



# The Story of Vista Alegre Atlantis: How does a declining brand reposition for growth through internationalization?

Catarina Tamen

Dissertation written under the supervision of Gonçalo Saraiva

Dissertation submitted in partial fulfilment of requirements for the MSc in Business with Specialization in Strategic Marketing, at the Universidade Católica Portuguesa, 7<sup>th</sup> of January 2019.

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## **Abstract**

This dissertation is about Vista Alegre Atlantis and the preponderant role that its internationalization strategies had, in a context of almost bankruptcy, accompanied by an economic crisis, in the brand's reinsertion on a road to success. Focusing mainly on the strategies implemented by the company, one can understand that these rely on three actions: defining priority markets, partnerships with renown designers, and an increase and adaptation in product portfolio. With these strategies, the company aimed to turn this internationalization specialized and focused, create higher brand notoriety and, lastly, make its products available in more points of sale. According to the company, these objectives are essential for an effective brand internationalization. Thus, Vista Alegre Atlantis' history is documented and analyzed with theoretical contents with the objective on being discussed in a classroom environment.

**Keywords:** Turnaround, internationalization, Vista Alegre Atlantis

## **Resumo**

Esta dissertação versa sobre a Vista Alegre Atlantis e o papel preponderante que as suas estratégias de internacionalização tiveram, num contexto de quase falência da marca, acompanhado por uma crise económica, na reinserção da marca numa rota de sucesso. Tendo como foco principal as estratégias implementadas pela empresa, é possível compreender que estas incidem, principalmente, em três ações: definição de mercados prioritários, parcerias com designers de renome, e aumento e adaptação do portfolio de produtos. Com estas estratégias, a marca visou tornar a internacionalização especializada e focada, criar uma maior notoriedade da marca, e, por fim, tornar os produtos acessíveis em mais pontos de venda. Objetivos estes que, de acordo com a empresa, são essenciais para um processo de internacionalização de marca eficaz. Deste modo, a história da Vista Alegre Atlantis é documentada e analisada com conteúdos teóricos com o intuito de ser discutida num ambiente de sala de aula.

## **Acknowledgements**

I would like to thank my dissertation advisor, Gonçalo Saraiva, for all the support and feedback throughout this process.

I would also like to thank Carlos Sousa Machado for welcoming me in the Visabeira's headquarters in Lisbon and making time to provide information that was crucial for this work.

I am thankful for my parents' support and the opportunities they gave me throughout my education. I am aware that without it, I would not be able to accomplish this.

Pedro, thank you for your patience in reading this several times and orienting me whenever necessary.

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## **I. Introduction**

The following dissertation explores the internationalization of Vista Alegre Atlantis (VAA) as a turnaround response and the strategies adopted by the company to complete this internationalization.

VAA is a Portuguese, based in Aveiro, porcelain, crystal and glass company, which produces tableware and decoration pieces. With almost 200 years of history, the company is not oblivious to the natural setbacks in a company's lifecycle. For over a decade, generating profits was a challenge. Changes in consumer tastes, as well as the high costs of internationalizing, were a problem. The 2007 crisis was an added obstacle. As a result, VAA sought no other option than selling to the Visabeira Group, a conglomerate present in a handful of industries, ranging from infrastructure to tourism. Under their wing, just after the first-year post acquisition, VAA was able to cut its losses in half. In 2017, the company was able to generate positive profits after over a decade of struggle to survive. This dissertation will explore the story of VAA after this acquisition.

First, a literature review is present to aid with theoretical material which should be evaluated throughout the content discussed. This review holds information on representative literature regarding internationalization processes but focuses mostly on theoretical frameworks, which can create practical approaches. After, a case study is presented with the strategies employed by the company. It discusses the process of internationalization in terms of country decision-making and evaluates the strategies to create brand visibility and awareness. Finally, a section with teacher's notes will aid the professor during the class session and orient proper class discussion. As a result, a proposed set of questions and their respective answers were created for students to analyze the key takeaways from this case study.

It is important to note that both primary and secondary research was gathered in the process of writing this case study. Regarding the latter, this consists mostly on VAA's financial reports as well as their press releases and news. Some newspaper articles were also examined. In terms of primary research, this was based on an interview with VAA's sales director and country manager, Carlos Sousa Machado. Visits to national stores were also important to understand the overall message and feel employed by the brand.

## II. Literature Review

There are numerous reasons for a company to decline. The Icarus Paradox is identified as a main driver for decline (Miller, 1992). This paradox states that what makes a company successful may also be what leads to its downfall, due to excessive use of its strengths, making them overspecialized and confident. Focus, tried-and-true strategies, confidence in leadership, galvanized corporate cultures, and a mixture of these elements can lead to decline. (Miller, 1992). Consequently, companies need to adapt and find turnaround responses. These may vary from company to company. A combination of strategies such as retrenchment (Robbins & Pearce II, 1992), internationalization (Giovannetti, Ricchiuti & Velucchi, 2011) and recovery (Robbins & Pearce II, 1992) are applicable in such circumstances. Among these, seeking international markets can be an option for companies and this is the focus in this study.

For a company to internationalize, considerations must be taken. The decision-making of where to internationalize is related to the company's psychic distance. The lower the language and cultural barrier, the likelier the decision to conduct business in the country. (Johanson & Vahlne, 1977). Ghemawat's Cage Framework also supports the latter statement and adds complementary inputs to this decision-making process. Besides cultural distance, he deems administrative, geographic and economic distance as relevant inputs. (Ghemawat, 2001). A visual presentation of this framework is presented in appendix I.

In the 1970s, Geert Hofstede came across an IBM study which led him to create a model to compare nations. He identified six dimensions: Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation, and Indulgence/Restraint. These could characterize a nation in terms of cultural characteristics and were ranked according to the data found in this study. Power distance relates to the gap between authority figures and inequalities. Uncertainty avoidance refers to how comfortable a society is in situations with an unknown outcome. Individualism vs. collectivism assesses if a nation tendentially prefers to work in groups or individually. Masculinity vs. femininity refers to the division of emotional roles between genders. Long-term vs. short term orientation analyzes the choice of focus for efforts, this can be the past, present or future. Lastly, indulgence vs. restraint evaluates the preference for gratification or control over basic human rights (Hofstede, 2011). This

Hofstede Model is an appropriate tool to measure and compare cultural dimensions among nations. Appendix II presents the relevant Hofstede nation scores for this case study.

The process used to internationalize is also of interest and discussed in the Uppsala Model. For example, the normal process among Swedish firms is to test the market by making small investments. Thereby beginning to export, then create a sales subsidiary, and, lastly, in some cases, begin production in the host countries. (Johanson & Vahlne, 1977) State aspects and change aspects in the Uppsala Model can indicate the involvement a company may take in the internationalization process. With this model, companies can indicate their market knowledge towards a possible host country and create commitment decisions, i.e. invest resources in foreign operations. It is important to underline that the lower the market knowledge, the higher the need for experiential knowledge. Moreover, it is of relevance to have both general knowledge and transferred market-specific knowledge when entering new markets. Another side to this model is examining the company's current activities and see the reflection of this on their market commitment. For instance, creating a product for a specific market, and the monetary investment committed abroad. (Johanson & Vahlne, 1977) A visual presentation of this model is presented in Appendix III.

Porter defines 5 dimensions to assess industry attractiveness, of which barriers to entry is one of them. These barriers to entry are relevant in the decision-making process to internationalize. (Acs, Morck, Shaver & Yeung, 1997). Porter identifies six market entry barriers: cost advantages of incumbents, product differentiation of incumbents, capital requirements, customer switching costs, access to distribution channels and government policy (Karakaya & J. Stahl, 1989). Sixty corporations from Fortune 500 companies, with average sales of \$12.8 billion, were interviewed and identified that, in fact, these are the most relevant market barriers, and that cost advantages of incumbents, product differentiation of incumbents and capital requirements are the most relevant barriers to entry in consumer markets in both early and late entry stages (Karakaya & J. Stahl, 1989). Porter's Five Forces of Barriers to entry can be found in Appendix IV.

Businesses have realized that targeting the mass market is not effective since customers are not homogeneous. As a result, segmentation, targeting and positioning strategies, also known as STP strategies, are applicable to narrow the market (Dibb & Simkin, 1991). Segmentation consists on shifting the focus from the mass market to a specific group of customers. The next step is

targeting, which consists of which segment groups the company plans to approach. The last is positioning. Here, it is the image that the company plans on enlisting in the customer's minds and its position in the market opposed to competition (Dibb & Simkin, 1991).

One method to characterize these groups is through the creation of personas. This is a common tool used by product design professionals (Guo, Shamdasani & Randall, 2011). Creating user personas throughout the design production can lead to designs with superior usability techniques. (Long, 2009) Due to its personal touch, rather than the typical research reports, companies can design specifically for their customers. (Guo, Shamdasani & Randall, 2011) One of the reasons for its success is due to the focus that is implemented throughout the design process. Today's production processes tend to be boundless and, at times, focus may be lost. The use of personas inhibits congruence throughout the entire process, guaranteeing user-centric products. (Long, 2009) There are several methods of creating user personas. Literature agrees that user personas are fictional characters characterized by archetypes. (Guo, Shamdasani & Randall, 2011, Long, 2009, Grudin & Pruitt, 2002). It should describe the persona's personality, behavior and motivation to get a user-centered perspective (Guo, Shamdasani & Randall, 2011).

Pruitt created a framework called the Consumer Lifecycle which indicates the necessary procedures to create personas. He notes that some steps may be skipped according to the company's needs. Phase one is called persona and family planning. This involves structuring a team which will create the personas as well as an organizational introspection to identify a fit between the company's core competencies and values and the personas. Still in this phase, user research also needs to take place to gather the raw materials for the persona construction. Regarding the latter, this can be internal research (market research reports, interviews with product specialists) or external research (statistics, market demographics). At the end of this phase there should be an orientation towards a final persona. Phase two is called persona conception and gestation. In this phase the team should identify the number of personas necessary to communicate the internal and external information gathered, the descriptive elements of each persona as well as prioritize them. At the end of this phase, personas that are ready to be involved in the design process should be created. Phase three is called persona birth and maturation. Here, the team should find effective ways of communicating the persona to the company so that it is adopted by everyone. The team should ensure that the persona is well understood and make some slight changes, if

necessary, so everyone agrees with it. Phase four is the persona adulthood. In this phase the persona is applied to the design and production team. It will not only aid the design and sales departments but also the marketing, advertising and sales departments to create strategies. It is important that during this phase personas maintain loyal to the data gathered. The last phase is phase five: persona lifetime achievement, reuse and retirement. At this point, the company should reflect on the persona's success as well as future usage in new products. (Pruitt & Adlin, 2010). With this method, companies can conduct proper market research to ensure that their products are tailored to their customers.

With the use of personas, companies can also move to the next steps of targeting and positioning the brand. When targeting, a demand analysis is considered. The company needs to match the persona i.e. the market segment, with the availability in the market. After conducting these steps, the company can start positioning the brand. *“Positioning refers to the “image” or “impression” about the company or its products marketers want their present and potential customers to have. This is often achieved by taking into account the factors the market or a certain subsegment values, as well as the impression consumers have of other competitors.”* (Moschis, Lee & Mathur, 1997). Positioning a brand is easier when a company only targets one segment. However, this is not the case for most companies. As a result, the company should evaluate the impact of each segment on the overall positioning (Moschis, Lee & Mathur, 1997).

Another important factor to consider is product differentiation since uniqueness can attenuate entry barriers (Karakaya & J. Stahl, 1989). A study with traditional manufacturing firms in the United Kingdom, under the internationalization process, has proven that product and process innovation is an important stimulus for expansion. (Bell, Crick & Young, 2004). One way of contributing to product differentiation is by creating handmade products. These are significantly perceived as more attractive than machine-made products, generating the so-called “handmade effect”. (Fuchs, Schreier & Osselaer, 2015). It is important to note that entitling machine made or not indicating how the product was produced has the same effect. Nevertheless, marketers should inform consumers that the product is handmade without overselling it, avoiding the consumer's schemer schema i.e. avoiding the feeling of manipulation (Fuchs, Schreier & Osselaer, 2015). There are several reasons why handmade products are deemed more attractive: a perceived quality due to an effort heuristic (Kruger et al. 2004), expensiveness, uniqueness, and love (Fuchs,

Schreier & Osselaer, 2015). However, the latter has the highest correlation. The emotional investment placed by the product's creator is reflected in the consumer's mind as a "product made with love" and, consequently, a "love product". (Fuchs, Schreier & Osselaer, 2015).. A study showed that consumers perceived the same dinner plates as more attractive when they were titled as hand-painted rather than machine painted. Moreover, consumers were more likely to buy hand-painted plates rather than machine painted plates. (Fuchs, Schreier & Osselaer, 2015) This indicates that the handmade factor does, in fact, make products more attractive. Furthermore, since the "love factor" is the main driver of the attractiveness, the attractiveness is more effective when the recipient is a loved one since handmade products convey love to their recipients. (Fuchs, Schreier & Osselaer, 2015). The latter statement was also discussed in psychological contagion (Baum and Locke 2004; Locke 2000).

Even though the handmade effect has several applications in marketing and communication, it is important to determine its monetary effectiveness. Participants in a study in the United States were willing to pay seventeen percent more for a handmade French bar of soap, rather than a machine made one. Moreover, it was studied that the willingness to pay may be even higher if the consumer is interested in the product, rather than a random participant in a study (Fuchs, Schreier & Osselaer, 2015). This indicates that marketing a product as handmade is more successful for consumers who are willing to pay higher amounts for specific products.

The latter statement indicates that the handmade factor, solely on its own, has no impact on willingness to pay. First, consumers need to be interested in the product to be willing to pay a premium (Fuchs, Schreier & Osselaer, 2015). However, consumers need to know the brand. Brand knowledge is composed by brand awareness and brand image. Brand awareness is "*related to the strength of the brand node or trace in memory as reflected by consumers' ability to recall or recognize the brand under different conditions.*" Brand image allures to the consumer's perception and preference of a brand, and the associations it has in the consumer's mind. Points of difference and points of parity are favorable to measure these. (Keller, 2009)

Keller's Brand Resonance Pyramid is applicable to measure brand equity, determining how brand knowledge should be structured. This model suggests that brand equity is composed of both a rational and an emotional side, indicating that the more brands have of both these sides, the stronger the brand. This pyramid is structured with: salience, performance and imagery, judgement

and feeling and, finally, resonance. Salience indicates “how easily customers think of the brand under various purchase or consumption situations. Performance refers to *“how well the product or service meets the customer’s needs”*. Brand imagery relates to *“the extrinsic properties of the product or service, including the ways the brand attempts to meet the customer’s psychological and social needs”*. Brand judgements refer to *“consumer’s own personal opinions and evaluations”*. Brand feelings are *“customers’ emotional response and reactions with respect to the brand”*. Lastly, brand resonance discusses the *“nature of the relationship customers has with the brand and the extent in which they are in sync with the brand”*. (Keller, 2009) Appendix V presents Keller’s Resonance Pyramid and the sub-dimensions of the brand building blocks. It is important to note that marketing communications can contribute towards brand equity. These marketing communications can *“link brands to other people, places, events, brands, experiences, feelings and things”*. (Keller, 2009)

To ensure an internationalization strategy, many aspects of a company’s operations are considered. The decision-making of where and how to internationalize is studied. Additionally, the product portfolio of a company is evaluated to understand its success factors. Similarly, understanding consumers in specific markets and adapting products to them is necessary. In order to complete the latter statement, proper research and analysis are conducted using STP strategies as well as traditional marketing research. A case study is presented to exemplify the practical considerations in this process.

### **III. Case Study**

How is it possible that a country rooted in its history and with one of the best cuisines in the world stopped valuing the history and traditions in tableware? Shouldn't there be a different plate for every codfish dish? And a different form of plating a dish according to its cooking method? Ideally, yes, but the practical applications are harder to support. The 2007 crisis was an added toll on an already struggling Vista Alegre Atlantis (VAA). The decline in demand for luxury items, as well as the market saturation under this product category, led to the company's greatest pitfall. The only solution was to find a turnaround strategy that would save the century-old company. To survive, VAA decided to seek new markets and find a strategy to internationalize the brand.

#### **3.1. Contextualization and History**

Founded in 1824, Vista Alegre started conducting business as a porcelain, glass and chemical processes factory. It was the first porcelain company in Portugal, and one of the first to circulate under a private finance initiative. This pioneering behavior has progressed throughout the years inside the company. Its success was clear in its early years. Only five years following its foundation, Vista Alegre was entitled by the king as a "Royal Factory" due to its success and design. Reinforcing this, research and development were conducted to discover new production methods. Initially, the factory produced porcelain pieces with stone dust. After this investigation, it discovered a simpler and more efficient way of producing with porcelain paste. Vista Alegre also focused on hiring knowledgeable industrials even if they had to hire from abroad and educate local laborers. Consequently, all its employees are extremely specialized and are accustomed to recent production technologies.

Vista Alegre's success was boundless, the company won several international awards in the mid-1800's and even was the supplier for Portuguese royalty. With the turn of the century, the company began facing some difficulties both due to external and internal factors. The political and social crisis, alongside with new customer tastes, generated a discrepancy between the company's offers and the market demand. On the other hand, the inability to adapt to new designs and internal managerial inefficiencies also supported the company's crisis. However, this challenge was

overcome through the incorporation of modern designs adapting to the external environment, as well as discovering and implementing new industrial processes. During this period, Vista Alegre began exporting to other countries. One way it did this was by cooperating with European companies in the same industry. It also started collaborating with contemporary artists as well as creating exclusive and unique pieces, such as the ones for England's Queen Elizabeth II. Vista Alegre started to get involved in non-operational activities to boost the company's image and awareness. Opening the Vista Alegre Museum, the "*Centro de Arte e Desenvolvimento da Empresa*"- Art and Company's Development Center, a Collector's Club, as well as participating in international exhibitions (Metropolitan Museum of Art, Pallazo Real) were some of the measures taken by the company.

Vista Alegre had no boundaries and, consequently, in 1997, it decided to acquire Cerexport: a ceramics exportation company. This acquisition enabled the company to almost duplicate its sales by setting foot in new markets. Three years later, to diversify its product portfolio, and to satisfy a vaster array of customer needs, Vista Alegre merged with Atlantis, a ten times smaller<sup>1</sup> company, but market leader in the glass and crystal industry. This merger created Vista Alegre Atlantis (VAA). With this merger, the company became a tableware powerhouse, ranked as number one in Portugal in this industry and number six internationally. Even though the now merged company seemed to have a prosperous future, it was, like many companies, not prepared for the 2007 crisis. Due to the company's prestigious image and high-end products, customers no longer seemed to be as interested in buying VAA's products with a reduced budget. Moreover, VAA has been present in the Portuguese market for centuries and, consequently, despite its efforts to modernize, most potential customers already have a VAA set in their household from past generations. Moreover, some deem unnecessary to buy another one or even the need for one since there are cheaper solutions.

In 2009, VAA was acquired by Visabeira, a holding with companies in several industries (telecommunications, energy, technology, construction, industry, tourism, real estate and stakes in other companies). Under Visabeira's wing, VAA undertook several measures to recover from this

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<sup>1</sup> *Jornal de Negócios*. (2000, Setembro 18). Retrieved from [www.jornaldenegocios.pt](http://www.jornaldenegocios.pt):

[https://www.jornaldenegocios.pt/empresas/detalhe/vista\\_alegre\\_e\\_atlantis\\_anunciam\\_fusao\\_atualizacao](https://www.jornaldenegocios.pt/empresas/detalhe/vista_alegre_e_atlantis_anunciam_fusao_atualizacao)

crisis by aggressively entering international markets and adapting its brand to fit new and existing markets.

With this acquisition the company had the financial foundation to embark in the desired internationalization that it had been trying to make since the early 1900's. The company had a higher strategic focus on internationalization and, in 2010, foreign sales were already higher than national sales. In 2017, solely 33% of the company's sales are national. Moreover, since VAA was acquired by Visabeira, sales increased by 56%. In 2017, after ten consecutive years of negative profits, the company was finally able to reach positive returns. Figure 1 presents the company's total, national and international sales over the past decade.

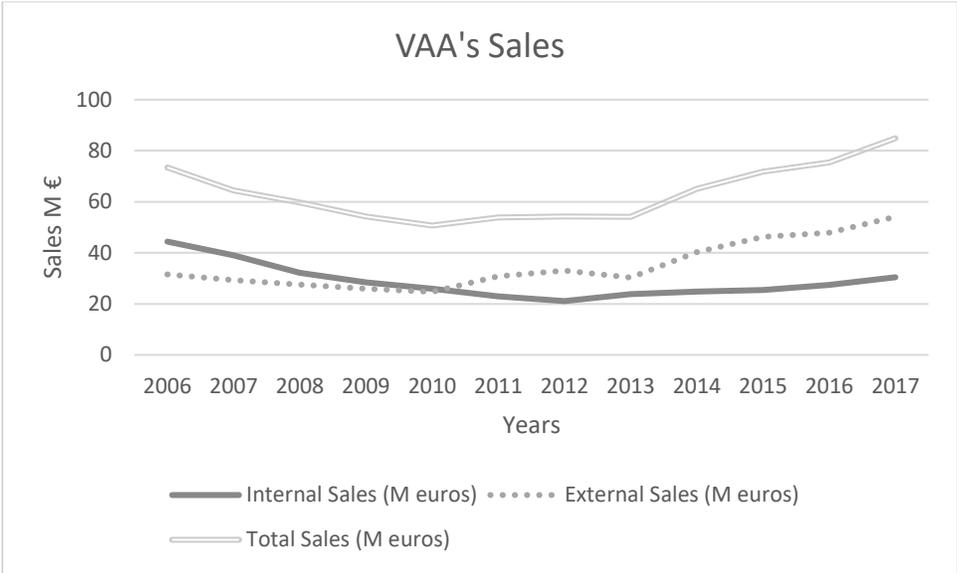


Figure 1: Company's Total, National and International sales from 2006 to 2017

### 3.2. Product Portfolio

VAA's product portfolio is divided into five categories: porcelain and other products, stoneware and tableware, stoneware oven-to-tableware, crystal and glass, and earthenware. With this product portfolio, the company conducts business in three different areas: retail, hotelware and private labels.

### **3.2.1. Porcelain and other products**

This category represents 51% of VAA's revenues from 2017. Most of the products in this category are in the high-end category, with tableware sets ranging from 1000€ to 6000€. VAA's high-end pieces go through a labor-intensive process where, at the end of the production, in the decoration section, the pieces are either hand-painted, traced, filled or painted with a gun by qualified professionals. The more exclusive, artistic and commercial the item, the higher intensity of care in the decoration process. Additionally, in some pieces, more exclusive materials are used such as gold. The company glorifies itself for being one of the only companies in the industry using this type of production method. Quality control is also important in this category. All the pieces are carefully observed manually to ensure the highest quality possible.

To widen its target segment and price sensitive customers, VAA has the Casa Alegre line, which still consists of the same quality but is for more daily use. A tableware set in this line varies from 150€ to 500€.

A recent addition to this category is Bordallo Pinheiro. This is a brand which was acquired by Visabeira in 2009. This brand covers the same price range as the Casa Alegre line and has more decorative pieces than the traditional porcelain pieces from VAA.

Appendix VI shows some examples of the products in this category.

### **3.2.2. Crystal and Glass**

Even though Vista Alegre had some history working with glass, this category was never fully explored until it merged with Atlantis. As a result, this category relies on the merger of the two companies. Under this category, tableware, barware, giftware, decorative products, limited editions and luxury bottles are produced. This category accounted in 2017 for roughly 14% of the company's sales. Like porcelain, this category is in the high-end category, with products ranging in prices from 20€ to 7000€ depending on the piece. These products are high in quality because the company uses high quality raw-materials, these being a composition of sand, potash and litharge.

### **3.2.3. Stoneware tableware**

This product category produces for private labels and, in 2017, accounted for 22% of revenues. These products are more resistant than porcelain and are created with the intention of being used daily. Under this category, VAA has been able to produce for big retailers such as H&M, Zara Home and, as one great account, IKEA. Regarding the latter, VAA signed a contract with IKEA in which the company produces on average 30 million products per year and has constructed a factory solely to supply the Swedish company. In 2017, this contract was extended to 2026. Collaborating with retailers not only allows the company to increase revenues, it also propels the company's ability to internationalize and create brand awareness.

### **3.2.4. Stoneware oven-to-tableware**

These are resistant products to both extremely hot and cold temperatures, allowing these to be placed in the oven, microwave and freezer. This product category also supports the hotelware segment. This product category represented, in 2017, 14% of the company's revenues.

### **3.2.5. Earthenware**

This product category is a more recent addition to the company's product portfolio with a strategic focus. These consist of decoration items which incorporate the recent acquisition of the decoration and porcelain company, Bordallo Pinheiro. The company has realized that entering markets with decoration items, rather than traditional porcelain pieces, can facilitate internationalization since there is lower competition under this product category and there is a wider range of decoration stores than tableware.

## **3.3. VAA's Customers**

The typical VAA client in the retail sector are middle to upper middle-class women who are 35 to 55 years old. They value the quality and prestige associated with the brand. Over the past years, VAA has tried to widen this target by inserting new products to its portfolio. To try and target younger, more price sensitive and practical generations, VAA launched the Casa Alegre

line. With this line, consumers starting from the age of 25, in the first home sets, can seek to buy these products. These are consumers who still value the quality embedded in VAA's products but, at the same time, seek practical and simple tableware. To target male consumers, VAA has launched products linked to enology and bar sets. These serve middle to upper middle class due to their refinement characteristics, as well as prices. Prices in the enology and bar line range from 30€ to 700€.

In the hotelware business area, customers are completely different from those in the retail sector. Carlos Sousa Machado, VAA's sales director and country manager, argues that "*the final client, hotels, know what they want. They know what they need. They know the product characteristics necessary for their establishment*". Keeping this in mind, these clients are informed and value the quality inherent in VAA's products. Moreover, they value efficient logistics, resulting in short delivery dates. VAA has clients of several dimensions because their product lines vary in complexity. As a result, they have clients who need simple tableware ranging to clients who need complex gastronomic products. These clients want to pay to lowest price but value the quality. One example is the French luxury hotel chain Club Méditerranée, where VAA supplies all their hotel chains, at a global level. In this business area VAA is highly recognized and valued by not only the clients, but also recognized as a real competitor by other companies in the industry. "*In the professional sector nowadays VAA is a company which is considered a reference in the market*", argues Carlos Sousa Machado.

VAA works with renown companies in the private label sector. Today, outsourcing to countries where labor is cheaper, which is the case of China and Thailand in this industry, no longer compensates due to the recent economic advances in these countries. In the past, the price difference was extremely high. Therefore, having a lower quality was not an issue because these companies could enjoy larger margins. Today, this is no longer the case. As a result, they prefer to pay prices that are a little higher but have higher control on quality. Additionally, being closer to the market enables these partners to have lower transportation costs and shorter delivery times, resulting in more efficient logistics.

### **3.4. Internationalization Process and Strategies**

#### **3.4.1. VAA's Story in Brazil as a Lesson for Future Strategies**

Prior to Visabeira's acquisition, VAA's entrance in new markets did not have a structured strategy and, when it did, it did not take into consideration future impacts. Moreover, given the inherent financial limitations embarked by the company, it was a struggle to internationalize successfully.

This was the case of the entrance of VAA in Brazil. In the early 1990s, president Collor de Mello, under the Collor plan, adopted neoliberalist measures in Brazil, allowing companies to import and export with lower tariffs. Before the Collor plan, entering the Brazilian market was very complicated and costly, making it practically impossible. This plan was very appealing for VAA due to various reasons: First, brand awareness was already high due to the cultural exchanges within Portugal and Brazil. Moreover, it was, and still is, frequent for Brazilians to visit Portugal when they come to Europe creating synergies in marketing efforts towards brand awareness. Second, entering a market where there are less cultural and linguistic barriers is easier in operative terms. As a result, when this change occurred, the company immediately invested in entering this market. To do so, several steps were taken.

First, VAA employees were sent to Brazil and the company began exporting. Immediately they realized that there was high potential due to the reasons that were already recognized by the company. There was a high acceptance of their products, and, consequently, higher investments arose. Since VAA's entrance in the Brazilian market coincided with the 500 years of Brazil's discovery, a marketing campaign, which was supported by both the Brazilian and Portuguese cultural ministry, was created connecting VAA's history since 1824 and Brazil's history since that time. Expositions were created in three major cities in Brazil (Rio de Janeiro, São Paulo and Brasilia) presenting this parallelism. With this campaign, brand recognition became extremely high and other companies such as Rede Globo, one of the biggest television channels in Brazil, allied with VAA to participate in the expositions creating even more buzz to this campaign. Moreover, it was only planned for these expositions to last one month per city and, given its success, it was requested that these would stay six additional months. Given this great success and

since it was guaranteed that the company was not only recognized, but also valued by the Brazilian consumer, VAA decided to open a store in São Paulo.

Even under the Collor Plan, importing to Brazil was still extremely complicated. There was a high bureaucracy, still high tariffs, a series of stages that companies had to endure, and some managerial inefficiencies in the ports. As a result, VAA bought an old porcelain factory in Brazil to assist in part of the production to alleviate these external pressures. Since this was an old factory, production problems arose and there were also some internal problems with shareholders in Portugal. Due to these factors, Brazil became, in Carlos Sousa Machado's words, "forgotten" and the factory was sold. A contract was signed with the new factory owners allowing them to produce under VAA's name and, in return, the company would receive a royalty for the products sold. This was not a fruitful deal for VAA. Production quality decreased as well as the service provided, which deteriorated the brand's image.

Given these problems, VAA's employees had to go back to Brazil to fix this problem and find a new strategy for this market. First, the company ceased the contract with the factory and decided that, from that point onwards, production would only partake in Portugal and everything would be imported regardless of the constraints associated. This way, the company could have a higher control on the product and service set to clients. Afterwards, in 2011, VAA Brazil was created. This company has a proper structure embracing all departments necessary from financial, to administrative, to commercial. Since under these changes there was a proper structure, VAA was able to control everything, including distribution. Since Brazil was a growing market and sales were successful, a flagship store in São Paulo was opened which is still operating today. Moreover, VAA has the highest market share in Brazil under this niche category. VAA is the only company in this industry which is present in the Brazilian market without the help third parties, such as agents, and there are no national direct competitors. "*VAA has a privileged position and I can say that it is the most known and aspirational brand for every Brazilian. Every Brazilian was to have VAA. A little like what VAA was thirty or forty years ago here in Portugal*", says Carlos Sousa Machado.

VAA's story in the Brazilian market was set as an example for future internationalization strategies. Since quality and customer service was deemed important for the company, control is extremely important to guarantee this.

### 3.4.2. Entering New Markets

VAA did not have a structured strategy when entering new markets before Visabeira's acquisition. This was mainly since it did not internationalize the brand. Instead, exporting products was the sole goal. Today, a series of steps are taken by the company before setting foot in a new market.

The first step is defining the priority markets. These are the markets where VAA plans on conducting business and embark in the hefty investments required for a successful internationalization. VAA examines the markets that are the most attractive to conduct business and the ones it strategically believes will be most successful with its products. Currently, these markets are: Spain, Brazil, Mozambique, the United States, India, and, most recently, France. VAA is also planning to start business in Mexico. The order in which VAA entered these markets is important to analyze. It is verified that the first countries that the company entered, had closer ties to the Portuguese market. Table 1 shows the order of entrance and similarities between Portugal and the priority markets.

Date of Entrance	Country	Similarities
1986 <sup>2</sup>	Spain	<ul style="list-style-type: none"><li>- Shares a border</li><li>- Latin language</li><li>- Same currency</li></ul>
2011	Brazil	<ul style="list-style-type: none"><li>- Speak Portuguese</li><li>- Used to be a Portuguese colony so nationalities and tastes overlap</li></ul>
2012	Mozambique	<ul style="list-style-type: none"><li>- Speak Portuguese</li><li>- Used to be a Portuguese colony so nationalities and tastes overlap</li></ul>
2013	United States	<ul style="list-style-type: none"><li>- Universal language</li></ul>

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<sup>2</sup> *Einforma*. (n.d.). Retrieved from [www.einforma.com](https://www.einforma.com/informacion-comercial/va-vista-alegre-espana): <https://www.einforma.com/informacion-comercial/va-vista-alegre-espana>

		<ul style="list-style-type: none"> <li>- Roman Catholic is the predominant religion</li> </ul>
2016	India	<ul style="list-style-type: none"> <li>- English is one of the official languages</li> <li>- Portuguese India (India was partially colonized by Portugal) so nationalities and tastes overlap in some regions</li> </ul>
2017	France	<ul style="list-style-type: none"> <li>- French is the second most spoken language in Portugal<sup>3</sup></li> <li>- European Union</li> <li>- Same currency</li> </ul>

Table 1: Countries where VAA is present and similarities

To identify these markets, the company had to undergo a series of market research. Besides secondary data, VAA’s employees go directly to the market and study it. This consists of the second step in the internationalization process. Here, the commercial specialists go to the markets and test the viability of the brand in the market. Learning how business is conducted in the country in terms of operations is extremely important since VAA wants to have higher control to guarantee the highest level of service.

Once the market is approved as a priority market, VAA opens a subsidiary with a full structure. This is, all the departments necessary as well as warehouses. *“We consider that in order to achieve a successful internationalization, we need to be near the markers, with our people, and create our companies”*, says Carlos Sousa Machado. Rather than selling without a brand or to subcontractors, in the priority markets, the company is involved in the entire process and to do so, it needs an effective structure. This company structure follows the same lines as the one mentioned previously in the Brazilian company. It is important to note that in the commercial area, given the operational difference in the retail and hotelware area, tendentially, there are different commercials for each area when it is justified, given the size and penetration in the market.

*“VAA is probably the only international ceramic group which produces everything in its country of origin. No one else does this. All the big brands have relocated production to Thailand,*

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<sup>3</sup> Language Knowledge. (n.d.). Retrieved from [www.languageknowledge.eu](http://www.languageknowledge.eu):

<https://languageknowledge.eu/countries/portugal>

or China. VAA is really likely the only one the most known brands. It has all the production in Portugal.”, argues Carlos Sousa Machado. This competitive advantage helps the company control its quality, but also have products ready in a shorter time frame due to the highest level of control. Regarding the distribution, the latter statement also contributes to its efficiency. In the retail sector, the company controls the entire distribution, certifying that the products reach the stores promptly. In the hotelware sector, since products need to be constantly replaced, the distribution is more complex and the know how to distribute in these markets is necessary. Moreover, these clients have a higher bargaining power and, many times, they want a local distributor. As a result, VAA signs contracts with distributors and ships trucks of products where they are responsible for storing and replacing whenever necessary. In most cases, the distributor is not involved in the negotiation with these companies. As a result, the margins they receive are not very high. In the cases when the distributor is involved, these are much higher ranging from twenty-five to forty percent, depending on the client and their needs.

The next step is opening a store. In Spain, VAA is present in 37 El Corte Inglés stores and owns two stores, one in Madrid and one in Barcelona. In Brazil, VAA has a flagship store in São Paulo. In Mozambique, the company is present in two locations in Maputo, one in a shopping center, and another in a hotel. In 2013, VAA inaugurated a store in Madison Avenue, New York. In India, the company opened a store in 2017 in New Delhi. In 2018, the company is planning on opening a store in Paris. The company has also opened stores in non-priority markets: Angola, Kuwait and Namibia. However, these are not the core focus for the company and have lower investments than the remaining ones in the priority markets. Opening stores in new markets requires a lot of capital and VAA only opens stores when it is certain that there will be success.

Entering these markets is only the first step to guarantee success. More than exporting a product, the company is exporting a brand and, according to Carlos Sousa Machado, that is “*an entirely different story*”. As a result, certain strategies need to take place.

### **Partnerships and Product Adaptation & Extension**

Product adaptation & extension and partnerships are one of the main internationalization strategies, alongside with defining priority markets, adopted by VAA. With these two, the company can generate higher brand notoriety and awareness, as well as a unique selling point when compared to competition.

### 3.4.3. Partnerships

As mentioned previously, internationalizing a brand is a lot different from internationalizing a product. Besides the logistics necessary, it is also necessary to generate brand awareness. VAA uses partnerships to speed up this process. If the company did not use this strategy, it would otherwise be more expensive both in time and resources.

In the retail business area, the company partners with artists, designers and high-end couture houses. Additionally, the individuals and brands who partner with VAA, are, many times, locals from the company's priority markets. In 2018, which coincides with the year VAA entered the Mexican market, the company partnered with the Latin American luxury brand, Pineda Covalin. The brand has designed an entire collection of tableware and giftware alongside with VAA's production. This partnership not only boosts brand notoriety in Mexico, but as well as the entire Latin America and the United States. In Brazil, VAA has taken similar actions by partnering with architect Chicô Gouvêa in 2014. The architect designed typical Brazilian Fauna and Flora and printed them onto VAA's tableware. The company has also partnered with high-end internationally famous and aspired brands, such as Oscar de la Renta and Christian Lacroix. Please see Appendix VII, with some examples of these pieces. It is important to note that, in both these designs, alluring to local cultural aspects is common in these types of pieces, creating a sense of belonging. Moreover, partnering with these brands helps generate the company's desired position in the market. Carlos Sousa Machado states that *"our objective is to make the VAA brand a premium brand but not as luxurious as for example Hermes or Louis Vuitton. Instead, a premium brand with accessible prices. Also, strongly allied to contemporary, not forgetting our traditional roots. So, a contemporary approach to the market, more modern, with a strong connection to known designers."* By creating partnerships, the company can set higher prices than it could if it were solely signing the VAA name, but lower than if it were only signed by the partner. Carlos Sousa Machado gives the example of the brand's most recent entrance in the illumination sector, where the brand recently partnered with the British designer Ross Lovegrove, under the decoration line of VAA. *"We associated ourselves with one of the greatest international designers in illuminations, who made some lamps for us. That only for being that designer alone, the price per piece should be a lot more expensive. In other words, we are launching pieces by that designer for a price which is buyable. Lamps for a thousand, a thousand and something euros which if it were*

*only a normal VAA lamp it would be expensive. But associated to a designer which is internationally known as one of the best in the world, a product signed by him, with a porcelain piece which is in fact, spectacular, the price ends up being accessible. So that's our idea, create a VAA product which is differentiated in the market, with an intrinsic quality, with a value which can be acquired.*" Creating these partnerships enables VAA to not only reach a desired brand notoriety with the proper position in the market, but also makes its products appealing, generating a willingness to buy.

Carlos Sousa Machado argues that *"while in the retail area we work a lot with the emotions of our clients, in the hospitality side, it's the professional side. The approach is completely different."* As a result, partnering with others to improve the design is not as important in this area as in the retail business area. However, in some product lines, this is relevant. This is the case of the upper range, gastronomic products. The company created a chef collection in which the designers of the pieces are renown international chefs. The company saw an opportunity in this area since gastronomy, in this moment, is becoming fashionable.

Over the years, VAA has partnered with over 104 artists, designers, high-end couture houses, public figures and designers. Out of these, over 53 are international.

#### **3.4.4. Product adaptation**

One of the main struggles VAA has entering new markets, like most companies, is dealing with the already existing competition. These already have a higher market share and brand notoriety. As a result, VAA decided to widen its product portfolio by offering decoration pieces where the other existing companies are not present. Carlos Sousa Machado gives the example of the French market, *"we cannot go with our tableware set into the market because when a French person thinks of the tableware set, it thinks of a French brand. It's like when a Portuguese customer thinks of buying a tableware set, he or she thinks of VAA. Going against the market's traditions is complicated. So, we went with a different approach in of isolated decoration pieces. Since the competition does not produce these types of pieces and it is already intrinsic in the consumer's mind that a tableware set cannot be anything other than that French brand. As a result, our approach to the market, when these are mature markets, like the French market, like all the European market, I'm speaking of the retail area because hotelware is completely different, we*

want to go with a differentiated approach. With a differentiated product, a contemporary product, a product connected to design since our competitors stopped a little in time. All the international brands stayed on the tableware sets which is a bit stagnated.” In 2009, when Visabeira acquired Vista Alegre, the company also acquired Bordallo Pinheiro<sup>4</sup>. This is a ceramic company with products linked to decorations.<sup>5</sup> In 2018, VAA restructured and acquired Bordallo Pinheiro from Visabeira. This restructure indicates that the company’s efforts to enter the decoration market, partially betting on Bordallo Pinheiro’s products, is further reinforced with this restructure. Moreover, internationally, it is not frequent to have stores fully specialized in tableware sets. As a result, entering the markets with decoration pieces allows the company to enter stores where the competition is not present. A considerable percentage of revenue from VAA came from wedding registry stores. Today, consumer tastes have shifted, and they prefer receiving more practical gifts like for instance money, or a television. Consequently, finding other sources of revenue by diversifying the product portfolio is important for VAA’s survival. Under this strategy, VAA is not only differentiating itself from competition, but also benefitting from a first mover advantage. The graph below shows the products offered by VAA and its main competitors.

	Tableware	Glassware	Cutlery	Home Decor	Giftware	Homeca	Home accessories	Cookware	Textiles	Lighting
VAA	•	•	•	•	•	•	•	•	•	•
Libbey	•	•				•				
Fiskars	•	•	•	•	•					
Villeroy & Boch	•	•	•	•	•	•				
Baccarat		•		•	•					•
BHS Tabletop	•	•	•			•				
Portmeirion	•				•		•	•	•	
Noritake	•	•	•	•	•	•	•		•	
Churchill China	•	•				•	•	•		
Degrenne	•	•	•	•	•	•		•	•	

Figure 2: VAA and its competitor's product portfolio

<sup>4</sup> *Jornal de Negócios*. (2018, Agosto 31). Retrieved from [www.jornaldenegocios.pt](http://www.jornaldenegocios.pt):

<https://www.jornaldenegocios.pt/empresas/detalhe/vista-alegre-compra-bordallo-pinheiro-a-visabeira-por-485-milhoes>

<sup>5</sup> Visabeira, G. (n.d.). *Grupo Visabeira*. Retrieved from [www.grupovisabeira.com](http://www.grupovisabeira.com): <https://grupovisabeira.com/pt/o-grupo#/historia>

VAA also shifted in its production method. Nationally, the company is known for producing products by hand. However, Carlos Sousa Machado reveals this to be a myth. Due to the advanced production methods in decal, which is the decoration method used in porcelain, only a professional can identify the difference. Moreover, the company believes that only with high awareness that it can enjoy the benefits of producing manually. Since VAA still does not have the desired brand awareness at an international level, it does not deem relevant incurring in these costs since the consumer does not value it. With the exception of a few pieces which cannot be produced through decal, VAA does not decorate its products manually.

### **3.5. Conclusions**

Internationalization was instrumental for VAA to return to growth and profitability. To internationalize, VAA adopted several strategies with the main ones being: defining priority markets and allocating most resources to them, creating partnerships with known designers to boost brand notoriety, and, lastly, diversifying the brand's product portfolio to create a wider presence in the markets. Moreover, with these, the company was able to differentiate itself in a highly competitive market.

Carlos Sousa Machado argues that for now these are the main strategies adopted by VAA. However, in his own words, "*this is until the competition wakes up and decides to create more contemporary designs and broaden its product portfolio like VAA*". What will happen then? What other strategies should the brand adopt? There is no shadow of a doubt that VAA was a falling brand and it was able to resurrect by internationalizing. However, the company still has a long way to go. VAA still needs to consolidate its presence in international markets and become a top of mind brand the same way it is in Portugal. Additionally, logistics need to be constantly adapted to create the best customer service possible. As a result, national production needs to accompany the hopeful increase in demand from international markets. These are all setbacks that the company needs to consider to sustain a successful internationalization.

## IV. Teacher's Notes

### 4.1. Overview and synopsis of the case and learning objectives

This case study presents the story of Vista Alegre Atlantis and how the company was able to turnaround through the process of brand internationalization. It is important to note that turnaround strategies naturally differ from company to company and this is merely an example of one of those strategies. The topics discussed in this case study are related to the necessary efforts to internationalize in this specific context. In this case study, students can explore the logistics in decision-making behind entering new markets, as well as the strategic decisions necessary to make the brand known. As a result, the key learning objectives extracted from this case study are:

1. The driving forces leading to a company's downfall
2. How companies choose new markets: the main goal is to understand what are the driving forces for a company to choose one market instead of another. Also making the student analyze the external environment and how this affects decision making.
  - a. Porter's five forces analysis
  - b. Psychic distance, experiential knowledge in the Uppsala Model
  - c. Ghemawatt's table
  - d. Strategic decision-making process
  - e. Hofstede's Model
3. How can a company identify its customers? : the main goal is for students to explore the marketing research concepts and apply this to a real life case.
  - a. STP
  - b. Personas
4. Strategies to create brand awareness: students will examine the strategies used by VAA and ponder on its advantages and disadvantages.
  - a. Brand awareness
    - i. Partnerships
  - b. Extending brand portfolio
  - c. Switching methods of production from handmade to machine-made
  - d. Keller's Brand Equity Model

## 4.2. Questions and Class Discussion

### 1. What were the causes leading to VAA's negative profits? And what were the main strategies adopted by the company?

Students should cover the following topics as the main drivers:

- Financial crisis
- Over focus on company's strengths
- Lack of financial backup to seek new markets effectively

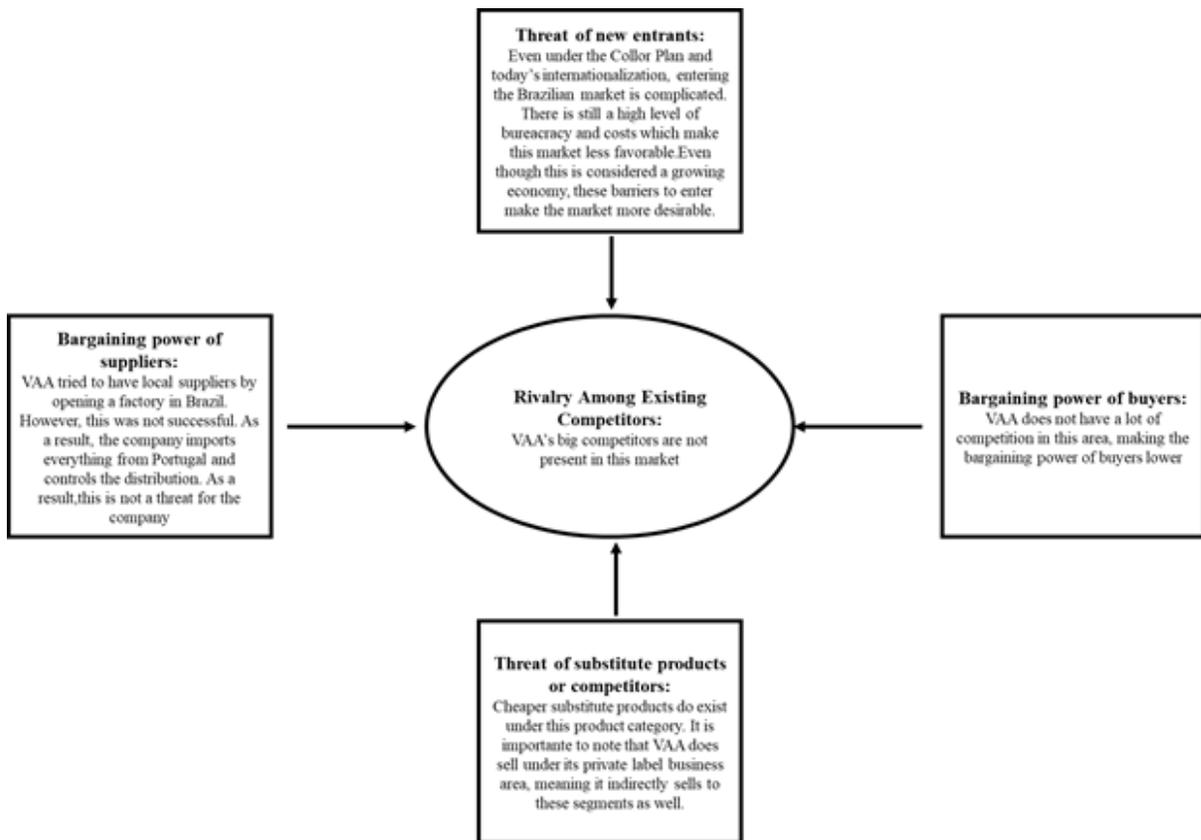
As a solution, they should be aware that the three main strategies are:

- Defining priority markets, creating more focus
- Partnerships to boost brand awareness
- Increase and adapt the product portfolio to strategically create a wider presence in market

### 2. What are VAA's priority markets? Why did the company choose these markets opposed to others? Choose one country and use the Cage Framework and Porter's Five Forces to exemplify this.

Students should be aware that VAA's priority markets are: Spain, Brazil, Mozambique, United States, India, Mexico and France. They should also explore the concept of psychic distance which is discussed in the literature review. The order of entrance in new markets is correlated with the degree of familiarity between the Portugal and the markets which VAA entered. For instance, looking at Hofstede's cultural dimensions, one can see that there is a higher degree of cultural familiarity between countries and that this started to decrease as the company entered new markets. Nevertheless, it is important to note that there are still many facilitators such as lower language barriers, religious and historical (in case of colonies). Regarding the latter, this strongly contributes towards, psychologically, creating a stronger relationship between markets. Students should also identify that a level of experiential knowledge is gained as VAA enters new markets and hence the reason for the cultural distance in more recent internationalization locations.

Even though Porter’s five forces analysis is used to measure the attractiveness of an industry, this may also be applicable to measure the attractiveness of an industry in a certain market. In the case of Brazil, which was the market most discussed in this case due to the specific dedication to its story, these can be identified. The following figure presents a suggested Porter’s Five Forces analysis similar to what should be discussed by students:



Literature indicates that the strongest barriers of entry, inside the threat of new entrants are: cost advantages of incumbents, product differentiation of incumbents and capital requirements in both early and late entry stages. In the case of Brazil, cost advantage of incumbents and product differentiation are not as significant since competition is low. However, the capital requirements are high. It is important to note that even though in the case of Brazil this is not relevant, in other priority markets where competition is higher, this is applicable. VAA decided to differentiate its products and diversify its product portfolio, partially, to combat the existing products in the market.

Regarding the cost advantage of incumbents, these are, in many cases surpassed by VAA since the company imports everything from Portugal. VAA's competitors outsource production in cheap-labor countries. However, given recent economic changes, these prices are not as low as before, causing competitors to have higher costs than before, but with a lower quality.

Students should also use the Cage Framework to identify the similarities between Portugal and the priority markets to identify the reason why VAA chose these priority markets. They should be aware that the Cage Framework indicates that the more similar the home market to foreign markets the higher the interaction in these markets. The table below sets as an example for the Cage Model in the case of Brazil.

Cultural	Administrative	Geographic	Economic
<ul style="list-style-type: none"> <li>• Portuguese</li> <li>• Frequent Brazilian visits to Portugal</li> <li>• Used to be a Portuguese colony so nationalities and tastes overlap</li> <li>• 5/6 of Hofstede's dimensions</li> <li>• Share religion</li> </ul>	<ul style="list-style-type: none"> <li>• Different currency</li> <li>• High importation costs</li> <li>• High bureaucracy in importation</li> </ul>	<ul style="list-style-type: none"> <li>• Very distant</li> <li>• Climate difference</li> <li>• 7 times the size of Portugal</li> </ul>	<ul style="list-style-type: none"> <li>• Different natural resources (tropical country)</li> <li>• Different infrastructures</li> </ul>

**3. What is the general process used by VAA to enter new countries in its priority markets? Comment on it.**

Students should discuss the various entry processes used by companies, for instance solely exporting under another name or to other stores or creating a company, opening a store and selling. The issues of distribution should also be discussed. In the case of VAA, in the retail area the traditional route is evaluating and studying the market, opening a company with the necessary departments and, finally, opening a store. Students should discuss the advantages and

disadvantages of this strategy. Setting up a company allows the company to have higher control over the market and trust since it is not relying on third parties. Also, there is no need to train new employees since these are already part of the company. On the other hand, there can be a disparity between cultures and lack know-how of conducting business in these markets. Importing products from Portugal rather than have production in the priority markets should also be discussed. With national production the brand has higher quality control, however, factories need to be able to produce up to the demand both nationally and internationally. Moreover, the company needs to support the high exportation costs and time which is, for example, the case of Brazil. Nevertheless, keeping production in-house can support the brand's desired image as well as perceived quality. The control over distribution should also be evaluated. Students should assess the advantages such as: higher control means higher customer satisfaction, and disadvantages such as: the lack of know-how of how to conduct business in these countries. Also, opening stores should be discussed in class. Students should be aware that this can reach higher, controlled, brand notoriety, since the brand is directly present in the country with its own name, but it should also consider the costs involved. Discussing this trade-off should lead to a rich class discussion.

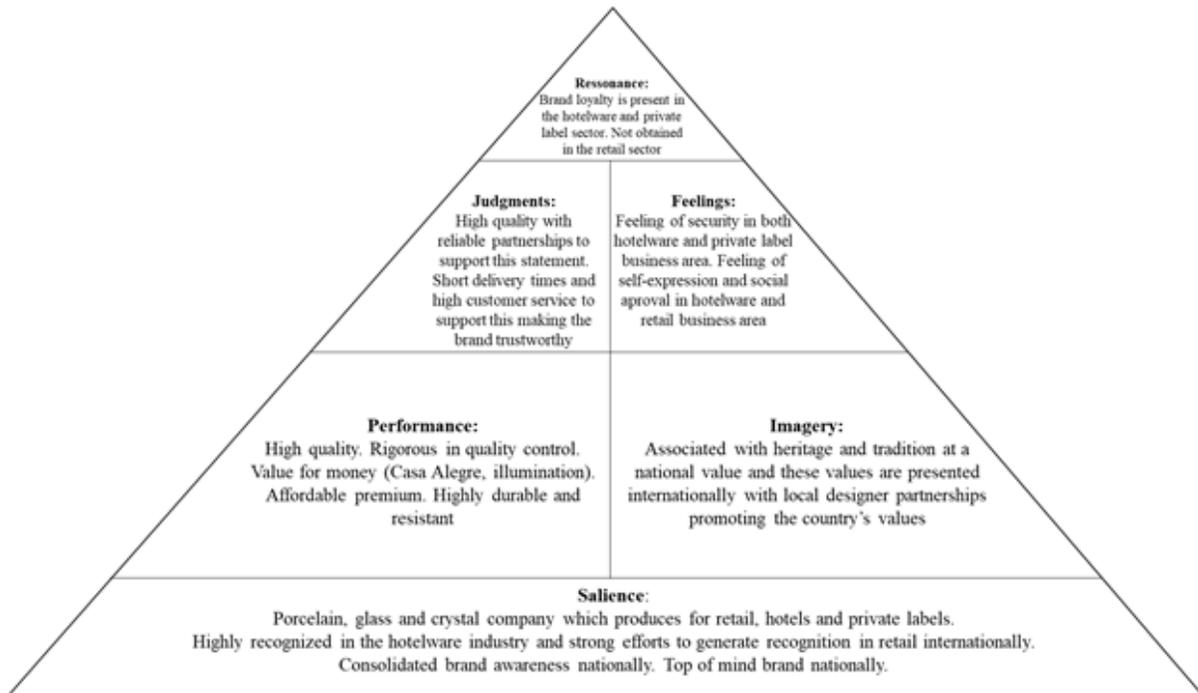
Students can also use the Uppsala Model to indicate this process.

**4. Who are VAA's customers? Create a persona as an example and use the STP model to explain.**

In this question, students should explore both the STP model and personas. With the STP model, starting with segmentation, students should be aware that customers for the great majority of VAA's products, in the retail business area, range from ages of 35 to 55 and these are women. VAA also has other secondary segmentation of males ranging from the same ages for bar and enology products and young families with the Casa Alegre Line. In the hotelware business area, customers are more informed and less emotional than those in the retail area. They are objective and observe the products technical characteristics and service in terms of deadlines. Customers from the private label area are similar to those in the hotelware business area. The main differentiator between these two is that the private label customer is more involved in the design/production process than the hotelware client. Moreover, these clients prefer to be geographically close to production to facilitate distribution logistics. They are more sensitive to price and want the best value for their money.

Students should explore the concept of personas and explain the steps involved in creating them.

5. Use Keller's Equity Pyramid to determine VAA's brand equity. With this:
  - a. Discuss VAA's decision to partner with other brands.
  - b. Discuss VAA's decision to diversify its product portfolio.
  - c. Discuss VAA's to produce solely machine-made products with a few exceptions.



Students should present a table similar to the one presented above and discuss it.

The decision to partner with other brands should be mostly discussed in the imagery section of the pyramid. Students should also recognize the ways it helped generate credibility for VAA as well as an initial vehicle towards brand salience.

VAA's decision to diversify its product portfolio is a distinctive factor in terms of competition, making it a point of parity. Moreover, students should discuss the strategic intentions in doing so. They should cover, once again, how it contributes towards brand salience since it is a way of making VAA's products present in more points of sale.

In the case study, it is argued that VAA opted to focus on machine-made products since brand awareness for the brand, in retail, is low making this process unnecessary. Students should discuss this and support it with the theory present in the literature review. They should debate the tradeoff between machine-made and hand-made and whether the low brand awareness is truly a deciding factor.

**6. Discuss the questions described in the conclusion. What should be the next steps for VAA? What new strategies should the company adopt?**

This is an open-ended question which students should reflect theoretically and with personal opinions.

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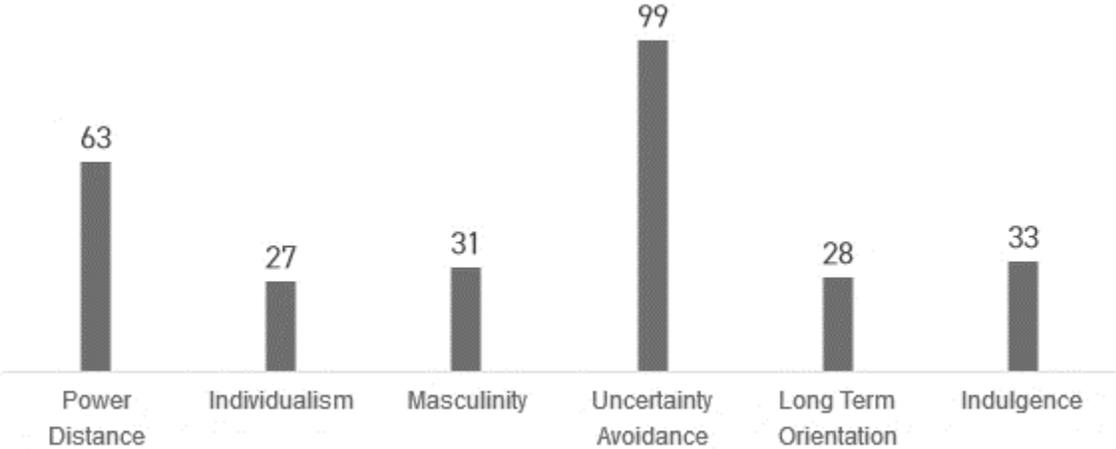
## Appendices

### Appendix I: Cage Framework

	Cultural Distance	Administrative and Political Distance	Geographic Distance	Economic Distance
Distance between two countries increases with...	<ul style="list-style-type: none"> <li>• Different languages, ethnicities, religions, social norms</li> <li>• Lack of connective ethnic or social networks</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of shared monetary or political association</li> <li>• Political hostilities</li> <li>• Weak legal and financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of common border, waterway access, adequate transportation or communication links</li> <li>• Physical remoteness</li> <li>• Different climates</li> </ul>	<ul style="list-style-type: none"> <li>• Different consumer incomes</li> <li>• Different costs and quality of natural, financial, and human resources</li> <li>• Different information or knowledge</li> </ul>
Distance most affects industries or products...	<ul style="list-style-type: none"> <li>• With high linguistic content (TV)</li> <li>• Related to national identity (foods)</li> <li>• Carrying country-specific quality associations (wines)</li> </ul>	<ul style="list-style-type: none"> <li>• That a foreign government views as staples (electricity), as building national reputations (aerospace), or as vital to national security (telecommunications)</li> </ul>	<ul style="list-style-type: none"> <li>• With low value-to-weight ratio (cement)</li> <li>• That are fragile or perishable (glass, fruit)</li> <li>• In which communications are vital (financial services)</li> </ul>	<ul style="list-style-type: none"> <li>• For which demand varies by income (cars)</li> <li>• In which labor and other cost differences matter (garments)</li> </ul>

Figure 3: Ghemawat, P.(2001) , Distance Still Matters. *Harvard Business Review*

**Appendix II: Hofstede Nation Tables**



*Figure 4: Portugal*



*Figure 5: Spain*



Figure 6: Brazil

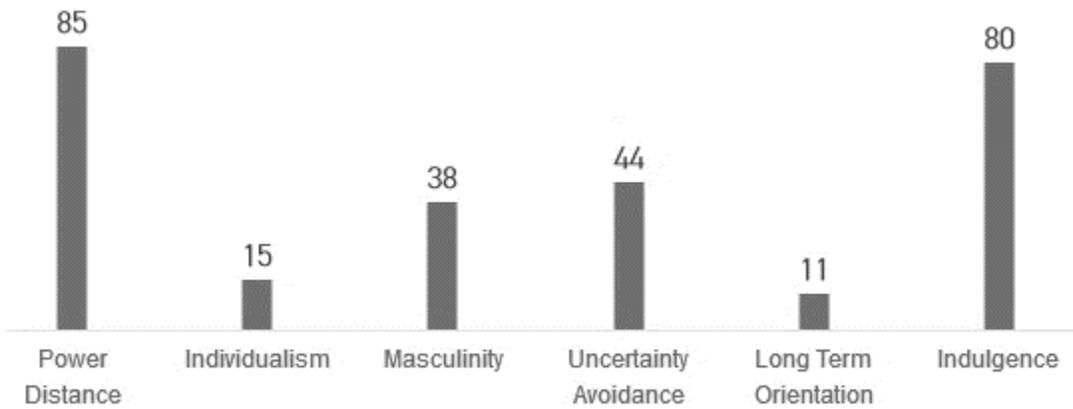


Figure 7: Mozambique

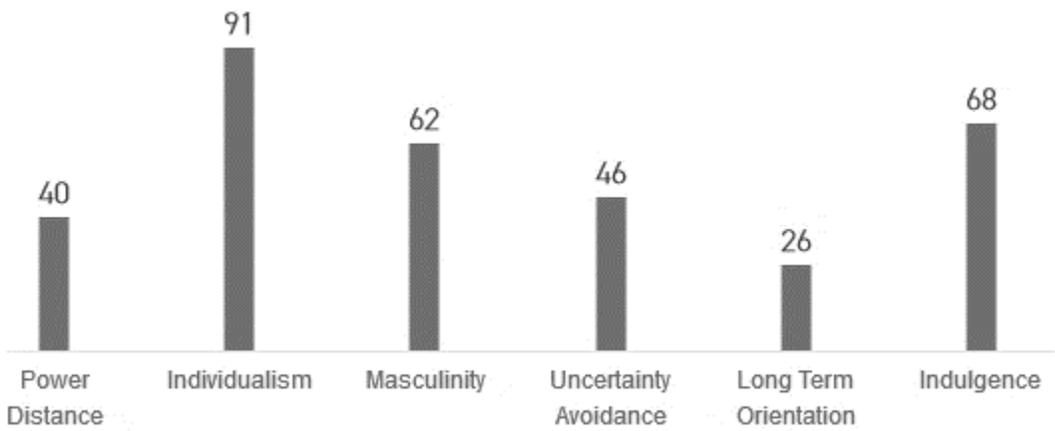


Figure 8: United States

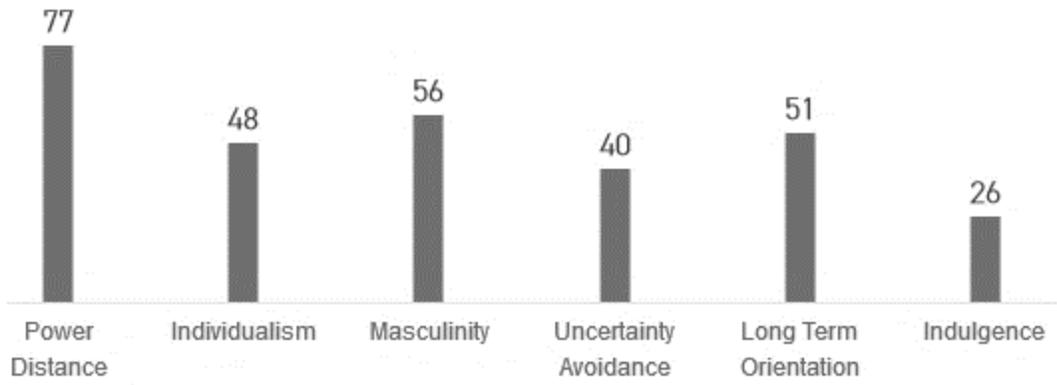


Figure 9: India

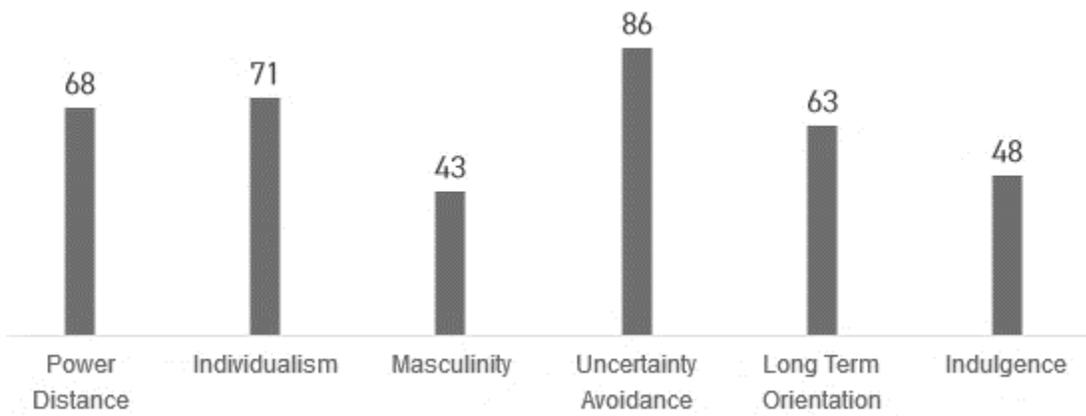


Figure 10: France

### Appendix III: Uppsala Model

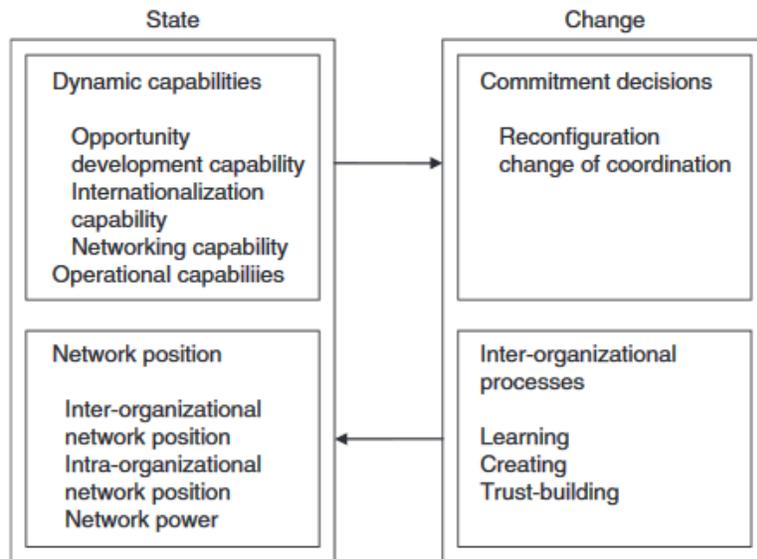


Figure 11: Jan-Erik Vahlne Jan Johanson, (2013), "The Uppsala model on evolution of the multinational business enterprise – from internalization to coordination of networks", *International Marketing Review*, Vol. 30 Iss 3pp. 189 - 210

### Appendix VI: Porter's 5 Forces

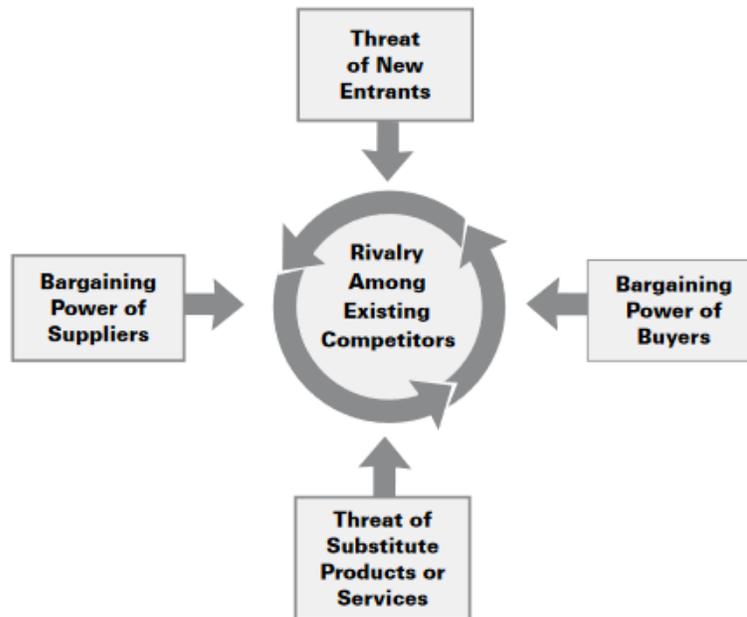


Figure 12: Porter M. (2000), *What is Strategy*, Harvard Business Review

## Appendix V: Keller's Resonance Pyramid

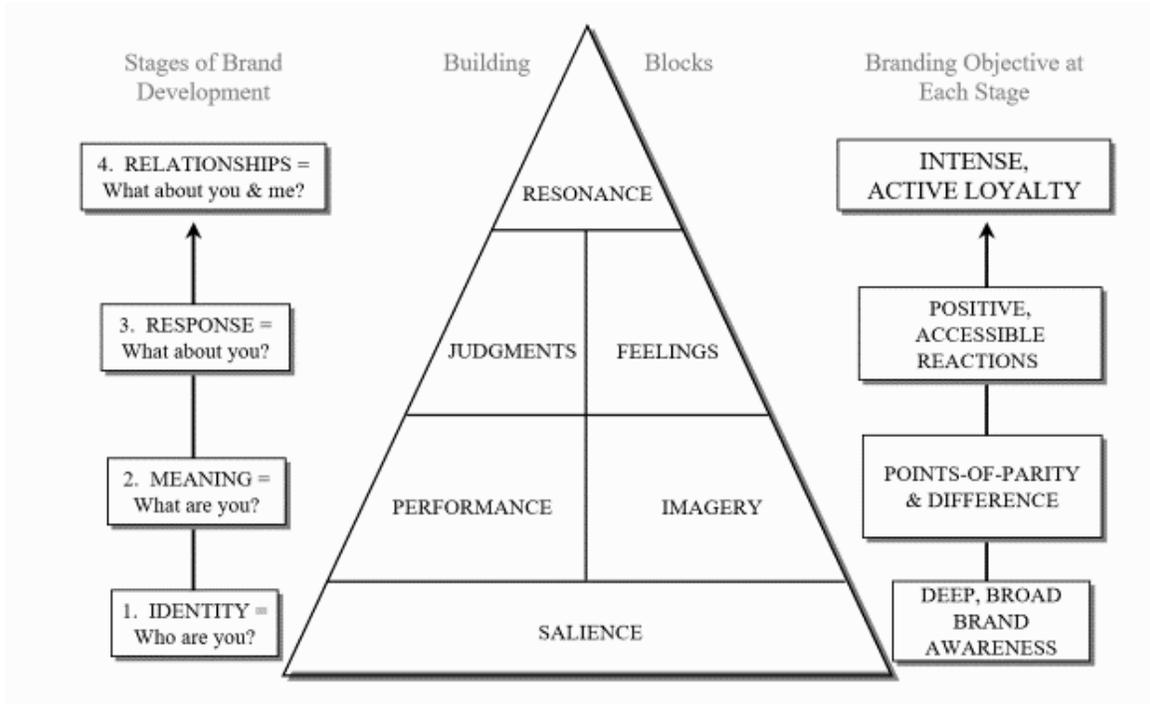


Figure 13: Customer-based brand equity model pyramid. Keller, K. L. (2009). Building Strong Brands in a Modern Marketing Communications Environment. *Journal of Marketing Communications*.

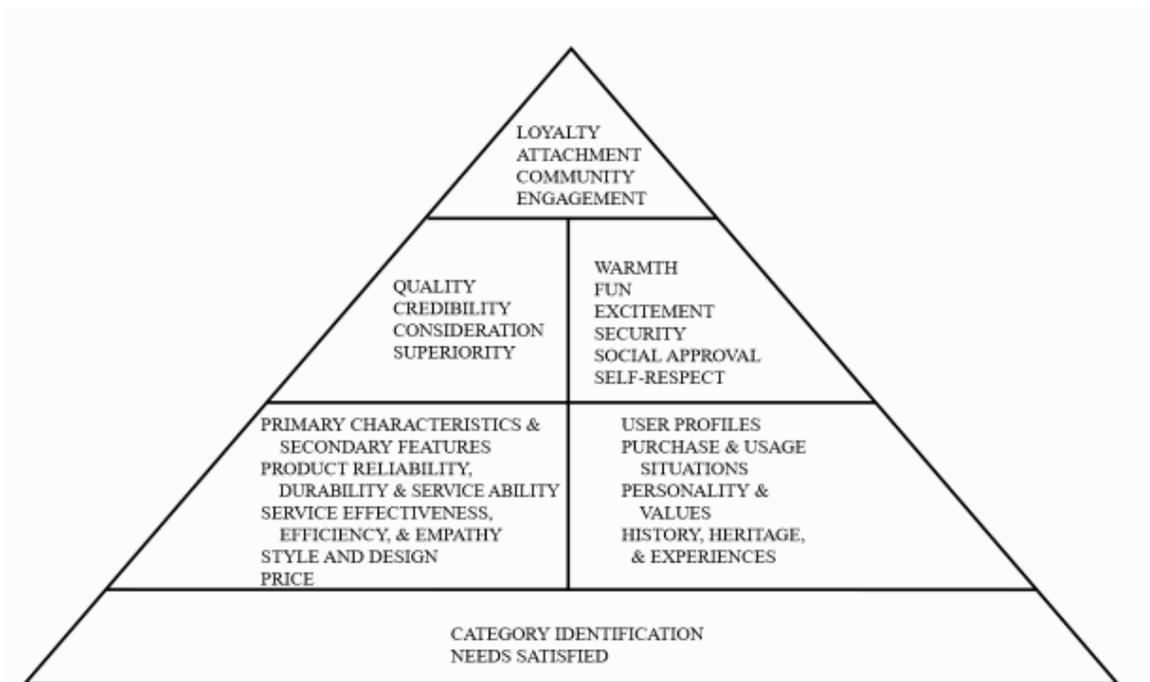


Figure 14: Sub-dimensions of brand building blocks. Keller, K. L. (2009). Building Strong Brands in a Modern Marketing Communications Environment. *Journal of Marketing Communications*.

**Appendix VI: Product Examples**



*Figure 15: Classic Vista Alegre Atlantis Tableware Set- Brest Collection*



*Figure 16: First House Tableware Set- Sagres Collection*



*Figure 17: Crystal Service-Chartres Collection*



*Figure 18: Bar Glass Set- Avenue Collection*



Figure 19: Jar from Bordallo Pinheiro Brand

**BRONZE**  
GRÉS STONEWARE GRÉS



BRONZE 37003620  
Tremasso Oval 40  
Oval Platter 40  
Fuentes Oval 40  
Plat. 2.2cm x 40cm 40  
ø 30 mm x 40 mm x 1,200 mm  
⇒ 1 1/8" x 16 1/8" x 1/2"



BRONZE 37003616  
Prato Raso 20  
Dinner Plate 20  
Plato Liso 20  
ø 140 mm x 1,000 mm x 1,000 mm  
⇒ 5 1/2" x 11 3/4" x 1 1/4"



BRONZE 37003617  
Prato Sopravasso 25  
Dessert Plate 25  
Plato Pastre 25  
ø 150 mm x 1,000 mm x 1,000 mm  
⇒ 5 7/8" x 11 3/4" x 1 1/4"



BRONZE 37003618  
T'pala Cerâmica 300 ml  
Ceramic Bowl 300 ml  
Bowl Cerâmica 300 ml  
ø 100 mm x 110 mm x 1,000 mm x 300 ml  
⇒ 3 7/8" x 4 3/8" x 3 7/8" x 11 3/4"



BRONZE 37003621  
Saladeira 28  
Salad Bowl 28  
Ensaladera 28  
Saladier 28  
ø 110 mm x 100 mm x 1,000 mm x 330 ml  
⇒ 4 3/8" x 10 1/8" x 3 7/8" x 11 3/4"



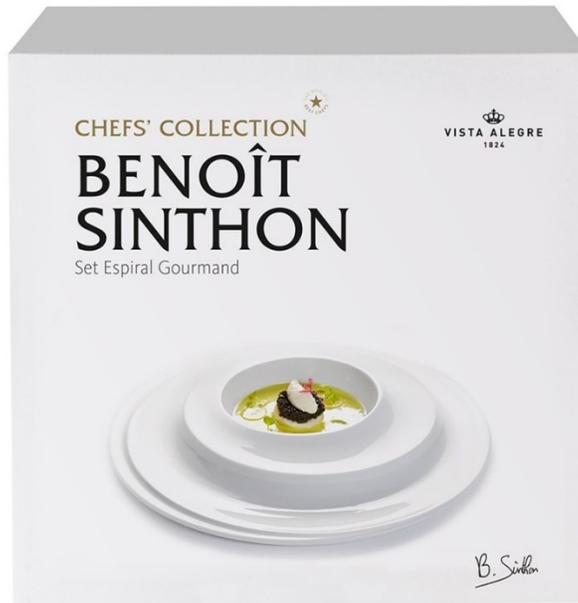
BRONZE 37004069  
T'pala Sopa 870 ml  
Soup Bowl 870 ml  
T'pala Sopa 870 ml  
Bowl de Sopa 870 ml  
ø 140 mm x 100 mm x 1,000 mm x 870 ml  
⇒ 5 1/2" x 11 3/4" x 3 7/8" x 11 3/4"



BRONZE 37003619  
Caneca 320 ml  
Mug 320 ml  
Mug 320 ml  
ø 110 mm x 100 mm x 1,000 mm x 320 ml  
⇒ 4 3/8" x 10 1/8" x 3 7/8" x 11 3/4"

Figure 20: Casa Alegre Products

## Appendix VII: Designer Pieces Examples



*Figure 21: Chef Collection by Chef Benoît Sinthon*



*Figure 22: Lamp by Ross Lovegrove- Earth to Humanity Collection*



*Figure 23: Tableware Set by Oscar de la Renta- Coralina Collection*



*Figure 24: Candelabra by Christian Lacroix- Butterfly Parade Collection*