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PORTUGUESE WINE SME COMPETITIVENESS

ANA BEATRIZ LOUREIRO DE VASCONCELOS SANTANA

CATARINA COSTA SEQUEIRA

MARIA BEATRIZ DE JESUS SILVA

NANDITI PRADIPE BACHU

RUI PEDRO FIGUEIRA DA SILVA FERREIRA

Work project carried out under the supervision of:

Professor João Pedro Delgado

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Abstract

Pimentel is a Douro valley wine SME, intending to increase its international scope. Hence, to derive potential foreign markets, a PESTEL-based geographical analysis was performed, resulting in a country ranking and clustering of 103 countries, from which the United Kingdom, Ireland, Germany and South Korea were selected to perform an in-depth analysis. Given their potential, Germany and South Korea were chosen for direct exporting, being provided with prospect partners and marketing recommendations, based on the STP and 4P frameworks. A financial assessment through the Discounted Cash Flow method proved the expansion to both markets to be viable.

Keywords: Entry Strategy, Germany, Internationalization, Market Selection, SME Competitiveness, Strategic Analysis, South Korea, Wine

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The present Work Project takes as central organizational challenge the Internationalization of a Portuguese Wine SME operating in the Douro valley, aiming to provide a comprehensive foreign expansion plan. In answering the central problem, a thorough methodology and analysis comprising group and individual contributions will be developed, to select the markets for entry and their internationalization and marketing strategies, as well as to diagnose the project's possible financial outcomes and overall feasibility. Such investigations will culminate in a general discussion and proposed solutions for the project, that will consider the developed examinations in providing a comprehensive conclusion for the organizational challenge.

1. Company Background

As one of the most renowned properties and winemakers in the Douro valley area, Pimentel is located near the river's left bank in Lamego county, Portugal. While its estate is first documented in the 18th century, its 75 acres of vineyards seeded in a UNESCO World Heritage Site date back to the 16th century. Pimentel's commitment has consistently been the production of Port and Douro wines but in 1995, it started a Wine Tourism venture, welcoming visitors to the property and selling wines in its wine shop. Throughout the years, the property explored its available offers to consumers, by involving visitors in supply chain activities (mainly in the harvesting, by picking and crushing grapes) and offering accommodation in its four stars Wine House Hotel.

As disclosed by the company, a new cycle began in 2012 when two French partners responsible for a food and wine distribution chain in their home country, acquired the business and joined the family-run administration in defining a clearer focus. Together with NOVO BANCO, they engaged in further pairing the wine quality and wine tourism. Indeed, Pimentel wine and wine tourism businesses have grown from only six employees in 2012 to seventy permanent workers in 2018, attracting and motivating the best talent with wages above the industry standards.

In 2018 a new project began, supported by Portugal 2020 with €3.29 million and by BPI 2020 with €1.65 million. This project promotes innovation by creating a new accommodation style in the shape of wine barrels, providing a one-of-a-kind experience in the middle of the vineyards. Furthermore, 24 new rooms, a wine therapy spa, an expansion of the wine shop capacity and the creation of new multipurpose rooms will be concluded by the end of 2020.

2. The Portuguese wine industry

As a Small-Medium Enterprise (SME) within the Portuguese wine industry, Pimentel is subject to sectorial opportunities and constraints. Porter's Diamond framework displays how home-based advantages can be used so that an industry thrives at an international level. Overall, despite the industry fragmentation and regulations established by the European Union (EU) and the Portuguese State entities, Portugal leverages on factor and demand conditions, as well as strong related industries, beneficial for the international wine market.

2.1. Porter's Diamond

I. Factor conditions

Factor conditions refer to the country's specific characteristics regarding factors of production, considered fundamental for firms to become competitive in a given industry. Factor conditions comprise two main categories: natural and human resources (Vlados 2019).

Portugal holds 199 thousand acres of vineyards, one of the largest extensions in Europe (Jornal de Negócios 2017). The country's geographical position grants producers with great climacteric and soil conditions to grow diverse grape types. Indeed, Portugal is among the EU countries with the highest grape varieties, amounting to 285, translating directly into the ability to produce an array of unique wine qualities (Wines of Portugal 2020). Nevertheless, despite the rising efforts from producing companies and academic establishments to develop qualified workers,

it lacks specialized talent, with viticulture not yet perceived as an attractive area. Such supply shortage results in higher salaries for the existing labour force (Almeida 2017).

II. Demand conditions

Demand influences the behaviour of firms towards improvement and innovation. Thus, a sophisticated home demand, in terms of composition and size, improves industry performance (Vlados 2019). The latest report from the International Organization of Vine and Wine, showed that Portugal has the world's highest per capita consumption of wine, of around 60L (Figueiredo and Ramos 2003). Such demand is mainly served by domestic producers, with Portuguese consumers showing a clear preference for national wines (Agricultura e Mar Actual 2019).

Wine consumption has transitioned in the past decades from being essentially consumed by workers for its energy benefits, towards being perceived as a social drink. This shift is associated with an acquired sophistication of consumers' tastes and a search for excellence, creating a positive pressure on producers to increase wines' quality (Agricultura e Mar Actual 2019). Moreover, consumption amongst younger consumers altered, with a tendency of wine being substituted by beer (Jornal de Notícias 2013). This incentivized winemakers to innovate and produce less "traditional" wines to cater to this segment (Agricultura e Mar Actual 2019).

III. Related and Supporting Industries

Related and Supporting Industries are the set of players that provide firms with complementary products or simply the opportunity to share activities (Vlados 2019). The wine sector is supported by industries mainly responsible for specialized production equipment, as well as glass bottles and cork, necessary for packaging purposes. The Portuguese cork industry, represented by Corticeira Amorim, is the biggest worldwide, leading exports in 2017 (APCOR Portuguese Cork Association 2019). The transformation of glass into recipients' industry is represented by AIVE (Associação dos Industriais de Vidro de Embalagem), composed of 3

main companies: BA Glass, Vidrala and Verallia Portugal (Associação dos Industriais de Vidro de Embalagem 2020). Furthermore, Wine Tourism has boosted wine producers' visibility, with winemakers leveraging the increasing interest in wine-related experiences, such as harvesting, foot treading and wine tastings (Correia, et al. 2014).

IV. Firm strategy, structure and rivalry

Firms' strategy and structure are mostly affected by the country's current circumstances in the economic and political spectrum. These forces can influence, positively or negatively, how firms are managed or compete among themselves. As for rivalry, it is viewed as a necessary driver for innovation among competing firms (Vlados 2019).

The wine sector is highly regulated by the EU and the Portuguese government, subjecting each industry player to autonomy constraints. These players comprise cooperative entities that represent small wine producers and/or grape growers, private winemakers that grow their grapes, or winemaking companies that buy grapes from third parties (A. G. Goncharuk 2017).

To defend a uniform image of the Portuguese wine sector at an international level, public administrative entities were created. These include Instituto do Vinho e da Vinha (IVV) which guarantees that all wine producers comply with EU guidelines and IVV's quality policies. This entity also supports and enhances the internationalization of the sector (IVV 2020).

Such monitoring is also replicated at a regional level. For instance, in the Douro Valley, wine production is certified by Instituto dos Vinhos do Douro e do Porto (IVDP), responsible for upholding the designation of the Douro and Port origin, and the Duriense geographical indication (eportugal 2020). To safeguard the continuity and preservation of Port wines, IVDP has the authority to set a maximum ceiling on Port wine sales to all regional winemakers, with commercialization usually restricted to 30% of the wines produced in the previous year

(Appendix 1). If a company is to experience a strong surge in demand, this may be responded through the acquisition of wine or grapes from local certified vineyards (IVDP 2015).

3. Company Profile and Analysis

In determining Pimentel's readiness to internationalize, the company's strengths and weaknesses must be assessed. An internal analysis of the company was drawn, highlighting relevant insights on Pimentel's financial and tangible resources, as well as on its organizational structure and basis of its competitive advantage, essential to pursue global market opportunities.

3.1. Organizational Structure

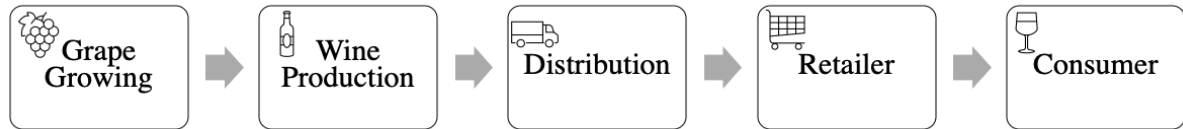
While the Pimentel name and estate encompass both the Hotel and the wine harvesting production, which employ approximately seventy workers, these businesses constitute separate corporate entities. With the scope of this project being wine sales, the focus lies on Pimentel S.A., which at a managing level includes the Administration, with two General Directors. Both businesses share a Financial Department which accounts for a Financial Director and four employees. Furthermore, the Commercial Department accounts for a Sales Manager, as well as one Export Manager. Nevertheless, the Administration also plays a valuable role in establishing commercial ties, providing support to the department. Furthermore, the company has an internal designer, responsible for Pimentel's brand design and labelling. Lastly, the Production department has three cellar workers and the Viticulture one counts on five permanent field workers. Pimentel also displays an internal Oenology department, relying on a consultant as well as a director which is a family member of the founders.

3.2. Supply Chain and Operations

Pimentel leverages on its historic expertise to guarantee excellence across all stages of its supply chain, especially the ones performed in-house. The company's supply chain is similar to the industry's, in broad terms: grape growing, wine production, distribution, retailer, the consumer.

Nevertheless, depending on the final consumer, it may shorten, as is the case of selling in the hotel's wine shop (that does not involve distributors nor retailers) (A. G. Goncharuk 2017).

Figure 1: Wine Industry Supply Chain



As a member of the IVDP, Pimentel depends on these entities' classification of the quality of its vineyard parcels (IVDP 2019). This ranking, from A to H, has the final goal of ensuring the region's wine quality, with higher classifications corresponding to greater harvests permitted. This assessment is made through a punctuation system that depends on the soil, climate, and agricultural factors (*Appendix 2*). Thus, to maximize the harvest, Pimentel aims for the highest classifications and grows grapes with this goal. The harvest is both made by locals and visitors. To increase capacity, Pimentel also acquires grapes from partners like Vale Abraão and small producers in Vale da Vilariça, ensuring they have high classifications as well.

The wine production is made in-house, supervised at all stages by the oenologist, a member of the administration's family, with unique expertise on Pimentel's terroir. The steps of this stage consist of stemming, crushing, fermentation and storage.

The stemming phase is performed by specialized equipment whilst the crushing is both performed by Pimentel's workers and visitors using the foot treading technique (as part of the experience). Crushing is not done by machines as Pimentel believes that this traditional technique frees more flavour and colour, which is optimal in the production of fortified wines. After these first steps, grapes are transformed in must and left for fermentation in stone vats. In the fermentation process, the must undergo racking, fining, filtration, and refrigeration to originate different wines.

The process is monitored by Pimentel's oenologist, whose assessment of attributes such as the grape types, grape quality, sugar concentration and alcohol level, defines the wine type to be produced. After the fermentation process, the wine is stored in French imported barrels, with storage being supervised by IVDP. Storing times depend on the final product and can be done both inside the bottles and in barrels, with the barrels' size and wood surface also affecting the flavour. The bottling is done in-house with supplies from different partners.

The distribution stage lies in transporting the final products to national and international markets and relies on partners for that end. Transportation is usually done by truck, at a national level, and by truck or sea, at an international level. Most partners are food and beverage distributors with relevance in the markets Pimentel is present in. The distribution leads towards supermarkets or restaurants, connecting Pimentel with the final consumers.

3.3. Products

Pimentel's portfolio comprises Douro and Port wines as well as other products, such as olive oil. Nevertheless, wines are the focus of the company.

I. Douro Wines

Douro wines are relatively recent to the international market, which pressures producers to practice relatively low prices given these wines' quality (Hogg and Rebelo, *Rumo estratégico para o setor dos vinhos do Porto e do Douro* 2017). Throughout the years, these wines have become more relevant overseas but are still lagging in comparison to Port wines' notoriety (Hogg and Rebelo 2017). Douro wines are the category most sold in Pimentel's portfolio with a representative growth in both quantities sold and revenue, from 2018 to 2019, of 32% and 40%, respectively, as shown in *Appendix 3*. In the latter year, Douro wines represented about 68% in value and 47,5% in volume as showcased in *Appendix 4*.

This category comprises sparkling and still wine, with the latter being divided into Red, White and Rosé. These are further subdivided quality-wise in Terroir, Superior and Reserve. Pimentel's Douro portfolio also considers a Late Harvest, a sweet white wine produced with Sémillion grapes. Within this category, the most sold products in 2019 were Pimentel's Terroir Red and Superior Red. Other relevant products were Pimentel's Terroir White, Reserve Vinhas Velhas, Grand Reserve Touriga Nacional and Superior White. Considering price position, the most affordable products are the Terroir line (around €9) and the more premium products are the Grand Reserves, Vale Abraão and the Sparkling wine. *Table 1* shows the main products from Pimentel's Douro wine portfolio and their percentage in the 2019 sales.

Table 1: Douro Product Price and Percentage of 2019 sales

Douro Wines			
Category	Product	Price (Pimentel e-commerce)	% of 2019 sales
Red Wines (76,6%)	Pimentel Terroir Red	9€	23%
	Pimentel Superior Red	12€	22,5%
	Pimentel Reserve Red	15€	3,9%
	Pimentel Reserve Vinhas Velhas*	19€	10,7%
	Pimentel Grand Reserve Touriga Nacional	29€	5,7%
	Pimentel Red Grand Reserve Roriz	Not available	0,3%
	Pimentel Lagar Nº1	39€	3,7%
White Wines (18,6%)	Pimentel Vale de Abraão	58€	4,8%
	Pimentel Terroir White	9€	11,4%
	Pimentel Superior White*	12€	4,7%
	Pimentel Reserve White	15€	Not available
	Pimentel White Grand Reserve*	39€	1,4%
Rosé (4,3%)	Pimentel Late Harvest	24€	0,8%
	Pimentel Terroir Rosé	9€	3,2%
Sparkling (0,5%)	Pimentel Rosé Reserve*	19,50€	1,1%
	Pimentel Douro Sparkling Wine	65€	0,5%
*Wines awarded by Wine Enthusiast Magazine (over 88 classification) Note: 2,3% correspond to wines with bottle size different from the standard 750 ml or 1,5l as well as products outside the main portfolio such as Pimentel Reserve Tony Carreira and Pimentel Lagar nº8.			

II. Port Wines

Port is a fortified wine that can vary in colour and sweetness, with a history that dates to the 17th century. While its commercialization is well established with a solidified reputation overseas, sales have been decreasing in the last decade, revealing a necessity to diversify and innovate within this category (Hogg and Rebelo, *Rumo estratégico para o setor dos vinhos do Porto e do Douro 2017*). Pimentel's diverse Port wine portfolio represented 25% of 2019 total sales and 7% of quantities in the same year (*Appendix 4*).

The company commercializes Ruby wines, characterized by their ruby colour, stemming from a short oxidation process, as well as Tawny Port, which presents a deeper red colour. Additionally, Pimentel offers a product line of Aged Tawnies, which accounted for 58% of the Port category revenues in 2019. These are aged in wood, with the labelled number of years representing the average age of the different harvests within the product (in Pimentel's case, it varies from 10 to 40 years). On a higher-end side, there is a Vintage Selection, representing wines of very high quality made in exceptional years, certified by IVDP and Late Bottled Vintages, also of notable quality. Additionally, the company offers the premium Harvest line, produced from a single harvest. Finally, Pimentel produces White Port and, on an innovative side, a Pink Port. The Port portfolio also includes Moscato, a sweet refreshing wine made from a specific grape variety that is usually perceived as a separate category, besides the sweetest tasting Port, Lágrima (*Wines of Portugal 2010*).

Within this category, the best-selling product is the Port 10 years, representing 21% of 2019 sales of the Port category. In terms of pricing, Pimentel Tawny, White, Ruby and Pink Port are the most affordable products (around €15 to €17), and the Port Harvest category the more premium line. The following table highlights the main products from Pimentel's Port wine portfolio and their percentage in the 2019 sales.

Table 2: Port Product Price and Percentage of 2019 sales

Port Wines and Percentage of 2019 sales			
Category	Product	Price (Pimentel e-commerce)	% of 2019 sales
Tawny (69%)	Pimentel Tawny Port	15€	9,0%
	Pimentel Tawny Reserve Port	17€	2,4%
	Pimentel Aged Tawny Port 10 Years	21€	21,0%
	Pimentel Aged Tawny Port 20 Years	38€	10,4%
	Pimentel Aged Tawny Port 30 Years	60€	13,2%
	Pimentel Aged Tawny Port 40 years	106€	13,3%
Ruby (2,2%)	Pimentel Ruby Reserve Port	17€	2,2%
Port Harvest (4,8%)	Pimentel Port Harvest '62	450€	0,8%
	Pimentel Port Harvest '63	Not available	0,9%
	Pimentel Port Harvest '69	385€	1,1%
	Pimentel Port Harvest '00	150€	0,1%
	Pimentel Port Harvest '04	75€	0,4%
	Pimentel Port Harvest '05	70€	0,5%
	Pimentel Port Harvest '07	60€	0,4%
Vintage (8,9%)	Pimentel Vintage Port '03	Not available	1,2%
	Pimentel Vintage Port '12	55€	1,1%
	Pimentel Vintage Port '16	65€	4,6%
	Pimentel Vintage Port '17*	65€	2,0%
LBV (2,6%)	Pimentel Late Bottled Vintage (LBV) Port	25€	2,6%
White (5,6%)	Pimentel White Port	15€	5,6%
Pink (1,9%)	Pimentel Pink Port	17€	1,9%
Port Lágrima (2,8%)	Pimentel Port Lágrima	Not available	2,8%
Moscato (1,2%)	Pimentel Douro's Moscato Wine	17€	1,2%
*Wines awarded by Wine Enthusiast Magazine (over 88 classification) Note: 3,5% correspond to Port products not in the main portfolio			

To lure customers towards purchasing through its e-commerce platform, which provides the company with better margins, Pimentel offers premium discovery packs. These include for instance four Douro and two Port bottles for €200 whereby four are awarded products as well as quantity packs of six or twelve units of the same product with free delivery.

3.4. Consumers & Channels

Pimentel can serve various segments in terms of preferences, ages and behavioural variables, by providing both traditional and more irreverent and innovative wine varieties and diversification in terms of grape varieties, categories and flavour. Furthermore, the company practices price discrimination by offering premium, regular, and lower-end wines, hence serving customers with different willingness to pay. Hence, the portfolio enables Pimentel to cater to a broad, rather than a specific segment, such that consumers cannot be easily profiled as typical Pimentel clients. Hence, the core differentiation amongst the served clients is based on the utilised channels, with Pimentel selling at both an off-trade and on-premise level.

In what regards off-trade retail, consumers can purchase Pimentel's products through the established sales channels, online and in the estate's wine shop, or via retailers. Indeed, retailers play a major role in Pimentel's business, providing a higher degree of visibility and scale. In Portugal, the company works with top vendors such as SONAE and Jerónimo Martins, partially adapting its labelling and packaging for the different players, to avoid price conflicts. In general terms, Pimentel only displays the lower end of the portfolio in national retailers. At an international level, retailers are viewed as strategic partners that facilitate the process of entering a new market, being responsible for selecting the right products to introduce in foreign markets and for promoting them effectively.

Similarly, Pimentel's on-trade presence entails national and international restaurants, mainly served through distributors. Unlike retail vendors, this channel is catered to the higher-end, premium products of the portfolio. Although Pimentel is present in several restaurants, its feature on the wine list of L' Atelier de Joël Robuchon, a restaurant owned by the chef with the most Michelin stars worldwide, is a noteworthy achievement.

3.5. Competitive Advantage

Pimentel's insertion in IVDP shapes its strategy towards the collective goal of promoting Douro Valley landscapes and viniculture activities in the national and international market (Hogg and Rebelo, Rumo estratégico para o setor dos vinhos do Porto e do Douro 2017). The final goal is to ensure constant innovation and quality improvement of the Douro Demarcated Region's wines, generating the necessary awareness for the producers of this area. Nevertheless, despite the overall regional reputation, each winemaker seeks either ways of differentiating their brand or of reducing costs relative to other players.

Despite located in the Douro Valley, in terms of costs, Pimentel benefits from a flat rather than a harder to harvest steep-slope terroir, as is common in the region, thus displaying higher efficiency per square meter and lower production costs.

Similar to other vineyards, Pimentel aims to differentiate by offering a unique experience to its visitors, building on its property's activities. With the sale of Port and Douro wines as Pimentel's core business, the lodging and restaurant serve as vehicles to further increase company visibility. With this focus, the continuous commitment and investment in both wine and wine tourism, granted Pimentel as SME leader in 2019, with the company being considered one of the main players in the Douro Valley. Pimentel's pursuit of a strong brand reputation is crucial when selling in retailers or restaurants, as consumers are overwhelmed by similar products with few distinctions amongst them (Ramos, et al. 2003).

Therefore, one differentiating element Pimentel leverages on is its innovative approach, reflected in the development of novelty wines such as Pink Port. The company also promotes a modernizing image of wine beyond a conventional drink to be consumed on its own, by developing campaigns and video tutorials that display its use as an appealing ingredient for different cocktails and beverage mixes. Indeed, even if some competing producers display

similar-sized or larger portfolios, Pimentel's products still capture the differing preferences for dry and sweet wines within the available categories, in addition to varied price sensitivities.

3.6. Financial Analysis

Pimentel's effort towards national and international coverage has been fomented by solid and stable financial results, as shown by the figures from 2017 to 2019, displayed (*Appendix 5*). From 2017 to 2018, sales grew at most 4%, with the presence in foreign markets being constant. However, from 2018 to 2019, sales rose 24.69%, with Pimentel further expanding internationally. Altogether, sales growth during the three-year period analysis mirrors a favourable result for the company's revenue base. Conversely, from 2017 to 2018, Net Income decreased 23.10%, which may be explained by the slight growth in sales in comparison with the increase in operating expenses. However, from 2018 to 2019, despite the continuous growth in operating expenses, Pimentel's Net Income increased 7.12% as sales grew by 24.69%.

A ratio analysis provided further insights on Pimentel's financial performance, with the company showing satisfactory rates in liquidity terms and being capable of meeting its short-term obligations. The same applies to long-term obligations and solvency, nevertheless, in the financial leverage ratio, for instance, Pimentel seemed to present high values. According to Carreira et al, SMEs in the wine industry, in overall terms, can meet both short-term and long-term obligations, however, they are not financially autonomous in comparison to most big players (Carreira and Diz 2013). This may be a reason why an SME needs to lever its operations through external funds, resulting in higher financial leverage ratios.

Pimentel seems to be financially prepared to carry its international expansion, as it had a steady performance during the period under analysis. Nevertheless, it must carefully manage and control the debt to be employed to finance its activities. In fact, the financial leverage ratio in 2019 was 2.03, meaning that more than half of the company's assets were financed by debt.

3.7. Current International Presence

Pimentel has leveraged on its competitive advantages, supply chain, operations and human talent throughout the years to become one of the most relevant SMEs in Portugal. Together with stable financial results and support from the administrative entities, Pimentel has a growing focus on expanding its presence internationally, having been present in up to 21 countries across the Asian, American, and European markets through exporting.

The international market accounted for approximately 35% of sales in the period under analysis, amounting to €1.4 million in 2019. Nevertheless, Portugal is still the largest market, representing the remaining 65% of sales, having grown 39% in 2019 (*Appendix 6*). *Appendix 7* displays in detail the foreign markets Pimentel had sales from 2017 to 2019, with Table 3 highlighting the top 5 countries with highest Douro and Port sales in 2019.

Table 3: Top 5 International Markets of Douro and Port Sales in 2019 (Sales of last three years and respective Growth Rates)

Country	Sales in 2017	Sales in 2018	Sales in 2019	Growth of Sales 2017 to 2018	Growth of 2018 to 2019
Pimentel Douro	2 344 289 €	2 456 169 €	3 441 025 €	5%	40%
Portugal	1 642 734 €	1 917 926 €	2 625 499 €	17%	37%
France	336 418 €	327 312 €	378 980 €	-3%	16%
Brazil	7 506 €	16 650 €	166 372 €	122%	899%
China	189 561 €	96 896 €	149 576 €	-49%	54%
United States	26 293 €	14 608 €	20 639 €	-44%	41%
Denmark	3,262 €	3 069 €	19 374 €	-6%	531%
Pimentel Port	869,850 €	963 274 €	1 248 392 €	11%	30%
Portugal	544 184 €	633 343 €	793 031 €	16%	25%
France	90 349 €	169 043 €	207 611 €	87%	23%
Russia	0 €	0 €	72 266 €	-	-
China	138 986 €	73 102 €	41 470 €	-47%	-43%
Denmark	9 472 €	16 670 €	39 258 €	76%	135%
Brazil	1 299 €	0 €	28 501 €	-100%	-
United States	43 290 €	17 280 €	13 273 €	-60%	-23%

Table 3 highlights the most relevant foreign markets for Pimentel in 2019 were France, Brazil, China, Russia, Denmark and the United States (US). Hence, it is not only important to analyse the sales and growth in these countries but also the strategies implemented. The next chapter will assess wine SMEs' general entry strategy and portray Pimentel's market approaches.

3.8. Current Internationalization Strategy

Wine sector SMEs usually lack a clear internationalization vision and tend to rely on partners to manage their presence in a given foreign market, such that their most common internationalization strategy tends to be direct exporting. This method implies a direct relationship with a foreign partner without any domestic third-party involvement (The International Trade Administration 2016). These relationships usually arise from the attendance of wine trade fairs and events which are a valuable way to be exposed to worldwide contacts, such as importers and distributors (Couto e Ferreira 2017). Once established, these partnerships are usually not actively nurtured, such that SMEs become fully reliant on the importers, failing to build the necessary market knowledge to maximize the countries' potential.

Pimentel employs an internationalization strategy similar to the above-mentioned, usually relying on its partner's inputs and efforts to grow its relevance abroad. Specifically, its entry in the Russian market surged from attending the country's main food and drink fair, Prodexpo, where Pimentel presented its portfolio and business to potential local partners (Prodexpo 2020). Consequently, the company built a presence in a premium supermarket chain enabling the market to become one of the most relevant in Port wine sales. In fact, the most popular products are the Port LBV, Reserve and Aged Tawnies. Similarly, the presence in Denmark is also based on direct exporting but focuses in on-trade premium channels. However, this market displays sales in both Douro and Port with the best sellers in each category including Pimentel's Late Harvest and Vinhas Velhas Douro options as well as the Port Aged Tawnies.

Nevertheless, some markets' entry arises from circumstances other than trade fairs, as brand visibility and connections, which play an important role in internationalization. Indeed, both China and France represent countries in which the company's administration had a crucial part in establishing market presence. Specifically, the relationship with the Chinese partners arose from personal acquaintances of the administrators, being closely managed by the Administration. This partnership differs from several others, as the partner actively takes potential customers to visit Pimentel's estate. Furthermore, the company adjusts its products and labelling to this market, as Chinese consumers' tastes are considerably different to Western ones. In fact, in 2017, Pimentel even launched a specific product for this market, the Douro Lagar nº8. In 2019, the preferred products were the Reserve Vinhas Velhas, Red Terroir and Superior Douro wines as well as Port Vale Abraão and Aged Tawnies.

Parallely, the presence in France, Pimentel's largest foreign market, is rooted on the effort of the company's French investors, that had ties with the Administration since before 2012. Indeed, this market's rapid growth can be attributed to the investors' ownership of a supermarket chain, easily placing Pimentel's products on their shelves. The most popular products in this market also include the Red Terroir and Superior wines, the Reserve Vinhas Velhas and the Port Aged Tawnies.

Furthermore, partnerships can also emerge from foreign demand, rather than an active pursuit by Pimentel. For instance, as a Portuguese-speaking market, Brazil is an export destination in which the importers displayed a large interest in stocking Pimentel's wines, rather than the company actively seeking such contacts in the market. The best-selling products in this market include the red and white Terroir and Superior options of the Douro portfolio, in addition to Reserve Vinhas Velhas.

3.9. SWOT Analysis

Ultimately, Pimentel intends on utilizing its growing reputation to further expand its domestic and international scope, by exporting to new markets and consolidating its position in the ones it is present in. The SWOT Framework provided an insight on the firm's internal capabilities, by assessing its strengths and weaknesses, as well as the market's opportunities and threats.

Table 4: Pimentel's SWOT Analysis (as per the authors' view and scientific research)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • High varieties of Port and Douro • High quality of Port and Douro wines • Historical and cultural background, dating back to Pombaline • Traditional practices in grape harvesting and stepping, considered as the best method to release grape flavouring • Douro region as UNESCO World Heritage Site and oldest demarcated and regulated region in the world (Museu do Douro 2020) • Protection and preservation of Port and Douro wine denomination (IVDP 2020) • Pimentel awarded as Best of Wine Tourism in 2015, 2016, 2017 and 2020 • Strong recognition of activities and events held at estate and wine shop • Motivated and growing human talent • Flat and easier to harvest terroir 	<ul style="list-style-type: none"> • Small and fragmented vineyards in region as hinders to outsourcing • Limited number of top ranked (A, B, C) vineyards in region (hinders outsourcing) • Restrictions to wine yearly sales (due to rules imposed by IVDP) (IVDP 2015) • Bigger and more reputed players within the market, with greater brand loyalty and shelf recognition • Reduced product marketing and communication (dependence on external agencies domestically and on retailers abroad, Wine Tourism as the main engine of national marketing) • Limited relationship with importers, partners and distributors • Production-driven organization culture • Domestic focus by human resources (lack of resources to tackle international markets)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Portugal as a trending destination: increasing international recognition of the culture, gastronomy, products and territories • Growing international popularity of Wine Tourism (and related activities) in Douro region 	<ul style="list-style-type: none"> • Strong and fragmented competition within European market • Other exporting countries as more reputable and notorious winemakers (French and Mediterranean) • Greater production and distribution capacity of other exporting countries and players (Loureiro 2011)

<ul style="list-style-type: none"> • Highly globalized markets: consumer curiosity and lower entry barriers (Loureiro 2011) • Strong immigrant and expats presence abroad (Loureiro 2011) • Globalized partners and distributors network available 	<ul style="list-style-type: none"> • Regional Douro wines undifferentiated abroad: Portuguese wines perceived as one • Uneducated and uninformed wine consumers (unawareness of quality): Douro region wines not as highly regarded by most international consumers as other wines
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In facing its highly prestigious export competitors, Pimentel is impaired by insufficient shelf recognition as a Douro and Port producer. However, favourable internal conditions, such as the company's varied portfolio, location and traditional production, may be leveraged to explore the arising opportunities and Portugal's growing viticultural notoriety.

4. International Markets Assessment and Selection

Pimentel's favourable internal capabilities and strong financial results allow it to progressively expand cross-borders. In addition to an assessment of organizational readiness, Pimentel must screen countries based on external factors and industry variables, to determine the most suitable market opportunities. Country rankings and clustering are valuable tools in determining markets' attractiveness, allowing to extract potential prospects to be further studied.

4.1. PESTEL and Industry Variables

103 prospect countries were analysed on their macro and industry-specific potential, through a total of 72 variables. To comprehensively assess the external forces that might affect Pimentel's international expansion, the PESTEL framework was employed. Thus, countries were assessed on a political, economic, social, technological, environmental, and legal level.

Political forces reflect the political stability of a country and the degree of involvement of the government in the economy, including taxes, corruption, and effectiveness. These factors are important to ensure smooth-business operations in a market. Some of the assessed variables within this dimension were Trade Freedom Index, Government Effectiveness, Political Stability

and Absence of Violence as well as Regulatory Quality. A detailed explanation of the studied variables is provided in *Appendix 8*.

To determine economic performance, factors reflecting the national wealth and consumer purchasing power were collected. These variables encompass GDP per capita, Ease of Doing Business Score, Terms of Trade, Transfer and Convertibility Risk as well as Competitiveness Index. Further clarification on the studied indicators is displayed in *Appendix 9*.

Social forces reflect the country's demographic characteristics involving population size and growth rate, education, and income distribution, for instance. It should include social factors that affect the wine industry, such as lifestyle habits or cultural impediments. The variables analysed include per capita Alcohol Consumption, Population above fifteen, Social Progress Index and the number of Portuguese Emigrants. The social variables are shown in *Appendix 10*.

Technological factors reflect the efforts made by each country in investments towards technologies that affect operations in the industry. R&D investment, Logistics Performance Index and Infrastructure Quality are among the assessed factors. *Appendix 11* presents a description of the variables examined.

Environmental factors, as climate change and pollution have become ever more urgent matters, with ecological consciousness increasing and being reflected in legislation. Therefore, two indexes concerning the risk of natural disasters, environmental health and ecosystem vitality of each country were included in the analysis, further described in *Appendix 12*.

Additionally, it is crucial to assess the legal environment and the extent to which the laws and legislations of each country will impact (positively or negatively) the private sector. Thus, an overall assessment was made through the Rule of Law Index and indicators regarding property rights, contract law and the overall strength of legal rights were assessed. More information on the variables evaluated is displayed in *Appendix 13*.

Lastly, microenvironment variables of each country were assessed. To describe the wine industry factors like Wine Imports, Portuguese Wine Exports Value, Wine Consumption per capita, Average Price of Wine and Number of Wineries were considered. To provide a further analysis of the Douro and Port market, Douro Sales and Port Sales, as well as their growth, were evaluated. *Appendix 14* depicts a thorough description of these industry-specific factors.

The studied indicators were standardized as Z-scores through the SPSS software, with some being inverted to allow for comparison and facilitate interpretation.

4.2. Weight Strategy

Upon gathering the variables for a comprehensive analysis of each country, each indicator was assigned a weight, considering its significance. As such, the weight strategy developed comprises 5 categories, from Strong to Weak. The Medium value was obtained by dividing 1 by the total number of variables, 72. Then the Medium-Weak and Medium-Strong values were obtained through the formula $Medium \pm \frac{Medium}{2}$ and the Strong and Weak were obtained by $Medium \pm \frac{Medium}{1,5}$. Thus, the weights assigned ranged from 0.46% to 2.31% (*Appendix 15*).

The variables appointed with greater weights were industry-specific ones, namely the Contribution of Wine Sector to each country's GDP, Wine Consumption per Capita, Port Wine Sales and Douro Wine Sales. Moreover, several variables were considered Medium-Strong as they represented crucial political, economic, social, and technological aspects and characterized relevant industry factors - such as competition and the Portuguese wine market presence worldwide. The remaining variables were considered mostly Medium weight, as they represented factors that define more comprehensively a country's PESTEL aspects, impacting Pimentel international expansion. Lower weights were assigned to variables either less relevant, like the risk of natural disasters; with weaker country information, like sales taxes on wine; or related with volatile forecasts, like GDP Growth rate from 2021 onwards (*Appendix 16*).

4.3. Country Ranking

Having defined the relative weight of each variable, the final ranking of countries was performed through the weighted sum of their standardized (and for those that applied, inverted) values for each country. The final results and scores are displayed in (*Appendix 17*) with the top twenty countries being displayed in the table below. The results provided the most attractive markets for Pimentel, based on the studied indicators, and showed that the company is already present in twelve of the top twenty countries. However, despite the usefulness of these rankings, the decision on which market to enter should also account for the prospect markets commonalities, either among themselves or with Pimentel's current markets, for similar strategies and procedures to be employed.

Table 5: Top Twenty Country Prospects

Ranking Position	Countries	Final Score	Pimentel had sales in 2019
1	United States	0,92	Yes
2	United Kingdom	0,73	Yes
3	Switzerland	0,70	Yes
4	Denmark	0,67	Yes
5	Germany	0,67	Yes
6	Netherlands	0,61	Yes
7	Canada	0,61	Yes
8	Portugal	0,60	Yes
9	France	0,58	Yes
10	Norway	0,57	No
11	Singapore	0,57	Yes
12	Sweden	0,57	No
13	Ireland	0,56	No
14	Belgium	0,54	Yes
15	Finland	0,53	No
16	Luxembourg	0,53	Yes
17	South Korea	0,46	No
18	Austria	0,44	No
19	Australia	0,43	No
20	Japan	0,40	No

4.4. Country Clustering

To assess the similarities between the analysed prospect markets, a Hierarchical Clustering was performed through the SPSS software. Such a procedure allows for the creation of somewhat homogeneous groups of countries, based on the studied variables. The cluster assessment, when combined with the rankings, allows for a richer country analysis. To grasp the best possible cluster formation, correlations between variables were assessed and sensitivities based on variables' weights were performed.

With the final intent of analysing correlations, a 72x72 Correlation Matrix was performed and the number of unique correlations was organized in *Appendix 18*, by its strength. The majority of correlations between variables (approximately 83%) presented a low strength of association. Still, variables that displayed Very High correlations were deemed redundant, as they convey the same type of behaviour. As such, these associations were further analysed with the finality of eliminating the variables with the highest number of associations, until Very High Correlations ceased to exist. The methodology followed is showcased in *Appendix 19* and resulted in the elimination of 7 variables, as shown in *Appendix 20*. It is worth noting that variables were not removed for the ranking analysis, given that this study revealed an overall robustness and low sensitivity to changes in the number of variables, as the elimination of an indicator implied an alteration in the others' relative weight. Ultimately, such alterations would raise the impact of correlated variables in the analysis, resulting in generally analogous results.

Having performed the data cleansing, the clustering analysis followed. Given that this assessment does not ponder the relative weight or importance of the selected variables, as considered in the ranking, three sets of clusters were developed. Overall, such an assortment of investigations provides a rudimentary sensitivity test to the results, allowing for comparisons and the choice of the most accurate and insightful analysis.

The first country clustering (A) contemplated all 65 variables resulting from the cleansing. This process resulted in 27 separate country clusters (*Appendix 21*). A second grouping (B) that regarded 48 more meaningful variables, deemed as Medium to Strong provided 24 clusters (*Appendix 22*). Lastly, in pursuit of further insights, a third clustering (C) was developed, whereby only the variables considered to be as Medium-Strong and Strong (*Appendix 23*) were contemplated. These 21 variables are mostly industry-related and resulted in 22 clusters. Besides differing in the number of overall variables, each assessment awarded a different relative representativity to each studied dimension, as depicted in (*Appendix 24*). Nevertheless, the three methodologies bestowed greater significance to industry-related variables, in comparison to each country-environment dimension.

Clustering assessments A and B provided a balanced analysis of relevant country-related conditions and industry factors. Their results showed numerous similarities, displaying Pimentel's main international markets (Portugal, France, the United States, China) in isolated clusters and its Western European presence grouped with Canada. Additionally, the company's seemingly more economically prosperous markets (Luxembourg, Switzerland, Denmark) displayed commonalities with Nordic countries and Ireland.

Clustering assessment C, on the other hand, was a more industry-specific approach, with 67% of the analysed variables being directly related to each country's wine market. Nevertheless, it provided an equally clear distinction amongst developed and developing economies, with Pimentel's main international presence being isolated. The resulting clusters were not fully analogous to the ones arising from sets A and B, but still displayed some similarities.

The developed assessments provide credible insights on the countries' commonalities, resulting in clusters whereby Pimentel's current international markets were accompanied by highly ranked prospect markets. Such results support the robustness of the studied variables and their

role in characterizing the considered countries. Ultimately, set B was selected as the basis for further analysis, as it levelled external factors, crucial to be considered at an entry-level stage, with industry-specific metrics. This assessment was chosen over A, as the representativity of each dimension was more congruent with the weights assigned in the ranking analysis.

Indeed, B appears to be valuable in selecting countries to further assess, as it may concede some behavioural commonalities between current and prospect markets. For an in-depth comparison of B’s 24 resulting clusters, 6 broader cluster groupings were derived, based on the higher-level relations displayed in the dendrogram, with a rescaled distance of either 3 or 4 as the cut-off point, depending on the similarity between clusters. For further assessment, the average values for each dimension considered in clustering B was computed, given the standardised and inverted results of the assessed metrics (*Appendix 25*).

Table 6: Group 1 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 1	0,584	0,379	0,421	0,415	0,323	0,055

Table 7: Group 1 Clusters

Cluster 1	Czech Republic	Slovakia	Poland	Bulgaria	Croatia	Estonia	Lithuania
	27	38	35	40	41	26	31
Cluster 1	Latvia	Malta	Hungary	Uruguay	Greece	Chile	
	30	24	28	46	52	44	
Cluster 2	Cyprus						
	21						
Cluster 3	Australia	New Zealand	Italy				
	19	23	42				
Cluster 4	Romania						
	32						
Cluster 5	Qatar	Oman	Singapore	United Arab Emirates			
	39	61	11	25			

The first group, constituted by Clusters 1 to 5, is characterized by favourable external country conditions, with sound political stability and societal settings. Yet, it displays unattractive wine markets, except for Cluster 4, constituted by only Romania. These are generally developed economies, being mostly Eastern European countries, in addition to Oceania and some Asian and South American markets, that displayed average to good ranking scores.

Table 8: Group 2 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 2	0,818	0,368	0,726	1,193	0,417	0,312

Table 9: Group 2 Clusters

Cluster 6	Netherlands	Belgium	Canada	United Kingdom	Germany		
	6	14	7	2	5		
Cluster 7	Austria	Slovenia	Luxembourg	Switzerland	Sweden	Denmark	Norway
	18	33	16	3	12	4	10
	Finland	Iceland	South Korea	Japan	Israel	Ireland	
	15	22	17	20	37	13	

Group two, on the other hand, allies pleasant industry factors to its strong political and technological situation, constituting an alluring prospect for Pimentel. Cluster 6, constituted of markets where Pimentel has registered either sound or sporadic sales, as in Germany and in the United Kingdom, and is characterised by importing countries that showcase a stronger presence and influence of Portuguese wines (surpassing Cluster 7 in Portuguese wine price and in Port wine sales) (IVV 2020). Nevertheless, Cluster 7 displays markets with an overall growing presence of both Portuguese and Port wine, as for South Korea and Luxembourg (IVV 2020).

Table 10: Group 3 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 3	0,530	0,069	0,750	0,831	0,047	0,319

Table 11: Group 3 Clusters

Cluster 8	France 9
Cluster 9	Spain 34
Cluster 10	Portugal 8

Group three includes Spain and Pimentel’s largest markets, France and Portugal. Besides the geographical proximity, these markets display commonalities in domestic wine production and their exporting nature (Workman 2019, World Population Review 2020). The only market that Pimentel could explore within this cluster is Spain, as its presence in the country is limited, only registering punctual sales (representing 0.01% of 2017 to 2019 sales). However, besides not being as economically prosperous, Spain is not as attractive for Portuguese winemakers as France and other European destinations, displaying a per capita consumption of close to 6 times less than Portugal and France, in addition to ranking 27th in wine imports, against France’s 12th place (Workman 2019, Nation Master 2019).

Table 12: Group 4 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 4	-0,329	0,147	0,605	0,687	0,298	0,899

Table 13: Group 4 Clusters

Cluster 11	United States 1
Cluster 12	China 36
Cluster 13	Brazil 29

Group four is constituted of so-called economic powerhouses (the US, China and Brazil). These countries vary in development levels and external environment, given their differences of

political regime as well as social and technological advancement, displaying differing, but nevertheless largely positive industry conditions. Despite such dissimilarities, this group represents Pimentel’s third to fifth largest markets in 2017 to 2019 average sales.

Table 14: Group 5 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 5	-0,291	-0,016	-0,195	-0,338	0,267	0,004

Table 15: Group 5 Clusters

Cluster 14	Macedonia	Albania	Serbia	Armenia
	57	64	48	65
Cluster 15	Bosnia and Herzegovina	Montenegro	Georgia	Moldova
	66	59	43	55
Cluster 16	Mongolia	Uzbekistan	Kazakhstan	Azerbaijan
	67	80	63	68
Cluster 17	Peru			
	50			
Cluster 18	Russia	Mexico	Ukraine	Colombia
	49	54	62	47
Cluster 19	Vietnam	Indonesia	Jordan	Turkey
	56	58	70	73
Cluster 20				Malaysia
				45

Group five includes countries with low to average ranked countries, encompassing Clusters 14 to 18. Despite their geographical dispersion across Asia, Eastern Europe and America, these nations are characterized by a poor external environment, despite their above-average legal and economic conditions, as well as low industry attractiveness.

Table 16: Group 6 PESTEL and Industry Average

	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
Group 6	-0,981	-0,725	-0,467	-0,856	-0,773	-0,184

Table 17: Group 6 Clusters

Cluster 19	Thailand	Costa Rica	Jamaica	Panama	India	
	51	60	75	53	79	
	The Bahamas	Belize	Maldives	Lebanon	Cuba	
	69	91	82	95	96	
Cluster 20	Egypt	Tajikistan	Laos	Myanmar	Bangladesh	
	90	99	78	98	100	
	Pakistan	Cambodia	Nepal	Kyrgyzstan	Bhutan	
	101	83	92	89	87	
Cluster 21	Philippines	Sri Lanka	Dominican Republic	Bolivia	Ecuador	Paraguay
	77	85	76	94	81	74
	El Salvador	Honduras	Guatemala	Nicaragua	Haiti	
	71	86	84	97	102	
Cluster 22	Argentina					
	88					
Cluster 23	Iran					
	93					
Cluster 24	Venezuela					
	103					

Lastly, group six considers countries that are positioned poorly in the ranking analysis, given their unfavourable external conditions and low industry attractiveness. Indeed, these clusters encompass underdeveloped countries with notable instability, risk and disparities, that do not provide an appropriate business environment for Pimentel.

4.5. Potential Markets Selection

The combination of both the ranking and clustering analysis supports the reasoning of the countries to be further analysed, which are the UK, Germany, Ireland and South Korea.

As previously inferred, Group 2, which aggregates Clusters 6 and 7, is the one presenting the most attractive markets in terms of wine industry characteristics as well as macroeconomic factors. In fact, Cluster 6 comprises countries in which Pimentel is already present. Nevertheless, and upon consultation with Pimentel, UK and Germany (specifically) presented

punctual sales compared to the market potential they represent. The UK and Germany are inserted in the world's top three wine importing countries, indicating their suitability for Pimentel's expansion, with wine strongly demanded and appreciated. Furthermore, they are valuable markets for Portuguese exports, with Port and Douro wine sales being superior to those attained in similar countries. Thus, the few spot sales of Pimentel in these countries, provoke an interest in deriving a further expansion strategy and sustained presence in these highly regarded and mature markets, that ranked 2nd and 5th.

As for Cluster 7, it entails countries in which Pimentel already had sales, together with prospects markets, with nine out of thirteen countries ranking on the top twenty. Switzerland and Denmark are the leading countries, yet Pimentel already explores them. The following best ranked countries are Norway and Sweden in which penetrating is extremely difficult, as Nordic countries display a government monopoly on the sale of alcohol, grounded by tender procedures to ensure low levels of alcohol consumption per capita (CBI Ministry of Foreign Affairs 2016). To become partners of the wine monopoly, companies must intake the annual tender process and win against several other winemakers. Indeed, Pimentel has attempted such a feat, yet failed to win the selection. The monopoly for Sweden is Systembolaget (Wine Lancer 2018) and for Norway is Vinmonopolet (Wine Lancer 2018).

Ireland, which ranked 13th, is thus one of the countries chosen to be further analysed. This nation presents strong macro environment parameters, aligned with being a strong wine importer. Finland which ranked 15th is also subject to an alcohol beverage monopoly, Alko (Concealed Wines 2020), and as such, was excluded from further analysis as well as Luxembourg, which ranked 16th, where Pimentel is already in. Thus, the last country chosen to perform an in-depth analysis was South Korea which ranked 17th. This country is one of the strongest Asian potencies, which has risen to become one of the world's most attractive wine

markets with good projections of Portuguese wine imports (Wine Australia 2020). Such choice is congruent with Pimentel's growing focus and interest in Asian markets.

5. Potential Markets In-depth Analysis

To select the most suitable markets for Pimentel to pursue, countries were assessed by their macro conditions followed by a detailed industry analysis. The latter included the most relevant competitors, channels used and consumer patterns. To comprehend the requirements Pimentel must fulfil in penetrating these markets, general and wine-specific entry conditions were considered, as well as the incidence of the Portuguese wine sector in each country.

5.1 United Kingdom

I. Country Overview

The UK encompasses England, Scotland, Wales and Northern Ireland (Government of the Netherlands 2020), being a parliamentary democracy under a constitutional monarchy (David 2019, Great British Mag 2020). While Scotland, Wales and Northern Ireland are independent countries, they are all eventually subject to English law (Great British Mag 2020). The judicial system is historically based on precedent, with common law at the foreground of decision making (Britannica 2020). While the UK is overall a politically and legally stable country and a permanent member of the United Nations, Brexit brought political uncertainty, especially for the flow of people and goods (The Global City 2020, United Nations 2020). The UK is the 6th largest economy in the world, with a GDP per capita of €41 thousand. Likewise, it is an appealing country for doing business (ranking 9th worldwide) and a popular destination for Foreign Direct Investment (FDI) for several industries (David 2019). The UK is also a hub for technological development, supported by high-quality infrastructure, information, and communication technology, ranking in the world's top 15 in all indexes that serve as indicators for such variables (David 2019). The country accounted for 67.8 million people in 2020 (World

Population Review 2020), performing strongly on Human Development (United Nations Development Programme 2020) and Social Progress indexes (Social Progress 2020).

II. Wine Industry Overview

The UK wine market accounted for €19 815 million in revenues in 2019, mostly from still wine, corresponding to 85% of the value, with sparkling wine amounting to 13.4% and fortified wine to 1.6% (Statista 2020). With a per capita consumption of 3.9L, the UK is among the world's largest importers, registering approximately €3 800 million wine imports in 2019 (Workman 2019), coming mainly from France, Italy, New Zealand, Australia, Spain (Statista 2020).

While it has historically relied on global markets for wine, the domestic production has been growing, with exports rising 24.3% since 2015, reaching a value of approximately €716 million in 2019. The markets the UK mainly exports to are Norway (20%), the US (17%) and Canada (17%) (Workman 2019). The UK has seven regional vineyard associations, with a total of 770 vineyards and 165 wineries, such that the most planted varieties are pinot noir (33%) and chardonnay (32%), with production being mostly of sparkling wine (72%) (Robinson 2020).

III. Competition

The British wine market is highly fragmented and competitive in terms of players, with each having a reduced volume share. In 2019, the top four producers in volume terms were US multinational Constellation Brands (11.2%), the Australian company Treasury Wine Estates Vintners (5.2%), US-based Blossom Hill Winery (3.6%) and the Chilean producer Viña Concha Y Toro (3.5%). The top 3 players display a strong position on the still wine segment, accounting for 12.5%, 5.9% and 4.0% of the volume share, respectively (MarketLine 2020).

IV. Channels

The UK wine market is mostly served by off-trade channels. Indeed, in 2019, the on-trade sector represented 18.4% of the wine sales volume in the UK, while the remaining 81.6% of the market

volume corresponded to off-premise sales. Specifically, hypermarkets and supermarkets were the leading distribution channel, accounting for a share of 58.6%, food and drink specialist stores represented 7.6% of sales, online retail amounted to 6.1% of sales, and the remaining 9.2% were attributed to other vendors (MarketLine 2020).

On-premise sellers mostly on regional wholesalers that use as intermediary an importer or Cash and Carry players, that directly contact the producer. The off-trade channels, on the other hand, may rely importers that directly contact with representative agents of the foreign wine exporters, mitigating risk for the involved parties (CBI Ministry of Foreign Affairs 2016).

Although supermarkets and hypermarkets dominate the UK wine industry, these players have been facing increasing competition amongst them, creating pressure for either pricing or differentiation strategies. For instance, the Waitrose chain focuses on premium labels while major retailers, such as Tesco, ASDA, Sainsbury's and Morrison's compete on prices. Indeed, to maintain their dominant positions, retail chains have been making large efforts to run promotions and even developing their own private wine labels.

Nevertheless, independent wine merchants that use the same channel strategy as supermarkets are also becoming popular, namely Majestic, Bargain Booze and Oddbins. Despite having fewer sales volume, these players rely on differentiation strategies, building closer consumer relationships (London Wine Competition 2019, Institute of Alcohol Studies 2018).

Similarly, so-called corner shops such as SPAR, Londis and other independent retailers, are important off-trade vendors (Institute of Alcohol Studies 2018). Often, these retailers also rely on multi-channel sales by developing an online presence. Nevertheless, small importers of premium wines that do not possess any physical premises also sell via e-commerce as consumers reveal a willingness to pay more for premium wines that cannot be commonly found in physical stores (CBI Ministry of Foreign Affairs 2016).

V. Consumer trends

Wine is the preferred alcoholic beverage in the UK, with 60% of adults being estimated to drink it (Accolade Wines 2018). Of the British wine consumers, 43% drink wine at least once per week, while 13% drink 2 to 3 times per month (Statista 2017). Such consumption favours foreign brands, as a consequence of the country's climate and culture.

Throughout time, the British have been advocating for moderation and prizing quality over quantity, revealing a higher willingness to pay for an occasional, superior wine (World Population Review 2020). Such preference is propelled by health and image concerns and further encouraged by retailers' effort on promoting high-quality wines.

Furthermore, and as mentioned, still wines are the preferred variety, followed by sparkling and fortified wines. As for the first, while white wines are generally favoured, red wines are a popular choice amongst higher-end, knowledgeable consumers, and many drinkers have also shown a budding interest in rosé (MarketLine 2020, Accolade Wines 2018).

VI. Entry Conditions

Before Brexit, regulations on exporting wine to the UK were under the practises allowed under the European Commission's wine regulations, enforced by the Food Standards Agency through the Wine Standards Branch (NIBusinessInfo 2018, Food Standards Agency 2019). However, due to Brexit, wines coming from the EU became subject to the same import classification requirements as wines coming from Third Countries, requiring a VI-1 certificate released in the country of export, whereby the product is fully explained. Still, as per the transition period, such a certificate is not mandatory in the months of January and June 2021 (GOV.UK 2020).

As for agents, AICEP London is the main force for advising and supporting Portuguese companies' internationalization in the UK (AICEP 2020). Regarding taxation, apart from 20% VAT, UK consumers pay an "alcohol duty" tax on all alcoholic beverages. For wine, this duty

depends on the Alcohol by Volume (ABV), starting at approximately €1.03, for still wines with 1.2% to 4% ABV and going up to €4.43, to wines ranging between 15% to 22% ABV. For sparkling wine, it ranges between €3.25. for 5.5% to 8.8% ABV and €4.31, for 8.5% to 15% ABV, as per *Appendix 26* (GOV.UK 2020).

VII. Portuguese wine presence in the market

The UK represents the 5th largest market in value for Portuguese wine exports, with a registered value of 216 million liters in 2019, with a decrease of 0.28% when compared to 2018 (IVV 2020). Specifically, the UK is the 3rd largest market for Port Wine, registering sales of €45.6 million in 2019, being only surpassed by Portugal itself and France. Such value displays a growth of 9% in comparison to 2018. Additionally, it is the 7th largest market for Douro, with sales of €4.6 million, despite their value decreasing 40% from 2018 to 2019 (IVDP 2020).

5.2 Germany

I. Country Overview

Germany is a federal republic, with sixteen federal states that contribute to governmental decision making (Bundesrat 2020). The country is characterized by an overall effective political and legal environment, reporting low corruption levels and great stability (World Governance Indicators 2020). Furthermore, Germany ranks amongst the top ten EU economies, with a GDP per capita of almost €48 thousand (The World Bank 2019). The country offers a favourable business environment, being 22nd on the Ease of Doing Business Index (The World Bank 2020), displaying strong competitiveness (World Economic Forum 2019), low investment risks, as well as high infrastructure quality (Statista 2020) and logistics performance (ITU 2020).

Additionally, Germany is the most populated country in the EU, with over 80 million inhabitants (World Population Review 2020), showcasing high levels of Human development (United Nations Development Programme 2020) and Social progress. (Social Progress 2020).

II. Wine Industry Overview

Germany's wine revenues amounted to about €14 732 million in 2019, with 81.7% deriving from still wines, 16.5% from sparkling wine and 1.8% from fortified wine (Statista 2020). While the country is known for its high beer consumption, it represents an attractive market with a strong culture of wine, dating back to the Roman times, such that the per capita wine consumption is of 3.29L is the 20th highest in the world (NationMaster 2019).

As for imports, these reached a value of €2 436 million in 2019, being Italy, France, and Spain, the top destinations in value (CBI Ministry of Foreign Affairs 2016). Still, Germany displays high levels of domestic production (Dressler 2018, Italian Wine Central 2020), being the world's 8th largest wine exporter, amounting to €980 million euros in 2019 (Workman 2019, Statista 2018). Exports are mainly directed to the US, Netherlands and the UK (Statista 2018).

Despite that, the country does not enjoy a large vineyard area, such that its high production mirrors a strong level of productivity. Specifically, the country holds a total of 45 000 national winegrowers and approximately 11 000 registered wineries (Dressler 2018).

Production is divided into four types of players: independent branded wineries, winegrowers that do not sell wine directly to consumers, cooperatives, and wine cellars, which have no production of wine but purchase from winegrowers and sell under their brands (Dressler 2018). Independent wineries have limited capacity, and tend to mostly serve the national market, whereas wine cellars enjoy a larger producing capacity, serving both the national and international market. Furthermore, Germany mainly produces white wine (66.9%), with the main grape varieties being Riesling, Müller Thurgau and Pinot Noir (Karlsson 2018).

III. Competition

The German wine market is rather fragmented, displaying a highly competitive landscape. Indeed, in 2019, the top four players possessed 17.1% of the market share volume. The leading

German player, Rotkäppchen-Mumm Sektkellereien, accounted for 8.2% being expected to keep such leadership due to its strong presence on the still and sparkling segments. Additionally, French multinational Les Grands Chais de France holds 4.1% of the market's volume, followed by F.W. Langguth Erben GmbH, with 2.6% (MarketLine 2020).

Moreover, there is a preference for national brands, particularly in the South, where the strong domestic wine culture and consumer loyalty dominate, compromising new entrants' success (CBI Ministry of Foreign Affairs 2016). Contrarily, northern consumers are more accessible to international brands, making competition from national players being less intense. Still, with consumers being highly price sensitive, international players face high rivalry from other international players, such as Italian, French and Spanish winemakers (Pilz 2017).

IV. Channels

In Germany, the wine market is highly served by off-trade channels. In fact, on-premise vendors represented 13.1% of the sales volume in 2019, while off-trade sales amounted to the remaining 86.9% of the market share. Specifically, hypermarkets and supermarkets are the main servers of the market, with 56.1% of the sales volume, while food and drink specialist channels accounted for 25.4%, convenience stores amounted 2.2% of the sales volume, and the remaining 3.1% were attributed to other sellers (MarketLine 2020).

On-trade facilities are mostly reliant on Cash & Carry players or importers that represent the foreign producer, whereas depending on their size, off-trade players may establish relationships with representative agents of the producers, interact with importers, or even directly engage in contracts with the foreign winemakers (CBI Ministry of Foreign Affairs 2016). Indeed, only a few large importers, such as Hawesko, Schenk, Mack and Schuhle, Owen Teck and Tophi, distribute to the top supermarkets, hypermarkets and discounters, providing them with large

bargaining power (CBI Ministry of Foreign Affairs 2016). Smaller, regional distributors present a more accessible channel, despite less profitable, as they cater to smaller retail chains.

Given the dominance discounters and supermarkets have over the market share, high-volume players such as Aldi, Lidl and Rewe Group (Ranking the Brands 2012), import wine in bulk and display high listing fees (CBI Ministry of Foreign Affairs 2016). Their average prices tend to be low, with each bottle costing approximately 5.85€ a bottle, against the average price in Portugal, of 6.76€ (CBI Ministry of Foreign Affairs 2016, World Health Organization 2016). Specialized stores, on the other hand, focus on a more premium portfolio, thus selling higher quality products, engaging in higher marketing investments and displaying greater e-commerce presences. When entering the market, a prosperous introduction among regional specialised players, allows to scale up towards larger retail chains (CBI Ministry of Foreign Affairs 2016).

V. Consumer trends

While beer represents 80% of alcoholic beverage consumption in Germany, wine's perception has become favourable (Dressler 2018), due to a suitable macroenvironment, an increase in purchasing power and a growth in health awareness (MarketLine 2020).

The preferred wine type is still wine, followed by sparkling wine and the fortified one. Within the still wine category, there is a clear preference towards red and white wines, with a share of 47% and 43%, respectively, such that only 10% of consumers prefer rosé.

Furthermore, among wine drinkers, the majority consumes wine at least 2 to 3 times per month, with 16% drinking at least once a week (Dressler 2018). Despite Germany being a wine-producing country, domestic production does not satisfy demand, such that most of the consumed wines are from foreign brands. Nevertheless, as already mentioned, market entrants must consider consumers' large price sensitivity, with the practiced levels being usually lower than the values registered in other countries. Likewise, regional demand must be accounted for,

as despite displaying a lower wine consumption, non-producing areas such as the Northern region prefer international brands, constituting a better entry market (Dressler 2018).

VI. Entry Conditions

Germany's import standards are aligned with the Common Agriculture Policy (CAP) of the European Union, which specify winemaking practices, wine classification and labelling requirements (European Commission 2020). Thus, companies that already operate in the European markets do not need to make specific adaptations when entering the market. Nevertheless, Portuguese entrants may seek support from agents such as AICEP Berlin, specifically in attaining market information and counselling (AICEP 2020).

As for taxes, wines face a 19% VAT rate (European Commission 2020), with sparkling wines being subject to an added excise tax of €1.36 per litre (CBI Ministry of Foreign Affairs 2016).

VII. Portuguese wine presence in the market

Germany is the 3rd largest international market for Portuguese wine, importing 234 million litres in 2019, being only surpassed by France and Angola. Despite that, Portuguese wine consumption decreased by 8.80% when compared to 2018. Still, Port wines achieved a sales value of €13 million in 2019, with consumption growing 7% in the same period. Similarly, Douro wine sales grew 10% from 2018 to 2019, with a sales value of €5 million (IVV 2020).

5.3 Ireland

I. Country Overview

The Republic of Ireland is a parliamentary democracy, divided into 26 counties (Wesley Johnston 2020). The country is characterized by its political stability and government effectiveness, showcasing low corruption and great strength of legal rights (David 2020, BBC 2020, The World Bank 2019). Economically, it registers a GDP per capita of €74.7 thousand

(The World Bank 2019), showing significant growth over the years, and is forecasted to grow at an average of 3.6% until 2025 (International Monetary Fund 2020). The Irish business environment ranks 24th worldwide, with the country showcasing a low corporate tax rate and governmental measures that allow for financial freedom, which largely benefit multinationals. From a social perspective, the country has approximately five million inhabitants (World Population Review 2020), displaying high levels of Human Development (United Nations Development Programme 2020) and Social Progress (Social Progress 2020).

II. Wine Industry Overview

The overall picture of the macro-level performance mirrors a stable wine industry in Ireland. In 2019, revenues were approximately €2 299 million, coming mostly from still wine (89,2%), with 8.7% arising from sparkling wine and 2.1% from fortified wine (Statista 2020). Furthermore, sales are expected to grow by 8.2% annually until 2025 (Statista 2020). Ireland shows a relatively high per capita wine consumption of 3.34L, being the world's 21st largest wine importer, with a value of €276 million in 2019. Most imports come from Chile, Australia, the US, France and Spain (Workman 2019, McDade 2019). Wine exports, on the other hand, only amounted to €17 million in 2019, with the main destinations being the UK, Netherlands and Denmark (Workman 2019, OEC 2018). In the same year, wine sales grew 1.42%, reflecting an increase in the share of wine consumption among all alcoholic beverages (McDade 2019).

III. Competition

The Irish wine market is extremely fragmented, with many players being present. Indeed, information on each brands' competitiveness is limited. As per the latest available figures from 2013, the four leading players were Treasury Wine Estates, accounting for 13.6% of market volume, followed by Pernod Ricard with 7.2%, Sociedad Anonima Vina Santa Rita with 5.8% and E. & J Gallo Winery which amounted for 3.6% of total volume share (MarketLine 2014).

IV. Channels

Irish wine consumers are mostly served through off-trade channels. According to MarketLine's latest available figures for the Irish wine industry, on-trade channels accounted for 10.8% of the sales volume, while off-premise sales represented the remaining 89.2%. Concretely, specialist retailers were the main sales channel, accounting for 40.4%, while supermarkets and hypermarkets represented 40.1% of sales volume, convenience stores accounted for 5.7% of the market share, and the remaining 3% were attributed to other vendors (MarketLine 2014).

Recent studies show that in 2019 approximately 83% of final consumers' transactions were made via off-trade channels, with on-premise sales representing 17% (McDade 2019).

Despite only 1100 people being directly employed by wine importers, both on-trade establishments, such as restaurants and pubs, as well retailers and other off-premise vendors can rely on such companies to supply foreign products (Drinks Ireland Wine 2013). From these, Bubble Brothers and A Taste of Italy, which imports mainly Italian wines, stand out. Both players have been making efforts to import medium to high quality wines and ensure distribution to wholesalers (London Wine Competition 2017, Beverage Trade Network 2020).

The biggest retail players are Findlater Wine & Spirit Group, which have been offering the Californian wine Blossom Hill, as well as C&C Gleeson, which experienced share growth with the Chilean wine Santa Rita. However, in 2019, competing retailers as Aldi and Lidl have shown continuous growth due to their appealing price-quality relation (Euromonitor 2020).

V. Consumer trends

Alcohol consumption in Ireland has been decreasing, registering a 25% decrease from 2005 to 2017 (Alcohol Beverage Federation of Ireland 2017). At the same time, the prices practiced are the largest in Europe. Indeed, studies support that Irish consumers have been preferring quality over quantity, as a consequence of the high prices and high taxation among all alcoholic

beverages (McDade 2019). Wine corresponds to the second largest beverage in 2019 alcohol consumption market, with beer being the favourite beverage (Drinks Industry Ireland 2020).

Consumers have continuously preferred international over national wines, due to their larger variety. Similar to other countries, still wines are preferred and within this category, although losing share, white wine is still the favourite among Irish consumers (48%) in 2019, followed by red wine (46%) (Wall 2020). Despite its small percentage in consumption, a growing demand for rosé wine (6%) was verified in 2019 (McDade 2019). Furthermore, sparkling wine has been facing rising interest, mostly driven by Prosecco (Wine Intelligence 2019).

VI. Entry Conditions

Irish wine production and trade follows the Common Agriculture Policy of the EU (Department of Agriculture, Food and the Marine 2020). Thus, the conditions required for companies already exporting to EU countries are the same as the procedures followed in the other Member States.

Still, Portuguese companies may seek counselling on local market conditions by contacting AICEP Dublin (Expresso 2019), which has even held webinars on the market (AICEP 2020).

As for taxation, unlike most EU countries, Ireland imposes an excise tax on all alcoholic beverages. For each standard bottle of wine, consumers pay €3.19 in excise, plus 23% of VAT at the point of purchase, for each bottle of sparkling wine, the excise tax is €6.37, in addition to the 23% VAT, making these rates the highest in the EU (Foley 2019).

VII. Portuguese wine presence in the market

Contrary to Chilean or Australian wines, Portuguese wines have been losing popularity in Ireland. In fact, in 2019, Ireland imported around 8,93 million litres of Portuguese brands, verifying a 17.09% decrease in comparison to 2018 (IVV 2020). Port sales were €1.5 million in 2019, 2% less to 2018, while Douro wines €210 thousand, signifying a 3% fall (IVDP 2020).

5.4 South Korea

I. Country Overview

South Korea is a democratic republic, divided into nine provinces with their own legislative council (Britannica 2020). Despite experiencing political turbulences and regime shifts after the end of the peninsular war in 1960, the country displays political stability and low corruption, although it performs poorly in terms of strength of legal rights (The World Bank 2019, World Governance Indicators 2020). The Republic of Korea is the fourth-largest economy in Asia, with a GDP per capita of €36 thousand (The World Bank 2019). Additionally, it is an attractive business destination, ranking 5th worldwide in ease of doing business, equalling the US in the score and being characterized by strong competitiveness (The World Bank 2019). Moreover, it is perceived as a hub for technological development, ranking 2nd worldwide in the Information Communication and Technology index and sixth in Infrastructure Quality (Global Tenders 2020). The country accounts for 51 million inhabitants (World Population Review 2020), with only approximately 12.66% of its population aged below fifteen and ranks in the top 25 of the Social Progress Index (Social Progress 2020).

II. Wine Industry Overview

The South Korean wine market registered approximately €1.4 million in revenues in 2019, with 91.9% correspond to still wines, 6.5% to sparkling and 1.6% to fortified wines (Statista 2020). While the per capita consumption has been growing at a 4% compound annual growth rate, the value of 0.18 litres is rather low (Nation Master 2019). Nonetheless, South Korea is the 24th largest wine importer in the world (worth €219 million in 2019), with imports' value growing 6% from 2018 to 2019 (Workman 2019). The largest international supplier in this market in terms of value is France, with a share of 30%, followed by Chile and Italy (AICEP 2016).

The country's wine exports value corresponds to only 0.16% of its imports, with grape wine consumption being mainly satisfied by foreign wines, as national production is residual and less competitive in quality and price. Domestic production is mostly of non-grape varieties, such as Makkeoli and TakjuIn, with approximately 93.4% of the country's wine consumption being of non-grape type (Wine Australia 2020, European Commission 2019). In 2019, Korean wine exports were only worth €354 thousand (Workman 2019), mainly going to the US (29.56%), South Africa (23.39%) and Thailand (18.85%) (ITC 2019).

South Korea displays a single large corporate-type winery, besides 42 small-sized ones, that are subject to high costs of land and labour and unfavourable weather conditions (European Commission 2019). Overall, the country's circumstances are appealing for foreign producers, such that it was deemed the world's second most attractive wine market (Wine Australia 2020).

III. Competition

The South Korean market is concentrated and competitive, with the four leading players possessing approximately 56.7% of the 2018 market share. These players are Angel's Heart, with 14.7% of the sales volume, German multinational Franz Wilhelm Langguth Erben, with 14.6%, the Korean Keumyang International, with 14.4%, and Duegradinwines, with 13%. The still wine category is the strongest for Angel's Heart and Franz Wilhelm Langguth Erben, with each accounting for 17.3% of volume share, in 2018, whereby the South Korea multinational Keumyang International has a 14,4% of the volume share (MarketLine 2020).

IV. Channels

Korean wine consumers are mostly served through off-trade channels. In 2019, on-trade sales amounted to 29.2%, such that off-premise sales represented 70.8% of the market volume. Specifically, with hypermarkets and supermarkets accounted for 56.3% of sales, food and drink

specialist stores represented 10.0% of the market share, convenience stores amounted to 2.2% of sales, and the remaining 2.3% were attributed to other vendors (MarketLine 2020).

On-trade and off-trade vendors usually attain foreign wines through authorized distributors, that establish relations with either importers or representative agents of the producers. Indeed, while in the beginning of the millennium, small enterprises would directly trade with European producers, with the subsequent growth of the wine market, business conglomerates, referred to as “chaebol”, began developing their own importing companies, leveraging their established retail chains. By creating direct relationships with foreign winemakers, these large players can thus sell wines at lower prices. Despite retailers’ push for lower prices, producers may leverage their products’ origin, grape type and overall uniqueness to attain a larger bargaining power. Some of the largest distributors in South Korea are Dongwon Wineplus, Kaja & Wine, Keumyang International, Nara Cellar and Shindong Wine, which largely serve the off-trade sector, with some also supplying on-premise vendors, such as hotels, bars and restaurants. The largest off-trade retailers include E-mart, Costco, Homeplus and Lotte, with some also providing large online purchase points (AICEP 2016).

Although almost all consumers buy in the off-trade, on-trade channels are still popular, especially in Seoul, where high-end Michelin star restaurants, fresh Korean cuisine restaurants, specialized wine bars, nightclubs and bars have boosted the demand for wine products (European Commission 2019, Wine Intelligence 2016). Nevertheless, off-trade channels represent the main sales vehicle (Briceag 2017).

V. Consumer trends

Beer is South Koreans’ preferred beverage, in terms of volume, wine is gaining notoriety (Statista 2020). As already mentioned, the country is a major producer of non-grape wine, such that consumers only recently became familiarized with grape wines. Yet, due to their higher

prices, imported grape wines are still perceived as a prestige symbol (European Commission 2019). The preferred wine type is red, with 65%, with white wine representing only 9% of the wine industry (AICEP 2016). This skewness in preferences towards red wine derives from the increase in the publicity of this product's health benefits, the expansion of the upper-income segment and the westernization of Korean eating traditions (European Commission 2019).

Besides health benefits, wine consumption in South Korea is also impacted by price, design and labelling, brand reputation and origin, with European wines having a quality perception. There has been an important growth in fortified wine consumption, with the total segment displaying an expected CAGR of 6% from 2019 to 2023 (Cellar Asia 2020, Oh and Olson 2019).

In general terms, consumers show a growing interest in premium products, despite less expensive, glass-served wine also being popular among younger consumers. Additionally, there is a growing trend for purchasing of wines in box sets at stores, as it is a commonly gifted product in the country (European Commission 2019).

VI. Entry Conditions

When exporting to South Korea, only licensed companies are allowed to enter the market. Thus, wine producers must register at the Korean Ministry of Food and Drug Safety and their products must satisfy the conditions of the Special Act on Imported Food Safety Management (European Commission 2019). The customs procedures include standard requirements to be fulfilled, as detailed in *Appendix 27*. Wines must comply with national labelling rules (*Appendix 28*), required in the country's home language (Oh and Olson 2019, European Commission 2019).

When entering this market, Portuguese companies may obtain advice from AICEP Seoul, which provides insights related to internationalization and exporting (AICEP 2016).

As for taxation, South Korea applies two different taxes for all alcoholic beverages: the liquor tax as an excise, and the education tax as a surtax. Specifically, the liquor tax is 30% of the

price of the fruit wine and the education tax is 10% upon the previous tax amount. For international wines, these taxes are applicable to the importer. Evidently, taxes naturally increase final consumers' prices, who are further subject to a 10% VAT. Additionally, a cost of 7% to 8% of the CIF value (Cost, Insurance and Freight) is applied due to customs clearance fees. Under Free Trade Agreements with the EU, the US, and Australia, duties on imports of wine have been liberalized and the tax structure on consumption is the same for the products of these regions, as described above (European Union External Action 2015, Oh and Olson 2019).

VII. Portuguese wine presence in the market

In 2019, South Korea imported approximately 2.89 million litres of Portuguese wine brands, experiencing a 20.30% increase in comparison to the previous year (IVV 2020). In the same year, Port wine sales amounted €896 thousand, representing a significant increase of 64% in comparison to 2019. On the other hand, Douro wine registered a value of €61 thousand in sales, representing a 6% decrease in consumption when compared to 2018 (IVDP 2020).

6. Selected Markets for Internationalization

Pimentel realized wine revenues of around €5.1 million in 2019, registering an increase of 25% concerning the previous period. Nevertheless, the increase in sales revenues arose from the domestic market rather than the foreign one, with revenues collected from the latter remaining stable. As such, there is a need for further investment and focus on the internationalization potential. The in-depth analysis of the UK, Germany, Ireland, Australia and South Korea highlighted crucial aspects for the decision of the markets to develop business models.

The UK is one of the biggest markets for wine imports with an extremely fragmented competition in both its on and off-trade channels. Wine is the favourite alcoholic beverage in this market, with consumers increasingly demanding quality over quantity. Considering its potential for foreign presence, it represents the 5th largest market in value for Portuguese wines.

Thus, with Pimentel only having residual sales in this market, the company is currently using resources to extend its network of contacts to further tackle the UK's potential.

Germany is also one of the largest markets for the wine industry, being the 3rd largest worldwide importer, as reflected in its highly competitive market for both national and international brands. While there is a preference for domestic products, these alone cannot satisfy national demand, which constitutes an opportunity for foreign players. Contrary to the UK, German consumers prefer price over brand reputation when choosing their products. Still, Germany constitutes the 3rd largest wine market in value for Portuguese wines, even though they are priced at a low level. Thus, as Pimentel obtains only punctual revenues from this market, it constitutes a country in which the company should try to augment its presence.

As for Ireland, it is a high importer relative to its small dimension and population size, with wine sales expected to continue to grow in the next years. Due to the high taxation of alcoholic products, consumers register a trend of pursuing quality over quantity. As such, the demand for variety places an opportunity for foreign brands to tap in the market. However, Portuguese wine is losing its popularity in Ireland, with imports decreasing by around 8 million litres in 2019. This country represents a prospect for Pimentel, as the company has not established any contact within this market nor collected any type of revenue.

Finally, South Korea presents an interesting market, despite having a low value of imports considering its size and population. The country is estimated to be the second most attractive wine market worldwide, mostly as a result of its early industry stage and the notoriety this beverage is receiving, accompanied by the westernization of its culture. Additionally, Portuguese wine is increasing its popularity, registering an increase of 20.30% in wine export volume from 2018 to 2019. Thus, South Korea represents a blossoming market for the wine industry and Pimentel has not yet established any networking relationship with the country.

Considering the opportunities these countries present for developing internationalization strategies, for this project, the countries chosen to create a business model were Germany and South Korea. The reasoning lies in either the size or trends observed in the countries. On one hand, Germany is an extremely attractive country in terms of wine market size, and Pimentel has not fully realized the potential of this market in terms of revenues. On the other hand, South Korea is a market in which penetrating in its early stage of development can create immense advantages for Pimentel. As for the excluded countries, although Ireland represents a prospect market for Pimentel, Portuguese wine is declining in popularity, whereas the UK was excluded from consideration because Pimentel is currently directing resources to tackle this market.

7. Final Discussion and Conclusions

Pimentel's administration change and shift away from a family-based organization enabled operational, financial and human resources improvements. By exploiting its estate and core strengths, the company's visibility and reputation rose, allowing for a greater presence in not only the domestic market, but also in foreign ones. While the new management placed a greater focus on internationalization, the strategic approach is usually a reactive and low-involvement one, that relies on partners' efforts once the market has been penetrated. Indeed, Pimentel does not display the conviction for high involvement methods, like equity participations. While a mindset change would be highly beneficial in capturing growth opportunities, the suggested method of Direct Exporting Free On-Board is consistent with the current strategy, that mitigates financial risk but implies low control over foreign operations.

The usual entry method has thus not allowed to capture the markets' potential, such that Pimentel is recommended to adopt a more proactive attitude towards foreign expansion, by planning a strategy that considers the intended channel and regional coverage in a defined timeframe. Such commitment and goal definition are crucial in obtaining suitable partners and nurturing learning relationships that promote market knowledge and strategy adjustments.

While typically marketing efforts are transferred to foreign partners, Pimentel should strive to control its own branding and promotion activities. Hence, a general market position must be defined, so that it holds a consistent image among consumers and industry players. The suggestion for the company is to build its own marketing department and to study consumers' preferences to respond with personalized initiatives in each destination. Partners' alignment and cooperation are particularly meaningful for in-store campaigns and physical settings, but Pimentel should nevertheless ensure that it builds a relevant presence in the channels that it can control remotely, with digital media playing a major role.

In addition to a transparent definition of partners' role, financial success in foreign markets requires setting objective goals related to sales, balanced with the management of internal production and capacity efficiency. Therefore, Pimentel should discuss commercial milestones with partners and incorporate them in its daily operations.

The development of the expansion projects to Germany and South Korea were aligned with such understandings, providing favourable financial results, which accounted for concrete sales objectives aligned with Pimentel's results in other foreign markets. Such projections are contingent on the partners' commitment and ability to act on the established targets, as well as Pimentel's willingness to enforce them. These estimates also reflect the recommended marketing efforts' results and expenditures, deemed as a tool for brand activation and growth.

Overall, the commitment of resources is crucial for favourable market results and should account for the realizable potential each opportunity presents. Hence, if Pimentel is to face unforeseen constraints that only allow for the selection of one market, Germany should be favoured, due to its projected financial results. Still, South Korea's current maturity stage and future potential displays a major growth opportunity.

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Appendixes

Appendixes in the main text have hyperlinks which direct the reader to the referred complement information. To return to the main text, a hyperlink is displayed after the consulted appendix.

Appendix 1 : IVDP Sales Guidelines

Port wine commercialization is subject to a sales limit based on the wineries' produced and acquired wine quantities for the last production year. This quantity must be effectively declared by each agent to IVDP, which will then determine the sales capacity, according the following rules:	
1	Agents may commercialize up to 30% of the produced wines of the last production year if they correspond to a minimum of 75% and a maximum of 125% of the prior year's sales .
2	If surpassing 125% of the prior year's sales, agents may commercialize up to 15% of the produced wines of the last year for the surpassed amount. The remaining quantity is subject to rule 1.
3	Agents may sell the percentage resulting from $\frac{A}{B} = \frac{30}{X}$ of the produced wines of the last year, if they do not correspond to at least 75% of the sales of the prior year . A = 75% sales amount that should have been obtained, B = the actual obtained amount and X = the % amount acquired wines correspond to.
Source: Instituto do Vinho do Douro e do Porto. 2015.	

To return to section press: Appendix 1

Appendix 2 : IVDP's Punctuation Method

Factor	Minimum	Maximum
Soil and Climate		
Localization	-50	600
Parcel inclination	1	101
Shelter	0	60
Altitude	-900	240
Stoniness	0	80
Exposition	-30	100
Agricultural factors		
Productivity	0	120
Grape variety	-150	150
Compass	0	50
Conduction system	0	100
Vine age	0	60
Source: IVDP. 2019. http://www.ivdp.pt/pt/docs/Apresenta%C3%A7%C3%A3o_viticultores_2019.pdf .		

To return to section press: Appendix 2

Appendix 3 : Pimentel Sales and Quantity by Product Category

Countries	2017		2018		2019	
	Quantity	Sales	Quantity	Sales	Quantity	Sales
Douro	673 711	2 344 289 €	726 833	2 456 169 €	960 341	3 441 025 €
Port	120 805	869 850 €	125 213	963 274 €	142 459	1 248 392 €
Other Products	455 738	834 379 €	594 140	639 220 €	919 663	380 576 €
Total	1 250 254	4 048 517 €	1 446 186	4 058 663 €	2 022 463	5 069 993 €

Countries	Growth 2017 to 2018		Growth 2018 to 2019	
	Quantity	Sales	Quantity	Sales
Douro	7.88%	4.77%	32.13%	40.10%
Port	3.65%	10.74%	13.77%	29.60%
Other Products	30.37%	-23.39%	54.79%	-40.46%
Total	15.67%	0.25%	39.85%	24.92%

To return to section press: Appendix 3

Appendix 4 : Pimentel Sales and Quantity by Product Category Growth from 2017 to 2019

Countries	2017		2018		2019	
	Quantity	Sales	Quantity	Sales	Quantity	Sales
Douro	53.89%	57.90%	50.26%	60.52%	47.48%	67.87%
Port	9.66%	21.49%	8.66%	23.73%	7.04%	24.62%
Other Products	36.45%	20.61%	41.08%	15.75%	45.47%	7.51%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

To return to Douro section press: Appendix 4

To return to Port section press: Appendix 4

Appendix 5 : Financial Analysis

Income Statement Values and Analysis from 2017 to 2019

Income Statement Values	2017	2018	2019	% change 2017 to 2018	% change 2018 to 2019
Sales Revenue ¹	3 868 888,14 €	4 016 434,31 €	5 008 137,71 €	3,81%	24,69%
Subsidies ²	48 333,50 €	41 759,38 €	25 655,70 €	-13,60%	-38,56%
Inventories (variation) ³	569 061,49 €	-78 077,24 €	442 732,26 €	-113,72%	-667,04%
COGS ⁴	2 275 278,02 €	1 688 085,69 €	2 619 464,29 €	-25,81%	55,17%
Gross Profit	1 593 610,12 €	2 328 348,62 €	2 388 673,42 €	46,11%	2,59%
Operating Expenses ⁵	1 296 314,99 €	1 466 305,00 €	1 983 762,02 €	13,11%	35,29%
Other Gains/Losses ⁶	13 087,39 €	16 048,71 €	26 691,04 €	22,63%	66,31%
EBITDA	927 777,51 €	841 774,47 €	899 990,40 €	-9,27%	6,92%
Depreciation ⁷	96 050,12 €	132 155,57 €	146 857,66 €	37,59%	11,12%
Operating Profit	831 727,39 €	709 618,90 €	753 132,74 €	-14,68%	6,13%
Interes ¹⁸	77 547,25 €	83 980,46 €	90 281,17 €	8,30%	7,50%
EBT	754 180,14 €	625 638,44 €	662 851,57 €	-17,04%	5,95%
Taxes ⁹	130 140,85 €	145 764,06 €	148 799,74 €	12,00%	2,08%
Net Income (1+2+3-4-5+6-7-8-9)	624 039,29 €	479 874,38 €	514 051,83 €	-23,10%	7,12%

Balance Sheet Values from 2017 to 2019

Balance Sheet	2017	2018	2019
Non-Current Assets	641 374,63 €	698 579,60 €	715 731,04 €
Current Assets	5 244 061,37 €	5 680 226,16 €	6 661 071,25 €
Total Assets	5 885 436,00 €	6 378 805,76 €	7 376 802,29 €
Equity Changes	1 064 211,03 €	1 456 579,83 €	1 923 823,01 €
Net Income	624 039,47 €	479 874,38 €	514 051,83 €

Total Equity	1 688 250,50 €	1 936 454,21 €	2 437 874,84 €
Non-Current Liabilities	926 381,75 €	756 586,53 €	297 218,87 €
Current Liabilities	3 270 803,75 €	3 685 765,02 €	4 641 708,58 €
Total Liabilities	4 197 185,50 €	4 442 351,55 €	4 938 927,45 €

Efficiency Analysis from 2017 to 2019

Efficiency	2017	2018	2019
Average Inventory	-	2534458,91	2771522,15
Days to sell inventory	-	540,50	380,90
Average Accounts Receivable	-	1250775,22	1829349,82
Days to Collect	-	112,11	131,50
Average Accounts Payable	-	745387,33	748960,20
Purchases	-	1675933,42	3105743,05
Days to Pay	-	160,11	86,82
Cash Conversion Cycle	-	492,49	425,58

Liquidity Analysis from 2017 to 2019

Liquidity Ratios	2017	2018	2019
Current Ratio: $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1,60	1,54	1,44
Quick Ratio: $\frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$	0,83	0,86	0,79
Cash Ratio: $\frac{\text{Cash}}{\text{Current Liabilities}}$	0,12	0,04	0,01
Net Working Capital: Current Assets- Current Liabilities	1 973 257,62 €	1 994 461,14 €	2 019 362,67 €

Solvency Analysis from 2017 to 2019

Solvency Ratios	2017	2018	2019
Debt to Equity $\frac{\text{Total Debt}}{\text{Equity}}$	1,32	1,11	0,99
Debt to Assets $\frac{\text{Total Debt}}{\text{Assets}}$	0,38	0,34	0,33
Financial Leverage Ratio $\frac{\text{Assets}}{\text{Equity}}$	3,49	3,29	3,03

To return to section press: Appendix 5

Appendix 6 : Pimentel Sales in Domestic and Foreign Markets from 2017 to 2019

Categories per Country	Sales 2017	Sales 2018	Sales 2019	Growth 2017 to 2018	Growth 2018 to 2019
Portugal	2 260 850 €	2 622 180 €	3 636 115 €	16.0%	38.7%
Douro	1 642 734 €	1 917 926 €	2 625 499 €	16.8%	36.9%
Port	544 184 €	633 343 €	793 031 €	16.4%	25.2%
Other Products	73 933 €	70 910 €	217 586 €	-4.1%	206.8%
Foreign Countries	1 787 667 €	1 436 483 €	1 433 878 €	-19.6%	-0.2%
Douro	701 555 €	538 244 €	815 526 €	-23.3%	51.5%
Port	325 666 €	329 930 €	455 362 €	1.3%	38.0%
Other Products	760 446 €	568 309 €	162 990 €	-25.3%	-71.3%
Total	4 048 517 €	4 058 663 €	5 069 993 €	0.3%	24.9%

Categories per Country	Sales 2017	Sales 2018	Sales 2019	Average sales percentage in the period under analysis
Portugal	55.84%	64.61%	71.72%	64.1%
Douro	40.58%	47.26%	51.79%	46.5%
Port	13.44%	15.60%	15.64%	14.9%
Other Products	1.83%	1.75%	4.29%	2.6%
Foreign Countries	44.16%	35.39%	28.28%	35.9%
Douro	17.33%	13.26%	16.09%	15.6%
Port	8.04%	8.13%	8.98%	8.4%
Other Products	18.78%	14.00%	3.21%	12.0%
Total	100.00%	100.00%	100.00%	100.0%

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Appendix 7 : Pimentel Sales of Douro and Port by Country from 2017 to 2019 (ordered by 2019 sales)

Country	Sales in 2017	Sales in 2018	Sales in 2019	Growth of Sales 2017 to 2018	Growth of 2018 to 2019
Pimentel Douro	2 344 289 €	2 456 169 €	3 441 025 €	5%	40%
Portugal	1 642 734 €	1 917 926 €	2 625 499 €	17%	37%
France	336 418 €	327 312 €	378 980 €	-3%	16%
Brazil	7 506 €	16 650 €	166 372 €	122%	899%
China	189 561 €	96 896 €	149 576 €	-49%	54%
United States	26 293 €	14 608 €	20 639 €	-44%	41%
Denmark	3 262 €	3 069 €	19 374 €	-6%	531%
Luxembourg	13 805 €	10 244 €	17 656 €	-26%	72%
Macao	0 €	0 €	9 963 €	-	-
Belgium	18 281 €	12 139 €	9 667 €	-34%	-20%
Canada	2 102 €	0 €	9 053 €	-100%	-
United Kingdom	8 553 €	7 574 €	7 647 €	-11%	1%
Netherlands	4 532 €	555 €	6 753 €	-88%	1116%
Switzerland	76 362 €	31 176 €	6 705 €	-59%	-78%
Channel Islands	0 €	2 999 €	4 553 €	-	52%
Czech Republic	1 036 €	1 056 €	3 732 €	2%	253%
Germany	5 068 €	11 675 €	2 511 €	130%	-78%
Bulgaria	0 €	0 €	1 561 €	-	-
Hong Kong	8 395 €	2 290 €	786 €	-73%	-66%
Austria	380 €	0 €	0 €	-100%	-
Pimentel Port	869 850 €	963 274 €	1 248 392 €	11%	30%
Portugal	544 184 €	633 343 €	793 031 €	16%	25%
France	90 349 €	169 043 €	207 611 €	87%	23%
Russian	0 €	0 €	72 266 €	-	-
China	138 986 €	73 102 €	41 470 €	-47%	-43%
Denmark	9 472 €	16 670 €	39 258 €	76%	135%

Brazil	1 299 €	0 €	28 501 €	-100%	-
United States	43 290 €	17 280 €	13 273 €	-60%	-23%
Switzerland	13 459 €	10 440 €	7 276 €	-22%	-30%
Czech Republic	1 780 €	2 638 €	6 755 €	48%	156%
Luxembourg	2 328 €	2 537 €	6 726 €	9%	165%
Bulgaria	0 €	0 €	6 699 €	-	-
United Kingdom	8 969 €	14 963 €	6 512 €	67%	-56%
Belgium	5 020 €	5 513 €	6 359 €	10%	15%
Canada	2 100 €	4 611 €	4 102 €	120%	-11%
Netherlands	5 925 €	8 202 €	4 062 €	38%	-50%
Germany	0 €	2 660 €	2 366 €	-	-11%
Spain	0 €	0 €	1 455 €	-	-
Channel Islands	0 €	2 271 €	670 €	-	-71%
Austria	757 €	0 €	0 €	-100%	-
Hong Kong	1 934 €	0 €	0 €	-100%	-
Grand Total	3 214 138 €	3 419 443 €	4 689 417 €	6%	37%

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Appendix 8 : Political Variables

Variables	Definition	Unit
Voice and Accountability	Represents the perception of the population in playing a part in selecting their government. It also reflects the freedom of expression and association.	Ranges from 2,5 (strong) to -2,5 (weak)
Political Stability and Absence of Violence or Terrorism	Represents the perception of political stability as well as politically motivated violence, like terrorism.	Ranges from 2,5 (strong) to -2,5 (weak)
Government Effectiveness	Represents the perception of quality of public services, civil service, the quality of policy formulation, implementation, and government's commitment to ensure these policies.	Ranges from 2,5 (strong) to -2,5 (weak)

Regulatory Quality	Represents the perception of how the government formulate and implement policies/regulations to benefit the development of the private sector.	Ranges from 2,5 (strong) to -2,5 (weak)
Control of Corruption	Represents the perception of impartiality in the exercise of public power. Captures petty and grand forms of corruption, and power exercised by elites and private interests.	Ranges from 2,5 (strong) to -2,5 (weak)
Country Risk <i>* Inverted as the lower the risk, more secure the country is</i>	Represents the risk of companies in a given country default in payments due to conditions/events outside their control. It is measured by two indicators: the Financial Flows Indicator (short-term financing risks for an economy) and the Cyclical Risk Indicator (short-term disruptions in demand).	Risk Score from 1 (low) to 4 (high)
Average Political Risk <i>* Inverted, as a higher the average political risk</i>	Represents the impact political instability have on an investment return.	Risk score from 0 (weak) to 100 (high)
Corporate Tax Rate <i>* Inverted as the higher the tax imposed, less attractive the country becomes</i>	Tax imposed by the government on a firm's profit.	%
Sales Tax Rate <i>* Inverted as the higher the tax imposed, less attractive the country becomes</i>	Tax imposed by the government on the sale of goods and services, paid by the consumer and collected by the retailer to the government.	%
Social Security Tax Rate <i>* Inverted as the higher the tax imposed, less attractive the country becomes</i>	Reflects the tax applied to employees, withhold by employers and directed to fund government's Social Security Program.	%
World Press Freedom Index <i>* Inverted as the lower the score, more freedom of press exists</i>	Reflects the level of freedom given to media and is based on measuring pluralism, government independency, legislative framework quality and journalist safety.	Score from 0 (strong) to 100 (weak)
Trade Freedom Index	Represents the extent of tariff and non-tariff barriers that affect imports and exports of goods and services.	Score from 0 (weak) to 100 (strong)
Investment Freedom Index	Represents the regulatory restrictions that can be imposed on investments.	Score from 0 (weak) to 100 (strong)
Financial Freedom Index	Represents an economy's financial freedom by evaluating five areas of government interference in the financial sector.	Score from 0 (weak) to 100 (strong)

Sources:

Euler Hermes Economic Research. 2020.
 Investopedia. 2020.
 Reporters Without Borders. 2020.
 SACE SIMEST. 2020.
 The World Bank. 2018.
 Trading Economics. Latest tax figures.
 Worldwide Governance Indicators. 2019.

To return to section press: Appendix 8

Appendix 9 : Economic Variables

Variables	Definition	Unit
GDP per capita (2019)	Represents a country's economic output per person. Provides a perception on national economic prosperity.	Current International Dollars (PPP)
GDP growth rate (2018-19) (2019-20)	Compares the health of an economy over a period of time. Historical growths provide suggestions on an economy's general direction.	%
GDP growth rate (2020-21) (2021-22) (2022-23) (2023-24) (2024-25)	Attempts to predict an economy's future health. Provides a foundation on organizational spending and investments.	%
Transfer and Convertibility Risk <i>* Inverted, as a higher transfer and convertibility risk impedes borrowers of honouring their obligations to foreign creditors</i>	Represents the likelihood of governments imposing capital and exchange controls that would inhibit the conversion of local currency into foreign ones and the transferring of funds to non-resident creditors.	Risk score from 0 (weak) to 100 (high)
Ease of Doing Business Score	Assesses economies on business-related factors, including starting a business, paying taxes, trading across borders, enforcing contracts and resolving insolvency.	Score from 0 (weak) to 100 (strong)
Inflation <i>* Inverted, as a too high or too low inflation may signal a fall in purchases and investments</i>	Represents the change in the general level of prices of a current unit of currency in relation to prior periods. Calculated as the distance to ideal inflation value (2%).	% distance to the ideal value of 2%
Foreign Direct Investment	Represents investments made into national businesses by foreign companies or individuals. High inflows signal large growth prospects for investors.	Net Inflows as % of GDP

Terms of Trade	Represent the ratio between the index of export prices and the index of import prices. A country has positive terms of trade if export prices grow more than import prices, as for the same amount of exports, it can purchase more imports.	% (100% represents an even price growth)
Growth of Imports (2019)	Represent the change in foreign goods and services purchased from a country's residents and businesses.	%
Competitiveness Index	Assesses countries on 12 pillars of competitiveness, including factors related to institutions, appropriate infrastructure; education, efficient goods and labour markets and developed financial markets.	Score from 0 (weak) to 100 (strong)
Exchange Rate in relation to Euros	Represents the value of a nation's domestic currency (€, in this case) in relation to foreign currencies. Allows investors to analyse potential ventures.	€/currency
Unemployment Rate <i>* Inverted, as greater unemployment rates reflect unhealthy economies and lower consumer prosperity</i>	Represents the number of unemployed people as a percentage of the workforce. Allows to assess the health and prosperity of an economy.	% of labour force
Sources: Ambest. 2017. IMF. 2017. International Labour Organization. 2019. Investopedia. 2019. Investopedia. 2020. The World Bank. 2019. The World Bank. 2020. Trading Economics Forum. 2019. World Economic Forum. 2019. XE Currency. 2020.		

To return to section press: Appendix 9

Appendix 10 : Social Variables

Variables	Definition	Unit
Total Population	Represents all individuals falling within the scope of the census. It may include both usual residents of the country or all individuals present in the country at the time of the census.	Individuals
Population Growth	Represents the increase/decrease in the number of individuals in a given country.	% of total population
Urban Population	Represents the percentage of individuals inhabiting in areas with greater population density. It mainly refers to individuals living in cities.	% of total population
Population 15+	Represents the percentage of individuals aged at a minimum of 15 years old. It falls under the assumption that this population have already started to consume alcoholic beverages.	% of total population
GINI Index <i>* Inverted as the lower the score, the better the income is distributed</i>	Represents the distribution of income among individuals or households taking into consideration how the economy deviates from a perfectly equal distribution.	Ranges from 0 (perfect equality) to 100 (perfect inequality)
Number of tourists per year	Represents the number of international tourist arrivals to a given country.	Thousands of Individuals
Muslim Population <i>* Inverted as the higher the number of Muslims, the less attractive the country becomes</i>	Represents the percentage of Muslim individuals in a given country. It falls under the assumption that Muslims do not consume alcoholic beverages.	% of total population
Alcohol consumption per person	Represents the average alcohol consumption per capita in a given country. It only includes population aged at a minimum of 15 years old.	Litres
Cultural distance in relation to Portugal <i>* Inverted as the higher the score, more cultural distance exists</i>	Represents how two or more countries are, or are not, culturally related. Under Hofstede's cultural theory and its six dimensions, it was assessed each country in relation to Portugal.	Scores
Portuguese Emigrants	Represents the number of Portuguese individuals permanently living in a given country abroad.	Individuals
Social Progress Index	Represents how each country provide social and environmental needs for their citizens. It involves 54 indicators of basic human needs, foundations of well-being and opportunity to progress.	Ranges from 0 (minimum social progress) to 100 (maximum social progress)
Human Development Index	Represents the average achievement in essential dimensions of human development: long and healthy life, knowledge, decent standard of living.	Ranges from 0 (minimum human development) to 1 (maximum human development)

Sources:

CIA The World Factbook. 2020.
 Hofstede Insights Compare Countries. 2020.
 MarketLine. 2019.
 Observatório de Emigração. Wikipedia. 2019
 Our World in Data. 2016.
 Pew Research Center. 2020.
 Social Progress Imperative Organization. 2020.
 The World Bank and World Economic Forum. 2020.
 United Nations Development Programme – Human Development Reports. 2019.
 Wikipedia. 2019.
 Wikipedia. 2015.
 World Population Review. 2019/2020.
 World Population Review. 2020.
 World Tourism Organization. 2019.

To return to section press: Appendix 10

Appendix 11 : Technological Variables

Variable	Definition	Unit
R&D investment	Represents the gross domestic expenses on research and development, comprising capital and expenses from areas such Government, Higher education, business enterprise and	% of total GDP)
Global Innovation Index	Represents meticulous metrics about the innovation performance of countries based on 80 indicators ranging from political situation, education to business and infrastructure	Score from 0 (worst) to 100 (best)
Logistics Performance Index <i>* Inverted, as the lower score the best tis the logistics performance of a country</i>	Represents a benchmark capable of identifying countries' challenges and opportunities when faced with performance on trade logistics by evaluating the performance along the logistics supply chain of a country.	Rank from 1(best) to 160(worst)
Information and Communications Technology index <i>* Inverted, as the lower score the best the is information and communication technology factors of a country</i>	Represents and compares the level of information and communication technology within countries and is constituted with indicators from containing access, usage and skills	Rank from 1(best) to 168 (worst)
Infrastructure Quality	Represents the quality of infrastructure (transport, energy, communications, water) within a country	Score from 0 (worst) to 100 (best)

Sources:
 ITU. 2020.
 OECD. 2020.
 Statista. 2019.
 World Bank. 2020.
 World Bank. 2018.
 World Intellectual Property Organization. 2020.

To return to section press: Appendix 11

Appendix 12 : Environmental Variables

Variable	Definition	Unit
World Risk Index * Inverted, as the lower score the best greater is the preponderance of natural disaster exposure	Represents the risk of natural disaster occurrence based on the country's vulnerability and exposure risks.	Rank from 1(best) to100 (worst)
Environmental Performance Index	Represents the sustainability state level of each country, providing a scale determining whether countries are close or not of achieving certain environmental policy targets.	Score from 0 (worst) to 100 (best)
Sources: Bündnis Entwicklung Hift. 2020. Yale Center for Environmental Law & Policy. 2020.		

To return to section press: Appendix 12

Appendix 13 : Legal Variables

Variable	Definition	Unit
Expropriation and Breach of Contract * <i>Inverted, as the lower the rank the easier is to a public authority to get possession of private property</i>	Represents the extend of which a public authority can acquire, with or without consent, the ownership of a private property for public use.	Rank from 1(best) to 100 (worst)
Property Rights	Represents the level of intellectual and physical property rights	Rank from 0 (worst) to 10 (best)

Rule of Law	Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.	Ranges from -2,5 (weak) and 2,5 strong)
Strength of legal rights index.	Measures the degree to which collateral and bankruptcy laws protect the right of debtors and creditors. The greater the score the better is to expand access to credit.	Ranges from 0 (weak) to 12(strong)
Sources: International Property Rights Index (IPR). 2019. SACE SIMEST. 2020. World Bank. 2019. World Governance Indicators. 2020.		

To return to section press: Appendix 13

Appendix 14 : Industry-Specific Variables

Variables	Definition	Unit
Contribution of Wine Sector to GDP <i>* Proxy Variable</i>	Represents an approximation of the importance of the wine sector to the overall economy of each company. This proxy variable was computed using the estimated revenues of the Wine Market over the total GDP of each country, in 2019.	%
Number of Alcohol-Distributing Wholesalers and Liquor Stores	Represents all the potential selling points of Wine within each country.	Number
Number of Wineries <i>* Inverted, as competition generally implies lower operating margins for new entrants</i>	Represents the competition in each country – amounts to the number of wine companies operating in each nationality.	Number
Number of workers in the sector	Represents how many persons are employed by winery companies in each country.	Number
Sales Taxes on Wine <i>* Boolean Variable</i>	Represents the presence or absence of taxes specific for wine.	0(Tax) - 1(No tax)
Average price of wine	Represents the average price of a bottle of wine (750ml).	US Dollars (\$)

Wine Production per Capita <i>* Inverted, as strong national production may display a domestic wine drinking cultural preference</i>	Represents the wine production of each country, adjusted to the dimension of the population. This adjustment was performed in order to compare with the wine consumption per capita in each nationality.	Tonnes per person
Wine Consumption Per capita	Represents, on average, how much wine is consumed per habitant in each country. Allow one to understand how strong the wine demand is.	Litres per Person
Wine Imports	Represents the monetary value of all the imports of wine by country. Allows one to understand how much of the national consumption is served by international players.	Dollars
Wine Exports <i>* Inverted, as wine-exporting countries may entail higher competitiveness between foreign and domestic wines</i>	Represents the monetary value of all exports of each country. Provides a perception of how competitive each market is in terms of wine.	Dollars
Portuguese Wine Exports	Represents how much litres of Portuguese wine were exported to each country in 2019. Allows to understand the demand for Portuguese wine.	Litres
Growth of Portuguese Wine Exports (2019/2018)	Builds on the last variable, by representing the evolution of Portuguese wine's demand in each country.	%
Export price of Portuguese Wine	Represents the average price of a Portuguese Wine bottle in each country. Provides a perception on how countries value this product.	€
Growth of Export Price of Portuguese Wine (2019/2018)	Builds on the last variable, by representing the evolution of the price in each country.	%
Port Wine Sales	Represents the total monetary value of Port Wine Sales in each country. Provides a perception on how strong the demand for this product is by country.	€
Port Wine Sales Growth (2019/2018)	Builds on the last variable, providing a perception on how demand for Port Wine evolved within the years considered.	%
Douro Wine Sales	Represents the total monetary value of Douro Wine Sales in each country. Provides a perception on how strong the demand for this product is by country.	€
Douro Wine Sales Growth (2019/2018)	Builds on the last variable, providing a perception on how demand for Port Wine evolved within the years considered.	%

Sources:

IVDP. 2019.
IVDP. 2019/2018.
IVV. 2018/2019.
IVV. 2019.
Nation Master. 2019.
ORBIS. 2019.
Statista. 2019.
World Bank. 2019.
World Health Organization. 2016.
World Health Organization. 2019.
World Population Review. 2020.
World's Top Exports. 2020.

To return to section press: Appendix 14

Appendix 15 : Weight Categories

Number of Variables	72
Average Weight	1,39%
Category	Weight
Strong	2,31%
Medium-Strong	2,08%
Medium	1,39%
Medium-Weak	0,69%
Weak	0,46%

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Appendix 16 : Variable Weights ordered by category and by strength

Weights by Variable Category		
Political	Voice and Accountability	1,39%
	Political Stability and Absence of Violence	1,39%
	Government Effectiveness	1,39%
	Regulatory Quality	1,39%
	Control of Corruption	1,39%
	Average political risk	0,69%
	Country Risk	0,69%
	Corporate Tax Rate	1,39%
	Sales Tax Rate	0,69%
	Social Security Tax Rate	0,69%
	World Press Freedom Index	0,69%
	Trade Freedom Index	2,08%
	Investment Freedom Index	0,69%
	Financial Freedom Index	0,69%
	Economic	GDP per capita
GDP growth (2018 to 2019)		1,39%
GDP growth (2019 to 2020)		1,39%
GDP growth (2020 to 2021)		0,69%
GDP growth (2021 to 2022)		0,46%
GDP growth (2022 to 2023)		0,46%
GDP growth (2023 to 2024)		0,46%
GDP growth (2024 to 2025)		0,46%
Transfer and Convertibility Risk		1,39%
Ease of Doing Business Score		2,08%
Inflation		1,39%
Foreign Direct Investment		1,39%
Terms of Trade		1,39%

	Growth of Imports 2019	1,39%
	Competitiveness Index	1,39%
	Exchange Rate in relation to euros	1,39%
	Unemployment Rate	1,39%
Social	Total Population	0,69%
	Population Growth	0,69%
	Urban Population	1,39%
	Population 15+	2,08%
	GINI INDEX	1,39%
	N° of Tourists per year	0,46%
	Muslim population	0,46%
	Alcohol consumption per person -2016	2,08%
	Cultural distance in relation to Portugal	0,69%
	Portuguese Emigrants	1,39%
	Social Progress Index	1,39%
	Human Development index	1,39%
Technological	R&D investment	1,39%
	Global Innovation Index	1,39%
	Logistics Performance Index	2,08%
	Information and Communications Technology (ICT) index	1,39%
	Infrastructure quality	2,08%
Environmental	World Risk Index (Natural Events Risk)	0,46%
	Environmental Performance Index	0,69%
Legal	Expropriation and Breach of Contract	1,39%
	Property Rights	1,39%
	Rule of Law	1,39%
	Strength of legal rights index	1,39%

Industry-Specific	Contribution of Wine Sector to GDP	2,31%
	Number of Alcohol Distributing Wholesalers	2,08%
	Number of Wineries	2,08%
	Number of Workers in the sector	2,08%
	Sales Taxes on Wine	0,46%
	Average Price of Wine (750 ml)	2,08%
	Wine production per capita	2,08%
	Wine consumption per capita	2,31%
	Wine Imports	2,31%
	Wine Exports	1,39%
	Exports Portuguese Wine Value	2,08%
	Exports Portuguese Wine Growth 2018/2019	2,08%
	Growth of Export Price of Portuguese Wine	2,08%
	Export Price of Portuguese Wine	2,08%
	Port Wine Sales	2,31%
	Port Wine Sales Growth	1,39%
	Douro Wine Sales	2,31%
	Douro Wine Sales Growth 2018-2019	1,39%
	SUM	100%

Variables organized from Strong to Weak		
Strong	Contribution of Wine Sector to GDP	2,31%
	Wine consumption per capita	2,31%
	Wine Imports	2,31%
	Port Wine Sales	2,31%
	Douro Wine Sales	2,31%
Medium-Strong	Trade Freedom Index	2,08%
	GDP per capita	2,08%
	Ease of Doing Business Score	2,08%

	Population 15+	2,08%
	Alcohol consumption per person - 2016	2,08%
	Logistics Performance Index	2,08%
	Infrastructure quality	2,08%
	Number of Alcohol Distributing Wholesalers	2,08%
	Number of Wineries	2,08%
	Number of Workers in the sector	2,08%
	Average Price of Wine (750 ml)	2,08%
	Wine production per capita	2,08%
	Exports Portuguese Wine Value	2,08%
	Exports Portuguese Wine Growth 2018/2019	2,08%
	Growth of Export Price of Portuguese Wine	2,08%
	Export Price of Portuguese Wine	2,08%
	Medium	Voice and Accountability
Political Stability and Absence of Violence		1,39%
Government Effectiveness		1,39%
Regulatory Quality		1,39%
Control of Corruption		1,39%
Corporate Tax Rate		1,39%
GDP growth (2018 to 2019)		1,39%
GDP growth (2019 to 2020)		1,39%
Transfer and Convertibility Risk		1,39%
Inflation		1,39%
Foreign Direct Investment		1,39%
Terms of Trade		1,39%
Growth of Imports 2019		1,39%
Competitiveness Index		1,39%
Exchange Rate in relation to euros		1,39%
Unemployment Rate		1,39%
Urban Population		1,39%

	GINI INDEX	1,39%
	Portuguese Emigrants	1,39%
	Social Progress Index	1,39%
	Human Development index	1,39%
	R&D investment	1,39%
	Global Innovation Index	1,39%
	Information and Communications Technology (ICT) index	1,39%
	Expropriation and Breach of Contract	1,39%
	Property Rights	1,39%
	Rule of Law	1,39%
	Strength of legal rights index	1,39%
	Wine Exports	1,39%
	Port Wine Sales Growth	1,39%
	Douro Wine Sales Growth 2018-2019	1,39%
	Medium-Weak	Average political risk
Country Risk		0,69%
Sales Tax Rate		0,69%
Social Security Tax Rate		0,69%
World Press Freedom Index		0,69%
Investment Freedom Index		0,69%
Financial Freedom Index		0,69%
GDP growth (2020 to 2021)		0,69%
Total Population		0,69%
Population Growth		0,69%
Cultural distance in relation to Portugal		0,69%
Environmental Performance Index		0,69%
Weak	GDP growth (2021 to 2022)	0,46%
	GDP growth (2022 to 2023)	0,46%
	GDP growth (2023 to 2024)	0,46%

	GDP growth (2024 to 2025)	0,46%
	N° of Tourists per year	0,46%
	Muslim population	0,46%
	World Risk Index (Natural Events Risk)	0,46%
	Sales Taxes on Wine	0,46%
	SUM	100%

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Appendix 17 : Country Rankings

Countries	Final Score	C4 had sales in 2019	Ranking Position
United States	0.92	Yes	1
United Kingdom	0.73	Yes	2
Switzerland	0.70	Yes	3
Denmark	0.67	Yes	4
Germany	0.67	Yes	5
Netherlands	0.61	Yes	6
Canada	0.61	Yes	7
Portugal	0.60	Yes	8
France	0.58	Yes	9
Norway	0.57	No	10
Singapore	0.57	Yes	11
Sweden	0.57	No	12
Ireland	0.56	No	13
Belgium	0.54	Yes	14
Finland	0.53	No	15
Luxembourg	0.53	Yes	16
South Korea	0.46	No	17

Austria	0.44	Yes	18
Australia	0.43	No	19
Japan	0.40	No	20
Cyprus	0.40	No	21
Iceland	0.39	No	22
New Zealand	0.39	No	23
Malta	0.37	No	24
United Arab Emirates	0.36	No	25
Estonia	0.35	No	26
Czech Republic	0.32	Yes	27
Hungary	0.32	No	28
Brazil	0.29	Yes	29
Latvia	0.29	No	30
Lithuania	0.26	No	31
Romania	0.24	No	32
Slovenia	0.24	No	33
Spain	0.24	Yes	34
Poland	0.22	No	35
China	0.21	Yes	36
Israel	0.19	No	37
Slovakia	0.16	No	38
Qatar	0.15	No	39
Bulgaria	0.10	Yes	40
Croatia	0.09	No	41
Italy	0.08	No	42
Georgia	0.08	No	43
Chile	0.07	No	44
Malaysia	0.05	No	45
Uruguay	0.04	No	46
Colombia	0.02	No	47

Serbia	0.01	No	48
Russia	-0.01	Yes	49
Peru	-0.03	No	50
Thailand	-0.03	No	51
Greece	-0.03	No	52
Panama	-0.07	No	53
Mexico	-0.07	No	54
Moldova	-0.07	No	55
Vietnam	-0.08	No	56
Macedonia	-0.08	No	57
Indonesia	-0.09	No	58
Montenegro	-0.11	No	59
Costa Rica	-0.12	No	60
Oman	-0.12	No	61
Ukraine	-0.14	No	62
Kazakhstan	-0.15	No	63
Albania	-0.17	No	64
Armenia	-0.18	No	65
Bosnia and Herzegovina	-0.21	No	66
Mongolia	-0.21	No	67
Azerbaijan	-0.24	No	68
The Bahamas	-0.25	No	69
Jordan	-0.25	No	70
El Salvador	-0.25	No	71
Belarus	-0.26	No	72
Turkey	-0.26	No	73
Paraguay	-0.27	No	74
Jamaica	-0.28	No	75
Dominican Republic	-0.30	No	76
Philippines	-0.31	No	77

Laos	-0.33	No	78
India	-0.34	No	79
Uzbekistan	-0.36	No	80
Ecuador	-0.37	No	81
Maldives	-0.39	No	82
Cambodia	-0.40	No	83
Guatemala	-0.40	No	84
Sri Lanka	-0.40	No	85
Honduras	-0.42	No	86
Bhutan	-0.42	No	87
Argentina	-0.42	No	88
Kyrgyzstan	-0.42	No	89
Egypt	-0.47	No	90
Belize	-0.47	No	91
Nepal	-0.48	No	92
Iran	-0.50	No	93
Bolivia	-0.50	No	94
Lebanon	-0.51	No	95
Cuba	-0.52	No	96
Nicaragua	-0.53	No	97
Myanmar	-0.54	No	98
Tajikistan	-0.58	No	99
Bangladesh	-0.59	No	100
Pakistan	-0.72	No	101
Haiti	-0.84	No	102
Venezuela	-1.08	No	103

To return to section press: Appendix 17

Appendix 18 : Country Clustering Correlations: Correlation Strength

Correlation strength	Interpretation	Unique correlations	Relative Unique Correlations
$-0,5 < x < 0,5$	Low correlation	2119	82,9%
$ 0,5 \leq x < 0,6 $	Moderate correlation	130	5,1%
$ 0,6 \leq x < 0,7 $	Moderate correlation	136	5,3%
$ 0,7 \leq x < 0,8 $	High correlation	91	3,6%
$ 0,8 \leq x < 0,9 $	High correlation	59	2,3%
$ 0,9 \leq x < 1 $	Very High correlation	21	0,8%

Source:
Jaadi, Zakaria. 2019. <https://towardsdatascience.com/everything-you-need-to-know-about-interpreting-correlations-2c485841c0b8>

To return to section press: Appendix 18

Appendix 19 : Elimination procedure of Correlated Variables

	Eliminated variables
--	----------------------

Variables displayed in descendent order of the number of correlations	Correlated Variables
Government Effectiveness (eliminated first)	Regulatory Quality
	Control of Corruption
	Average Political Risk
	Competitiveness Index
	Expropriation and Breach of contract
Expropriation and breach of contract (eliminated second)	Rule of Law
	Government Effectiveness
	Regulatory Quality
	Control of Corruption
	Average Political Risk

	Rule of Law
	Competitiveness Index
Average Political Risk (eliminated third)	Government Effectiveness Regulatory Quality Transfer and Convertibility Risk Expropriation and Breach of contract Rule of Law
Rule of law (eliminated fourth)	Government Effectiveness Regulatory quality Control of corruption Average political risk Expropriation and breach of contract
Regulatory Quality (all variables with correlation had been eliminated)	Government Effectiveness Average Political Risk Expropriation and breach of contract Rule of Law
Control of Corruption (all variables with correlation had been eliminated)	Government Effectiveness Expropriation and Breach of contract Rule of Law
Competitiveness index (all variables with correlation had been eliminated)	Expropriation and breach of contract Government Effectiveness
Social Progress Index (eliminated fifth)	EPI Human development index
GDP growth (2024-2025) (eliminated sixth)	GDP growth (2022-2023) GDP growth (2023-2024)
GDP growth (2023-2024) (eliminated seventh)	GDP growth (2022-2023) GDP growth (2024-2025)
GDP growth (2022-2023)	GDP growth (2023-2024) GDP growth (2024-2025)

Human development index (all variables with correlation had been eliminated)	Social progress index
EPI (all variables with correlation had been eliminated)	Social progress index
Transfer and Convertibility Risk (all variables with correlation had been eliminated)	Average political risk

To return to section press: Appendix 19

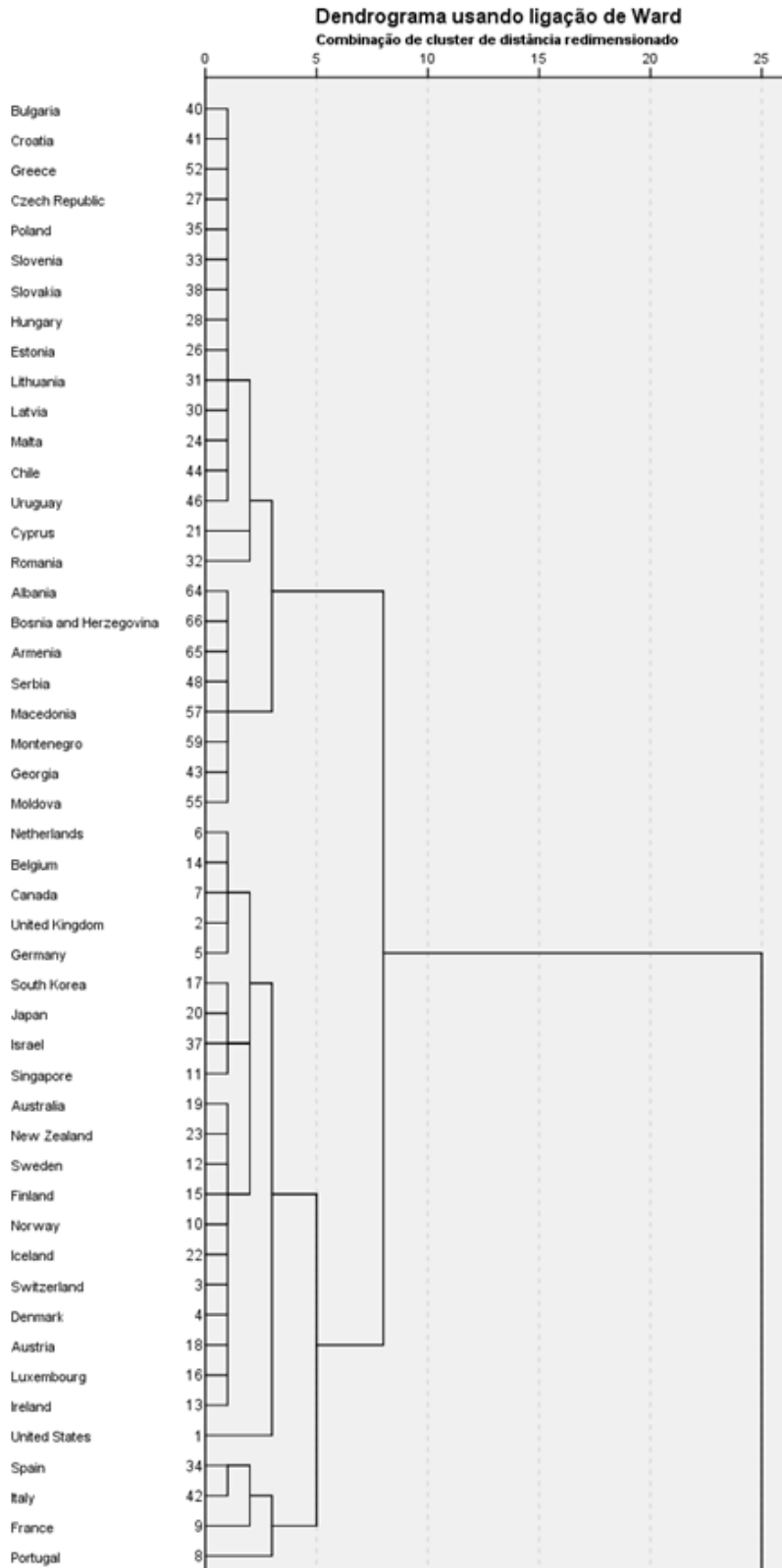
Appendix 20 : Deleted Variables and Correlation Strength Results

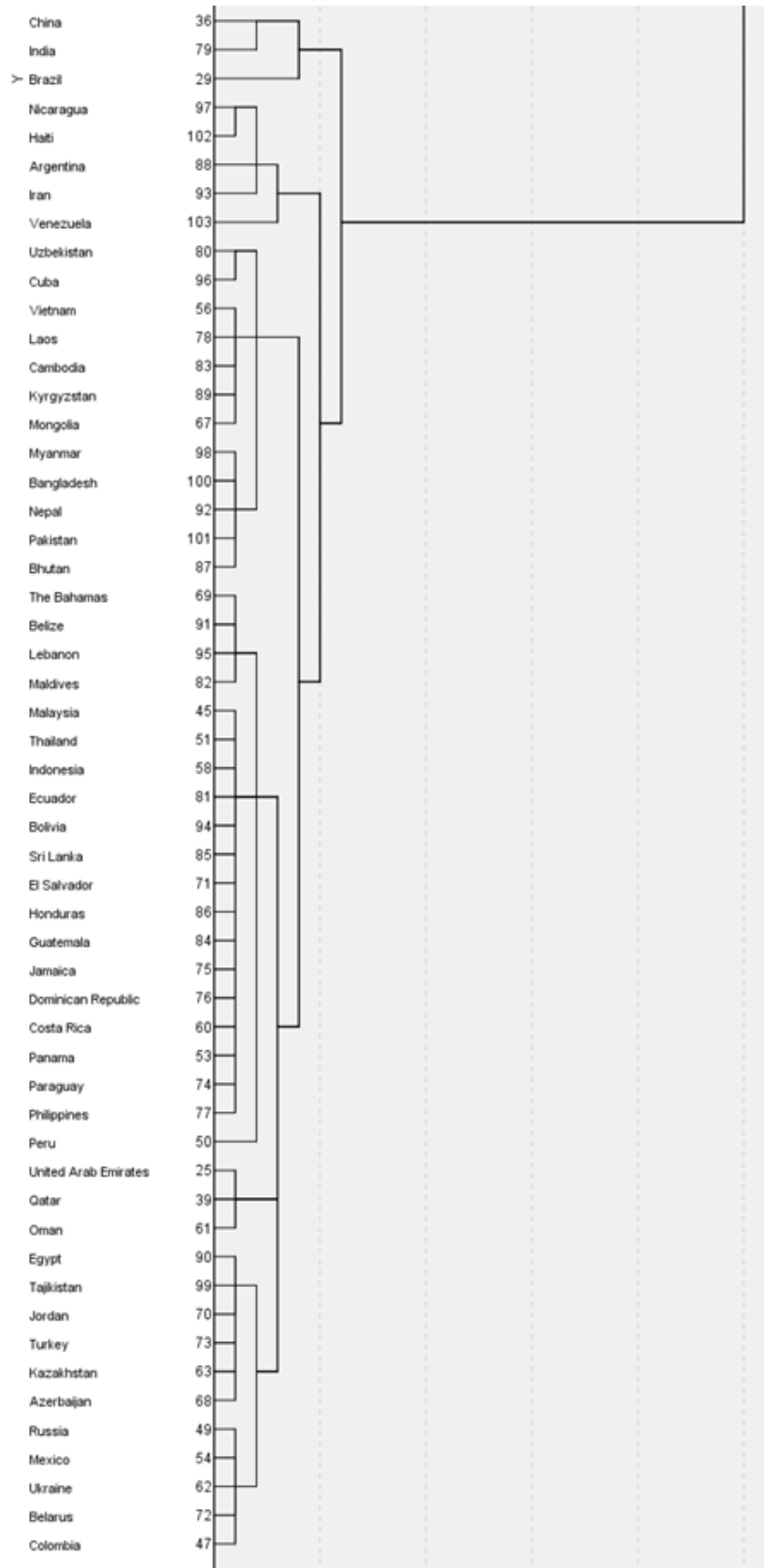
Deleted Variables	Weight
Government Effectiveness	Medium
Expropriation and Breach of Contract	Medium
Average Political Risk	Medium-Weak
Rule of Law	Medium
Social Progress Index	Medium
GDP growth (2024-2025)	Weak
GDP growth (2023-2024)	Weak

Correlation strength	Interpretation	Unique correlations	Relative Unique Correlations
$-0,5 < x < 0,5$	Low correlation	1796	86,3%
$ 0,5 \leq x < 0,6 $	Moderate correlation	108	5,2%
$ 0,6 \leq x < 0,7 $	Moderate correlation	95	4,6%
$ 0,7 \leq x < 0,8 $	High correlation	53	2,5%
$ 0,8 \leq x < 0,9 $	High correlation	28	1,3%
$ 0,9 \leq x < 1 $	Very High correlation	0	0,0%

To return to section press: Appendix 20

Appendix 21 : Dendrogram and Clusters of all 65 Variables (A)





*countries Pimentel currently has sales

Note: Ranking below country name

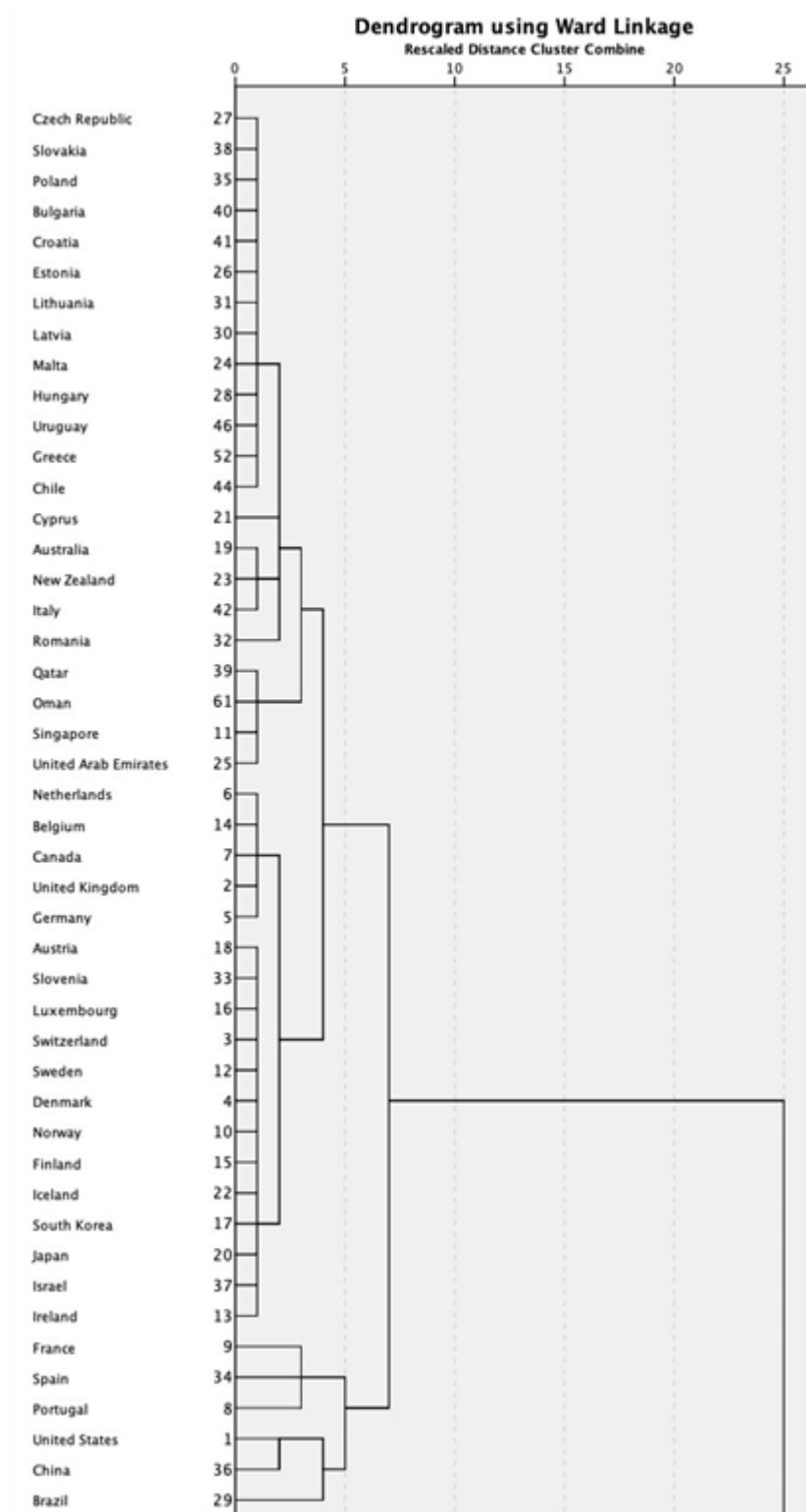
Cluster 1	Bulgaria	Croatia	Greece	Czech Republic	Poland	Slovenia	Slovakia
	40	41	52	27	35	33	38
	Hungary	Estonia	Lithuania	Latvia	Malta	Chile	Uruguay
	28	26	31	30	24	44	46
Cluster 2	Cyprus						
	21						
Cluster 3	Romania						
	32						
Cluster 4	Albania	Bosnia and Herzegovina	Armenia	Serbia			
	64	66	65	48			
	Macedonia	Montenegro	Georgia	Moldova			
	57	59	43	55			
Cluster 5	Netherlands*	Belgium*	Canada*	United Kingdom*	Germany*		
	6	14	7	2	5		
Cluster 6	South Korea	Japan	Israel	Singapore*			
	17	20	37	11			
Cluster 7	Australia	New Zealand	Sweden	Finland	Norway	Iceland	
	19	23	12	15	10	22	
	Switzerland*	Denmark*	Austria	Luxembourg*	Ireland		
	3	4	18	16	13		
Cluster 8	United States*						
	1						
Cluster 9	Spain*	Italy					
	34	42					
Cluster 10	France*						
	9						

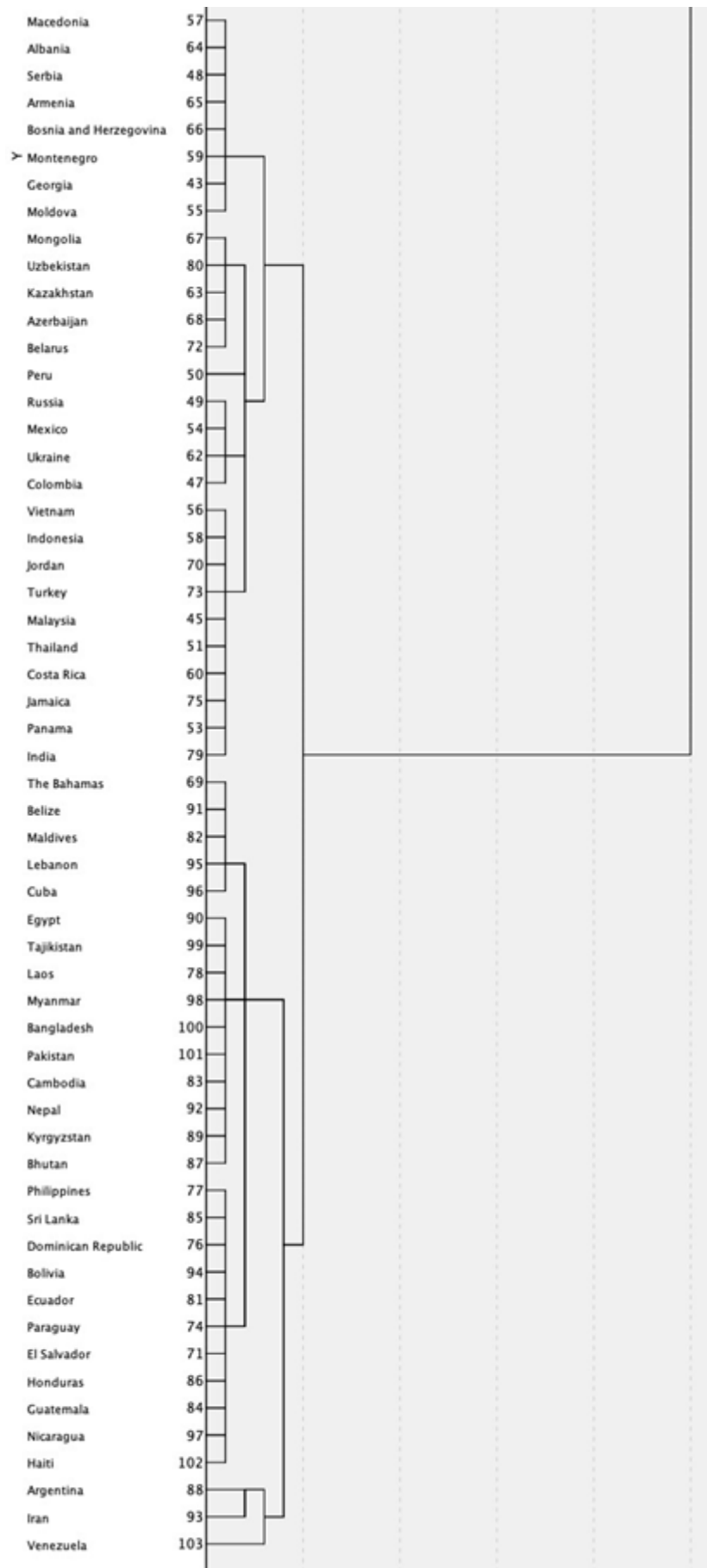
Cluster 11	Portugal*				
	8				
Cluster 12	China*				
	36				
Cluster 13	India				
	79				
Cluster 14	Brazil*				
	29				
Cluster 15	Nicaragua	Haiti			
	97	102			
Cluster 16	Argentina				
	88				
Cluster 17	Iran				
	93				
Cluster 18	Venezuela				
	103				
Cluster 19	Uzbekistan	Cuba			
	80	96			
Cluster 20	Vietnam	Laos	Cambodia	Kyrgyzstan	Mongolia
	56	78	83	89	67
Cluster 21	Myanmar	Bangladesh	Nepal	Pakistan	Bhutan
	98	100	92	101	87
Cluster 22	The Bahamas	Belize	Lebanon	Maldives	
	69	91	95	82	
Cluster 23	Malaysia	Thailand	Indonesia	Ecuador	Bolivia
	45	51	58	81	94
	Guatemala	Jamaica	Dominican Republic	Costa Rica	Panama
	84	75	76	60	53

	Sri Lanka	Paraguay	El Salvador	Philippines	Honduras	
	85	74	71	77	86	
Cluster 24	Peru					
	50					
Cluster 25	United Arab Emirates	Qatar	Oman			
	25	39	61			
Cluster 26	Egypt	Tajikistan	Jordan	Turkey	Kazakhstan	Azerbaijan
	90	99	70	73	63	68
Cluster 27	Russia*	Mexico	Ukraine	Belarus	Colombia	
	49	54	62	72	47	

To return to section press: Appendix 21

Appendix 22 : Dendrogram and Clusters of 48 Variables (B)





*countries Pimentel currently has sales

Note: Ranking below country name

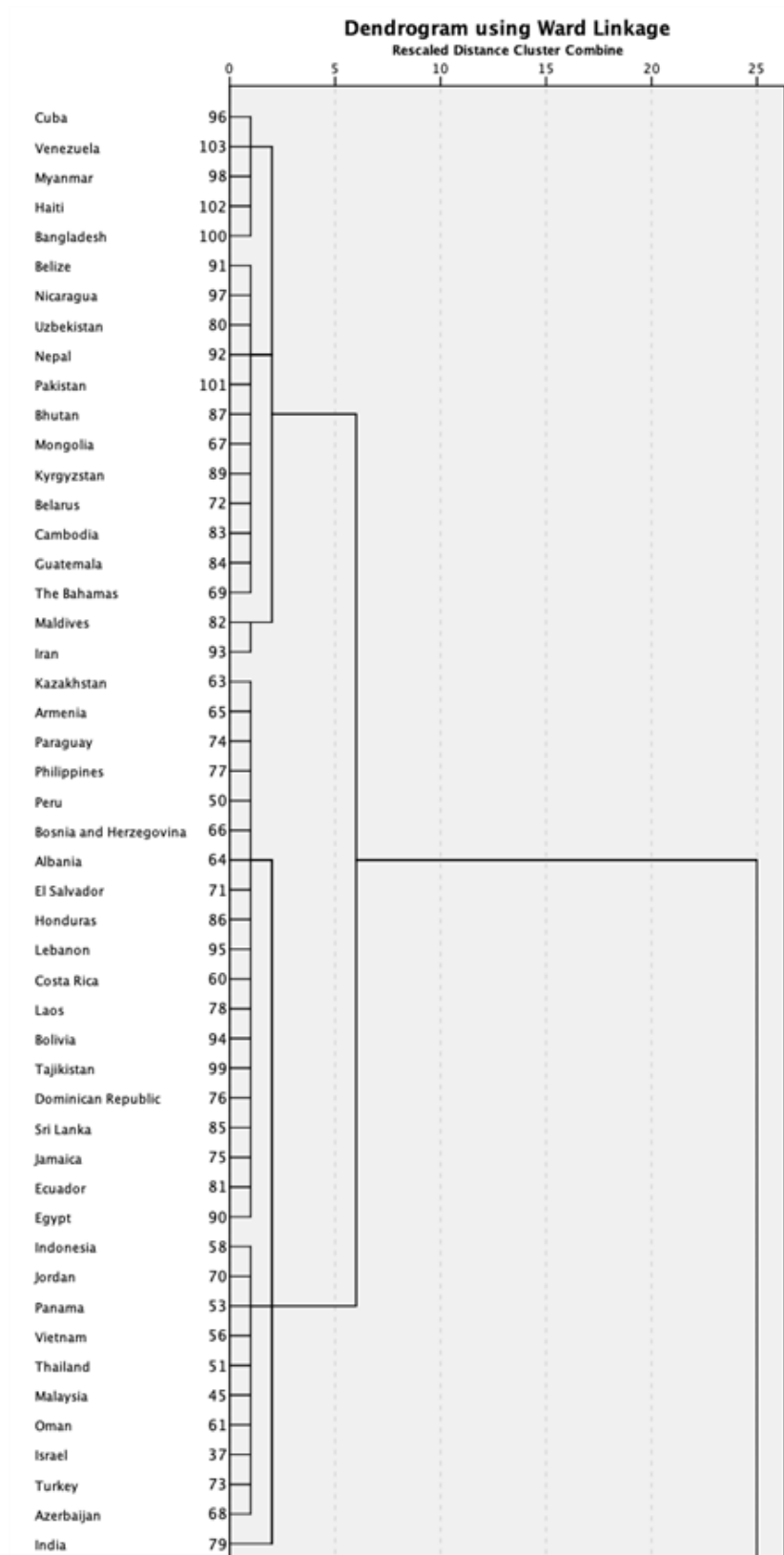
Cluster 1	Czech Republic	Slovakia	Poland	Bulgaria	Croatia	Estonia	Lithuania
	27	38	35	40	41	26	31
	Latvia	Malta	Hungary	Uruguay	Greece	Chile	
	30	24	28	46	52	44	
Cluster 2	Cyprus						
	21						
Cluster 3	Australia	New Zealand	Italy				
	19	23	42				
Cluster 4	Romania						
	32						
Cluster 5	Qatar	Oman	Singapore	United Arab Emirates			
	39	61	11	25			
Cluster 6	Netherlands*	Belgium*	Canada*	United Kingdom*	Germany*		
	6	14	7	2	5		
Cluster 7	Austria	Slovenia	Luxembourg*	Switzerland*	Sweden		
	18	33	16	3	12		
	Finland	Iceland	South Korea	Japan	Israel		
	15	22	17	20	37		
	Denmark*	Ireland	Norway				
	4	13	10				
Cluster 8	France*						
	9						
Cluster 9	Spain*						
	34						
Cluster 10	Portugal*						
	8						
	United States*						

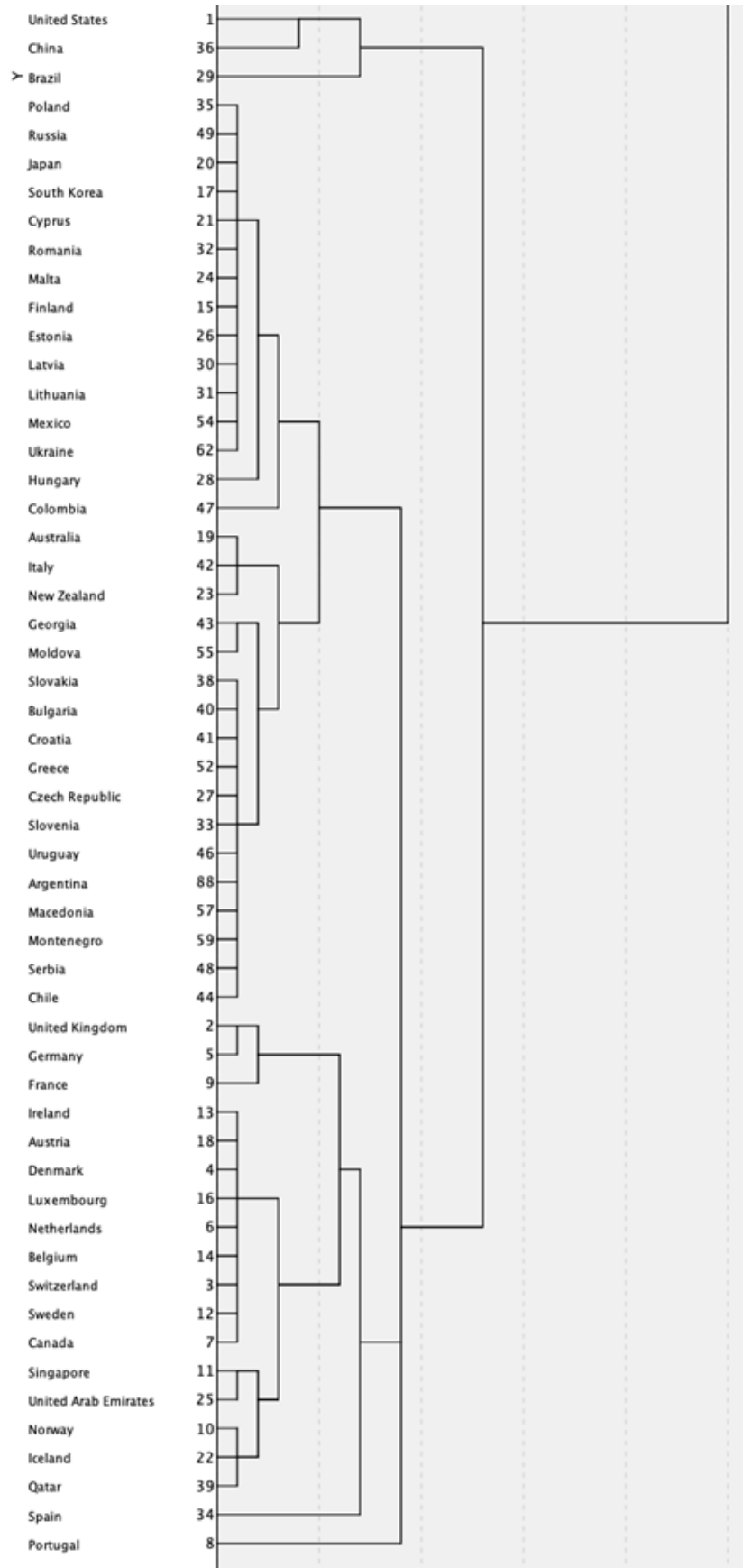
Cluster 11	1					
Cluster 12	China*					
	36					
Cluster 13	Brazil*					
	29					
Cluster 14	Macedonia	Albania	Serbia	Armenia		
	57	64	48	65		
	Bosnia and Herzegovina	Montenegro	Georgia	Moldova		
	66	59	43	55		
Cluster 15	Mongolia	Uzbekistan	Kazakhstan	Azerbaijan	Belarus	
	67	80	63	68	72	
Cluster 16	Peru					
	50					
Cluster 17	Russia*	Mexico	Ukraine	Colombia		
	49	54	62	47		
Cluster 18	Vietnam	Indonesia	Jordan	Turkey	Malaysia	
	56	58	70	73	45	
Cluster 19	Thailand	Costa Rica	Jamaica	Panama	India	
	51	60	75	53	79	
	The Bahamas	Belize	Maldives	Lebanon	Cuba	
	69	91	82	95	96	
Cluster 20	Egypt	Tajikistan	Laos	Myanmar	Bangladesh	
	90	99	78	98	100	
	Pakistan	Cambodia	Nepal	Kyrgyzstan	Bhutan	
	101	83	92	89	87	
Cluster 21	Philippines	Sri Lanka	Dominican Republic	Bolivia	Ecuador	Paraguay
	77	85	76	94	81	74
	El Salvador	Honduras	Guatemala	Nicaragua	Haiti	

	71	86	84	97	102
Cluster 22	Argentina				
	88				
Cluster 23	Iran				
	93				
Cluster 24	Venezuela				
	103				

To return to section press: Appendix 22

Appendix 23 : Dendrogram and Clusters of 21 Variables (C)





*countries Pimentel currently has sales

Note: Ranking below country name

Cluster 1	Cuba	Venezuela	Myanmar	Haiti	Bangladesh		
	96	103	98	102	100		
Cluster 2	Belize	Nicaragua	Uzbekistan	Nepal	Pakistan	Bhutan	
	91	97	80	92	101	87	
	Mongolia	Kyrgyzstan	Belarus	Cambodia	Guatemala	The Bahamas	
	67	89	72	83	84	69	
Cluster 3	Maldives	Iran					
	82	93					
Cluster 4	Kazakhstan	Armenia	Paraguay	Philippines	Peru	Bosnia and Herz.	Albania
	63	65	74	77	50	66	64
	El Salvador	Honduras	Lebanon	Costa Rica	Laos	Bolivia	
	71	86	95	60	78	94	
	Tajikistan	Dominican Republic	Sri Lanka	Jamaica	Ecuador	Egypt	
	99	76	85	75	81	90	
Cluster 5	Indonesia	Jordan	Panama	Vietnam	Thailand		
	58	70	53	56	51		
	Malaysia	Oman	Israel	Turkey	Azerbaijan		
	45	61	37	73	68		
Cluster 6	India						
	79						
Cluster 7	United States*						
	1						
Cluster 8	China*						
	36						
Cluster 9	Brazil*						
	29						

Cluster 10	Poland	Russia*	Japan	South Korea	Cyprus	Romania	Malta
	35	49	20	17	21	32	24
	Finland	Estonia	Latvia	Lithuania	Mexico	Ukraine	
	15	26	30	31	54	62	
Cluster 11	Hungary						
	28						
Cluster 12	Colombia						
	47						
Cluster 13	Australia	Italy	New Zealand				
	19	42	23				
Cluster 14	Georgia	Moldova					
	43	55					
Cluster 15	Slovakia	Bulgaria	Croatia	Greece	Czech Republic	Slovenia	
	38	40	41	52	27	33	
	Uruguay	Argentina	Macedonia	Montenegro	Serbia	Chile	
	46	88	57	59	48	44	
Cluster 16	United Kingdom*	Germany*					
	2	5					
Cluster 17	France*						
	9						
Cluster 18	Ireland	Austria*	Denmark*	Luxembourg*	Netherlands		
	13	18	4	16	6		
	Belgium*	Switzerland*	Sweden	Canada*			
	14	3	12	7			
Cluster 19	Singapore*	United Arab Emirates					
	11	25					
Cluster 20	Norway	Iceland	Qatar				
	10	22	39				
	Spain*						

Cluster 21	34
Cluster 22	Portugal*
	8

To return to section press: Appendix 23

Appendix 24 : Clustering Assessments' Variables and Weights per Dimension

Dimension	Number of Variables in Clustering Assessment A		Weights of Variables in Clustering Assessment A	
	Absolute	Relative	Sum of Weights	Relative Sum
Political	12	18,46%	13,19%	14,21%
Economic	15	23,08%	19,68%	21,20%
Social	11	16,92%	12,73%	13,72%
Technological	5	7,69%	8,33%	8,98%
Environmental	2	3,08%	1,16%	1,25%
Legal	2	3,08%	2,78%	2,99%
Industry	18	27,69%	34,95%	37,66%
Total	65	100,00%	92,82%	100,00%

Dimension	Number of Variables in Clustering Assessment B		Weights of Variables in Clustering Assessment B	
	Absolute	Relative	Sum of Weights	Relative Sum
Political	6	12,50%	9,03%	10,96%
Economic	12	25,00%	18,06%	21,91%
Social	6	12,50%	9,72%	11,80%
Technological	5	10,42%	8,33%	10,11%
Environmental	0	0,00%	0,00%	0,00%
Legal	2	4,17%	2,78%	3,37%
Industry	17	35,42%	34,49%	41,85%
Total	48	100,00%	82,41%	100,00%

Dimension	Number of Variables in Clustering Assessment C		Weights of Variables in Clustering Assessment C	
	Absolute	Relative	Sum of Weights	Relative Sum
Political	1	4,76%	2,08%	4,64%
Economic	2	9,52%	4,17%	9,28%
Social	2	9,52%	4,17%	9,28%
Technological	2	9,52%	4,17%	9,28%
Environmental	0	0,00%	0,00%	0,00%
Legal	0	0,00%	0,00%	0,00%
Industry	14	66,67%	30,32%	67,53%
Total	21	100,00%	44,91%	100,00%

To return to section press: Appendix 24

Appendix 25 : Cluster B Groups' Average Values per Dimension

Clusters	Political Average	Economic Average	Social Average	Technological Average	Legal Average	Industry Average
Overall Average	-0,091	-0,048	0,160	0,091	0,007	0,145
1	0,514	0,160	0,508	0,325	0,275	-0,015
2	0,727	0,806	0,485	0,398	0,471	0,032
3	0,771	0,302	0,552	0,778	0,899	-0,251
4	0,335	0,205	0,370	0,064	0,716	0,439
5	0,575	0,420	0,192	0,508	-0,747	0,070
Group 1	0,584	0,379	0,421	0,415	0,323	0,055
6	0,836	0,334	0,829	1,184	0,661	0,497
7	0,800	0,401	0,623	1,201	0,173	0,127
Group 2	0,818	0,368	0,726	1,193	0,417	0,312
8	0,448	0,149	1,201	1,131	0,177	0,364
9	0,428	-0,079	0,558	0,763	0,169	-0,142
10	0,714	0,138	0,490	0,599	-0,205	0,735
Group 3	0,530	0,069	0,750	0,831	0,047	0,319
11	0,631	0,498	0,899	1,343	1,407	1,050
12	-0,806	0,276	-0,362	0,688	-0,060	0,592
13	-0,813	-0,332	1,279	0,029	-0,454	1,054
Group 4	-0,329	0,147	0,605	0,687	0,298	0,899
14	0,086	-0,225	0,068	-0,321	0,346	-0,095
15	-0,552	0,241	-0,127	-0,570	-0,209	-0,173
16	-0,163	-0,003	-0,293	-0,527	0,249	0,261
17	-0,546	-0,034	-0,129	-0,122	0,622	0,187
18	-0,278	-0,058	-0,494	-0,152	0,329	-0,160
Group 5	-0,291	-0,016	-0,195	-0,338	0,267	0,004
19	-0,255	-0,587	-0,362	-1,142	-1,304	-0,124
20	-0,492	-0,143	-0,990	-1,307	-0,245	-0,209
21	-0,733	-0,286	-0,893	-1,167	-0,050	-0,194
22	-0,572	-1,426	0,167	-0,094	-0,536	-0,199
23	-1,761	-0,318	-0,359	-0,183	-1,428	-0,040
24	-2,072	-1,589	-0,364	-1,240	-1,076	-0,336
Group 6	-0,981	-0,725	-0,467	-0,856	-0,773	-0,184

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Appendix 26 : Wine duty UK

Type of wine or made wine	Strength (ABV)	Rate per litre
Still	More than 1.2%, up to 4%	91.68 pence
Still	More than 4%, up to 5.5%	126.08 pence
Still	More than 5.5%, up to 15%	297.57 pence
Still	More than 15%, up to 22%	396.72 pence
Sparkling	More than 5.5% but less than 8.5%	288.10 pence
Sparkling	More than 8.5%, up to 15%	381.15 pence

Source: GOV.UK. Tax on shopping and services - Alcohol and tobacco duties. 2020.

To return to section press: Appendix 26

Appendix 27 : Custom Procedures in South Korea

Customs procedures
Standard
<ul style="list-style-type: none"> • Certification of Registration of Importers of Foodstuffs • Registration of Foreign Manufacturers of Foodstuffs • License to Import and Deal in Alcohol • Import Declaration for Foodstuffs • Country of Origin Labelling
Extra
<ul style="list-style-type: none"> • Import Permit for Goods in Approved Packaging Materials (if packaging materials are outlined in the Act on the Promotion of Saving and Recycling of Resources) • Certificate of Organic Food (if wine will be labelled or sold as organic).
Source: European Commission. 2019.

To return to section press: Appendix 27

Appendix 28 : Labelling Rules in South Korea

Labelling rules
<p>Labels must include:</p> <ul style="list-style-type: none">• Product Name• Country of origin• Product Type• Importer's name, address, and phone number• Date of bottling• Alcohol percentage and product volume• Name of major ingredients• Name of place where the product can be returned or exchanged in case the product has any defect• Instructions for proper storage• Name of food additives used• Mandatory health warning clause• Mandatory warning clause against liquor sales to minors.• Name of designated distribution channel (if bottles are sold in retail stores)
<p>Source: European Commission. 2019.</p>

To return to section press: Appendix 28

A Work Project presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

**PORTUGUESE WINE SME COMPETITIVENESS - POTENTIAL PARTNERS AND
MARKETING RECOMMENDATIONS FOR GERMANY**

ANA BEATRIZ LOUREIRO DE VASCONCELOS SANTANA

Work project carried out under the supervision of:

Professor João Pedro Delgado

04-01-2021

Abstract: The present thesis draws an internationalization plan for a Portuguese wine SME, considering Germany as the potential market for expansion. Hence, a marketing plan was developed with a suggestion of both Specialty and Modern Retail partners, with a higher focus on Germany's northern region. Considering purchase channel as the segmentation variable, the suggested targeting consists of Supermarket, Discounter and Specialty stores' consumers. The analysis is complemented with the pricing strategy and promotional campaigns, focusing mainly on digital channels. Moreover, a list of key performance indicators was drawn to track the results of both marketing campaigns and partner's performance.

Keywords: Entry Strategy; Germany; Internationalization; Marketing; Market Selection; Potential Partners; SME Competitiveness; Strategic Analysis; Wine

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1. Germany Market Partners

The strategy outlined for the German market will consist of, on a primary stage, focusing mostly on the Northern region, that showcases higher market acceptance for imported wines (Dressler, *The German Wine Market: A Comprehensive 2018*). Furthermore, Hamburg and Berlin were considered the most attractive Northern cities, displaying overall higher scores in a ranking performed considering the methodology presented in *Appendix 29*. Moreover, the entry mode defined requires Pimentel to establish partnerships with specialized retailers as well as supermarkets and discounters' chains, regarded as modern-retail channels.

1.1. Partnership Building Preparation

Following Germany's roadmap, *Appendix 30*, the first year in which the project is undertaken is dedicated to building partnerships with specialty stores, operating in Hamburg and Berlin. Moreover, considering that establishing a relationship with modern retail tends to require brand recognition in specialised retail, a timeframe of two years was considered for this specific sales channel (Ministry of Foreign Affairs 2016). The process to initiate such relationships should rely not only on Pimentel's direct contact with the potential partners, but also be complemented with a strong presence in national fairs and wine events, which can serve as a leverage for Pimentel to build its reputation amongst wine traders (AICEP 2018). ProWein, in which the company already participates, Forum Vini and WEINverliebt serve as examples of international German fairs, with *Appendix 31* providing a more extensive list of such events.

1.2. Potential Partners

Considering Pimentel's presence in specialty stores, the primary focus should be on partners that have a presence in both cities suggested. Based on market research, the suggested partners to establish contact are Hawesko Holding with its Jacque's Wein-Depot specialty chain, Vino Weine, Rindchen's Weinkontor, and Mövenpick Wein (*Appendix 32*). All these partners have Portuguese wine, and act as both retailers and distributors, with a large presence across

Germany, including some incidence in on-trade channels. As such, a relationship with such agents would not only enable an entry in specialty stores across several German regions, but also in restaurants, even though this channel does not constitute a main priority of the developed strategy. However, given these importers' large size, it is possible that a relationship cannot be established straight from the first year. Still, a relationship with these entities should be pursued, such that they should be contacted at least yearly.

In the scenario that such partnerships cannot be pursued in the first year, without evidence of Pimentel's market acceptance, the company should contact local partners in Hamburg and Berlin. Hamburg's potential partners are highlighted in *Appendix 33*, with all of them having not only a physical wine store but also an online presence, with the majority displaying Portuguese wine in their portfolios. Among the possible contacts, Ludwig stands out due to its wider presence not only in Hamburg but also in Bremen, Hanover, and surrounding areas (Ludwig Von Kaff 2020). Vineyard Hamburg is also a reference specialty store, due to its wine bar and wine events component while also distributing to on-trade channels, namely restaurants and hotels in the city (Vineyard Weinlager 2020). This company does not present Douro or Port wines in its sales catalogue (Vineyard Weinlager 2020).

As for Berlin's agents, *Appendix 34* showcases potential prospects. Within the possible partners, PortWine DE (Weingalerie - Weine aus PORTugal) is highlighted due to its sole focus on Portuguese Wine. This company not only has an online and physical store in Berlin, but also organizes events such as Wine & Dines in local restaurants (Weingalerie 2020). Wine & Waters was also found to be a relevant target partner, as it distributes to several specialty stores and on-trade channels, which may aid Pimentel in building a stronger presence on the wine specialized retail in this city. Simultaneously, this agent has an e-commerce store available to the end consumer which distributes throughout Germany (Wine and Waters 2020). Having size as criteria, Weinlanden Schmidt has 6 branches within the Berlin metropolitan area and partners

with several restaurants in the city. Besides its relevance as a specialized wine chain and on-trade distributor, the company also displays its own restaurant and wine bar in Berlin (Weinladen Schmidt 2020).

It is important to highlight that building presence on specialized retail, is not exclusive to the first year of the project. The recommendation is that Pimentel continues to focus on this specific channel, expanding to other regions. It is understood that, with the right product adaptation, such presence will not negatively impact the presence in modern-type retail.

In parallel to building a presence on specialty stores in both cities, Pimentel should also aim to establish contact with larger partners, that distribute throughout Germany and work with retail chains, such as supermarkets and discounters. A list of nine relevant partners in this channel is provided in *Appendix 35*.

Even though Hawesko Holding is suggested as a potential partner in stage one, if a relationship was not established previously Pimentel should continue to attempt to contact this distributor. Alternatively, if Pimentel was able to penetrate the holding's specialist channel (Jacque's Wein-Depot), the company should further negotiate with the company, to move into its other off-trade channels, with the necessary alterations to its product range and pricing.

Contacting the several partners in *Appendix 35* is highly recommended. However, partners in which Portuguese wine is not explored could facilitate the establishment of a relationship as retail channels tend to be quite competitive in prices. This is the case of companies like Schenk Company, Tophi, Schlumberger, and Mitton International Wines. Moreover, Eggers & Franke Holding and Global Wines do not currently include Douro Wines in their portfolio. Due to German preferences towards still wines, the absence of Douro brands in the distributor portfolio can give Pimentel leverage when building its positioning on the partner's channels (Dressler, *The German Wine Market: A Comprehensive 2018*).

1.3.Partnership Management

Throughout the first years of expansion to Germany, it is of great importance to assess whether partnership KPIs are evolving. *Appendix 36* highlights some of the KPIs, relating to Pimentel's market coverage in each channel and yearly sales per partner.

2. Marketing Strategy

The entry in the German market should be accompanied by a marketing strategy strongly managed and controlled by Pimentel. To outline a marketing roadmap, it is important to distinguish and describe the segments lured in each stage to better define the target strategies. Furthermore, it is crucial to ensure a positioning to follow throughout the process so that Pimentel can grow its visibility.

2.1. Consumer Segments

There is a wide array of variables that can be considered in market segmentation, being demographic, geographic, psychographic, behavioural or product-related the most commonly used (Camilleri 2018). Bearing in mind that the delineated entry in Germany is based on the different channels used in the wine sector, segmentation will consider purchasing place as the segmentation variable, given that the consumers catered by each channel display differing preferences and drivers for purchase. These groups are based on the segmentation and findings of the "Consumer Segmentation based on usage of sales channels in the German wine market" article, which performed a representative analysis of the entire German market (Szolnoki and Hoffmann 2014). Such information has been paired with additional research and only accounts for the most distinguishable insights.

In accordance with the article under analysis, consumers can be divided into two broad segments, Basic and Knowledgeable. Basic customers are larger in size but lower in estimated average value, while the Knowledgeable group is lower in number but display overall higher

per capita consumptions. These groupings can be further split into sub-segments, differing in preferred wine type and place of purchase, according to Table 18.

Table 18: German Wine Consumers Segments

Segments		Average Monthly Income	Preferred Wine Type	Preference in Sweetness
Basic Customers	“Discount-Store Buyers”	1,000€ - 1,500€	White and Red	Semi-Sweet and Sweet
	“Supermarket Goers”	1,500€ - 2,000€	White and Red	Semi-Dry
Knowledgeable Group	“Cellar-Door Enthusiasts”	1,500€ - 2,000€	Red	Semi-Dry
	“Specialty-Store Clients”	1,500€ - 2,000€	Red	Semi-Dry and Dry
Multi-Channel Clients	“Wine Searchers”	1,500€ – 2,000€	Red	Semi-Dry and Dry

Basic customers account for "Discount-Store Buyers" and "Supermarket Goers", given their preferred retail surface. The "Discount-Store Buyers" are mostly above 38 and usually have low purchasing power, with approximately 57.4% of these consumers displaying a monthly income of less than €1 000. These customers show the lowest knowledge and interest in wines when compared to other wine drinkers. The trend among this segment is to opt for sweeter flavours, with white wines being favoured, even though red wines are still very popular.

The "Supermarket Goers" are of a similar age group but display higher purchasing powers, with approximately 50% earning a monthly wage between €1 000 and €2 000. These customers usually prefer drier wines, favouring red varieties, but still thoroughly enjoying white wines. They are usually more knowledgeable and interested than the previously described group. It is worth referring that some consumers can be considered as a hybrid of “Discount-Store Buyers” and “Supermarket Goers”, shopping in both channels for wine and with their preferences and overall characteristics being a combination of those shown by the two segments.

As per their preferred channel, knowledgeable customers account for “Cellar-Door Enthusiasts” and “Specialty-Store Clients”. The “Cellar-Door Enthusiasts” grouping consists of older

customers, with approximately 66.7% of this segment being aged above 50. This segment displays a large variation in monthly incomes, displaying diversified purchasing powers. Their overall preference tends to be for drier wines, with red wines being the favourite variety. As is expected from customers that purchase their products near the vineyards, this segment showcases the most interest in wines and are granted with high product knowledge.

“Specialty Store Clients”, on the other hand, are a younger type of informed consumers, mostly aged between 38 and 65. This may result from specialist trade’s growing focus on attracting a larger and younger audience, through a more varied and unique consumer experience, with a focus on international productions and wines (CBI Ministry of Foreign Affairs 2016). While the majority of customers display monthly earnings aging from €1 000 to €3 000, this segment has a superior number of upper-income consumers when compared to the other groupings. Despite their preference for drier varieties, this segment shows a greater likelihood to choose dessert wines when compared to other knowledgeable drinkers. However, these customers favour red wines, despite still appreciating white varieties.

Finally, it is worth mentioning that some consumers purchase through varied channels, the “Wine Searchers”, with more incidence in supermarkets, wine shops, and wineries. These customers are the ones that consume more wine amongst the highlighted sub-segments with preferences and attributes similar to knowledgeable sub-segments.

2.2. Target Segments

Considering Pimentel's varied portfolio, its products can satisfy the preferences of all the above-described segments, with the exception of “Cellar-Door Enthusiasts”, as these consumers purchase near the production area and Pimentel does not have nor aims at acquiring any vineyards in Germany. In fact, these customers show a low preference for imported wines, with over 81% favouring German production. Hence, following the defined entry strategy, it is

logical to target the "Specialty Store Clients", "Discount Buyers" and "Supermarket Goers". The first segment is considered premium and it is coherent with the brand's positioning on specialty stores. Furthermore, wine store purchasers are the ones that show a bigger preference for imported wine among the knowledgeable group. This segment represents a small portion of the overall market (about 5%), as it purchases only in specialty retail channels, which have considerably fewer clients than modern retail channels in Germany (Szolnoki and Hoffmann 2014). Therefore, the company will simultaneously aim to establish contractual relationships with discounters and supermarkets, targeting the "Discount-Store Buyers" and "Supermarket Goers". Such segments represent the majority of wine clients in Germany, amounting to around 64% of total German wine drinkers (Szolnoki and Hoffmann 2014). Despite their clear preference for domestic production, there is still an openness to foreign wines.

According to the company's strategy in the German market, a fourth possible target would be the "Wine Searchers", representing 25% of total wine purchasers. Such clients not only buy through different retail channels, but are also subject to different price points, by purchasing wine on higher-end specialized retail and affordable supermarket and discounters' channels.

2.3. Brand Positioning

Given the German market's characteristics and the widespread Portuguese wine presence in the country, Pimentel should adopt a differentiation strategy. Specifically, the company should consider the notoriety and large existence of historical Port wines in this market, but the overall lack of Douro recognition amongst German consumers (AICEP 2018). Therefore, rather than being another Port option, Pimentel should leverage its extensive Douro portfolio and highlight its origin and regional quality. Specifically, Pimentel's products can be positioned as the reflection of the heart of the Douro Valley.

Despite the aim for differentiation, Pimentel's product portfolio should nonetheless be presented as "Affordable Premium", to balance the perception of quality with the ability to compete with other national and international producers.

3. Marketing Mix

3.1. Product

As aforementioned, Pimentel already had some sporadic sales in Germany. An analysis of the products that performed best in the market previously could serve as guidance to consumer's preferences. The best-selling Douro wines in this market's punctual sales were Superior Red, Terroir White, and Aged Tawny Port 10 Years (*Appendix 37*). However, it is important to note that previous sales in Germany were mainly directed at Portuguese emigrants, and therefore such products are not entirely representative of the market.

Given the general preferences described for each segment, the selected products for the "Specialty Store Clients" should be drier red and white premium wines, as the segment displays above-average disposable income. Therefore, for specialty stores, it is suggested to opt for the Superior line, for both White and Red. Reserve Vinhas Velhas should also be included in the portfolio as it is an awarded wine, and its marketing could leverage on its classification in the Wine Enthusiast Magazine. Moreover, depending on the number of products that are negotiated with the partners, both Grand Reserve White and Grand Reserve Touriga Nacional could also be considered to target this segment. As for dessert wines, it is important to opt for Pimentel's Tawny Port, as it is a staple product, but also for its higher quality Pimentel Aged Tawnies and even its awarded Vintages. To complement the offering, White and Pink Port could be considered, to showcase Pimentel's great product diversity.

In serving "Discount-Store Buyers" and "Supermarket Goers", it is important to focus on the lower end of the company's portfolio, as such segments display lower disposable incomes.

Therefore, it is suggested to opt for Pimentel Red and White Terroirs. An introduction of the Superior line to serve these segments could also be advisable, for consumers looking for higher quality. However, it is important to note that the labelling of the Superior line should be adapted when serving these segments, to avoid price conflicts with the specialty stores. As for Port options, in addition to the standard Pimentel Tawny Port, White and Pink Port could also be considered to appeal to these segments' preference for sweet wines. On a final note, the selected portfolio should take into consideration the partners' opinions and preferences, as they display greater awareness towards the market gaps, in addition to consumers' tastes.

3.2. Price

As Pimentel's entry mode in Germany does not include selling directly to end consumers, the firm will have to define a price point to practice when negotiating with its potential partners, who will then apply a margin over such price. The pricing strategy should not only be congruent with the brand positioning above described but also consider the segments the channels in which the firm will operate. Wineshops display a higher average price per bottle of wine of 7.50€, whilst Supermarkets and Discounters tend to practice lower average prices, of 3.08€ and 2.25€ respectively (Szolnoki 2019).

To assess what import price should be practiced in each German channel, an assessment of the average price Pimentel practices in international markets where it displays an analogous product portfolio was performed. As prices per product could not be accessed, the average price per wine category is assumed to be reflective of the specific products sold in each market. For Specialist Stores, taking into consideration that the suggested product line focuses on higher-end products, Belgium was considered the most similar market (*Appendix 38*), with an average import price of €4.32 in Douro wines, and €10.09 in Port. For Supermarkets and Discounters, as the portfolio should be based on lower-end still wines, Brazil's Douro portfolio was taken as a reference, with an import price of €2.41 (*Appendix 39*). Regarding Port's offering on such

retail channels, the portfolio practiced in Canada was considered, with an average import price of 6.05€ (*Appendix 40*).

As aforementioned, such import prices will then be subject to the middleman's and retailer's margins, in addition to the VAT that is paid by the end consumer. Usually, the average importer's margin in Germany is 40%, whilst retailers practice a 32.5% mark-up (AICEP 2018). In Specialist Stores, as Pimentel is expected to establish direct partnerships, without recurring to an importer, the practiced price for end-consumers is expected to be €6.81 for Douro and €15.91 for Port Wines (*Appendix 41*). In non-specialised channels, however, the interference of a middleman results in a €5.32 Douro end-price, and €13.36 for the Port category (*Appendix 42*). While this may seem a considerable price increase when comparing to the import prices established, it is worth noting that Pimentel's products will not be subject to any exporting fees, unlike foreign wines from non-EU countries, allowing the company to be more competitive than these players.

Moreover, such prices are congruent with the "Affordable Premium" position that Pimentel fosters in the German market. In specialist stores, Pimentel's resulting price for still wine is slightly below the average price practiced in such channels (Szolnoki 2019). As specialized retail focus mostly on premium offerings, the slight price difference reinforces the "affordable" positioning. Conversely, on Supermarkets and Discounters, Pimentel's price point is significantly above the above-mentioned average price per bottle. However, such chains tend to have an extremely diversified portfolio of wine, which makes it relevant to analyse Douro and Port Wine's prices specifically. Considering data availability, Lidl was regarded as a reference for supermarket prices, as it was one of few that displayed its portfolio and corresponding prices online. Even though LIDL is one of the most important retailers in the German Market (Retail Index 2019), solely considering this retailer's portfolio represents a limitation to the analysis. *Appendix 43* showcases that LIDL's average price of Douro wines is

€5.45, and 14.22€ for Port, which are actually higher than Pimentel's resulting end-consumer prices for the German modern retail channels. However, considering the limitations of the analysis, Pimentel should analyse the partner's portfolio and price points in the negotiation phase, and adapt its import prices to allow for competitive end-consumer prices.

3.3. Place

According to the above-defined strategy, Pimentel's presence will focus on both wineshops and modern retail channels, namely supermarkets and discounters. Whilst Pimentel's presence on specialized retail will focus initially on the cities of Berlin and Hamburg, it is suggested that Pimentel expands geographically to other Northern regions during the lifetime of the project. Moreover, this type of retailer may also supply regional on-trade businesses, which may allow Pimentel to leverage on such contacts and penetrate in these channels yet keeping its primary focus on off-trade presence. Concerning supermarket and discounter's channels, the geographical reach is not as limited to specific cities, given that the contacted players will presumably operate in larger regions. Therefore, this type of retailers would allow Pimentel to increase the availability of its products in the German market.

3.4.Promotion

I. Communication Style and Preferences

In a highly competitive and mature market like Germany, advertising can have a big impact on a players' sales (Stegeman 1991). It is, therefore, important for Pimentel to choose channels and messages used to promote its products wisely. In terms of channels, there has been a shift from television (TV) ads to digital marketing, with ad spending accounting for 24.7% and 33.6%, respectively (Info Cubic 2019). Moreover, TV ads tend to require large investments, which are not advisable when entering a new market. Consequently, it is recommended for Pimentel to take full advantage of digital channels. With over 75% of Germans using internet actively, of which 75% are registered in at least one social media platform, such platforms

present a cost-effective way of marketing the products and reaching a sizeable audience. According to a study by Hochschule Geisenheim University, Facebook is the most important social media amongst German wine drinkers, followed by Instagram and Youtube (Szolnoki, Wine Consumer Report 2019). Moreover, research shows that Facebook consumers tend to have a higher turnover and loyalty for wineries when comparing to consumers who are not engaged with the winery's Facebook page (Szolnoki, Tait, et al. 2014).

Considering communication styles, and taking into account consumers' price sensitivity, it is important to highlight the quality of the products in such advertisements. In fact, providing external certifications of quality weighs on the German consumer's buying decision, and therefore Pimentel should leverage on the awards attributed to its products (namely by the Wine Enthusiast magazine) in its marketing communications in Germany. The preferred language is Standard German, and therefore Pimentel should create specific social media accounts for the market, where the advertising is made in the local language (Info Cubic 2019). Finally, consumers tend to prefer impersonal communications, focusing on product details, with some degree of formality (Info Cubic 2019).

For the premium wine group, wine is a high-involvement purchase, and as such customers are influenced by wine related sources of information such as wine fairs, contests, events, blogs, and magazines. As wine is a "highly differentiated, internationally traded experience product" customers rely on experts or other customers' reviews, for taste-related attributes while relying on other advertisement sources for non-taste-related factors (Beninger, et al. 2014).

Pimentel has been collecting some awards that give the company visibility at a national level and this should be replicated in entering Germany. Nevertheless, the contests to participate in must be thoroughly analysed because while for Basic Consumer segments any award is representative of quality, knowledgeable customers look for honourable prizes (Neuninger,

Mather and Duncan 2015). Thus, the most regarded contests in Germany are MundusVini and Berliner Wein Trophy. Considering wine reviews, the company has been assessed by the Wine Enthusiast and the renowned Robert Parker Wine Advocate, granting customers with more information and trust when buying the products. Reviews should be pursued when entering Germany as well as pursuing new citations in German Magazines and blogs like Vinum, Weinwischer, Weinwelt, and Fine Wine Magazine, directed to B2C. Nevertheless, a reference in magazines related to B2B like Weinwirtschaft, Wein+Markt, and Weinwischer are of the utmost importance. Moreover, to continuously build brand recognition, participation in fairs should not be limited to the first years of the project. A summary of the Wine Magazines, Fairs, and Contests is exhibited in *Appendix 44*.

II. Suggested Campaigns

As mentioned, Pimentel should leverage on social media platforms to connect with German consumers. Its social media pages should be in German and the content include appealing videos and photos, highlighting Pimentel's awards to increase brand credibility. Moreover, there is an increasing trend for influencers shaping German consumers' decision process, with 20% of German online shoppers admit having purchased an item after seeing an influencer's advertising post. Therefore, it is important for Pimentel to pursue partnerships with local influencers, that would post paid advertising on their social media accounts, raising the visibility of the brand's products (Bohnes 2020).

Experience shopping has increasingly grown in Germany, with brand events and experiences provided positively impacting the German consumer's perspective (Expansion.Eco 2020). As such, Pimentel may take advantage of the experiences it offers in its home country by launching a QR code campaign where every year there is a giveaway of full experience at the company's Estate, including a flight to Portugal, a stay in the winery's hotel and experiences related to the wine production in the estate. Such QR codes would be applied in the labels of the bottles sold

in the international market, and direct customers to the company's website. In fact, QR codes are increasingly popular in wine bottle labels (AICEP 2018). This campaign has as the main goal to promote differentiation and provide customers with some curiosity, luring them to search for the website and being in contact with Pimentel's brand name and image. The Douro valley landscapes and the winemaking process must be very present when consumers read the QR code into the website, to grow interest in winning the contest. As such, one of the best content approaches is to display a video, similar to the one Pimentel already presents on its website, showing the Estate and the wine production process. However, such video should be recorded in German and with the participation of a German personality with credibility and that corresponds to the positioning Pimentel aims at having in this country.

Moreover, Pimentel should also focus on in-store campaigns, that are dependent on partners' cooperation. It might do so by creating bundles of Port and Douro in both specialist stores and supermarkets and discounters, on special occasions. This will allow cross-selling products as customers with a preference for dessert wines could be influenced to buy still wines, and vice versa. Another campaign, more specific to specialist retail, is to promote packages in which the box would reveal the specific products' production process. This action would promote not only a visible element but also tailor to these customers' high involvement purchase experience. Moreover, Pimentel should make sure its products are part of wine tastings, wine club gatherings, and other wine-related events occurring in the partners' wine stores.

III. Branding and Marketing KPIs

To better measure the success of the previously described marketing efforts, from the presence in fairs and contests to the digital presence through an adjusted website and social media platforms, KPIs need to be assessed. Examples of such KPIs are displayed in *Appendix 45*, focusing mainly on digital media engagement, adherence to in-store and QR code campaigns, established contacts on fairs and awards won on national competitions.

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Appendixes

Appendix 29 Germany's Northern Cities Analysis





Methodology	
<p>In order to access which Northern cities would represent the most attractive markets, a list with all the cities with a population higher than 50,000 inhabitants was accessed, in the states of Berlin, Brandenburg, Bremen, Hamburg, Lower Saxony, Mecklenburg-Vorpommern, North Rhine-Westphalia, Saxony-Anhalt and Schleswig-Holstein. This resulted in a total of 116 cities. However, most cities were considered small in population terms, and therefore only the cities with a more than 100,000 inhabitants were chosen to perform a further analysis, reducing the list to 48 cities. In addition to total population, four other relevant variables were considered: population density, GDP per capita per city, wine purchasing power and the estimated Portuguese population in each city.</p> <p>In order to rank the cities by their attractiveness, a weight was attributed to each variable. The weight strategy considered in three categories: Strong (30%), Medium (20%) and Weak (10%). Total population and Wine purchasing power were considered Strong, GDP per capita was considered Medium and both Population Density and Portuguese population were considered Weak. By using SPSS, the values under analysis were standardized and the ranking, using the respective weights, was performed.</p>	
Top 20 ranking cities	
City	Score
Berlin	2.1782
Hamburg	1.8297
Wolfsburg	1.5500
Düsseldorf (Dusseldorf)	1.2622
Moers	1.2170
Köln (Cologne)	0.8757
Bremen	0.5550
Bonn	0.5244


Hannover	0.4651
Essen	0.4634
Kiel	0.2386
Leverkusen	0.1894
Bergisch Gladbach	0.1737
Brunswick	0.1476
Gelsenkirchen	0.1460
Mönchengladbach	0.0559
Mülheim an der Ruhr	0.0506
Solingen	0.0160
Lübeck	0.0060
Remscheid	-0.018

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Appendix 30 Germany Entry Strategy Roadmap

Partnerships						
Year	0	1	2	3	4	5
Contact and establish contracts with specialty trade distributors in Hamburg and Berlin						
Contact and establish contracts with specialty trade distributors in other regions and cities						
Contact and establish contracts with supermarket and discount store distributors						

Assess KPI goal realization and relationship evolution for all partners						
Notes:						
	Specialty Stores (Darker Colour implies greater effort in the associated period)					
	Supermarkets and Discount Stores (Darker Colour implies greater effort in the associated period)					
	Beginning of Sales in Specialty Stores					
	Beginning of Sales in Supermarkets and Discount Stores					
Marketing						
Year	0	1	2	3	4	5
Attend wine fairs to build network of industry contacts						
Participate in regional contests to build visibility and recognition						
Develop German-based website						
Redesign labelling and branding to fit German channels' preferences and standards						

Produce promotional video in Pimentel's estate with a German actor or famous personality					
Organize QR Code trip giveaway campaign for supermarket and discounter customers					
Hire influencers to reach wider customer base					
Develop in-store campaigns, events and promotions					
Assess KPI goal realization for all branding actions					
Notes:					
 Marketing and Branding (Darker Colour implies greater resources dedicated in the associated period)					

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Appendix 31 German Wine Fairs

German Fairs			
Name	Content Specifications	Description	Location
ProWein	Wine and spirits	World's leading trade fair for wines and spirits, the largest industry meeting for professionals from viticulture, production, trade and gastronomy	Dusseldorf
Forum Vini	Wine, sparkling wine, spirits, specialities, delicacies, cellar equipment, accessories, literature and online services	Wine fair for private customers, professional visitors, producers, specialist shops, publishers, associations: tasting and sales-show	Munich
WeinBerlin	Wine	Wine fair in which German and international self-growers, family wineries, distillers and cooperatives present their products, innovations and suggestions	Berlin
Kult(ur)-Weinmesse	Wine	Wine fair dedicated to international winemakers. It is considered a beneficial business hub for new entrants who intend to expand into the German market	Mülheim an der Ruhr
WeinHamburg	Wine	Similar concept as WeinBerlin: Wine fair in which German and international self-growers, family wineries, distillers and cooperatives present their products, innovations and suggestions	Hamburg
WEINverliebt	Wine	Wine fair dedicated to present the best wines and promising wine trends from German winemaking regions and southern Europe	Hamburg

BioFach	Organic food and beverages, non-food organic products	World's leading trade fair for organic food, beverages, and non-food organic products; business meeting for positioning, network, market, PR, knowledge and politics	Nuremberg
ANUGA	Food and beverages	World's largest trade fair for food and beverages; focuses on important market and consumer trends and product innovations	Cologne
eat & STYLE	Food and beverages	International fair dedicated to kitchen innovations, regional and international specialities, professional chefs cooking shows and wine and cooking seminars	Hamburg

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Appendix 32 Specialty Store Potential Partners present in both Hamburg and Berlin

Company	Present in the region			Stage	Notes	Revenues
	Hamburg	Berlin	Other Regions			
Hawesko Holding (Jacque´s Wein-Depot)	26	19		1	E-commerce and On-trade distributor Has Portuguese Wine (Port, Douro)	€70 million (Group)
Vino Weine und Ideen GmbH (Vino24)	1	1		1	E-commerce and On-trade distributor Has Portuguese Wine (Port, Douro)	€17 million
Rindchen's Weinkontor GmbH & Co. KG	8	1		1	E-commerce and On-trade distributor Has Portuguese Wine (Port, Douro)	€19,4 million
Mövenpick Wein GmbH	2	2		1	E-commerce and On-trade distributor. Has their own restaurants Has Portuguese Wine (Port, Douro)	€13,95 million

Sources:

Hawesko Holding. 2020. <https://www.hawesko-holding.com/en/startpage/>

Vino24. 2020. <https://www.vino24.de/>

Rindchen´s Weinkontor. 2020. <https://www.rindchen.de/>

Mövenpick Wein. 2020. <https://www.moevenpick-wein.de/>

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Appendix 33 Specialty Store Potential Partners present in at least Hamburg

Present in the region					
Company	Hamburg	Other Regions	Stage	Notes	Revenues
Ludwig van Kapff GmbH	3		1	E-commerce Has Portuguese Wine (Port, Douro)	€11 million
Vineyard Hamburg GmbH	1		1	E-commerce and On-trade distributor Has Portuguese Wine	€2,77 million
Weinhandelsgesellschaft Hamburg Wilhelm Gröhl m.b.H.	1		1	E-commerce Has Portuguese Wine (Port)	€2,18 million
Solvino GmbH	1		1	E-commerce Portuguese Wine (Port, Douro)	€0,85 million
Weinland Waterfront GmbH & Co. KG	1		1	E-commerce and On-trade distributor Has Portuguese Wine (Port)	€0,75 million
EWK Euro Weinkontor GmbH	1		1	E-commerce No Portuguese Wine	€0,42 million

Sources:
 Ludwig Van Kapff. 2020. <https://www.ludwig-von-kapff.de/>
 Vineyard Hamburg. 2020. <https://www.vineyard-weinhandel.de/>
 Weinhandelsgesellschaft. 2020. <https://weinhaus-groehl.de/de/>
 Solvino. 2020. <https://www.solvino.de/>
 Weinland Waterfront. 2020. <https://www.weinlandhamburg.de/>
 EWK Euro Weinkontor. 2020. <https://euoweinkontor.de/de/>

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Appendix 34 Specialty Store Potential Partners present in at least Berlin

Present in the region					
Company	Berlin	Other Regions	Stage	Notes	Revenues
PortWine DE (Weingalerie - Weine aus PORTugal)	1		1	E-commerce Just Portuguese Wine (Port, Douro)	Not Available

Wine & Waters OHG			1	Distributor to specialist stores and on-trade Has Portuguese Wine (Port, Douro)	Not Available
Weinladen Schmidt	6		1	E-commerce, own Restaurant and Wine Bar and other on-trade channels Has Portuguese Wine (Port, Douro)	Not Available
Bauer GmbH & Co. KG	1		1	E-commerce and presence in on-trade and off-trade channels Has Portuguese Wine (Port)	Not Available
Weinheuer	1		1	E-commerce and presence in on-trade Has Portuguese Wine (Port, Douro)	€1,18 million
Viniculture	1		1	E-commerce No Portuguese Wine	€0,95 million
Wein & Glass	1		1	Presence in on-trade Has Portuguese Wine (Douro)	Not Available

Sources:

Weingalerie. 2020. <https://portwine.de/>

Wine & Waters. 2020. <https://www.wineandwaters.de/>

Weinladen Schmidt. 2020. <https://weinladen.com/sortiment/>

Wein Bauer. 2020. <https://wein-bauer.de/>

Weinheuer. 2020. <https://www.weinheuer.de/>

Viniculture. 2020. <https://www.viniculture.de/>

Wein & Glass. 2020. <https://shop.weinundglas.com/>

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Appendix 35 Distributors that work with Supermarket and Discounter Chains

Company	Notes	Revenues
Mack & Schühle AG	Retail areas (95%); Restaurants (5%) Has Portuguese Wine (Port, Douro)	€275 million
Eggers & Franke Holding GmbH & Co. KG	Retail (50%); Specialist retail (25%); Restaurants (25%) Has Portuguese Wine (Port)	€155 million
Schenk Company	Retail areas (> 90%); Specialist Trade (<5%); Restaurants (<5%) No Portuguese Wine	€100 million
Global Wines GmbH & Co. KG	Retail (91%); Specialist retail (9%) Has Portuguese Wine (Verde)	€91 million
Tophi Warenhandelsgesellschaft mbH & Co. KG	Retail (95%); Specialist retail (5%) No Portuguese Wine	€70 million
Schlumberger GmbH & Co. KG	Retail (20%); Specialist Retail (40%); Restaurants (40%) No Portuguese Wine	€52 million
Bernard-Massard Sektkellerei GmbH	Retail (10%); Specialist Retail (70%); Restaurants (20%) Has Portuguese Wine (Douro)	€45 million
Peter Riegel Weinimport GmbH	Retail; Restaurants; Specialty retail; E- commerce Has Portuguese Wine (Port, Douro)	€35 million
Mitton International Wines GmbH	Distributing boutique to Hotels, Private Clubs, International Restaurants, E- commerce No Portuguese Wine	not defined

Sources:

Mack & Schühle. 2020. <https://www.mack-schuhle.com/>
 Eggers & Franke Holding. 2020. <http://www.egfra.de/de/>
 Schenk Company. 2020. <https://www.schenk-wine.com/>
 Global Wines. 2020. www.globalwines.de
 Tophi GmbH. 2020. <https://www.tophi.de/about-us/?lang=en>
 Schlumberger GmbH. 2020. <https://www.schlumberger.de/>
 Bernard-Massarad. 2020. <https://www.bernard-massarad.de/>
 Peter Riegel. 2020. www.riegel.de
 Mitton International Wines. 2020. <https://www.mittonwines.com/>

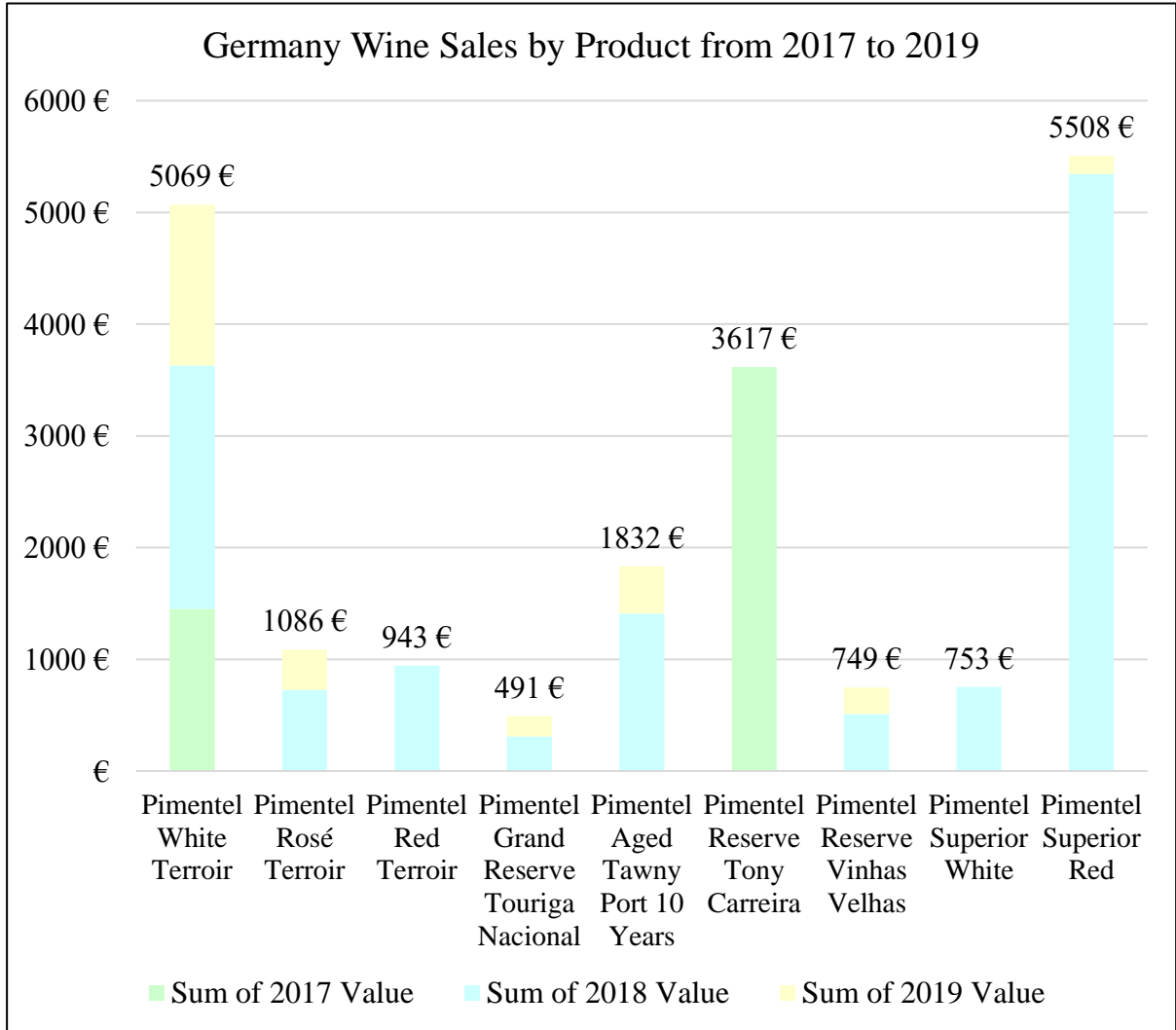
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Appendix 36 Germany Partnership KPIs

Specialty Stores	Supermarkets and Discounters
Yearly number of specialty stores with Pimentel products	Yearly number of supermarket and discounter chains with Pimentel products
Yearly number of regions covered by Pimentel's presence	Yearly number of supermarket and discounter stores with Pimentel products
Yearly number of stores per region	Yearly number of regions covered by Pimentel's presence
Overall	
Realized quarterly sales revenue and volume, per store	
Realized quarterly sales per product line and category, per store	
Frequency and size of orders, per partner	
Responses to quarterly contacts and information shared, per partner	

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Appendix 37 Pimentel's Best-Selling Products in Germany, 2017 to 2019



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Appendix 38 Pimentel's Product Portfolio in Belgium

Belgium's best-selling products	
Category	Products
Douro	Pimentel Reserve Vinhas Velhas
	Pimentel Superior White
	Pimentel Superior Red
	Pimentel Grand Reserve White
	Pimentel Grand Reserve Touriga Nacional
	Pimentel Lagar N°1
	Pimentel Reserve Rosé
Average Import Price: 4,32€	
Port	Pimentel Aged Tawny Port 10 Years
	Pimentel Aged Tawny Port 20 Years
	Pimentel Tawny Port
	Pimentel Vintage Port '12
	Pimentel White Port
Average Import Price: 10,09€	

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Appendix 39 Pimentel's Product Portfolio in Brazil

Brazil's best-selling products	
Category	Products
Douro	Pimentel Red Terroir
	Pimentel White Terroir
	Pimentel Rosé Terroir
	Pimentel Superior White
	Pimentel Superior Red
	Pimentel Red Terroir
	Pimentel Reserve Vinhas Velhas
Average Import Price: 2,41€	

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Appendix 40 Pimentel's Product Portfolio in Canada

Canada's best-selling products	
Category	Products
Port	Pimentel Tawny Port
	Pimentel White Port
	Pimentel Pink Port
	Pimentel Aged Tawny Port 10 Years
Average Import Price: 10,09€	

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Appendix 41 Speciality Store End-Consumer's Estimated Price

Speciality store Douro End-Consumer Price	
Import Price	4,32€
Price with Retailer's Margin (32,5%)	4,32€ * (1,325) = 5,72€
Price with VAT (19%)	5,72€ * (1,19) = 6,81€
Speciality Store Port End-Consumer Price	
Import Price	10,09€
Price with Retailer's Margin (32,5%)	10,09€ * (1,325) = 13,37€
Price with VAT (19%)	13,37€ * (1,19) = 15,91€
*Transportation fees were not added to the import value as they are of the distributors' responsibility varying based on their contacts and capabilities.	

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Appendix 42 Supermarket/Discounter Store End-Consumer's Estimated Price

Supermarket/Discounter Douro End-Consumer Price	
Import Price	2,41€
Price with Importer's Margin (40%)	2,41€ * (1,40) = 3,37€
Price with Retailer's Margin (32,5%)	3,37€ * (1,325) = 4,47€
Price with VAT (19%)	4,47€ * (1,19) = 5,32€
Supermarket/Discounter Port End-Consumer Price	
Import Price	6,05€
Price with Importer's Margin (40%)	6,05€ * (1,40) = 8,47€
Price with Retailer's Margin (32,5%)	8,47€ * (1,325) = 11,22€
Price with VAT (19%)	11,22€ * (1,19) = 13,36€

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Appendix 43 LIDL Douro and Port Wines' Portfolio

Portuguese Wine Prices in LIDL Germany		
Category	Product	Price
Douro	Alma da Vinha Douro, 2018	4,86€
	Espírito de Côa DOC, 2018	5,84€
	Azinhaga de Ouro Douro DOC, 2017	4,86€
	Espírito de Côa Douro DOC, 2017	6,81€
	Lello Douro DOC, 2018	4,86€
	Average Price	5,45€
Port	Calém Velhotes Tawny Port 10 Years	17,54€
	Burmester Tawny Port 10 Years	24,36€
	Portwein Late Bottled Vintage 2014	11,69€
	Portwein Pink Port	7,79€
	Tio Nico Pedro Ximenez 12 Years	9,74€
	Average Price	14,22€

Source: Lidl Germany, 2020 <https://www.lidl.de/>

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Appendix 44 German Wine Magazines, Fairs and Contests

German Magazines			
Name	Category	Content Specifications	Description
Weinwirtschaft	Trade	Wine, Sparkling Wine and Champagne	Provides reliable and extensive sources of information for wine traders strategic decisions
Wein + Markt	Trade	Wine, Sparkling Wine and related Spirits	Provides industry insights into sales locations, channels and market data; own wine tasting tests
Sommelier Magazin	Sommeliers of high cuisine	Wine, Spirits, Beverages and related connoisseur products	Provides information about wine-growing areas; recommends wine and producers; knowledge and training; advises on

			wine and food combinations
Vinum	Trade and end consumer	Wine	Team of wine tasters who describe and evaluate the best wines from wine-growing regions in Switzerland, Germany, Austria, Italy, Spain, France, Portugal and the New World.
Weinwischer	Trade and end consumer	Wine	Online database listing 40,000 top international wines with notes and ratings; provides information on market trends, top wineries and promising newcomers
Weinwelt	End consumer	Wine	Provides to target groups information on addresses, prices, practical guides and other advices related to wine
Feinschmecker	Gourmet	Restaurants, travel, recipes and wine	Provides expertise on culinary trends, international venues and wines from top international winemakers
Essen & Trinken	Gourmet	Recipes, culinary and wine	Provides culinary insights, reports on cuisine, wine and winemakers; adds people stories on food and drink and restaurant tests
Selection – Das Forum für Genießer	Gourmet	Wine, food, culture, travel	Provides wine tasting evaluations and olive oil ratings; adds culinary trends and promising restaurants, places and experiences
Falstaff	Gourmet	Food, wine, travel	Provides international and

			national wine trends; adds articles on the gastro-gourmet scene, wine tourism, cars and cigars; its Falstaff Weinguide is a recognized wine authority in Austria
Fine Wine Magazine	End Consumer	Wine	Number one magazine for premium wine in German speaking countries; adds winemaker profiles, vintage evaluations, historical wine sagas, tasting notes and promising restaurants and chefs
Getränke Zeitung	Trade	Beverages	Provides information, news, occurrence of events in the market, reports on beverage segments and shops and research findings directed to wholesalers, retailers and importers

German Fairs			
Name	Content Specifications	Description	Location
ProWein	Wine and spirits	World's leading trade fair for wines and spirits, the largest industry meeting for professionals from viticulture, production, trade and gastronomy	Dusseldorf
Forum Vini	Wine, sparkling wine, spirits, specialities, delicacies, cellar equipment, accessories, literature and online services	Wine fair for private customers, professional visitors, producers, specialist shops, publishers, associations: tasting and sales-show	Munich

WeinBerlin	Wine	Wine fair in which German and international self-growers, family wineries, distillers and cooperatives present their products, innovations and suggestions	Berlin
Kult(ur)-Weinmesse	Wine	Wine fair dedicated to international winemakers. It is considered a beneficial business hub for new entrants who intend to expand into the German market	Mülheim an der Ruhr
WeinHamburg	Wine	Similar concept as WeinBerlin: Wine fair in which German and international self-growers, family wineries, distillers and cooperatives present their products, innovations and suggestions	Hamburg
WEINverliebt	Wine	Wine fair dedicated to present the best wines and promising wine trends from German winemaking regions and southern Europe	Hamburg
BioFach	Organic food and beverages, non-food organic products	World's leading trade fair for organic food, beverages, and non-food organic products; business meeting for positioning, network, market, PR, knowledge and politics	Nuremberg
ANUGA	Food and beverages	World's largest trade fair for food and beverages; focuses on important market and consumer trends and product innovations	Cologne
eat & STYLE	Food and beverages	International fair dedicated to kitchen innovations, regional and international specialities, professional chefs cooking shows and wine and cooking seminars	Hamburg

Wine Contests			
Name	Content Specifications	Description	Location
MundusVini	Wine	One of the most important wine competitions in the world where winners present their award winning wine to several thousand trade visitors during the ProWein fair	Dusseldorf
Berliner Wein Trophy	Wine	International wine competition with renowned experts; All tastings are under the patronage of the OIV (International Organization for Vine and Wine) and UIOE (International Union of Oenologists); trophies are considered to be among the most prestigious worldwide	Berlin

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Appendix 45 Branding and Marketing KPIs

Fairs	Number of contacts with distributors established per fair
	Number of contacts with industry blogs and magazines per fair
Contests	Number of awarded wines per contests
Website and Social Media	Website visits and engagement per year
	Social media following and engagement per quarter
	Number of views on promotional video, per quarter
	Increase in sales and engagement per hired influence, in following quarter
QR Code Campaign	Number of adherent customers to QR code campaign, per year
In-store Marketing Actions	Number of in-store campaigns, per year
	Number of organized events and tasting, per year
	Increase in sales per developed campaign, per quarter
	Sales volume per box set bundle

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