

# GLOBAL MARKET. GLOBAL STRATEGIC REFLECTION? A STRATEGIC APPROACH METHODOLOGY.

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## INTRODUCTION

The intensification of industrial and commercial competition of wine upstream chain (suppliers of raw materials) and downstream chain (distribution channels), reduced profit margins, as well as the number of businesses operating in the sector, lead multinational companies seeking economies of scale and scope, through mergers and acquisitions (Coelho & Rastoin, 2006). Along with the increasing globalization of markets there is a redefinition of the actors (see Fig. 1).

The market is characterized with decline in consumption in Traditional Producing Countries (TPC) and the EU, and increase in non-traditional producers - North America, Northern Europe and Asia. The opportunity to develop the wine market was perceived (in the late 80's) for some Latin American countries, and especially by Oceania (New Producing Countries - NPC), who carried out real strategies of conquest.

Nowadays we have a "global battle": companies in TPC, have great concern as the gap production-consumption, lead them to pay more attention to the export markets, intensifying their internationalization strategies (Barco et al, 2006; Campbell & Guibert, 2006), as can be seen in Fig.2.

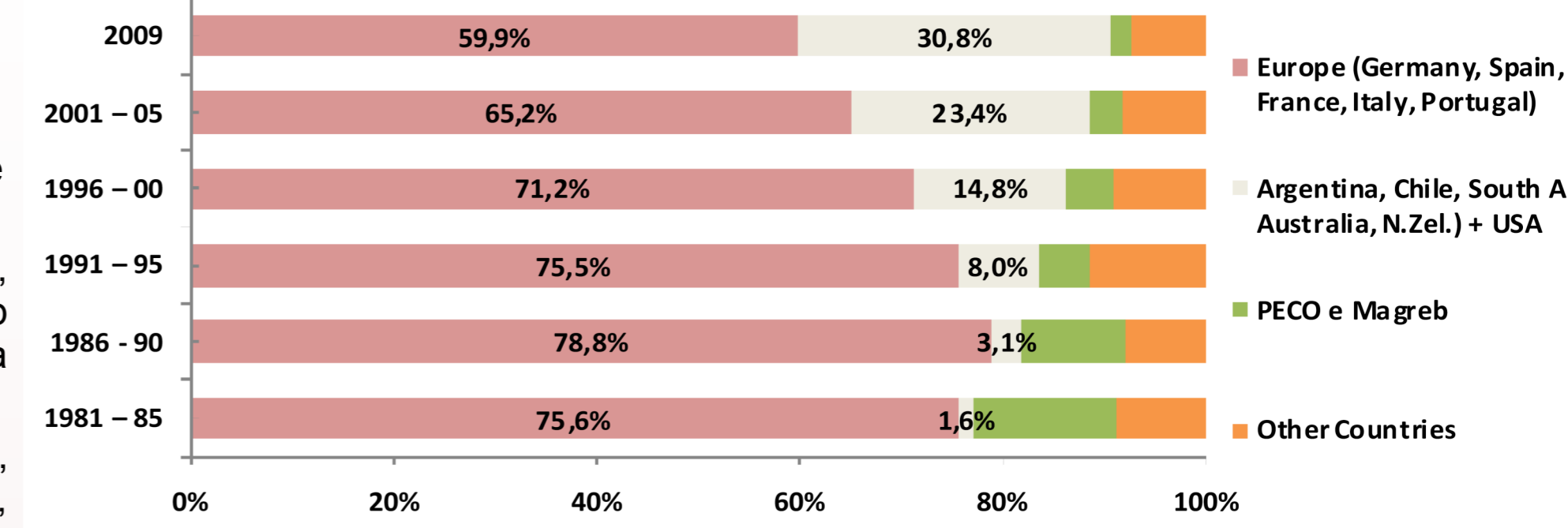
All these changes have consequences for the sector in Portugal. The foreign market, which traditionally served to drain the surplus, is now seen as an alternative market, and even preferred. National companies in the sector have come up thus required to develop deep processing procedures based on new strategic directions.

## MATERIALS AND METHODS

The aim of the study is to characterize the internationalization strategies of Portuguese wine companies, considering their context factors, reflection style and performance.

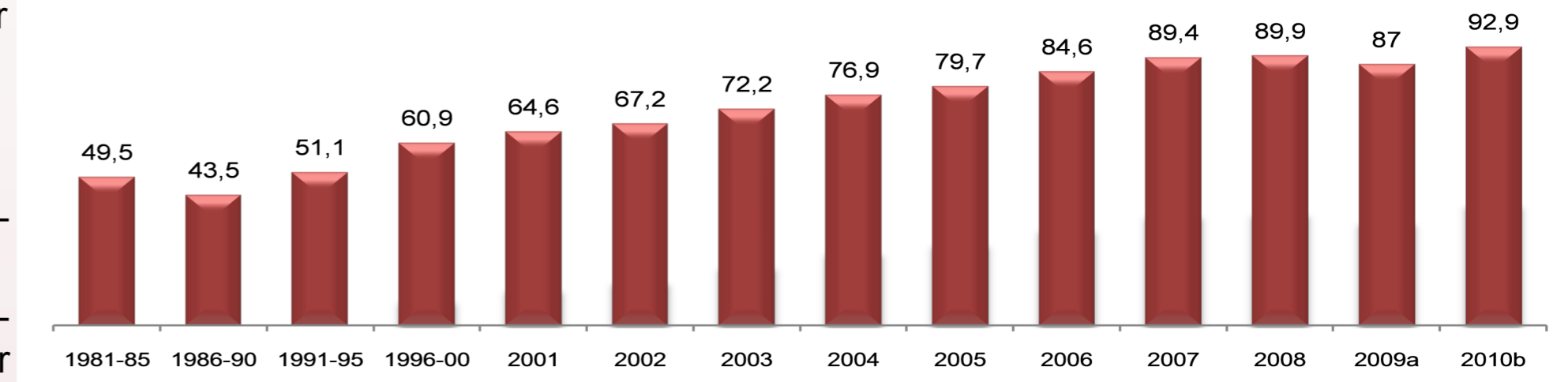
The study was carried out in three major phases (see Fig. 3) and is based in the methodological framework developed by Antonio Sousa (2000), The Integrated Grid of Strategic Reflection (IGSR), that guides the research for achievement of the objectives previously established, structuring it into two levels of development (ibid.): preliminary and central. The variables used to characterize the sample and organizations diagnose their resources are on two levels: general characterization and description of resources (human, organizational and information, technical-productive and commercial) - see Fig. 4. The style of strategic thinking we identified a priori is based in a two dimensions framework (Porter, 1986; Oviatt & McDougall, 1994): the 'growth of internationalization' and 'depth of internationalization', resulting in four kinds of typical reflection. The information gathered from the questionnaires were treated with PASW statistical software using techniques of factor analysis, Cluster Analysis, Discriminant Analysis, Variance Analysis Simple (ANOVA) and Multivariate (MANOVA).

Fig. 1 – Regional distribution of world trade in wine



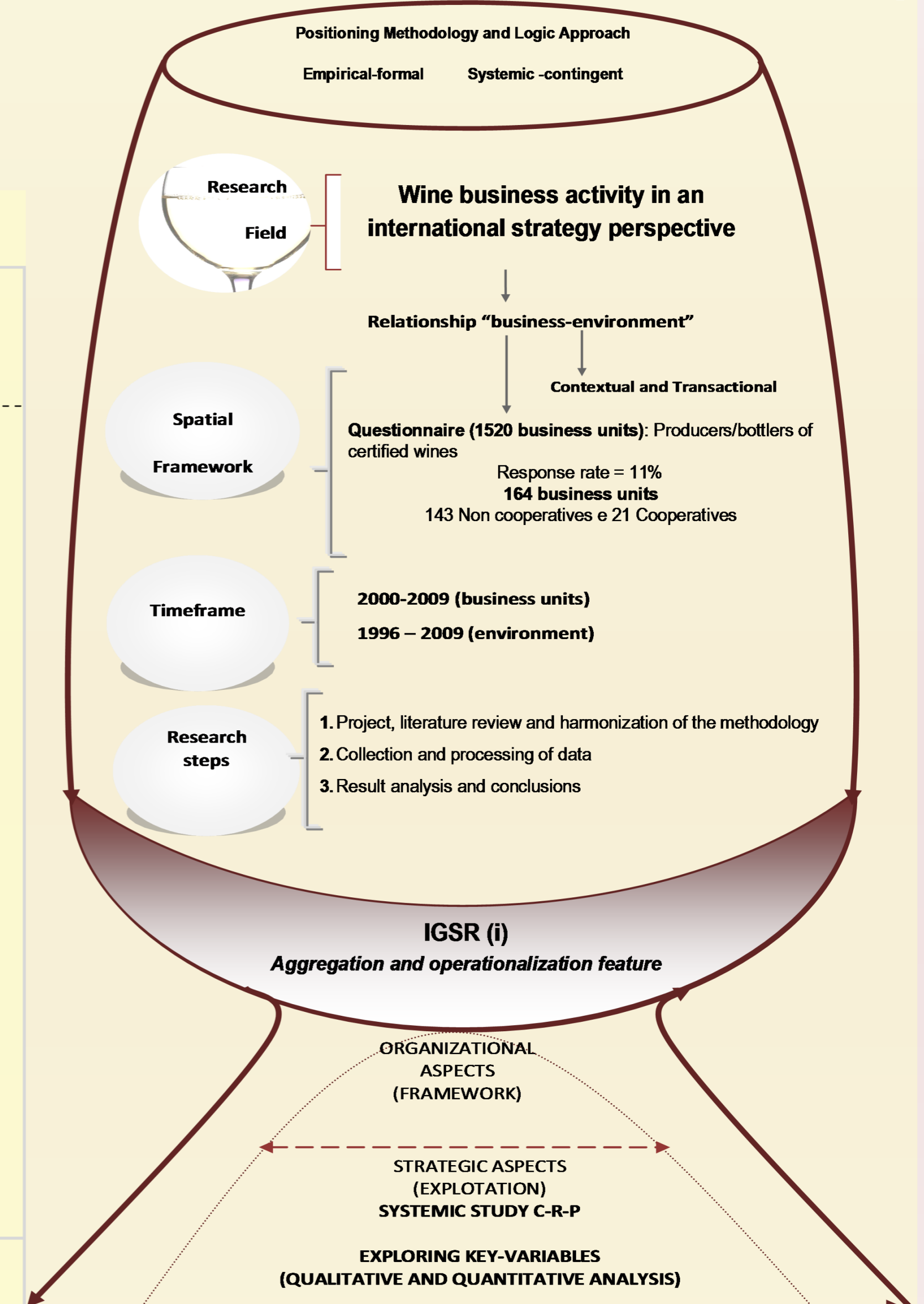
Source: OIV (2011)

Fig. 2– Evolution of international trade in wine (1 000 000 hl)



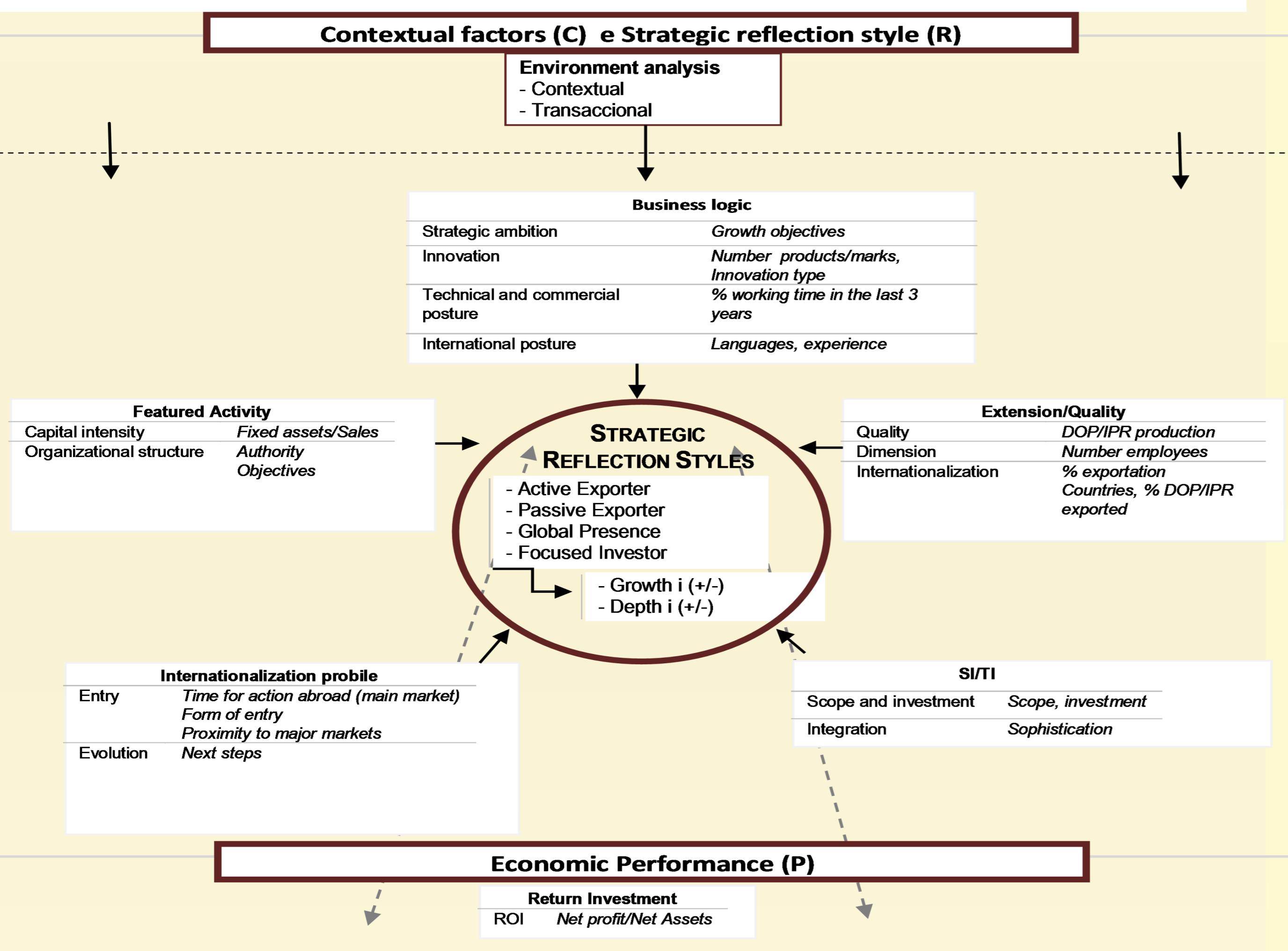
Source: OIV (2011)

Fig. 3 – IGSR (i): Systemic linkage C-R-P



Source: Adapted from Sousa (2000)

Fig. 4 – IGSR (i): Systemic linkage C-R-P

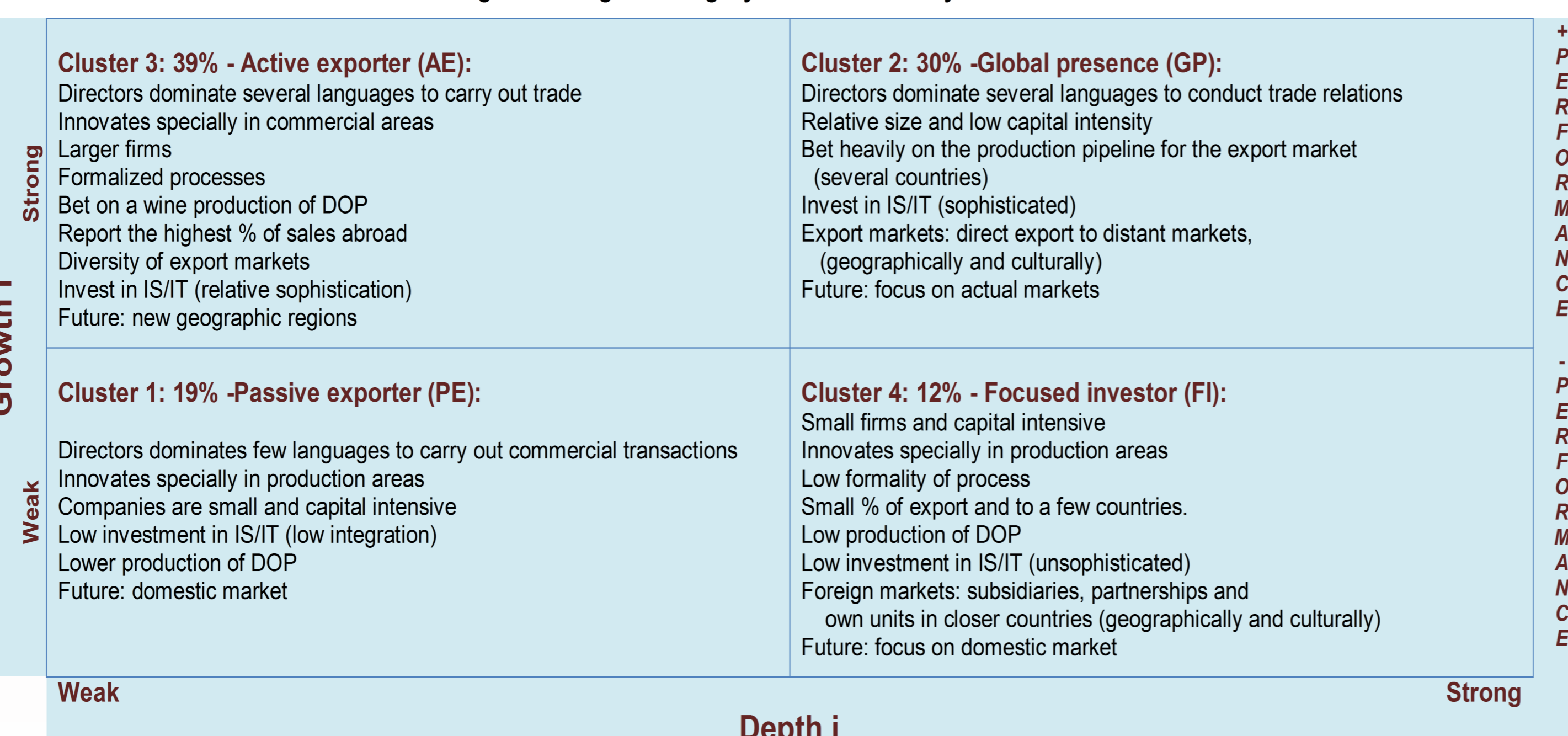


## RESULTS

Source: Adapted from Sousa (2000)

Characterization of the groups in terms of significant values that show the various dimensions (See Fig. 5):

Fig. 5 – Strategic thinking styles: statistical analysis results



Source: Authors' elaboration based on the outputs of the clusters and factorial analysis

## CONCLUSIONS

### Strategic guidelines

- Low dimension and diminished resources for internationalization (including the promotion of their products) hinders the strategies that may be developed;
- Export to a wide variety of foreign markets - reduces dependence and risk, highlight the limited resources;
- Internationalization: sporadic, without consistency episodes, rarely based in agreement or on a tactical alliances;
- ⇒ Strategic alliances (in the form of cooperation, partnerships or joint ventures), duly accompanied by the public sector, will leverage the capacity of individual businesses and reduce the weak point which relates to the small size of production units.
- ⇒ Preferential markets: Close markets (cultural tradition) with higher consumption than production.
- ⇒ UK, U.S. and Germany - niche markets (quality differentiation)
- ⇒ Cooperation industry/wine tourism (wine tourism) - diversification strategy
- ⇒ Low innovation capacity (focused essentially in production): imperative to reverse this trend (innovate in commercial areas). as a response to the aggressive character of the NPC, and the onslaught of the beer industry, soft drinks and spirits.

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