsored the Ascot Races – one of the leading racecourses in the UK, usually attended by influent people such as the British Royal Family – and gave name to one of the competition's trophies. The first prize, valuing £5 000 was delivered by Fernando van Zeller Guedes himself to the winner of the competition.

After Britain, the goal was to be recognized throughout the world. With that in mind, Fernando van Zeller Guedes sent a box of two bottles of Mateus wine to ambassadors and consuls worldwide. These boxes had attached a letter that nicely asked the addressees to, in case of enjoying the first bottle of wine, offer the second one to some important personality who could contribute to the promotion of the wine in his/her country. This ended up being a brilliant marketing idea that led to a significant increase in demand.

All of the sudden, everyone was drinking Mateus Rosé. Pictures of well-known people drinking the wine, such as Elton John, Jimi Hendrix, Nubar Gulbenkian and Amália Rodrigues, were enough to influence and shape tastes, contributing to one of the most famous campaigns ever in the wine sector. Rumor has it that in a private party, at Hotel Savoy, Queen Elizabeth II would have had demanded Mateus Rosé, which was not part of the wine list. The supervisor quickly managed to get it from a store nearby the hotel and since then, the wine started to be part of the menu.

When entering the American market, not only the popularity in the UK helped to establish a good brand name, but also the efforts of the members that constituted the talented team of the distributor Dreyfus, Ashby & Co. were valuable – mainly Richard Dreyfus, who was won over by Fernando van Zeller Guedes during a meeting, when Dreyfus said that would give only 5 minutes of his time to Zeller Guedes, to which he politely declined saying that with that short amount of time he would only be able to introduce himself. Dreyfus was so surprised with his attitude that invited him to sit and after a long talk, Fernando Guedes left the meeting with a distribution deal to the American market.

3.3 Portfolio Expansion

In the mid-1950's, Mateus' export sales increased enough to financially support the expansion of resources and market intelligence to advance the diversification of its portfolio with the addition of other Portuguese table wines. By 1957, Vale do Dão vineyard was acquired, representing the first investment in the Dão region, and little time after, Grão Vasco was born.

The wine was named after a famous Portuguese painter – Vasco Fernandes – whose "S. Pedro" painting was used to the wine label and remains that way until present days.

During the 1950's, the founder's oldest son joined the company by the age of 22 and quickly became Sogrape Vinhos' first Portuguese winemaker, "*taking a leading role in building and managing the Company's new technical infrastructure, indispensable to give response to the growing demand for Mateus Rosé.*"[5]

A special turning point to the company was the construction of the Avintes facilities in the 60's, after their first winery Quinta de Cavernelho proved to be insufficient for the production of their portfolio, not only because of its size but also due to the scarce supply of quality grapes in the Douro region. By 1967 the new infrastructure was ready to function with a

[5] https://eng.sograpevinhos.com/sogrape/historia, 1950

storage capacity of 19 million liters and 6 modern bottling lines capable of manufacturing about 200 thousand bottles per day.

By the 70's, even after the post-revolutionary chaos in 1974 as a result of the end of the dictatorship and instauration of a democratic regime, Sogrape Vinhos continued to invest in regional diversification, having its own facilities in the *Douro, Avintes, Dão* and *Bairrada* regions.

Even though the company went through a major growth during its lifetime, the essence of the business model remained the same, based on strong family bonds and the longevity of the administrators ensured the continuity of the business strategies.

In 1983, the brand went through a period of expansion in the East Asia and began to market it in China. The entrance in completely new markets demanded a change in the company's corporate strategy that was later reaffirmed with four key pillars[6]:

- ***Diversifying investments in other sectors***
  It extended its participation not only on the wine sector, but also in the banking, real estate and brewery industry.
- ***Investing in new wine regions and new wines***
  It proceeded to expand its wine-growing land patrimony and technology modernization.
- ***Creating a quality image for the company***
- ***Organizational modernization including rationalization and structuring of resources***
  It developed a requalification and rejuvenation process of its human resources, involving a system of continuous training to professional appreciation, with the participation of the European Social Fund, and an incentive program to the voluntary termination of contracts by older workers.

The first investment in the Vinho Verde region happened in 1982 with the acquisition of the Solar and Quinta de Azevedo. Shortly after, Sogrape Vinhos developed a privileged position in one of Portugal's most prominent wine regions, creating the very-well known Gazela (1984) and Quinta de Azevedo (1990).

[6] https://www.sograpevinhos.com/sogrape/historia, 1980

Aware of the potential of both Porto and Douro regions, by 1987 Sogrape added to their portfolio A.A. Ferreira S.A. (with the Ferreira brands for Porto Wine and Casa Ferreirinha for Douro wines).

By 1988, "Quinta dos Carvalhais" was also acquired and used to plant new vineyards with regional noble grape varieties, representing a modern vinification centre – with this, Sogrape found its way to a path of innovation and quality like never seen before in that region, what later allowed the expansion of the brand to Alentejo and Douro products –, and by 1989 a new table wine was launched with the name of "Terra Franca", from the Bairrada region.

After all these acquisitions, in addition to wanting to reaffirm its position as a global company, Sogrape Vinhos was trying as well to find its independency from Mateus Rosé. By the end of the 80's decade, most of the golden Portuguese regions already made part of its portfolio – Bairrada, Dão, Douro, Porto and Vinhos Verdes.

Not only it expanded their owned regions, but also made significantly investments in R&D of Portuguese noble grape varieties and modern wineries. At the same time, it enthusiastically supported university research in the areas of biotechnology, viticulture and oenology.

This entire course led Sogrape Vinhos to become the leader among Portuguese wine companies*," representing and promoting the quality and diversity of Portugal's national wine heritage"*[7]. By the beginning of the 90's, Sogrape was already exporting to an impressive number of 125 countries, with a sales volume equivalent to 40 million bottles and managed to remain that way, even though the wine sector went under a period of crisis during the beginning of the decade – the start of the Gulf War (leading to a decrease of wine sales to the USA), anti-alcohol campaigns mainly focused on the wine consumption and, in Portugal, the high interest rates and the cambial politics of escudo's revaluation turned the price of the Portuguese wines less competitive. To such external shocks, Sogrape Vinhos responded by "*implementing a vast programme of cost-reduction, reorganization and upgrading of resources, to enhance its competitiveness in European and world markets*"[8]. These actions plus big investments in new vineyards and winemaking units, promptly led to a new growth phase.

[7] https://eng.sograpevinhos.com/sogrape/historia, 1980
[8] https://eng.sograpevinhos.com/sogrape/historia, 1990

By 1995, Sogrape Vinhos positioned itself as one of the main exporters in the wine sector and reinforced its ability to supply its wines in foreign markets, expanding their Porto wine's portfolio when acquiring Forrester & Cª SA, owner of the Offley brand, and dealing a distribution agreement with the Bacardi/Martini group. Considering their global ambitions, this was not enough for Sogrape Vinhos, which seven years later bought the entire Sandeman's assets (Porto Wines, Sherry and Brandy) and began collaborating with Pernord Ricard for the international distribution of its wines. At this point, the company had under its possession two major international brands, Mateus and Sandman, and assured its place as one of the principal Iberian wine groups, producing in 9 different wine regions of Portugal. This place of prestige leads to long-term relationships with suppliers for 10, 20 or even 30 years leading to a stable raw material price. This protects its margins through darkest times and in years when that price is lower, due to its financial and space availabilities, it has the chance to create stock and buy in bigger quantities, preserving the wine at lower temperatures without putting at stake its quality.

The company's intervention strategy in the international market also included taking a chance on producing wines with big international castes, capable of competing with the wines produced in the New World – Argentina, Australia, Chile, New Zealand, South Africa and the United States.

3.4 Supplying the world – Internationalization process

Sogrape is a company that was born to serve globally: "a Portuguese wine that fits in the foreign market". Back in the 40's, rural population was dominant and so it was created to be international, in order to succeed. Currently exports to about 120 different markets, and there are not many interesting ones where the company is not present. As an exception to this, currently there are two markets where it hasn't succeeded yet: North Korea (mainly due to religion as a barrier in the alcohol consumption) and China (even though there is no problem of religious nature, the company simply hasn't found yet a business model that works in such a traditional environment - albeit according to Sogrape, *"there are no strategic flaws"*).

Being present in already so many countries, when it makes presence in international fairs of wine, it's no longer a matter of entering in the market but more a matter of relationship management. A good example of such is the *ProWein* that is the Nº 1 international trade fair for wine and spirits, taking place in Düsseldorf, Germany every year. For a company like Sogrape is fundamental to be there, not because will make great deals, but because it's the perfect opportunity (and more convenient one) to meet with its distributors and manage their relations and contracts, in person, avoiding posterior unnecessary travels.

Given that it is already present in a lot of different markets, it is safe to say that the criteria, at a first stage, to choose exportation destinations are the classical ones: open markets – lack of barriers of entrance; big consumption per capita or relatively small individual consumption but with no focus strategy, following cheaper offers (ex: Russia, where the average consumption per person per year is around 10 litres of wine, but has about 144.3 million inhabitants[9]); national competition in the market.

3.4.1 Entry Strategies

Since exportation by itself leads to limited results, recently it has found a new path to approach markets: has increasingly become a vertically integrated supply chain to what regards its international distribution. Currently, on the second stage of the internationalization process, considering that the exportation model does not allow a footprint that adds value, the company has found the need to focus on the Foreign Direct Investment – creating its own distributor or buying capital of some existing one. At this point, it's important to face the fact that it's unrealistic to want to do this with every single brand of Sogrape's portfolio, and so it decided to go with the four brands which represent roughly 80% of their business:

- ***Mateus*:** one of the two most relevant wines in its portfolio (plus Sandeman)
- ***Gazela*:** due to its white, light and refreshing nature.
- ***Ferreirinha*:** the leading brand of Douro wines – recognizable to the foreign consumer.
- ***Sandeman*:** the man with the cape on this wine's label is considered to be one of the three most recognizable icons worldwide to what concerns the wine market.

By 2014, Sogrape already had its own distribution network being responsible for 55% of its business[10]. Having their own subsidiary distributors allows them to create an international portfolio, with foreign brands that have a high potential suiting a wider range of tastes (currently from Spain, Chile, Argentina and New Zealand[11]). At the moment, this network is divided into six companies[12]:

[9] http://www.world-food.ru/en-GB/press/news/3216.aspx
[10] Figure 7 - Sogrape's Distribution in 2013 and 2014
[11] Figure 8 - Total area of planted vineyards
[12] Figure 9 - Sogrape World

- **Evaton, Inc.**: acquired in 2000, this American importing company is responsible for the promotion in South America, New Zealand as well as in the United States.
- **Sogrape Asia Pacific, Ltd**.: created in 2008, is based in Hong Kong and distributes wines and spirits in the Asia Pacific region.
- **Sogrape Brasil, Ltd**.: established in 2013, as the name suggests is responsible for the Brazilian market. It dedicates its operation to the products developed by Sogrape Group producers, namely Finca Flinchman (Argentina), Los Boldos (Chile) and Sogrape Vinhos (Portugal). Altogether, these 3 companies are responsible for about 70% of the total volume of imports onto the Brazilian market.
- **Sogrape Distribuição, S.A.:** active since 1990, is in charge of distributing wines ans spirits in the Portuguese market.
- **Sogrape United Kingdom**: originally called Steves Garnier Ltd., the business is now fully consolidated into Sogrape group of companies, being the agent in the UK for many of Sogrape's brands and Sandeman Porto.
- **Vinus – Distribuição de Vinhos e Bebidas, Lda.:** is the distribution company in Angola, gradually increasing its product portfolio to selected non-Sogrape brands.

Besides these, when contracting its distribution to external networks, it relies only on the most trustable and prestigious ones such as Pernod Ricard (a French company that is the world's second-largest wine and spirits seller) or Barcardi-Martini Nederland (the largest importer and distributer of premium wine and spirits in the Netherlands).

Regarding the countries to where it exports and where is currently present – markets with potential to brand and value creation –, they are grouped "*according to their potential for growth and their relative importance, which require the development of differentiated route-to-market strategies and justify greater targeting of resources*"[13]:

- **Big markets:** the US and the UK. The first is one of the few countries where it is possible to differentiate through lifestyle (only applicable to *Mateus* and *Gazela* brands) while the second has a different type of consumption and therefore the focus on premium products is essential.

[13] https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2015.pdf, p.51

- **Portuguese-speaking opportunities:** mainly Brazil and Angola. This category is focused on opportunities found in countries that speak Portuguese and have unparalleled receptivity due to the cultural proximity.
- **Platforms for growth**: classified as markets that are still relatively immature but have considerable development potential. This includes a group called Asia Pacific – representative of the opportunities that China and Japan represent – and countries such as Poland or Russia.
- **Core/Home markets:** Iberia (it has production in both Portugal and Spain).
- **Defensive/Mature markets:** countries with big dimension for the business that require pro-active strategies, e.g. Germany (the biggest market of imported wines in Europe after the UK[14]), Canada (a big Portuguese community), Switzerland and France (both with a huge community of immigrants as well and with several generations of Portuguese families), and Belgium. In these types of mature markets with such huge importance in consumption, it's not enough to be a passive agent operating. Let's take a quick look on the Switzerland's case: until recently, the profitability was low (due to cambial reasons) and there was a shift on the consumption habits in the ethnic communities. Faced with this reality, the company felt the need to start to appeal to the Swiss instead to the Portuguese immigrant – this happens due to the fact that nowadays the families of Portuguese immigrants are already on the 3rd or 4th generation, better qualified and therefore no longer merely Portuguese people living in Switzerland, but instead Swiss people with Portuguese roots, who are essential to leverage products and brands for the broad market. These people are now important endorsers who demand the presence of certain products in the market (especially important for Portuguese products of high quality).

With about 75 years of experience in international markets, Sogrape has successfully accomplished the consolidation its global position, carefully adapting its products to meet consumer profiles in diverse markets. Currently the majority of its sales are outside Portugal, "*with the Portuguese market accounting for only about a quarter of consolidated turnover*"[15].

The management of the markets, for each brand, is handled by the Group's producers (brand-owners) and under these labels, the product assortment and price are adapted in order to meet

[14] http://www.worldstopexports.com/top-wine-importing-countries/
[15] https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2016.pdf, p.54; Graph 1 - Sogrape's sales distribution 2011-16; Graph 2 - Sogrape's 2016 sales

the context of each consumption trend – prices are suited to the country framework, e.g. what we pay for a Mateus in Spain is different from what we would pay in Denmark. The label for the foreign country is not standardized in English, changing for the different languages (at least the back label) and when creating a product entirely thinking about one market, the label is completely thought in order to talk to the customer.

With decades of existence, it's obvious that failure has made part of their history as well. Such thing is not a motif of embarrassment but instead an opportunity of learning. It's important to underline that when failing, that doesn't necessarily mean that the product is not good or that was unfortunate at the entire marketing mix. The right distributor is fundamental to strive – the variety of their distribution units is deeply valuable, e.g. specialty stores, restaurants, retail chains – and when relying on a partner that is in charge of a wide portfolio, it's important to maximize the supplier-distributor relationship. There can be multiple layers between the company and its end customers, and strong partnerships lead to achievement in the marketplace. When creating its own distributors, Sogrape is able to overcome this "problem".

Let's take a look at three recent examples designed exclusively for foreign markets, the first two to Japan and the third one to the US:

- **Porco Tinto**[16]

  A red wine that celebrates the Japanese' wine culture associated with food – to be paired with pork meals – especially made for this market. Has a bottle carefully designed to fit in the shelves of Japanese stores (which are smaller than the European ones) and a label image that evokes the origami art. The name was chosen by the Japanese partners, under the premise that is a considerable "easy" expression for Japanese people to pronounce and Sogrape's traders bottles the product and proceeded to sell it.

  However it simply didn't work: difficulty in communicating (or putting together an effective message) to the local consumer led to low sales and ultimately to an unprofitable investment. The brand will be finished next year and won't be sold anymore.

[16] Figure 10 - Porco Tinto and Gazela advertising in Japan

- **Gazela Frutos do Mar**[17]

  A green wine tailored to fit the Japanese palate, being low in alcohol at 9% and with slight petillance – small amounts of carbon dioxide gas in the wine (sometimes called sparkle or spritz) – and higher levels of residual sugar. Its label recalls different types of seafood, with which it should be paired, and also has a smaller bottle designed with the importer solely in mind.

  Even though it sold properly, it doesn't compensate the investment of making a product with special characteristics exclusively for this market and so the product will be pulled off from the Japanese market, being replaced by the original Gazela recipe.

- **Silk and Spice**[18]

  Designed to the USA market with an American consultant, it is a red wine with the addition of spices. Adapted to the singular taste of the typical American, it's perfect to pair with pork chops, beef stew, beef stroganoff, and comparable dishes served with tomato-based or barbeque sauces. The label is a celebration of Portuguese history, showing an original XV century map, the coat of arms and other elements recalling the Portuguese explorations during the Age of Discoveries.

  The product was the perfect fit to the American market and sold so well that will continue to be produced.

One can't say that the strategy differ only to countries without wine habits, considering that, for example, the USA are currently the largest importer of wine[19] and still the company felt the need to create an adaptive product for this particular market.

Regarding their promotion process, there are two types of brands to what concerns the typology chosen: brands above the line (reach masses, B2C, like Gazela or Mateus) and below the line (extremely targeted, B2B, like Quinta dos Carvalhais). Besides the marketing team, the company has a press officer in charge of promoting the brands, who deals with opinion makers and gate keepers, who can be chefs, *sommeliers*, or even bloggers and it girls (mainly for brands that appeal to lifestyle, as Gazela or Mateus). Nevertheless, usually is still the owner who talks with the journalists.

---

[17] Figure 10 - Porco Tinto and Gazela advertising in Japan
[18] Figure 11 - Silk and Spice USA
[19] http://www.worldstopexports.com/top-wine-importing-countries/

In order to deeply understand the market of the country in which the company is present, Sogrape is very much aware that the insights of someone native from that country are unique and high valuable when comparing to the limited understanding that a Portuguese person can have of a culture different than its own. Having that in mind, taking the Switzerland case as an example, is a Swiss who works at the office of the company – a person who is both area manager and account manager – and since in this country the market is mainly dominated by about three major supermarket retail chains, one person is enough to directly intervene on behalf of the company's interests. With someone working at the country not only enables proximity to the clients and immediate contact under any circumstances, but also a proven increase of the volume of business (in the first year, Sogrape saw an increase of about 18% sales in Switzerland). Before, the company would rely on a big distributor to handle this; however distributors are in charge of several brands and personalization of service is not their priority, therefore having its own office at the foreign country leads to a higher cultural understanding and proliferation of proactive behaviors.

Even though this scenario seems ideal, there are some countries where implementing such kind of interaction is much more complex due to cultural differences that might hurt the company's equilibrium (to what regards working habits, if not handled carefully). Countries with significant cultural distance perceive hierarchy in different ways and have different working habits. Therefore the embracing of a person from such a different context in a Portuguese business model needs to be gradually and wisely done. Having someone working directly at the country is equivalent to a capital investment and in some countries, in the beginning it might not be profitable (Sogrape when embraced a native from Russia in their office at that country, in the beginning it was simply not lucrative). Nevertheless, it tends to end up resulting in an increase of the business volume.

The markets which normally have more development potential are usually the most instable and the ones with the most random growth (is not by chance that growth is managed by the company's balance where risk is taken into account as well). It's the case of countries such as Russia, Angola or Brazil, where when the market stands still due to instability of any kind (e.g. political, economical and social) the consumer goods market immediately feels the repercussions. That's why is especially important in this type of economies to establish a transforming strategy, meaning (for instance) relocate or denationalize the foreign offices, aiming to understand the local consumer. The key is to know how to read the markets with the market's eyes – and so, as previously mentioned, built a brand and a historical presence in a certain market through the insights of a native of the country at question (when that's the right path). The measure of success is the acceleration of the measure of growth, both in mature and volatile economies.

3.4.2 A challenge called China

In the China scenario, big distributor companies have lost millions of Dollars trying to understand it. There are a few particular characteristics that make of this one, a very special market to enter:

- The Chinese consumer is very particular, with a behavior difficult to decode and has barely any knowledge about the Portuguese market.

- Due to the dimension of the country – it's the world's most populous country, with a population of around 1.404 billion (5 of its 22 provinces have more residents than Portugal alone) and it's the world's second-largest state by land area[20] – a company can't say that is present in the country, but instead it is present in Chinese cities, particularly in the South of China which is characterized for being a market of consumption.

- The Chinese buys mainly by price, and here one country takes the most advantage: Chile (China's biggest country of origin in terms of bulk wines[21]), result from their low prices. Also, in 2005 China and Chile signed the first Free Trade Agreement (FTA) between a non-Asian country and China in which the tariff on Chilean wines exported to the Chinese mainland was lowered by 1.5% per annum, and cut to zero by 2015 after 10-year reduction[21], becoming the second country of origin enjoying zero tariffs on wine exports to China, after New Zealand. Nevertheless France – as a result from their product's historic prestige – is an exception to this and newly rich Chinese, when confused about which wine to buy, usually tend to buy the most expensive French labels.

- It's an economy of small entrepreneurs and people who sell individually. Following the '78 popular reforms made by Deng Xiaoping (China's leader at the time) – which

[20] https://en.wikipedia.org/wiki/China#Urbanization
[21] https://www.jadedisplays.com/single-post/2016/09/16/Chilean-Wine-In-China

were extended to households – small businesses could supply much-needed local goods and were favorable for the rapid development of township and village enterprises.

Currently, Sogrape is trying to identify national Chinese distributors, considering that the regional ones don't result – in order to build brand, it's necessary a long-term relationship with the trade partner and a marketing strategy one-to-one or B-to-B, both difficult to accomplish if the importer is constantly disappearing. E-commerce is the fastest-growing channel for wine sales in China and specialist clubs are emerging. Even though e-commerce allows a brand to overcome the "shelf price" (i.e. when selling online, brands don't need to pay the physical space of their products, as happens with retailers), the same channel permit for instant price comparisons what ultimately can prejudice brands which don't have a solid pricing strategy. When faced with the possibility of selling through Amazon or Alibaba, the company is currently trying to figure out what to do. Indeed using such platform would allow the brand to sell where it can't find a suitable retailer but the cons seem to be a lot more due to two main pressures: in Portugal, two main retailers (Sonae and Jerónimo Martins) are the biggest players in the market, and considering that Amazon uses an algorithm that is constantly searching for the lowest online price (and sells at that same price), the pricing model in Portugal can be put at stake; when buying a product, the buying experience has a major impact on the customer and shifting to an online experience represents a lot of changes, therefore it's crucial to create a virtual experience that captivates the online wine buying, managing the profitability of the customer lifecycle.

As opposite of all mentioned before, it's understandable that selling wine through e-commerce represents a few downsides comparing to all that the company has accomplished and builded so far: transportations costs are much higher (mainly because of the gap between the drop cost and the drop size, since the bottles are made of glass and require more care than some other regular products), it is not possible to have scale of operation, customs barriers can be problematic and the acquisition cost of a client is higher than by physical store.

Indeed would be hypocrisy to avoid and keep distance from the online commerce, but the issue is to "simply" know when is the right time to enter (without giving in to the FOMO – fear of missing out) or when to exercise an already bought option in some e-commerce company (a successful one), and for Sogrape the moment is just not right yet. When going online, the company not only has to build its own virtual store but also to keep it, both processes that require quite an investment in order to successfully promote and maintain an appealing story telling. Plus, the technology arise is spawning a whole ecosystem of entrepreneurship around e-commerce players, bringing fierce competition to the game. Alibaba has created a business-to-consumer (B2C) platform called TMall that is, on its essence, a virtual shopping center which controls the largest share of retail e-commerce sales in China, with 51.3% of China's market in the second quarter of 2017. About 43% of Chinese customers buy wine through online stores. Of course going along with platforms like this is an option (but mainly a big question mark) to Sogrape but for such a proficient company, they're very much aware of the need for the right product and brand strategy to enter such a complex market such as China. Customer engagement must be on point in order to succeed, and one should take advantage of technology solution providers and lessons learnt in a very wisely way.

3.4.3 A path of constant improvement

Research and Development has a critical role to what concerns innovation processes. One might say that it is an investment in technology and future capabilities that ultimately is translated into new products and processes. Sogrape's R&D department is focused in two main concepts:

- **Knowledge:** employees must have free access to all the relevant information about what's new in the wine production areas. Therefore, the company has a computer database with scientific publications, mission reports, academic papers, etc., which is frequently updated in order to have the latest data and can be accessed at anytime.

- **Experimentation:** besides the knowledge that exists in the public domain, it's important to generate new content in order to surprise markets, and so this stage *"consists of defining, managing and implementing systematic research and development projects"*[22], and of answering company employees' questions that remain unanswered even though public information.

Later, the results from these two steps are organized into a Knowledge Resource Centre available to everyone in the company, and from it a course of Information – Development – Innovation is followed. It is through the R&D department that Sogrape keeps its investments

[22] https://eng.sograpevinhos.com/sogrape/investigacao

in research, bringing together the efforts of several key areas into a network, resulting in improved products, processes and marketing.

Only with an organized method, one can become *"a leader in expertise and technology on the issues it identifies to deliver main business opportunities, with a sustainable perspective and in accordance with the highest values of business ethics"*[23]. Currently it is supporting some wine sector research and developments institutions, namely ADVID (Wines Cluster of the Douro Vineyard Site) – a non-profit organization that works towards the modernization of the wine sector and the profitability's increase of Douro's vineyards - and PORVID (Associação Portuguesa para a Diversidade da Videira) which is in charge of protecting the genetic erosion that the Portuguese castes have been suffering in the past few years.

Sogrape Vinhos is committed as well to research and innovation strategies which are renewed every five-year period, beginning with a survey of business priorities, implemented according to two guiding principles:

- *"Assessing what expertise is lacking, the state of worldwide expertise available and how to obtain it;"*[24]
- *"Carrying out external research to seek partners whose recent activity suggests they are closer to obtaining significant results and capable of generating innovation with a competitive advantage. At the same time working internally to deliver experimental initiatives by working closely with the departments of the external companies, as a way of ensuring a targeted route to the desired results within the shortest timeframe. Then ensure that the endogenization process for the innovations obtained is swiftly actioned."*[24]

The company has an Advisory Panel which is formed by members of the Executive Committee and of other company's areas (e.g. production, quality and marketing), who continuously certify that all the activities go along with the business strategy.

Sogrape is a web of fundamental areas of operation that work together to bring to life the vision of its founder from 75 years ago, continuously improving processes and making sure to provide to the world one of the best Portuguese heritages: its high-quality wine.

[23] https://eng.sograpevinhos.com/sogrape/investigacao
[24] https://eng.sograpevinhos.com/sogrape/inovacao

4. Teaching Notes

What was the internationalization strategy in terms of entry strategies, standardization vs adaptation and marketing mix of Sogrape Vinhos?

This is clearly a Born Global (BG) firm, aiming to serve worldwide since an early stage. As stated in the case, Sogrape was founded in 1942, by 1943 was exporting and by1944 had already created its first international distributor to the Brazilian market. Since the exportation model does not allow a footprint that adds value, the company is focusing on FDI and currently it has six own subsidiary distributors which are responsible for roughly 55% of its business. Nevertheless, they continue to rely on external networks to the rest of it distribution, always choosing the most trustable and prestigious ones (e.g. Pernord Ricard and Bacardi-Martini).

The wine consumption differs according to culture and tradition, therefore each country has a different profile of consumption. Nevertheless, the company has reached a level of business that provides it with resources which allow developing an adaptation strategy regarding the marketing strategy. Their markets are grouped under five different categories: Core markets, Big markets, Portuguese-speaking opportunities, Platforms for growth and Mature markets. Each one is handled by different teams who carefully adjust the product assortment, labels and price in order to meet the cultural context of the market. The promotion is handled separately for each group of markets and it relies on a marketing team and a press officer, who is in charge of dealing with opinion makers and gate keepers, bloggers and it girls (depending on the product). When it comes to talk to the journalists, usually is the owner of the company who is in charge of that, in order to give an image of tradition and reliability. The typology of it is chosen according to the type of brand – brands above the line (reach masses, B2C) or below the line (extremely targeted, B2B). Regarding the placement, it depends on the wine, since there is a wide range of Sogrape's wines which are available on retail chains and then, premium products, which are only available in specialty stores or at the company's domains. The products sold are sometimes adapted according to cultural contexts, and good examples of that are Porco Tinto, Gazela Frutos do Mar and Silk and Spice (eventhough the first two didn't quite succeed). The firm has the concern of meeting local tastes, without putting its individuality and identity at stake.

One might say that regarding the internationalization strategy, Sogrape follows an overall transnational configuration (mixing the centralization benefits from a global strategy along with the local responsiveness of a domestic strategy). This conclusion is reached not only through its downstream activities (e.g. sales, marketing) but also due to their upstream activities (e.g. production, R&D). As stated in the case, its R&D department follows a complex and well founded process of work, analyzing what it's done worldwide and constantly searching for improvements always with the international market in mind. Their vineyards are spread across the globe (in 5 different and disperse countries) and each market has its own area/account managers working at each country, making sure that the firm responds in the most correct way according to different cultural contexts.

How does Sogrape Vinhos sustain a competitive advantage in international markets?

In order to meet a sustained competitive advantage, a firm must be prepared with attributes and abilities difficult to imitate that provide a favourable position over competitors on a long term horizon. Such advantage is build upon resources, capabilities to work on those resources and dynamic capabilities to continuously readjust to high-velocity environments. When reflecting about all the different components that integrate Sogrape's business, it is possible to find several resources and capabilities that go along with the VRIO model (i.e. valuable, rare, inimitable and organized).

Regarding their resources, one might say that there are two major ones:

- **An unique portfolio**
  Or we might call it a "product advantage" - a mist of brand and product that is represented mainly by two names: Mateus (for the brand that conquered prestige throughout Sogrape's history) and Sandeman (for the brand and the product itself). Both work wonderfully as an attraction to good distributors and it's a reputational advantage. This so called reputational virtue helps the company a lot and mainly results from the Mateus' name than from the Sogrape's name. Besides that, they have a big portfolio full of different brands originated from planted vineyards in five strategically located different countries, providing them the ability to suit different markets and tastes.

- **Big scale of operations**
  At this point, the company has accomplished an operation scale that is difficult to imitate by smaller companies and by competitors, providing them with a much bigger

leverage capacity. For instance, currently the company has 11 area managers (a person responsible for the market in certain geographical areas) working on international markets. The same job could be done by 9 area managers, but their working pressure would be much higher (and probably, less efficient) and they would have less time to provide a more adapted and personalized service. This is only possible because of it scale of operation and its available resources. Also, as previously referred, due to its history and logistics dimension, they are able to maintain raw material prices and stock up.

When it comes to their capabilities, two stand out:

- **Knowledge management**
  Due to its 75 years of existence and knowledge, there is an historical component that weighs a lot in their unique capabilities, leading to a natural process of search for foreign markets and to long careers within the company (i.e. accumulated experience that is a precious intangible resource). This inevitably translates into the ability to maintain long-term healthy relations with its partners. The constant eager to perform better is crucial to the development and longevity of a company, and Sogrape Vinhos is no different. As stated in the case study, the company has well-established R&D department that develops operations through a thorough process focused on Knowledge (employees must have free access to all the relevant information about what's new in the wine production areas) and Experimentation (generating new content in order to surprise markets, defining, managing and implementing systematic research and development projects). Through this course of Information – Development – Innovation, Sogrape leverages its investments in several key areas, resulting in improved products, processes and marketing. It also supports institutions in the wine sector, providing a win-win situation for both counterparts (e.g. ADVID and PORVID).

- **Finding the right product**
  When going abroad, the right product is the key for triumph, even if it means to adapt the offer in order to succeed on a different/new market. Nevertheless, Sogrape's products accomplish two different sides of the same reality: for one side, there is a whole demand for their core products, result from their outstanding quality and longevity – Mateus is known worldwide and good reputation is an incredible asset,

very difficult to imitate; on the other side, Sogrape knows that in order to reach certain markets, it is needed to suit a product to different tastes. Though it can't be done to every single market (what would lead to a loss of identity and quality), for certain markets where the demand is accustomed to entirely different products, in order to strive one must adjust.

Naming dynamic capabilities is a more complex task, yet through the history of the company is possible to acknowledge that it has been able to adapt to new circumstances with success, and give response to external changes and pressures. An example of that is when, in 1983, during its expansion period in the East Asia, they felt the need to redefine some strategies and proceeded to an organizational modernization that included rationalization and structuring resources. Also, in the beginning of the 90's it faced a period of crisis on the wine sector, to which they responded by implementing a vast programme of cost-reduction, and reorganizing and upgrading their resources in order to enhance its competitiveness worldwide. Last but not least, the company renews its R&D strategies every five-year period under two guiding principles: what is lacking in terms of expertise, what expertise is available and how to obtain it; searching external partners who are obtaining significant results and generating innovation with a competitive advantage.

Regarding competitive advantages/disadvantages, one thing that can be pointed out as the biggest competitive disadvantage is the fact that with names such as Mateus and Sandeman on their portfolio, there is lack of notoriety of the product in favor of the brand, i.e. many know both products only by the brands other than by experiencing the quality of them. At this point, the company is more of an owner of brands rather than an owner of wine.

When it comes to their main competitive advantage, being such a historical company with such longevity, the possibility of establishing contracts with suppliers for 10, 20 or even 30 years is a viable option (and a reality), allowing to keep a stable raw material price, even in years when, due to external shocks (e.g. climacteric changes, political instabilities, etc), the price fluctuate quite much. Upon this, its margins are protected through darkest times. Not only that, but also in years when the price is lower than the usual, because of its financial and space availabilities, it has the chance to create stock and buy in bigger quantities – owing to the wine's nature, it is possible to preserve it at lower temperatures without putting at stake its quality, and therefore storing it to following years.

Sogrape Vinhos was created with the born global syndrome. What are the main advantages and disadvantages related to compete with global players?

Going international means more markets in which a firm can sell. As seen in the internationalization theories, every product has a life cycle and launching one product abroad enables the possibility to extend the PLC of mature products by launching them in those markets as well (Adv: sales increase). By internationalizing a product there is a learning process that allows the firm to constantly improve in order to meet competitive environments (Adv: learning how to compete). Also, global customer diversity spreads business risks and the capital raised in other markets can be used for additional marketing and expansion. For last, global companies have access to different resources and raw material (e.g. Sogrape's wines from Argentina, Chile, New Zealand and Spain) and have a natural ability to form strategic alliances worldwide.

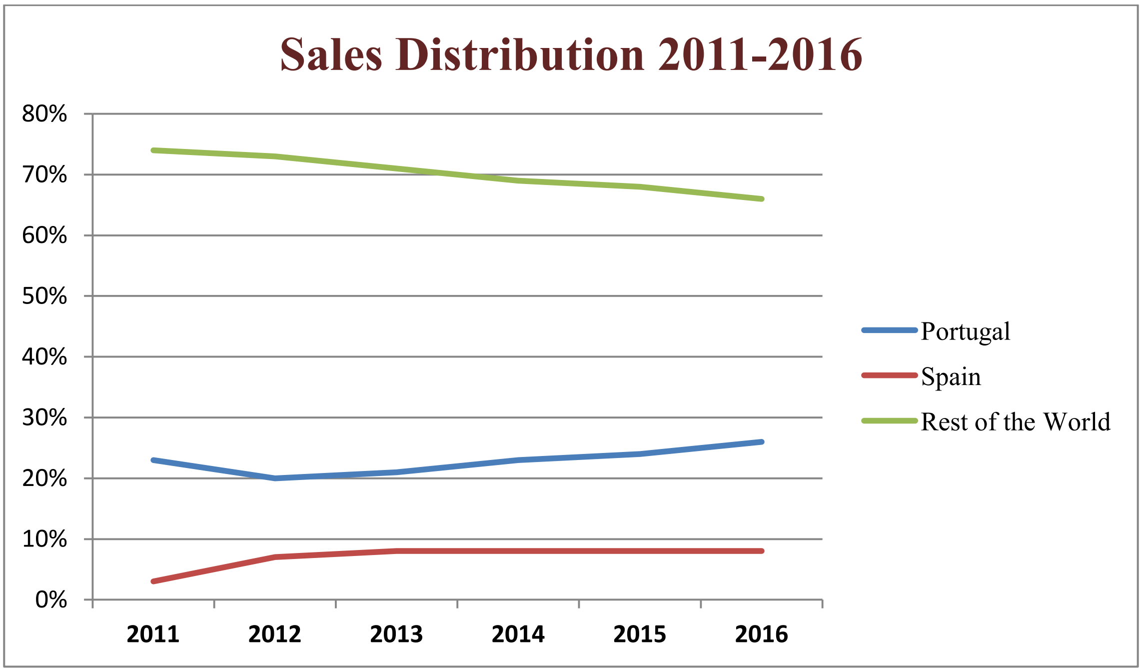
On the downside, going abroad means dealing with extra rules and regulations that don't apply in the same way to all countries (e.g. Chilean wines enjoy zero tariffs on exportations to the Chinese market) and firms must comply with each country's rules imposed on products imported. One can't forget that trademarks and patents must be protected in each country and those laws differ among them as well (Disadv: Different regulations). In addition, as shown throughout the case study, different cultures have different need and tastes, and a company must minimally customize their offering in order to be understood in new markets and ultimately succeed abroad – and that includes managing its marketing mix and strategic plan (Disadv: Diverse cultures). Even though I consider it a disadvantage, it is purely on investing terms, since expanding the offer leads to a wider and more appealing product's portfolio.

5. Final Considerations

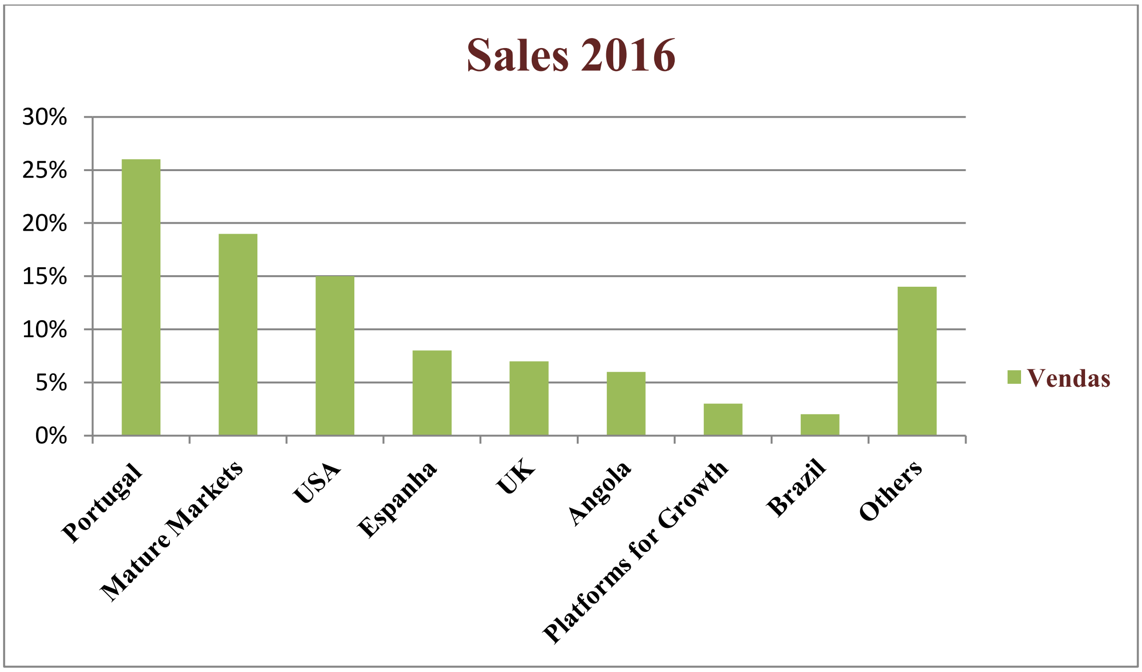
Reaching the end of this study, it is possible to say that Sogrape is a true example of determination and good-practices to what regards aiming and conquering foreign markets. Through this case one can see how important it is to have a well-defined business strategy, coordinating and gathering the efforts of different areas of the firm into a network, in order to constantly improve processes and products, through the effective management of resources and capabilities. Its outstanding portfolio has on its composition products that are distinguished worldwide and their capability to adapt has not only allowed the company to survive through darkest times, but also to continuously strive.

Regarding its future, it will be interesting to see what will happen and which steps the firm will take towards the Chinese market and the online commerce, considering that its one of their biggest challenges at the moment. Until now, it hasn't been able to penetrate the Chinese market the way it wanted, but the company is determined to give all the necessary efforts to succeed through these question marks. I believe that its future must indeed include e-commerce, considering that we live on a technological era and new consumption trends are leading e-commerce companies to steadily move up the supply chain, starting to produce high-quality products themselves what eventually may represent a bigger instead of a gold opportunity.

5. Appendixes



Graph 1 - Sogrape's sales distribution 2011-16
Source: Adapted from Sogrape Annual Reports from 2011-2016. Retrieved from
https://www.sograpevinhos.com/sogrape/infofinanceira



Graph 2 - Sogrape's 2016 sales
Source: Adapted from Sogrape Annual Report. (2016). Retrieved from
https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2016.pdf, 54-55

Sogrape's Timeline:

- **1942:** Foundation of Sogrape Vinhos and creation of Mateus Rosé
- **1944:** 1º distributor abroad in Brazil
- **1957:** Acquisition of share capital of the Sociedade Vinícola do Super Dão and launch of "Dão Grão Vasco"(Dão)
- **1960:** Purchase of its first winery "Quinta de Cavernelho" (with a 9-million litre capacity), in the parish of Mateus in Vila Real
- **1962:** "Quinta de Cavernelho" started to produce wines
- **1967:** The new Avintes facilities became fully operational, with a storage capacity of 19 M litres and 6 modern bottling lines producing up to 200 thousand bottles per day.
- **1970:** By this time, Sogrape Vinhos already had its own facilities in the Douro, in Avintes, in Dão and Bairrada
- **1975:** Construction of "Centro de Vinificação de S. Mateus", in Anadia, Bairrada
- **1980:** Acquisition "Honra de Azevedo"
- **1982:** Acquisition of "Quinta de Azevedo" (Vinho Verde Region)
- **1983:** Enter in the Asian market
- **1984:** Launch of "Gazela" (Green wine)
- **1987:** Acquisition of A.A. Ferreira – "Ferreira" brands for Porto Wine and "Casa Ferreirinha" brands for Douro Wines
- **1988:** Acquisition "Quinta dos Carvalhais" (Dão)
- **1989:** Launch of "Vila Regia" and "Terra Franca" (Bairrada)
- **1990:** By this time, Sogrape Vinhos was already exporting to some 125 wines, with a sales volume of around 30 million litres (about 40 million bottles).
- **1990:** Release of the first harvest of "Quinta de Azevedo" (Vinho Verde Region)
- **1991:** 1º Sogrape Vinho´s Alentejo wine – "Vinha do Monte"
- **1995:** Acquisition of "Forrester & Cº SA" (Douro) and completion of the "Quinta de Carvalhais" complex (Dão)
- **1996:** Acquisition of "Herdade do Peso" (Alentejo)
- **2002:** Acquisition of all the assets of "Sandeman" – Porto Wines, Sherry and Brandy and establishment of a partnership with "Pernord Ricard" for worldwide distribution
- **2002:** Re-branding of Mateus Rosé
- **2010:** Awarded with the "European Producer of the Year" title
- **2012:** Launch of "Legado"

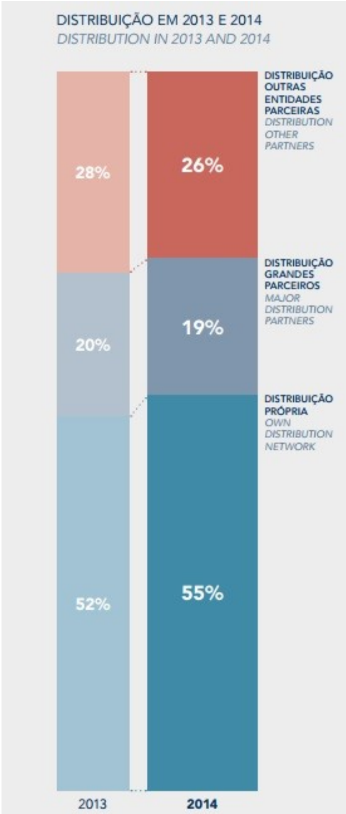


Figure 7 - Sogrape's Distribution in 2013 and 2014
Source: Sogrape Annual Report. (2014). Retrieved from
https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2014.pdf, p.37

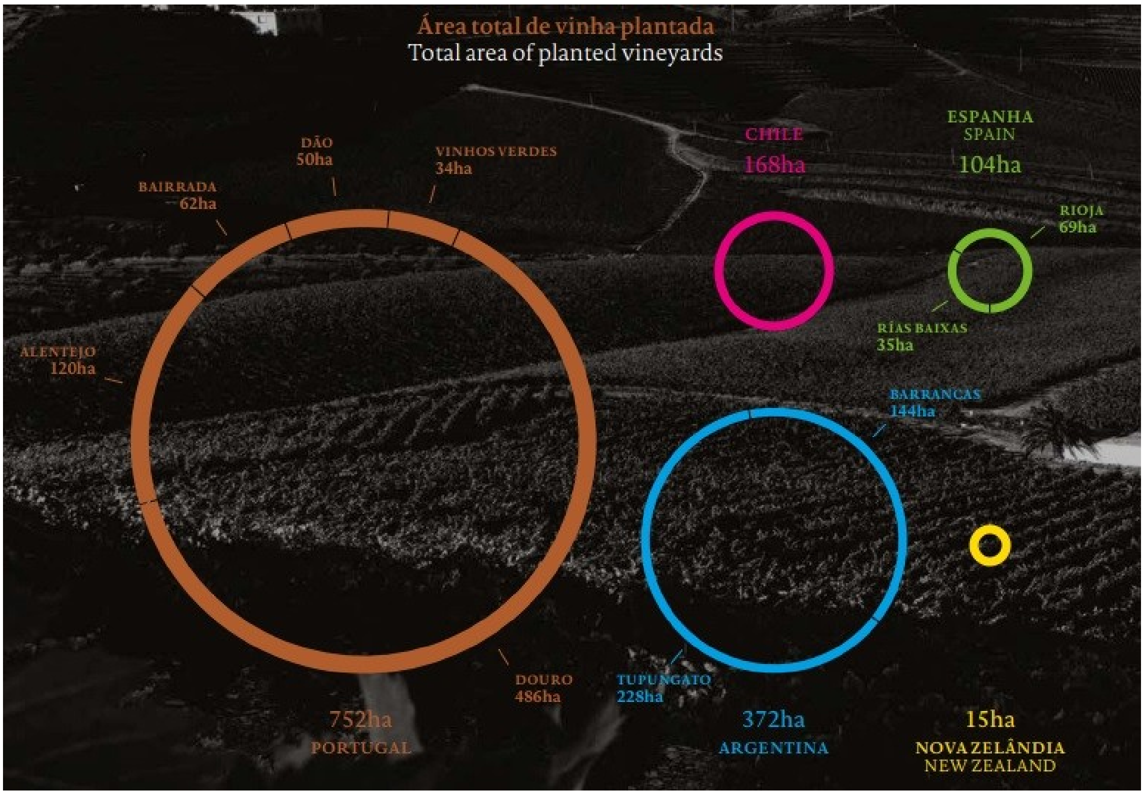


Figure 8 - Total area of planted vineyards
Source: Sogrape Annual Report. (2016). Retrieved from
https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2016.pdf, p.58

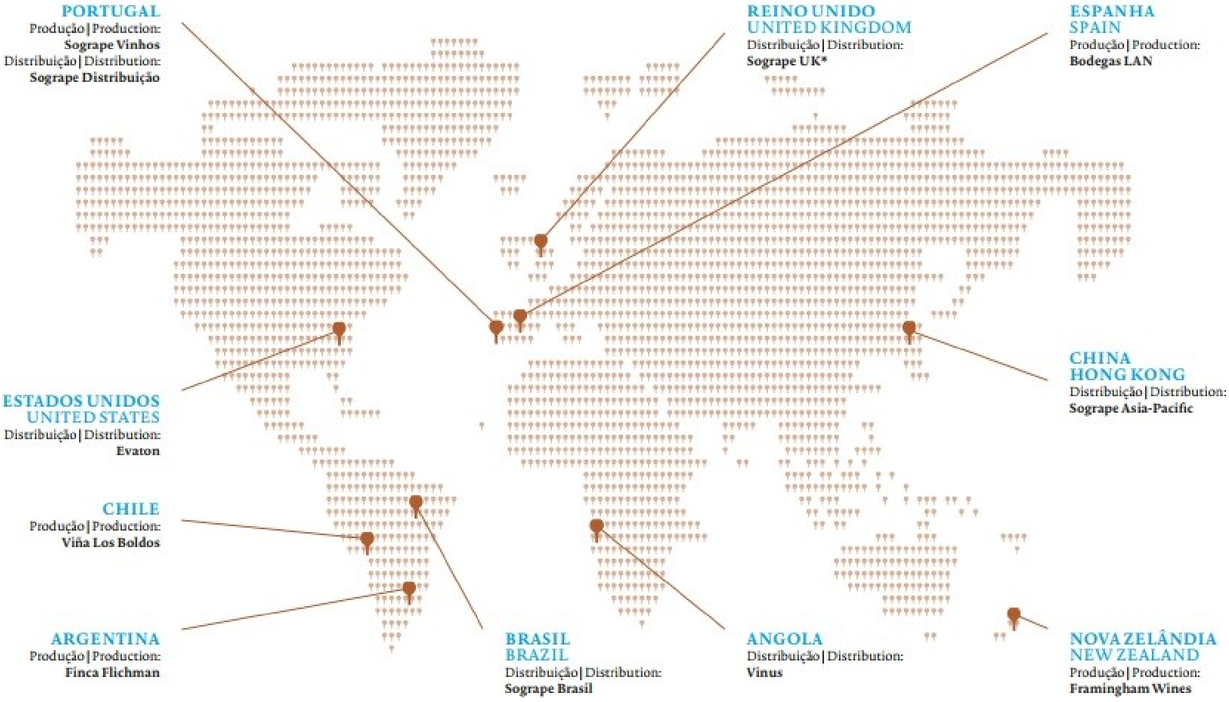


Figure 9 - Sogrape World
Source: Sogrape Annual Report. (2016). Retrieved from https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2016.pdf, p.18

Figure 10 - Porco Tinto and Gazela advertising in Japan
Source: Available at http://gekiyasu-lab.net/csunw1601211/

Figure 11 - Silk and Spice USA
Source: Available at http://evaton.com/yournextbestbuy/

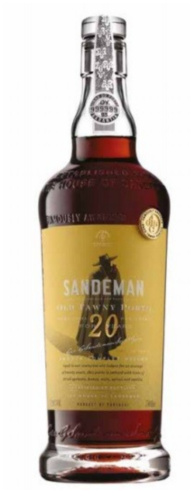
Figure 12 - Sogrape’s main divisions of its portfolio

Priority Brands

Mateus

Gazela

Casa Ferreirinha



Sandeman

Lan

Other Brands of Iberian Origin

Herdade do Peso

Quinta dos Carvalhais

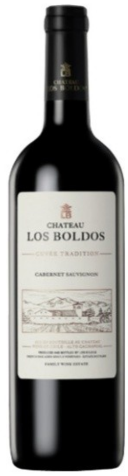
Grão Vasco

Porto Ferreira

Offley

New World Brands

Finca Flinchman - Argentina



Chateau Los Boldos - Chile

Framingham – New Zealand

6. Bibliography

Ahi, A., Baronchelli, G., Kuivalainen, O., & Piantoni, M. (2017). International Market Entry: How Do Small and Medium-Sized Enterprises Make Decisions? *Journal of International Marketing*, 25(1), 1-21.

Ahlstrom, D., & Ding, Z. (2014). Entrepreneurship in China: An overview. *International Small Business Journal*, 32(6), 610-618.

Andersen, O. (1997). Internationalization and Market Entry Mode: A Review of Theories and Conceptual Framework. *Management International Review*, 37(2), 20-42.

Associação Portuguesa para a Diversidade da Videira (2010). Retrieved from http://www.isa.utl.pt/files/pub/destaques/RVmelhores2009.pdf

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.

Barreto, I. (2010). Dynamic Capabilities: A Review of Past Research and an Agenda for the Future. *Journal of Management*, 36(1), 256-280.

Bourgeois, L. J., & Eisenhardt, K. M. (1988). Strategic decision processes in high velocity environments: Four cases in the microcomputer industry. *Management Science*, 34(7), 816-835.

Brinkman, R., & Brinkman, J. (2002). Corporate power and the globalization process. *International Journal of Social Economics*, 29(9), 730.

Calantone, R. J., Kim, D., Schmidt, J. B., & Cavusgil, S. T. (2002). The influence of internal and external firm factors on export performance and international product adaptation strategy. *American Marketing Association. Conference Proceedings*, 13.

Cardeal, N. (2015). *Pensamento Estratégico* (2nd ed.). Lisboa: Universidade Católica Editora.

Chilean Wine and Its Market Development in China (2016). Retrieved from https://www.jadedisplays.com/single-post/2016/09/16/Chilean-Wine-In-China

China. (n.d.). Retrieved from https://en.wikipedia.org/wiki/China#Urbanization

Coviello, N. E., & McAuley, A. (1999). Internationalization and the Smaller Firm: A Review of Contemporary Empirical Research. *Management International Review*, 39(3).

Daniels, J. D., Radebaugh, L. H., & Sullivan, D. P. (n.d.). *International Business - Environments and operations* (11th ed.). New Jersey: Pearson Prentice Hall.

Dimitrova, B., & Rosenbloom, B. (2010). Standardization versus Adaptation in Global Markets: Is Channel Strategy Different? *Journal of Marketing Channels*, 17, 157-176.

Discover the history of Sogrape Vinhos over the years (n.d.). Retrieved from https://eng.sograpevinhos.com/sogrape/historia

Doole, I., & Lowe, R. (2008). *International Marketing Strategy: Analysis, Development and Implementation* (5th ed.). London: Thomson Learning.

Dunning, J. H. (1995). Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism. *Journal of International Business Studies*, 26(3).

Enriquez de la O, J. F. (2015). Resource-based view and dynamic capabilities - Achieving competitive advantage through internal resources and competences. *Budapest Management Review*, 46(11).

Evans, P., & Wurster, T. S. (1999). Getting real about virtual commerce. *Harvard Business Review*.

Ghantous, N. (2008). Brand internationalization strategy beyond the standardization / adaptation dichotomy. Retrieved from http://www.cirmapfea.org/fichiers/ghantous[1].birmingham.08.pdf

Ghemawat, P. (2001). Distance Still Matters: The Hard Reality of Global Expansion. *Harvard Business Review,* p.5

Guedes, F. (2012, March 09). A despedida simbólica de um grande senhor do vinho. Retrieved from https://www.publico.pt/2012/03/10/jornal/a-despedida-simbolica-de-um-grande-senhor-do-vinho-24126219

Hashai, N. (2011). Sequencing the expansion of geographic scope and foreign operations by "born global" firms. *Journal of International Business Studies*, 42(8), 995-1015.

Helfat, C. E., & Winter, S. G. (2011). Untangling dynamic and operational capabilities: Strategy for the (n)ever-changing world. *Strategic Management Journal*, 32(11), 1243-1250.

Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). Cultures and Organizations: Software of the mind (3rd ed.). McGraw-Hill Professional. p.6

Hornby, L. (2016, April 19). Chile: Turning copper into wine. Retrieved from https://www.ft.com/content/bced72c4-0608-11e6-9b51-0fb5e65703ce

Hunt, S. D. (2002). *Foundations of Marketing Theory*. New York: M. E. Sharpe, Inc.

Inan, G. G., & Bititci, U. S. (2015). Understanding organizational capabilities and dynamic capabilities in the context of micro enterprises: a research agenda. *Procedia - Social and Behavioral Sciences*, 210(2), 310-319.

Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.

Knight, G. A., & Cavusgil, S. T. (2004). Innovation, Organizational Capabilities, and the Born-Global Firm. *Journal of International Business Studies*, 35(2), 124-141.

Knight, G. (2015). Born global firms: evolution of a contemporary phenomenon. *International Marketing Review*, 25, 3-19.

Kokemuller, N. (n.d.). Advantages of Global Companies. Retrieved from http://smallbusiness.chron.com/advantages-global-companies-57127.html

Leitão, P. (2015, October 23). 10 curiosidades sobre a admirável história do Mateus Rosé. Retrieved from https://webook.pt/blog/2015/10/23/10-curiosidades-sobre-a-admiravel-historia-do-mateus-rose#sthash.UHgEjhbT.dpbs

Listed domestic companies, total. (n.d.). Retrieved from https://data.worldbank.org/indicator/CM.MKT.LDOM.NO?end=2016&start=2016&view=bar

Loukakou, M. D., & Membe, N. B. (n.d.). Product standardization and adaptation in International Marketing. Retrieved from http://hv.diva-portal.org/smash/get/diva2:543563/FULLTEXT01.pdf

Macmillan, I. C. (1989). Delineating a forum for business policy scholars. *Strategic Management Journal*, 10(4).

Madsen, T. K., & Servais, P. (1997). The internationalization of Born Globals: An evolutionary process? *International Business Review*, 6(6), 561-583.

Malhotra, N. K., Agarwal, J., & Ulgado, F. M. (2003). Internationalization and Entry Modes: A Multitheoretical Framework and Research Propositions. *Journal of International Marketing*, 11(4), 1-32.

McKee, D. O. & Konell, S. (1993). Product Adaptibility: Assessment and Strategy. *Journal of Product and Brand Management*, 2(2), 33-47

Measuring Marketing Effectiveness: 5 Metrics You Need to Track. (n.d.). Retrieved from https://www.salesfusion.com/resource/measuring-marketing-effectiveness-5-metrics-need-track/

Milara, I. M. (2014). Comparison of resources and capabilities in two companies. Retrieved from http://repositori.uji.es/xmlui/bitstream/handle/10234/97662/TFG_2014_MALOI.PDF?sequence=4

Nardali, S. (2017). Systematic Literature Review on Born Global Firms. *Journal of Management and Economics*, 24(2), 563-578.
Retrieved from http://www2.bayar.edu.tr/yonetimekonomi/dergi/pdf/C24S22017/24-2.pdf

Newsletter. (n.d.). Retrieved from http://www.advid.pt/historia

Onkvisit, S., & Shaw, J. J. (1983). An Examination of the International Product Life Cycle and Its Application Within Marketing. *Columbia Journal of World Business*, 18, 73-79.

Onkvisit, S., & Shaw, J. J. (1989). The International Dimension of Branding: Strategic Considerations and Decisions. *International Marketing Review*, 6(3).

Oviatt, B., & McDougall, P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45-64.

Pahwa, A. (2017, December 3). Above the Line (ATL), Below the Line (BTL), & Through the Line (TTL) Marketing. Retrieved from https://www.feedough.com/atl-btl-ttl-marketing/

Pan, Y., & Tse, D. K. (2000). The Hierarchical Model of Market Entry Modes. *Journal of International Business Studie*s, 31(4), 535-554.

Parker, S. K. (n.d.). Types of Proactivity.
Retrieved from https://sites.google.com/site/profsharonparker/proactivity-research/types-of-proactivity

Pernod Ricard. (2017). Retrieved from https://en.wikipedia.org/wiki/Pernod_Ricard

Porter, M. E. (1980). *Competitive Strategy*. New York: Free Press.

Porter, M. E. (1985). 1 - Competitive Strategy: The Core Concepts. In *Competitive advantage - Creating and Sustaining Superior Performance*. New York: The Free Press, p.12

Porter, M. E. (1986). *Competition in global industries*. Boston: Harvard Business School Press. p.20

Portugal during World War II. (n.d.).
Retrieved from https://en.wikipedia.org/wiki/Portugal_during_World_War_II

Prahalad, C. K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, 68(3), 79-91.

Raaij, W. V. (1997). Globalisation of marketing communication? *Journal of Economic Psychology*, 18(2-3), 259-270.

Reed, R., & DeFillippi, R. J. (1990). Causal ambiguity, barriers to imitation, and sustainable competitive advantage. *Academy of Management Review*, 15(1), 88-102. Retrieved from http://213.55.83.214:8181/Economics/Economy/00545.pdf

Root, F. R. (1994). *Entry Strategies For International Markets*. New York: Lexington Books. p.269

Sogrape Annual Report. (2014). Retrieved from
https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2014.pdf

Sogrape Annual Report. (2015). Retrieved from
https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2015.pdf

Sogrape Annual Report. (2016). Retrieved from https://www.sograpevinhos.com/app/uploads/infofinanceira/rel_cons_2016.pdf

Sogrape Vinho's commitment to research and innovation. Retrieved from https://eng.sograpevinhos.com/sogrape/inovacao

Sordo, A. I. (2015). Beyond Hofstede's Cultural Dimensions Theory: Approaching a Multicultural Audience. Retrieved from https://www.skyword.com/contentstandard/marketing/beyond-hofstedes-cultural-dimensions-theory-approaching-a-multicultural-audience/

Stadler, C., Helfat, C. E., & Verona, G. (2013). The Impact of Dynamic Capabilities on Resource Access and Development. *Organization Science*, 24(6), 1782-1804.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18, 509-533.

Teece, D. J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319-1350.

Temiz, S., & Yaroshyk, T. (2008). Adaptation of International Business Marketing Strategy Between Emerging Markets. Retrieved from https://www.diva-portal.org/smash/get/diva2:1302/FULLTEXT01.pdf

The Importance Of R&D To Innovation. (n.d.). Retrieved from http://www.incrementalinnovation.com/innovation-management-development/rd-to-innovation

The wine market in Russia: growth returns. (2017). Retrieved from http://www.world-food.ru/en-GB/press/news/3216.aspx

Theodosiou, M., & Leonidou, C. L. (2003). Standardization versus Adaptation of International Marketing Strategy: An Integrative Assessment of The Empirical Research. *International Business Review*, 12, 141-171.

Valdez, A. (2017). Adaptation Marketing Strategy. Retrieved from http://bizfluent.com/info-8335809-adaptation-marketing-strategy.html

Winter, S. G. (2003). Understanding dynamic capabilities. *Strategic Management Journal*, 24, 991-995.

Workman, D. (2017, December 31). Top Wine Importing Countries. Retrieved from http://www.worldstopexports.com/top-wine-importing-countries/

World War II. (n.d.). Retrieved from https://en.wikipedia.org/wiki/World_War_II

Zaiem, I., & Zghidi, A. B. (2011). Product adaptation strategy and export performance: The impacts of the internal firm characteristics and business segment. *Contemporary Management Research*, 7(4), 290-311.

Zucchella, A., Palamara, G., & Denicolai, S. (2007). The drivers of the early internationalization of the firm. *Jornal of World Business*, 42(3), 268-280.