

***Talhas, Tradition and Tourism – The three vertices of the
diversification strategy of Adegas Cooperativas de Vidigueira,
Cuba & Alvito***

Dora Almeida¹, José Massuça², Ana Fialho³, Andreia Dionísio⁴

1. Doutoramento em Gestão, Departamento de Gestão, CEFAGE, Universidade de Évora, dmfa1982@gmail.com
2. Doutoramento em Agronegócio e Sustentabilidade, Universidade de Évora, jose.massuca@gmail.com
3. Departamento de Gestão, Escola de Ciências Sociais, CEFAGE, Universidade de Évora, afialho@uevora.pt
4. Departamento de Gestão, Escola de Ciências Sociais, CEFAGE, Universidade de Évora, andreia@uevora.pt

September 2021

**Talhas¹, Tradition and Tourism – The three vertices of the diversification strategy
of Adega Cooperativa de Vidigueira, Cuba & Alvito**

“Vidigueira, when the wine is a journey ...”

(Adega Cooperativa de Vidigueira, Cuba & Alvito, 2017)

Abstract

The Adega Cooperativa de Vidigueira Cuba & Alvito (ACVCA), is a Portuguese cooperative winery founded in 1960 and dedicated to wine production and commerce. It is located in the Vidigueira district, in the south of Portugal, Alentejo region. Its foundation was contemporary to the cooperative organization model that allowed the commercialization and scale problems, which were characteristic of the wine sector at the time, to be answered. Inserted in a white wine production region par excellence, in the 90s, the focus on red wine winemaking emerged in response to market demands. In 1999 José Miguel Almeida (JMA) took over as the ACVCA viticulture technician. Later, in 2012, he took over leadership of the board of directors (BD) leadership, with his main objectives being the relaunch of the winery and brand repositioning on the national scene. The manufacturing facilities and technical and commercial teams were entirely restructured and a strong investment in production capacity, marketing and communication was made. There was a shift in the management model paradigm. At the beginning of the 3rd term of office, in 2018, the BD had to make decisions aimed at the continuation of the brand's affirmation and conquest of ACVCA's renown. There were several options under analysis and evaluation: increase production capacity, invest in internationalization, focus on segmentation through innovation, diversification of product and business area through *Vinho de Talha* production and wine tourism.

Keywords: winery, cooperativism, *Vinho de Talha*, business strategy, diversification, differentiation, segmentation, innovation, internationalization, wine tourism.

¹ Large clay vessel that can reach up to 2 metres in height, used as a container for fermentation of the wine (Figure 1)

1. Introduction

The *Adega Cooperativa de Vidigueira, Cuba & Alvito* (ACVCA), here also referred to as the winery, is a Portuguese cooperative winery and has been dedicated to wine production and commercialization for over 60 years. It is located in the Vidigueira region, Alentejo, Portugal. At the beginning of its 3rd term of office, in January 2018, the newly elected board of directors (BD) began to reflect on the next four years' strategy. After a relaunching pathway and subsequent consolidation, what were the bases to differentiate itself and gain renown? How to proceed in the brand affirmation process on national and eventually in international markets? How to grow and answer new market demands? Through segmentation, innovation and creation of different products for new audiences? Focus on expansion, on growing in dimension, in production volumes? Through business diversification to other areas, in part already tried by others, but still with potential for something new? Can the winery explore its singularities? Could it be done through *Vinho de Talha*, produced from its centuries-old grape varieties, for example? Is the moment now? How to interlink the decisions that need to be taken? What are the priorities? These and other questions were raised during the reflection and troubled José Miguel Almeida (JMA), BD chairman, a few moments before addressing more than 300 members at the inauguration ceremony.

2. Adega Cooperativa de Vidigueira, Cuba & Alvito (ACVCA)

2.1. Brief history

From foundation to expansion

The Adega Cooperativa de Vidigueira Cuba & Alvito, one of the Portugal's oldest cooperative wineries, was founded in 1960 (Figure 2). 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 – Earl of Vidigueira, the well-known 15th-century explorer and discoverer. The winery resulted from the efforts and will of 23 small artisanal wine producers and “*was born out of an organizational model of the Portuguese wine sector, predominant at that time*”, recalls JMA. ACVCA is the 2nd oldest Alentejo cooperative winery, the only one that brings together three municipalities, Vidigueira, Cuba and Alvito. It is located in one of the oldest wine-producing regions. It has its origins in the municipality of Vidigueira, which is situated on a natural fault, the *Serra do Mendro*, which marks the division between two sub regions of Alentejo, upper and lower, and is responsible for the region's microclimate, with characteristics of a temperate climate. This kind of climate

favours the growth of several crops, such as olive trees and vines and is slightly different from the Alentejo climate, which is more Mediterranean. Up to the present day, evidence of wine-growing activity in the region has been perpetuating. The maximum exponent of this evidence is the Roman town of São Cucufate, located in Vila de Frades, in the municipality of Vidigueira. It is a historical monument that contains traces of viticulture that date back 2000 years. In the 19th century, precisely in 1888, the region's wine production gained prominence due to its recognition at a Berlin event. *“The enthusiasm was awakened when it was known that Vidigueira white wine, from Quinta das Relíquidas, presented by Earl of Ribeira Brava, won the great medal of honour at the Berlin Exhibition in 1888, the highest distinction of the event”*, recalls JMA.

The winery's foundation was contemporary with the cooperativism – an organizational model that allowed commercialization difficulties to be answered, resulting essentially from the reduced scale that was a problem of producers from wine sector. Then, commercialization of the winery's wines gradually began to take on dimensions other than the local.

In the 70s and 80s, there was a slowdown in activity despite the investment in infrastructures and productive capacity. During this period, ACVCA and its associates let themselves be misled by the recognition previously acquired with Vidigueira's white wines. The winery lost some of its protagonism at a time that other producers and cooperatives gained dimension and reputation.

The investment in making red wines took place in the 90s in response to market demands. The abundance in the region of varieties intended for white wine production was greater than that intended for red wine production. Thus, the winery and the region were known for white wine production. The Antão Vaz variety had a special predominance, a variety whose origins are shrouded in mystery. However, without a doubt, with Alentejo ancestry, *“this has always been a region of white wine production, white varieties and consequently white wines”*, underlines JMA.

The winery and JMA crossed paths in 1999, when he took up a position in the cooperative winery as a viticulture technician of the *Associação Técnica dos Viticultores do Alentejo*² (ATEVA). He knew the fields and the vines and had experience performing these functions in another winery, and “he knew the structure, all the people, he knew the big challenges, especially in the wine-growing area”, remembers JMA.

² Technical Association of Alentejo Wine Growers

From old governance to new management

After a few years of close contact with the circumstances of the winery, during a period of many transformations in the sector, JMA realized 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 the winery and brand reposition in the national scene.

During his 1st term of office, between 2012 and 2014, JMA and its team designed a strategy based on three pillars: production commercialization and promotion. The investment in increasing production capacity was carried out through a project with support from community funds of €5M. Threats from players from other country regions, who installed themselves in the ACVCA region with professional marketing and commercialization strategies, forced the winery to raise the bar, 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, from the quantity produced point of view, but it forced us to raise the bar for quality and renown”*.

The difficulties in commercialization, attributed to weaknesses of the winery’s commercial department, led to its extinction in 2014. The solution found to overcome the commercialization difficulties involved establishing a partnership with another company with recognized know-how and mastery of sales channels, the Vitale – Vinhos e Azeites de Vidigueira Lda. It was founded, 80% owned by ACVCA, and its activity was exclusively the promotion and marketing of wines and oils from the region.

In order 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 modernization and in doing, especially in 2013, the winery’s rebranding”*, recalls JMA. In 2014, the marketing, communication and wine tourism department was created.

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”*, recalls JMA.

Between 2015 and 2017, during the 2nd term of office, JMA defined the paradigm shift in the governance model as a priority. Until then, the cooperative was governed similarly to other cooperatives in the sector, with a rationale of voluntarism and amateurism. JMA broke with this model and dedicated most of his time implementing a new model for

management suited to new business requirements, as he recognized the *“cooperatives have always been, from a top structure point of view, managed in an amateur way”*.

A vertical hierarchical structure was adopted, which is still in place. JMA says, *“we needed to create a structure with some verticality, as previously the company was based on an extremely informal model ... which generated vice and problems”*.

In 2017, quality investment was realized and an Analysis and Weighing Centre (AWC) was built with the aim of identifying the best grapes to make the best wines and gain renown and distinction. The winery rewarded the winegrowers who trusted it with their best quality grapes, allowing them to produce superior-quality wines.

In that year, JMA advanced with a product differentiation strategy by recovering the traditional *Vinho de Talha* production process, using grapes from centuries-old vineyards with unique characteristics. This process recovers a traditional ACVCA product, which marked an era and dated back to the beginnings of its existence, the *Vinho de Talha*. 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 20 ha from centuries-old vineyards. In these vineyards were born (and still are born today) *“concentrated bunches, complex in aromas and flavours”* (Adega Cooperativa de Vidigueira, Cuba & Alvito, 2021).

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, which is still in its infancy, but with potential. New directions were anticipated, in line with new imposed challenges. The two structures are separate. On the one hand, marketing and communication, on the other and complementary, wine tourism.

“We restructured our image and our corporate organization, 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 associates’ 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 Sustainability Programme for Alentejo Wines, of which we are members”, summarizes JMA.

In the history of ACVCA we have identified cycles and counter cycles, growth, stagnation, expansion and consolidation. JMA, who led the paradigm shift that led to the relaunch of the winery's image, is once again at the forefront of this cooperative's destiny and has to design the way forward in the next four years (Figure 2).

2.2 Characterization of the organizational structure

In JMA's 1st term of office, he designed the ACVCA's current organizational structure due to his conviction regarding the vertical structure needed. In addition to the BD, composed of six members, the winery's governing bodies are the Board of the General Meeting (with three members) and the Supervisory Board (with six members) (Figure 3).

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

2.3 Positioning and Brands

ACVCA is positioned in the national market, where white wine consumption currently represents only 20%, while red wine consumption stands at 80%. However, the winery maintains the 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 is part of the so-called "Old World" producers, which in labelling terms value the production region, contrasting with the "New World" producers, which on its labels emphasize the varieties from which the wines are produced.

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

2.4 Economic performance and financial structure

Over the period 2015-2017, the winery maintained stable human resources, both in employees and associates, 26 and 302 in 2007, respectively.

The adopted strategy by ACVCA for its valorization and asserting wines and brands with reduction in sales of bulk wines, giving priority bottled wine sales (Figure 4), allows for better remuneration to its associates.

Changes in business value (Table 3) reflect an increase in the average price of wine per litre sold, higher than the sector average, which includes multiple companies with different sizes and legal forms.

Over time, the winery has sought the best remuneration for its associates and a balance in its economic and financial situation, aiming for greater strength and better preparation for competition in the global market. In order to achieve these goals, there has been an increase in assets, reinforcement of equity and 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 have increased, and a reduction in the debt ratio can be highlighted.

2.5 Awards and distinctions

Over time, ACVCA and its wines have 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*, date back to 1969 and mark 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 participates regularly in international competitions, often achieving different distinctions.³

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

3. Business and management model

3.1 The 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 5), playing a relevant role in the national trade balance.

The wine sector (NC2204) 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 world and national wine production (Figure 6) allows us to observe that, since 2012, national production has been responsible for a value greater

³ For a detailed analysis, it is recommended to consult the page <https://Wineryvidigueira.pt/premios-e-distincoes//>

than 2% of world wine production. It reached its maximum in 2017, a year in which Portuguese production grew 11.5% compared to the same period of 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 due to weather conditions that caused sharp drops in production in the three main producing countries (Italy, France and Spain).

The main wine-producing regions in Portugal are Douro, Alentejo, Lisbon and Minho. Alentejo's region is currently the wine production leader in the national market, holding a production market share of 14.17% (Instituto da Vinha e do Vinho I.P., 2021b). Winemaking in Alentejo began to develop in the 1950s, with the Alentejo demarcated region being created in 1988. It is a region that occupies more than a third of the continental territory, divided into eight wine-producing sub-regions: Borba, Évora, Granja/Amareleja, Moura, Portalegre, Redondo, Reguengos and Vidigueira (Figure 7).

According to the Comissão Vitivinícola Regional Alentejana (2018), the Vidigueira sub-region 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)).

The evolution of production in the eight Alentejo sub-regions (Figure 8) shows the leadership of Borba, Reguengos and Vidigueira. It should be noted that since 2014, the Vidigueira sub-region has been the second-largest white wine producer in the Alentejo.

In Portugal, the annual average consumption is 4.7 million hectolitres, with the maximum and minimum values recorded in 2017 and 2013, respectively (Figure 9). 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 shows a growth trend. The revenues from exports to Intra-European Union countries are higher than those of Extra-European Union countries, although with a converging trend. France, the United

States of America and the United Kingdom are the main destination markets for national wine, in terms of value and volume (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)).

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

3.2. 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 sub-region particularly. Cooperatives are owned and controlled democratically and equitably by their associates to meet their economic, social, and cultural needs and aspirations and promote their communities' sustainable development (International Co-operative Alliance, 2015).

The success of the governance of the cooperatives, democratic associations of people and, simultaneously, economic organizations (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 & Marchini, 2011), i.e., a balance between two different codes, the market code and the social one. When the former becomes dominant, a cooperative becomes a for-profit organization. On the other hand, in a short-term management perspective and aiming to ensure economic viability, a demanding internal control is needed when the latter dominates.

Although cooperative wineries play an important role in the sector in Portugal, like other wine producing countries in the "Old World" (Richter & Hanf, 2021), we have seen recently a decrease in their number (Instituto da Vinha e do Vinho I.P., 2011; 2019). ACVCA has

resisted this trend and has managed to increase the region's development at economic, social, and cultural levels. ACVCA has been able to do this due, in part, to the new management model adopted, which has ensured a balance between the market and the needs of its associates and the region in which it is inserted.

The paradigm shift that has taken place in ACVCA's management model since 2012 has boosted its growth, affirmation and distinction, both in the national and international markets. The current management of the winery is guided by business management assumptions and principles, with strategies being designed in light of the prevailing paradigms in business sciences. The commitment to organizational 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), are the result of this change in the management model, which clearly implies a market orientation (King, Boehlje, Cook, & Sonka, 2010).

ACVCA's administration has fostered the relationship with its associates, thus ensuring stability, both in the number of associates and vineyard area to which it has access, without losing sight of its potential increase. This evidence reveals the ACVCA's management capacity 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, promoting the relationship with its associates (Richter e Hanf, 2021).

Sustainability-related pressures also had implications on the business model. Thus, in 2015, ACVCA joined the *Programa de Sustentabilidade dos Vinhos do Alentejo*⁴ (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 emphasizes the importance of economic and environmental sustainability pillars, the social responsibility pillar is also on the ACVCA's goals. The creation and implementation of partnerships in several areas, such as volunteering, culture and education, reflect this.

ACVCA's material and immaterial heritage, natural resources and the region's specificities promote the implementation of differentiation and diversification strategies. Appropriate management and enhancement of the region's heritage, customs, knowledge and culture can be the way for the winery to enter other business areas.

⁴ Alentejo Wine Sustainability Programme

4. Players and Competitors

4.1 Region Players

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 and differentiating characteristics from other country regions, 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.

According to the Alentejo Regional Wine Commission (CVRA), the wine producers in the municipalities where ACVCA is located, Vidigueira, Cuba and Alvito, are identified in Table 8 in the appendix. All of these are players in the sector in general, and in the region in particular, and they are also direct competitors of the winery, with regard to the production and marketing of wine.

4.2 ACVCA's competitors

The winery does not only compete with these players. However, Alentejo wines have some characteristics that distinguish them from wines from other country regions and, therefore, Alentejo wine producers are considered the winery's most direct competitors.

In the ACVCA's region of influence, there are currently around 15 entities that complement their wine production and promotion activities with wine tourism. As a whole, they form 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 will have to consider business areas where the winery can differentiate itself from the existing offer, with the recovery of customs, knowledge, and experiences exclusive to it.

The adoption of strategies that allow the winery growth and differentiation is not only possible but necessary for the desired distinction and renown. The acquired know-how as a co-founder of Vidigueira Wine Lands may facilitate the business area diversification,

focusing on wine tourism and product differentiation, with the production of *Vinho de Talha*. The linkage between these aspects constitutes an alternative that can enhance the distinction and renown necessary for ACVCA.

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 internationalization through direct product sales, thus complementing the existing sales business (Winfree, McIntosh, & Nadreau, 2018).

5. Strategies and Decisions

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 markets-imposed challenges. The winery needed to follow market trends and acquire renown, without which it would be difficult to reach new levels compared to its competitors and ensure its affirmation and distinction. 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”*, reflects JMA.

Internationalization is a level to reach. Values of €1M in sales/year from the foreign market until 2025 are expected, through affirmation in the New World (USA, Brazil and Canada) or by entering the Old World (Asia), and also in the so-called “saudade⁵” market (Switzerland). However, JMA is aware that the investment is very demanding and that conditions must be met for its achievement.

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

⁵ Mixed feeling of regret and nostalgia caused by the memory of a good that you no longer have. (Alvarenga et al., 2003)

Another option is to diversify the business, through the recovery of its material and immaterial historical heritage, customs, traditions and culture of the region, with unique and differentiating characteristics, having *Vinho de Talha* as its central element. This strategy could open the door to ACVCA's affirmation of identity, whether regional, national or even international. Wine tourism can be the solution, offering differentiated experiences, based on the production process of *Vinho de Talha* and the unique and centuries-old vineyards of ACVCA, and offering a clearly differentiated product, *Vinho de Talha*. It is an intense wine with a short shelf life, with unique characteristics that make it eligible as a niche product.

The winery competes at a level where renown is a requirement. The consumer profile is beginning to be designed in greater detail, and market segmentation and offer diversification emerge as goals. For its fulfilment, productive capacity expansion, modernization and innovation are essential in this path. This will be the path to follow, not forgetting to align the business with the current challenges of sustainability and circular economy.

All these strategic options can be considered and require reflection. However, decisions have to be taken. JMA will meet with the winery's board of directors to prepare the inauguration 3rd term of office speech to present to the associates, where clues for the future of ACVCA should be revealed.

JMA thinks on some questions to be considered at the BD meeting:

1. Invest in capacity production expansion to respond to new challenges?
2. Internationalize and enter new markets? What internationalization forms to adopt? In which markets and at what scale?
3. Innovate, segment the market and focus on image to respond to market trends?
4. Invest in product and business diversification by recovering the winery's historical heritage and valuing its traditions, in other words, in wine tourism combined with the production of *Vinho de Talha*?

6. References

- Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2015). *Relatório e Contas 2015*.
Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2016). *Relatório e Contas 2016*.
Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2017). *Relatório e contas 2017*.
Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2021). Casa das Talhas. Retrieved July 24, 2021, from <https://casadastalhas.adegavidigueira.pt/vinhas-centenarias/>
Banco de Portugal. (2021). Quadros do Setor - Viticultura. Retrieved August 1, 2021, from <https://www.bportugal.pt/QS/qsweb/Dashboards>
Caiado de Fresco. (2002). Guia de Enoturismo – Alentejo.
Comissão Vitivinícola Regional Alentejana. (2018). *Relatório Anual 2017 - Gestão e Contas*.

- Couderc, J. P., & Marchini, A. (2011). Governance, commercial strategies and performances of wine cooperatives: An analysis of Italian and French wine producing regions. *International Journal of Wine Business Research*, 23(3), 235–257. <https://doi.org/10.1108/17511061111163069>
- CVRA. (2020). Relatório Anual 2020 Gestão e Contas.
- INE. (2021a). Empresas (N.º) por Localização geográfica (NUTS - 2013) e Atividade económica (Subclasse - CAE Rev. 3).
- INE. (2021b). Pessoal ao serviço (N.º) das Empresas por Atividade económica (Subclasse - CAE Rev. 3) e Escalão de pessoal ao serviço.
- INE. (2021c). Volume de negócios (€) das empresas por Localização geográfica (NUTS - 2013) e Atividade económica (Subclasse - CAE Rev. 3).
- Instituto da Vinha e do Vinho I.P. (2011). Carcatreização do Sector Cooperativo Vinícola.
- Instituto da Vinha e do Vinho I.P. (2019). Reforma da PAC 2021-2027.
- Instituto da Vinha e do Vinho I.P. (2021a). Evolução da Produção Mundial de Vinho - Série 2000 a 2020.
- Instituto da Vinha e do Vinho I.P. (2021b). Evolução da Produção Nacional de Vinho por Região Vitivinícola - Série 2009/2010 a 2020/2021. Retrieved August 4, 2021, from <https://www.ivv.gov.pt/np4/163.html>
- Instituto da Vinha e do Vinho I.P. (2021c). Evolução da Produção por Região Vitivinícola: Sub-Região Alentejo.
- Instituto da Vinha e do Vinho I.P. (2021d). Evolução do Consumo Mundial de Vinho - Série 2000 a 2019.
- Instituto Nacional de Estatística I.P. (2021a). Evolução das Exportações com Destino a uma Seleção de Mercados (NC 2204).
- Instituto Nacional de Estatística I.P. (2021b). Evolução das Importações por país de origem.
- International Co-operative Alliance. (2015). Statement on the Co-operative Identity Definition of A Co-operative, 1–120. Retrieved from <https://www.ica.coop/sites/default/files/publication-files/ica-guidance-notes-en-310629900.pdf>
- King, R. P., Boehlje, M., Cook, M. L., & Sonka, S. T. (2010). Agribusiness economics and management. *American Journal of Agricultural Economics*, 92(2), 554–570. <https://doi.org/10.1093/ajae/aaq009>
- Mooney, P., & Gray, T. W. (2002). Cooperative conversion and restructuring in theory and practice. *U.S. Department of Agriculture*, (RBS Research Report 195), April 28, 2013.
- Portugal Foods. (2019). Estratégia de Internacionalização do Setor Agroalimentar 2019-2021. Retrieved from http://www.gpp.pt/images/gam/estrategias/EstrategiaIntAA_FIPA.pdf
- Portugal Foods. (2017). Portugal Excepcional - Estratégia de internacionalização do sector agro-alimentar 2012-2017, 1–312. Retrieved from https://www.gpp.pt/images/gam/estrategias/EstrategiaIntAA_PF.pdf
- Richter, B., & Hanf, J. H. (2021). Cooperatives in the wine industry: Sustainable management practices and digitalisation. *Sustainability (Switzerland)*, 13(10). <https://doi.org/10.3390/su13105543>
- Winfree, J., McIntosh, C., & Nadreau, T. (2018). An economic model of wineries and enotourism. *Wine Economics and Policy*, 7(2), 88–93. <https://doi.org/10.1016/j.wep.2018.06.001>

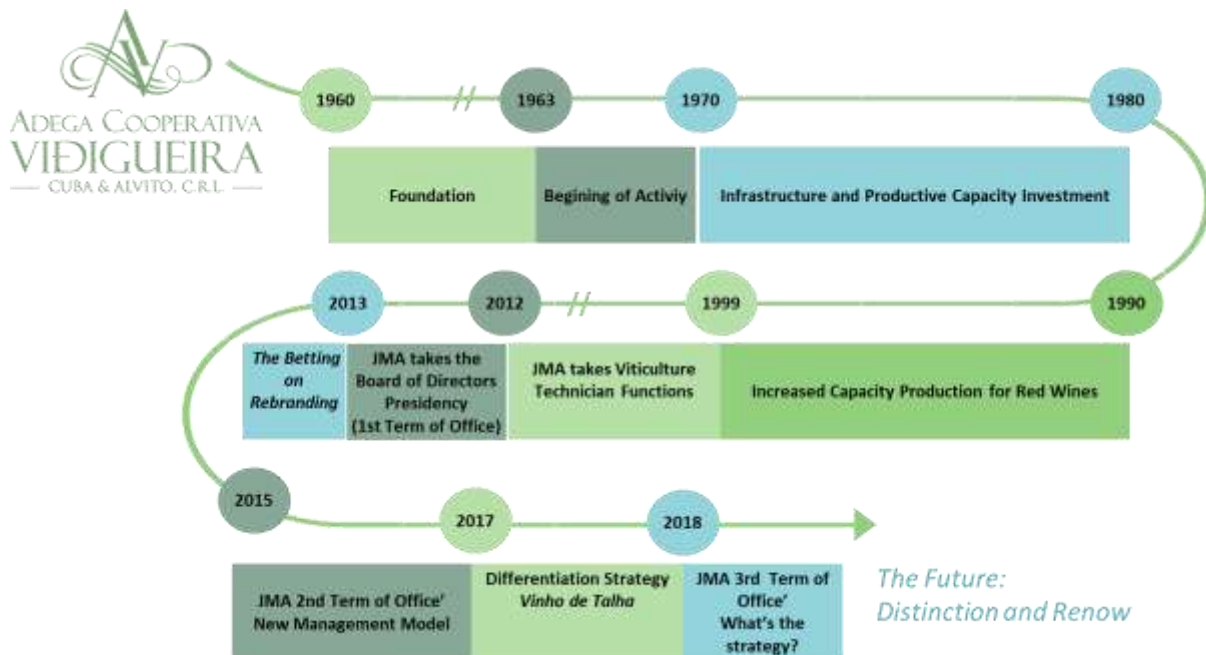
APPENDIX

Figure 1: Talhas of ACVCA



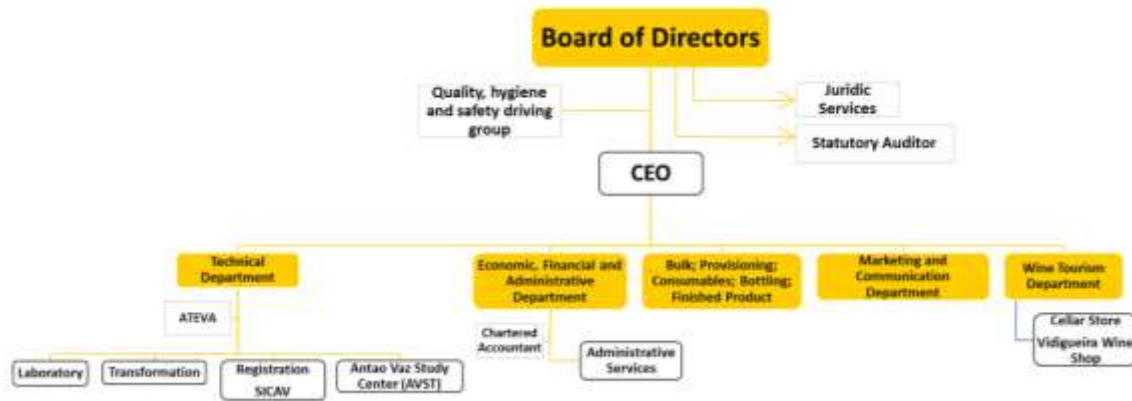
Source: Diário de Notícias, 7th November, 2020.

Figure 2: ACVCA timeline



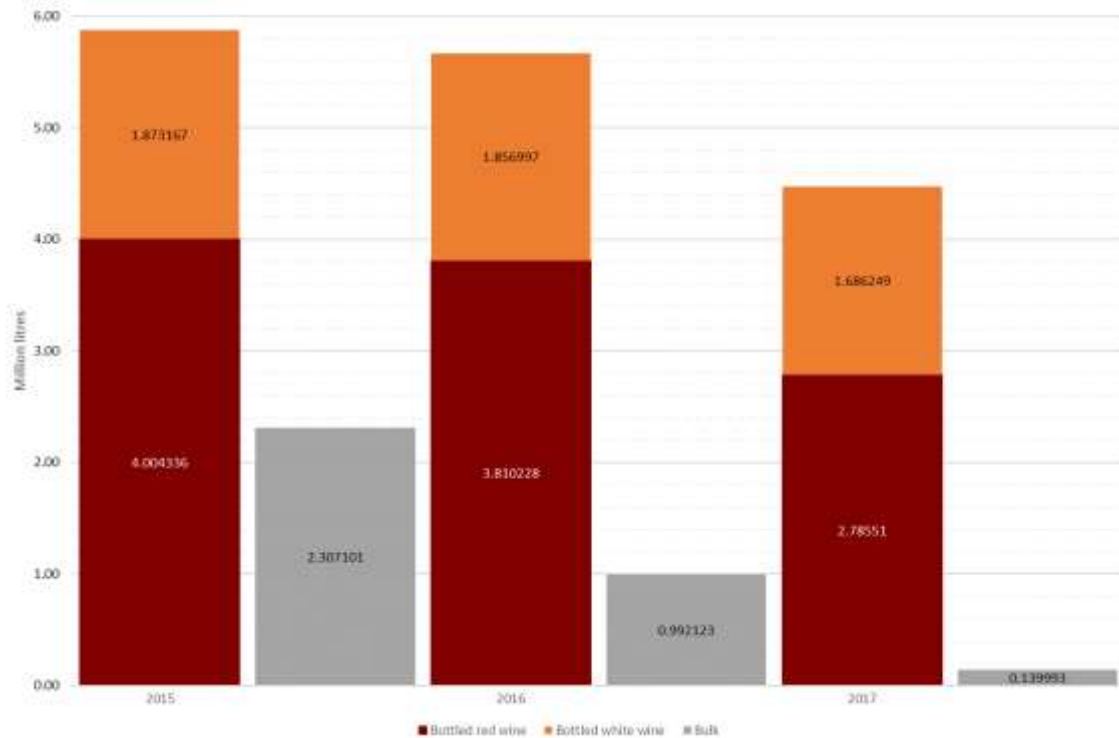
Source: Own conception.

Figure 3 – Winery Organizational Structure



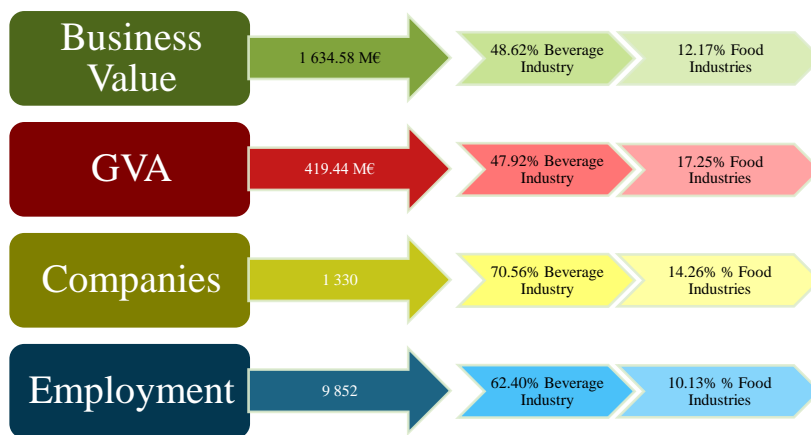
Source: Adegas Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2017).

Figure 4 – Wine Sold, in volume, between 2015-2017



Source: Own conception based on Adegas Cooperativa de Vidigueira, Cuba & Alvito (2015, 2016, 2017). Values in millions of litres.

Figure 5 – Wine Sector weight (data from 2017)



Source: Own conception based on (INE, 2021a), 2021b), 2021c),2021d)); Notes: GVA – Gross Value Added; M€ - Million Euros.

Figure 6 – World and National Wine Production



Source: Own conception based on Instituto da Vinha e do Vinho I.P. (2021a). Values in millions of hectolitres.

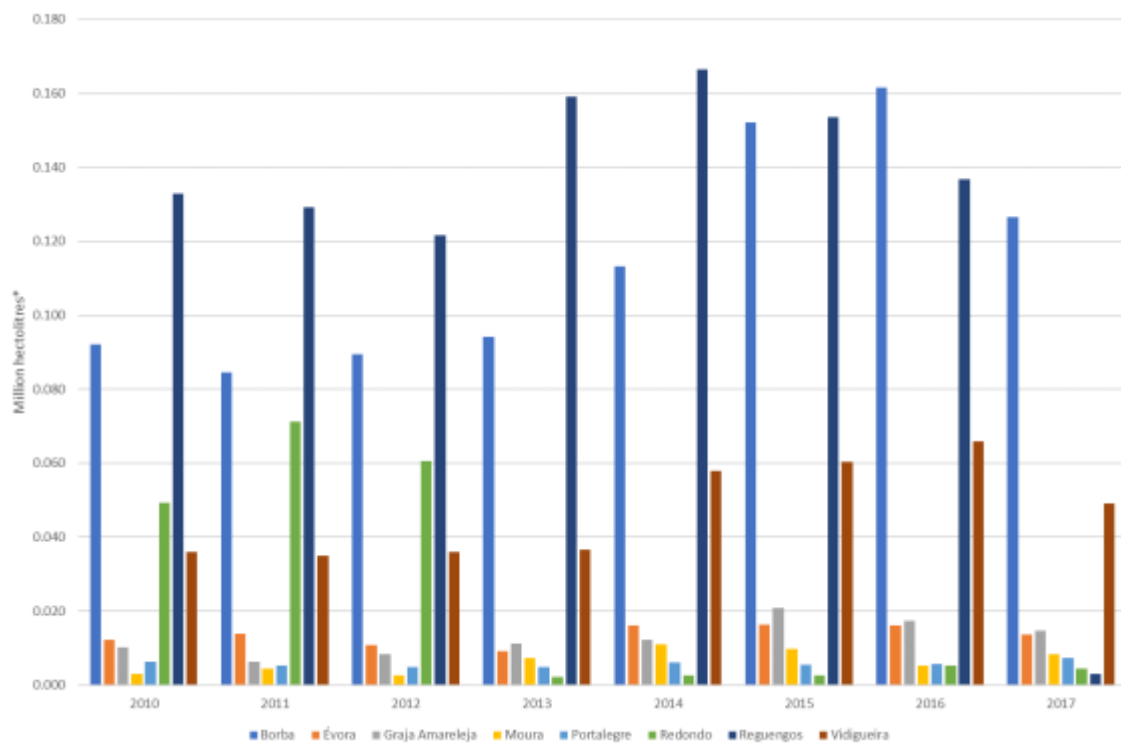
Figure 7 – Map of Alentejo Denomination Origin Subregions



Source: O portal do vinho português. Regiões Vitivinícolas, Alentejo. (2009). Infovini. Accessed on July 27, 2021.

Available at: <https://infovini.com/pagina.php?codNode=3907>

Figure 8 – Evolution of Wine* Production in the Alentejo Subregions from 2010 to 2017



Source: Own conception based on Instituto da Vinha e do Vinho I.P. (2021c); * - the sum of wine with DOP Alentejo, sparkling wine with DOP and liqueur wine with DOP. Values in millions of hectolitres.

Figure 9 – World and National Wine Consumption



Source: Own conception based on Instituto da Vinha e do Vinho I.P. (2021d); Values in millions of hectolitres

Table 1 – Own Brands

	Brand	DOP / IGP
White	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
Red	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
Sparkling wines, liqueurs and brandies	VDG	
	Vidigueira	D.O.C. <i>Alentejo</i>
	Vasquinho	Vinho Licoroso de Mesa
	Aguardente Vinica Velha	
Special Editions	Navegante	Vinho Licoroso de Mesa
	VDG Selmes Sabores Caça	
	VDG White Inspiration	D.O.C. <i>Alentejo</i>
	Homenagem ao Cante	

Source: Own conception based on Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2017).

Table 2 – Customer Brands

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

Source: Own conception based on Adega Cooperativa de Vidigueira, Cuba & Alvito, C. R. L. (2017).

Table 3 – Business Value Evolution of the Winery and the Viticulture Sector 2015-2017

	Winery			Sector		
	2015	2016	2017	2015	2016	2017
1. Goods Sales (€)	7902954.82	8824510.94	7230602.06	162900	182700	181900
2. Services Provision (€)	311223.52	149467.28	155877.18	12100	13200	16400
Business Value (1.+2.)	8214178.34	8973978.22	7386479.24	175000	195900	198300

Source: Own conception based on Adega Cooperativa de Vidigueira, Cuba & Alvito (2015, 2016, 2017) and Banco de Portugal (2021).

Table 4 – Ratios and Indicators 2015-2017

Ratios and Indicators		Winery			Sector		
		2015	2016	2017	2015	2016	2017
Structure / Indebtedness	Financial Autonomy	30.50%	41.83%	42.90%	41.41%	40.66%	49.07%
	Solvency	43.89%	71.90%	75.14%	70.69%	68.51%	96.34%
	Indebtedness	69.50%	58.17%	57.10%	58.58%	59.34%	50.95%
	Debt Structure	45.40%	61.60%	51.37%	49.72%	49.72%	51.05%
Operation	Asset Rotation	54.79%	60.70%	46.93%	18.18%	20.18%	17.12%
Liquidity	General Liquidity	2.50	1.78	2.09	1.16	1.13	1.21
	Working Capital	7075170.97	4153259.04	5049490.58	44400	38400	63300
Economic Return	Return on Asset	0.30%	1.14%	0.55%	3.64%	3.64%	4.66%
	EBITDA	284076.22	337844.86	209502.66	35000	35400	54000
	Economic Return	1.40%	2.29%	1.81%	0.96%	1.01%	2.31%
	Return on Investment	0.44%	1.78%	0.77%	0.13%	0.34%	2.34%
Financial Return	Return on Sales and Provided Services	0.55%	1.88%	1.17%	-1.37%	-0.51%	7.97%
	Return on Equity	0.99%	2.72%	1.28%	-0.60%	-0.26%	2.77%

Source: Own conception based on Adegas Cooperativas de Vidigueira, Cuba & Alvito (2015, 2016, 2017) and Banco de Portugal (2021).

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 de Vidigueira, Cuba & Alvito, C. R. L. (2017).

Table 6 – Trade exchanges Portugal - World

	2010	2011	2012	2013	2014	2015	2016	2017	Average 2010-2017	TCR** 2010-2017
TG*	Exports	37268	42828	45213	47303	48054	49634	50039	46920	6.80%
	Imports	58647	59551	56374	57013	59032	60345	61424	60490	18.83%
	Balance	-21379	-16723	-11161	-9710	-10978	-10711	-11385	-14671	-13340
Wines	Exports	614	657	704	721	726	736	724	707	26.64%
	Imports	89	82	86	122	125	117	110	111	53.63%
	Balance	525	575	617	598	601	619	614	599	

Notes: TG* - Tradable Goods (excluding services); TCR* - Total Change Rate; Values in millions of Euros.

Table 7 – Internationalization Markets and Strategies

Exports evolution	Strategy	Markets
↑	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)

Table 8 – Wine producers in the municipalities where ACVCA is located

Location	Name
Alvito	Herdade das Barras
Cuba	Herdade do Rocim
	Quinta da Pigarça
	Joaquim Costa Vargas
	Quinta do Paral
	Herdade do Peso
	Quinta do Quetzal
	Herdade de Lisboa
	Herdade Grande
	Cortes de Cima
	Herdade do Sobroso
Vidigueira	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*
				Winery	Vineyards									
Vidigueira	Cortes de Cima	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			
	Quinta do Quetzal	x	x	x	x	x	x	x	x	x			x	
	Ribafreixo Wines	x	x	x		x	x	x		x	x		x	
Alvito	Herdade das Barras	x	x	x		x								
Cuba	Herdade do Rocim	x	x	x		x		x		x				
	Quinta da Pigarça	x	x	x	x	x		x						
Beja	Casa de Santa Vitória	x	x	x		x	x	x	x	x		x	x	
	Herdade da Figueirinha	x	x	x	x									
	Herdade da Malhadinha Nova	x	x	x	x	x	x	x		x	x		x	
	Herdade da Mingorra	x	x	x	x	x	x				x		x	
	Herdade dos Grous	x	x	x	x	x	x		x	x		x	x	
	Herdade do Vau	x	x	x	x	x			x	x	x		x	
	Herdade Paço do Conde	x	x	x	x	x								

Source: Own conception based on “Guia de Enoturismo – Alentejo”, Caiado de Fresco (2018). Note: * Other tourist experiences not directly associated with wine cultivation (e.g. balloon rides, visits to historical monuments, among others)