LISBOA SCHOOL OF ECONOMICS & MANAGEMENT

MASTER OF SCIENCE IN MARKETING

MASTERS FINAL WORK

PROJECT

RESEARCH ON CHINESE GRAPE WINE CONSUMER BEHAVIOUR AND STRATEGY FOR PORTUGUESE WINE IN CHINA

URBANO RUBEN COITO NEVES DE OLIVEIRA

SEPTEMBER - 2013

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SUPERVISOR:

PROF. DR. MARIA FERNANDA PARAGANA ILHÉU

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Abstract

Understanding the market characteristics and consumer behaviour are the main factors to achieve success in any country. However, China has specificities that are very different from what marketers are used to. This study aims to research the consumers' behaviour in terms of purchase and consumption, as well as, their perception towards Portugal, its' products and wine. It also intends to create a strategic marketing plan that can serve exporters that want to enter the Chinese market. To this end, an online survey was administered to a selected sample of Shanghai's population. As a result, it was concluded that Portuguese products may have a chance to enter this market, if they are presented in the right places, with the right prices, if it can get to the right people and publications but, especially, if the business relation and country brand are well managed.

Key words: Consumer behaviour, Country-of-origin effects, Marketing Planning, Chinese market, Portuguese grape wine

Acknowledgments

This was a challenging project, which could only be achieved with the help of my supervisor. Professor Fernanda Ilhéu was a major help and inspiration during all the process, especially when I was in China.

I would also want to thank Professor Rui Brites, with him I understood how to be humble and comprehend that failing is part of the game.

A special thanks must be addressed to all the Chinese students and professors of Shanghai International Studies University (SISU) that helped me in a time of need, in particular to Victoria who translated my questionnaire.

I have to thanks my parents for believing in me and providing me the opportunity to have a higher education and my friends, for being there when they are needed.

Last, but not the least, my girlfriend became involved with my thesis almost as much as I did. Without her support, this study would not be possible.

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I. Introduction

Despite its long isolation from the world (Kurlantzick, 2007), in 2001 the Chinese government promoted several policies in order to “Go Global”. Those encouraged Chinese companies to internationalise, though in accordance with national interests and objectives (Ilhéu, 2010). This new policy also opened China to the world’s products and their purchase and consumption has been growing ever since, grape wine is no exception.

While wine consumption in most European countries is levelling out, the Chinese market has grabbed the world’s attention with high growth – 67% and 81% by volume and by value respectively, in 2009, and 92% by volume in 2011 (AICEP, 2011). Although the biggest players in the wine market (France, Australia, Italy, Spain, etc.) have had a strong presence in China for years, new brands of different origins are gaining market share every year (EU SME Centre, 2011).

Although the demand for wine in Europe is decreasing, the demand in Asia is growing. China, in particular, can become the largest wine consumer in the world over the next three decades. (Camilo, 2012)

In Popular Republic of China, in 2010, grape wine sales grew 12%, corresponding to 3.9 billion litres, during the same period red wine sales grew 22%. Nonetheless, rice wine (*mijiu*) is still acknowledged as the most traditional wine in the country. National players dominate the Chinese wine market: Yenta Changyu Pioneer Wine has the largest market share (9.2%), followed by COFCO Wines & Spirits (9.0%) and Yantai Wilong Grape Wine (4.9%). (AICEP, 2011)

Portugal, which is usually recognized for its’ wines quality and diversity, has the 7th largest vineyard area in the world and it is the 11th wine exporter with a volume of 230 million litres – 2% of the world’s wine export (OIV, 2011). In 2010, the Portuguese wine exports to Popular Republic of China have grown 155%, corresponding to 7.4 million USD; as for Hong Kong, 2.1 million USD (123% growth); 0.44 million for Taiwan (increase of 99%); and, in Macau, the exports declined 5.8% to 6.1 million USD (AICEP, 2011). In 2011, the exported grape wine, in volume, to Mainland China was 4.4 million litres and in 2012 it was 3.9 million litres (Instituto da Vinha e do Vinho, 2012).

In markets such as France, Italy, Germany, Spain and Portugal, consumer characteristics and behaviour are not a topic of great interest to scholars, considering that "wine is already an integral part of European culture and consumption begins at such a young age" (Camillo, 2012).

1.1 Objectives

The research at hand adds to the existing literature and provides a new perspective on wine purchasing and consumption behaviour of Chinese consumers. This study additionally aims to create a plan for Portuguese grape wine to succeed in the Chinese market – "competitive advantages can be drawn for organizations that act in global markets" (Jaffe & Nebenzahl, 1984). Therefore, this study's objectives are:

- Research Chinese wine consumers' purchase and consumption behaviour;

- Research Chinese wine consumers' perception of Portugal general attributes, Portuguese products attributes and about Portuguese wine;

- Create a Strategic Marketing Plan for the Portuguese wine in China.

With these objectives in mind, the following literature review will focus on consumer's behaviour, country-of-origin effects and strategic marketing planning.

II. Literature Review

2.1 Consumer Behaviour

Consumer Behaviour is defined as "the study of the buying units and the exchange processes involved in acquiring, consuming and disposing of goods, services, experiences and ideas". (Mowen & Minor, 1997; p. 5)

Mowen & Minor (1997; p. 3) suggest that the study of cross-cultural processes and people's reactions in different countries is fundamental to international marketing.

Culture can be defined as the socially acquired behaviour patterns, passed through language and other means to the members of a particular society. Norms, or rules of behaviour, create orderliness to society; values define what is good, right and important. (Mowen & Minor, 1997, pp. 556-557) (TABLE I)

TABLE I - CROSS-CULTURAL PROBLEMS

Translations	Marketers must be aware of the problem of translating brand names into new languages (ex: in China there are various dialects)
Time perception	Important situational factor influencing consumers
Symbols	Things that mean one thing in one culture may not mean the same in other cultures
Friendship	In some cultures, friendship replaces the legal or contractual system
Etiquette	May vary in different cultures which can create discomfort and misunderstandings
Nonverbal behaviour	Actions, movements and utterances that people use to communicate in addition to language
Ethnocentricity	Tendency of people to see their own group as the centre of the universe and reject persons who are culturally dissimilar
Binational products	Consumers are usually influenced by their view on country(ies)-of-origin

Source: Mowen & Minor (1997; pp. 634-637)

2.1.1 Chinese Wine Consumer

Asian wine consumption behaviour is affected by globalization, particularly in what concerns to economic, socio-cultural and technological factors – "driving forces" (Lee, 2009). In China, there is a cultural tradition of consuming alcoholic beverages, though the habit remains, the amount of alcoholic drinks available has grown significantly. Considering the health benefits associated with wine consuming and the rising of disposable incomes of China's middle class, beer and spirits are being substituted by consumers. (Noppé, 2012)

TABLE II - CHINESE WINE DRINKING CUSTOMS

- Tea remains the number one beverage in China – 50 billion litres consumed
- Wine consumers are in economic growth regions – Beijing, Guangzhou and Shanghai
- 80% of the wine consumed is red – associations with happiness and celebration
- Imported wines are more popular among the younger generation and expatriate community – Shanghai
- More older, wealthy executives are becoming familiar with western wine culture
- Consumers will purchase the product if the price is right and they can taste it first
- Majority of wine purchases are made during the major holidays – New Year, Spring Festival and Mid-Autumn Festival
- Wine is rarely consumed with everyday food/meal
- Wine as an alternative to beer and spirits
- Mixing wine with soft drinks, result of lack of quality wine – Coca-Cola with white wine and Sprite with red wine
- Promotion: Sprite bottle tapped to wine packages
- Wines are consumed to get drunk, in shots, instead of sipped for taste – even high-end premium wines are often consumed this way
- Wine is thought to have healing power to SARS (Severe Acute Respiratory Syndrome) and to take the edge off more brain-bending forms of alcohol
- Wrapped boxes with a bottle of wine, corkscrew and wine glasses are popular gift items, often re-wrapped and given several times
- Wine is bought for status, either for themselves or the person they offer it to.

Source: Noppé (2012)

Composed by a numerous population, Chinese market offers opportunities for all “stakeholders, exporters, importers, wholesale distributers, retailers and hospitality operations” (Camilo, 2012).

Deloitte (2010) proposes that in order to “win the wallet of today’s Chinese consumers” marketers have to take into consideration that:

- International brands are marketable to a consistent share of the population across city tiers;
- Brand image influences men’s choices more than it does women’s;
- Value for money is eclipsing brand as the top criterion for purchases;
- The Chinese consumer is willing to experiment and try new brands, products and services;
- Consumers in China have unclear perceptions about many brands and products, which present opportunities as well as challenges;
- Consumers are unwilling to pay a premium for abstract concepts.

Differently from what wine companies are used to in western countries, Chinese consumers are uneducated about wine, but they are also emerging and curious. (Camillo, 2012)

Consumers need to be informed, better educated and willing to invest time, money and energy to understand more about wine. A consumer that knows more about what he is buying may well be willing to learn more about it. Both retailers and hospitality operators need to comprehend that wine cannot be positioned as something that can only be consumed by a wealthy and educated elite. (Hussain *et al*., 2006; Camillo 2012)

Accenture's (2010) also suggests that the majority of Chinese consumers welcome wine brands from other countries. However, it must ensure that the products are being marketed according to consumers' needs and wants (Camillo, 2012). So, in order to fully understand the consumption behaviour of wine consumers in China, it is crucial that "consumers' demographic characteristics, country history, cultural heritage and supply chain logistics are investigated" (Camilo, 2012).

Nevertheless, Chinese markets change constantly, which makes it difficult to conduct business. Accenture (2010) conducted a study focusing in the Chinese market and discovered several consumer segments. The most significant were:

1. Young Royals: professional men and women in their thirties, who have the highest disposable income.
2. Aspirationals: a mix of young male and female consumers, who are highly brand-conscious but favour brand names that are affordably priced.
3. Established money: older men and women with above-average incomes, who want the latest in technology and high-end/exclusive products.
4. Patriots: middle-income consumers, who eschew the latest generation products for long-established local brands in some product categories.

Yvon (2007) suggests that wine consumers with significant disposable income can be divided demographically in three categories: "the Elite", "the Nouveaux Riches" and "the Gen-X". (TABLE III)

TABLE III - CONSUMERS WITH SIGNIFICANT DISPOSABLE INCOME

Categories	Characteristics	Consumer Behaviour
The Elite	Senior executives, successful business people, high-ranking officials and politicians with international exposure	Understand how to be wine collectors, purchase quality wines from international wine merchants and know how to purchase wine in restaurants and home
The Nouveaux Riches	Became wealthy during the past decade	Buy wines at specialized retailers, fine ethnic restaurants and pricy restaurants
The Gen-X	Aged between 25-40, young professionals, open to western culture, true to their heritage, willing to experiment new things	Consume in trendy bars, Chinese and western restaurants, offer as gift

Source: Yvon (2007)

If on one hand there are some similarities with western countries, on the other hand Chinese upper middle-class drinkers prefer to go online – 13 million people access Internet frequently – to look for wine information, using social media as a preferable source. They are reluctant to rely on recommendations of shop staff or word-of-mouth from friends and family. (Noppé, 2012)

Spawton (1991) proposes that when it comes to buying behaviour the attributes that affect purchasing decisions the most are: perceived risk, brand, label, price, product, experience and knowledge of the product. These are more important when "consumers buy wine in restaurants on special occasions". (Camillo, 2012)

Ehrenberg (1988) suggests that there is a correlation between current and past usage of a brand and consumers' attitudes towards it. Jenster and Jenster (1993) state that the crucial criterion in wine purchasing is personal familiarity, which is related to brand awareness. This occurs particularly in restaurants, "a returning restaurant patron will most likely buy the same wine he/she consumed during a previous visit because of the experience and familiarity (awareness) gained with the product" (Camillo, 2012). However, Lockshin and Rhodus (1993) advocate that even if the sample takes place before purchase, other factors such as price or country-of-origin will be proven stronger than personal experience of the product.

Understanding that wine buying behaviour in China might not be unique; Goodman (2009) developed a study across 12 countries concluding that there were similarities in wine buying behaviour across all the countries investigated.

Yu *et al*. (2009) conducted a study on two Beijing wine consumer groups and evaluated the influence of different factors on their decision-making process. This resulted in understanding that, in the Chinese market, participants tended to pay low prices for daily consumption, but higher for gifts, especially French wines. Previous tasting experience, country-of-origin and brand were also considered the most influential factors in the wine purchasing decision-making.

Lockshin & Rhodus (1993) studied quality perceptions of wine consumers and the influence of internal and external wine attributes. They suggest that quality can be measured objectively using intrinsic cues as grape variety, alcohol content and wine style; and subjectively by extrinsic cues such as price, packaging, labelling, brand name, which can be altered without actually changing the product. Consumers with little knowledge tend to rate wine based on extrinsic cues, instead of taste. (TABLE IV)

TABLE IV - FACTORS AFFECTING WINE PURCHASE DECISION AND CONSUMPTION

Intrinsic	Extrinsic
- Wine education	- Wine marketing strategies by resellers
- Acquired knowledge of wine and food pairing	- Product positioning
- Personal lifestyle	- Visits to wineries and educational seminars
- Health-related motivation	- Country-of-origin
- Religious beliefs	- Wine discovery travel
- Age, gender and marital status	- Availability of wine
- Image of wine as perceived by consumers	- Import legislation and tariffs
- Willingness to try new things	- Health regulations and drinking safety
- Simplicity of product consumption	- State of the economy
- Nostalgic drinking, remembering special occasions	- Environmental issues
- Innate taste and interest to explore novelty beverages	- Economic, socio-cultural and technological globalization
- Level of personal knowledge about wine	- Changes in the wine distribution systems
- Family size and relationship to income and spending	- Wine types influencing consumer demography
- Cultural heritage, family and personal drinking habits	- Convenience shopping
- Job status, type of employment	- Price levels of commodities
- Previous tasting experience	- Brand

Source: Lockshin & Rhodus (2006), Goodman (2009), Lee (2009), Yu *et al*. (2009), Gil & Sánchez (1997), Martinez-Carrasco *et al*. (2005)

2.2 Country-of-origin

The country-of-origin's (COO) effect on consumer purchase behaviour have been widely explored. It has been demonstrated that consumers' inclination to purchase products is related to "economic, political, and cultural characteristics of the product's origin country" (Parameswaran & Pisharodi, 2002).

Nagashima (1970) was the first to define country image as "the picture, the representation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variable as representative products, national characteristics, economic and political background, history and tradition".

The country image's concept is also defined, by Roth & Romeo (1992), as the "overall perception consumers form of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses" (p. 480). These authors after analysing various studies (Nagashima, 1970; White, 1979; Narayana, 1981; Cattin, Jolibert & Lohnes, 1982; Jaffe & Nebenzahl, 1984; Johansson & Benzhal, 1986; Han & Terpstra, 1988) defined four dimensions for country image:
- Innovativeness: use of new technology and engineering;
- Design: appearance, style, colours, variety;
- Prestige: exclusivity, status, brand name reputation;
- Workmanship: reliability, durability, craftsmanship, manufacturing, quality.

Papadopoulos *et al*. (1989) concluded that the perceptions of sourcing countries are impacted by cognition, affect and conative orientation regarding that country's peoples. The same author summarized that a "consumer's image of people with whom they are not familiar may well be formed upon the basis of knowledge about that people's capacity for producing quality products from that country". Furthermore, Roth & Romeo (1992) also note that "country image perceptions may vary depending upon the consumer's nationality" (p. 484).

Yaprak & Parameswaran (1986) created a model that notes the structure of country image and its' effects on intention to purchase. They conceptualize that "the dependent variable, consumer purchase intent and behaviour (IP: intention to purchase), is directly influenced by the specific product attributes (SPA) of a brand. Consumer purchase intent and behaviour are also influenced by consumers' general perceptions of products from a source country (GPA: general product attributes), as well as perceptions of the source country and its people (GCA: general country attributes)" (Parameswaran & Pisharodi, 2002). (FIGURE 1)

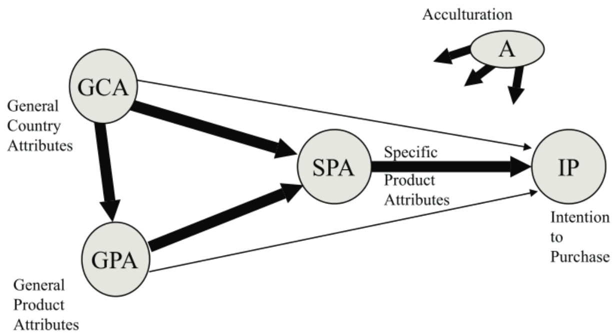

FIGURE 1 - Parameswaran & Yaprak model

Shimp & Samiee (1993) coined the concept of country equity, which describes an evaluation of a product by a consumer, exclusively in association with a certain country. It is the emotional result of the consumer's association of a brand with a country. In this study, the author combines the traditional brand equity concept with the new concept of country equity providing a "potential valuable way of thinking about global brands" (p. 328).

Numerous researches have proved that the COO affects consumers' product evaluations (Bilkey and Nes, 1982; Erickson et al, 1984; Han, 1989; Han and Terpstra, 1988; Johansson et al., 1985; Al-Sulaiti and Baker, 1998; Phau and Prendergast, 1998; Okechuku and Onyemah, 1999; Supanvanij and Amine, 2000; cited by Balestrini & Gamble, 2006). COO effects have been found on general products (Darling and Wood, 1990; Howard, 1989), specific categories of products (Cordell, 1992; Hong and Wyer, 1989, Hong and Wyer, 1990; Roth and Romeo, 1992) and even for certain brands (Chao, 1993; Han and Terpstra, 1988; Haubl, 1996; Tse and Gorn, 1993). Even low involvement products like bread and coffee have proven to be influenced by COO effects (Ahmed et al., 2004).

However, for some products consumers might not care about COO information. Lascu and Babb (1995) found out that Polish consumers were less inclined to use COO information on less expensive items or on a product that was already accepted by family and/or friends.

Wine is a product that relates to a certain territory, even if that territory is a country. It is also the result of regulations governing the production and labeling of wines (Balestrini & Gamble, 2006). Duhan et al. (1999) also suggests that the unique characteristics of wine market make them sensitive to COO information.

Lockshin and Rhodus (1993) advocates that wine consumers are more likely to follow extrinsic cues, like price or origin, when making quality assessments. According to Balestrini & Gamble (2006), the origin of wines is often perceived, rightly or wrongly, as an indicator of quality. Empirical observations and experiments have found that COO influences the quality perception of a product (Bilkey & Nes, 1982; Huber & McCann, 1982; Shimp and Samiee, 1993). Wall et al. (1991) go further and suggest that, in product quality assessment, COO information is even more important than price or brand information.

Nevertheless, Olsen and Jacoby (1972) argue that intrinsic cues have more effect on quality judgements. This means that studies of extrinsic cues, as COO, can only identify strong effects on perception, if intrinsic cues have been omitted.

2.3 Marketing Planning

Kotler *et al*. (2008) argue that the marketing plan is the main instrument for the coordination of marketing activities, focusing in two levels: strategic and tactical. For McDonald (2011) the marketing plan's purpose is to identify and create competitive advantages, it is the "application of marketing resources to achieve marketing objectives" (p. 8). Marketing planning is a way of monitoring and controlling the internal and external influences (p. 25).

Wood (2011) considers that no marketing plan lasts forever, companies should have alternative plans that can be implemented in case of major changes. For that reason, strategic decisions should be flexible during the marketing planning (p. 4). For this author, the marketing planning process begins many months before the plan is implemented and should start with the analysis of the external and internal environment, follow by researching and analysing markets and consumers, then segmentation, targeting and positioning, afterwards defining objectives and strategies and, finally, measuring the progress, implementing and controlling.

From the analysed marketing plan structures, it was chosen to follow the one presented in ATTACHMENT 1 – FIGURE 14. This is composed by the following structure:

2.3.1 Analyse the current external and internal situation

In an early stage, we must learn about the situation inside the organization (internal audit) and outside the organization (external audit). Once gathered all information, we are able to create a SWOT analysis, reflecting the strengths, weaknesses, opportunities and threats (Wood, 2007). When creating an international marketing strategy, we need to firstly assess the external and internal country environment (Canteora & Graham, 2001).

2.3.2 Research and analyse markets and customers

The consumer market "consists of individuals and families who buy goods and services for their own use" (Wood, 2007; p. 49). The business market "consists of companies, institutions, non-governmental organisations and government agencies that buy goods and services for organisational use" (p. 49).

The research should focus on perceptions, demographics, buying patterns and customer satisfaction. On the research and analysis it is important to focus on what consumers will need in the future and what they need today. (Wood, 2007; p. 6)

2.3.3 Determine segmentation, targeting and positioning

No organisation has the capability to serve every customer in every market, so it is important to use the knowledge about the market and consumers to determine the specific groups that can be targeted (segmentation). Then, a decision must be made about which segments to focus on (targeting). Finally, for each segment selected we have to create a competitive position to place the product or brand (positioning). (Wood, 2007; pp. 70-89)

Kotler *et al*. (2008) divides segmentation into three categories: geographic, demographic and behavioural. In terms of brand positioning, the referred author presents three levels: attributes, benefits and beliefs and values.

2.3.4 Set marketing plan objectives and strategies

Depending on what kind of company that is analysed, different objectives and strategies must be formulated. If a company intends to grow, maintain the position or retrench. (Wood, 2007; p. 95) These objectives have to be relevant, specific and measurable, time defined, realistic, challenging and consistent. There are three kinds of objectives: financial, marketing and societal. (Wood, 2007; pp. 95-96)

2.3.5 Marketing-mix

One important principle of global marketing is that the international marketing process should be standardized across national boundaries (Terpstra, 1987). However, long-existing cultural, political and economic differences between nations oblige the marketing programs to adapt to the local reality (Boddewyn, *et al*., 1986; Hill & Still, 1984; Quelch & Hoff 1986; Sorenson & Wiechmann 1975; Wind 1986, cited by Cavusgil *et al*., 1993).

The researchers that vouch for an adaptation of the marketing program, commonly point to differences among nations in terms of culture, stages of economic and market development, political and legal systems, customer values and life styles. (Cavusgil *et al*., 1993)

4.3.5.1 Product & Promotion

Hill & Still (1984) propose that product adaptation, mandatory or discretionary, can strengthen the product's competitive position in the marketplace. Nevertheless, Kotler (1986) advices managers that it can be dangerous to blindly implement standardized marketing programs.

Recent researchers suggest that neither complete standardization nor complete adaptation of marketing program is plausible, they should be observed as "two extremes of the same continuum" (Jain, 1989; Quelch & Hoff, 1986, Walters, 1986; cited by Cavusgil *et al*., 1993).

In the framework proposed by Cavusgil *et al*. (1993) it states that company, product/industry and export market characteristics influence the degree of adaptation. (TABLE V)

TABLE V - PRODUCT / PROMOTION ADAPTATION

Company characteristics	- Firms international experience - Export sales goal - Entry scope
Product industry characteristics	- Technology orientation of industry - Product uniqueness - Cultural specificity of product - Type of product
Export market characteristics	- Similarity of legal regulations - Competitiveness of export market - Product familiarity of export customers

Source: Cavusgil *et al*. (1993; p. 485)

Product adaptation upon entry is a reflection of export market's legal and technical regulations. After entry, it will reflect management's better understanding of the export market idiosyncrasies. (Cavulgil *et al*., 1993)

While product adaptation incurs in costs for developing alternative variations, promotion adaptation involves costs of using distinctive promotional messages, packaging/labelling and media (Buzzel, 1968, Douglas and Wind, 1987; Onkvisit & Shaw, 1987; cited by Cavusgil *et al*., 1993).

In what concerns to highly culture specific products, substantial adaptation is needed upon and after entering the new market. Also, when the market is intensely competitive, managers should react by offering high customization of product and promotion. (Cavusgil *et al*., 1993)

Cavusgil *et al*. (1993) suggests that, in terms of promotion, there are three aspects to take into consideration: positioning, packaging/labelling and promotional approach.

Studies developed by Lonidou et al. (2002) concluded that product design and style have a positive effect in performance. This author also says that branding involves decisions related to name, logo, design or a combination between the elements, with the objective of differentiating the exporter's product in the international market.

Wood (2007, p. 183) analysis the communications tools and divides them into five groups: advertising, sales promotion, personal selling, direct marketing and public relations. This author also states that strategies for marketing communications “help you engage and influence the thoughts, feeling and behaviour of audiences that are important to your brand” (p. 200).

4.3.5.2 Price

Assael (1995) suggests that price does not simply represent the monetary cost of an item; it also implies quality level for both brand and product and, consequently, the expected satisfaction level. When there are few cues available, price is an important cue to quality, especially when there is some degree of risk of making a wrong choice. (Zeithaml, 1988)

Higher prices may signify superior quality, which makes costumers, for some specific goods, reject cheaper items to avoid dissatisfactory. For example, some companies, like Avon cosmetics, improved their market penetration simply by increasing prices. (Kotler, 2012)

However, some researchers like Mitchel & Greatorex (1991) disagree that price is important in reducing perceived risk and that it may not be an effective cue for quality assessment. Chao (1993) added that perceptions on price might depend on both product and the COO. Thus if a country is perceived to be incapable of producing quality products, this prevails over perceptions based on price.

Lockshin & Horowitz (2002) researched prices as a cue for predicting the quality of Australian wine. They found a positive relationship between price and its perceived quality, even when they were able to taste and evaluate the wine before making quality judgments.

Dodds (1991) and Montgomery & Wernerfelt (1992) found that consumers that lack knowledge about a product might use brand image to assume product quality. Branded products are found to have less risk, because they are perceived to a have a lower variance in product quality.

Another important consideration is that distribution channels have a large influence on price. Wholesaler and distributor discounts are well established and these discounts significantly reduce a producer’s profit margin. From the moment it leaves the producer, each Portuguese bottle exported to China will become 12% more expensive due to transportation, especially if the bottles are sent by sea. When in enters China, taxes will add 23% of the produced price and the distributers will ask for 25% more, that includes transportation and some promotion costs. Finally, the retailer will ask for 7-8% more (TABLE VI). (AICEP, 2011)

TABLE VI - COSTS FROM PRODUCER TO END CONSUMER

	EUR	% of the price
Producer	3	33%
Transportation	1.1	12%
Taxes	2.1	23%
Distributor	2.3	25%
Retailer	0.6	7%
Final Price	9.1	

Source: AICEP (2011)

4.3.5.3 Place

When a company enters a foreign market it has to decide whether their products will be distributed via company-owned distribution channel or through contracting an independent organization. (Anderson & Coughlan, 1987)

This is considered a "make or buy" issue, which Robison (1978) calls "one of the most debated and critical areas in international business". He posts that ownership gives the entrant control over its distribution channel. Nevertheless, this also brings responsibility, commitment and attendant risks (Ahmed, 1977).

Anderson & Coughlan (1987) suggest a model of overseas distribution channel, stating that the integration of the distribution channel is more likely:

- The greater the level of transaction-specific assets in the sales force;
- The less mature the product category;
- The higher the service level associated with the product;
- The more differentiated the products in the product class;
- The less prevalent, the legal restriction constraining direct foreign investment;
- When an integrated distribution channel is already in place – the converse is true for the case of a non-integrated channel;
- The more closely related the product, to the company's core business;
- The more important the trade secrets, relative to patents in protecting the technology;

- The more competitors have integrated distribution channels in the foreign market;
- The more similar to the country-of-origin, the culture of the country being entered.

Twenty years ago, China did not have distribution or networks for imported wines. They started finding their clients and building their own distribution method with employees who had never tasted wine. (Noppé, 2012)

Since the 1990's, China has brought wine expertise to the market. Beijing, Shanghai and Guangzhou have been the most profitable markets, though there are some other cities emerging. Nowadays, foreign and domestic distributors have good access to hotels, restaurants, bars, supermarkets and specialty stores. (Noppé, 2012)

TABLE VII - KINDS OF CHINESE IMPORTERS

The importer of fine wines	- Importer of famous brands - Normally owned by foreign companies - They choose who they work with
The importer of small producers	- Foreigner with good connection to luxury hotels and fine restaurants - Knowledgeable of wine
The opportunistic importer	- Opportunistic importer that changed business - Does not understand or even like wine - Wants to get big margins
The logical importer	- Has 200 expansive and expensive outlets in Beijing selling other kinds of wine - Works with a foreigner in order to import grape wine
The 2nd type of logical importer	- Food importer that realizes that can also import wine
The passionate wine importer	- Passionate and knowledgeable about wine - Interested in quality wines from all regions
The "internet generation" wine importer	- Young person with knowledge of the internet - Develops a website and starts importing wines

Source: Noppé (2012)

Noppé (2012) suggests that consumers trust international supermarket chains and quotes Charles Carrard, Commercial and Communications Director at French Paradox Wines, "building your wine brand image in China consists in having a presence at Carrefour".

Carrefour, Metro and other hypermarkets offer a wide ranger of wines, domestic and foreign, showing different countries-of-origin sections. However, there has been a new marketing phenomenon with specialty retail wine shops in Shanghai offering educational events and wine and food matching seminars. (Noppé, 2012)

2.3.6 Plan to measure progress and performance

Wood (2007, p. 226) states that every tactic on a marketing plan must have measurement and presents four tools to do it: metrics, forecasts, budgets and schedules.

III. Research Methodology

In order to better understand Chine wine consumers' purchase and consumption behaviour a survey was undertaken in Shanghai, China. Consumers in Shanghai were chosen as the population for the research for several reasons. Firstly, Shanghai, as the largest city in China, ranks the 3rd in population density of all the cities in China, after Chongqing and Beijing (Camillo, 2012). Secondly, Shanghai is a modern and metropolitan city. The disposable income of the citizens has always been above the national average. Finally, Shanghai has always been an international city with one of the chief ports in China. It has a long history of foreign trade and therefore Shanghai people may have a wider choice of imported wine.

This research pretends to answer three questions:

- What is the purchase and consumption behaviour of the Chinese wine consumer?

- What are the consumers' perceptions of Portugal, its' products and wine?

- How does the current marketing-mix program affect the Chinese wine consumer?

3.1. Sample

The demographic characteristics measured were from 19 male and 33 female respondents. The sample included respondents from the ages of 19 to 45 years, with 71.15% of them falling in the 19-25 age group. About 32.69% earn between 5,000 and 10,000 China Yuan Renminbi (RMB). All respondents had undergraduate degrees (80.77%) or postgraduate degrees (19.23%). (ATTACHMENT 3)

3.2 Questionnaire

The questionnaire was first drafted in English. As the respondents were Chinese, a translation was performed by a professional Chinese translator to improve the understanding of the questionnaire. (ATTACHMENT 2) From the 52 respondents whose data was used in the analysis, 32 were wine consumers or people who purchase wine.

The questionnaire was divided into 5 sections:

Section A: was concerned with Chinese customers' wine consuming habits and preferences. Questions included: how many glasses of grape wine they consume, why they drink grape wine and where they drink it.

Section B: contained questions aiming to collect information concerning several facets of COO. In order to establish the importance of the COO, questions regarding the impact of other cues affecting the consumers' wine evaluation, such as price and brand factor, were also included.

Section C: was concerned with Chinese wine consumers' perception about the marketing-mix (product, promotion, price and place) related to wine consumption and purchase.

Section D: contained questions aiming to collect information about the wine consumers' perceptions on the Portuguese society, products and wine.

Section E: contained questions about the respondents' demographic information such as gender, age, income, and educational level.

Data for this study was collected by an online questionnaire targeted to a mailing list containing residents in Shanghai (China). As referred previously, Shanghai was selected as it is the largest Chinese city and is considered as a key economic centre. It has the largest port in China and is an important centre for foreign trade of all kinds.

3.3 Results

Analysing the consumption behaviour of respondents, we conclude that 32 respondents (61.54%) consume wine (ATTACHMENT 4 – TABLE XVI), 18 respondents (37.2%) consume it because of health-related reasons and 12 respondents (27.9%) consume it due to business-related reasons. (FIGURE 2) Over 27 respondents (84.4%) drink less than 2 glasses of grape wine weekly, followed by 4 respondents (9.3%) who drink 2 to 5 glasses (ATTACHMENT 4 – FIGURE 15). When questioned about the location of grape wine consumption, drinking at home (45.8%) and in restaurants (37.5%) are the preferred choices (FIGURE 3).

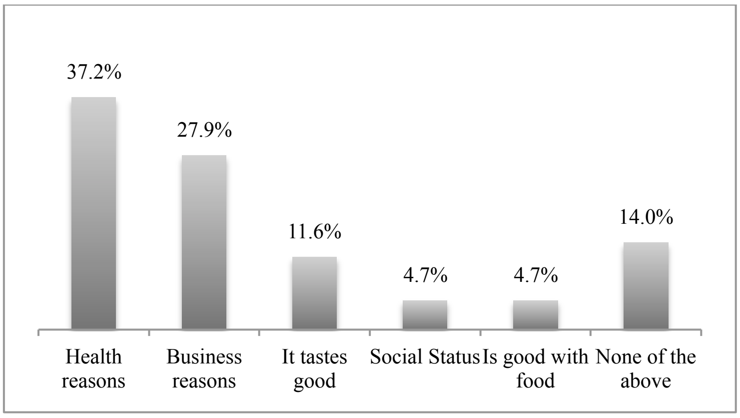

FIGURE 2 - Reasons for drinking grape wine

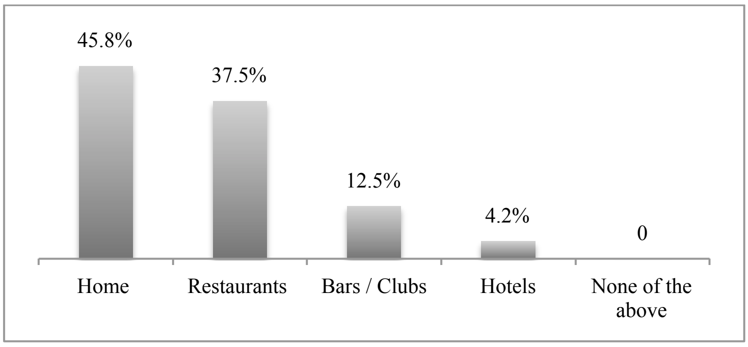

FIGURE 3 - Consumption locations of grape wine

FIGURE 4 shows the factors that affect purchasing behaviour of respondents. Analysing the data presented on the chart, we can see that country-of-origin (Mean=1.1), price (1.1), previous experiences (1.14) and the opinion of friends and family (1.14) are the main factors taken into consideration.

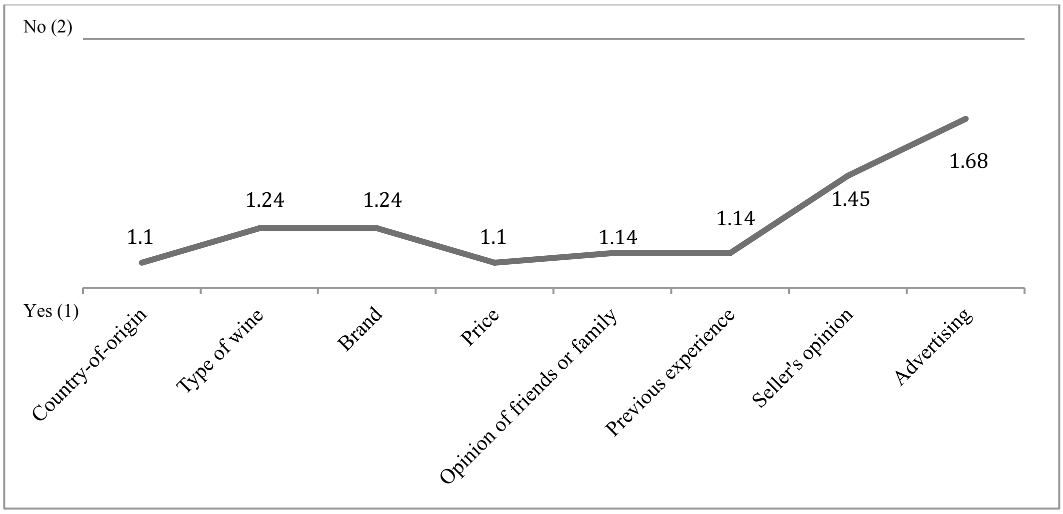

FIGURE 4 - Factors affecting grape wine purchasing (Mean = 1.26; Std Dev=0.205)

From the 32 respondents who expressed their perception about Portuguese society and Portuguese products, only 7 people had experienced Portuguese wine, so they were the only ones that could evaluate it. This numbers may not express the majority of the population in Shanghai, but can give us some perspective about the opinion of people with a high level education (undergraduates and postgraduates). These are some of the individuals that will possibly fill high positions in society in the nearest future, therefore their opinion is extremely valuable.

When questioned about their knowledge about Portuguese society and products, 11 respondents considered to have “reasonable knowledge” (34.4%), while 7 had “bad knowledge” (21.9%) and 5 (15.6%) had “good knowledge” (FIGURE 5). In terms of how wine consumers perceive Portugal general attributes (high standard of living, achieving high standards, creative and innovative and similarity to China), we can observe that all data is below 3 (the middle point – neither agree, nor disagree), meaning that their perspective about this matter is not positive. (FIGURE 6)

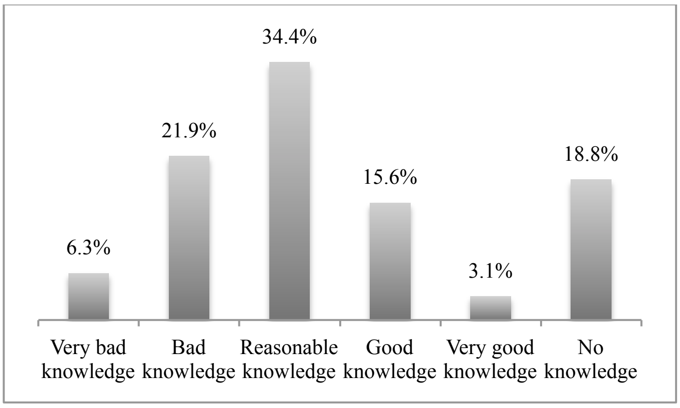

FIGURE 5 - Knowledge about Portugal

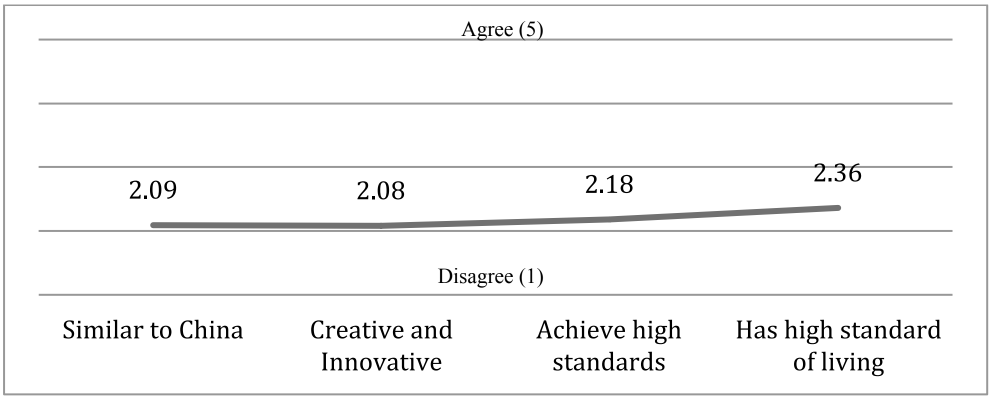

FIGURE 6 - Perception of Portuguese general attributesv(Mean= 2.18; Std Dev=0.129)

Analysing the Portuguese products, we observe in FIGURE 7 that the respondents do not consider our products “expensive” (Mean=2.5). Nevertheless, they also do not consider that Portugal produces luxury products or that they are “easily available”. In terms of the production of good value products they stand has the worst category.

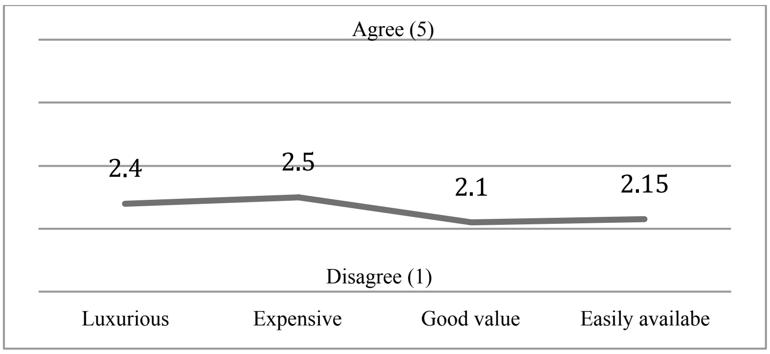

FIGURE 7 - Perception of Portuguese product attributes (Mean= 2.29; Std Dev=0.193)

It was also considered the SPA (Specific Product Attributes – Portuguese Wine), but the number of answers (7) does not give enough information. Though it is important to notice that few people actually ever tasted Portuguese wine and this fact should strongly be taken into consideration.

Confronted with five brands of Chinese grape wines, respondents were especially familiarized with Changyu (31.4%), Great Wall (30%) and Dynasty (25.7%). (FIGURE 8) In terms of familiarity with grape wines from different regions, Europe (30.6%) was the most acknowledged. (FIGURE 9)

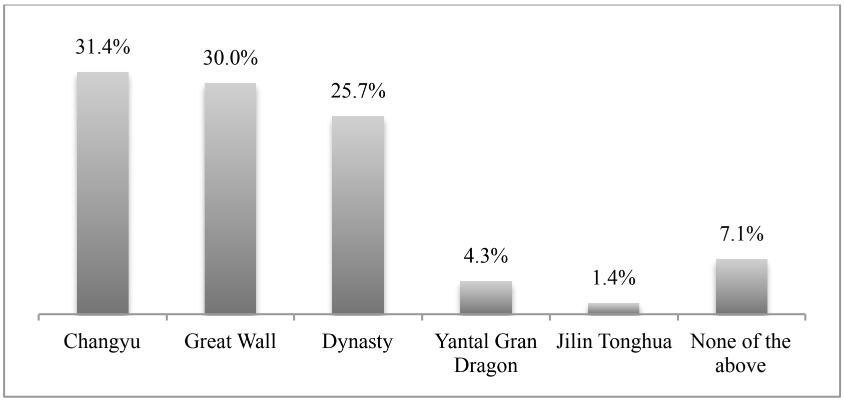

FIGURE 8 - Familiarity with Chinese grape wine brands

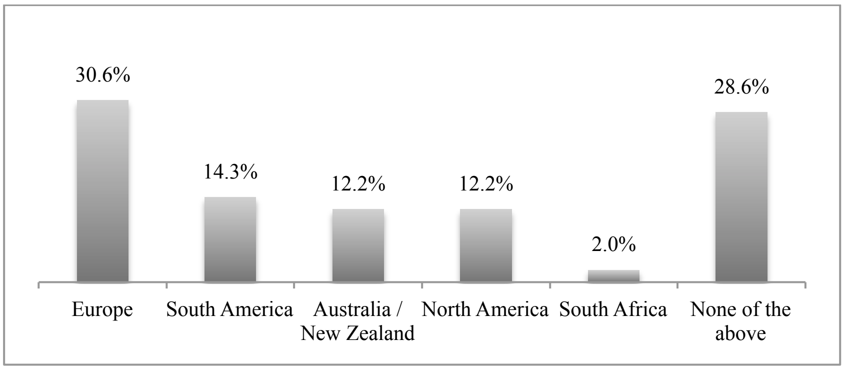

FIGURE 9 - Familiarity with grape wines from different regions

While supermarkets, selected by 18 respondents (41.9%), are on the top of the list when it comes to purchase locations, word-of-mouth (41.9%) and product reviews (25.6%) are the preferred sources of information about grape wine. Most respondents do not participate in grape wine educational activities (51.4%), but the ones that do elect wine tours (18.9%) as their favourite. (FIGURE 10-12)

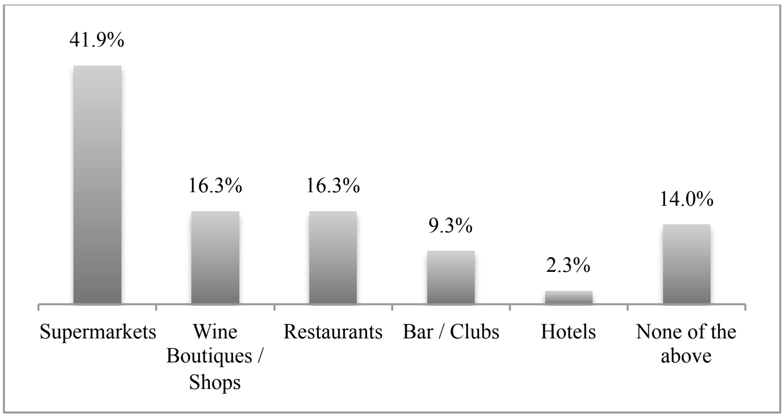

FIGURE 10 - Purchase locations of grape wine

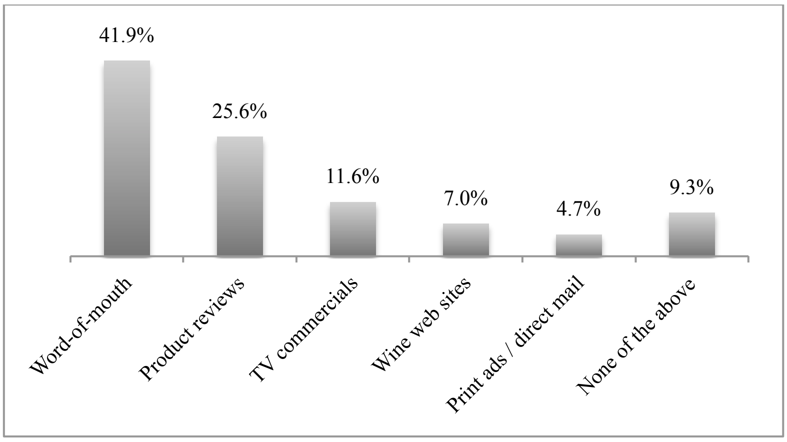

FIGURE 11 - Sources of information about grape wine

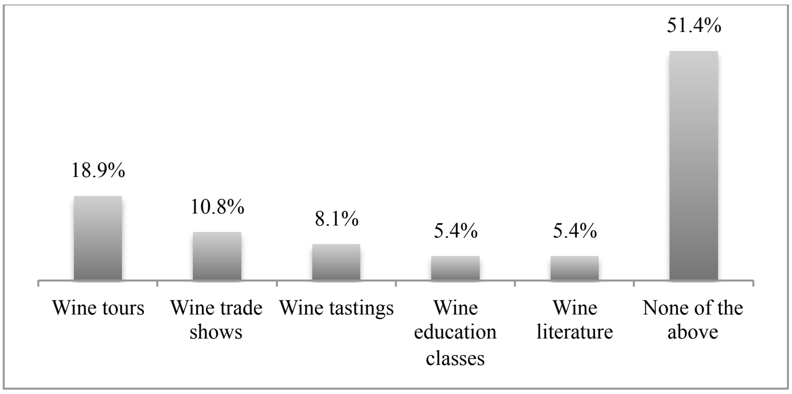

FIGURE 12 - Participation in grape wine educational activities

When asked about how much respondents were willing to pay for a bottle of grape wine, 101-200 RMB (36.7%) was the most selected choice. (FIGURE 13)

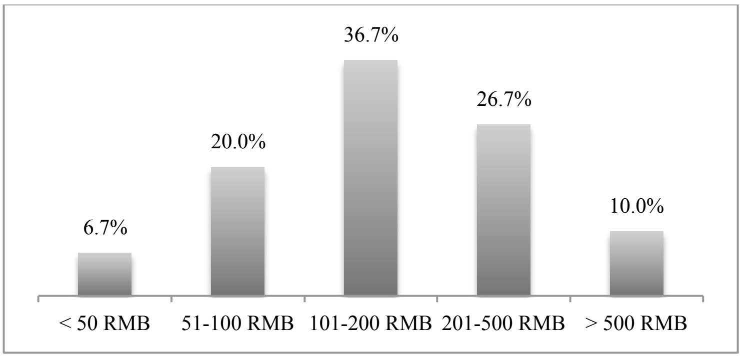

FIGURE 13 - Price that consumers are willing to pay for a bottle of grape wine

3.4 Conclusions

Even in a small population sample, we observe that only 32 people (62.7%) are wine consumers and most of them (84.4%) only drink less than 2 glasses per week, especially in restaurants and at home. Not only the number of consumers is low, also when they purchase grape wine country-of-origin and price are the most important factors.

The image of Portugal through Chinese wine consumers' eyes is not positive. Portuguese products are not considered to be expensive, which can be good, but also bad due to Chinese associations between high prices and quality. Portuguese products are also not seen as easy to obtain, luxury or of good value. So, there is a serious need to change this perspective in order to have success in this market. Exporting Portuguese wine, that is almost unknown amongst the respondents, must go along a change in how the Chinese consumers perceive Portugal and its' products.

When it comes to the marketing-mix, Chinese wine consumers are familiarized with the most important Chinese grape wine brands, but they also recognize Europe as a producer, more than other continents. We can infer from this results that there some very well established Chinese brands that, as we seen before, dominate the market. However, Portuguese products may have a chance to enter this market, if they are presented in the right places (supermarkets), with the right price (101-200 RMB) and can get to the right people and publications (word-of-mouth and public reviews). Betting in wine educational activities (specially wine tours), where people can develop their knowledge about wine, how to drink it and pair it, can also a great way to increase purchase and consumption.

For Portuguese wine to be successful in the Chinese market it is marketing-mix must be well managed. The knowledge about grape wine, and especially Portuguese grape wine amongst the general population in Shanghai is very low, so there must be a shift on consumers' awareness about Portugal and its' wine.

Considering the previous research, we decided to develop the following strategic marketing plan for the Portuguese wine in China.

IV. Strategic Marketing Plan

4.1 Executive Summary

Entering the Chinese market is not an easy achievement and many have failed, either with wine or with other products that companies believed to fit the Chinese consumer. Consumption and purchasing is changing in China, middle-class is growing and consumers are becoming more demanding. If, in the past, foreign and pricy meant immediate sales, today that assessment is shifting.

In order to understand the Chinese market we must comprehend its' diversity and even this study, that targets a part of the population of Shanghai, does not represent all the niches that we can find in this 24-million-people city.

This strategic marketing plan has the objective to design and position a Portuguese wine brand created specifically to meet the Chinese market and consumers needs. This plan will also aid any Portuguese wine exporter that desires to enter Shanghai's market with a new product.

4.2 External Analysis

4.2.1 Chinese Wine Market

Asia is a vast continent composed by countries with different sizes, cultural concepts, religions, ethnic groups, environments, historical ties and government systems. (Noppé, 2012)

Until the 1990's, Asia was considered to be far from thriving in the world of wine, particularly because it was assumed that Asian consumers preferences laid on non-alcoholic or grain-based drinks. However, this hypothesis was rapidly rejected due to a sudden interest from buyers in Hong Kong, Singapore and Taiwan. The fast-growing economy of theses countries and the fact that red wine is thought to have health benefits, moved wine drinking from a foreign practice to a symbol of status in countries as Thailand, Taiwan, India, Korea and China. (Noppé, 2012)

By 2013, Asia-Pacific wine market is forecasted to have a value of 21 billion USD and a volume of 1.5 billion litres. In terms of market value, China tops the list with 31,5%, Japan with 22,5%, South Korea accounts for 3,6%, followed by Taiwan, Thailand, The Philippines, Singapore and India. Asia's estimated growth is around 10-20% per year, by 2017 the consumption value is expected to be 27 billion USD and the investment made by Asian wine investors is projected to be around 970 million USD. (Noppé, 2012)

Traditionally, the consumption of distilled beverages, instead of grape wine, has prevailed in China. Due to traditional and historical practices, rice spirits and beer have always been favoured over grape wine (Li, 2006). For the Chinese, wine has represented a symbol of luxury and decadence. The foundation of winemaking industry is dated to the later part of the 1800's. Zhang Bi-shi was responsible for the formation of the first wine company – the ZhanYu Winery. (Berberoglu, 2004)

Since the 1980's, the domestic wine production in China has grown significantly (Camillo, 2012). However, China's per capita consumption is less than 0,5 litres (Wine Intelligence, 2010), very different from countries like France, Italy, Australia, Germany and the USA – average of 7,5 litres per capita (Jin, 2004). Wine knowledge in China is advocated as one of the main influencers on the low per capita consumption (He, 2004).

However, Thorpe (2009) suggested that China is a potential key player in the future of global industry, specially with the decline in consumption in western countries – "as the wine culture in China matures there will be a great potential for both increased consumption as well as production" (Thorpe, 2009; Lee, 2009; cited by Camillo, 2012).

Even though Chinese wine market is growing at 10-15% per year, there are some doubts whether this will continue due to a lack of transparency, counterfeit products, unreliable information, dominance of the domestic giants, consumer and cultural challenges and distribution and logistics. (Noppé, 2012)

A study performed by Wine Intelligence (2010) suggests that perceived quality, respect in a business context and sophistication are the major differentiators between imported and domestic wines.

There is a link between the communist party and domestic producers, which pose challenges for importers. For example, the largest producer by volume – COFCO Great Wall – is 100% owned by the national government. The top three wineries in China, by value, are: Changyu, COFCO Great Wall and Dynasty. (Noppé, 2012)

The Chinese wine market is considered an "egg timer" market, which means there are two markets in China. A low price / quality wine and a high bracket market composed by expensive wines that are sold out before production. In between, there is a developing medium-price market that still has to find its' place. (Noppé, 2012)

4.3 Internal Analysis

4.3.1 Portuguese Wine Market

Portugal is divided in fifteen wine growing regions, from north to south and from west to east. The climate and landscape differences of those fifteen regions allows a diversity of wine categories that goes from red, white and green wine to other specific types such as port, madeira, muscatel or sparkling wine. Its known quality has been recognized worldwide and, in 2012, a total of 2364 wines conquered awards through the participation in 21 contests (Instituto da Vinha e do Vinho, 2012). In terms of wine production, in the past year, we can see that the most productive was Douro/Oporto, which produced in 2011/2012 1.329.423.000 litres (ATTACHMENT 5 – Table XVII).

In what regards to the global wine market, the Portuguese presence in external markets through exportation and expedition has globally grown in 2011/2012 to 138.077.000€, recording a raise of 29% comparing to the previous year, which corresponds to a total of 1.697.295 litres – volume of exported wine in 2012 (Instituto da Vinha e do Vinho, 2012). The top four destinations in value in 2012 were Angola, France, Spain, and United Kingdom. In volume, the top four countries were: Angola, France, Spain and Germany (Instituto da Vinha e do Vinho, 2012).

The Portuguese wine exports have continuously grown, particularly to Asiatic markets (INE, 2012). China is one of the priority targets of the domestic production, as it represents 13.7 million EUR in value to national exports. In 2011 there was an increase of 91.7%, in value, in the domestic wine exports to this market. The investment and dynamism of Portuguese producers in the Chinese market, aided by the links between Portugal and Macao, influenced this market's growing interest in the domestic production and directly contributed to the exponential growth of exports to this market (Instituto da Vinha e do Vinho, 2012). (ATTACHMENT 5 – TABLE XVIII)

However, a lot more could have been done in the past and can be done in the future, regarding the exportation to Asia, as Portugal in Mandarin is *pú táo yá* and the word *pú táo* means "grapes". For future marketing purposes, part of the solution may be the investment in the development of a strong country brand. (AIECEP, 2011)

4.4 SWOT – Portuguese Wines in the Chinese Market

STRENGTHS	WEAKNESSES
- Quality wines from different regions and categories - "Portugal" in Mandarin is *pú táo yá* and *pú táo* means "grapes" - Number of wine exporters have grown in the last few years - Portugal and Portuguese products are known through Macau - Unique wines and good climatic conditions	- Lack of resources and money from individual producers - Almost inexistent country brand development - Not enough after-sales promotion and support from exporters - Dimension of vineyards - Public institutions with mixed responsibilities - Unbalanced relation between production and distribution

OPPORTUNITIES	THREATS
- Regular food & wine festivals in major cities - Various international wine fairs - Raising middle-class - Wines are perceived by consumers as an healthy drink - Chinese consumers welcome wine brands from other countries - Consumers are "emerging and curious" - Tradition of consuming alcoholic beverages - Consumption of grape wine has been growing in the last years - Wine is bought for status, either for themselves or the person they offer it to	- French domination of the luxury market - Too many low cost brands in market - Distribution barriers - Fraud and copying of brands - Chinese consumers not aware of Portugal as source of quality wines - Youth of Chinese wine market (trade & consumer level) - Cultural differences - No control by producers on their products marketing - Very competitive market with wines from France, Italy, Spain, Australia, Chile, etc. - No habits of drinking during meals and clueless on how to pair wine with food

Source: Noppé (2012), AICEP (2011), Alberto & Ferreira (2007) & Camillo (2012)

4.5 Objectives

This plan aims to raise awareness and strengthen the image of Portuguese wines in China. As seen in the past two chapters, this can only be achieved by developing the COO-image and by understanding Chinese consumers. The second objective is to create a Portuguese wine brand, composed by two products, that is adapted to the Chinese market and consumers characteristics.

4.6 Strategy

4.6.1 Segmentation & Targeting

One of the fundamental things which Portuguese companies have to take into consideration is that China is a complex market formed by different regions. Consequently, in terms of geographic segmentation (Kotler *et al*., 2008; p. 411), Shanghai represents the largest market for Western foods and most major hotels and restaurants in this city serve wine quite frequently.

In order to make a demographic segmentation (Kotler *et al*., 2008; p. 413), age and gender are significant, since men drink more than women and the Chinese are starting to drink in early ages ("the Gen-X"). But, the main aspects to take into consideration are income and occupation, since "the Nouveaux Riches" and "the Elite" (Yvon, 2007), when it comes to business gifts, expensive grape wines from well-known brands and countries are chosen frequently.

The biggest challenge comes in the behavioural segmentation (Kotler *et al*., 2008; p. 415), since grape wine in China is rarely consumed with everyday food/meal and consumers usually, even when it comes expensive wines, mix it with soft drinks. Wine is consumed to get drunk and/or is bought for status. Though all these aspects seem hard to overcome, grape wine is also seen as having healing powers and to have health benefits associated.

The proposed product is firstly targeting end consumers who are from the two different segments: “the Nouveaux Riches” and “the Gen-X”. These ideal customers are highly educated, enjoy dinning out and regularly offer gifts to friends or business associates. The second target market consists of various business groups; the first being wholesale distributers. Distributers are responsible for selling wine to restaurants, hotels, bars and wine shops located through out Shanghai. The second targeted business group is F&B managers.

4.6.2 Positioning

The intention of this marketing plan is to position our brand as having products from prestigious Portuguese varieties, a country known for its’ great wines, food and natural ingredients. Additionally, all the health benefits in comparisons with other alcoholic drinks should be enhanced. Finally, depending which product is chosen, you can have the perfect gift for a family member, friend or business associate.

4.7 Marketing-mix

The marketing program intends to ally the marketing-mix specifications – include product, price, promotion and place – with the specific characteristics of the local reality, given by the analysis of the consumers’ behaviour and market’s characteristics.

Thus, having into consideration the research carried out before, it is clear that the Portuguese strength to penetrate in the Chinese wine market is grounded in Portugal as a country and not in the wineries individually nor in the wine growing regions. Therefore, taking that into account and the fact that the Chinese name for Portugal contains the expression *pú táo*, which means "grape", it is clear that the best approach is to propose an umbrella brand – *Pú táo* – for the product.

4.7.1 Product

As it was pointed out in the segmentation section, there are two groups of Chinese amongst the population of Shanghai, "the Nouveau Riches" and "the Gen-X", who are the ideal customers to purchase foreign wine of premium quality. The Chinese population prefers red wine, there is a custom of drinking wine to get drunk and mix with soft drinks; also, wine is often purchased as a gift, either for personal or business reasons.
The products we aim to create will have both a high degree of alcohol (>12º) and a sweet and fruity taste. So, in order to meet these requirements three major Portuguese red wine varieties were chosen: Touriga Nacional, Aragonez and Baga.

4.7.1.1 Brand

The umbrella brand *Grape* (*Pú táo)* will have two products – Red *Grape* Gift and Special Red *Grape* Gift – with similarities but still adapted to their target consumers.

4.7.1.2 Packaging

Any item, regardless of its value, is far more exciting when wrapped in an attractive package. Hence, when creating a wine, there must be decisions on labels, text on labels, bottles, corks, capsules and boxes. Each of these elements contributes to an individual's consumption experience and these packaging decisions reveal a great deal of information about the quality of the wine inside the bottle (extrinsic cues).

Considering that we are dealing with a Portuguese product, and that Portugal is the number one supplier worldwide of cork, a natural cork must be used instead of a synthetic version, also as a way to promote another Portuguese product of top quality. That particular type of cork allows the consumers to smell the cork, adding to the romance and sophistication of the wine drinking experience. Wineries from around the world generally follow European traditional when selecting bottles. However, in this case, there should be an adaptation of the bottle to a more traditional approach.

In terms of boxing, for the second label wine we choose twelve bottle cases (standard in the wine industry) for distributors, restaurants and hotels. For the first label wine we choose the twelve bottle cases for distributors, restaurants and hotels and one bottle wooden cases for wine shops. Distributors will also receive three bottle sampler packs of both products.

4.7.1.3 Labeling

However, both have distinctive characteristics and the first label wine Special Red *Grape* Gift has better quality than the second label, which means that the first one targets the most wealthier segmentation group “the Nouveau Riches” and the second label targets “the Gen-X”. The marketing plan of this two-label strategy stipulates that 30% of the exportation volume will be set aside for the first label, while 70% will be bottled under the second label. This two-label strategy will enable the proposed umbrella brand to market lower quality wines without bringing down the first label’s reputation for quality.

According to the literature review and everything pointed out before, the wine label should take into consideration that grape wine is good for health, it comes from Portuguese (country of the “grapes”) fruits and it is meant to be a gift to someone special, either friend/family or business associate.

4.7.2 Price

The proposed brands will adopt a high price/high quality pricing strategy. Prestige pricing will be used to inform customers of the high quality product being sold. The following table (TABLE VIII) lists the proposed retail bottle prices for the products. The prices were determined by looking at competitor’s prices (ATTACHMENT 6) and through market research. During the competitor analysis we noticed that the price ranges from 19 to 3.842 RMB, depending on the country-of-origin and type of wine varieties. At the same time, during our research we came to the conclusion that the majority of the respondents were more willing to pay between 101 and 200 RMB for a bottle of wine.

TABLE VIII - PROPOSED RETAIL PRICE FOR BOTH PRODUCTS

Wine	Label Price	
	RMB	EUR
Grape Red Gift	160	19.32
Grape Special Red Gift	190	22.94

4.7.3 Promotion

Producers may use a combination of advertising, personal selling, sales promotion, public relations and direct marketing tools to communicate with current and prospective customers. The proposed product's promotion will be one of differentiation and all promotion activities will help reinforce the product positioning status. Promotion activities will be targeted at both end consumers and middlemen.

End consumer promotion events will aim to create awareness about Portugal and Portuguese wine. These include food pairings and tasting events. Events targeting middlemen will focus on building relationships. These events include participation in wine fairs in Shanghai, promotion of visits to wineries and vineyards in Portugal, having special dinners and tastings for F&B managers and top accounts, and regularly sending free wine samples. Therefore it was important to determine the percentage of the total exported wine, which will be used for promotional purposes of the two labels, in the first year (2014) and in the following years. In 2014, 20% percentage of the wine will be used for promotional purposes, in the following years this percentage will diminish. (TABLE IX)

TABLE IX - PERCENTAGE OF WINE USED FOR PROMOTIONAL PURPOSES

Promotional use	% Withheld
Poured in tasting room	15%
Given to staff/investors/owners	3%
Distributed to media/fairs/tastings	2%
Total volume not sold	20%

4.7.4 Place

The first and most preferred wine marketing channel in China involves selling to distributors, as normally neither hotels and restaurants, nor retailers channels negotiate directly with the producer. Distributors are necessary for reaching out restaurants, hotels and wine specialty markets (wine shops, fairs and events) in Shanghai. As the market is mainly from oriental to oriental and regularly visiting retailers in different locations is expensive and time consuming. So, reputable distributors visit and service these retail outlets representing our products. Despite the fact that ASC, Summergate or Montrose, as well, as fairs as Vinexpo HK or SIAL China were known and recognized, today the relevant players became Chinese: Jointek, Aussino or Silverbase as distributors and the relevant events as HK Wine Fair, Chengdu Fair, FHC Shanghai and China International Wine Exhibition.

There are also two other channels that are not common, direct sales to end consumers and retailers. However, they will be a focus for selling our products, due to distributors having various wines from all over the world, the promotion offered by them is quite low. In order to counter this reality, we intend to perform direct sales to end consumers of the premium label (Special Red *Grape* Gift) by tasting room sales, through the development of events of food pairing and tasting. On the other hand, through direct sales to retailers we get larger margins, self-representation and relationship with the retail, though it can be time consuming, because of the need to regularly visit and service this accounts.

Regarding all the distribution targets, the following table summarizes the distribution strategy, for the two exported Portuguese wine labels (Special Red *Grape* Gift and Red *Grape* Gift). (TABLE X)

TABLE X - DISTRIBUTION STRATEGY

	2014	2015	2016
Percent of Sales Directly to Distributors	90%	80%	70%
Percent of Sales Directly to Retailers	9%	18%	27%
Percent of Sales Directly to End-Consumers	1%	2%	3%
Total	100%	100%	100%

4.8 Budgeting

For this project to become a reality there will marketing costs involved. In 2004, as observed before, 20% of the total volume produced will be used for promotional purposes. Being part of wine fairs in China will also come with a price, as hosting events for both end consumers and business groups. In the first year it will be very important to organize visits for Chinese business groups to Portuguese wineries and vineyards, specially distributors, it will come with a high cost but it will be compensated in the following years.

From 2015 and onwards, the focus will be on direct sales to retailers and that will also be costly, either with visits to Portugal or organizing special dinners and tastings. However, the costs with distributers will diminish. In the beginning of 2015 a market research should also be performed so that we can analyze how our brand is penetrating the market and how the distributers and retailers perceive our relationship and product. We should also use a percentage of the sales profits from the previous year for online and specialized wine magazines promotion.

4.9 Scheduling

Our scheduling is divided into our three targets: end consumers, distributers and retailers. As we have proposed before, end consumers and distributers will be a focus for 2014, while retailers will slowly get more and more strength in our strategy. This three-year plan is divided into four trimesters so it is possible to do a better evaluation and control at the end of each of them, this way it will allow to change our strategy before the end of the year and it makes our plan more flexible. (TABLE XI)

TABLE XI - SCHEDULING PLAN

		2014				2015				2016			
		Trimesters				Trimesters				Trimesters			
Target	**Action**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
End Consumers	Food pairing & tasting events	■	■	■	■		■		■		■		■
	Promotions during important holidays	■		■		■		■		■		■	
	Market research					■				■			
	Online promotion	■		■		■		■		■		■	
	Product Review magazines		■		■		■		■		■		■
Distributors	Participations in wine fairs (Shanghai)	■	■	■	■	■	■			■			■
	Visits to wineries and vineyards (Portugal)			■	■			■			■		
	Market research					■				■			
	Special dinners and tastings	■	■	■	■		■		■			■	
	Sending free wine samples	■	■	■	■		■		■		■		■
Retailers	Visits		■		■	■	■	■	■	■	■	■	■
	Market research					■				■			
	Special dinners and tastings		■		■	■	■	■	■	■	■	■	■
	Sending free wine samples		■		■	■	■	■	■	■	■	■	■

V. Limitations

In the attempt to do a more complex work, there were several contacts with supermarkets, hotels, restaurants and bars so that the surveys could have been applied to their customers directly. All the requests were denied and, especially, due to their shyness and fear of failure, Chinese people that were contacted refused to help applying the questionnaire to the general population. The only option was to contact the universities in Shanghai and only Shanghai International Studies University (SISU) helped distributing this survey amongst their students. This is a major limitation because the data collected does not come from a major sample, though it leads a way. Another limitation is connected with a third objective, in which, it was meant to send a survey to F&B managers of different places in Shanghai trying to understand their perspective on Portuguese wine, since they are the ultimate decision-makers, in terms of which wines are to be bought or not. Two contacts were made and promised to send the survey, though it never happened and they never replied since.

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ATTACHMENTS

ATTACHMENT 1 – STRATEGIC MARKETING PLAN MODEL

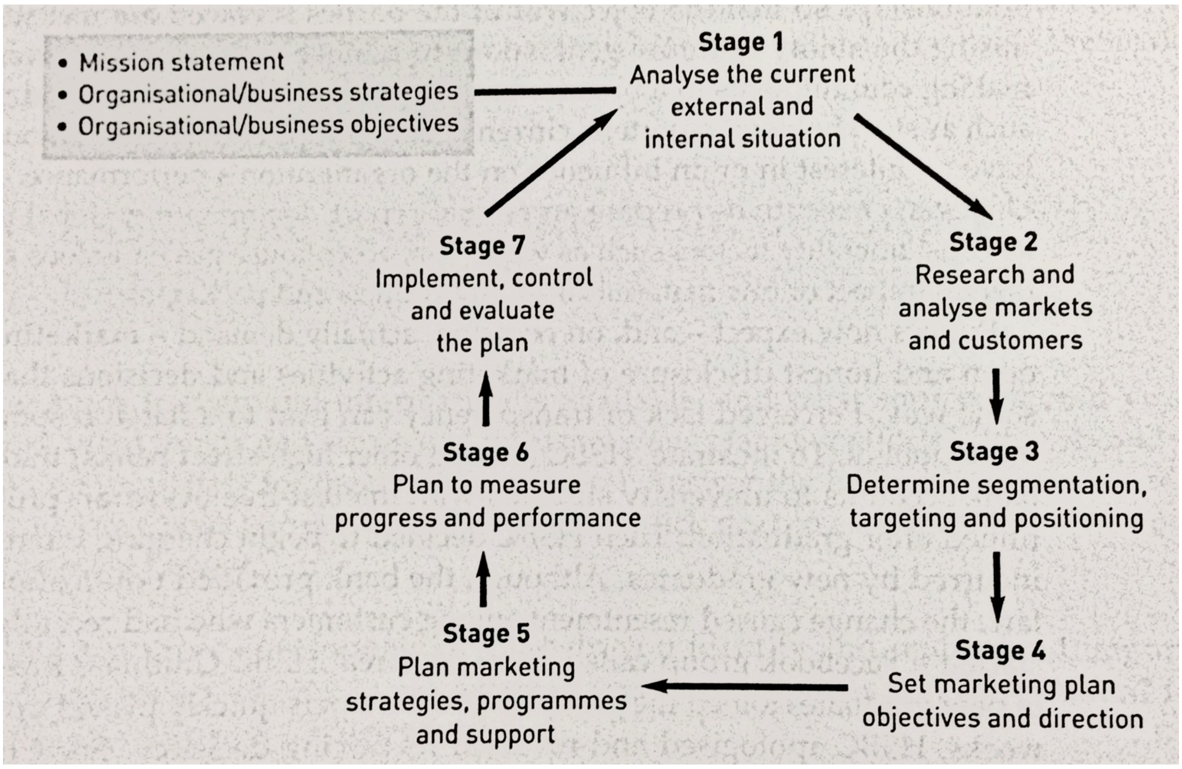

FIGURE 14 - Wood (2007) Marketing plan model

ATTACHMENT 2 – QUESTIONNAIRE (ENGLISH AND MANDARIN)

This questionnaire aims to study the behavior of grape wine consumers as well as study their perception of Portuguese wine.这份问卷旨在研究葡萄酒消费者的行为以及他们对葡萄牙葡萄酒的认知。

This research is being conducted under the auspices of the Master thesis in Marketing Management from the School of Economics and Management (ISEG). 本研究用于经济与管理学院营销管理硕士论文

All collected data is confidential.所收集所有数据保证机密。

Do you drink grape wine? 您饮用葡萄酒吗？

- ❍ Yes 是
- ❍ No 否

How many glasses of grape wine do you drink weekly? 您一周饮用多少杯葡萄酒？

- ❍ < 2 glasses 少于 2 杯
- ❍ 2-5 glasses 2-5 杯
- ❍ 6-9 glasses 6-9 杯
- ❍ > 9 glasses 9 杯以上

Why do you drink grape wine? 您饮用葡萄酒的原因是？

- ❑ Health reasons 因为健康
- ❑ Social status 体现社会地位
- ❑ It tastes good 葡萄酒很好喝
- ❑ Business reasons 商务需要
- ❑ Is good with food 与食物在一起搭配很好
- ❑ None of the above 以上都不是

Are you familiar with any of these grape wines? 您熟悉任何以下品牌的葡萄酒吗？

- ❑ Changyu 张裕
- ❑ Dynasty 王朝
- ❑ Great Wall 长城
- ❑ Yantal Gran Dragon 烟台威龙
- ❑ Jilin Tonghua 吉林通化
- ❑ None of the above 以上均不熟悉

Are you familiar with grape wines from these locations? 您熟悉以下地区的葡萄酒吗？

- ❑ North American 北美
- ❑ South American 南美
- ❑ European 欧洲
- ❑ South Africa 南非
- ❑ Australia / New Zealand 澳大利亚/新西兰
- ❑ None of the above 以上均不熟悉

Where do you buy grape wine? 您通常在哪里购买葡萄酒？

- ❑ Restaurants 餐厅
- ❑ Bars / Clubs 酒吧/俱乐部
- ❑ Hotels 宾馆
- ❑ Supermarkets 超市
- ❑ Wine Boutiques Shop 葡萄酒专营店
- ❑ None of the above 以上均不是

Where do you drink grape wine? 您通常在哪里饮用葡萄酒？

- ❑ Restaurants 餐厅
- ❑ Bars / Clubs 酒吧/俱乐部
- ❑ Hotels 宾馆
- ❑ Home 家中
- ❑ None of the above 以上均不是

Do you participate in any grape wine educational activities? 您参与过以下任何一种葡萄酒教育活动吗？

- ❑ Wine education classes 葡萄酒培训课
- ❑ Wine trade shows 葡萄酒贸易展
- ❑ Wine tastings 品酒会
- ❑ Winery tours 参观酒庄
- ❑ Wine literature 酒文学
- ❑ None of the above 以上均没有

How do you get information about grape wine? 您获得葡萄酒信息的渠道是？

- ❑ Word-of-mouth 人们的口头评价
- ❑ TV commercials 电视广告
- ❑ Product reviews 产品综述
- ❑ Wine web sites 葡萄酒网站
- ❑ Print adds / direct mail 招贴广告/邮件
- ❑ None of the above 以上均不是

How much were you willing to pay for a bottle of grape wine? 您愿意为一瓶葡萄酒支付的价格是？

- ❍ < 50 RMB 少于 50 元
- ❍ 51-100 RMB 51-100 元
- ❍ 101-200 RMB 101-200 元
- ❍ 201-500 RMB 201-500 元
- ❍ > 500 RMB 500 元以上

When you buy a bottle of grape wine you take into consideration the...
当您购买一瓶葡萄酒时，您会考虑以下哪些因素？

	Yes	No
1. Country-of-origin	❍	❍
2. Type of wine	❍	❍
3. Brand	❍	❍
4. Price	❍	❍
5. Opinion of friends or family	❍	❍
6. Previous experience	❍	❍
7. Seller's opinion	❍	❍
8. Advertising	❍	❍

	是	否
1.原产国家		
2.酒的类型		
3.品牌		
4.价格		
5.朋友或亲人的意见		
6.先前的经验		
7.销售者的建议		
8.广告		

What is your level of knowledge about the Portuguese society and products? 您对葡萄牙社会及产品的认知水平怎样？

- ❍ Very bad knowledge 非
  常糟糕
- ❍ Bad knowledge
  糟糕
- ❍ Reasonable knowledge
  适度
- ❍ Good knowledge
  较好
- ❍ Very good knowledge
  非常好
- ❍ No knowledge
  没有认知

What is your opinion about the following sentences?
您对以下观点持什么意见？

	Totally disagree	Disagree	Neither disagree, nor agree	Agree	Totally agree	No opinion
1. Portugal is a culturally similar country to China	❍	❍	❍	❍	❍	❍
2. Portugal is not a creative and innovative country	❍	❍	❍	❍	❍	❍
3. Portugal always pretends to achieve high standards	❍	❍	❍	❍	❍	❍
4. Portugal has a high standard of living	❍	❍	❍	❍	❍	❍

	完全不赞成	不赞成	既非不赞成，也非赞成	赞成	完全赞成	没有意见
1.葡萄牙是一个文化上与中国类似						

的国家						
2.葡萄牙不是一个善于创造创新的国家						
3.葡萄牙总是假装达到高水准						
4.葡萄牙生活质量很高						

What is your opinion about the following sentences?
您对以下观点持什么意见？

	Totally disagree	Disagree	Neither disagree, nor agree	Agree	Totally agree	No opinion
1. Portugal produces luxury products	❍	❍	❍	❍	❍	❍
2. Portugal has unreasonably expensive products	❍	❍	❍	❍	❍	❍
3. Portugal doesn't produce good value products	❍	❍	❍	❍	❍	❍
4. Portuguese products are easily available	❍	❍	❍	❍	❍	❍

	完全不赞成	不赞成	既非不赞成，也非赞成	赞成	完全赞成	没有意见
1.葡萄牙生产奢侈品						
2.葡萄牙有产品贵得离谱						
3. 葡萄牙不生产优质品						
4.葡萄牙产品很容易买到						

Have you ever drink Portuguese grape wine? 您曾经喝过葡萄牙产的葡萄酒吗？

- ❍ Yes 是
- ❍ No 否

Which type(s) of Portuguese grape wines do your prefer to drink? 您比较喜欢饮用哪一种类型的葡萄牙产葡萄酒？

- ❍ Ice wine 冰酒
- ❍ Sparkling 气泡酒
- ❍ Rose 桃红葡萄酒
- ❍ Red 红葡萄酒
- ❍ White 白**葡萄酒**

What is your opinion about the following sentences?
您对以下观点持什么意见？

	Totally disagree	Disagree	Neither disagree, nor agree	Agree	Totally agree	No opinion
1. Portuguese grape wine is more expensive compared to similar wines	❍	❍	❍	❍	❍	❍
2. Portuguese grape wine doesn’t taste better than similar wines	❍	❍	❍	❍	❍	❍
3. Portuguese grape wine has more quality than similar wines	❍	❍	❍	❍	❍	❍
4. Portuguese grape wines are easily accessible	❍	❍	❍	❍	❍	❍

	完全不赞成	不赞成	既非赞成，也非不赞成	赞成	完全赞成	没有意见
1.葡萄牙产葡萄酒比同类葡萄酒更贵						

2.葡萄牙产葡萄酒不比同类葡萄酒更好喝						
3.葡萄牙产葡萄酒比同类葡萄酒品质更高						
4.葡萄牙产葡萄酒很容易买到						

Gender 性别

- ❍ Male 男
- ❍ Female 女

Age 年龄

What is your level of education? 您的教育程度？

- ❍ Junior high school or below 初中或以下
- ❍ High school / Technical school 高中/技校
- ❍ Bachelor / Professional degree 本科/专业学位
- ❍ Postgraduate degree 硕士及以上

What is your monthly income? 您的月收入水平？

- ❍ < 1000 RMB 低于 1000 元
- ❍ 1000-3000 RMB 1000-3000 元
- ❍ 3000-5000 RMB 3000-5000 元
- ❍ 5000-10000 RMB 5000-10000 元
- ❍ > 10000 RMB 10000 元以上
- ❍ Does not apply / None of the above 以上均不是

ATTACHMENT 3 – SAMPLE DEMOGRAPHIC ANALYSIS

TABLE XII - SAMPLE (AGE)

AGE	Frequency	%
19	7	13.46
20	8	15.38
21	5	9.62
22	3	5.77
23	7	13.46
25	7	13.46
26	2	3.85
27	3	5.77
28	6	11.54
29	1	1.92
30	1	1.92
43	1	1.92
45	1	1.92
Total	52	100.00

TABLE XIII - SAMPLE (GENDER)

GENDER	Frequency	%
Male	19	36.54
Female	33	63.46
Total	52	100.00

TABLE XIV - SAMPLE (EDUCATION)

EDUCATION	Frequency	%
Junior high school or below	0	0
High School / Technical School	0	0
Bachelor / Professional degree	42	80.77
Postgraduate degree	10	19.23
Total	52	100.00

TABLE XV - SAMPLE (INCOME)

INCOME	Frequency	%
< 1000 RMB	11	21.15
3000-5000 RMB	8	15.38
5000-10000 RMB	17	32.69
> 10000 RMB	8	15.38
Does not apply / None of the above	8	15.38
Total	52	100.00

ATTACHMENT 4 – QUESTIONNAIRE ANALYSIS

TABLE XVI - GRAPE WINE CONSUMERS

	Frequency	**%**
Yes	32	61.54
No	20	38.46
Total	52	100.00

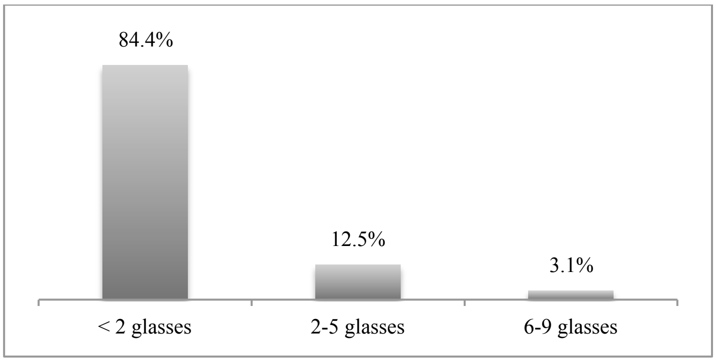

FIGURE 15 - Number of glasses of grape wine per week

ATTACHMENT 5 – PORTUGUESE WINE ANALYSIS

TABLE XVII - PORTUGUESE GRAPE WINE PRODUCTION PER REGION

Region	2000/2001	2011/2012	Ranking
	L	L	
Minho	880 865 000	823 341 000	4
Trás-os-Montes	255 321 000	102 005 000	10
Douro and Oporto	1 459 865 000	1 329 423 000	1
Beira Atlântico	1 202 146 000	292 596 000	8
Terras do Dão		293 537 000	7
Terras da Beira		184 759 000	9
Terras de Cister		45 959 000	11
Tagus	744 062 000	382 276 000	5
Lisboa	1 305 665 000	826 666 000	3
Península de Setúbal	329 404 000	308 857 000	6
Alentejo	434 173 000	969 832 000	2
Algarve	13 817 000	13 150 000	13
Madeira	62 429 000	38 769 000	12
Azores	21 996 000	11 192 000	14
Total	6 709 743 000	5 622 363 000	

Source: Instituto da Vinha e do Vinho (2012)

TABLE XVIII - EXPORTED GRAPE WINE PRODUCED IN PORTUGAL PER COUNTRY

Countries	L			€		
	2010	2011	2012	2010	2011	2012
Angola	385 851 000	476 112 000	535 946 000	25 364 000	32 029 000	38 582 000
France	207 712 000	268 507 000	295 555 000	13 333 000	9 934 000	14 596 000
Spain	16 890 000	71 142 000	197 120 000	4 696 000	5 693 000	11 925 000
United Kingdom	92 610 000	66 675 000	68 252 000	26 749 000	10 339 000	10 982 000
Germany	108 890 000	111 343 000	125 326 000	7 838 000	6 305 000	9 273 000
Switzerland	26 907 000	27 836 000	29 519 000	3 923 000	4 234 000	4 701 000
Mozambique	60 422 000	62 445 000	67 726 000	2 498 000	2 859 000	4 645 000
Belgium	19 823 000	12 209 000	27 636 000	5 262 000	2 403 000	4 603 000
China	17 570 000	44 985 000	39 797 000	1 490 000	3 180 000	3 618 000
Guinea-Bissau	22 213 000	55 638 000	65 210 000	1 283 000	3 285 000	3 605 000
Poland	12 775 000	23 028 000	25 005 000	1 499 000	3 190 000	3 344 000
USA	14 538 000	14 332 000	16 454 000	3 007 000	2 071 000	2 501 000
São Tomé and Príncipe	33 759 000	36 746 000	33 751 000	2 089 000	2 414 000	2 484 000
Luxemburg	18 856 000	15 397 000	23 614 000	2 623 000	1 899 000	2 273 000
Netherlands	28 570 000	21 724 000	22 618 000	4 996 000	1 761 000	2 268 000
Brazil	11 906 000	10 738 000	12 772 000	2 050 000	1 588 000	1 968 000

Canada	7 901 000	8 998 000	10 336 000	1 949 000	1 650 000	1 921 000
Italy	8 285 000	7 758 000	7 996 000	2 015 000	1 817 000	1 905 00
Cape Verde	32 518 000	31 997 000	29 174 000	1 997 000	1 844 000	1 829 000
Sweden	7 093 000	5 495 000	7 747 000	1 423 000	1 092 000	1 720 000
Finland	774 000	376 000	6 791 000	258 000	74 000	862 000
Denmark	5 774 000	3 007 000	4 137 000	1 929 000	629 000	808 000
Macau	7 783 000	7 155 000	7 365 000	925 000	904 000	797 000
Australia	3 076 000	3 045 000	2 766 000	754 000	767 000	760 000
Venezuela	1 557 000	1 934 000	3 145 000	282 000	326 000	567 000
Other destinations	28 832 000	27 422 000	31 539 000	5 613 000	4 755 000	5 537 000
Total	1 182 885 000	1 416 043 000	1 697 295 000	125 846 000	107 041 000	138 077 000

Source: Instituto da Vinha e do Vinho (2012)

ATTACHMENT 6 – COMPETITORS PRICE ANALYSIS

RMB	Under 20	20-30	30-50
Chinese	Most unbranded (19)	Most branded (22)	Branded varietals (34)
French			BLB* (45)
Australian			BiB† (49) Stanley (50) Berri (47)
Italian			Vino da tavola
Chilean			Pupilla (35) Manquehue (46)
Spanish			Felix Solis BLB* (45)
US			Carlo Rossi (33) Chateau St Pierre (42)
German			
Argentinian			Uvita (30) Flichman P. Vasija (42) Talacasto (30) Signos (44)
South African			
Portuguese			
New Zealand			

Source: IWSR storechecks

FIGURE 16 - Price range 19-50 RMB

RMB	50-70	70-90	90-125
Chinese	Grace Vineyards (68)		
French	Vin de table (50) Vin de Pays (50) Languedoc AOC (55) Celliers des Dauphins (55) Chenet (69) Rochemazet (65) Duboeuf cuvee (62) Vieux Papes (58) Cambras (62)	Fortant (81) Jeanjean (89) Couleurs du Sud (81) Chamarré (86)	Ginestet (115) Bichot (120) Calvet (120) Laroche (118) Premius (116) Bordeaux basic (110) Beaujolais AOC (110)
Australian	Banrock Station (60) Lindemans Cawarra (60)	Hardy's VR (80) Angoves (85) Eaglehawk (78) De Bortoli Sacred Hill (87)	Jacob's Creek (98) Wolf Blass (115) Tyrrells (118) Yellowtail (125) Kingston Estate (99) Rosemount (106) Brown Brothers (98) Kangaroo Ridge (107) D'Arenberg (119) Yalumba (99)
Italian	Lambrusco	Zonin (81) Chiaro (98) Cecchi (98)	Masi (115)
Chilean	Concha y Toro Frontera (58) Vistamar (59) Santa Alvara (65) Santa Mia (65) Caminos (68) Sta Carolina Premio (60)	Concha y Toro Sunrise (89) Los Boldos (88) Caliterra (89) Santa Rita 120 (81)	Concha y Toro Casillero del Diablo (103) Santa Digna (125) "Reservas" (120)
Spanish		Rene Barbier (86) Berberana (82)	Torres (93) Rioja Joven (90) Gran Feudo (92) Faustino VII (125)
US			Kendall Jackson Collage (106) Sutter Home (108) Woodbridge (94) Beringer Stone Cellars (108) Gallo Varietals (102) Delicato (99)
German			G.A. Schmitt (95) Blue Nun (98)
Argentinian	Lo Tengo (54) Callia (66) La Chamiza (65)	Norton (80) Argento (89) Santa Ana (79) Santa Julia (78) Trumpeter (90) San Felipe (90) Los Haroldos (90) Trivento Tribu (76) Sta Florentina (78)	Las Moras (110) Uxmal (102) Terrazas (105) El Portillo (95)
South African	Two Oceans (60) Bloemendal (70)	Nederburg (86) Fleur du Cap (93)	Kleine Zalze (114)
Portuguese		Mateus Rose (82) Gazela (82) Terra Franca (70) Alianca (89)	Mateus Signature (118) Grao Vasco (94)
New Zealand			

Source: IWSR storechecks

FIGURE 17 - Price range 50-125 RMB

RMB	125-150	150-200	200-300
Chinese			'Vintages' (220)
French	Mouton Cadet (148) Chapoutier (135) Giraud Timber (144) Alsace AOC (140) Louis Bernard (145)	Trimbach (194) Bouchard Aîné (190) Louis Jadot (181) Laffitte (198) Henri Bourgeois (176) Bourgogne AOC (159) Drouhin (162) Hugel Gentil (167) Médoc (168)	Guigal (204) Rhône crus (250) Hugel Varietals (203) Beaujolais crus (250)
Australian	Penfolds (135) Peter Lehmann (138)	Wolf Blass Yellow (172) Wynns (186) Penfolds Koonunga Hill (198) McGuigan Black (156) Taylor's (189) De Bortoli Windy Peak (198)	Wolf Blass Pres. (244) Greenpoint (229) Leeuwin Estate (232) Penfolds Bins (238) Penfolds Hyland (263) Petaluma (223) Sandalford (279) Vasse Felix (229)
Italian	Ruffino (128) Antinori (147) Frescobaldi (129) Banfi (145) Danzante (145)	Masi (190) Pio Cesare (185) Antinori Villa (179) Colli Senessi (174)	Sensi (200) Ruffino Aziano (208)
Chilean	Cousiño Macul (144) Terramater (148) Lapostolle (145)	Sta Rita Real (171) Los Vascos (178)	Concha y Toro Marqués (222) Escudo Rojo (210)
Spanish	Rioja crianza (130) Riscal rueda (132) Campoviejo crianza (143) Beronia crianza (132) Torres Coronas (125)	Torres Nerola (197) Torres Ibericos (178) Cáceres (168)	Rioja Reserva (220) Torres Atrium (206) Torres Fransola (221) Torres Gran (220)
US	Stimson Lane (128) Fetzer (130)	Simi (178) Wente (174) Mondavi Private (186)	Trinchero (227) Hess (201) Coppola (228) Kendall Jackson Res. (212)
German			
Argentinian	Martins (129) Alamos (143)	Clos de la Siete (196)	Luigi Bosca (220) Rutini (220) Catena (228)
South African	Leopard's Leap (142)	Neil Ellis (162) Rupert & Rothschild (170)	Lanzerac (296) La Motte (265)
Portuguese		Duas Quintas (198)	
New Zealand	Whitecliff (130)	Villa Maria (168) Oyster Bay (162) Sileni (167) St Clair (198) Tahuna (169)	Matua Valley (218) Te Mata (287) Ninth Island (263)

Source: IWSR storechecks

FIGURE 18 - Price range 125-300 RMB

RMB	300-400	400-600	Over 600
Chinese	Gift packs (390)		
French	Branded Rhône Crus (350)		Bordeaux Grands Crus
Australian	Penfolds Kalima (350) Wolf Blass Grey (390) Wolf Blass Gold (323) Henschke (448)		
Italian			
Chilean		Lapostolle Apalta (580)	Almaviva (1,218)
Spanish	Rioja Gran Res (350)	Torres Mas La Plana (578) Torres Salmos (412)	Vega Sicilia (3,842)
US	Merryvale (303)	Marimar Torres (504)	Opus One (3,544) Phelps (608)
German			
Argentinian			
South African			
Portuguese			
New Zealand	Cloudy Bay (336)		

Source: IWSR storechecks

FIGURE 19 - Price range 300-3842 RMB)