

*Department of Business and Management, Chair of Marketing*

## **SUMMARY**

### **A Breakthrough Wine Concept**

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The Portuguese wine market model is traditionally based on attributes such as region, grapes and enologist, which makes an educated choice of the wine by younger consumers a difficult and uncomfortable process.

After a desk research, it was possible to understand and get a deeper knowledge about what consumers value, their habits, their motivations, especially in relation to young consumers.

The first stage of the desk research was related to the wine consumption in the world. Wine is increasingly present in consumers' life, becoming a lifestyle beverage among all generations. However, each generation has already specific values, behaviors, and the same happens in relation to wine. Each generation perceives wine very differently, presenting distinctive wants and needs that is why age segmentation is becoming more and more important. This research has a special focus on young consumers.

There are different groups of wine consumption motives such as self-expression, recreation, sociability, health, style, food, pleasure, tradition, fun and intellectual challenges, which differ depending on situations.

Research also proved that there are differences across generations, in relation to consumption situations, proving that young consumers consume wine more than other generations at bars and formal celebrations, once wine is perceived as a social beverage.

Young consumers are becoming more interested in the wine market. However, they bring new changes and demands to the market and advertisers, not only because they are still inexperienced in the process of choosing wine but also because they have grown up with digital technology and internet, so advertisers and wine producers should change their strategy to fit with consumers needs.

There are additional factors concerning the choice of the wine. Two categories of choice attributes can be distinguished: the extrinsic and the intrinsic attributes. The first are the ones that are not related to the physical attributes of the wine, such as the shape of the bottle and the label. Extrinsic attributes can still be divided into two subcategories: the attributes that can be modified without changing the product (e.g. price) and the attributes that are related to the product itself (e.g. grape variety). The intrinsic attributes are the ones that include the physical attributes of the wine, such as color and level of sugar. Country and region of origin, brand name, grape variety, and volume of alcohol are within the most influential characteristics when choosing a wine.

Since, in most of the cases, wine can only be tasted after the purchasing moment, there is a certain risk associated with the wine choice, so regularly consumers search for additional information near friends, family and experts, in order to minimize this risk.

The second stage of desk research was focused on Portuguese consumers and market. Portugal is one of the biggest wine producers in the world, however the value and volume of wine production have been contracted due to the economic crisis that affected the country since 2009.

The importance of wine production in the Portuguese economy is undeniable. It has a significant share in Agricultural Production; it contributes positively to the external trade balance and generates employment and income in other important sectors of activity like cork. The wine market is composed by fortified wine, sparkling wine and still wine, being this last one the largest segment of the wine market in Portugal.

Taking into consideration consumption habits, red wine is the most frequently consumed, followed by white. In general the majority of consumers are not willing to pay more than 10€ in any situation of wine consumption. Price is considered by the consumer one of the key factors in the choice of wine. It has a great influence in the purchase decision process where consumer knowledge about the quality of wine may be limited.

The favorite places to purchase wine are definitely hypermarkets and supermarkets, where consumers like to make their choice from a wide range of wines.

Consumers usually consume wine at dinner time, weekends and special occasions being the “social” component of wine consumption an area of growth among the younger consumers.

After desk research, it was possible to identify the needs of younger consumers and the way they perceive wine, as a social beverage, that helps them socializing and connects them to people.

The purpose of this work is to develop a hypothesis of a wine based on what young consumers value, such as the bond that drinking wine creates such as friendship, instead of the traditional attributes. This new wine will break its connection with tradition, becoming a modern product, directed to an unconventional target that is increasingly consuming more wine. It will assure that it is the correct choice for situations where the group is present, thereby reducing the risk associated with the choice of wine, which makes the consumer's life easier.

The target chosen for this new positioning is wine consumers from 18 to 30 years old. The reason behind this is that they are more likely to have an “open mind” without preconceived ideas than older people. They are usually willing to break with “the

traditional” as mild transgressors and the ones to whom region, grapes, enologist matter the least.

The next phase of the project was based on qualitative research. Two exploratory group dynamics were conducted. The first was based on the consumption of alcoholic beverages, more specifically wine and in the end the concept of Mata Ladrões was introduced. Several insights were found:

- The majority of interviewees feel some risk during the choice of wine, once they “do not understand anything about” the traditional attributes of wine and most of the wines promote exactly those attributes for its purchase;
- The communication, word-of-mouth and presence in social networks are important to promote the wine and create brand awareness; individuals show the importance of opinions from friends or more knowledgeable people in order to try it;
- The price and “have heard about it” are important factors when choosing wine;
- “Being together” is what individuals value the most when they are going out with their friends;
- There was clearly an acceptance of the concept;
- The name was not in line with the “group” concept;
- The “group” concept should not be overly emphasized in marketing because it implies lower quality and consequently a lower price;
- The differentiation should not only be in the concept but also in the physical attributes of the wine, mainly the bottle and the label; individuals proved the importance of irreverence in the label to catch their attention;

The second dynamic started with the placement of the brand Mata Ladrões and its main competitors in the perceptual maps. After two mock concepts were presented: the first “Friends Connection” and the second “Risk Elimination”; each of them was associated with a “story”, where the concept was explained. It was asked to the group to give some feedback about both concepts, which allowed the collection of new findings and the reinforcing of others:

- There was some difficulty with the meaning of “irreverent”; the word is very “strong” and some individuals do not like to be called “irreverent”;
- The meaning of “irreverent” is associated not only with the concept of the wine but also with its transmission (advertisement), the label on the bottle, basically with the way it is presented;
- The “Friends Connection” concept was valued due to “brings friends together”, which reinforces the idea previously found; on the other hand, this concept was criticized for being dubious; some individuals were not 100% sure if they would be willing to buy this wine;
- The “right choice” in the “Risk Elimination” concept was highly valued; individuals felt trusting because the product cares about their choice;
- The traditional choice criteria (region, grapes, enologist...) is something that the youngest consumers are not very comfortable with, which makes their choice more difficult most of the time.

These insights implied some adjustments to the previous concepts and positioning, with the main goals of creating the perfect match between the concepts and the target needs.

The next phase was to conduct a quantitative research through an online questionnaire. It allowed the collection of information of a larger sample and also the statistical generalization. The results from the questionnaire will finally indicate the possible viability of the both concepts previously created.

The survey included questions related to the consumption of alcoholic beverages, its consumption frequency and occasion. Then, the two concepts “Friends Connection” (Concept 1) and “Risk Elimination” (Concept 2) were introduced and several questions were made about each one of the concepts.

Several insights can be highlighted:

- Concept 2, is the preferred;
- Respondents are more likely to buy concept 2 instead of concept 1;
- Respondents identify themselves more with concept 2;
- The percentage of respondents who dislike is higher for concept 1;
- The amount of money that respondents are willing to pay is more or less the same for both concepts, being the 2€-3.99€ the class with higher percentage; followed by <2€ class in case of the first concept and 4€-5.99€ class for the second;
- The most valued thing in the first concept is the friendship, friends and bonding while the least valued is the devaluation of the traditional choice criteria;
- The most valued thing in the second concept is the fact that the wine is an easy choice and drinks well, whereas the least valued is the name and slogan.

Once, the viability of the second concept “Risk Elimination” was proven, it was developed a marketing plan to properly launch the wine in the market.

There are some aspects that should be considered in this phase. Mata Ladrões is a new brand that will be launched in a very competitive market. The timeline for this project has 5 important timing phases: 3 months, 6 months, 12 months, 2 years and 3 years. The goals and objectives proposed are within this timeframe.

The first goal is related to awareness. For the first 6 months, 12 months, 2 years and 3 years the goal is to achieve 12,5%, 15%, 20% and 25% of awareness respectively. The second goal is focused on the achievement of 12.5% of trial. Finally, in relation to retention, the goal is to achieve a 6.5%. Through all these goals, it can be predicted that Mata Ladrões will achieve a Net Profit of 707.972,6€ in the end of the first year.

The 4P's of marketing - product, placing, price and promotion - were focused on irreverence and digital media/internet. Through the research made, it was found that the label and shape of the bottle should also be different to match to the irreverence of the concept and to catch consumers' attention; it was also highlighted that young consumers have grown up with digital media and internet so the promotion of the product should be strong on the internet. As a consequence of being present on the internet, the virality of the brand will increase and consequently its word-of-mouth, a very important aspect also referred during the exploratory groups dynamics.

The importance of this work lies on the confirmation that there is space, acceptance and financial viability for an innovative product that has been living a traditional path since the beginning of its production. Mata Ladrões comes to break with tradition, with the conventional methods of selling wine.