


# Chapter 9

## International Brands and Corporate Strategy: A Case Study in the Wine Industry

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### ABSTRACT

*Although there is a huge debate on the reasons for internationalization, the strength of brands and branding are not among the most studied aspects in the literature. For companies, brands are valuable assets and branding may be used as a sign of quality leading consumers to repurchase the brand and an increasing market entry barrier for competitors, an important aspect is that branding underpins relational strategies, especially in the wine market. To understand the importance of brands as enablers of international strategies, namely its international positioning, a case study was developed seeking to understand the role of brands in the internationalization of Sogrape, a leading Portuguese company in the wine industry. Analyzing Sogrape's main brands, in terms of their performance in national and international markets, it is possible to conclude that branding plays a crucial role in the internationalization of Sogrape, segmentation and positioning strategies being extremely important for synchronizing and leveraging the national market with the outwards expansion of the firm.*

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## **INTRODUCTION**

In the contemporary landscape of international business, complexity has emerged due to the process of globalization. This phenomenon has prompted companies to adopt a variety of internationalization strategies aimed at catering to global markets or aligning their brands with global and multidomestic environments (García Rodríguez, et al., 2018; Khan & Khan, 2021; Ribau et al., 2015).

Organizations are increasingly extending their focus beyond national markets, driven by the pursuit of new targets and potential business prospects. This endeavor involves the process of internationalization, which consists of “...increasing involvement in international operations” (Welch & Luostarinen, 1988, p. 36).

The understanding of internationalization has undergone evolutionary changes over time and can be tailored to the specific industry under investigation. Additionally, it is contingent upon factors such as the age of the firm, its size, management approach, brand type, among others (Ribau et al., 2015; 2018a, 2018b). In essence, internationalization entails heightened participation in international operations, which signifies increasing activities in foreign markets (Calof & Beamish, 1995; Ghauri et al., 2021; Villareal Larrinaga, 2018).

Embracing international expansion presents firms with a distinct opportunity to grow by leveraging their distinctive competencies, capabilities, and brands to capitalize on the added value they generate. When firms successfully enter international markets, they often leverage their unique technological capabilities and market insights to exploit their unique resources. Furthermore, in order to expand their market share on the global stage, they must foster innovation and tailor their brands to the specific markets they intend to serve abroad.

Ribau et al. (2015) offer an evolutionary analysis of main internationalization theories, perspectives, and assumptions, employing a historical lens to illustrate the significance and evolution of the international business landscape over time. Notably, behavioral theories have emerged as a potent framework for elucidating the internationalization process in a prudent and predictable manner.

The process of internationalization can also be linked to the allocation of resources. That is, the decision to enter a new foreign market can be a strategic choice made by top management (Schweizer & Vahlne, 2022).

Among alcoholic beverages, the wine industry holds a position of historical significance. Beyond its economic value, it holds symbolic importance and ceremonial connotations in numerous religions (Swiatkiewicz, 2021). Portugal boasts a rich tradition as a wine producer, notably renowned for Port wines, albeit with low marketing power (Moreira et al., 2013).

Portugal witnessed a remarkable 14% surge in wine production levels in 2021 compared to the previous year, marking the highest recorded increase since 2006 (OIV, 2022). Despite its long tradition in the wine sector, Portuguese companies heavily rely on the market clout of major distributors (Moreira et al., 20215). Although some research has addressed the competitiveness of the wine industry and its driving factors (Mota, Moreira, et al., 2021; Mota, Costa et al., 2021), there are few studies investigating the role of brands in the internationalization process.

Extensive exploration has been undertaken into the motives and catalysts behind firms' internationalization endeavors (Rienda García et al., 2018). Although the strength of brands has not traditionally been at the forefront, international branding plays a pivotal role in decisions made during the internationalization process, particularly concerning market selection and entry mode choices (Couto & Ferreira, 2017).

The American Marketing Association defines a brand as a name, logo, or symbol conceived to represent a product (Keller, 2013). However, many managers perceive this concept to encompass more, as brand construction fosters "...awareness, reputation, prominence and so on in the market" (Keller, 2013, p. 30). Consequently, a brand encapsulates not only the tangible attributes of a product, such as its name and color, but also intangible elements like consumer expectations (Couto & Ferreira, 2017).

Brands can emerge as valuable assets for both consumers and organizations. Consumers are inclined to place trust in a brand, anticipating consistent behavior, owing to their commitment to the brand choice (Keller, 2013). For companies, brands can serve as markers of quality, facilitating consumer repurchases and erecting barriers for potential competitors (Keller, 2013). In this manner, brand construction fosters a reciprocal customer-company relationship (Kotler & Armstrong, 2017; Gözükarar & Çolakoğlu, 2016).

What role do brands play in the internationalization process? To what extent does brand diversification impact market segmentation? In order to address these research questions, this chapter delves into the significance of brands in the internationalization process with the objective of preparing a case study for class discussion. This is undertaken through a case study approach centered around a single company — Sogrape, a Portuguese conglomerate specializing in wine production, distribution, and export. The primary aim is to comprehend Sogrape's strategies for brand management, from the standpoint of the company, its brands, and its wines, within the context of the international market.

The chapter is structured across eight sections. Following this introduction, section 2 offers a succinct review of pertinent literature, encompassing subjects such as international marketing and brand management. Section 3 outlines the adopted methodology. Sections 4 and 5 respectively provide an overview of the wine

industry's backdrop and the profile of the company. The findings are presented in section 6, while section 7 offers an in-depth discussion. Following these segments, a brief conclusion is drawn, summarizing the undertaken study.

## LITERATURE REVIEW

### International Marketing

Businesses and corporations often pursue international expansion to tap into new opportunities and maintain business momentum (Chatterjee et al., 2021). As they aim to enhance their operational practices, boost profits, and counteract domestic market saturation, they frequently engage in linear internationalization processes (Hennart, 2009; Ribau et al., 2015; 2018b; Vrontis & Thrassou, 2007). However, regardless of the mode and speed of entry, expansion into international markets requires deep market knowledge, in which marketing functions take a central role.

The concept of marketing has evolved over time. In the 20th century, the focus shifted from the product to the customer. Presently, a comprehensive approach is essential, encompassing not only customers and products, but also the external environment (competition, technology, culture), internal dynamics (marketing mix, positioning, brand), and customer value and experience (Keegan, 2004). This implies that companies recognize consumer preferences, needs and market trends (Carrigan et al., 2005), which can vary from context to context with implications for exporters (Rienda García et al., 2018).

Marketing, as defined by the *Chartered Institute of Marketing*, is “the management process that seeks to identify, anticipate, and profitably meet customer needs,” while the *American Marketing Association* defines it as “the process of planning and executing the design, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives” (Buckley, 2002, p.1; Paliwoda & Thomas, 1998, p.13). Strategically implemented, marketing generates value, competitive advantages, and superior returns by being market and consumer oriented (Keegan, 2004). It bridges consumer satisfaction with an organization's market objectives (Chatterjee et al., 2021). However, market and consumer characteristics differ across regions, necessitating adaptations of domestic marketing strategies for international markets. While domestic markets might have well-known factors like political risks, human resources, raw materials, and regulations, international markets require learning and understanding of factors that can significantly vary (Paliwoda & Thomas, 1998).

Given the distinctive characteristics of international markets, including cultural and economic differences, companies must master the art of creating value, a formidable challenge due to variations in norms, values, tastes, and cultures (Chatterjee et al., 2021).

International marketing encompasses various components (Omar, 2008; Akgün et al., 2014), such as market analysis, consumer-centric product and service development, distribution and channels that fulfill consumer demands, promotional efforts, and technical and non-technical support for customer satisfaction and repeat purchases. Successful internationalization necessitates a robust resource base, skills, and knowledge that not all companies possess.

A critical issue arising from international marketing pertains to the choice between standardized and adapted marketing strategies. The former involves a uniform strategy across all markets, while the latter advocates tailoring products or services to the specific characteristics of each local market (Akgün et al., 2014; Patrício & Moreira, 2022). Both strategies have proponents. Some argue for a standardized approach, citing global market homogeneity and consumer similarities across countries, favoring cost efficiency. Others highlight the complexity of standardization due to cultural differences and advocate adaptation to meet diverse market and consumer needs (Akgün et al., 2014; Vrontis & Thrassou, 2007). Yet, Vrontis and Thrassou (2007) suggest a balanced approach, blending both strategies to achieve customer satisfaction and organizational profitability. Glocalization, which combines local responsiveness with global reach, plays a pivotal role in this context (Patrício & Moreira, 2022).

According to Kotler and Armstrong (2017), companies manage their international marketing endeavors through three methods: first, via an export department; followed by establishing an international division; and finally, evolving into a global organization. They typically commence by exporting products to international markets. As they expand, an export department is established, which may grow to offer various marketing services to manage different markets. This might eventually lead to joint ventures or direct investments. Depending on market needs, companies might create international divisions to manage their international operations. Throughout the internationalization process, the relationship between business divisions and product brands holds great significance.

## **Brand Management**

Brand management is a critical component of a company's strategic vision (Ugla, 2014), encompassing the design and execution of marketing initiatives aimed at building, evaluating, and steering brand equity. This concept, which emerged during the 1980s, has underscored the pivotal role of brands within marketing strategy.

However, its definitions and aims have varied (Keller, 2013). Aaker (2012) and Couto and Ferreira (2017) describe brand equity as an array of tangible or intangible assets linked to the brand name and symbol that either enhance or diminish the value of a product or service. This concept extends to facets such as perceived quality, brand loyalty, recognition, and associations (Aaker & Joachimsthaler, 2000; Couto & Ferreira, 2017).

Recent years have witnessed a shift in brand management's focus toward a holistic approach, directly engaging customers. This approach, underscored by customer-centricity (Kotler & Armstrong, 2017), encompasses not only the orchestration of brand and product portfolios but also the coordination of customer relationships, engagement, and experiences. Innovations further intensify customer interaction (Ribau et al., 2019), transcending the limited confines of traditional marketing mix management (Uggla, 2014).

Keller (2013) outlines four pivotal steps in the brand management process: (1) identification and development of brand plans; (2) design and execution of brand marketing strategies; (3) assessment and interpretation of brand performance; and (4) cultivation and enhancement of brand equity. Initially, it is crucial to grasp the brand's competitive positioning and perception, fostering customer loyalty and competitive advantages. Next, effective brand communication relies on highlighting key attributes and aligning them with brand integrity, encompassing factors like company identity, origin, distribution, and associations. Selecting essential brand elements — name, logo, packaging — shapes how clients perceive and emotionally connect with the brand. Perceived brand value, integral to brand equity (Keller, 2013), impacts both functional (quality, performance, value for money) and psychological (emotional experience, social self-concept) aspects of consumer perception, which in turn influence purchasing decisions and future intentions (Swoboda & Sinning, 2020). The third step emphasizes brand positioning assessment and gathering consumer insights to form an accurate perception. Finally, successful brand strategies must reflect the company's evolving goals (proactive and reactive positioning), align with its international context, and resonate across diverse segments. Branding empowers products and services with brand prowess (Keller, 2013), serving as a conduit for innovation returns (Trott, 2017).

The legacy and heritage of a brand are instrumental in fostering and maintaining brand-related processes. A retrospective look at a brand's history informs its evolution, aligning it with its identity and the prevailing context (Pecot & Barnier, 2017). Balancing continuity and innovation is essential to sustain brand vitality (Brexendorf et al., 2015).

In the context of expanding international markets, and consequent organizational internationalization, adapting national brands to be competitive globally is paramount (Couto & Ferreira, 2017). Brand strategy significantly influences market entry

decisions. Existing internationalized companies adopt strategies based on their phase (Fan, 2008; Couto & Ferreira, 2017), delineated into five stages: (1) domestic brand, confined to the local market; (2) indirect export, competing abroad with limited marketing expertise; (3) direct export, owning its brand and distribution; (4) subsidiary, embracing international branding; and (5) manufacturing structure, facilitating global branding.

Internationalizing a brand is complex, particularly in preserving its core components: name, visual elements, and personality (Whitelock & Fastoso, 2007; Couto & Ferreira, 2017), while accounting for external factors like consumer reactions, regulations, and competition (De Chernatony et al., 1995; Couto & Ferreira, 2017).

Brand value can be harnessed through various strategies, each offering distinct ways to manifest it (Keller, 2013). The strength of a brand is gauged by differentiation, relevance, customer knowledge, and esteem (Kotler & Armstrong, 2017).

## **METHODOLOGY**

The case study methodology proves valuable when examining specific contextual scenarios. As the focal point of this chapter centers around Sogrape, an entrenched Portuguese enterprise with a rich history and substantial market foothold within the wine industry with a strong presence in international markets, an in-depth analysis of Sogrape's principal brands is undertaken. This chapter adopts a qualitative approach, predicated on an evaluation of secondary data proffered by the company, existing institutional awareness garnered from public presentations, the salient and potent brand identities cultivated by Sogrape in the market, and an interview conducted with Sogrape's marketing director.

The selection of Sogrape as the subject of study is based upon its capacity to facilitate an exploration of the diverse brand entities that underpinned its internationalization trajectory. Furthermore, this case study serves as a conduit for delving into distinctive contextual phenomena that wield influence over the firm's positioning and evolution. It also allows for the retrospective interpretation of information that supports both theoretical and practical insights, drawing from established scholarly frameworks (Eisenhardt, 1989; Ribau et al., 2017; 2019; Yin, 2014). This research approach finds synergy with the demands of analyzing the interplay of internationalization and brand management dynamics, as elucidated by Silva and Moreira (2019). Notably, Sogrape stands as an exemplar of success in a competitive landscape, contending with a several brands in highly-competitive international markets.

The intentional selection of Sogrape aligns with Patton and Applebaum's tenets (2015) in selecting business cases that encapsulate several pivotal dimensions of analysis: (a) being involved in a consolidated internationalization process; (b) actively seeking to increase its presence in international markets; and (c) investing in brand management activities to gain market share.

Based on the qualitative orientation of this study, a semi-structured interview with Sogrape's marketing director was organized to facilitate data accrual. The interview was meticulously prepared, employing a structured questionnaire with open-ended queries as the primary mode of data collection. This interview's primary objective was to garner insightful firsthand accounts from the interviewee regarding the company's historical trajectory, internationalization strategy encompassing motivations, temporalities, sales volumes, export ratios, key markets of operation, deployed brand portfolios, and adaptive strategies tailored to diverse market landscapes. Subsequent to the interview, the researchers synthesized their impressions, paving the way for subsequent analysis.

The qualitative data analysis followed an inductive trajectory, heeding the guidance set forth by Morse (1994) and Lindlof (1995). To facilitate nuanced interpretation of the interview data, a data codification framework, inspired by Saunders et al. (2019), was devised and is presented in Table 1.

Qualitative methodologies eschew the pursuit of ultimate truths, instead opting to present unobstructed narratives derived from sourced data, subjected to meticulous analysis and interpretation. The robustness of this singular case study is bolstered by George and Bennett's (2005) endorsement of a process-tracing approach. This approach is adept at unearthing causal mechanisms at play and explicating outcomes within intricate interplays, making it particularly germane for discerning specific sequences within learning and diffusion processes. To triangulate the insights gleaned from the interview, supplementary data sources were harnessed, encompassing background information sourced from the firm, secondary data accessible via the firm's online platform, alongside informational collateral such as brochures and promotional materials aimed at diverse stakeholders. Rigorous scrutiny was also applied to official records and accounts.

Given the exploratory nature of this study, the case study methodology emerges as fitting and judicious, aligning with the chapter's initial objectives.

Table 1. Data codification

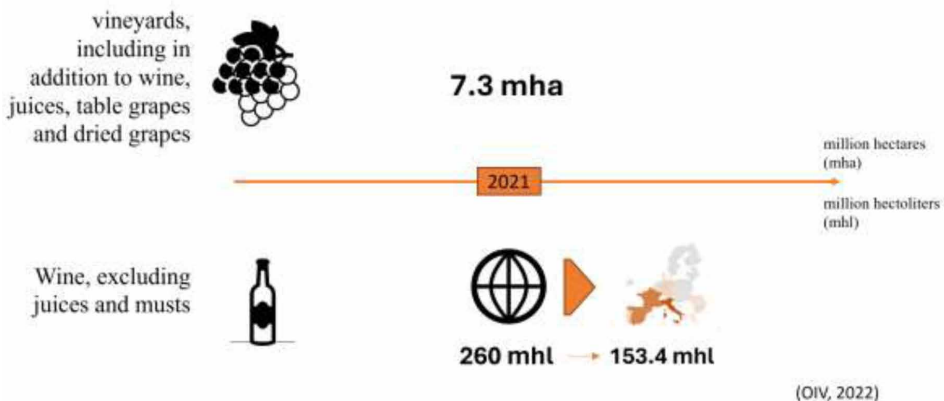
Pattern	Topic description
Internationalization	Understanding of the internationalization process the firm went through.
Strategy	Perception of Sogrape’s strategies, both in terms of marketing and internationalization.
Markets	Main actual and future markets.
Brand management	Main matters dealt with branding management of the company, both at national and international level.
Innovation	Processes of innovation, product and brand management.
Positioning	Strategic positioning and repositioning of the brand.

## CONTEXTUALIZING THE INDUSTRY

According to the definition provided by the European Parliament (Regulation no. 1308/2013), “wine is the product obtained exclusively from the total or partial alcoholic fermentation of fresh grapes, whether or not crushed, or of grape must” (Regulamento (UE) No. 1308/2013, 2013). Wine is a natural product that comes from agriculture, so it depends, among other things, on the soil, the weather and the various techniques used in its production. All these contribute to make each wine unique, even if it belongs to the same producer and the same “land” (Comité Européen des Entreprises Vins, 2022; Mota, Moreira, et al., 2021).

Figure 1 shows some infographic information about the wine industry. Since 2017 there has been relative stability, with small fluctuations between 7.3 and 7.4 million hectares (OIV, 2022).

Figure 1. Infographic of wine industry



In the Northern Hemisphere, the European Union (EU) has been experiencing decreases in wine production overall. Outside the EU, Moldova has increased its production significantly (20% higher than in 2020) and China has reduced it slightly (10% reduction compared to 2020). The countries of the southern hemisphere have been increasing their production, up about 19% from 2020, with Chile (30%), Argentina (16%), Brazil (60%) and Australia (30%) having the largest increases in production. Although the Northern hemisphere has reduced production, the Southern hemisphere has increased, causing world production to remain relatively stable (OIV, 2022). However, not all EU countries experienced decreases. World wine consumption is estimated at 236 million hectoliters, an increase of 0.7% over the 2020 volume that reversed the downward trend that had occurred since 2017 (OIV, 2022). Of this amount, 48% marketed in the EU. The largest exporters of wine in the EU are Spain, Italy and France, accounting for 54% of total world exports. In terms of importers, the largest are Germany, the USA and the UK.

In this sense, and according to the Comité Européen des Entreprises Vins (2022), the European Union is the main producer, consumer, exporter and importer of wine in the world, as shown in Table 2.

*Table 2. Wine industry in the European Union*

World's wine growing areas	45
Global wine consumption	57
Global wine production	63
Wine exports	70

Source: *Comité Européen des Entreprises Vins (2022)*

In terms of wine production and commercialization, the wine industry follows the characterization: the 'Old world' and the 'New world.' The Old world is composed of European countries, with fragmented markets spanning small family and cooperative vineyards, where the customer's price sensitivity is high, and the New world composed of non-European countries, with large markets, automated processes and a great relationship with technology and innovation (Swiatkiewicz, 2021). Besides the production and consumption of wine, this industry is also closely associated with tourism, more specifically, wine tourism.

In Portugal, besides traditional producers and large wine consumers, there is also a significant connection to wine tourism based on gastronomy and local culture. This industry has great importance for the Portuguese economy, since it is strongly rooted in the national culture (Swiatkiewicz, 2021).

Being part of the Old world, the market is competitive and fragmented, with 50% of the wine being produced by small and medium-sized companies or producers. Moreover, there is great diversity of grapes, more than 300 varieties (Swiatkiewicz, 2021). The most used grape varieties, according to the Instituto da Vinha e do Vinho (IVV, 2018), are Tempranillo (11%), Touriga Franca (7%) and Touriga Nacional (7%), all referring to red wine. The total area of vineyards is about 192 hectares, with a slight decrease compared to 2020. The regions with the largest area are Douro and Porto (23% of the total area) and Alentejo (13.3%).

*Figure 2. Map of Portugal with wine regions and respective percentages in 2021*



Portuguese consumers prefer Portuguese wine, the year of harvest, the region and the label being particularly important to customers. In the distribution market, the on-trade business channel — known as HoReCa, Hotels, Restaurants and Coffee houses — has the highest percentage with 62.4%, specialized retailers account for 13.8%, supermarkets and hypermarkets represent 11.6%, and others correspond to 12.2% share (MarketLine, 2014; Swiatkiewicz, 2021).

## **PRESENTATION OF THE COMPANY**

Founded in 1942, Sogrape is a prominent player in the wine industry, boasting a robust presence both nationally and internationally across more than 120 markets. Presently, it holds the top position in Portugal's wine sector, with an extensive portfolio of over 30 brands. In 2021, the company achieved a turnover of approximately 309.9 million euros, marking a historic milestone by surpassing the 300-million-euro threshold for the first time despite the challenging backdrop of the pandemic within the wine industry (Sogrape Yearbook, 2021).

This achievement underscores the company's resilience and adaptability. In addition to its operations within the national borders, Sogrape maintains a presence in various international wine regions, including Spain, Argentina, Chile, and New Zealand. This expansive footprint encompasses 12 distinct wine-growing regions, spanning an impressive 1600 hectares of vineyards and encompassing a diverse array of 77 grape varieties. At present, the company boasts 16 bottling lines, enabling it to vinify up to 50 million liters of wine. Moreover, Sogrape operates its own distribution entities across Europe, America, Africa, and Asia.

The company's inception traces back to World War II when Fernando Van Zeller Guedes established Sogrape. He drew inspiration from the canteens employed by soldiers during that era to create the iconic Mateus Rosé wine bottle, a cherished centerpiece of Sogrape's heritage to this day. The success of Mateus wine in terms of sales propelled Sogrape towards internationalization, prompting the acquisition and creation of diverse wine brands. This strategic approach enabled the company to cater to various segments within the wine market.

Sogrape's initial attempt into international markets occurred in 1944 through a partnership with a wine distributor in Brazil. The company's involvement in production and storage escalated during the early 1980s with the acquisition of Solar and Quinta de Azevedo in Lama, Barcelos. This acquisition facilitated the establishment of the brand Gazela and Sogrape's entry into the verde wine segment. Subsequently, Sogrape ventured into the Port wine industry by acquiring Casa Ferreira in 1987. This foothold was fortified in 1995 through the acquisition of Forrester & Ca. S.A., the owner of the esteemed Offley brand, positioning Sogrape as a major industry exporter. Notably, the acquisition of the Sandeman brand in 2002 further solidified Sogrape's presence within the port wine sector, encompassing Port Wines, Sherry, and Brandy.

Beyond Portugal, Sogrape expanded its global footprint by acquiring Finca Flichman in Argentina in 1997. This marked the commencement of a new international strategic direction. The company broadened its production markets to include New

Zealand through the acquisition of Framingham in 2007. This was followed by the acquisition of Viña Los Boldos in Chile in 2008 and Bodegas LAN in Spain in 2012. These acquisitions were underscored by the incorporation of the Santiago Ruiz brand within the Rías Baixas region.

With regard to distribution, Sogrape progressively reinforced its market presence. In 1989, Sogrape Distribuição was established to exclusively manage distribution and representation within the Portuguese market. Subsequently, in 2000, the acquisition of Evaton Inc. facilitated the creation of an autonomous distribution framework in the American market. Seeking to consolidate its Angolan presence, the company established Vinus Lda. in 2006. In 2008, Sogrape Asia-Pacific was inaugurated, establishing a self-reliant distribution network within the Asian market. Expanding into South America, Sogrape established Sogrape Brazil in 2013, primarily focusing on the off-trade channel. Aiming to attain comprehensive Sogrape distribution within the United Kingdom, the company acquired a minority stake in Liberty Wines in 2017, subsequently securing a majority stake in 2019. These moves bolstered Sogrape's strategic footing within the English market.

With four generations of family leadership, Sogrape has etched its presence within the market as a conglomerate of companies and brands boasting a notable international trajectory. The company's hallmark lies in its commitment to diversity and respect for origins, serving as its defining attributes. Furthermore, Sogrape "is the result of a great alignment between all people" (Sogrape Yearbook 2021, p. 8), which underlines the synergy among its more than 1100 employees.

## **RESULTS**

Taking into account Sogrape's vast portfolio of brands, the decision was to study the nine most important brands in terms of their Sogrape's total sales, according to the latest Report and Accounts available (2021) at the time the document was prepared. Therefore, the following brands of wines of Iberian origin were analyzed: Mateus, Casa Ferreirinha, Sandeman, LAN, Gazela, Porto Ferreira, Offley, Silk&Spice and Herdade do Peso. The evolution of sales volume for Sogrape and these brands over time is shown in Table 3.

Table 3. Consolidated sales volume and main brands

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales Volume (M€)	126.02	150.844	170.768	161.209	166.729	180.289	185.558	181.961	184.687	188.686	179.459
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Sales Volume (M€)	179.5	203.8	203	202.1	206.2	214.6	206.6	191	257	249.5	309.9
EBITDA (M€)	22.8	30.2	36.2	34.9	36.6	41.5	34.1	37.6	38.6	42.2	48.3
Total number of workers	953	986	956	940	973	959	1000	> 1000	> 1000	> 1100	> 1100
Nacional	-	-	-	-	-	-	-	-	-	-	> 600
<b>Share of Brand's Sales volume (%)</b>											
Mateus	16%	14%	14%	15%	15%	10%	16%	18%	15%	16%	14%
Casa Ferreirinha	-	6%	7%	8%	9%	10%	12%	14%	11%	10%	11%
Sandeman	14%	12%	12%	14%	12%	12%	12%	11%	9%	7%	8%
Lan	-	5%	7%	6%	7%	7%	7%	8%	6%	7%	5%
Gazela	7%	7%	7%	7%	7%	7%	6%	6%	4%	4%	3%
Porto Ferreira	7%	6%	7%	-	-	-	-	-	-	-	4%
Offley	7%	7%	6%	-	-	-	-	-	-	-	3%
Silk & Spice	-	-	-	-	-	-	-	-	-	-	2%
Herdade do Peso	-	-	-	-	-	-	-	-	-	-	2%

## **Mateus**

Sogrape's inception in 1942 coincided with the creation of Mateus Rosé wine, subsequently referred to as Rosé for simplicity, which stood apart from other wines due to its distinctive identity, flavor, and unconventional bottle design. The year 1944 marked the initiation of Mateus Rosé's internationalization with its first partnership established with a wine distributor in Brazil. From the outset, the brand garnered noteworthy success, enabling its penetration into diverse markets including the USA, Japan, Hong Kong, and Australia.

The passage of time witnessed significant developments. In the 1950s, Mateus evolved into a global brand, undergoing image transformations with the introduction of novel bottle designs. In 2008, the brand diversified its product portfolio by introducing Mateus Sparkling, a sparkling wine variant. The subsequent year, 2009, witnessed Mateus strengthening its brand presence within the food retail market in Spain. 2010 brought recognition as Mateus was bestowed the gold medal at the *Concours Mondial de Bruxelles*. Expanding its market reach, Mateus Sparkling Demi-Sec was launched in 2011, capitalizing on the success of Mateus Sparkling and targeting a distinct market segment. In 2012, commemorating its 70th year, Mateus Rosé unveiled a fresh, youthful, and contemporary packaging.

2014 marked the debut of the Expressions range, comprising four distinct wines, and the Light range, featuring two wines and a sparkling variant. During the same year, Mateus transitioned its operations in the United Kingdom to Stevens Garnier, a component of Sogrape's commercial structure. Notably, 2014 saw increased sales in the brand's primary international market, the United Kingdom, and a record-breaking sales performance in its domestic market, Portugal. The brand's expansion was underscored by an updated image for the Mateus Sparkling range, alongside the addition of Mateus dry white Sparkling. A redesigned bottle for Mateus Rosé Original was introduced in 2015, adopting clear glass packaging in the United Kingdom, Russia, the Nordic countries, and the USA. The year also witnessed Mateus initiating a digital strategy in Portugal and the UK, encompassing several initiatives and the development of a new website.

These endeavors translated into notable volume growth in 2016 across key markets such as the UK, Portugal, Spain, Italy, France, Australia, and Russia. Moreover, Mateus bolstered brand awareness through digital mediums, major events, partnerships, and competitions. The year 2017 brought accolades as Mateus was honored as "Brand of the Year" by "Revista de Vinhos". Furthermore, strategic markets like the United Kingdom and Spain underwent changes in their route-to-market strategies with the collaboration of Liberty Wines and the utilization of LAN's structure, respectively.

In 2018, the brand embarked on a new bottle launch initiative, expanding its footprint to fresh markets including Canada, Germany, France, Sweden, and Australia. The following year, 2019, witnessed the brand's introduction of the 'new Mateus' bottle across almost all markets, coupled with a communication campaign yielding positive outcomes. This campaign aimed to convey notions of freshness and lightness, particularly targeted at a younger demographic. The year 2020 witnessed significant sales growth in the Russian market, nearly doubling the previous year's figures, leading Mateus to secure a position among the top 10 bestselling brands in Russia. Furthermore, Mateus Rosé emerged as the leading foreign wine in terms of sales in France, solidifying its status as a preferred premium choice. The year also saw the introduction of Mateus Dry in the US, broadening the brand's portfolio to cater to consumers valuing everyday celebrations.

Culminating in 2021, Mateus achieved record-breaking global sales of 23 million bottles. Notably robust performances were registered in Portugal, Russia, Germany, Italy, and Romania, reflecting the brand's enduring international success.

## **Casa Ferreirinha**

Presently, Casa Ferreirinha stands as one of the pivotal brands within Sogrape, demonstrating a gradual ascension in its significance within the business group's portfolio in terms of value over the past decade. Positioned as a pioneer and frontrunner in the realm of non-fortified wines originating from the Douro region, this brand boasts an extensive history spanning over 250 years. With a wide range of wines, among which Esteva, Planalto, and Papa-Figos have emerged as notable top-sellers, effectively permeating both the on-trade and off-trade channels. The success of these offerings can be attributed to their favorable quality-price ratio. Casa Ferreirinha has solidified its status as one of the Sogrape group's flagship brands.

In 2010, it emerged as the most rapidly expanding brand within the Douro region in Portugal, witnessing substantial growth in terms of both volume and value. In 2012, the new Papa Figos wine is launched, which not only filled a place in terms of price positioning, but also in terms of wine style, thus expanding Casa Ferreirinha's offer. The brand's excellence is further underscored by the exceptional quality of its Douro wines, epitomized by the renowned Barca Velha label.

The consistent growth trajectory of the brand is predominantly underpinned by the increased sales of its higher-tier wines, with Papa Figos, Quinta da Leda, and Callabriga taking the spotlight and steering the brand towards premiumization.

Casa Ferreirinha holds a strong presence in the restaurant market, and its primary markets encompass Portugal, Angola, Brazil, Germany, the USA, and France. While the domestic market remains Casa Ferreirinha's primary focus, accounting for the lion's share of its total markets, the brand recognized the imperative of diversification

during the mid-2010s. Consequently, a strategic pivot towards the USA and the UK — markets in which Sogrape has already established a robust presence with other brands — was enacted. In alignment with this strategy, 2016 witnessed the execution of a launch in the USA. Subsequently, in 2020, Sogrape's proprietary distributor, Evaton, assumed the mantle of marketing and representing the brand in the US, yielding amplified distribution and heightened recognition among American consumers. Encouraging outcomes were also evident in 2020 across the German, Canadian, and Nordic markets.

The brand's upward trajectory was abruptly disrupted by the pandemic, which primarily impacted the on-trade channel, compelling Casa Ferreirinha to defer the launch of certain wines. Nonetheless, it was in this same year that an olive oil crafted from the centenary olive trees of the Douro region was unveiled, thereby resurrecting the brand's 19th-century traditions.

In 2021, it returns to its positive trajectory, recovering especially in the Portuguese, Angolan, Brazilian, and English markets.

Over the several years of existence, Casa Ferreirinha has received numerous awards and relevant distinctions in the wine industry, both nationally and internationally.

## **Sandeman**

Sandeman emerged in 1790, positioning itself as a foremost Port and Sherry establishment on a global scale. It remained with the founding family until 1952, subsequently changing hands through various acquisitions before being purchased by Sogrape in 2002.

Presently managed from Spain, the brand commands a premium price in comparison to direct competitors. In 2009, its total sales volume witnessed an 8.3% decrease, marking it as Sogrape's Port Wine label most affected during that year. This decline can be attributed to the growing price sensitivity of the market, exacerbated by Sandeman's robust premium image.

In 2011, losses persisted in the market as sales continued to plummet — a trend that extended into 2012. Notably, the brand encountered challenges due to its rivals offering lower prices. However, 2012 stands out as a positive year for Sandeman, clinching the highest number of awards in its category, winning 25 medals, including 9 gold medals, in international competitions.

Belgium serves as Sandeman's primary market, prompting substantial investments, particularly in enduring television campaigns to enhance brand value. In 2013, multiple measures were undertaken to bolster the brand's position and forge stronger consumer connections, one of which involved introducing fresh packaging for the Classic range.

In 2014, an overall 6% decline in sales value unfolded, primarily due to setbacks in its main market, Belgium. This underlines an increasing emphasis on price considerations, adversely impacting higher value brands. After spanning more than two centuries since its inception, Sandeman remains a global entity, with its Port Wine generating over 95% of sales from international markets.

2015 marked the brand's 225th anniversary, prompting the launch of commemorative products. It also signaled Sandeman's digital debut and its distribution in Portugal being managed by Sogrape Distribuição, a group-owned entity.

In 2016, the brand fortified its position in premium wines, undergoing an image overhaul with redesigned labels, a novel closure system, and the introduction of transparent glass bottles. Despite driving sales growth in value for Sandeman Aged Tawnies, an overall volume decline ensued.

Similar to the preceding year, 2017 witnessed the ongoing revitalization of the brand's image, particularly in the packaging across several wine ranges — Classic, Reserve, Late Bottle Vintages, and Estate Vintages — to infuse modernity and allure. This year also marked the re-launch of the reserve white Port Wine, targeting a younger demographic.

While 2018 saw increased sales volumes in Portugal, there was a value-related decline, largely attributed to dwindling American market sales. Additionally, the brand embarked on a hotel venture, the House of Sandeman Hostel & Suites.

Within the Sogrape portfolio, Sandeman holds the rank of the third most crucial brand in terms of consolidated sales, solidifying its status as a global brand. Notably, its hospitality project launched in 2018 garnered dual international accolades from the "Global Best of Wine Tourism Award" and "Time" magazine. In 2019, the brand's strategic efforts materialized into highly favorable results, marked by sales growth.

In 2020, the full swing of the COVID-19 pandemic influenced the Port wine category, precipitating a 17% volume decrease for Sandeman. Nevertheless, it persevered as the third most prominent brand within Sogrape, based on consolidated sales. Additionally, the year saw the unveiling of a revamped website, aimed at enhancing user experience and interactivity.

In 2021, a sales resurgence ensued, with a remarkable 20% growth, propelled by the American, German, French, and Russian markets. Furthermore, the website redesign from the preceding year secured an "Award of Excellence" at "The Communicator Awards."

Across the years, Sandeman has diligently upheld its stature as a preeminent Port Wine brand, commanding a premium rank in the realm of wines. Notably, in 2017, it clinched the distinction of being the most decorated Port Wine brand globally across the three principal international wine competitions, a feat it repeated in 2018 for the sixth consecutive year.

## **LAN**

The LAN brand was established in 1972, deriving its name from the initials of the Protected Designation of Origin of Rioja — Logroño (now La Rioja), Álava, and Navarra. Consequently, LAN holds a steadfast commitment to its vineyards. In 2012, Bodegas LAN was acquired by Sogrape, a move that also incorporated the Santiago Ruiz brand, thereby establishing a presence in the regions of Rioja, Rías Baixas, Rueda, and Ribera del Duero. At present, LAN boasts an extensive portfolio encompassing nine wines: Viña Lanciano, LAN A Mano, Culmen, LAN D-12, LAN Xtrème, LAN 7 metros, LAN Gran Reserva, LAN Reserva, and LAN Crianza.

In the year of its acquisition by Sogrape, the brand suffered a drop in sales in Spain, and consumption in that market decreased. Despite this, LAN grew significantly in American markets and strengthened its presence in Asian markets. Additionally, 2012 witnessed the LAN A Mano 2008 wine receiving acclaim as the finest Spanish wine by “Wine Spectator” magazine, alongside high scores for various wines from the brand in the “Wine Advocate” publication.

To align with the brand’s evolution and strengthen its awareness, LAN introduced a fresh visual identity in 2015 for wines including LAN Viña Lanciano, LAN Crianza, LAN Reserva, and LAN Gran Reserva. In the Spanish market, an advertising campaign was orchestrated to convey the renewed essence of LAN Crianza, encapsulated by the slogan “MUY LAN” [Very LAN]. Also in 2015, LAN garnered international competition accolades, which continued into 2016.

The year 2017 witnessed the brand’s expansion in market share within Spain, coupled with a resurgence in global sales, further cementing its prestige and credibility. The aforementioned advertising campaign remained active during this period, alongside the launch of a new image for the LAN D-12 wine.

In 2018, LAN witnessed sales growth in the USA, its second-largest market, despite a general dip in wine consumption under the brand’s umbrella. Notably, this year saw the introduction of its inaugural organic wine, designed to resonate with environmentally-conscious consumers.

The highlight of 2019 was the inauguration of LAN’s Enotourism project in the Rioja region, featuring diverse experiences and a narrative tracing the brand’s history. Simultaneously, a sustainability-focused website was launched, providing information about biodiversity and wine tourism. In 2020, even with the drop in sales in Spain, LAN continued to innovate by launching the LAN 7 Metros wine, which uses barrels from forests in Burgos and León.

## **Porto Ferreira**

Porto Ferreira, a distinguished Port Wine label established in 1751, holds the unique distinction of being the sole company within this wine category that has continuously remained under Portuguese ownership. Renowned for its unwavering commitment to vineyard quality, production process refinement, and meticulous aging of its wines, Porto Ferreira's illustrious reputation attracted Sogrape's acquisition of the brand in 1987, as part of its strategic venture into the Port Wine sector.

Within the scope of the defined analysis period, the year 2008 witnessed negative outcomes, albeit with sales upticks in pivotal markets such as the USA and Brazil. In 2009, there was a slight dip in overall volume sales. During the same year, the introduction of an innovative product, Porto Ferreira white 10 years, added a fresh dimension. Porto Ferreira continued to reign as a prominent brand within Portugal's landscape, yielding favorable results in 2010, marked by an increase in sales in terms of value compared to the prior year. The brand's commitment to excellence garnered recognition, as it clinched three gold medals in international competitions.

In 2011, Porto Ferreira commemorated the bicentennial of Mrs. Antónia Adelaide Ferreira's birth, a pivotal figure in propelling the brand's prominence. The celebration encompassed multiple initiatives, notably the "Help those in need" campaign that supported 18 domestic micro-entrepreneurs, along with the inauguration of the "Dona Antónia — Uma vida singular" exhibition at the Douro Museum. A new brand communication campaign was also unveiled, underscoring the brand's vitality.

Despite retaining its dominance in the segment as Portugal's frontrunner, Porto Ferreira faced the challenges posed by a less favorable market context, resulting in declines in total sales. Nonetheless, export markets, particularly Brazil, exhibited growth. In 2015, Porto Ferreira sought to reaffirm its essence by auctioning a Porto Ferreira Vintage 1815 bottle, with proceeds benefiting APELA — Portuguese Association of Amyotrophic Lateral Sclerosis. Despite this effort, sales experienced a decline compared to the preceding year.

Both 2016 and 2017 saw diminishing sales, primarily influenced by Porto Ferreira's performance in Portugal and France. In 2018, the brand initiated a comprehensive image overhaul, accompanied by the adoption of a lighter bottle, aligned with international standards. The year 2019 signaled a resurgence, propelled notably by the domestic market.

The onset of the COVID-19 pandemic instigated a significant 34% contraction in volume sales relative to the prior year. Nevertheless, the brand demonstrated growth within the USA market. Over the passage of time, Porto Ferreira amassed an array of international awards for its wines, including accolades from the esteemed American magazine "Wine Enthusiast." A pinnacle achievement emerged in 2020, with its Porto Ferreira Vintage 2018 wine securing the publication's highest score.

## **Gazela**

Gazela stands out as Sogrape's inaugural brand, emerging in 1984 within the Vinho Verde segment. By 1993, it embraced the resonating slogan "No one can resist." The year 2004 ushered in a transformation of Gazela's brand identity, repositioning it as a "light and refreshing" wine, perfectly suited for celebrating life's moments. This new essence was encapsulated in the enduring slogan "It tastes well with life." The brand's global footprint encompasses over 50 countries, and its notable investment in advertising within Portugal's wine industry earned it the prestigious 'Efficiency in Advertising' award from the Portuguese Association of Advertisers (APAN) in 2005.

Gazela emerges as one of Sogrape's pivotal brands, particularly commanding significance within the Vinho Verde wine sector. By 2008, the brand had expanded its presence to 40 markets, including key destinations like Angola, France, Sweden, the USA, and Belgium. The year 2009 marked the milestone of surpassing 6 million bottles sold worldwide. Impressively, foreign markets contributed to 56% of total sales, with notable growth in the USA, Canada, and Nordic countries. In 2010, Gazela bolstered its market share, particularly in its primary market, Portugal. Notably, the brand crossed the threshold of 1 million bottles sold exclusively in the USA.

The trajectory continued in 2011 with the launch of Gazela Sparkling — a dry, light, and refreshing offering — aiming to attract new consumers while maintaining brand coherence. In 2012, the Portuguese market remained the primary stronghold, representing 40% of total sales. By 2013, Gazela extended its presence to more than 50 geographical markets, unveiling fresh packaging designed to enhance its allure. Despite Portugal's fluctuating growth, Gazela fortified its standing in the German, Belgian, and Canadian markets. In 2014, Gazela secured recognition as a priority brand within Sogrape. The introduction of Gazela Slender, boasting low alcohol content to align with market trends, further enriched the brand's portfolio, while invigorating advertising campaigns aimed to amplify brand awareness.

2015 witnessed the advent of the phrase "To Gazelle" in the brand's communication campaign, conveying Gazela's aptness for accompanying relaxed moments in good company. Concurrently, the brand embraced lighter packaging, promoting resource efficiency and practicality, resulting in an approximate 8.4% increase in total sales compared to the previous year. The marriage of "To Gazelle" and "nonstop" materialized in 2016, uniting the brand with cultural experiences and fostering moments of fun through events held in Porto, Lisbon, and the Algarve. With sustained advertising investment, sales remained parallel to those of 2015, as declines in Portugal and the USA were counterbalanced by growth in the Angolan and Japanese markets.

In 2017, Gazela unveiled a fresh image, positioning itself as a vibrant, current brand reflective of adventurous and uncomplicated consumer styles. Expanding its product line, Gazela Mare and Gazela Aire joined the fold, catering to diverse occasions. As 2018 progressed, the new image resonated across diverse markets, achieving resounding success in Russia, Brazil, and Sweden.

Navigating through fluctuations, Gazela made strategic shifts in 2019, divesting from less profitable ventures. The year marked the launch of Gazela ON, fostering deeper connections with its target audience and introducing innovative wine consumption experiences. 2020 heralded the introduction of Gazela Rosé and Gazela Go, the latter evolving into a fountain wine project. Finally, in 2021, Gazela embraced canned wine formats, catering to a younger, more convenient preference. The addition of Gazela Sangria (White and Rosé) aimed to engage younger consumers and those with distinct tastes.

As a strategic priority for Sogrape, Gazela's weight within the group's portfolio and its anchoring position within the Vinho Verde segment drive a constant pursuit of innovation to meet market expectations and ensure economic profitability.

## **Offley**

Acquired by Sogrape in 1995, Offley played a pivotal role in fortifying Sogrape's foothold in the Port Wine sector, an introduction further bolstered by Casa Ferreirinha. Positioned as "Irreverent, versatile, and innovative," the brand ambitiously sought to challenge traditional norms within the Port wine industry and explore diverse avenues of wine consumption.

A retrospective examination of the available data reveals that the brand concluded its financial year in 2008 with declining performance in sales. This decline was primarily influenced by decreases in established markets such as Belgium, Italy, Portugal, and Canada. Notably, Holland stood as an exception, experiencing positive growth attributed to a new advertising campaign tailored to attract a younger consumer demographic. Concurrently, promising growth was observed in markets with untapped potential, particularly the USA and Eastern Europe.

In the following year, the brand's overall trajectory remained negative, albeit positive when juxtaposed with the broader behavior of the Port wines segment. Noteworthy achievements included Belgium, characterized by enhanced distribution efforts, and the Dutch market, where the launch of Rosé Port fortified Offley's leadership position.

In 2010, Offley emerged as the standout performer within Sogrape's Port wine segment, propelled by successes in the Portuguese, Canadian, and Dutch markets. In the same year, the brand's Rosé range expanded its presence into new markets, securing robust distribution achievements, notably within Portugal.

In 2011, Offley wins one gold medal, at the International Wine Challenge, and 3 trophies, namely at Champion Fortified. The brand is present in the premium segment and its main markets are Portugal, Holland, Denmark and the USA. In 2016 it wins more than 20 awards in the most prestigious wine competitions worldwide.

A pivotal juncture in brand innovation materialized in 2019, as Offley embraced the burgeoning trend of mixed drinks. Introducing two novel products, Offley Clink — White Port Wine and Offley Clink — Rosé Port Wine, the brand sought to captivate new consumers, initially targeting the Benelux market, where Offley enjoyed a privileged position. This momentum extended into 2020, with the aforementioned launches proliferating across several markets. Subsequently, in 2021, the Clink segment pivoted towards a new ready-to-drink concept, expanded by the creation of Offley Clink Portonic. Packaged in convenient cans, this innovation harmoniously blended Offley Clink White and Rosé Port with tonic water, primarily aiming to resonate with younger consumers.

## **Silk and Spice**

Introduced by Sogrape and launched in 2016, Silk & Spice stands as a red wine brand renowned for its robust aromatic profile. It pays homage to the intrepid Portuguese sailors who navigated the globe. Crafted with the specific objective of penetrating the American market, this brand swiftly garnered favorable reception within its targeted destination.

By 2017, the brand achieved a remarkable milestone by surpassing sales figures of over 1 million euros. Since its inception, Silk & Spice has garnered international acclaim, earning prestigious distinctions and commendable ratings in notable publications like the “Wine Enthusiast” magazine.

In 2020, despite the success achieved, the brand decides to invest in advertising through social networks. In 2021, in addition to the destination market, they manage to enter markets such as Denmark and Russia.

## **Herdade do Peso**

Herdade do Peso, a red wine brand hailing from Alentejo, Portugal, derives its name from a property in the region. The brand was established in 1992 with the primary aim of showcasing the region’s virtues. In 1997, Sogrape acquired the property and initiated construction on the brand’s inaugural winery. The expansive Herdade do Peso encompasses approximately 160 hectares of vineyards, constituting 10% of Sogrape’s total vineyard expanse across Portugal, Spain, Chile, Argentina, and New Zealand.

Throughout its history, Herdade do Peso conducted numerous experiments to identify optimal soils, choose suitable clones and clusters, and uphold resource conservation principles. A reservoir spanning 20 hectares was also created to capture rainwater.

In 2009, Herdade do Peso stood out as one of the most lauded brands from Alentejo, both domestically and internationally. Recognizing the significance of oenology expertise, the brand assembled a specialized oenology team in 2010. A notable milestone was achieved in 2011 with a comprehensive reimagining of Herdade do Peso's visual identity, accompanied by a communication campaign centered around the theme "Deeply Alentejo."

In 2013, the brand established the Herdade do Peso Club — a consortium of restaurants acting as brand ambassadors — to enhance visibility within Portugal. Concurrently, Herdade do Peso launched a Facebook page and executed a nationwide communication campaign. The brand's prominence further surged in Portugal during this year, with notable recognition in the USA through various competitions. Of significance, Herdade do Peso embarked on a brand extension journey by introducing a rosé wine to the market in 2014.

In 2015, the brand's Trinca Bolotas wine secured a place among the top three most purchased Alentejo red wines priced between five and ten euros within the off-trade channel. To enhance brand distinctiveness, an additional advertising initiative named "Vidigueira de Corpo e Alma" [Vidigueira: Soul and Body] was launched in Portugal.

The year 2016 witnessed several brand introductions, including the Herdade do Peso Sossego range featuring white, rosé, and red wines, as well as the Herdade do Peso Essência do Peso wine. The momentum persisted into 2017, as the brand achieved a record sales milestone of 100,000 cases. Notably, this growth was concentrated in Herdade do Peso's primary market, Portugal, where significant marketing investments were directed.

2018 and 2019 marked consistent expansion for Herdade do Peso. However, the brand experienced a slight decline of 3% in 2020, primarily attributed to constraints faced by the off-trade channel in Portugal. Despite this setback, the brand continued to accrue national and international accolades, motivating Sogrape to maintain its commitment to Herdade do Peso through investments in new vineyards and winery expansion.

In 2021, the brand continued its upward trajectory in the primary market of Portugal while concurrently strengthening its presence in international markets, including Switzerland, the United Kingdom, Angola, and Canada.

## **DISCUSSION**

### **Internationalization of Sogrape**

Since its establishment in 1942, Sogrape has maintained a strong orientation towards international markets. The initial move into international expansion was marked by the introduction of Mateus wine, a product that brought two distinct innovations to the market: the production of rosé wine, a relatively less common variety at the time, and a uniquely designed bottle designed to “stand out on the shelf.”

Mateus wine was originally produced in the Douro region, specifically in Vila Real within northern Portugal. As the brand’s popularity surged, Sogrape recognized the necessity for varying wine volumes and began incorporating raw materials from other regions like Bairrada and Dão. This expansion into diverse regions facilitated an understanding of their unique contributions, prompting the exportation of a wider array of wines to international markets under newly introduced brands.

Capitalizing on its international experience, Sogrape strategically acquired additional brands to enrich its portfolio. This approach not only added value but also endowed the company with a repertoire of fresh offerings, advantageous during negotiations and interactions with clients.

The trajectory of Sogrape’s strategy has evolved over time, particularly after the 1990s, as the company intensified its focus on international markets. This emphasis prompted the establishment of localized operations within these markets. Embracing the concept of being ‘on the ground,’ Sogrape recognized the importance of engaging directly with markets, listening to clients, and promoting the wines — necessitated by the relationship-driven nature of the wine industry. This aligns with principles advocated by Kotler and Armstrong (2017) and Ribau et al. (2019), underscoring the significance of customer-centric approaches. In addition to managing the brand portfolio, organizations should also contemplate strategies for enhancing engagement, relationships, and customer experiences throughout the supply chain.

Sogrape maintains a presence in various international markets, including the USA, UK, Spain, Angola, Brazil, and China. For markets requiring localized attention, Sogrape prefers direct distribution to ensure market coverage. In contrast, in monopolistic markets where state regulations govern imports, Sogrape collaborates with a limited number of distributors. Notably, different distributors might oversee specific brands, particularly for wines targeting distinct market segments, such as restaurants versus supermarkets.

The wine industry exhibits a fragmented landscape unlike other alcoholic beverage sectors like beer. In Portugal, Sogrape dominates the wine market, alongside growing competitors such as Gran Cruz, Taylor’s, Esporão, and Abegoaria. On an international scale, Portugal exports between 800 and 900 million euros worth of wine, with

Sogrape accounting for approximately 13% of this total. Notable Sogrape brands like Sandeman and Mateus have gained international recognition. However, the competition includes larger global players like Yellow Tail and Casillero del Diablo.

Sogrape's market approach is categorized into the 'Big Four' and 'betting' markets. The former encompasses Portugal, Spain, the UK, and the US, while the latter entails markets with perceived growth potential, like the Nordic countries and Brazil. Tailoring specific approaches is imperative to address diverse consumer demands in these markets.

Throughout the internationalization journey, Sogrape encounters various obstacles, each unique to the respective markets. Key challenges encompass 'Route to Market,' regulatory compliance, and brand establishment. Distributor motivation within the 'Route to Market' can be unpredictable. Regulatory aspects, such as labeling changes and varying import taxes, introduce complexity. Navigating foreign regulations is essential, as they often differ from domestic norms, as highlighted by Paliwoda and Thomas (1998). Building brands in the wine industry involves intricate dynamics and narrower margins compared to sectors like spirits and beer. Brand building becomes more viable at a certain scale, contingent on creative strategies and prudent budget management. Furthermore, participation in events such as tastings is essential, given the wine industry's reliance on relationship-building and sensory experiences.

## **International Marketing: Strategies Embraced by Sogrape**

International marketing has become an increasingly imperative pursuit for companies, especially when competing abroad (Rana, 2020). Concerning competitive positioning and marketing strategies, Sogrape divides its product portfolio into two overarching categories: *Concept Wines* and *Estate Wines*. The former are associated with the wine's style, its symbolic representation, and the corresponding lifestyle. Notably, brands such as Mateus, Gazela, and Silk & Spice exemplify this category. On the other hand, Estate Wines establish a property linkage to specific regions, further subdivided into Premium Wines — such as Trinca Bolotas — and Fine Wines — chiefly exemplified by Herdade do Peso Reserva. Each category assumes distinct positioning tailored to diverse customer segments. For instance, Estate Fine Wines, characterized by limited distribution, small production volumes, higher pricing, and a focus on restaurants, occupy a unique space within the portfolio. Every brand is assigned to a category, thereby directing a specific positioning and strategic approach.

Sogrape embraces four growth strategies, collectively referred to as *Vineyards of the Future*. These strategies encompass proximity to business partners (customers and suppliers), portfolio optimization by bolstering successful brands and addressing underperforming ones, direct engagement with consumers — an essential facet in the wine sector, and a focus on expanding Estate Fine Wines, especially in the

international arena. In 2021, Sogrape recalibrated its strategy, refining it to address areas of enhancement such as sustainability and the advancement of Estate Fine Wines. Despite navigating the pandemic-induced crisis, Sogrape persevered with the strategy, even extending its application to unforeseen areas, including direct consumer sales. This strategic recalibration facilitated a discernment of priority areas for growth. Notably, online sales experienced substantial growth, the off-trade sector (retail/supermarkets) expanded, while the on-trade segment (hotels), once a prominent distribution channel, contracted significantly.

Given the extended lead time in the wine industry — spanning three to five years for vineyards to mature — Sogrape's strategy necessitates long-term vision. A significant aspect of internationalization, highlighted by the interviewee, is the pursuit of regions with substantial purchasing power. Notably, the USA's status as the world's largest wine import market underscored its strategic importance. To penetrate this discerning market, Sogrape introduced Silk & Spice, a brand stemming from an indigenous variety. The decision to omit details about the variety or origin on the label was driven by the challenge posed by numerous autochthonous grape varieties and obscure regions that are difficult for international consumers to pronounce. This complexity necessitates a simplification strategy to effectively resonate with consumers. Conversely, Argentina's straightforward monovarietal variety, Malbec, facilitated seamless communication and subsequent internationalization.

The creation of Silk & Spice entailed meticulous planning spanning several years, encompassing comprehensive market research on product attributes, wine quality, flavor profiles, nomenclature, and an encompassing marketing campaign. This initiative aimed to secure a foothold in the American market and achieve success, which materialized through quality endorsement by Key Opinion Leaders (KOL) and commendable scores in *The Wine Enthusiast*. Subsequently, Silk & Spice not only flourished in the American market but also ventured into other international markets. This endeavor meant Sogrape's resolute commitment to the brand's recognition, international expansion, and alignment with consumer preferences — an exemplar of an adaptation strategy.

In line with this, the recognition and cultivation of brand essence, coupled with value augmentation and effective market positioning, emerge as pivotal considerations, echoing the observations of De Chernatony et al. (1995) and emphasizing the broader significance of brands beyond domestic borders within the realm of international marketing (Whitelock & Fastoso, 2007).

The interview spotlighted brand profitability across the portfolio, albeit some brands falling short of pre-defined or anticipated objectives. It further emphasized that brand or product withdrawal necessitates transparent communication with distribution channel stakeholders. In several instances, price hikes are implemented to mitigate losses in market share, rendering withdrawal a more feasible option. The

evolving wine market trend towards ‘low quantity and heightened quality,’ coupled with an in-depth understanding of consumer preferences, underscores the value of Sogrape’s diverse brand portfolio — currently comprising 21 brands — enabling adept management and adaptation to distinct market landscapes.

## **Brand Management at Sogrape**

Sogrape boasts an array of brands within its portfolio, some resonating more with the general public, while others are better recognized among wine industry specialists. As previously mentioned, Mateus and Sandeman indisputably stand out as the most widely acknowledged brands, both domestically and internationally. Additionally, Casa Ferreirinha merits attention, particularly due to its pioneering role in the realm of Douro wines and the esteemed recognition garnered by the Barca Velha wine. It is evident that concurrently managing multiple brands poses a considerable challenge, prompting Sogrape to adopt a brand owner-centric approach. Consequently, Portuguese brands under Sogrape’s ownership are overseen from Portugal, whereas brands originating from Spain are managed by a subsidiary of the Sogrape group, Bodegas LAN. Similar arrangements are in place for brands stemming from other production origins, including New Zealand and Argentina, where autonomous management structures are also established. This strategic approach aligns with the principles outlined by Keller (2013) and De Chernatony et al. (1995), emphasizing the significance of harmonizing strategy with the geographical origin of a brand.

As previously noted, Sogrape is a business group that owns several brands and companies both in Portugal and abroad. Accordingly, Sogrape embraces a comprehensive 360° central management brand policy, aiming to integrate insights from diverse markets. The 360 strategy delineates brand positioning, global investment strategies, product launch decisions, market allocation, and external communication approaches. Sogrape thus molds its strategies in accordance with its stage of internationalization, as elucidated by Fan (2008) and Couto and Ferreira (2017).

Concerning wine distributors, whether wholly owned by Sogrape or otherwise, brand management is conducted locally. To illustrate, within Sogrape Distribution, the 360-strategy prescribed at a centralized level — pertaining to brands such as Mateus or Gazela — is conducted locally. Consequently, the local brand manager and their team are tasked with formulating a brand marketing plan that entails outlining the annual local brand management scheme, which necessitates endorsement from Sogrape upon completion. An instance exemplifying this involves an event organized by a distributor in collaboration with a prominent retailer — an element that should be encompassed within the locally devised plan.

On an international scale, given the expansive array of markets, the optimization of all brands may not be feasible. Nevertheless, their combination ensures a balanced portfolio. Furthermore, the cyclical nature of the wine business, intrinsically linked to yearly harvests contingent on various external variables, underscores the importance of meticulous brand investment analysis to facilitate internationalization. Hence, it becomes apparent that a hybrid strategy, combining standardization and adaptation tailored to each market, is integral to brand management within Sogrape. This approach echoes the insights of Vrontis and Thrassou (2007), who emphasized its efficacy as a “recipe” for attaining customer satisfaction and fulfilling organizational objectives.

### **Sogrape’s Brand-Based Innovation**

It is important to be aware of new consumer trends, particularly within a company operating in a relational industry where direct engagement with customers constitutes a bedrock for brand success. It is even more important when crafting brands and products suited for distinct market segments.

In the present landscape, consumers, on the whole, exhibit a preference for wines characterized by elegance, lower alcohol content, and packaging that is both accessible and convenient. Frequently, even when a brand has already established its presence within a market, the need for repositioning arises. A case in point is the Mateus brand in the American market, as emphasized by Sogrape’s Head of Marketing. In the 1980s, the USA served as the primary destination for Mateus Rosé wines. However, over subsequent years, the brand’s presence in the market stagnated, marked by minimal updates. Gradually, the brand experienced a natural life cycle trajectory in the US, eventually declining. Recognizing this passive progression, Sogrape undertook a more assertive strategy in 2018 and 2019. Faced with the challenges posed by maintaining Mateus Rosé Original in the market due to its low positioning and high costs, the decision was taken to withdraw it. Despite discontinuing the original product, the brand was revitalized through the introduction of Mateus Dry Rosé — a product tailored to American consumers’ preferences for an elegant and lighter wine compared to the original iteration. This strategic maneuver effectively repositioned the brand within the market, augmenting value through the new product. This approach is in line with reactive strategies noted by literature authors (Brexendorf et al., 2015; Keller, 2013; Pecot & Barnier, 2017), wherein tradition and innovation harmonize. The intricacies of brand evolution are evident: a brand encompasses multiple associated products that traverse diverse market landscapes. A brand’s growth trajectory may be continuous or may plateau at maturity, yet its range of products can span disparate life cycle stages. The interviewee underscored the dual necessity of innovating through the core product — often linked to the brand’s essence — while concurrently launching novel products

to explore fresh dimensions of market innovation. Innovation at Sogrape extends beyond wine attributes, extending into packaging and labeling domains. Examples include the adoption of bag-in-box packaging for markets within the Scandinavian peninsula and the packaging of wine in metal cans to cater to brands appealing to a younger consumer demographic. It is apparent that effective innovation necessitates the communication of incremental brand updates to consumers via well-structured, thoughtful storytelling, fostering a sense of proximity, as emphasized by Paliwoda and Thomas (1998).

The key themes discussed in this section are synthesized within Table 4.

*Table 4. Discussion summary*

Internationalization of Sogrape	International Marketing - Sogrape's Strategies	Brand Management	Sogrape's Brand-based Innovation
<ul style="list-style-type: none"> <li>● Sogrape started to export other wines, after Mateus, with the presence of new brands;</li> <li>● After the 1990s, Sogrape started to create small operations in international markets — “on the ground” concept;</li> <li>● Sogrape prefers to ensure its own distribution in USA, UK, Spain, Brazil and China because these are markets that need local presence;</li> <li>● It is responsible for 13% of wine exports in Portugal;</li> <li>● Sogrape divides its markets into two fronts: the Big Four and the “betting/gambling” markets.</li> </ul>	<ul style="list-style-type: none"> <li>● Sogrape’s portfolio is categorized into Concept Wines and Estate Wines;</li> <li>● Four growth strategies are in place, with an ongoing drive for improvement;</li> <li>● Implemented strategies have a long-term focus, aiming to tap into purchasing power, exemplified by Silk &amp; Spice;</li> <li>● Sogrape’s brands exhibit profitability; however, discontinuation strategies require valid justifications;</li> <li>● The wine industry is shifting towards quality emphasis, and Sogrape is actively engaged at this level.</li> </ul>	<ul style="list-style-type: none"> <li>● Mateus and Sandeman are the most recognized brands in the national and international market;</li> <li>● Sogrape’s brand management flows a brand owner logic and 360° central management brand policy;</li> <li>● Not all brands are optimized, but the brand portfolio is balanced with the combination of different brands;</li> <li>● To balance the brands’ portfolio, Sogrape uses a mixed strategy (standardization and adaptation to each market).</li> </ul>	<ul style="list-style-type: none"> <li>● Sogrape is part of a relational industry;</li> <li>● It is important to be aware of new consumer trends;</li> <li>● Some brands that are already in the market need to be repositioned;</li> <li>● It is important to innovate through the original product;</li> <li>● Innovation across wine characteristics, packaging and labeling.</li> </ul>

## Case Wrapping Up

Internationalization serves as a pivotal catalyst for brand development and growth. Sogrape has been committed to this strategy since 1944, when it introduced Mateus to the Brazilian market, effectively establishing it as the most recognized Portuguese wine brand on a global scale. Mateus has continually evolved and diversified its wine offerings, effectively positioning itself within the diverse markets it serves.

This initial incursion into international markets provided Sogrape with the impetus to expand its internationalization efforts, fostering the introduction of new brands into global markets with exceedingly positive outcomes. A standout example is Sandeman, a brand that enjoys a significantly higher percentage of international sales compared to its sales within the Portuguese market. Its remarkable success has been acknowledged through numerous prestigious international awards, thereby solidifying Sandeman's status as a global brand within the Sogrape portfolio. Similarly, Mateus and Sandeman are regarded as global brands for Sogrape. Several other brands have also demonstrated exceptional performance and are classified as aspiring global brands, including Casa Ferreirinha, LAN, Porto Ferreira, Gazela, and Offley. This impressive array of brands manages a substantial portfolio of diverse products and wines.

Casa Ferreirinha, while prioritizing the domestic market, has also strategically invested in other geographical markets such as the US and the UK. The LAN brand, through its innovative approach, has adeptly carved a distinguished reputation in the markets it serves, particularly across the American continent. Brands like Porto Ferreira, Gazela, and Offley have effectively penetrated new markets, yielding results that have garnered international acclaim.

Considering its strong internationalization and portfolio of consolidated brands, Sogrape plays a very important role in wine exports. Sogrape's big four markets are Portugal, Spain, the UK and the USA.

Examining the brands spotlighted in this section, Sogrape holds ownership of four brands in the Port wine segment. These include: a) Casa Ferreirinha: This was the initial brand acquisition that facilitated Sogrape's entry into the Port wine sector. It remains one of the cornerstones of Sogrape's portfolio and holds significant importance. b) Sandeman: Positioned in the premium segment, Sandeman stands out as a distinguished brand, fortified by its international acclaim; c) Porto Ferreira: A leader within its category in Portugal, Porto Ferreira is a prominent presence in Sogrape's portfolio; and d) Offley: This brand caters to a segment that resonates with a younger audience, positioning itself effectively for this demographic.

The strategic significance of these diverse brands varies across different geographic markets, both domestic and international. Mateus, originating from Sogrape, has secured a substantial position within Rosé wines, standing as one of the company's most significant brands. Gazela, conceived by Sogrape, strategically targets the verde wine segment, characterized by its youthful and fresh image. Herdade do Peso is distinctly recognized as part of Alentejo's wine offerings. The acquisition of LAN was a calculated move by the Sogrape group to capture market share within Spain. Silk & Spice, tailored specifically for the American market, serves as a pivotal brand given its substantial contribution to Sogrape's overall sales within this key market.

To ensure the success of internationalization, the company must adopt strategies attuned to the diverse clientele across various countries. Hence, investment in international marketing is a crucial and unavoidable aspect of this endeavor.

As presented above, Sogrape used several modes of entry in international markets. Notably, the company initially embraced the strategy of exporting, which represents a fundamental and secure approach to entering global markets. This approach propelled Mateus and Sogrape into the international spotlight. Similarly, Casa Ferrerinha, though primarily concentrated in Portugal, leverages exports as its primary avenue to penetrate significant international markets including Angola, Brazil, Germany, the USA, and France.

Sandeman, exemplifying Sogrape's international maturity, operates independently from the UK, catering specifically to the UK market while also serving markets such as the USA, Russia, France, and Germany. On the other hand, LAN serves as a prominent example of foreign direct investment, with Sogrape entering the Spanish and South American markets through its acquisition in 2012. This strategic move extended beyond core wine business, encompassing investments in vineyards, wine tourism, sustainability, and biodiversity.

Sogrape's extensive international experience is reflected in its multifaceted modes of entry, including direct and indirect exports, as well as foreign direct investment through acquisitions of land, vineyards, companies, and brands. This accumulation of international expertise positions Sogrape as a significant player within the global wine market.

In addition, based on this international experience, Sogrape has been able to invest in domestic and international brands and has sought to diversify its portfolio by segmenting and positioning its wines for various markets, both geographically and by type of wine, investing in brand equity as specific as possible and as global as possible while respecting local awareness and the need for global outreach.

Sogrape's strategic goal is to improve its positioning in *Estate Wines*, more specifically in *Estate Fine Wines*. Accordingly, this strategy has been applied in several brands: Casa Ferreirinha, with the Papa Figos wine, Quinta da Leda and Callabriga; Sandeman is also positioned as a premium brand, even renewing its image to strengthen this positioning; Lan; Porto Ferreira; Offley; and Herdade do Peso. Also, Mateus presents a premium wine in France, demonstrating that different strategies are applied in different markets.

In a different vein, certain brands target younger market segments. Gazela, for instance, rebranded in 2017 to resonate with its target demographic and introduced innovations like canned wines and sangria to engage non-wine consumers. Mateus also underwent design changes to connect with younger audiences. Offley diversified into the young segment with canned wine for mixing with tonic water.

Advertising campaigns serve as pivotal tools for positioning and engaging with target audiences. These campaigns focus on *Concept Wines*, which consumers can readily purchase from the off-trade market. Advertising endeavors aid consumers in perceiving and positioning brands, such as Gazela as a youthful and vibrant wine. Gazela is particularly active in communication, launching numerous advertising campaigns with associated slogans, each resonating with relaxed moments in good company such as “No one can resist” to “to Gazelle non-stop.”

Other brands also invest in communication efforts. Mateus utilizes social media actions, website development, and platform advertising. Sandeman engages in television advertising and maintains an informative website. LAN leverages advertising campaigns to convey its new image, while Porto Ferreira employs its brand’s entrepreneurial spirit as a driving force for communication, including a planned exhibition. Herdade do Peso uses communication to differentiate itself and solidify its position in the market as an emblematic Alentejo wine.

Wine tourism also plays a crucial role in promoting wines and the encompassing culture. It not only aids in advertising but also contributes to cross-subsidization with related businesses like vineyards and wine tourism facilities. LAN exemplifies this trend in Spain, utilizing wine tourism to introduce its history, culture, and wines to the local surroundings. Other brands, such as Sandeman and Porto Ferreira, have also embraced wine tourism as a means of communicating their culture and heritage. For instance, Sandeman offers experiences at Quinta do Seixo and Sandeman Cellars, while Porto Ferreira showcases the life and legacy of Mrs. Antónia Adelaide Ferreira. This ethos extends even to international locations, with a winery in Framingham, New Zealand, offering visitors insight into local vineyard production.

Brand management at Sogrape involves a clear and deliberate strategy aimed at adapting to external factors, balancing the brand portfolio, and prioritizing specific brands. This selection is based on factors such as recognition, sales value contribution, competitive advantage, global development potential, profitability, and growth. The brand management approach adopts a brand-owner logic, incorporating a 360° strategy encompassing central decisions and localized execution.

Considering that the business group is positioned in a purely relational sector, where contact and understanding customer preferences is crucial, the various brands have shown an interesting evolution in this direction, not only in terms of the characteristics of the wine itself, but also in terms of packaging and labeling.

In this sense, we have one of the main brands of the group, Mateus, with the change of the color of the bottle, as well as changes in the characteristics of the wine itself depending on the destination market. Sandeman, also introduced packaging updates in the last decade in order to enhance brand attractiveness and modernity. Casa Ferreirinha innovated and recovered traditions with the addition of unique olive oil to its portfolio. LAN also launched new wines for its target markets. Herdade

do Peso, along with the launch of new products, also opted for a strategy to renew the brand's image. Gazela has adapted its image several times throughout the 21st century and launched wines targeting younger segments and low-alcohol wines lovers. In addition, it has also started to package its wines in cans more recently. In the same vein, Offley also seeks a younger image and also chooses to follow the mixed-drinks trend.

The overarching theme across these adaptations is the alignment with evolving market trends, catering to consumers' preferences for lighter, elegant wines with lower alcohol content, and convenient packaging. Sogrape's acquisition and creation of new brands over the years serve as innovative strategies, allowing the company to flexibly adapt to different markets.

Through a comprehensive analysis of these brand trajectories and strategic implementations, it is clear that Sogrape continually strives for better outcomes in the future while retaining a firm grasp on its past to preserve the roots and identities of each brand.

## **CONCLUSION**

International marketing is a critical component for organizations aiming to establish a global presence. For this reason, companies must incorporate a clear market orientation into their organizational strategies. Sogrape stands as a clear illustration of the necessity to closely connect with international markets through differentiated international marketing strategies. These strategies should be tailored to both the business unit level and the product level, as generic and standardized approaches are often inadequate. In Sogrape's case, each brand and wine is managed by distinct business units under the umbrella of the headquarters, allowing for the adaptation of marketing strategies to local markets.

As elucidated in the preceding sections, Sogrape possesses a diverse portfolio of brands, each strategically positioned within various wine market segments. Navigating the management of multiple brands across diverse global regions is a nuanced endeavor. Sogrape has developed an integrated brand management approach that aligns with the specific target audiences, although the implementation of marketing strategies for different products and markets is typically delegated to respective divisions, thereby enabling more localized strategies.

For successful internationalization and effective brand management, organizations must demonstrate innovation by tracking emerging trends and consumer preferences. Sogrape embraces this imperative, making adaptive modifications in response to consumer preferences in various markets. Notably, the use of bag-in-box packaging is an example of such adaptations, introduced in select countries.

Drawing from secondary data research and conducted interviews, the two initial questions posed at the beginning of the study can be addressed. First, concerning Sogrape's role as a conglomerate of multiple wine brands and its contribution to international recognition, it is evident that Sogrape prioritizes brand strategies and positioning for international success. Consequently, Sogrape is globally recognized by its customers primarily through its brands, notably Mateus and Sandeman. Additionally, Sogrape's brands are strategically designed to cater to diverse market segments and are positioned accordingly.

In addressing the second question about the significance of brand diversification in market segmentation, the adoption of diversification strategies has enabled various divisions within the Sogrape group to effectively target diverse wine segments, engaging a wide range of consumers with distinct preferences and needs. The brand portfolio, encompassing a variety of wine types such as verde, Alentejo, Rosé, and sparkling, has empowered Sogrape to enhance its internationalization endeavors. The organization implements mixed strategies of standardization and adaptation, centralizing decision-making while also empowering subsidiaries with the management and commercialization of products.

The imperative to establish a presence across various geographical segments has also significantly influenced the modes of entry into diverse international markets. Brands have, therefore, become conduits for both export and foreign direct investment strategies, facilitating Sogrape's penetration into a multitude of global markets. Moreover, the range of brands Sogrape has developed overtime has facilitated a diversification strategy paving the way for various international markets.

Nonetheless, it is important to note a limitation of this study — its generalized approach. While the role of brands was examined broadly, the study did not delve into the intricate details of each of the 21 brands within Sogrape's portfolio. Furthermore, the distinctiveness of Sogrape within the Portuguese wine industry demands caution when generalizing findings from this case study. The qualitative nature of the study also accentuates the need for careful consideration when applying its conclusions to other contexts.

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