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Critical Success Factors in the Portuguese Wine Market and the Wine Sector´s Sustainability

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ABSTRACT

This study is characterized as an exploratory study of the Portuguese Wine Sector. Its mission is to become a first approach to the study of the Portuguese wine consumer´s market. A market which lacks some depth understanding by most of its agents and especially by the small and medium sized companies that represent an important part of that sector. This study is believed to be an important base for future research, especially quantitative research. Through the development of a series of depth interviews and using cognitive mapping to analyze the data collected from the interviews, it was possible to identify the following four Critical Success Factors, which should become the industry player´s priority areas: i) Development of Wine-by-the-glass, ii) Increase of Advertising, Promotion and Marketing efforts, iii) Making the wine easier to perceive and more present in the less frequent consumers, iv) Improving Restaurant´s Service. The analysis of cognitive maps enables, by means of a systemic and holistic way, the construction of the reality as consumers perceive it. The exploratory approach, using secondary data as well as data from the interviews also allowed a strategic analysis which led to the identification of innovation, diversification and forging alliances as being the foremost important strategies in the industry.

Keywords: Wine, Portuguese Consumers, Critical Success Factors, Cognitive Maps, Segmentation

INTRODUCTION

The lack of marketing studies of the Portuguese Wine Market, either because they do not exist or because they are kept a secret by some companies is the main feature of the state of the art in this country´s Marketing Research panorama. The reasons why this happens are explained by the fact that, in one hand, this industry is quite influenced by the tradition and the conservative approach that most producers and other players have on the industry, and on the other hand, the industry is also characterized by a great number of small companies so overwhelmed with the day-to-day activities that putting extra efforts in research and marketing, simply is not possible. These two factors, tradition and lack of resources, help make intuition the main work tool for professionals.

So, with this in mind, this study has the ambition to be a systematic, scientific, and robust approach to the Portuguese Wine Market, introducing the market segmentation and determining the Critical Success Factors (CFCs) in wine consumption. CFCs are defined by Rockart (1979) as critical competences to the organization, or key areas by which the organization can either achieve success or whose lacking represent a threat. Altough, the methodology used in this research did not allow to examine CFCs in all the of the industry´s areas, a strategic analysis, using a qualitative approach was also made, and some conclusions were drawn that have an effect in the industry´s strategic planning in the future.

METHODOLOGY

The methodology chosen for this study suit the purposes of an exploratory study which is, by nature a first approach to a problem. Its main objectives are to define and characterize the problem and to help to form a base for future research. An Exploratory study uses often qualitative methods, because many times quantitative research is used only to diagnose about the generalization of qualitative study´s findings or as quantification, or a projection of these same findings. Whenever any new subject is approached in Marketing, that´s always made through qualitative research (Malhotra, 2007).

With two main objectives, the first one, the strategic analysis, was made mainly, using secondary data such as scientific data, books, media articles, etc. As for the second part, the Portuguese Wine Consumer´s study and CFCs determination was made resorting to Depth Interviews to gather primary data for the study. Depth interviews technique allows for a complete freedom in the inquiring procedure, giving the researcher an opportunity to get to the bottom of a problem, especially, problems which one has little knowledge about. This procedure´s characterized for not having a formal and rigid structure but by the interviewer acting as a facilitator between the interviewee and its insights.

In the book “Marketing Research”, Naresh Malhotra (2007), it´s found Depth interview´s use examples, which have been used in addressing similar problems to ours. Problems with requisites such as:

-Detailed probing of individuals - Buying of a car;

-Complex behavior study - Shopping in a Department Store;

-Situations where consumption experience is sensorial by nature, affecting emotions and mood states – Buying a perfume.

All of these problems are, by nature, similar to buying a wine and to understanding consumer behavior towards wine.

Results were found besides using the qualitative analysis of the interviewee´s testimonials, using Cognitive Mapping technique to identify the CFCs. This method for analysis was chosen as an analytical tool for being able to structure an individual´s underlying values and beliefs, disclosing the relevant links between the concepts involved in a particular issue through a very easy and unbiased manner, surpassing other methods such as plain qualitative analysis, surveys or checklists.

Cognitive Mapping and Critical Success Factors

Cognitive Mapping as been defined like a technique developed to capture an individual´s thought over a particular subject or problem in a diagrammatic, rather than linear way (Eden and Ackerman, 1998).

Cognitive maps are built from a blank page placing the concepts referred by the individuals in small cases, and connecting them, using arrows that represent the relations between concepts, fig.1, thus producing in a graphical and easy to analyze way the individuals thought.

Critical Success Factors were first determined using Cognitive Mapping by Bana e Costa, 1999, in a study using a group of experts to determine CFCs in the Brazilian textile industry. The objectives of the present study make it necessary to use instead of a group of experts, ordinary consumers as subjects.

In this study, the CFCs determination is made using a method developed by Ackerman, 2001, that consists in the analysis of a cognitive map that is an aggregation of all the maps produced during the interviewing process. This map is than analyzed with the help of Decision Explorer software (Banxia

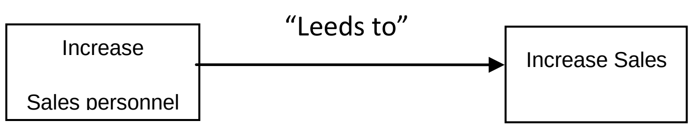

figure 1 - Relation example

Software, 1999). The method includes, first, the identification of goals, second the determination of the most important issues or the ones that influence the goals, and last the determination of which most important issues contribute to more than one goal.

WINE MARKETING RESEARCH CURRENT STATE

As stated before, few researches have been made in Portugal regarding wine consumption, and the ones made are kept a secret by companies and focusing on experts opinions and sales data as research data. For an efficient strategic planning of a company´s business and other industry players decisions such as public institutions and others, it´s imperative to invest in research regarding consumer characterization. Having a thorough insight on consumer´s expectations and needs constitutes itself a critical factor that Portuguese companies have yet to understand. The country´s scientific research is often confined to technologic aspects concerning vineyards and wine production processes. But this lack is not exclusive to the Portuguese market. There is little information regarding wine consumers and the way they make their wine buying decisions (Dodd et al, 2005).

Consumption issues

One of the most important issues regarding wine consumption is the complexity that surrounds the purchase decision of this product. If, on the one hand we have a big wine diversity, on the other it´s very difficult to identify and to classify, quality wise, the difference between them.

In Portugal one factor acknowledged by experts is the fact that consumers consider certain wines to have such qualities that have climbed to a state that are considered to be legends, even if its quality changes dramatically from campaign to campaign. Surpassing Brand considerations these wines are found being sold at extremely high prices, and in some cases reaching higher prices than in London (Mayson, 2005).

This factor is an import characteristic to be studied, even though Old World consumers, and especially Portuguese ones, are quite distinct from those coming from Australia, the U.S. and even the U.K., given cultural differences. It´s interesting to observe wine consumption habits in these countries. And in the case of American consumers, Brand factor is a critical factor when it comes to decision criteria: “Americans don’t want to know where the wine comes from. They only care about Brands.”, Roger Voss (“The Wine Enthusiast Magazine” journalist, during a presentation at “Fórum Nacional do Sector do VInho”, Portugal, December 2007). Americans react this way due to the fact that in many situations they prefer to use familiar brands than having to process complex information (Rasmussen, 2001).

Besides the brand issues, wine buying decisions have been linked to product involvement, variety search, demographic characteristics, experience and information sources (Dodd et al, 2005), and it seems likely that different contexts lead to different information sources to use as decision criteria, for example, buying wine to drink at home opposite to buying wine in a restaurant (Laverie et al, 2002). However one of the most common strategies to use as information sources is the use of knowledge stored in the consumers own memories (Brucks, 1985), and thus proving that the knowledge that each consumer possesses is the most important source of information, because in most situations is the only available one, has proven by Chaney, 2006, when shoppers at a retail wine store were surveyed to classify in order of importance some information sources. Information sources found in store were signaled to be the most important ones, followed by recommendations made by friends and family and with television, newspapers, books and advertising considered to be the least important.

When it comes to the relation between knowledge and use and search for information, this was studied by Dodd et al, 2005, in a survey made to a wine magazine subscriber´s sample. In this study it was observed that subjects who had more experience when it turns to participating in wine tasting events, visiting cellars, etc. saw their confidence in its own knowledge go up, and that experience is not a sign for objective knowledge. Consumers with more objective knowledge, however, are less confident in their own perceptions seeking for information, both in publications and with restaurant employees, in this consumption context.

Quality and Wine

Quality´s most common definition relates to the excellence of a product or service, but in fact it´s a rather simple definition given the relativity of the subject, other definitions relate quality to a value given in accordance to an expectation. So, if quality is such a subjective property, in wine this is especially noticed, since the value given to this product is related to personal taste issues.

Although, traditionally in Marketing Theory (Kottler, 2006) quality is a concept focused in the consumer and on how the product satisfies its needs and expectations, currently this notion has been developed and extended to the concept of Total Quality, this time including not just the consumer perception but also the properties possessed by the product. Distinguishing perceived quality and tangible quality, with the last one being related to the product itself, its characteristics, its construction attributes, its components, its behavior and performance.

Being the quality of a wine so difficult to understand or to classify, Charters and Pettigrew, 2008, carried out a study of this concept in the Australian market. Their findings led to a four dimension model, where they extended the Perceived Quality concept. In its findings they place as a hypothesis the generalization of this theory to music, fashion, and other arts. The theory states that quality is chosen given the consumption context: food being eaten with the wine, place, people; or the amount of money they are willing to spend, for example. And it´s then analyzed in the following quality dimensions:

-Absolute Quality: it is related to criteria that are absolute, unchangeable and acknowledged as quality even if consumers cannot recognize it. Factors such as awards, brands, expert opinions, etc;

-Relative Quality: it´s quality related to something such as price, fads, or the consumer´s mood, etc;

-Objective Quality: it is quality understood by all and associated to the product itself, like, in the case of wine, acidity, aromas, balance, wine production techniques, vine types, etc;

-Subjective Quality: it´s connected to personal taste. Although consumers may consider a wine to have objective qualities, they may just not like it.

But even in the case of absolute quality, if we relate it to expert opinions in the case of wine, it´s quite difficult for it to become absolute, given the subjectivity that also exists in the classification by these individuals. Although wine experts are consistent in their own judgments, when analyzing classifications given by different experts to the same wines, these diverge greatly (Gawel and Godden, 2008).

Segmentation models Market segmentation is one of the most important strategies to increase company´s efficiency and effectiveness levels and in the wine industry this is often based in classical segmentation criteria, such as geography, demographic and psychographic factors (based in life style and on consumers generation), and also to behaviour issues, when its associated to consumption occasions, benefits, drives, etc (Zikmund, 1999). A model to the Australian market, first presented and then confirmed by empiric studies, is based in psychographic factors and divides the market into five segments that represent five ways to behave towards wine: 1) Conservative, knowledgeable wine drinkers; 2) Image oriented and in search of knowledge; 3) Basic; 4)Experimental, highly knowledgeable; 5)Fun Oriented, social Consumers. A qualitative study made in the U.S. led to similar psychographic segmentation (Thack and Olsen, 2005): 1) Relaxed Lifestyle; 2) Dinner Ambiance; 3) Fun and Entertainment; 4) Social Climbers; 5) Travelers life style. By these studies it seems that life style plays an important role in wine consumer´s behavior, but if that seems important, the occasion also seem to have some influence in its behavior, although it doesn´t seem to be a basis for segmentation. Other aspects relating to consumer behavior have been observed in young consumers, that consider it to be a conservative drink, associated to an elite with

Country	Portuguese Exports* (10^3€)	Portuguese Exports Volume*(hl)	Averadge Price/litro (€/l)	5 year Value Variation % (2000-05)	Market Share**
Angola	31.857	447.095	0,71	+319	89
United Kingdom	21.072	101.656	2,07	+18	0,87
France	18.735	374.967	0,5	+80	1,14
U.S.A.	14.658	63.211	2,32	+1,5	0,24
Germany	12.002	112.427	1,87	-4	0,57
Belgium/Luxembourg	11.184	52.139	2,15	31,8	1,71

Figure 2 - Portuguese Main Foreign Markets

consumers from this segment revealing a certain resistance to the drink and a certain distance to it (Tach and Olsen, 2006).

BRIEF STRATEGIC ANALYSIS OF THE PORTUGUESE WINE MARKET

With each inhabitant consuming, in 2004, 47.9 litres of wine, Portugal has one of the highest wine consumption rates in the world, although it has decreased over the last thirty years, in result of the cultural changes that have transformed the consumption habits. If thirty years ago, wine was the most popular drink, nowadays this preference belongs to beer.

Although the Portuguese drink less, they drink with better quality than before. The Consumption changed due to cultural issues like better education and better work conditions, but also because the production panorama changed and if before the industry was focused on producing in quantity, after the Portuguese revolution, a number of enologists graduating in foreign countries began, also, a revolution in the wine offer, with some of the most modern wine producing techniques being adopted by most companies today.

As a country, Portugal has always been a wine producing country as well, as an exporting one, since its wine has been all over the world through times. Wines such as *Port* or *Madeira* and more recently *Rosé* and *Vinho Verde* have become products known all over the world. But if France, Italy or Australia, are countries easily associated to wine, as wine producing countries, that´s not the case of Portugal, that has seen its wine exportations staggering in recent years, as well as a poor public visibility motivated by its political and economic poor relevance in the world today.

PORTUGUESE WINE CONSUMER´S QUALITATIVE STUDY

Cognitive mapping construction

The consumer study was made by interviewing a group of 11 subjects using a script which indicated subjects to be brought up by the interviewer and connected to the study´s objectives. After the interviews, the maps were built using the registered testimonies and in the end of the process, all the maps were aggregated in one, fig.3. This map was then inserted into *Decision Explorer t*o proceed with the CFCs determination methodology. Data from the testimonials were also analyzed in a qualitative way.(*see RESULTS*)

Determining the CFCs, using the cognitive mappings

The method for analysis consisted in these steps:

1-The first procedure consisted in the cleaning of concepts that were not linked (orphan concepts) and of loops, which indicated biased reasoning or redundant information.

2-From Central Analysis, a procedure that orders concepts based in the number of direct connections linked to the number of connections of concepts in lower levels, we were able to select the ones which had more than 16 out of 34 connections. Being these concepts considered to exert the biggest influence in the map context.

3-Using a Domain Analysis, it was determined concepts which had the biggest number of connections around them. These concepts, considered to be the most relevant issues since, if these concepts have a great number of connections leaving and reaching them, this means that people tend to talk a lot about them. In this case the ones with more than 4 connections were selected.

4-After the last two procedures it was possible to determine the **Relevant Concepts in Wine Consumption**, that are concepts with both high scores in Domain and Central Analysis.

5-The next step is the determination of the Key Factors or Relevant Concepts Subordinates, that is concepts that support (influence or contribute to them) the Relevant Concepts. In an easy to understand way, in this case, they´re concepts linked to intrinsic consumer´s characteristics. This identification is done automatically by Decision Explorer with the *heads* function. That seeks for concepts without connections originating from them.

6-The head concepts, and its Hierarchical Sets or Group of Teardrops were then compared one by one, and concepts that belonged to more than five concepts were then selected.

7- Finally, crossing the Relevant Concepts in Wine Consumption with the subordinates belonging to more Groups of Teardrops lead to the Critical Success Factors.

RESULTS

1. **Cognitive Mapping Results**

From the method used the following concepts were considered to be Operational Critical Success Factors, called this way because they do not represent theoretical generalizations:

1.It´s hard to find Wine by the Glass

2. Supermarket Fairs are good opportunities to get to know more wines

3. There must be more advertising and promotion on wine

4. It´s necessary to learn to drink wine, so you can enjoy it

5. It´s important to democratize wine consumption

6. Restaurants have to improve wine service

These were then grouped into four final Critical Success Factors. (see CONCLUSIONS)

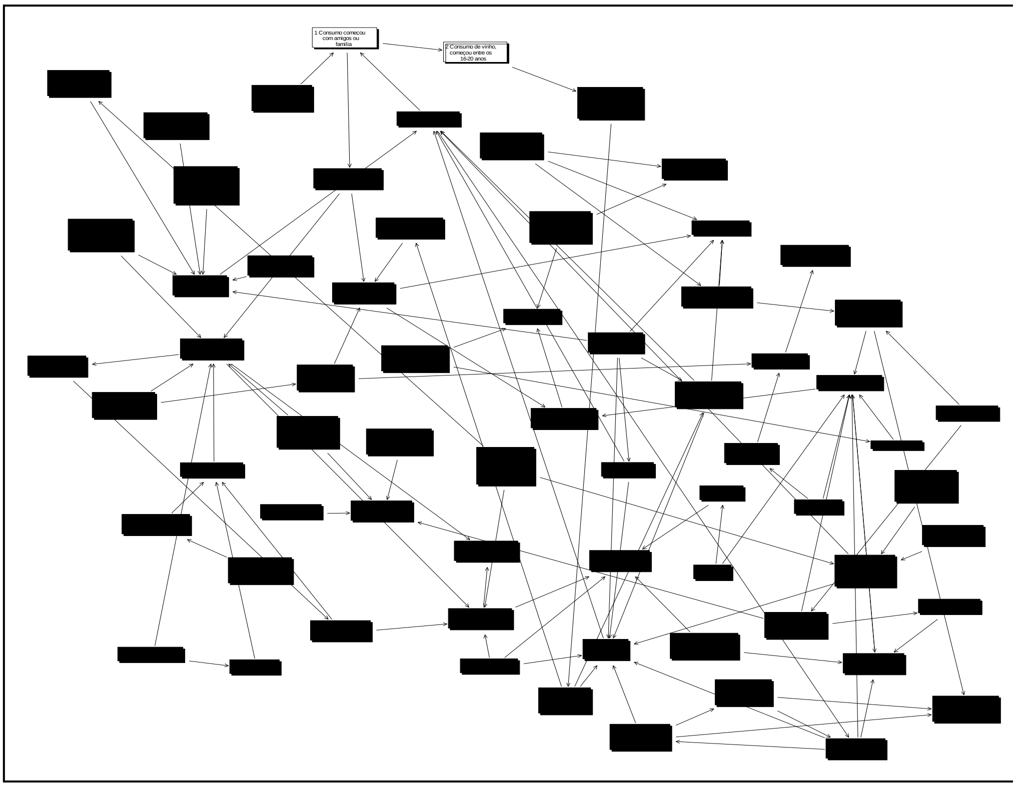

Figure 3-Study´s Aggregated Cognitive Map

2 .Depth Interviews Additional Results

Foreign Wines

If foreign wines were easier to find in Portugal, some of the consumers in our study would be tempted to try them out, but the remaining ones think that Portugal has enough wines to satisfy their needs.

Only two of our interviewees are occasional foreign wine consumers and seem to have a similar opinion about them, they think that wine from Argentina and Chile show great quality and are quite capable of competing with any good Portuguese wine, and they have also stated that New World wines are good purchases especially when the objective is to buy cheap, light and fruit flavored wines.

Brand Factor

Since all of the interviewees have referred to them, as being regions with great quality, “Alentejo” and “Douro” these two regions constitute themselves as having great brand potential.

Other factors with brand potential were not identified. Since most participants couldn´t name wine grape varieties, and the ones who could, weren´t able to qualify them, grape variety does not seem to be a good choice. This happens because most wines are blends of several varieties of grapes.

The legendary wines referred in this article have yet again been recognized as exceptional wines. Which confirms what experts already knew, and shows that there are opportunities for Brand becoming an important issue in consumer behavior, although most consumers don’t recognize companies or cellars as buying criteria, with the exception of one interviewee, that stated that if an unknown wine was made by a familiar company he would buy it.

Wine tourism

The main conclusion by subjects testimonies is that although they all feel attracted to this kind of activity, most of them have never participated in a single wine tourism activity, and those who did, only

	Ocasional Little Knowledgeable	**Frequent Some Knowledge**	**Interested**	**Conesseur**
Medium Price	Deeply influenced by advertising, Know a few wines, only more well-known brands. Young people starting to consume. Prefer Rosé, White and *Vinho Verde* wines. Easier to drink or with sweet aromas. Many potential frequent consumers belong to this segment	Frequent Consumers, They drink wine over a meal. Although recognizing a bad wine, they do not recognize many aromas. Buy according to brand and third opinion. Have some knowledge about wine,	They can distinguish between a quality wine and one without it. They try to be informed. They read wine revues. Like to connect a wine with what they´re eating. They try to identify the wine aromas. Know some grape varieties. They are familiarized with most concepts in wine making. They possess a certain education degree. The price they are willing to pay depends largely on the occasion	This is a segment of wine interested people who have taken tasting courses and can recognize most aromas They can compare different wines and describe them, Like to read specialized literature. They have favorite grape varieties and recognize vintages. They ´re quite demanding. They are willing to pay more for a wine if they know it´s worth it. They don´t care about brands.
Medium-High Price	Irrelevant.	They are this price range occasional buyers, buying these wines in special occasions. They acknowledge the wine by its price or by brand	They buy these wines in special occasion or as present to someone. They may buy wines from this range to store.	They are the biggest consumers in this price range. They can tell aromas and acknowledge which characteristics make such wines unique.
Premium Price	Irrelevant	They buy as a purchase power demonstration.	Only buy these wines in special occasions.	They are collectors. They buy like investors.

Figure 3:Proposed Market Segmentation

had a small contact with it, mostly visiting cellars.

Subjects say they are expecting an opportunity to do something of this sort. With the opportunity being an invitation which indicates that they only felt attracted to the subject because they were questioned about it.

Packaging

There´s an interesting factor surrounding this subject and this is the fact that younger consumers, who only consume wine in special occasion, although considering Bag-in-Box to have great properties when it comes to ensuring wine preservation, they don’t like it because it takes some charm out of wine.

As to older consumers, these would like to see better quality wines also for sale in this format since most wines available in these packages are of low or medium-low quality.

Segmentation

Testimonials have allowed to test the segmentation presented in figure 3, and made resorting to secondary data gathered during the strategic analysis, especially when it comes to medium prices range segments. This segmentation states that segments are organized by level of knowledge and interest in wine. And also by the price range that depends mainly on the occasion, if it´s a gift, a special one or if there´s a reason to spend more money.

The strategic analysis also allowed for the identification of the following market niches:

<u>i.Non Consuming Youths</u>

Young men who haven´t started to drink wine, but already drink beer and other alcoholic beverages and that need to be stimulated to drink wine. Wine producers usually with a more conservative approach are not being able to compete with beer or soft drink producers to win these consumers preferences and product fidelity which may lead in the future to a great Demand crisis.

<u>ii.Young Women</u>

Nowadays, like many products some wines are also being designed to appeal to young women, under 40 years old, educated, who like to be independent and to go out and party. They usually drink wine at weekends and in special occasions.

<u>iii. Interested Youngman</u>

These are individuals under 40, some of them starting to drink now, and that are characterized as being good food lovers. Some have young sons and they like to plan dinners with their friends, especially on weekends. The food is the main subject and they like to experiment new flavors and to have new gastronomic experiences. They see wine, not just as a beverage but as an experience and are looking to get to know the wine and its place of origin, etc.

<u>iv.Green Consumers</u>

Farming products, and wine is no exception, have met in recent years to the launching of several products which advertise to be produced under special procedures in an environment sustainable way .These are attributes valued by some consumers segments. As organic farming products, they have the ability to have its value recognized more easily.

<u>v.Gourmets (Wine tourists)</u>

This market niche is especially attractive to small medium sized companies, which have higher risk factors and that are faced with extra difficulties when it comes to selling its product. Promoting tourism as a business diversification strategy can become a great opportunity to sell, promote and extend its product in an efficient and effective way.

<u>6. Small packages</u>

This segment has been neglected by producers and has been conquered by beer and other drinks. These small packages, around 20 cl, are looked for in economical restaurants, like shopping malls type, or even to suit the airplane and cafeteria´s catering needs.

CONCLUSIONS

Analysis of each Critical Success Factors:

***1.* Wine-by-the glass – A new Consumption Paradigm**

Consumption is changing, consumers are drinking less but better, so they want to be able to control what they drink, and wine by the glass enables them to do that. Wine by the glass is not just a more economic way to drink wine it is a way to experiment more wines, it´s a possibility to drink wine socially, as long as it is available in more “social” places. Once again, the final consumer has a need, and the producers have an opportunity to stimulate consumption.

2. Advertising

In our days, advertising is a common requisite to almost every product and wine does not come as an exception. Advertising has three objectives: one, to stimulate wine consumption, two, to conquer new consumers and, three to associate the right image to what the consumer from a certain segment gets attracted to. Consumers view it as a need, and given the aggressiveness of the beer producers or even the soft drink producers, it is easy to see, that the wine consumption is largely influenced by the lack of advertising, especially on television or other mass media. Given the intangibility of this product, advertising directly or through subliminary messaging the consumer needs to be reminded that wine exists and it´s especially important that young people associate a certain image to the wine they´re drinking, that´s why advertising through celebrities, or in TV shows, seem to be good measures when it comes to promote wine.

The supermarket has become today the place by excellence for consumers to buy wine, get to know wine and also seem more prone to read information about wine and decide better on what they´ll buy.

Supermarkets have become a way to attract an audience of wine consumers that at other contexts, especially more specific events, simply would not participate. People like to attend Wine Fairs at supermarkets because they´re accessible and the same with buying wine or even reading the supermarket flyers. The use of supermarkets as platforms of promotion of wines and of Wine itself should be considered by the whole industry, not just producers, but also public entities, promoters, distributors, etc. Promoting events otherwise dedicated to a specific public is indeed a way to democratize the consumption and a way to approach the common consumer to wine.

3. Making the wine more perceptible and present in less frequent consumers

This is a factor that although it´s connected to advertising and promotion, surpasses the idea that wine needs to have a more frequent presence in advertising media and In fact it goes deeper than that. This problem comes from the distance that today young people and common consumers feel towards wine - that is seen as a sort of elite drink - with only a handful of experts who can enjoy it in all of its essence. This CFC is represented by the idea that it´s necessary to democratize wine consumption, meaning that wine should be able to be understood by all and that, producers and other players should become involved in teaching people how to best enjoy it.

Other drinks, such as beer, have a strong popular image that reach every consumer, however in recent years gourmet premium products have also been launched by producers. Thus proving that several images can be associated to the same product.

The contrary could also be possible in the wine industry, preserving the wine´s noble image but promoting itself through more popular products or brands to reach new consumers.

4. Restaurant Service

Restaurants could also become great opportunities to promote wines and also to sell them. But for that they must improve certain aspects of its service, mainly in questions that concern the conservation aspects of wine storage, the serving temperatures and the employees training in wine knowledge. If at this moment in many restaurants, consumers are afraid to ask for an opinion or for a more expensive wine, because they can be disappointed, that has to change and it´s both, the restaurant´s owners fault, as it is the Wine Industry agents, that does not care about following its product until the final consumer, much like other producers, such as beer producers, who have been quoted before as examples of good practices.

Strategic Alliances

The small dimension of most producers and of the country itself is one of the industry´s weaknesses that could be overcome by the use of synergies, developed through alliances, like joint-ventures or partnerships.

It´s necessary that companies realize that combining individual competencies is an important step to overcome weaknesses and threats. Especially the smaller ones have to understand that even cooperating with rivals in certain areas, in a legal way of course, is a crucial path to fight the polarization that exists around big companies.

In this context it is also important that the multiplicity of entities that act in the industry be reorganized, because much too often there are entities with similar objectives leading to a waste of efforts and resources and bringing inefficiency to the industry.

Innovation vs. Conservative Attitudes

With producers in other countries developing new packages, new formats and products, it is necessary that the Portuguese producers also increase research and development efforts. If Portuguese wine makers are lean on adopting and even developing new wining techniques, why should they keep a conservative approach to the consumption and product design? If traditional values are important to the Portuguese consumers they are not exclusive, there are further values and attitudes regarding wine by consumers.

Innovations like the light wine must be followed by others, with this product representing a great example of a product designed to please younger consumers.

Diversification and Competing in Foreign Markets

Considering the smaller dimension of Portugal when compared to giants like the Australia or the U.S., it seems to appear that it´s a nonsense for the country to develop strategies for competing in foreign markets. But the fact is that Portugal possesses several features that used strategically may result in a great outcome; also, being dependent on the internal demand is not a good tactic, especially when the consumption standards are shifting and is in fact decreasing.

What the Industry must realize is that there´s no room for mistakes or dispersion of efforts. Going after several and extremely competitive markets does not stand as a good solution. A good strategic planning, using the strengths of the industry to take advantage of the opportunities is the way.

Markets like Angola or Brazil should be at the top of this strategy. These are markets where Portugal has a strong image as a wine producer. Angola is nowadays the main exportation market for Portugal, and one of the world´s fastest growing economies and although it has no tradition on wine production it does in consumption. Also there are cultural and economic, as well as social ties linking both countries. Brazil is also a country that possesses such connections and is also seeing it´s consumption´s rates go up.

But although these markets show some promises, there are also opportunities for the Portuguese wines with increased quality, in certain market segments in the U.S., the U.K. and in Germany. Less expensive than French or Italian premium wines these products appeal to a very specific demand segment and less exposed to Demand or price fluctuations. These consumers also allow for the promotion of wine tourism, especially in the smaller companies, with the charm characteristics that these highly sophisticated consumers seek.

FUTURE RESEARCH

From the qualitative analysis of the interviews, the following questions were kept unanswered and with need of further research: i) What kind of prejudice is still today, associated to wine consumption by women;

ii) what´s the effect that awards and favorable wine revues have on influencing consumer behavior.

The next step in this kind of research will be a quantitative study, one addressing the perception that common consumers have on the taste of wine so that producers can design their products having in mind the consumer´s preferences. A blind essay could be a good hypothesis for the method used.

Also, further research involving bigger samples, with a more accurate and quantified characterization of the market´s segments are necessary. It is also important that future research focuses its sample population on younger subjects, which represent future consumers.

LIMITATIONS

The main limitation surrounding this study is the low representation factor given by the interviewees. The sample number is low and is quite homogeneous when It comes to life style and social and economic class. However, this study had no objectives of becoming an accurate and quantified characterization of the Portuguese wine consumer segments, but yet an initial approach designed to introduce this research topic.

Another limitation came from the general lack of research on wine markets and consumption. It´s not just in Portugal that Wine Marketing needs further developments, there´s a lack of research, especially academic one in this industry around the world. This problem limited the scope of comparison, making impossible a proper best practices revue. The cultural differences between Portuguese consumers and the subjects of existing research also became an additional difficulty through the study, making it very difficult to extend the conclusions of such studies to the Portuguese case.

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