

Sustainable wine tourism as a diversification strategy: a different approach in a rural cooperative

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Strategies for a wine cooperative

In January of 2018, José Miguel Almeida (JMA), leader of the Board of Directors (BD) of Vidigueira Cuba & Alvito (ACVCA) wine cooperative, one of the Portugal's oldest wine cooperatives, located in the south of the country, on Alentejo region, was preparing the first meeting with the newly elected BD. The purpose of this case study is to help the board of ACVCA to design the strategy for the next four years, taking into consideration some possible options. Should they put all their eggs in one basket? Or, on the contrary, should they diversify and open up different ways? In addition to sustainability in its three pillars (economic, environmental and social), they must consider that cooperators demand guaranteed respective income, "We can't risk everything", thought JMA! The BD would have to make decisions not only for the affirmation of the brand but also to its renown and sustainable growth. It was necessary to define a path that did not put at risk the stability achieved, but that allowed new markets to be reached and new challenges embraced. How could it be done? Increasing production capacity or investing in internationalisation, focusing on segmentation through innovation, could be two different ways. Diversification of product or business area was also an option. Wine tourism was one of the options. "Can we do it sustainably and differently?" thought JMA. "We have to push for creativity and take advantage of our strengths, our traditions and customs, our material and immaterial heritage". Could ACVCA explore its singularities? Could it be done through *Amphora wine*, [1] produced from its exclusive centuries-old grape varieties? Which was the best way? These questions would have to be discussed with all BD members in the next meeting. Considering the crucial role of cooperatives in developing the regions where they were located, the success of the defined strategy was extremely important for ACVCA and all its stakeholders, including the local community. "Strategic management decisions in a cooperative always have a double objective: on the one hand, to satisfy the interests of the cooperators and, at the same time, to meet the interests of the market and assert its positioning in an increasingly competitive sector", thought JMA.

Wine cooperative of Vidigueira, Cuba & Alvito: a brief history

From foundation to expansion

ACVCA, one of the Portugal's oldest wine cooperatives, was founded in 1960 (Figure 1). However, its chronology extends far beyond its 60-year history. Its origins blend with the village of Vidigueira and the history of Vasco da Gama, the well-known 15th-century navigator and explorer. The winery resulted from the efforts and motivation of 23 small

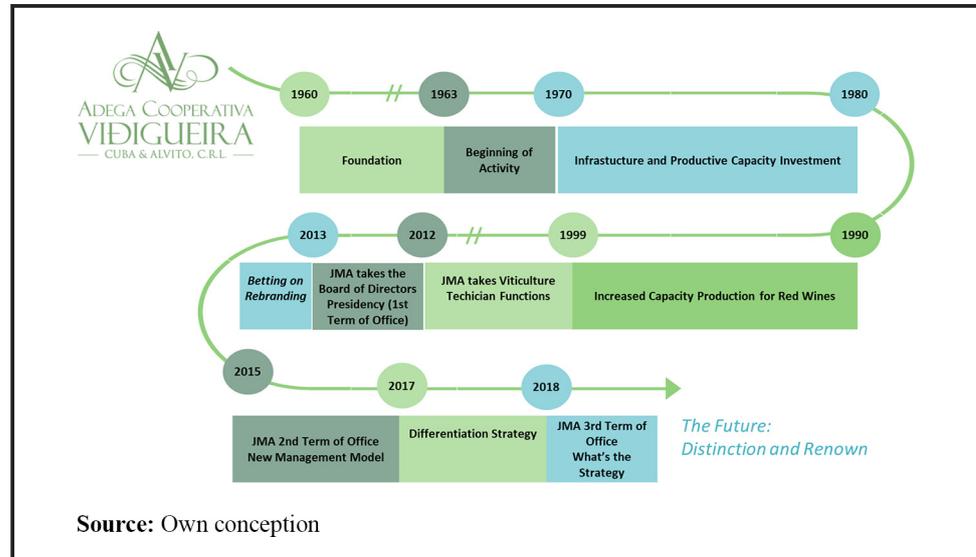
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Disclaimer. This case is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was compiled from published sources.

Figure 1 ACVCA timeline



artisanal wine producers and “was born out of an organisational model of the Portuguese wine sector, predominant at that time”, recalled JMA. It is located in one of the oldest wine-producing regions and has its origins in the Vidigueira village, situated on a natural fault, the Serra do Mendro, which marks the division between two subregions of Alentejo, upper and lower. This natural fault is responsible for the region’s microclimate, with a temperate climate which is different from the other regions in Alentejo, where the Mediterranean climate predominates. In the south of Portugal, in the Alentejo region, there is still a tradition of making wine in the ancient way using clay vessels, [2] as the Greeks and the Romans did in ancient times. The region of Vidigueira is the maximum exponent of this tradition. Here remains, till the present day, the Roman ruins of São Cucufate, a unique archaeological site that contains traces of viticulture that date back 2000 years.

The winery’s foundation in the 1960s was contemporary with cooperativism – an organisational model that allowed it to respond to difficulties of commercialisation and reduced scale, both problems of producers from the wine sector. The winery and the region were known for white wine production. In the 70s and 80s, infrastructure investment increased productive capacity. The investment in making red wines took place in the 90s in response to market demands. However, the abundance in the region of varieties intended for white wine production had always been greater than that intended for red wine production: “This has always been a region of white wine production, white varieties and consequently white wines”, underlined JMA.

The winery and JMA crossed paths in 1999, when he took up a position in the cooperative winery as a viticulture technician. He knew the fields and the vines and had experience performing these functions in another winery. “I knew the structure, all the people and the big challenges, especially in the wine-growing area”, remembered JMA.

From old governance to new management

After a few years, JMA realised that something had to change if the cooperative winery wanted to be present in the market. Thus, in January 2012, fully aware of the ACVCA challenges, JMA took the leadership of the BD, embracing this ambitious project with huge

enthusiasm. A new era began for ACVCA, with a new BD whose main goals were relaunching and rebranding the winery.

Between 2012 and 2014, his first term of office, JMA and his team designed a strategy based on three pillars: production, commercialisation and promotion. The investment in increasing production capacity was carried out through a project supported by community funds of €5m. Threats from other national players, who installed themselves in the ACVCA region with professional marketing and commercialisation strategies, forced the winery to raise the level, as JMA recalls:

In the 1990s, when there was a boom in red wines, important players began to come to the territory and all of them with wine tourism projects attached. They did not represent a threat to us in quantity produced, but it forced us to raise the quality and our position in the market and to review our position on the market.

The closure of the winery's commercial department in 2014 was a part of a new strategy for commercialisation. The solution involved a partnership with another company, with recognised know-how and mastery of sales channels. A new company, whose purpose was exclusively promoting and marketing wines and oils from the region, was created. At the same time, in this year, the marketing, communication and wine tourism department was created. To promote its image, the winery was rebranded, "This term of office has as a first big step, the need to continue focusing on spatial modernisation and, especially in 2013, in doing the rebranding of the winery", said JMA.

The first term of office came to an end. "It was a term of office marked by enthusiasm, where we had to start by rolling up our sleeves and facing the Herculean challenges that the winery was facing", remembered JMA.

Between 2015 and 2017, during the second term of office, JMA defined the change of the governance model as a priority. Until then, the cooperative was governed similarly to other cooperatives in the sector, with voluntarism and amateurism. JMA broke with this model and dedicated most of his time implementing a new management model suited to new business requirements, as he recognised that "cooperatives have always been, from a top structure point of view, managed in an amateur way".

A vertical hierarchical structure was adopted because, as JMA says, "we needed to create a structure with some verticality as previously the winery was based on an extremely informal model . . . which generated some problems".

In 2017, investment in quality was realised by creating an analysis and weighing centre (AWC) aiming to identify the best grapes to make the best wines. The winery rewarded the winegrowers who trusted it with their best quality grapes, allowing them to produce superior quality wines.

JMA advanced with a product differentiation strategy in the same year by reviving the traditional *Amphora wines* production process, using grapes from centuries-old vineyards with unique characteristics. This process brings back a traditional ACVCA product, which dates back to the beginnings of its existence, the *Amphora wines*. This differentiation strategy opened the door to producing a different wine, intense and full of personality. At the same time, it avoided the disappearance of approximately 20ha from centuries-old vineyards, where "concentrated bunches, complex in aromas and flavours" were born, said JMA.

At the end of 2017, the marketing, communication and wine tourism department was divided into two. The importance and complexity of marketing and communication were accepted, as well as the need to answer the requirements associated with the wine tourism business, beginning to emerge but with a lot of potential for growth. New directions were anticipated, in line with newly imposed challenges, including sustainability issues. The two structures were separated. On the one hand, marketing and communication, on the other and complementary, wine tourism.

We restructured our image and our corporate organisation, acquired a new bottling line with a capacity of six thousand bottles/hour, created the Analysis and Weighing Centre, which we designate as AWC, guaranteeing the quality of our associate's grapes. We became "greener", implementing several measures within the scope of the circular economy, the use of solar energy, water-saving, among others, under the Programa de Sustentabilidade dos Vinhos do Alentejo [3] (PSVA), of which we are members, summarised JMA.

In the history of ACVCA we have identified cycles and counter cycles, growth, stagnation, expansion and consolidation (Figure 1). JMA, who led the governance change that opened the way to the rebranding of the ACVCA, was once again at the leadership of this cooperative's destiny and had to design the strategy for the next four years.

Organisational structure

In JMA's first term of office, he designed the ACVCA's current organisational structure because of his conviction that a vertical structure was needed. In addition to the BD, composed of six members, the winery's governing bodies were the Board of the General Meeting (with three members) and the Supervisory Board (with six members) (Figure 2).

It was a vertical hierarchical structure, where each line represented authority, responsibility and reporting level. The organisation was linear, the simplest and most commonly used, made up of departments, which comprised one or several sections, in which one or more elements worked. Each element in the line was directly involved in achieving the organisation's goals, thus achieving the overlap of organisational, departmental, sectoral and individual task objectives.

Positioning and brands

ACVCA was positioned in the national market, where white wine consumption currently represented only 20%, while red wine consumption stood at 80%. However, the winery maintained a predominance of white wine production, 55% white wines vs 45% red wines. In 2017, the international market represented only 2% of the winery's sales. ACVCA was part of the so-called "Old World" producers, which in labelling terms value the production region, contrasting with the "New World" producers, whose labels emphasise the varieties from which the wines are produced.

The winery's private label wine portfolio was vast and diverse (Table 1). However, it also produced some wines with its customers' brands (Table 2).

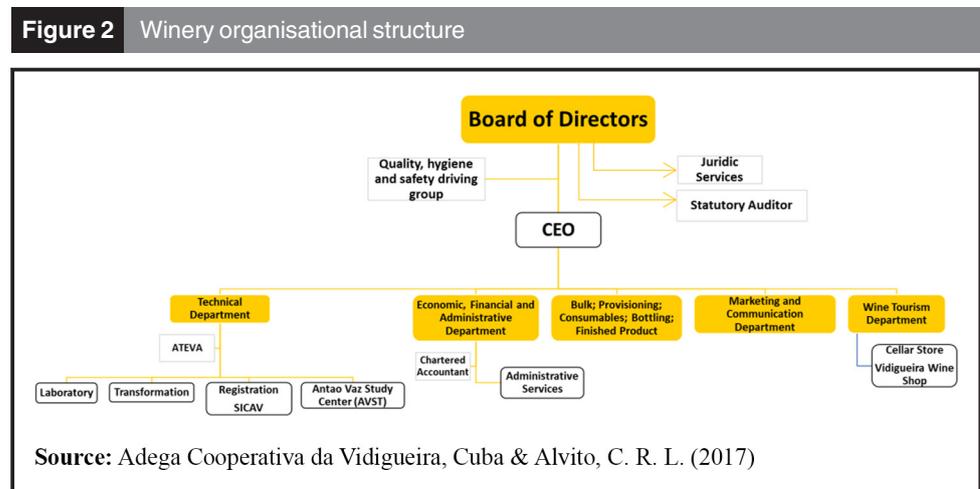


Table 1 Own brands

<i>Brand</i>	<i>DOP/IGP</i>
<i>White</i>	
Navegante	Vinho Regional Alentejano
Vila dos Gamas	D.O.C. <i>Alentejo</i>
Vidigueira	D.O.C. <i>Alentejo</i>
Conde de Vidigueira	D.O.C. <i>Alentejo</i>
Tapada dos Gamas	D.O.C. <i>Alentejo</i>
Vila Ruiva	Vinho Regional Alentejano
Nauta	Vinho Regional Alentejano
<i>Red</i>	
Navegante	Vinho Regional Alentejano
Vila dos Gamas	D.O.C. <i>Alentejo</i>
Vidigueira	D.O.C. <i>Alentejo</i>
Conde de Vidigueira	D.O.C. <i>Alentejo</i>
Tapada dos Gamas	D.O.C. <i>Alentejo</i>
Vila Ruiva	Vinho Regional Alentejano
Nauta	Vinho Regional Alentejano
<i>Sparkling wines, liqueurs and brandies</i>	
VDG	
Vidigueira	D.O.C. <i>Alentejo</i>
Vasquinho	Vinho Licoroso de Mesa
Aguardente Vínica Velha	
Navegante	Vinho Licoroso de Mesa
<i>Special editions</i>	
VDG Selmes Sabores Caça	D.O.C. <i>Alentejo</i>
VDG White Inspiration	
Homenagem ao Cante	

Source: Own conception based on [Adega Cooperativa da Vidigueira, Cuba & Alvito, C. R. L. \(2017\)](#)

Table 2 Customer brands

<i>Brand</i>	<i>DOP/IGP</i>
Almocreve	Vinho Regional Alentejano
Encosta das Perdizes	
Vinha Maria Ana	
O Celeiro	
Alabar	
DOK	
Contemporal	
Bilontra	D.O.C.

Source: Own conception based on [Adega Cooperativa da Vidigueira, Cuba & Alvito, C. R. L. \(2017\)](#)

Economic performance and financial structure

Over the period 2015–2017, the winery maintained stable human resources with 26 employees. The number of cooperators also remained stable, slightly exceeding 300. The affirmation strategy adopted by ACVCA for its wines and brands, with the reduction in sales of bulk wines, giving priority to bottled wine sales (Figure 3), allowed for better remuneration to its cooperators.

Changes in business value (Table 3) were reflected in an increase in the average price of wine per litre sold, higher than the sector average. Over time, the winery had sought the best remuneration for its cooperators and a balance in its economic and financial situation, aiming for greater strength and better preparation for competition in the global market. To achieve these goals, there had been an increase in assets, reinforcement of equity and

Figure 3 Wine sold, in volume, between 2015 and 2017

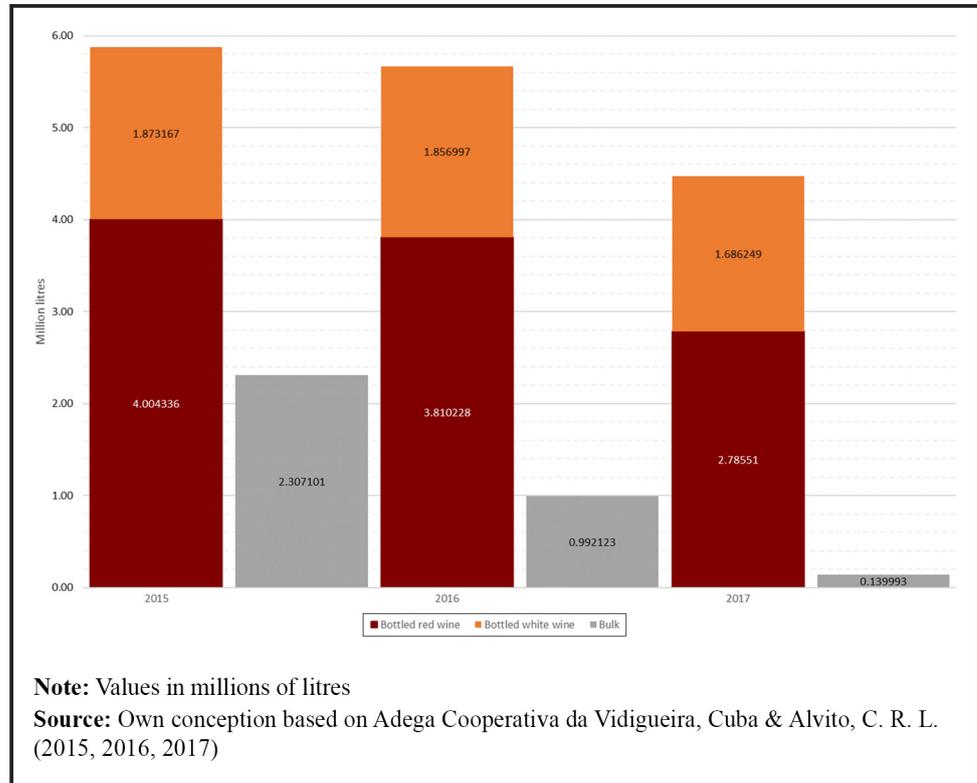


Table 3 Business value evolution of the winery and the viticulture sector 2015–2017

Business value	Winery			Sector		
	2015	2016	2017	2015	2016	2017
1. Good sales (€)	7,902,954.82	8,824,510.94	7,230,602.06	178,521,000	208,369,000	224,583,000
2. Services (€)	311,223.52	149,467.28	155,877.18	13,295,000	15,114,000	2,026,4000
Business value (1 + 2)	8,214,178.34	8,973,978.22	7,386,479.24	191,816,000	223,483,000	244,847,000

Note: Values in euros
Source: Own conception based on Adega Cooperativa da Vidigueira, Cuba & Alvito, C. R. L. (2015, 2016, 2017) and Banco de Portugal (2021)

financial autonomy, reduction of liabilities and impairments and an adjustment of the fixed cost structure. Thus, among other ratios (Table 4), financial autonomy and solvency had increased, and a reduction in the debt ratio could be highlighted.

Awards and distinctions

Over time, ACVCA and its wines had been the recipient of national and international distinctions. The first distinctions, the prize obtained in a national competition for bottled wines and the honourable mention of the *Junta Nacional do Vinho*, dated back to 1969 and marked the beginnings of recognition of the winery. In the first decades of ACVCA's activity, it was a constant presence in national competitions. In the 21st century, the winery regularly participated in international competitions, often achieving different distinctions [4].

More recently, in 2015, ACVCA wines were recognised with 22 awards, and the following year with more than 70 awards. In 2015, it was distinguished by *Revista de Vinhos* as the

Table 4 Ratios and indicators 2015–2017

Ratios and indicators	Winery			Sector		
	2015	2016	2017	2015	2016	2017
<i>Structure/indebtedness</i>						
Financial autonomy	30.50%	41.83%	42.90%	41.41%	40.66%	33.24%
Solvency	43.89%	71.90%	75.14%	70.69%	68.51%	65.26%
Indebtedness	69.50%	58.17%	57.10%	58.59%	59.34%	50.93%
Debt structure	45.40%	61.60%	51.37%	49.72%	49.72%	51.05%
<i>Operation</i>						
Asset rotation	54.79%	60.70%	46.93%	18.18%	20.18%	17.12%
<i>Liquidity</i>						
General liquidity	2.50	1.78	2.09	1.16	1.13	1.21
Working capital	7,075,170.97	4,153,259.04	5,049,490.58	48,671,000.0	43,812,000.0	78,183,000.00
<i>Economic return</i>						
Return on asset	0.30%	1.14%	0.55%	-0.89%	-0.11%	1.36%
EBITDA	573,523.44	622,374.04	488,325.12	38,381,000.00	40,340,000.00	66,692,000.00
Economic return	1.89%	2.89%	1.33%	0.96%	1.01%	2.31%
Return on investment	0.44%	1.78%	0.77%	0.13%	0.33%	2.99%
<i>Financial return</i>						
Return on sales and provided services	0.55%	1.88%	1.17%	0.49%	1.16%	10.16%
Return on equity	0.99%	2.72%	1.28%	0.21%	0.58%	5.23%

Source: Own conception based on [Adega Cooperativa da Vidigueira, Cuba & Alvaro, C. R. L. \(2015, 2016, 2017\)](#) and [Banco de Portugal \(2021\)](#)

Best Winery of the Year. Among the more than 50 awards received in 2017, [Table 5](#) highlights the gold medals awarded to ACVCA's wines.

Business and management model

Wine business

In Portugal, the wine business has a significant weight in the food and beverage industry sector, with high turnover and added value ([Figure 4](#)), and plays a relevant role in the national trade balance. The wine sector has a significant positive upstream influence on the employment generated in the production of the grapes and on the occupation of the rural world, reflecting this sector's relevance in the national economy.

The historical evolution of the world and national wine production ([Figure 5](#)) allows us to observe that, since 2012, Portugal has represented 2% of world wine production. It reached its maximum in 2017, with an 11.5% growth compared with the previous year, and in counter-cycle with world production, which fell by 7.8% in the same period. The decrease in world production was because of weather conditions that caused sharp drops in production in the three main producing countries (Italy, France and Spain).

Table 5 2017 Gold medals

Competition	Award winning wine
Citadelles du Vin	Vidigueira Branco 2015
CINVE	Vidigueira Reserva Tinto 2014
Vinalies	Vidigueira Syrah 2015
Concurso de Vinhos de Portugal	VDG Arinto 2016
Concours Mondial de Bruxelles	Vidigueira Alicante Bouschet 2015
Challenge International du Vin	Vidigueira Syrah 2015
Wine Masters Challenge 2016 – XVIII World Wine Contest	Vidigueira Grande Escolha Tinto 2014
Mundos Vini – 20th Gran International Wine Award	Vidigueira Alicante Bouschet 2015
Mundos Vini – 20th Gran International Wine Award	Vidigueira Grande Escolha Branco 2014
Vinalies Internationales – Concours des Enologues de France	Vidigueira Syrah 2015
CINVE – Concurso Internacional de Vinhos Espirituosos	Vidigueira Reserva Tinto 2014

Source: Own conception based on [Adega Cooperativa da Vidigueira, Cuba & Alvito, C. R. L. \(2017\)](#)

Figure 4 Wine sector weight (data from 2017)

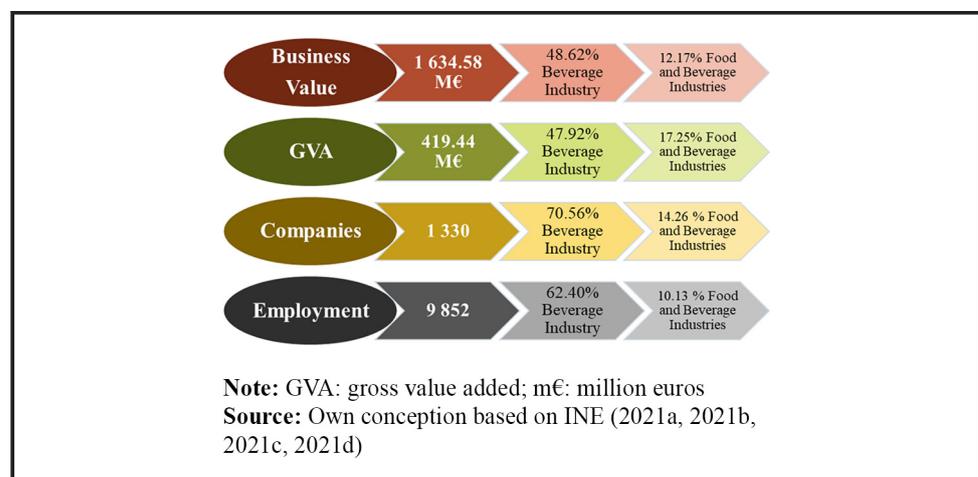
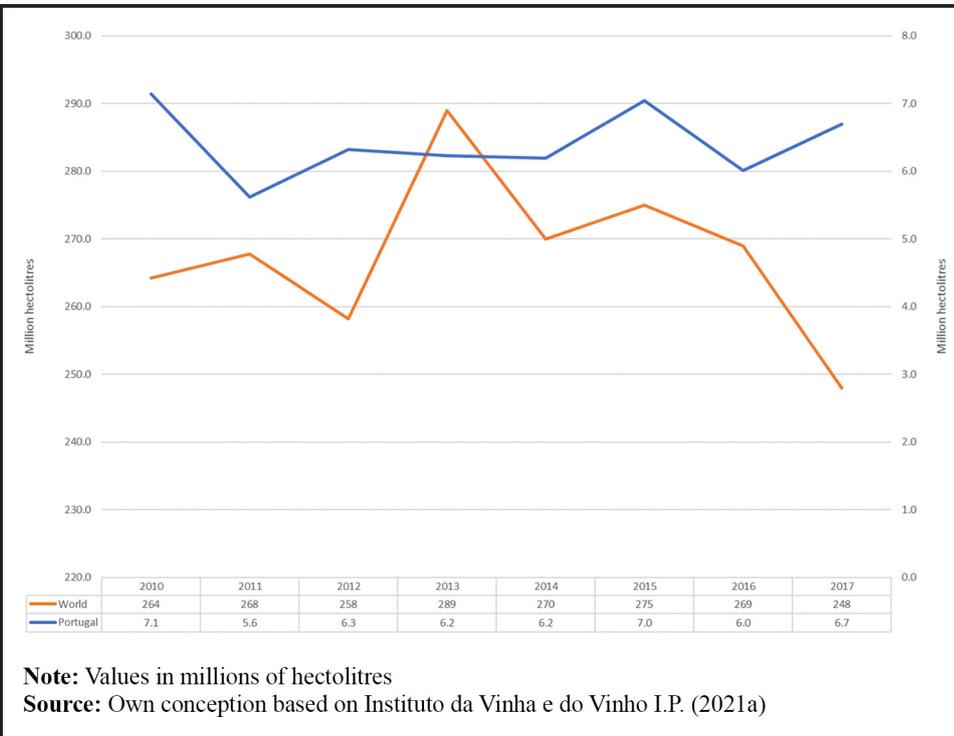


Figure 5 World and national wine production



The Alentejo region is currently the wine production leader in the national market, holding a market share of 14.17% (Instituto da Vinha e do Vinho I.P., 2021b). It is a region that occupies more than a third of the continental territory, divided into eight wine-producing subregions (Figure 6). The evolution of production in the eight Alentejo subregions (Figure 7) shows that Vidigueira is one of the leading subregions. It should be noted that since 2014, the Vidigueira subregion has been the second largest white wine producer in all Alentejo.

According to the Comissão Vitivinícola Regional Alentejana (2018), the Vidigueira subregion had an approximate vineyard area of 12.15% in 2017, corresponding to 23.67% of white varieties of the region's total. This wine production area covers the Cuba, Vidigueira and Alvito municipalities and is responsible for 5.34% of Alentejo wine production [for more details, see CVRA (2020)].

In Portugal, the annual average consumption is 4.7 million hectolitres, with the maximum and minimum values recorded in 2017 and 2013, respectively (Figure 8). There is a wine production surplus worldwide and nationally. The year 2017 was marked by an 0.8% increase in world wine consumption, while in Portugal, the growth was 10.6% (the highest for that year in the wine-producing world), with Portugal being 11th in the wine consumption ranking. However, wine consumption in Portugal represents only 2.1% of world consumption.

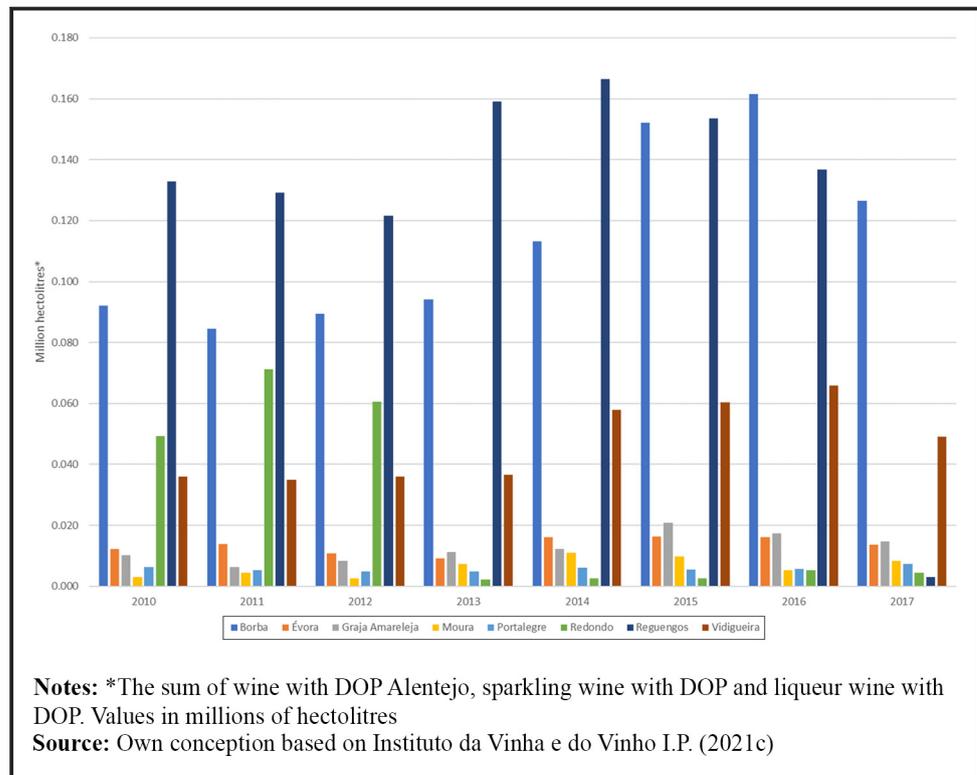
World trade increased significantly from 2010 to 2017: exports rose 12.5% and imports 21.2%. In Portugal, this increase was 12.5% and 15.6%, respectively. The total change rate in the sector's imports is higher than that of exports, which may mean a trend consumption preference for foreign wines (Table 6).

In the period under analysis, the value of wine exported by Portugal showed a growth trend. The revenues from exports to Intra-European Union countries were higher than those of Extra-European Union countries, although with a converging trend. France, the USA and the United Kingdom were the main destination markets for national wine, in terms of value and volume

Figure 6 Map of Alentejo denomination origin subregions



Figure 7 Evolution of wine* production in the Alentejo subregions from 2010 to 2017



(Instituto Nacional de Estatística I.P., 2021a). Exports grew by more than 100% to Russia, China, Poland and Spain, both in value and volume. For Brazil, they also grew more than 100%, but only in volume. In 2017, Spain, France and Italy were the main origin countries for wine imports (Instituto Nacional de Estatística I.P., 2021b).

Internationalisation strategies should consider the recent evolution of Portuguese exports and the attractiveness and risk level of the markets. There were several options: an opportunity to consolidate the position in markets where exports had grown above world

Figure 8 World and national wine consumption

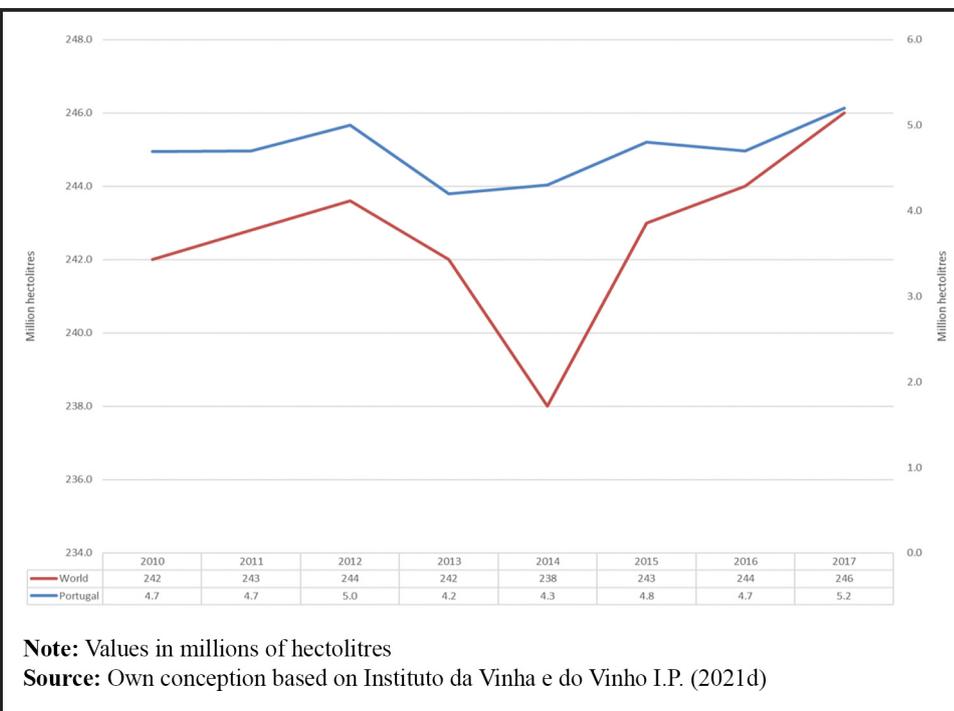


Table 6 Trade exchanges Portugal–world

Trade exchanges	2010	2011	2012	2013	2014	2015	2016	2017	Average 2010–2017	TCR** 2010–2017
<i>P</i>										
Exports	37,268	42,828	45,213	47,303	48,054	49,634	50,039	55,018	46,920	6.80%
Imports	58,647	59,551	56,374	57,013	59,032	60,345	61,424	69,689	60,490	18.83%
Balance	-21,379	-16,723	-11,161	-9,710	-10,978	-10,711	-11,385	-14,671	-13,340	
<i>Wines</i>										
Exports	614	657	704	721	726	736	724	778	707	26.64%
Imports	89	82	86	122	125	117	110	137	111	53.63%
Balance	525	575	617	598	601	619	614	641	599	

Notes: TCR*: total change rate; values in millions of euros; TP*: tradable product (excluding services)
Source: Own conception based on Instituto Nacional de Estatística I.P. (2021c)

imports; invest in recovering lost market share in markets where exports have declined; strengthen market share in countries with the greatest growth potential; enter markets that have recently revealed an opening to international trade in this type of goods; and, further, monitor developments in economic terms to continuously assess investment in promotion in some markets (Table 7).

Cooperative management model

ACVCA is a cooperative winery that competes with all other cooperative wineries and companies operating in the wine sector in the Alentejo region in general, and in the Vidigueira subregion in particular. Cooperatives are owned and controlled democratically and equitably by their cooperators to meet their economic, social and cultural needs and aspirations and promote their communities' sustainable development, thus a sustainable form of company (International Co-operative Alliance, 2015).

Table 7 Internationalisation markets and strategies

<i>Exports evolution</i>	<i>Strategy</i>	<i>Markets</i>
↑	Consolidate	USA, Canada, Germany, Switzerland and Belgium
↓	Recover	Brazil and France
↔	Reinforce	China, Japan, Hong Kong, Norway, Sweden, Poland, Russia, Macau and South Korea
↗	To enter	Mexico, Taiwan, Luxembourg and Denmark
↔	To monitor	Angola, United Kingdom and the Netherlands

Source: Own conception based on [Portugal Foods \(2019\)](#)

The success of the governance of the cooperatives, democratic associations of people and, simultaneously, economic organisations ([Mooney & Gray, 2002](#)) lies in the coordination of these two elements. Cooperative managers must balance the individual associates' short-term interests with long-term collective patrimonial value construction ([Couderc and Marchini, 2011](#)), i.e. a balance between two different codes, the market code and the social one.

Although cooperative wineries played an important role in the sector in Portugal, like other wine-producing countries in the "Old World" ([Richter and Hanf, 2021](#)), we had recently seen a decrease in their number ([Instituto da Vinha e do Vinho I.P., 2011, 2019](#)). ACVCA had resisted this trend and had managed to increase the region's development at economic, social and cultural levels. ACVCA had been able to do this due, in part, to the new management model adopted, which had ensured a balance between the market, the needs of its cooperators and the region in which it was inserted. Besides the fact that both paths, innovation and differentiation, had been well received and successful bets, cooperators tend to be risk-averse. JMA's re-election for a third term was effective proof of this situation.

The paradigm shift that had taken place in ACVCA's management model since 2012 had boosted its growth, affirmation and distinction, both in the national and international markets. The current management of the winery was guided by business management assumptions and principles, with strategies being designed in light of the prevailing paradigms in business sciences. The commitment to organisational restructuring, the hiring of qualified technicians, technological requalification, the quality improvement and certification of its wines and the market segmentation strategy (through innovation) aiming to maintain and increase its competitiveness (in marketing, communication and in the image) were the result of this change in the management model, which clearly implied a market orientation ([King et al., 2010](#)).

ACVCA's administration had fostered the relationship with its cooperators, thus ensuring stability, both in the number of cooperators and vineyard area to which it had access, without losing sight of its potential increase. This evidence revealed the capacity of ACVCA's management to respond to one of the cooperative's current main challenges, finding a competitive position within the sector, being market-oriented and, at the same time, safeguarding the interests of cooperators ([Richter and Hanf, 2021](#)). As the ACVCA promoted its relationship with cooperators, it also improved the economic sustainability of structures and territories where the ACVCA was inserted.

Sustainability-related pressures also had implications on the business model. Thus, in 2015, ACVCA joined the PSVA, seeking continuous improvement in water conservation and quality, waste management, energy efficiency, disease and pest management and human resource management. Although following this plan emphasised the importance of economic and environmental sustainability pillars, the social responsibility pillar is also on the ACVCA's goals. Creating and implementing partnerships in several areas, such as volunteering, culture and education, reflected this involvement.

ACVCA's material and immaterial heritage, natural resources and the region's specificities promoted the implementation of differentiation and diversification strategies. Appropriate

management and enhancement of the region's heritage, customs, knowledge and culture could be the way for the winery to enter other business areas.

Players and competitors

Alentejo is one of the most important Portuguese wine regions, where Portuguese and foreign grape varieties coexist. It allows the production of wines with unique characteristics that differentiate them from other regions of the country, increasing this region's role in national and international consumer preferences.

ACVCA is part of the wine industry, which is made up of four large groups of economic agents – cooperative wineries, wine growers-bottlers, wholesalers and distributors. Different kinds of producers act in the market: those who produce wine from fresh grapes, grape must, from their vineyard or purchased; winegrowers, who make wines from grapes produced exclusively in their wineries; distillers, bottlers, exporters/importers and preparers, who make products from wine and winemaking by-products.

The wine producers in the region where ACVCA is located, Vidigueira, Cuba and Alvito, are identified in Table 8. All of these are players in the sector and in the region in particular, and they are also direct competitors of the winery, regarding the production and marketing of wine.

Wine Cooperative of Vidigueira Cuba & Alvito's competitors

In the ACVCA's region of influence, there were currently around 15 entities that complemented their wine production and promotion activities with wine tourism. As a whole, they formed the region's wine tourism network with a somewhat diversified offer (Table 9).

ACVCA's repositioning *vis-à-vis* its direct competitors and the main players in the region would have to consider business areas where the winery could differentiate itself from the existing offer. The revival of customs, knowledge and experiences could be a way for this strategy.

The adoption of strategies that allowed the winery growth and differentiation were not only possible but necessary for the desired distinction and renown of the brand. The acquired know-how as a co-founder of Vidigueira Wine Lands might facilitate the business area diversification via wine tourism, with a focus on experiences around the production of *Amphora wines*.

Table 8 Wine producers in the municipalities where ACVCA is located

<i>Location</i>	<i>Name</i>
Alvito	Herdade das Barras
Cuba	Herdade do Rocim
	Quinta da Pigarça
Vidigueira	Joaquim Costa Vargas
	Quinta do Paral
	Herdade do Peso
	Quinta do Quetzal
	Herdade de Lisboa
	Herdade Grande
	Cortes de Cima
	Herdade do Sobroso
	Morais Rocha
	Herdade do Monte da Ribeira
	Paulo Laureano
	Brind'Art
	Honrado
ACV – Vinhos de Talha	
Ribafreixo	

Source: Own conception based on <https://www.vinhosdoalentejo.pt/pt/produtores/>

Table 9 Wine tourism experiences: offers of the players in the region

Region	Players	Offer of experiences												
		Store	Wine tasting	Guided tour	Restaurant	Picnic	Workshops	Tours	Business events	Thematic party	Accommodation	Harvest	Others*	
Vidigueira	Cortes de Cima	x	x	x	x	x	x	x	x	x	x			
	Herdade do Sobroso	x	x	x	x	x	x	x	x	x	x			
	Herdade Grande	x	x	x	x	x	x	x	x	x	x			
	Quinta do Quetzal	x	x	x	x	x	x	x	x	x	x			x
	Ribaifeixo Wines	x	x	x	x	x	x	x	x	x	x			x
Alvito	Herdade das Barras	x	x	x	x	x	x	x	x	x	x			
	Herdade do Rocim	x	x	x	x	x	x	x	x	x	x			
Cuba	Quinta da Pigarça	x	x	x	x	x	x	x	x	x	x			
	Casa de Santa Vitória	x	x	x	x	x	x	x	x	x	x			x
Beja	Herdade da Figueirinha	x	x	x	x	x	x	x	x	x	x			
	Herdade da	x	x	x	x	x	x	x	x	x	x			x
	Malhadinha Nova	x	x	x	x	x	x	x	x	x	x			x
	Herdade da Mingorra	x	x	x	x	x	x	x	x	x	x			x
	Herdade dos Grous	x	x	x	x	x	x	x	x	x	x			x
	Herdade do Vau	x	x	x	x	x	x	x	x	x	x			x
	Herdade Paço do Conde	x	x	x	x	x	x	x	x	x	x			x

Note: * Other tourist experiences not directly associated with wine cultivation (e.g. balloon rides and visits to historical monuments, among others)

Source: Own conception based on "Guia de Enoturismo – Alentejo", Caiado de Fresco (2018)

Wine tourism combines the needs and interests of two different economic sectors, wine and tourism. Through this activity, there is an opportunity to build or change the image of a wine and/or a wine region. It is also a way for brand internationalisation (Winfree *et al.*, 2018).

Decision time

In January 2018, JMA was again the leader of the winery board. Reflecting on the way to follow in the next four years of office was imperative. The re-elected BD would have to make decisions regarding the strategic options to adopt. The experience acquired and the trajectory already covered are the engines for defining new goals and would be essential to overcome the obstacles associated with market-imposed challenges. The winery needed to follow market trends and acquire renown, without which it would be difficult to reach new levels compared with its competitors and ensure its affirmation and distinction. In addition to that, it was mandatory to do it sustainably. Investment in the winery's growth, aiming for quality, distinction, differentiation, diversification and reputation, was imperative. "There are several alternatives, but resources make it necessary to plan and ground decisions", reflected JMA.

Internationalisation was a level to reach. Values of €1m in sales/year from the foreign market until 2025 were expected, through affirmation in the New World (USA, Brazil and Canada) or by entering the Old World (Asia), and also in the so-called "nostalgia market" (Switzerland). However, JMA was aware that the investment was very demanding and that conditions must be met for its achievement.

The expansion of production capacity and market segmentation with the creation of products that met new trends associating innovation on the image and design were necessary. Younger audiences, with new habits and preferences, and market niches demand adaptation, with innovation being the key element for success. So, the winery had to work on this aspect to continue playing in this game.

Another option was to diversify the business, by reviving its material and immaterial historical heritage, customs, traditions and culture of the region, with unique and differentiating characteristics, with production of *Amphora wines* as the focus. This strategy could open the door to ACVCA's affirmation of identity, whether regional, national or even international. Wine tourism could be the solution, offering differentiated experiences based on the production process of *Amphora wines* and the unique and

Plate 1 Amphoras of ACVCA



Source: Diário de Notícias, 7th November, 2020

centuries-old vineyards of ACVCA, and offering a clearly differentiated product, *Amphora wines*. It is an intense wine with a short shelf-life, with unique characteristics that make it eligible as a niche product.

The winery competed at a level where distinction is a requirement. The consumer profile was beginning to be designed in greater detail, and market segmentation and diversification of the offer emerged as goals. Productive capacity expansion, modernisation and innovation were essential in this path, not forgetting to align the business with the current challenges of sustainability and circular economy.

All these strategic options could be considered, but required reflection. The interests of cooperators must be kept in mind, and the BD must put themselves in their shoes: “We are two sides of the same coin”, thought JMA. JMA reviewed the alternatives to be considered in the BD meeting to design the strategy for the next four years:

1. Invest in capacity production expansion to respond to new challenges?
2. Internationalise and enter new markets? What internationalisation forms to adopt? In which markets and at what scale?
3. To innovate, to segment the market and focus on image to respond to market trends?
4. To invest in product and business diversification by reviving the winery’s historical heritage and valuing its traditions; in other words, focus on the *Amphora wines* production in rural wine tourism? Or by exploring ACVCA’s material and immaterial heritage?

Notes

1. *Amphora wine* is known in Portugal as *Vinho de Talha*. In this ancient technology, alcoholic fermentation takes place in clay vessels in the shape of amphoras (Martins *et al.*, 2018) (Plate 1).
2. See Plate 1.
3. Alentejo Wine Sustainability Programme.
4. For a detailed analysis, it is recommended to consult the page <https://Wineryvidigueira.pt/premios-e-distincoes/>
5. *Amphora wine* is known in Portugal as *Vinho de Talha*. In this ancient technology, alcoholic fermentation takes place in clay vessels in the shape of amphoras (Martins *et al.*, 2018).

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Further reading

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