

# Competitiveness and Internationalization Strategies of Portuguese Wine Industry

## The Case Study of Sogrape Vinhos

**João Nuno Avó de Almeida**

*Department of Engineering and Management, Instituto Superior Técnico*

---

### **Abstract**

The Portuguese wine sector always had an important role in the country's economy as well as in its history and culture. Despite being a small country, Portugal figures among the main worldwide wine producers by developing products and processes that effectively provide added value in obtaining a competitive advantage over the rest of the countries.

Despite Portugal being one of the oldest wine producers, with few exceptions, most of the domestic companies pay short attention to the management area, which results in a very weak promotion of their products and consequently a very weak presence of their wines in the international market.

Using the case of Sogrape Vinhos, a company with a size above the average of other Portuguese wine companies, the topic of internationalization strategies will be explored, in terms of foreign country choice, as well as in terms of entry and marketing strategy of Portuguese wines in foreign markets.

This study discusses the competitiveness and internationalization strategies of the Portuguese wine sector, being supported by a relevant literature review about the topic.

**Keywords:** Internationalization Strategies; International Competitiveness; Wine Sector; Sogrape Vinhos

---

### **1. Introduction**

In the last few years Portugal has been recovering from a negative trade balance of goods and services. In 2012, according to data from the Portuguese Agency for Investment and Foreign Trade (AICEP), this indicator reached a positive value for the first time in twenty years.

With some sectors stronger than others, Portugal can create conditions for obtaining a competitive advantage. In 1992, after analyzing the different sectors in Portugal, Michael Porter selected six clusters based on their relative importance and the potentiality of the initiatives to add value. One of these six clusters was the wine, the wine industry.

The wine sector has always played a very important role for the Portuguese economy, with exports of the sector accounting for around 737 million euros. Despite this strong representation at a national level, it is easy to perceive all the potential evolution that still exists in the country, as well as the possibility of conquering new foreign markets.

Portugal, having already made a long road with positive results for the country over time, still needs to evolve in its management capacity at international level so that this sector reaches the competitive level of the other producing countries. Despite being a small country, which limits the sector in several aspects, it also has several

competitive advantages that differentiate it in international markets. Thus, in order to compete with these countries, Portugal has to well define its choices of entry in foreign markets.

With the objective of exploring, within the strategies of internationalization followed in the Portuguese wine sector, the export component through the analysis of a case study was based on the study of the case of the company Sogrape, in order to carry out an evaluation Competitiveness and internationalization strategies of the Portuguese wine sector.

With the objective of exploring the export component through the analysis of a case study within the internationalization strategies followed in the Portuguese wine sector, the case of the company Sogrape was chosen in order to carry out an evaluation of competitiveness and internationalization strategies of the Portuguese wine sector.

## 2. Literature Review

### 2.1. Internationalization

Internationalization is, according to Ruzzier et al. (2006), the geographical expansion of a company's economic activities across the border of a country. There are, for Okpara and Koumbiadis (2011), five reasons why a company decides to enter foreign markets: (i) gain access to new customers, (ii) gain access to lower costs through economies of scale, (iii) exploit their core competencies, (iv) gain access to resources and capabilities located in foreign markets, and (v) distribute their business risk by a wider market.

According to Johanson and Vahlne (1977), a company usually begins by exporting through an agent, using a sales subsidiary in the country of destination at a later stage and, if it makes sense to it, it begins to produce in that country.

### 2.2. Entry Modes

When deciding to expand its domestic activity to international markets, the company will have to consider the most beneficial strategy to execute it, according to Thompson et al. (2012), there are six main options to accomplish this: i) export strategies, ii) licensing strategies, iii) franchising strategies iv) acquisition strategies, v) greenfield venture strategies, and vi) alliance and joint venture strategies.

Considering the present study, it will be emphasized the export strategies that consist of the continuation of the base production at national level, exporting its products to foreign markets. Reid (1981) states that the process of developing an export strategy can be divided into five hierarchical steps, and it is quite possible that certain steps can occur simultaneously: (i) export awareness, (ii) export intent, (iii) export trial, (iv) export evaluation and (v) export acceptance.

### 2.3. Internationalization Models

To explain the behavior of a company, several theoretical models were proposed, differing in the determinants that are considered to explain the actions of companies at an international level.

Porter (1990) presents a theory (Porter's Diamond) that holds that the competitiveness of a nation depends on the upgradeability and innovative capacity of its industries. This model is represented by the relationship between four determinants:

1. Factor Conditions. The nation's position in factors of production necessary to compete in a given industry;
2. Demand Conditions. The nature of home-market demand;
3. Related and Support Industries. The Supplier and related industries;
4. Firm Strategy, Structure, and Rivalry. The conditions for nation governance, in which the companies are created, organized and managed and the nature of domestic rivalry.

Two other determinants are also added that punctually influence the first four: the Government, through public policies that affect each of the referred determinants; and chance, which refers to events occurring outside the control of companies and usually out of government control.

According to Cho, Moon and Kim (2009), Dunning (1993), Hodgetts (1993), Rugman and D'Cruz (1993) and Cartwright (1993), the Porter's Diamond Model has some flaws. New models have been developed with the aim of increasing the applicability of the study to a greater diversity of economies.

Rugman and D'Cruz (1993) developed a model that adds multinational activities to Porter's Diamond (Cho, Moon and Kim, 2009). In this model, The Double Diamond Model, a new diamond is added in cases

where the country concerned has a close link with a second country.

Cho (1994) states that the Porter's Diamond Model is a limited model when applied to less developed or developing countries and proposes a modification of the Porter model, The Nine-factor Model. In this new model, the sources of international competitiveness are divided into two categories: physical factors and human factors, and there is the external random factor that represents events that occur outside the control of any identity. Balcarová (2014) argues that this model is more suited than the Porter's Diamond when applied to less developed countries and that it is necessary to take into account the choice of variables selected because they have a significant influence on results.

According to Cho, Moon and Kim (2009), in order to have an understanding of the national competitiveness of a country with several characteristics, it is necessary to integrate in a single model the aforementioned models, explicitly considering human factors at international level. In this way, they present The Dual Double Diamond Model that integrates the four dimensions of national competitiveness into a single dimension, analyzing the physical factors of competitiveness and human factors of competitiveness, both nationally and internationally.

### 3. Portuguese Wine Sector

#### 3.1. Characterization

Portugal is a country with a vast history and culture lived through different generations, tracing the wine sector to a very distant past in this country.

In Portugal there are several large internationally successful wine companies, some cooperatives, and the number of small producers is also increasing. In this way, there are currently in Portugal both modern vines and vineyards with centuries, all characterized by a great diversity of grape varieties. There is still constant interest from entrepreneurs and enthusiasts in new locations. These demand for lands and properties, both old and new, for a bet and differentiation that will lead to the continuity of a good wine supply to the whole world, in this country with the largest variety of world varieties, about 340.

A country with an already rooted wine tradition, Portugal has plantations (around

92,090 km<sup>2</sup> according to Abrunhosa et al. (2003)) and has been producing its wine for many years. At the consumption level, this country can be classified in two different ways: it is the 12th country that consumes the most wine in total volume, around 4.8 MHL in 2015 according to the OIV (2015), and the 7th country in what consumption per capita is concerned, consuming about 42 liters per capita according to the Wine Institute (2015). Regarding the trade balance of this sector, this has been positive in the last 5 years, having exported around 2800 kHI and imported only 2206 kHI (OIV 2016).

#### 3.2. Portuguese Wine Cluster's

In 1992, Michael Porter led the Project Building Competitive Advantages of Portugal, later on known as the "Porter Project". In this project, Porter followed the theory developed in his book "The Competitive Advantage of Nations", using the diamond and clusters theory. This model focuses on the optimization of the diamond applied to the regionally concentrated clusters sector, in which the country has competitive advantages. Then, the clusters that would represent advantages for the country were defined and located, one of these the wine cluster.

With regard to the wine clusters, five were scattered throughout the country: i) the Minho region, ii) the Douro region, iii) the Dão region, iv) the Alentejo region, and v) the Madeira region.

The results presented a wine cluster with a great impact on the Portuguese economy, representing very considerable values, both in the production of the agriculture sector and in the exports of the Portuguese agriculture sector. The report also showed that Portuguese wines, in general, were of low quality wine and were not associated with any specific 'brand' (Monitor Company, 1994).

The conclusions of this report were: the creation of an effective image / brand name for Portuguese wines (both for the country and abroad), an increase in cooperative wine productivity, a reduction of costs in vines, an increase of the activities R&D, the improvement of the quality of the workforce and, finally, the improvement of the effectiveness of institutional reform.

## **4. Analysis of the Portuguese Wine Sector**

### **4.1. The Five Competitive Forces**

By identifying the 5 Porter Competitive Forces (Porter 2008), it is possible to understand the state of the wine sector and how it is defined.

In relation to the threat of new entrants, industry is stable mainly due to the small area available, which is the main barrier, and there is no way to circumvent this limitation due to the impositions of the Common Agricultural Policy.

The bargaining power of suppliers is very strong, especially in two sectors that are much more organized than the wine industry: (i) the cork sector, with regard to cork stoppers, centralized in the Amorim Group, (ii) the packaging sector, as regards glass bottles.

The bargaining power of customers has been increasing due to the dominance of mass distribution in food retailing. On the other hand, the high number of wine producers and the need and difficulty they feel in trying to reach the consumer can encourage them to accept lower sales prices and margins.

Also for the reasons mentioned in the previous paragraph, the rivalry between producers proves to be strong due to three main reasons: (i) the excess production, resulting in large stocks and subsequent pressure to decrease prices for product disposal and cost reduction; (ii) the excessive fragmentation of production and the large number of demarcated regions; (iii) the competition between the various types of wine, sometimes with some lack of differentiation and / or lack of differentiation between products.

Lastly, the threat of substitute products is primarily linked to beer, due to the poor attractiveness of new generations for wine. Also, the introduction of differentiated tax rates among substitute products may alter the relationship of wine with these products and is not currently the best situation for the wine sector. Therefore, it is possible to understand the strategic difficulties within the wine sector in relation to remaining with a good competitive advantage compared to the remaining forces within this business area.

### **4.2. Porter's Diamond**

According to Porter (1990), the competitiveness of a nation depends on the ability of its industries to update and innovate. Therefore, the four attributes where differences in competitiveness between countries and territories reside are analyzed in order to understand the strength and competitiveness of the Portuguese wine sector.

- The factor conditions can be analyzed according to two groups of factors: (i) natural factors - Portugal is a privileged country due to the good terroirs that favor the production of quality grapes and the quantity of existing grape varieties, some exclusive worldwide; (ii) labor factors - the shortage of skilled labor has been increasing the value of wages, with more and more specialists working in this sector with the cooperation of the labor market and education / research establishments (Cluster).

- The demand conditions tend to improve even if a very positive period is not currently underway in Portugal. The internal market has very positive results for national wine, although it has suffered a significant reduction due to the loss of a large number of consumers, not having the same taste for wine in the new generations.

- Regarding the related and supporting industries, several are directly linked to the wine sector, such as cork, glass bottles, vineyard maintenance materials and even processing equipment. The first two are in fact very competitive because of the organizational superiority of their sector and the strong positioning of their companies in this sector.

The transformation equipment industry is responsible for the modernization and technological advancement of the sector, allowing the development of new and more advanced processes in the wine production. The relationship between the tourism and wine sector is becoming stronger through wine tourism, which is conducive to the development of wine-growing regions and their surrounding activities.

Analyzing the firm strategy, structure and rivalry, it can be seen that the business structure of the wine sector has a very strong representation of the cooperative sector, which reached around 50% of the total national wine production in 2009 (Confagri, 2009), generally with small size private companies. The great rivalry of the companies brings some negative

consequences to the promotion of the brand of the country at international level. To combat this situation, AICEP and IVV develop strategies to promote Portuguese wines in foreign markets, supporting the entire Portuguese wine sector.

The role of the government in the sector is firstly played by the European Union, followed by the Portuguese Government. The importance of the European Union was particularly evident in the implementation of the Common Agricultural Policy (by providing financial support which enabled the re-qualification of Portuguese vineyards, modernization of the processes involved in wine production, and the evolution of cooperative wineries through operational development programs of agriculture) and in the implementation of the DO's Protection Policy, and a vineyard registration and registration of Portuguese vine varieties was also mandatory. The limitations imposed on the planted vineyard area are one of the obstacles in the development of the sector because it affects the national production. With regard to the Portuguese Government, its high number of organizations generates a dispersion of responsibilities that hinders the activity of the sector.

Analyzing all the determinants that make up the Porter's Diamond, it can be concluded that this sector has the capacity to grow and become more competitive at the national level. Production is a strong point thanks to the know-how resulting from a long tradition of growing quality products. At the international level, although the national wine sector has been making great strides in recent years, there is still a lot to grow, especially with regard to promoting the country's brand.

## 5. Case Study – Sogrape Vinhos

The case study of Sogrape Vinhos allows to analyze the characteristics of the company, its concept and both national and international activities. The main aspects will be identified and the brand's international experience shall be presented in order to understand its behavior until now. Sogrape was founded in 1942 with the creation of the "Commercial Society of Table Wine of Portugal", founded by 15 friends, among them Fernando van Zeller Guedes. In 1944, with the ambition to make known Portuguese wines to the world, the commercial phenomenon of the most international Portuguese table wine appeared: Mateus Rosé, which boosted the

entire following history of this company, considered by many to be the largest wine company from the country.

### 5.1. Sogrape Vinhos Characteristics

Grupo Sogrape is a company essentially brand owner and its great competitive advantage is the development of brands relevant to the consumer (Sogrape, 2015d).

The company's business units are divided into three groups: Iberian Brands, New World Brands (within production units) and Distribution Operations.

Currently, the Sogrape Group has 19 vineyards scattered around the world and distributed as follows: 13 in Portugal, 2 in Spain, 2 in Argentina, 1 in New Zealand and 1 in Chile, with a total of around 1431 hectares of vineyards. As far as production is concerned, this Group has a total of 12 automatic bottling lines: 8 in Portugal, 2 in Spain, 1 in Argentina and 1 in Chile (Sogrape 2015a). Its distribution network has its own share (around 55%) and a part held by third parties (about 45%).

In Portugal, Sogrape Vinhos owns the management of all the country's brands and is also responsible for the Sandeman brand products from the neighboring region of Jerez, Spain (Sogrape, 2015d).

The diversity of Sogrape Vinhos products is confirmed both by its different regions and by the different types: Liquors (for example Sandeman Porto Ruby), Sparkling wines (for example Quinta dos Carvalhais Sparkling Reserva Rosé), Spirits (for example Brandy Constantino) or Still, which are in greater numbers (for example Casa Ferreirinha Barca Velha Tinto) (Sogrape, 2015b).

### 5.2. Sogrape Vinhos's International Experience

Having high knowledge of the activities and processes of this sector, as well as facilitated access to the resources needed for internationalization, Sogrape is not affected by the barriers, resources and knowledge, presented by Okpara and Koumbiadis (2011), which may hinder the internationalization of a company.

As far as knowledge barriers are concerned, according to the information previously provided, it is noticeable that it is a company with a long history of international movements and is thus experienced in this area. With regard to resource barriers, it is also understood that, due to the size of the company and the knowledge of its successes, it has the necessary resources

for its internationalization strategies. These barriers do not represent an obstacle to Sogrape, but they are rather a concern that is always taken into account before a new international action.

The presence of its brands in more than 120 countries enables the Sogrape Group to diversify risk management, although it makes market management more complex due to the differences in size, behavior and relevance that characterize each market (Sogrape, 2015d). In this way, Sogrape markets are divided into five groups of priority markets for the Group characterized by their potential growth or relative importance: Core Markets (Portugal and Spain), Major Markets (UK and USA), Lusophone Opportunities (Angola and Brazil), Growth Platforms (China, Japan, Poland and Russia) and Mature Markets (Germany, Holland, Belgium, France, Luxembourg, Switzerland and Canada).

## 6. Relevant Factors to Choose a Market

In order to determine the most relevant factors in the choice of countries, a decision support structure was created for the entry of a company into a particular foreign market through export activities.

The analytical tools were evaluated to study the characteristics of a market, selecting the indicators that influence more directly the attractiveness of markets. Subsequently, the most relevant indicators for the wine sector were selected based on the information and knowledge obtained from experienced entities in this sector, namely Sogrape. These indicators were defined as Market Attractiveness Indicators (MAI), which were organized in seven different groups defined as Market Attractiveness Factors (MAF), always taking into account the specific applicability to the wine sector. Each of these seven MAF groups a set of indicators of a similar nature characterized by the importance that each one has in the analysis of market attractiveness. In this selection and in this group of indicators, the different aspects of analysis that are carried out when assessing the potential of a given market were considered: Economic, Political, Strategic, Organizational Sector, Cultural, Resources and Chance or Risk.

Each factor will have a different weight in the deliberation of a country's attractiveness. Within these factors there are also more relevant indicators for this selection of markets, either because they are more

related to the wine sector or because they are related to the export activity itself.

Economic MAF aims to classify the attractiveness of the market according to its economic nature, important for its influence in the development and success of an export activity. The most relevant indicators are the wine taxes and customs taxes.

The Political MAF focuses on the analysis of the political environment experienced in the country, which is related to the country's stability, the decisions of the political leaders and the laws imposed in that country that will influence the export activities. The most relevant indicators are the protection policies of Denominations of National Origin and the restrictions on alcohol consumption.

The Strategic MAF covers strategic indicators, relevant to the need, capacity and importance of the strategies adopted by the company in a given market. The most relevant indicators are the volume of business, the possibility of setting a broad market portfolio and the need to adapt offers.

The Structural MAF intends to evaluate the indicators that characterize the external environment in the meso level (Andersson 2000), in other words, how this sector is structured, how the competitors are willing and the entire environment closer to a company that develops an export activity in that market. The most relevant indicator is the competitive environment.

The Cultural MAF groups indicators that characterize the cultural environment of the market under analysis, trapping these indicators in the history, behavior and knowledge of the people that compose the concerned market. Because wine is a product closely related to historical habits, this is a very important factor. The most relevant indicators are per capita consumption, consumption habits, the value of the Portugal brand, the preference for Portuguese wine and the knowledge of the company brands.

The Resource MAF focuses on a group of indicators directly or indirectly related to the company's ability to develop an export activity. The most relevant indicators are the product distribution channels and the institutions and the capacity of adaptation.

The Chance or Risk MAF includes indicators related to unexpected situations and supporting a risk related to events of that market. The most relevant indicator is the political and social instability.

Each one of these factors has a different importance in the analysis of the attractiveness of a market, being able to have different weights in the decisions, according to the importance that the decision maker will give to each factor, based on the characteristics of the company.

### **6.1. Factor's Evaluation**

Based on the information collected about the method of evaluation of the different attributes of Porter's Diamond (Porter 1990), it was defined that the evaluation of the attractiveness of each MAI would be performed according to a qualitative scale. In this sense, the different MAIs are classified qualitatively as very attractive, unattractive or not at all attractive, considering the country or the potential countries for the destiny of the exports. The aggregation of the classifications attributed to the MAI would give a qualitative evaluation of the respective MAF.

## **7. Entry Modes in International Markets**

The strategies of entry into different markets require different approaches, different adaptations and often a portfolio of different products, very dependent on the habits of the market you are dealing with. With this, it is considered that culture is a very important factor in the acceptance of the wine by the population of a country or market, since it is in the culture that fits all its history and its habits of consumption.

In countries like Portugal, there is a whole culture around the wine production and its production processes, which translates into an added value, considering the final characteristics of the produced wines. Being intimately connected with their cultural habits, this surplus value means that the wines themselves do not deviate much from the classical standards of the countries that have long produced and consumed wine.

### **7.1. Product Adaptation**

Marcela (2016) states that "first the wine is created, then the market is sought", most of the time adapting the packaging of the product and not so much to its content as the example of Mateus wine, product of Sogrape Vinhos, which was responsible for a major boost in the growth of the company due to the attractiveness of its packaging.

In an attempt to adapt to two different markets, Sogrape Group has created three different wines: Silk & Spice for the US

market, Gazela Frutos do Mar and Porco Tinto for the Asian market.

According to Fernando da Cunha Guedes, CEO of Sogrape, Silk & Spice is a product created "thinking about the tastes of the US consumer: what kind of wine they drink, what they like, what price, name, ..." having all been created "to the measure of that consumer". Silk & Spice also includes a sensitive theme on the part of professionals in the wine sector: the bet on exports of single vine variety, characteristic of the most recent countries in the production of wine, or exports of blends wines, very characteristic in Portugal.

Proponents of betting on single vine variety, such as Michael Porter (Monitor Company, 1994), argue that Portuguese producers should adapt to the world's largest producers by producing single vine variety. The more conservative defend that Portugal should bet on differentiation, launching itself in the international markets with blends. An example is Ryan Opaz who, at a conference at the Catholic Lisbon School of Business and Economics, argued that Portugal would thus be able to enter a niche with an incomplete offer in the US, taking advantage of its own competitive advantage. The same is true of the wines of Bordeaux, a French wine region which holds the most respected wines in the world and is considerably higher than the Portuguese wines.

In fact, due to the size of national terrain, it would be impractical to produce only single vine variety and achieve a production volume large enough to supply the international market. On the other hand, Portugal would lose the competitive advantage presented by Ryan Opaz, as well as the identity of country producing the largest number of grape varieties that produce great wines of international appreciation.

### **7.2. Pricing**

Many professionals argue that Portugal should not have too low prices, as practiced at national level, to associate an image of poor quality wines. Indeed, in many countries with a weak wine culture, wine is considered a luxury product, often being consumed and chosen based on price, which is a reflection of the quality of the product. According to several professionals, Portugal must therefore present wines with prices in accordance with its high quality.

### **7.3. Evaluation of Different Factors of Market Attractiveness**

Once the necessary information has been gathered, it can be verified that, in countries with a very attractive Economic MAF due to the low values that could be added to the price of wine, companies should bet on higher prices of exported wine, evidencing its quality. As this factor is less attractive, wine companies should bet on lower export prices so that, with the respective country's consumer rates and taxes already added to the base price, they will be able to obtain more balanced and adequate final prices for the market.

As regards countries with an unattractive Political MAF, companies should bet on the initiatives that the Portuguese Government institutions (such as Wines of Portugal) promote to establish diplomatic relations and to combat these difficulties imposed by the governments of other countries.

Featuring a very attractive Strategic MAF, a company can bet on the diversity of wines if the possibility of framing a broad market portfolio is advantageous for the company. If this factor is evaluated with lower levels of attractiveness, needing to adapt the offers, the company may choose to present a lower diversity of wines, betting on more specific products and with more differentiating characteristics.

As the Structural MAF is unattractive, presenting a very strong competitive environment, the company may choose to introduce high-quality wines in this market, competing with top-tier wines from competing companies. If the competitive factor is the high quantity of wines, the Portuguese company should bet on what distinguishes the Portuguese wine companies and present top quality wines with more competitive prices.

Evaluating Cultural MAF as very attractive, both by the knowledge that is possessed of Portugal and by the cultural proximity, companies should bet on the distinctive characteristics of their wines, presenting blends wines and prices that reflect the surplus value and the national experience. Offering lower levels of attractiveness, wine companies will be able to present more adapted wines in this market: single vine variety or with more competitive prices.

For countries that have a well-attracted Resource MAF, companies should be confident. If certain adaptations are

necessary and if the company has sufficient resources to respond, it will have no great difficulty in establishing activity in that country. With this factor having a reduced attractiveness index, the company may have high costs to combat these difficulties. In fact, it is a factor closely related and dependent on the size and resources of the company that intends to enter the foreign markets.

Finally, in the case of the Chance or Risk MAF, if it has a reduced attractiveness, the company may be making a future investment lost due to possible future difficulties resulting from instabilities, risks or catastrophes; there were cases where economic, social and political activity was suspended, presenting great damage to the companies present in these markets.

According to the above, Portugal must adapt its offer depending on the characteristics of the relevant market. Having a very wide and differentiated portfolio, Sogrape Vinhos presents sufficient supply to manage the above situations.

## **8. Conclusions and Future Work**

The Portuguese wine sector has always played an important role both for the country's economy and for its history and culture. Despite being a small country, Portugal is among the world's leading wine producers, developing products and processes that provide added value to gain a competitive advantage over other countries. With globalization, the strategies adopted by Portuguese companies are currently fundamental so that they can follow the growth trend of the geographic space where they operate. The choice of the markets in which these companies are to enter, as well as the adjustments to be made to the produced products, become a major strategic concern.

The frameworks for the wine sector and the cross-referencing of the information collected in the case study analysis with other interviews with professionals from the different branches of this sector have revealed a number of relevant aspects in the direction of the strategies that could be adopted in the Portuguese sector. Indeed, it is considered that Portugal should bet on blends in international markets, which is a competitive advantage over its competitors. As Portugal is the country with the highest density of caste diversity per square kilometer in the world, it can produce unique

wines, unique in international markets. With regard to the sales value presented, the Portuguese industry should establish higher prices in international markets, a tendency that is already beginning witnessed, as evidenced by the trade balance, with the increase of its value and a reduction of exported volume.

Through the blends, Portugal can also create very different wines with the necessary adaptations to meet the cultural and consumption habits of other foreign countries, thus presenting a more diversified offer of products that other competing countries will have difficulties to follow. In order to select the most relevant factors to the choice of the exporting countries, the so-called Market Attractiveness Indicators have been defined, such as the protection policies of Denominations of National Origin, the consumption habits or the taxes on wine. Revealing these different characteristic indicators, they were organized into seven groups, according to their nature, being called Market Attractiveness Factors (MAF): Economic, Political, Strategic, Structural, Cultural, Resource and Chance or Risk. Through its analysis, it will be possible to carry out a structured approach to the evaluation of markets, comparing the different markets and their respective attractiveness.

Of course, the holding of different resources by different companies will make many of these Market Attractiveness Indicators having a different weight in the decision of each company in what adopted strategies in the different markets are concerned.

Considering the strategy definitions addressed, many answers could be given. In order to limit this range of answers, reference was made to the specific case of a national company, Sogrape Vinhos, considering its market positioning, its experience and information provided by the company, as well as other information gathered at conferences, interviews and conversations with professionals in the wine sector. In keeping with the standards of the wine-growing companies of the so-called Old World countries, Sogrape Vinhos is an example of a family business that, over time, has become an example for many other companies due to its growth and management capacity their assets.

Considering the limitations existing in the development of this study, the validation of a decision support structure will be necessary according to the evaluation of two or more

markets, for example the Russian market that is experiencing a great growth in the importation of viticultural products, in order to witness its practical utility.

Subsequently, its use can be compared in different companies of the wine sector, constituting a work where the attractiveness of a market for different companies can be evaluated, depending on the resources of the same companies, mainly financial.

## 8. References

- Abrunhosa, L., Serra, R., Lima, N. and Venâncio, A. (2003) 'Ochratoxin A risk assessment in Portuguese wines: a one-year case study', *Le Bulletin de l'OIV*. Paris: Organização Internacional da Vinha e do Vinho, pp. 618–634.
- Andersson, S. (2000) 'The Internationalization of the Firm from an Entrepreneurial Perspective', *International Studies of Management & Organization*, 30(1), pp. 63–92.
- Balcarová, P. (2014) 'The Comparison of nine-factor model and diamond model: Application for the Czech Republic, Slovakia and Hungary', *Acta academica karviniensis*, 14, pp. 5–15.
- Cartwright, W. R. (1993) 'Multiple Linked "Diamonds" and the International Competitiveness of Export-Dependent', *MIR: Management International Review*, 33, pp. 55–70.
- Cho, D. (1994) 'A Dynamic Approach to International Competitiveness: The Case of Korea A Dynamic Approach to International Competitiveness: The Case of Korea', *Asia Pacific Business Review*, 1(1), pp. 17–36.
- Cho, D.-S., Moon, H.-C. and Kim, M.-Y. (2009) 'Does one size fit all? A dual double diamond approach to country-specific advantages', *Asian Business & Management*, 8(1), pp. 83–102.
- Confagri (2009) Atividades. Available at: <http://www.confagri.pt> (Accessed: 8 September 2016).
- Dunning, J. H. (1993) 'Internationalizing Porter's Diamond', *MIR: Management International Review*, 33, pp. 7–15.
- Hodgetts, R. M. (1993) 'Porter's Diamond Framework in a Mexican Context', *MIR: Management International Review*, 33, pp. 41–54.
- Johanson, J. and Vahlne, J.-E. (1977) 'The Internationalization Process of the Firm - A Model of Knowledge Development and Increasing Foreign Market Commitments', *Journal of International Business Studies*, 8(1), pp. 23–32.
- Kim, M.-Y. (2006) 'Inequality in globalization: An extention of the Gini index from the perspective of national competitiveness', *Journal of International Business and Economy*, 7(1), pp. 119–140.
- Marcela, A. (2016) Silk & Spice. Sogrape cria vinho a pensar nos Estados Unidos.
- Monitor Company (1994) Construir as Vantagens Competitivas de Portugal. Forum para a competitividade.
- OIV (2015) World vitiviniculture situation. Paris. Available at: <http://www.oiv.int>.
- OIV (2016) State of the Vitiviniculture World Market. Paris.

- Okpara, J. O. and Koumbiadis, N. J. (2011) 'Strategic export orientation and internationalization barriers: evidence from SMEs in a developing economy', *Journal of International Business & Cultural Studies*, 4, pp. 1–10.
- Porter, M. E. (1990) *The Competitive Advantage of Nations*. London: MacMillan (Business).
- Porter, M. E. (2008) 'The Five Competitive Forces That Shape Strategy', *Harvard Business Review*, 86(January), pp. 78–94.
- Reid, S. D. (1981) 'THE DECISION-MAKER AND EXPORT ENTRY AND EXPANSION', *Journal of International Business Studies*, 12(2), pp. 101–112.
- Rugman, A. M. and D'Cruz, J. R. (1993) 'The "Double Diamond" Model of International Competitiveness: The Canadian Experience', *MIR: Management International Review*, 33, pp. 17–39.
- Ruzzier, M., Hisrich, R. D. and Antoncic, B. (2006) 'SME internationalization research: past, present, and future', *Journal of Small Business and Enterprise Development*, 13, pp. 476–497.
- Sogrape (2015a) 'Corporate Presentation'.
- Sogrape (2015b) Os Nossos Vinhos. Available at: <http://losboldos.winecatalogs.com> (Accessed: 2 March 2016).
- Sogrape (2015c) Regiões. Available at: <http://losboldos.winecatalogs.com> (Accessed: 22 February 2016).
- Sogrape (2015d) Relatório Anual 2014. Avintes.
- Sogrape (2016a) História da Sogrape Vinhos. Available at: <http://www.sograpevinhos.com> (Accessed: 22 February 2016).
- Sogrape (2016b) Relatório Anual 2015. Avintes.
- Sogrape (2016c) Sogrape Hoje. Available at: <http://www.sograpevinhos.com> (Accessed: 26 April 2016).
- Thompson, A. A., Peteraf, M. A., Gamble, J. E. and Strickland III, A. J. (2012) *Crafting and Executing Strategy: Concepts and Cases*. 18a. New York: McGraw-Hill Education.
- Wine Institute (2015) Per Capita Wine Consumption by Country. Available at: <http://search.proquest.com.ezproxy.cul.columbia.edu/>