CATÓLICA LISBON
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Paradise Night Out:

The flavored wines arrive to Portugal

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Abstract

Title: Paradise Night Out: The flavored wines arrive to Portugal
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Grupo Bacalhôa is a Portuguese wine company that has been present in the market for a long time. In 2013, following what was happening in other countries; they have created and launched the Paradise Night Out. The drink is a flavored wine, which means that get together the tradition of wine with the evolution of the technology development that allows adding water and aromas to wine. In France, the flavored wine category entered in the market in 2011 and has been double its profit from year to year.

After more than one year of being released, sales were below expected and the presence in the alcoholic beverage market was not as strong as it was intended. It was time for the marketing department analyzes and rethinks its strategy. In the beginning the drink was launched not only for the night market but also for the end of day/ after work moments. Taking into account what the market needs and what is the competition, the department thought that it would bring more advantages to choose only one market and delineate from there the new strategy.

Resumo

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O Grupo Bacalhôa é uma empresa de vinhos portuguesa que está presente no mercado há vários anos. Em 2013, seguindo as tendências de outros países; foi criado e lançado o Paradise Night Out. A bebida é um 'vinho aromatizado', o que significa que junta à tradição do vinho, a evolução tecnologia que permite a adição de água e aromas à bebida. Em França, a categoria de *vin aromatizé* entrou no mercado em 2011 e tem vindo a duplicar as suas vendas a cada ano que passa.

Depois de mais de um ano de ser lançado, as vendas foram abaixo do esperado inicialmente e a entrada no mercado das bebidas alcoólicas não correu como planeado. O departamento de marketing decidiu então analisar e repensar sua estratégia. No início, a bebida foi lançada não só para o mercado de noite, mas também para fim de tarde. Tendo em conta o que o mercado necessita e a competição, o departamento de marketing achou que seria mais vantajoso escolher apenas um dos mercados e delinear, a partir daí, a nova estratégia.

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CASE STUDY

Introduction

In April 2013, *Aliança Vinhos de Portugal*, a Portuguese wine company, launched a new product that had never been seen before in the Portuguese market, the Paradise Night Out[1] (hereafter referred to as PNO) **(Exhibit 1)**.

The PNO is an alcoholic drink in the category of the flavored wines. Like the majority of the flavored wines, this is made up of 75% of wine, which is produced in the vineyards of *Aliança*. And the remaining 25% are water and natural aromas. The flavors chosen to the first drink presented in Portugal and done by *Aliança* were strawberry and watermelon. It has an alcohol content of 7%, which is below the average found in Portuguese wines.

The drink is presented as a light, fruity, refreshing, with high quality, as well as unique, modern and irreverent. There are 3 steps that are recommended when being served:

1- Pick up a bottle of Paradise Night Out from the fridge;
2- Fill a glass with lots of ice cubes and a slice of lemon or fruit juice;
3- Open the bottle of Paradise Night Out and pour it into the glass and serve

The shape of the bottle is a traditional one, however the opening system is different, it does not have a cork, as wine bottles usually do. Instead, it has a cap that needs to be unscrewed. As an umbrella *Grupo Bacalhôa* chose to include the name of one of the companies, *Aliança*, in the top (**Exhibit 2)**. In the center there is an image of a silhouette of three girls with a mirror ball behind them, which denotes that women are the main target of the PNO. As the marketing director of the company, Sérgio Marques, said: *"The Paradise Night Out is for modern, cosmopolitan, independent, sophisticated women looking for a fresh and tasty drink, to share a moment with friends or cheer about an event"* and he continues *"Paradise Night Out is designed to meet women's desire for a more tasty and refreshing drink to share with the group of girl friends at parties, clubs, a terrace or to fully enjoy a sunset after a long day beach."*.

[1] Aliança official page: Paradise Night Out

The drink was launched in April 2013. The company promoted the Paradise Night Out in *Jumbo*, a supermarket in Portugal, along with a campaign of beauty products in order to reach their main target. On the following days they made it available a small glass in *Jumbo* and in another supermarket, *Continente* **(Exhibit 3)** for people that would like to try the product Also, there were some efforts to reach the HORECA channel. They distributed flyers to the owners and managers of hostels, restaurants, bars and *café*s in order to explain what is this new category and the product produced by the company and persuade them to sell it. To start creating awareness next to the Portuguese clients, there was a decision of investing in outdoors in Lisbon; they have put it for the month of August. After some months, *Aliança* tried to make an attempt to enter in the social media. They made a promotion of giveaway on facebook; people would just have to put a like on their facebook page: Paradise Night Out[2] and they would send them a bottle. The success of the campaign was bigger than they could have ever imagined. The number of likes went from 400 to 4000, 10 times more in only one day. They even had to reduce the time of the campaign due to the increasingly number of participants.

The product was available initially in both supermarkets where it was released. There were some doubts about where the product would stand out in the supermarkets. If on one hand this is a wine and could be placed next to wines, on the other hand it is presented as a cocktail and it would make sense to put it next to similar drinks. On the wine area, at the supermarket, there would be a problem since it is divided by the regions, where it they produced **(Exhibit 4)** and there is a sector for packages and *sangria*. There was not a clear place there, so Aliança decided that it would make more sense to position next to spirits. For companies and restaurants to have access, they made it available in *Makro*[3], a cash and carry wholesale. The company responsible for the distribution is the one that deals with other products from the all Grupo Bacalhôa, Viborel Distribuição S.A..

Finally, to the price, Aliança wanted to position the product in a more premium sector. Each bottle of wine was priced at a 4,99 euros in the supermarkets with a capacity of 75dl as the traditional wine bottles.

[2] Facebook page: Paradise Night Out
[3] *Cash & Carry* company that had 20,3% in April 2013, in a Press release in June 2013

Dilemma

One year after the launch of the Paradise Night Out, the head of the Marketing Department and his team got together to analyze the evolution and reaction of the Portuguese to this new wine category. They look back, to the beginning of this adventure and noticed that sales were far below the threshold. The drink didn't enter in the market as it was expected, people were not looking for it and the category was not established in the Portuguese culture. It was time to review the strategy implemented in 2013 and find new solutions that would invert such tendency.

After some discussion, the team decided to change the way the product was being positioned. When launched, the Paradise Night Out was a drink for women; they were centered saying for whom the drink was. They were focusing in the target and not so much in the moment to drink. It was promoted as a drink to during the night but also in the end of the day.

This way they were not able to accomplish their objectives. Since the category of flavored wines didn't exist in the market, Sérgio Marques and his team though that its positioning should be not only in the characteristic and the target of the drink, they had to specify for when it was to be drink and chose a specific strategy for that. After analyzing the market and its possibilities, they thought that they could choose between two options:

They could put Paradise Night Out in the nigh market, in this situation the drink would be consumed when people, women, who go out, like to dance or hang out in a Night Club or bar in a party mood. On other hand, they could show a drink that is fresh and light and this way they would reach those who look for relaxing moments, when friends get together in an end of day or after a long day at work and get together in a terrace of *café*.

When launched, the PNO was to be seen as a drink for both moments which could be one of the reasons why people didn't buy it, since they didn't know exactly what it was or for when it was supposed to be drunk and that message should be clear, even more important with we are dealing with new category unknown in the market.

Company

Grupo Bacalhôa

Grupo Bacalhôa[4] is a Portuguese wine group composed of different companies. In 1922, *Bacalhôa Vinhos de Portugal* was founded with the name *João Pires & Filhos*. During the 70's, the company started its production in the region of Palmela, developing modern techniques of viticulture and enology in order to be one of the most innovative companies in the wine market.

In 1998, after becoming the main investor, Commander José Berardo, draw the strategy of the group along with his team, always having the concern of keeping the mission of being world recognized as one of the top wine companies and if on one hand innovating on the other hand maintaining the best of the tradition and passion in order to create unique wines and exceed the expectation of the stakeholders involved in the process. It was also fundamental to keep the vision of maintaining a constant awareness of the competition, of knowing how to anticipate and adapt on every level, from the viticulture, enology, to the industry, sales.

The strategy of the company is centered in differentiating the product aligned with innovation, making it possible to compete in a market that is ever more competitive and to meet the expectation found by creating products that can surprise and change it. This way, *Bacalhôa* are able to create a strong image to meet the clients, making this brand a reference in the world of wine.

Throughout time, the company has undergone a lot of changes and until today many vineyards have been acquired, innovative techniques were developed and the company reached new markets, both internally and externally. Nowadays, *Bacalhôa Vinhos de Portugal* produces 15.000 oak barrels in vineyards with more than 1.200 hectares in a total of 20 million of liters per year. The company is present in the most important regions of Portugal, such as Alentejo, Península de Setúbal (Azeitão), Lisboa, Bairrada, Dão e Douro in 8 different farms: Quinta da Bacalhôa, Quinta do Carmo, Quinta dos Loridos, Quinta da Garrida, Quinta das Baceladas, Quinta da Terrugem, Quinta D'Aguiar and Quinta dos Quatro Ventos

[4] Grupo Bacalhôa official web page

Aliança Vinhos de Portugal

Aliança is one of the companies that constitute the group[5]. However the company was not always part of it, having started as an independent company. It was in 1927, when eleven associates got together and decided to create *Caves Aliança S.A* in Sangalhos, a small town in the north of Portugal, situated in Bairrada, one of the main regions known for good quality[6]. Since the beginning, the target has been both the home market and the international one, not only Europe but also other countries around the world, in particular Brazil and African countries. From the first day, there has been a big concern in investing in the development of techniques to produce good wine.

In 2001, Commander José Berardo made an huge investment in the company *Caves Aliança S.A.*, thus including it into the group. The name was changed to *Aliança Vinhos de Portugal S.A.*. At the same time, they have also changed the national distributor to *Viborel Distribuição S.A.*[7].

The company has been developing a strong strategy in what concerns the process of making wine, the way they distribute, sell it and the export. Of their total 11 million euros of profit in 2013 more than 60%[8] come from exports, Angola, Brazil, the United States and Canada being their main international buyers.

Aliança Vinhos de Portugal S. A. has vineyards in the main wine regions of Portugal. In the moment they have vineyards, from the north to the south they are spread in the most important wine regions of the country. The 600 ha of winery are located in regions like Alentejo, Douro, Dão, Bairradas and Beiras, which are recognized for having the appropriate conditions to produce good wine.

Although *Aliança* has a strong presence in the wine market, the brand is also associated with other drinks. In the Portuguese market, both sparkling wine and brandy's are sold and are associated with that brand.

Over its almost 90 years of existence, *Aliança* has been growing with the main objective of achieving the highest quality possible and being present both in the national and the international markets, allowing the company to compete with different wines and being

[5] Aliança official web page
[6] Website: Comissão Vitivinícola da Bairrada
[7] Viborel official web page
[8] Entrevista realizada ao Dr. Sérgio Marques

forced to create unique products to face the competition and meet the requirements of its clients, that have been changing and being more demanding through time.

Aliança is well recognized not only in the country of origin, but also abroad. The company has already won international awards. In 2005, the Wine Spectator listed them as one of the 20 best companies in the sector worldwide, being the only winery in Iberian Peninsula to be included. Also, in 2012 and 2013, in the Decanter World Wine Awards many of the wines together with the other parts of *Grupo Bacalhôa* were recognized.[9]. In 2012, *Aliança Vinhos de Portugal* was one of the most contacted companies by journalists, buyers and economic agents of the country[10]. In Portugal, the company won the *Concurso Vinhos de Portugal* and received several gold and silver medals for its wine production[11]. In the *Concurso escolha da imprensa 2013*, wines of *Aliança* won some prizes also in the category of sparkling wine. And in 2012, Aníbal Coutinho, a well-known journalist, enologist and wine critic awarded *Grupo Bacalhôa* with the prize of "Best Producer of still wines" (*Bacalhôa and Aliança Vinhos de Portugal*)[12].

Alcoholic beverages in Portugal

Wine in Portugal

In Iberian Peninsula, is estimated that the first vine was planted in 2000 b.c. by the Tartessos[13] near Vale do Tejo e Sado, in Portugal. It exists for a long time in the country and is an important part of the culture of the Portuguese. Wine was present in the history of Portugal, from the labor given to the people to the time of discovery in the VX and VXI century, reaching different parts of the globe.

However, after that time, Portugal lost the connections that once had with the world and other countries started to develop wine an exporting it with a major presence in the world market. Since then and until 30 or 40 years ago Portugal, was associated mostly

[9] Bacalhôa official web page: news
[10] ViniPotugal official web page: Relatório de Contas 2012
[11] Concurso Vinhos de Portugal: Medalhados no concurso Vinhos de Portugal
[12] Newsletter Especial Edição Prémios W – 2012, Amorim
[13] InfoVini oficial web page: História do Vinho

with Porto Wine[14], known everywhere, used as drink during the meals, in the end or even making part of the most known recipes[15].

The market

Portugal is the fifth largest wine producer in the EU-27. Its production was estimated to be 5.9 Mhl in 2012, with an increase of 4,4% in relation to the year before **(Exhibit 5).** In 2013 the production increased from 9,2% to 6,14 Mhl[16]. The area of wine production in Portugal was around 179,472 Ha in 2011, and has been increasing in the last years due to the three-year EU “grubbing-up scheme”[17].

Its importance internationally has been rising as well. Some years ago, there were some efforts made by some Portuguese wine organizations and the country started to be recognized for its wine quality. From 2000 to 2011, Portugal increased their wine exports in 52% being in the top 10 of the major exports in the world[18]. In **Exhibit 6** we can find the evolution of the exports of the top 7 countries from where Portugal exported more in 2011.

In the national market, wine is still very important and makes part of the daily life of many people; however its consumption has been decreasing. The numbers have been showing that tendency. In the beginning of the decade of the 90s, the annual liter per capita of each Portuguese was 65; in 2013 it decreased to 42 liters[19]. However, *Winesur* conducted an analysis and calculated that Portugal is the 3rd country that drinks more wine per capita in the world, in the end of 2013[20] after France and Italy **(Exhibit 7)**. Yet small countries like Luxembourg and Vatican are not included due to their dimensions. This indicates that the tradition of the country are still present in spite of the changes that have occurred.

[14] IVDP official web page: Vinho do Porto
[15] Taylor official web page: Razões comprar Porto
[16] IVV official web page: Mercado 2013
[17] Brunke, Henrich; The Reform of the EU’s Common Market Organization for Wine: an Early Appraisal
[18] ViniPortugal official web site: Estatísticas
[19] CVR Lisboa
[20] Winesur official web page: The most wine consuming Countries

More about the domestic market

Marketest[21] conducted a study in 2008, which was testing the differences between genders and generations in the consumption of wine. According to that, 68% of men and 50% women consumed a bottle of wine inside or outside home. In what concerns the different age ranks, between 45 and 64 years old, the rate of consumption was in 72%, which is the highest percentage, for the younger generation (16[22] to 24 years old) the value is only 25%. This difference in generations could be one of the reasons for the decrease of the wine per capita in Portugal **(Exhibit 8)**. Also in another study made by the same company, this one conducted in 2011[23], it was clear this tendency and the difference of generation. According to that one, 4.719.000 Portuguese (with more than 18 years old) have consumed wine in 2011 (59% of the population), from this, 2/3 are people with 45 or more years old and is more present between men.

So what are the young drinking?

In the same study it's compared the consumption of wine and beer in the different generations. We can notice that, there was an inverse tendency between those two drinks. In the range that goes from 15 to 34 years old, beer has the higher percentage compared to wine. Those who are 45 or more have their preference for wine. It is in the 34 to 44 the values are most similar and we can notice a change of behavior in the different groups.

%V	15/24	25/34	35/44	45/54	55/54	65+
Wine	30	54,1	62,4	69,9	72,8	63,3
Beer	56,2	60,3	61,8	61,4	56	38,1

Beer in Portugal

It was only with the fall of the Western Roman Empire and the arrival of the barbarians, as Swabians, Alans and Visigoths that beer started to be consumed in Portugal. Along the years the industry has changes a lot and many companies entered in the Portuguese market, two of which made possible to make a strong position in national the market, *Central de Cervejas* and *Unicer*.

[21] Marktest Sabe quantos portugueses bebem vinhos em garrafa?
[22] The age allowed to drink wine and beer (DL nº 9/2002)
[23] Marktest: Análise Internacional TGI – Categoria Vinho do sector das Bebidas Alcoólicas

We have Central de Cervejas, the company was founded in 1934[24], and since 2008 belongs to Heineken[25]. Also, Unicer, that was created in 1927[26]. Between 2006 and 2010 those two companies' brands controlled 97% of the Portuguese market value being 80% of their strongest and most known brands, Sagres and Super Bock[27] respectively.

Since 2008, Sagres has more sales in value and volume than its main competitor. In that year, Central de Cerveja had 43,1% in value and 45,5%[28] in volume of the sale of beer. However, the difference for its main competitor is not that large since is estimated. The two main brands have control of more than 80% of the beer market and 92%[29] of the market share. Portuguese are very loyal to the brands and besides Heineken and Carlsberg it's hard for any brand enter in the market.

From 1980 to 2004, the consumption of beer increased at a comfortable rate as we can see in **Exhibit 9**, though in the past few years the consumption has been stagnating and even decreasing in some periods.

Compared to the other European countries, Portugal has the fourth largest percentage of beer purchased in the off-trade sector, with over 60% of its total consumption of beer occurring in pubs, bars or restaurants[30]. Although the consumption *per capita* is relatively high (61 liters in 2008)[31], in relation to other more populated countries.

<u>Flavored Wines</u>

This trend of a new category, the flavored wine, is spread throughout the world. It not only is *"a category of success in the United States and Canada", as* Sérgio Marques states, but also in other European countries, in particular France, where it has achieved great popularity: *"In 2012 in France were consumed 15 million bottles of this type of wine with pretensions to double in 2013".*

[24] Central de Cervejas official web site
[25] Central de Cervejas: factos e números
[26] Unicer official web page: Superbock
[27] "Beer in Portugal", 2011 - Euromonitor International
[28] Jornal de Negócios: Sagres supera Superbock pela primeira vez em 20 anos.
[29] http://hdl.handle.net/10400.14/7921
[30] Heineken Portugal: An international brand adding value in a mature market (thesis)
[31] "The contribution made by beer to the European Economy" – 2009 (Ernst & Young)

In this new world of fast technological development, present in everything we have contact with, from the way we communicate to what we eat, it is becoming increasingly frequent to grab the most ordinary thing and give them a twist of the new times.

The idea of adding different flavors to wine mixing it with fruit exists for a long time in *sangria*, a typical beverage from Portugal and Spain, made with wine, fruit, sugar, soda, and, sometimes, even other alcoholic drinks. Traditionally, *sangria* is homemade and served very fresh. Usually people drink it in a dinner, before, after or in parties. There are different types of this drink and everyone from those countries knows it and drink, from the youngers to the older. Although not being common, it is also possible to find pre-prepared bottles in the supermarkets or to have it served in restaurants.

In the 80's, a new drink inspired by *sangria* also started to pop up in the American market – the wine coolers[32]. The package was similar to the beer, with 16 oz. It was a tremendous success in that time, initially produced by California Coolers®. In 1985 the selling value was approximately 12.3 million dollars[33.] Seeing such huge success, other companies followed the example and it was trendy among the young until the beginning of the 90's, when, following the government's decision to tax it, its popularity decreased.

French Market

Some years later, the idea of mixing wine with other flavors arrived again and in Europe is growing fast, especially in France. It was in Vinexpo, an international trade show in Bordeaux, France, that the French winery company, Haussmann Famille, showed for the first time the wine with the flavor of one of the most known drinks in the world: coca-cola. It is called Rouge Sucette[34] and is inspired in the new trend of mixing wine and coke, the kalimotxo[35]. It has 9% of alcohol and is composed of 75% of grapes and the other 25% is water, sugar and cola flavor. The marketing director of the company told: *"The result is surprising; the balance between the bitterness of the wine and the sweetness of the cola is perfect."*[36]

[32] Wine Folly: Wine coolers of the 1980s
[33] Wisegeek official web page: What are Wine Coolers
[34] Revista de Vinhos: O Vinho Que Sabe A Coca-cola
[35] NY Times: Wine and Cola, does it work?
[36] The Drinks Business: Worlds first cola flavored wine launched

This wine is targeting not only young people, but especially women, and also the new markets that have been increasing their consumption of wine, the Asian markets[37], which have preference for sweater tastes. But this was not the first flavored wine being produced by the company .In 2013, they had already entered in the market with three fruit flavored wines and, before it, other companies had already started making it popular.

It all started in the south of France, around 2011 but rapidly spread to the rest of the county and became a trend that started to grow especially among young but also women. There is a new trend that is growing rapidly in France, a traditional wine country: the new category of wine has arrived some years ago and is changing the French wine market, according to the IRI[38], who estimated that, in October 2013, sales were 74.52 million euros.

Society is changing, tradition and habits are becoming more and more different from those of the previews generations. In the older group, those who are now 60 or 70have grown up with wine on the table and it is seen as a drink of reference and is present in the meals of the daily life. In the 40 and 50-year-old generation, wine is most consumed occasionally, but it has still a strong meaning in the culture, for although this group is not very meaningful in the volume consumed, it is in value, since they drink less often, but appreciate a better wine, and are willing to pay more for a bottle. It is in the younger generation that the most significant decrease in the wine consumption can be seen[39] **(Exhibit 12).**

The changes are evident. In the past decades, the differences are huge. In 1965, the wine *per capita* consumed by the French was 160 liters. More than 40 years later, in 2010, it had decreased to 57 liters, and the tendency remains until now. Also, in 1980, 51% of the adult population drank wine daily whereas nowadays only 17% does so and the proportion of French who never drink wine duplicated to 38%in 2103[40].

The decline in the consumption of wine, not only in volume but also in value, is, as seen, most strongly present in the younger generations. Many different factors may explain such changes. There has been a transformation in the habits of young people in

[37] Sudde France Developpement: Sud de France Export, Wine-industry and Asia
[38] Information Resources Inc.
[39] France Agrimer : consommation du vin
[40] BBC Brasil: Consumo de Vinho em França

the moment of *repas*, the French word for dinner, with a gradual loss of the idea of getting together in a table. Meals are now increasingly being seen as something done out of necessity and people do it alone more often. So the habits of parents or grandparents are being lost at the same time there is less time to appreciate and be educated, which is necessary for wine to be enjoyed[41]. In spite of the fact that in France it is still the first alcoholic beverage to be drunk in a dinner and, overall (alcoholic and non-alcoholic) , is the second only after to water[42]. Sodas and fruit drinks are the ones who have been rising in the preferences of the consumers. In the third generation of the French society, it is not common to find people who drink or taste wine, they need to be convinced that wine is not as any other drink and requires some investment[43].

According to a study conducted by the *ViniSud Passionnément Méditerraneén* with the theme: *La consommation de vin à l'apéritif en France* in the end of 2013, which analyzed the behaviors and habits of the French, although people are spending less time on the table during meals, there is an increase of moments before and after the meals, when friends are reunited talking or playing with each other. This brought an old tradition back in France, the *aperitif*, however in a different way. In the old times it was more common to drink spirits or other drinks with a high alcoholic volume. Now things have changed and, as the same study concludes, the idea of wine as an aperitif fits the new generation **(Exhibit 13)**. In 2013, around 28% of domestic wine consumption were used to drink an aperitif and between 18 - 34 years old was the double compared to 55 – 64 years old. For that target the preferences and fruit and sweet wines, by choosing the different categories they are the ones with the higher preferences for flavored wines, after the white wines and rosé, and that category of wine was the second hosen for dinners. There are two main reasons appointed by young people for this preferences-rating: one is the fact that wine is healthier than other drinks; the other is that, if they drink any type of wine, including flavored wine, as an aperitif (*i.e.* before dinner), another wine can be drunk during the meal, thus avoiding mixing different alcoholic beverages.[44]

All this paved the way to the creation of this new type of wine in France. The sales have been rising each year. In 2011, 4,38 m of liters were sold, an amount which increased to

[41] International Journal of Entrepreneurship, Thierry Lorey e Pascal Poutet
[42] http://www.bbc.com/news/magazine-21929287
[43] International Journal of Entrepreneurship, Thierry Lorey e Pascal Poutet
[44] BBC: Franceses consomem menos vinho

more than 20 m liters in 2013, worth 74,53 m euros, up from 15,68 m euro of two years earlier.

There are some characteristics shared by all flavored wines, other than the fact they have different aromas. The flavored wines were even object of specific European Commission regulation, being classified among the alcoholic beverages. Rules and legislation were created for its production, transformation and selling[45]. Typically, as was already mentioned, these drinks are composed of 75% of wine and 25% of water and the flavors go from fruit like peach, strawberry or orange to others less common like coke, as was the case with Haussmann Famille, chocolate or cinnamon. Although fruits are the most common flavors, companies are trying to bring new original flavors to awaken the consumers' curiosity, while always keeping a sweet flavor to reach that target that clearly have that preference. The volume of alcohol is usually low or at least lower than that of the wine, its values ranging from 7% to 15% (the majority around 10% or 11%).Prices go from 3 euros to 15 euros, depending on the quality of wine or the flavor and essence used in it. All of these drinks, regardless of their flavor, are to be drunk fresh, after having stayed minutes, or even hours, in the fridge.

This trend is dividing the wine sector. There is a more traditionalist side, which regards flavored wines as a distortion of true wine, considering the addition of ingredients a disrespectful and unlawful action that could compromise the status of wine in the society, thus threatening tradition. The other side stands up for flavored wine, seeing in this new market a big potential, for, as they believe, wine is adopting to the new habits and lifestyles of our societies.

Survey

In order to understand more about the target and make a rational and informed decision, Sérgio Marques decided that it was important to know more about the female audience and understand what their needs are.

The marketing department conducted an online survey **(Exhibit 14)** with some questions, only pointing to woman; since they are they are the target. The survey had a total of 134 answers **(Exhibit 15)**.

[45] Summaries of EU legislation: Product labelling and packaging

We could start by dividing in three age groups, until 25 years old (58%), from 26 to 45 years old (17%) and the ones with 46 or more (26%). From the sample, 67% of the women are single and 71% don't have children. In what concerns their drinking habits, red wine (48%), white wine (43%) and beer (51%) were in the top preferences. The most common places to drink those were in restaurants (53%), in a night club (49%) and in a party (47%).

About the drink in study, Paradise Night Out, the majority of people imagined to drink a glass in the late afternoon in a *café*/bar (70%), 47% in a bar with their group of girls and 38% in a pub with friends. On average, they were willing to pay 3,78 euros for the glass. In what concerns to buy a bottle of PNO, the first choice was for a dinner with friends (66%), in a house party (50%) and 48% chose in a late afternoon program. From them, 84% would buy it in a supermarket and 24% in other stores, there was just 7% of the women that would be willing to buy it online. The average price that those women were willing to pay is 11,16 euros.

The survey also wanted to test the perception of women on the product, packaging and its characteristics. From the different options, being a fresh drink, the alcohol volume (7%) and the aromas added to wine are the factors that people mostly liked. However, the name (Paradise Night Out), and the images, both the one in the center and in the background are the characteristics that less appeal to those who answered the survey.

<u>Framing the dilemma</u>

The marketing team was dealing with the problem of deciding the best strategy. Since the category of flavored wine didn't have a place in market or next to the consumers they wanted to compare the characteristics with other drinks in the market and understand where they are most valuable and why they are perceived.

On one hand they could present the Paradise Night Out as a night drink, for when friends get together in a bar or in a night club. In this case it would be more a cocktail, competing in the market of the beers, spirits or *caipirinhas*. In this market it will also compete with Gin, a new trend in Europe that already had arrived in the Portuguese market.

On the other hand, the marketing team could put PNO in the end of day, terrace and *café* market, a drink for when people are waiting in a restaurant. In this case they would compete as well with beer, also with cider (Somersby[46]) that is growing[47] in the Portuguese market. Lambrusco is an Italian wine that entered in the Portuguese market some years ago and started to gain the trust of consumers, its growth is not so exponential, but it has some expression since is different from the traditional wine. Gin is the newest trend in the market, even though the drink is drunk at night a lot of events in terraces that are in the end of the day are using the drink to promote and many Gin Tasting events are appearing, also those are an event that is a party but not a Night Club and are more an event in a bar, having the relax association.

Based on the drinks they people drink the most the team made a comparison of some important features with the drinks that are more common in the Portuguese market so they could understand what they preferences are. The drinks were chosen based on the survey and the data available.

	Sweet taste	**Alcohol**	**Fresh**	**Gas**
Paradis Night Out	Yes	low	yes	no
Red wine	depends	medium	no	no
White wine	depends	medium	yes	no
Rosé wine	Yes	medium	yes	no
Vinho Verde[48]	Yes	medium	yes	no
Lambrusco	Yes	medium	yes	yes
Sangria	Yes	medium	yes	yes
Beer	No	low	yes	yes
Cider (Somersby)	Yes	low	yes	yes
Gin	No	very high	yes	yes
Sprits (vodka ect.)	No	very high	yes	no
Liquors (ex: Amarguinha[49])	Yes	high	depends	no

They crossed the characteristics of the drink with the information on the questionnaire and especially in **Exhibit 18** we can understand in which occasion do people drink and understand what they perceived and value the most for each moment. It was time to make a decision and decide where the Paradise Night Out should be in the market.

[46] In the first trimester of 2014, Somersby has grown 309% and the is expected to continue to grow
[47] Marketeer: Somersby cresce no-primeiro trimestre
[48] Can be red with or rosé but is from a specific part of Portugal and is starting to create its own position in the market: Vinho Verde official web site
[49] Portuguese liquor that is popular in bars for older people but also consumed by among youngers, in particular girls)

EXHIBITS

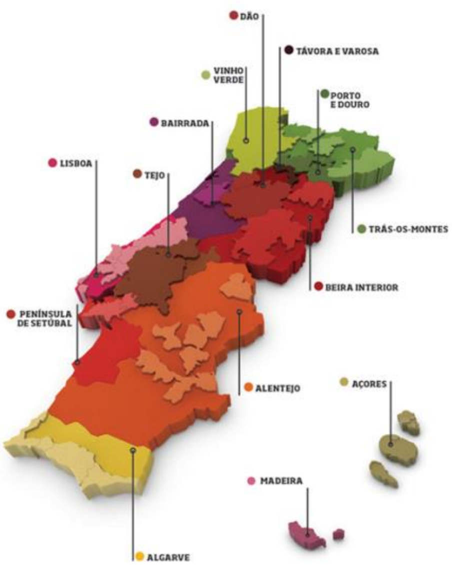
Exhibit 1: Bottle of Paradise Night Out

Source: Aliança Vinhos de Portugal

Exhibit 2: Umbrella Aliança

Source: Aliança Vinhos de Portugal

Exhibit 3: Wine Regions in Portugal



Source: ViniPortugal

Exhibit 4: Retailers market share in terms of household consumption

Rank		2012	2013
1	Continente	25,2%	25,7%
2	Pingo Doce	21,1%	22,0%
3	Intermarché	9,7%	9,0%
4	Lidl	8,4%	7,4%
5	Minipreço	7,1%	7,0%
6	Auchan	6,0%	6,0%
	Other	22,5%	22,9%

Source: Master thesis Rita Serrano

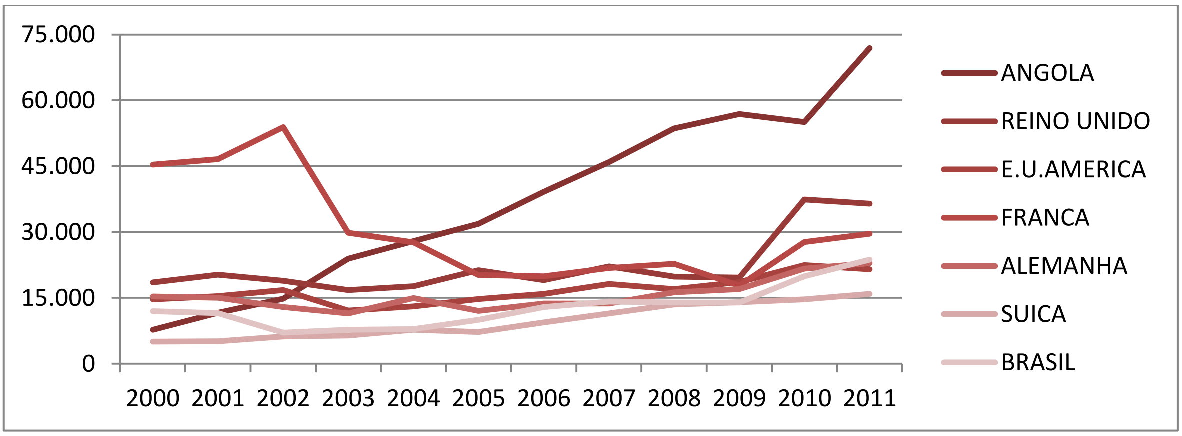
Exhibit 5: Wine production EU - 27

	2007	2008	2009	2010	2011	2012
France	45.672	41.640	46.269	45.669	50.757	40.609
Italy	42.514	46.245	45.800	46.737	42.705	39.300
Spain	36.408	35.913	36.097	35.363	33.397	31.500
Germany	10.261	9.991	9.228	6.906	9.132	8.903
Portugal	6.074	5.620	5.872	7.133	5.610	5.857
Romania	5.289	5.159	6.703	3.287	4.213	4.059
Greece	3.511	3.869	3.366	2.950	2.750	3.150
Austria	2.256	2.628	2.672	2.352	1.737	2.815
Hungary	3.222	3.460	3.198	1.762	2.750	1.874
Other EU-27 countries	3.853	3.604	3.034	2.616	3.177	2.773
EU-27	**159.060**	**158.129**	**162.238**	**154.775**	**155.671**	**140.840**

*Volume of product removed from fermenters after the first natural fermentation of the must of fresh grapes (juices and other musts excluded) 2011 (provisional) – 2012 (estimates)

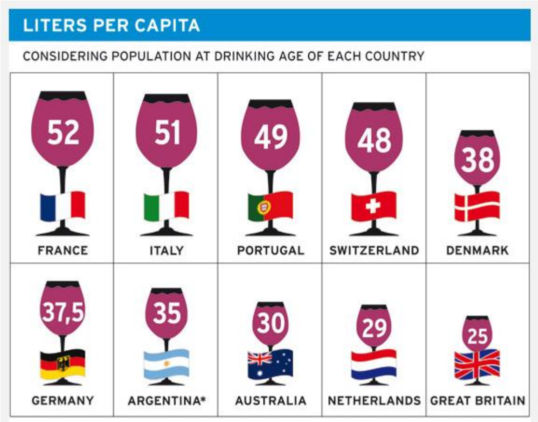
Source: OIV (International Organization of Vine and Wine); Eurostat; FAS Europe Offices

Exhibit 6: Exports from Portugal to the rest of the world



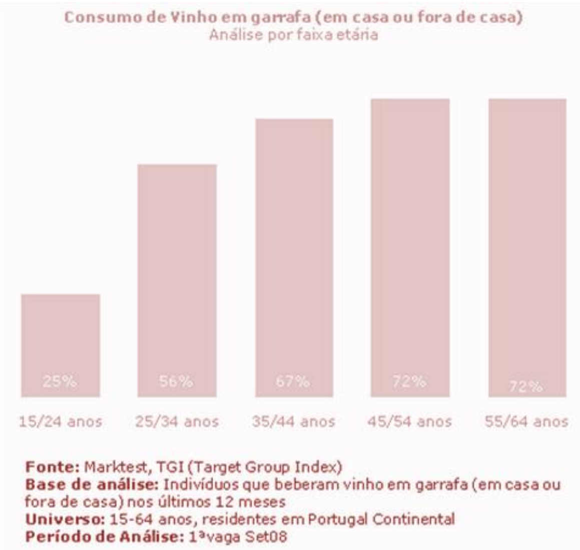
Source: ViniPortugal

Exhibit 7: Consumption of wine in Europe



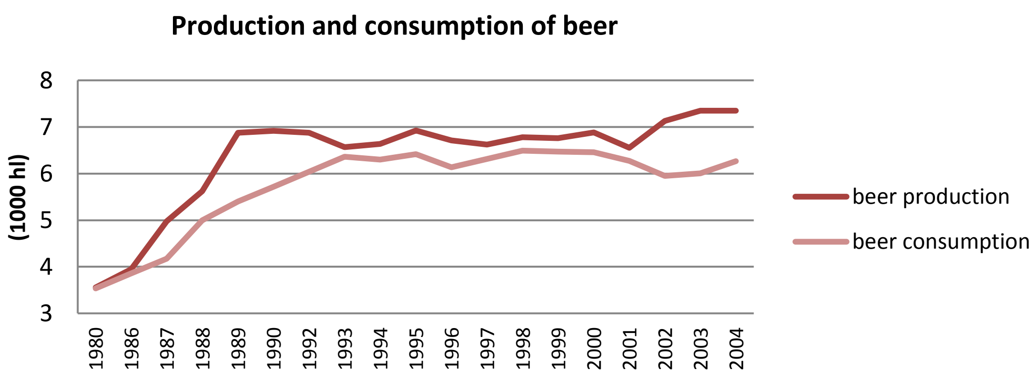
Source: Winesur

Exhibit 8: Consumption of wine bottle in Portugal



Source: Marktest

Exhibit 9: Beer consumption in Portugal



Source: Nielsen

Exhibit 10: Consumption of wine in the last 12 months (2005/2006)

	2005/2006			
Sex/Age	Don't consume alcoholic beverages	Total	Wine	Beer
Men and women	**46**	**53,8**	**88,3**	**63,6**
Less than 15	98,7	1,3	60,3	17
15 a 24 years	56,5	42,8	53,5	76,2
25 a 34 years	35,8	64	82,5	78,3
35 a 44 years	27,4	72,3	91,9	72,9
45 a 54 years	25,3	74,4	95,2	66,4
55 a 64 years	29	70,8	96,7	54,8
65 a 74 years	39,2	60,7	94,6	42
75 a 84 years	47,1	52,6	97,7	30
85 or more	56,8	43,2	98,4	19,5
Men	**33,7**	**66**	**89,6**	**78,1**
Less than 15	98,3	1,7	66,6	22
15 a 24 years	48,7	50,1	52,6	89
25 a 34 years	21	78,8	83,6	90,3
35 a 44 years	14,2	85,5	93,8	87,7
45 a 54 years	10,3	89,5	97,3	83,5
55 a 64 years	10,9	88,9	97,8	70,7
65 a 74 years	18,2	81,7	96,4	56,9
75 a 84 years	25,6	74,4	99,3	41,3
85 or more	30,3	69,7	99,8	28,4
Women	**57,4**	**42,3**	**86,5**	**42,3**
Less than 15	99,1	0,9	47,6	6,9
15 a 24 years	64,5	35,2	54,9	57,4
25 a 34 years	50,7	48,9	80,7	58,7
35 a 44 years	40,3	59,3	89,2	52,1
45 a 54 years	39,6	60,1	92,3	42,4
55 a 64 years	45,1	54,7	95	31,8
65 a 74 years	56,3	43,7	91,8	19,3
75 a 84 years	61,3	38,3	95,7	15,5
85 or more	69,4	30,6	96,9	9,9

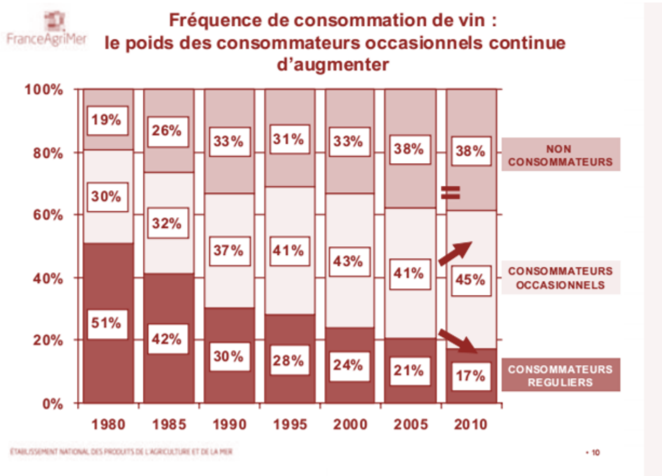
Source: INSA/INE - Quarto Inquérito Nacional de Saúde (2005-2006)

Exhibit 11: Consumption of wine in the last 12 months (1998/1999)

1998/1999				
Sex/Age	Dont consume alcoholic beverages	Total	Wine	Beer
Men and women	**49,5**	**50,4**	**87,6**	**61,8**
Less than 15	98,8	1,2	56,7	39,9
15 a 24 years	62,3	37,3	54,2	79,6
25 a 34 years	33	66,8	81,9	76,8
35 a 44 years	26,7	73,2	92,5	68,4
45 a 54 years	29,8	70,2	95,2	60,4
55 a 64 years	36,1	63,8	95,8	50,2
65 a 74 years	43,5	56,4	96,1	39,3
75 a 84 years	53,8	46,2	96,6	29,2
85 or more	65	35	95,5	15,9
Men	**35,4**	**64,4**	**88,2**	**77**
Less than 15	98,7	1,3	58,8	40,2
15 a 24 years	50,6	48,8	53,2	90,2
25 a 34 years	16,3	83,4	82,4	89,8
35 a 44 years	11,1	88,8	94,5	85,6
45 a 54 years	10,1	89,8	96,7	78,3
55 a 64 years	14,4	85,6	96,9	65,6
65 a 74 years	21,4	78,6	96,9	54,3
75 a 84 years	32,9	67,1	98,1	42,2
85 or more	43,3	56,7	96,6	23,2
Women	**62,7**	**37,3**	**86,6**	**37,4**
Less than 15	98,9	1,1	54,2	39,6
15 a 24 years	74,4	25,5	56,2	58,9
25 a 34 years	49,7	50,3	81,2	55,2
35 a 44 years	41,7	58,3	89,6	43,4
45 a 54 years	48	52	92,9	31,8
55 a 64 years	55,3	44,7	93,9	24,3
65 a 74 years	61,2	38,8	94,9	15
75 a 84 years	67,6	32,4	94,4	11,3
85 or more	74,7	25,3	94,3	8,7

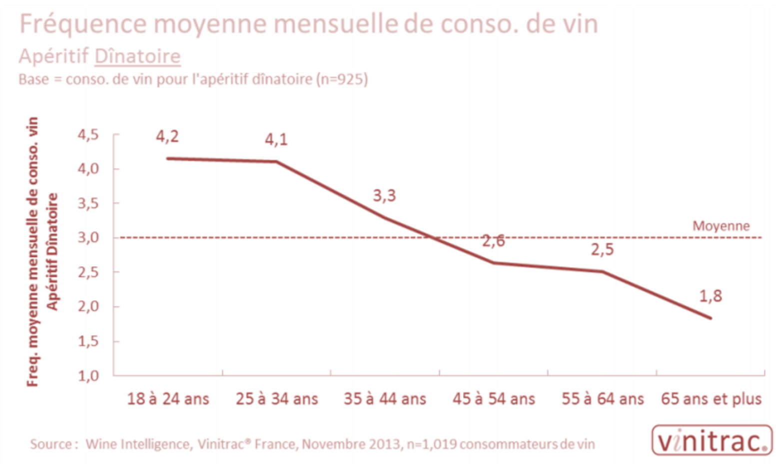
Source: INSA - Inquérito Nacional de Saúde (1998-1999)

Exhibit 12: Frequency of consumption of wine in France



Source: France Agrimer

Exhibit 13: Monthly frequency of consumption of wine in France



Source: Vintrac

Exhibit 14: Survey

Q1: Due to the characteristics of the product in study, this survey is just to be conducted by women. To confirm choose one of the options:

- ☐ Female
- ☐ Male *(end of the survey)*

Q2: From this alcoholic beverages, which choose the ones you usually drink.

- ☐ Red wine
- ☐ White wine
- ☐ Rosé wine
- ☐ Beer
- ☐ Vodka
- ☐ Whisky
- ☐ Brandy
- ☐ *Caipirinha*/ Caipiroska
- ☐ Champagne
- ☐ Gin
- ☐ Liquor
- ☐ Other
- ☐ I don't drink alcoholic beverages

Q3: In which places do you usually drink those beverages?

- ☐ Home
- ☐ Restaurant
- ☐ Coffee house
- ☐ Bar at night
- ☐ Disco
- ☐ Party
- ☐ Only on special occasions
- ☐ I don't drink alcoholic beverages

The drink we are studying is the Paradise Night Out.

It is a drink that is made with wine, water and natural flavors of strawberry and watermelon. This beverage is to be drink very fresh and has 3 steps before its consumption.

1 – Have a bottle of Paradise Night Out very cold

2 – Put a glass with ice and lemon

3 – Fill the glass with Paradise Night Out e and be ready to party.

You should drink that very fresh and with much ice at 6ºC

Q4: Where do you imagine buying a glass of Paradise Nigh Out?

- ☐ Restaurant (lunch)
- ☐ Restaurant (dinner)

- Terrace / *Café* (late afternoon)
- Bar with a group of girls (night)
- Bar with a group of friends (night)
- Disco (night)
- Formal party
- Other

Q5: How much would you be willing to pay for a glass of Paradise Night Out?

1 2 3 4 5 6 7 8 9 10

Now imagine that you would have available a bottle of Paradise Night Out.

Q6: Where would you like to see available a bottle of Paradise Night Out?

- Supermarket
- Shop for Gourmet Products
- Convenience Stores
- Wine Cellar
- Online

Q7: In which occasions would you buy a bottle of Paradise Night Out? (chose at least 2 options)

- Dinner with a group of girls
- Dinner with group of friends
- End of day party
- Family dinner
- House Party
- Other

Q8: How much would you be willing to pay for a bottle of Paradise Night Out?

1 3 5 7 9 11 13 15 17 19 21

Q9: Where would you like to see available the kit of Paradise Night Out?

- Supermarket
- Shop for Gourmet Products
- Convenience Stores
- Wine Cellar
- Online
- I’m not interested in the kit

Q10: How much would you be willing to pay for a kit of Paradise Night Out?

1 4 7 10 13 16 19 22 25 28 31 34

Q11: Taking into account the image how would you evaluate it from 1 to 5 being *1 I don’t like at all and 5 I like it a lot*

- Name: Paradise Night Out
- The slogan: LIVE TO PARTY (*Vive ao sabor da festa*)
- Flavors: strawberry and watermelon
- The image in the center of the bottle
- The background image
- The company: Aliança
- Drink with only 7% of alcohol
- Drink very fresh

Q12: From these characteristics evaluate from 1 to 5 being *1 I don’t feel related and 5 I feel completely related:*

- I am feminine
- I am independent
- I'm creative
- I am modern
- I am stylish
- I am sophisticated
- I am cosmopolitan

To finish, please answer the following demographic questions:

Q13: Age:

- ☐ < 18
- ☐ 18-25
- ☐ 26-35
- ☐ 36-46
- ☐ > 45

Q14: Marriage status?

- ☐ Single
- ☐ Married
- ☐ Divorcee
- ☐ Widow

Q15: How many kids do you have?

- ☐ I don’t have kids
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 or more

Exhibit 15: Survey answers

Q1: Due to the characteristics of the product in study, this survey is just to be conducted by women. To confirm choose one of the options:

	Freq.	%
Femle	134	92%
Male	12	8%
Total	146	100%

Q2: From this alcoholic beverages, which choose the ones you usually drink.

	Freq.	%
Red wine	56	43%
White wine	62	48%
Rosé wine	20	15%
Beer	66	51%
Vodka	30	23%
Whisky	7	5%
Brandy	1	1%
Caipirinha/ Caipiroska	43	33%
Champagne	13	10%
Gin	37	28%
Liquor	5	4%
Other	14	8%
I don't drink alcoholic beverages	10	11%

Q3: In which places do you usually drink those beverages?

	Freq.	%
Home	42	33%
Restaurant	67	53%
Coffee house	36	28%
Bar at night	62	49%
Disco	38	30%
Party	60	47%
Only on special occasions	10	8%

Q4: Where do you imagine buying a glass of Paradise Nigh Out?

	Freq.	%
Restaurant (lunch)	20	17%
Restaurant (dinner)	25	21%
Terrace / *Café* (late afternoon)	84	70%
Bar with a group of girls (night)	56	47%
Bar with a group of friends (night)	46	38%
Night Club	13	11%
Formal party	17	14%
Other	7	6%

Q5: How much would you be willing to pay for a glass of Paradise Night Out?

Min.	Max.	Average	St deviation
1	10	3.78	1.64

Q6: Where would you like to see available a bottle of Paradise Night Out?

	Freq.	%
Supermarket	98	84%
Shop for Gourmet Products	25	21%
Convenience Stores	28	24%
Wine Cellar	27	23%
Online	8	7%

Q7: In which occasions would you buy a bottle of Paradise Night Out? (choose at leats 2 options)

	Freq.	%
Dinner with a group of girls	77	66%
Dinner with group of friends	58	50%
End of day party	56	48%
Family dinner	12	10%
House Party	59	50%
Other	6	5%

Q8: How much would you be willing to pay for a bottle of Paradise Night Out?

Min.	Max.	Average	St deviation
1.00	17.00	7.09	3.14

Q9: Where would you like to see available the kit of Paradise Night Out?

	Freq.	%
Supermarket	64	56%
Shop for Gourmet Products	41	36%
Convenience Stores	14	12%
Wine Cellar	28	24%
Online	11	10%
I’m not interested in the kit	26	23%

Q10: How much would you be willing to pay for a kit of Paradise Night Out?

Min.	Max.	Average	St deviation
1.00	26.00	11.16	5.53

Q11: Taking into account the image how would you evaluate it from 1 to 5 being *1 I don’t like at all and 5 I like it a lot*

	Min.	Max.	Average	St. Dev
Name: Paradise Night Out	1.00	4.00	2.73	1.45
The slogan: LIVE TO PARTY (*Vive ao sabor da festa*)	1.00	4.00	3.24	1.40
Flavors: strawberry and watermelon	1.00	4.00	3.51	1.39
The image in the center of the bottle	1.00	3.00	2.19	1.19
The background image	1.00	5.00	2.72	1.51
The company: Aliança	1.00	5.00	2.73	1.42
Drink with only 7% of alcohol	1.00	5.00	3.68	1.33
Drink very fresh	1.00	5.00	4.28	1.15

Q12: From these characteristics evaluate from 1 to 5 being 1 I don't feel related and 5 I feel completely related:

	Min.	Max.	Average	St. Dev
I am feminine	1.00	5.00	4.85	1.51
I am independent	1.00	5.00	4.60	1.01
I'm creative	1.00	5.00	3.44	1.11
I am modern	1.00	5.00	3.63	1.10
I am stylish	1.00	5.00	3.67	1.70
I am sophisticated	1.00	5.00	3.10	1.04
I am cosmopolitan	1.00	5.00	4.06	1.19

Q13: Age:

	Freq.	%
<18	3	3%
18-25	60	55%
26-35	15	14%
36-46	3	3%
> 45	29	26%

Q14: Marriage status?

	Freq.	%
Single	74	67%
Married	25	23%
Divorcee	7	6%
Widow	4	4%

Q15: How many kids do you have?

	Freq.	%
I don't have kids	78	71%
1	8	7%
2	14	13%
3	4	4%
4	5	5%
5 or more	1	1%

Exhibit 16: Survey Cross Tabulation: Question 4 with Question 13

		Glass of PNO		
	Less tahn 25 years	From 25 to 45 years	More than 45 years	Total
Restaurant (lunch)	12 19,05%	2 11,11%	5 17,24%	19 17,27
Restaurant (dinner)	16 25,40%	1 5,56%	6 20,69%	23 20,91
Terrace/*Café* (end of afternoon)	46 73,02%	12 66,67%	20 68,97%	78 70,91
Bar with group of girl friends	34 53,97%	13 72,22%	7 24,14%	54 49,09
Bar with friends	28 44,44%	9 50,00%	9 31,03%	46 41,82
Night Club	9 14,29%	2 11,11%	1 3,45%	12 10,91
Formal Party	9 14,29%	1 5,56%	5 17,24%	15 13,64
Other	3 4,76%	1 5,56%	0 0,00%	4 3,64
Total	63	18	29	110

Exhibit 17: Survey Cross Tabulation: Question 7 with Question 13

		Bottle of PNO		
	Less tahn 25 years	From 25 to 45 years	More than 45 years	Total
Dinner with group of girl friends	48 76,19%	13 72,22%	11 37,93%	72 65.45
Dinner with friends	32 50,79%	8 44,44%	14 48,28%	54 49.09
End of day get	33	8	13	54

together	52,38%	44,44%	44,83%	49.09
Dinner with family	5	1	5	11
	7,94%	5,56%	17,24%	10.00
House party	33	9	16	58
	52,38%	50,00%	55,17%	52.73
Other	2	0	3	5
	3,17%	0,00%	10,34%	4.55
Total	63	18	29	110

Exhibit 18: Survey Cross Tabulation: Question 2 with Question 3

	Home	Restaurant	*Café*/Terrace	Bar	Night Club	Party	Special event	Total
	34	42	15	22	10	23	7	
Red wine	60,71*	75	26,79	39,29	17,86	41,07	12,5	56
	80,95**	62,69	41,67	35,48	26,32	38,33	70	
	22	44	15	34	22	32	5	
White wine	35,48	70,97	24,19	54,84	35,48	51,61	8,06	62
	52,38	65,67	41,67	54,84	57,89	53,33	50	
	9	12	6	11	7	11	1	
Rosé wine	45	60	30	55	35	55	5	20
	21,43	17,91	16,67	17,74	18,42	18,33	10	
	22	38	25	41	24	31	3	
Beer	33,33	57,58	37,88	62,12	36,36	46,97	4,55	66
	52,38	56,72	69,44	66,13	63,16	51,67	30	
	6	13	9	19	19	19	1	
Vodka	20	43,33	30	63,33	63,33	63,33	3,33	30
	14,29	19,4	25	30,65	50	31,67	10	
	4	4	2	2	3	4	0	
Whisky	57,14	57,14	28,57	28,57	42,86	57,14	0	7
	9,52	5,97	5,56	3,23	7,89	6,67	0	
	0	1	1	1	0	0	0	
Aguardente	0	100	100	100	0	0	0	1
	0	1,49	2,78	1,61	0	0	0	
	12	23	12	28	16	28	4	
Caipirinha	27,91	53,49	27,91	65,12	37,21	65,12	9,3	43
	28,57	34,33	33,33	45,16	42,11	46,67	40	
	5	5	2	9	5	8	2	
Sparkling wine	38,46	38,46	15,38	69,23	38,46	61,54	15,38	13
	11,9	7,46	5,56	14,52	13,16	13,33	20	
	12	21	9	21	16	21	5	
Gin	32,43	56,76	24,32	56,76	43,24	56,76	13,51	37
	28,57	31,34	25	33,87	42,11	35	50	
	2	5	1	2	2	2	0	
Liquors	40	100	20	40	40	40	0	5
	4,76	7,46	2,78	3,23	5,26	3,33	0	
	1	4	1	4	5	5	1	
Sangria:	10	40	10	40	50	50	10	10
	2,38	5,97	2,78	6,45	13,16	8,33	10	
Total	42	67	36	62	38	60	10	

* Percentage of people the people that drink red wine (56) at home (34)

** Percentage of the people that at home (42) drink red wine (34)

TEACHING NOTE

Question 1:

What are the mission and vision of the company?

Answer Question 1:

Mission: Recognition. Be one of the top companies Innovate at the same time they maintain the tradition. Create unique wines in the market keeping the passion that characterize the company. Exceed the expectation of shareholders involved in the process.

"Being world recognized as one of the top wine companies. Both innovating and maintaining the best of the tradition and passion in order to create unique wines and exceed the expectation of the stakeholders involved in the process"

Vision: Awareness of the competition. Anticipate and adapt to the market.

"Maintaining a constant awareness of the competition, of knowing how to anticipate and adapt on every level, be it in viticulture, enology, or in industry, sales and marketing was important to follow based on the first times when the company was created"

Question 2:

Identify the promotions done by the company and suggest three changes you could make if you were the responsible in April 2013.

Answer Questions 2:

Promotions: Facebook, Outdoors, Tasting in supermarket, Beach parties,

Suggestion:

Facebook: Create a campaign that would require more engagement by the costumers. Could be a phrase with the name of the drink or a picture with specific, this way people would have to pay more attention to the drink.

Outdoors: Although it was summer season (month of August) which is good to the promotion of the drink, Lisbon is with less people than ever because they are on holidays which could be a waste of resources.

Tasting in supermarkets: The taste moment is very important due to the associations that people make with the product. So instead of the Tasting be made in supermarkets where people go in a hurry, it would be done on a beach or on a pub/bar where people would make better associations and also helps to teach costumers what is the drink and where it should be drunk.

Question 3:

Describe the Portuguese and French consumers in what concerns wine. Compare both countries. What are the similarities and differences?

Answer Question 3:

Both Portugal and France are wine countries. They have a strong tradition in their history and habits of consumers. However, as it happens in the majority of the countries with these characteristics, those habits are changing and so is the attitude of consumers and the position of wine in society.

In France, in 1965, the wine per capita was 160 l and in 2010 it was 57 liters. In Portugal, from the early 90's to 2013, wine per capita decreased from 65 liters to 42 liters.

When analyzing the behavior of the different ages, we can see that in **Exhibit 6**, 72% of the consumers are 45 or more years old and that only 25% are young people. The same happens in France, the older generation drink wine daily, the 40/50 years old drink less regularly and the youngest are the ones who drink less wine. There are significant differences in the generation and the new ones must be convinced that wine is something that is good to be pursued.

The differences that we can find are the way people are now drinking wine, especially the young people. On one hand, we have France with a recovered moment of consumption: the aperitif, that moment that precede the meals are important to get together with friends and talk. They are drinking and eating just small things there.

Also, the decrease of the duration and importance of meals is also a reality, people spend less time at the table and prefer the other moments, before and after. On the other hand, in Portugal things don't happen in that way, people do not spend less time at the table and still drink and talk for a long time during the meals. Meals are important get together moments in the society.

In **Exhibit 10 and 11,** we can canalize the differences between 19998/1999 and 2005/2006 and by comparing the table conclude that:

Comparison of both tables in Exhibits 10 and 11:

Sexo/ Grupo etário	Population that didn't consume alcohol	Total	Wine	Beer
Homens e Mulheres	-3,6	3,4	0,7	1,7
Menos de 15 anos	-0,1	0,1	3,6	-22,9
15 a 24 anos	-5,9	5,5	-0,7	-3,4
25 a 34 anos	2,7	-2,9	0,6	1,5
35 a 44 anos	0,7	-1,0	-0,6	4,5
45 a 54 anos	-4,4	4,2	0,0	6,0
55 a 64 anos	-7,2	7,0	0,9	4,6
65 a 74 anos	-4,3	4,3	-1,5	2,7
75 a 84 anos	-6,7	6,5	1,2	0,8
85 anos ou mais	-8,2	8,2	3,0	3,6
Homens	-1,7	1,6	1,4	1,1
Menos de 15 anos	-0,4	0,4	7,8	-18,2
15 a 24 anos	-1,9	1,4	-0,7	-1,2
25 a 34 anos	4,7	-4,6	1,2	0,5
35 a 44 anos	3,1	-3,3	-0,6	2,1
45 a 54 anos	0,2	-0,3	0,7	5,2
55 a 64 anos	-3,5	3,3	0,9	5,0
65 a 74 anos	-3,2	3,2	-0,4	2,6

75 a 84 anos	-7,3	7,3	1,2	-0,9
85 anos ou mais	-13,0	13,0	3,3	5,2
Mulheres	-5,2	5,0	-0,1	4,9
Menos de 15 anos	0,3	-0,2	-6,6	-32,7
15 a 24 anos	-9,9	9,8	-1,3	-1,4
25 a 34 anos	1,0	-1,4	-0,5	3,5
35 a 44 anos	-1,4	1,1	-0,4	8,8
45 a 54 anos	-8,4	8,1	-0,7	10,6
55 a 64 anos	-10,2	10,0	1,1	7,6
65 a 74 anos	-4,9	4,9	-3,0	4,3
75 a 84 anos	-6,3	5,9	1,3	4,2
85 anos ou mais	-5,3	5,3	2,6	1,2

There are less people not drinking alcohol at all with the exception of the target between the 35 to 44 years old. Nevertheless, that target is the only one who decreased its total amount of wine. In general the total amount of alcohol (that includes, wine, beer, spirits etc.) has increased.

Although, some studies stay that the evolution of the consumption of wine has decreased, when comparing those two years it has increased, this can be explained by the increase in the older generation and by the youngers that increased their percentage, yet the total number of people is low.

Comparing women and man, the first group decreased its consumption while the second one increased.

Question 4:

Considering the data obtained with the questionnaire, could you comment on how the different targets perceived the drink both in drinking a glass and buying a bottle?

Answer Question 4:

We can find some differences among the different targets. If we look at the **Exhibits 16** and **17**, we can see that different targets choose to drink and glass of PNO or to buy a bottle in different occasions.

To the first group, those who are less than 25 years old, they would drink a glass of PNO in a terrace or *café* (73,02%) in the end of day, 53,97% would drink in a bar with a group of girlfriends. For the bottle, that would be bought for dinner (76%), 52,38% would buy it for a sunset party or other moment in the end of the afternoon and the same percentage choose to drink in a house party.

So we can say that the younger generation see this drink for end of day (house party can include sunset party for example), and also a drink for dinners. This is interest since it meets the interest of the French in this category of flavored wine, the aperitif. There are no strong evidence but people could use this drink not only during the meal but also for the moments before and after.

In the second group, those who are between 25 and 45 years old, they have chosen to drink a glass of PNO with the biggest percentage when they with their group of girl friends in a bar (72,22%) and after that, with 66,67%, in the terrace or *café* in the end of the day. In what concerns the bottle of the flavored wine, 72,22% would buy it for a dinner and 50% in a house party.

This target includes people who are finishing to study and starting to work, they are young, getting married and starting a family. In these target, when getting out is less important the alcohol volume of the drinks which is why it could be a preference when going out to a bar. About the glass, it would be bought for a dinner, and here we have the same idea of using it not only during the meal but also as a complement for the other moments, and the house party can include dinners and end of day moments.

The older target, women with more than 45 years old are the ones that already have a family, a professional life and have less time to spend in those relaxant moments. They choice with a 68,97% of people choosing it, in the second they have chosen a bar with friends. For the glass of PNO, 55,17% would chose for a house party, 48,28% chose the dinner with friends and finally 44,83% the end of day.

This target is consistent in choosing the drink to use it in an end of day moment. Also is interesting to notice that they have more preference for using it in a group of friends instead of their girl friends since the costumes are different in the generations. For the glass they also give more importance to a party or a dinner and that can also be explained by the habits of the different generations.

In conclusion, we can say that both end of day and night are moments that the drink could be used. However, we see a major percentage of people choosing it in the end of day market. In the night is clear that the drink is not perceived to a night club drink, instead it would be drunk in bars in a quitter place.

Question 5:

What Unique Selling Proposition would you recommend to PNO Marketing Team? (Hint: use answers gathered through the questionnaire).

Answer Question 5:

Examples: *“The most fresh and classy drink, always present in the best moments”*

“It’s fresh; it’s fruity and will give the best memories”

When asked about how people felt about the image showed in the questionnaire **(Exhibit 2)**, and to evaluate some topics, it was able to understand what people thought and value the most not only to the exterior but also regarding intrinsic characteristic.

The characteristics that scored the best result were in the first place the fact of being fresh, with a 4,28 in a scale from 1 to 5, so that is a characteristic that value the PNO and should be mentioned. Next, the fact of being a low alcohol drink, with only 7%, the score of 3,68 show us that people though that would make sense to have a drink in the market that, as opposed to what happens with wine or spirits, and similar to what happens to beer, have a low percentage of alcohol and finds a target for that. That is something important to be mentioned and when saying that would give good memories can refer to the fact of sometimes drinks with an alcohol percentage consumed in high quantities can create bad consequences in people. Also, the flavor chosen by the company to add to the flavored wine (strawberry and watermelon) were something appreciated by the women and got a score of 3,51. That is also a characteristic, less common in alcoholic beverages and can captivate the consumers.

The drink should not only find the needs and expectations of the consumers, but also should follow the objectives of the company. As Sérgio Marques said:

”The Paradise Night Out is for modern, cosmopolitan, independent, sophisticated women looking for a fresh and tasty drink, to share a moment with friends or cheer about an event"

So, it is important to have some references to parties or the good moments in life. Also, the characteristic of the target like being classy and valuing a certain lifestyle are points that should be focused in order to show for whom these drink is for.

In the Unique Selling Proposition we want to find a simple idea of what the PNO is and differentiate it from the other alcoholic beverages in the market. Since it’s a new category of wine, it’s important to have a proposition that explains what the drink is, its characteristics and when it is to be used.

Question 6:

Facing the dilemma, what drinks do you think that are more similar with the Paradise Night Out? Based on the Exhibit 17, which strategy should the marketing team follow, night market or end of day/terrace market?

Answer Question 6:

Analyzing the different alcoholic beverages with PNO, we can find groups that have close similarities in some points. We have White wine, Rosé, Vinho Verde, *Sangria* and Lambrusco (all wine based drinks) that are fresh but have a higher alcohol percentage; also the last two are carbonated beverage. Beer and cider are fresh and with low alcohol percentage, however carbonated beverage and the first are differs in taste being cider the closest in the characteristics. Spirits and liquors differ a lot in the alcohol percentage; however have the fresh and classy touch, the trend that the company wants to add to the drink.

Looking at the **Exhibit 18,** and taking into account the characteristics, we can compare the moments and drinks associated to it. In *café*/terrace 69,44% of the respondents drink beer, 41,67% drink red and white wine. In a bar beer also the major percentage (66,13%) followed by white wine (54,84%). The night club had beer and white wine in the top of the list (63,16% and 57,89% respectively) followed by vodka (50%) and gin (42,11%). Finally, in parties, white wine (53,33%) and beer (51,57%) are leading again followed by *Caipirinha* (46,67%).

Now, if we look, instead of the place but in to each drink we find that, people who drink wine (white and rosé) and beer do it more often in bars and restaurants. Drinks with high percentage of alcohol (vodka, Capirinha and gin) are consumed in bar, night clubs and parties. The *café*/terrace has not a big percentage in any of the drinks compared to other places, however where we can see a bigger percentage is in beer. Also, when mentioning bars we are not differing if they are night or for the afternoon, after work bars which we can understand since every drink is drunk a lot in that category.

So what strategy should the company follow?

We can say that the drink has string similarities with beer and wine based drinks. Those, as we can find in the data available, although are drinks that people consume during the night are perceived as being associated with more relaxing moments so the end of day/after work/beach would be the best position to give to PNO.