

## CASE STUDY: What's next for the Port Wine Jeweller?



**PORTO  
RAMOS-PINTO**

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**U.PORTO INTERNATIONAL CASE COMPETITION  
FEP – SCHOOL OF ECONOMICS AND MANAGEMENT**

## RAMOS PINTO: What's next for the Port Wine Jeweller?

It was a Monday morning. Jorge Rosas entered his office a bit earlier that day. He gathered all the information deemed relevant to conduct the annual strategic meeting with his team. As Export Manager and Board Member of Ramos Pinto, one of the oldest Portuguese Port Wine Companies, he was responsible for providing the first inputs for the Company's strategic plan. The board had already defined profit growth capitalized on existing products as the main objective for the business plan and had identified 10 markets of potential interest to the Company in the short term: Angola, Australia, France, Mexico, New Zealand, Russia, United Kingdom, Singapore, Spain and Switzerland. It was now his team's job to highlight which of those markets could bring more profitability and how to achieve that goal.

As a family business, with a stable 10 million euros revenue per year, a 1.2 % shipments share<sup>1</sup> and around 110 employees, Ramos Pinto did not aim to be a market leader, at least not the sales market leader, or to increase production (given that it was operating close to full capacity) but rather sought to remain the top quality producer as idealized by its founders.

With over a century of experience in the export market, the Company was more than prepared to increase its premium products' presence in new and old markets, by capitalizing on its wide market experience and on the full potential of its products.

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<sup>1</sup> Shipments share – quota of Ramos Pinto shipped wines in total of the Douro and Port industry. Differs from Market Share as products shipped is not the same as products sold.

Case developed by Luís Reis, Miguel Lopes, and Renata Blanc from School of Economics and Management, University of Porto (FEP) to be used in the FEP University of Porto International Case Competition 2013. The case has been written using company information and public sources. Special thanks to Ramos Pinto for their support in the writing of this case. The authors have disguised certain information to protect confidentiality. Any form of reproduction, storage or transmission is subject to prior written authorisation.

## RAMOS PINTO'S HISTORY

Founded by Adriano Pinto in 1880, Casa<sup>2</sup> Ramos Pinto was quickly associated with quality-bottled wines and with an innovative and enterprising strategy.

At a time when start-ups were launched by experienced businessmen, the 21 year old Adriano Ramos Pinto risked launching his own Port Wine export company. What was at first a small office in Porto soon turned into an office and cellar in Vila Nova de Gaia, where all the well-known Port Wine cellars were, and still are, located. Seven years after its foundation, Adriano invited his brother António to be his partner and the company was renamed “Adriano Ramos-Pinto & Brother”. Antonio’s management skills and Adriano’s innovative and disrupting business ideas led the company far. In the late 19<sup>th</sup> century Ramos Pinto wines were considered to be among the best and the company was responsible for half of the wine exported to South America, one of the most significant Port Wine markets at that time. By then the Company had become the purveyor of Port Wines to the Portuguese Royal Family, which gave it the right to display the Portuguese Royal coat of arms, which still features in the Company logo.

The Ramos Pinto brothers were aware that wine quality depended not only on the characteristics of the soil and grapes but also on the excellence of the production process. With that in mind, there was a constant concern with the modernization of grape selection, batching and ageing circuits, packaging and promotion of wines. Being aware that the quality of its wines was highly dependent on the Douro Demarcated Region (DDR<sup>3</sup>), Ramos Pinto meticulously studied the region and eventually acquired a number of estates with special characteristics that gave its wines a distinguished uniqueness.

Ramos Pinto was a pioneer in the scientific art of creating wines. The Company was forerunner in scientific research into the most effective forms to nurture vineyards, collect grapes and create, store and serve its products. The company has, from early in its history, a self-production policy, which means it only produces wines from grapes from its own estates.

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<sup>2</sup> House, in Portuguese

<sup>3</sup> Demarcated Region – region that has special legislation in Portugal in order to promote and protect its unique wine production. The Douro DR was created in the 18<sup>th</sup> century and was the first such region to be created.

This allows Ramos Pinto to have great control of the quality of the whole production process and to create unique wines with its own signature. According to the Company this is one of the main reasons that maintained its high quality recognition in the market.

Ramos Pinto brand is still today the result of the creative and rebel spirit of Adriano, its founder. Besides his sharp business mind, Adriano had a passion for arts, a passion that led him to be a student of Fine Arts and to personally hire several well-known artists of that time: Carneiro, Rossoti and René Vincent. Adriano had also a well-known spicy humour and an appreciation for beautiful woman. His eccentricity and his passion for the arts had a notorious impact on product positioning and promotion. As a lover of marketing and advertising, Adriano projected his artistic vein into his products by commissioning beautiful, sensual and provocative logos from well-known artists and by issuing unique promotional gifts (see Appendix A). He was known as the “Jeweller of Ports”. Centuries later, the Ramos Pinto brand still projects the same character and charm.

Adriano Ramos Pinto’s love of the arts still prevails in the company today. Ramos Pinto owns two museums – “Museum Casa Ramos Pinto” and “Museum de Ervamoira” - and an historical archive, with reports of production and sales dating from the 19<sup>th</sup> century.

In 1990, Casa Ramos Pinto became part of the French Roederer Group<sup>4</sup>, producer of the historic top range Cristal champagne. Despite the new shareholders, the company’s culture did not change and, in fact, all management decisions are made solely by Ramos Pinto. This means that the relationship with Roederer is not one of control but rather a symbiosis to maintain the culture of Ramos Pinto’s own production, the high quality of its wines and the values, which inspired Adriano Ramos Pinto.

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<sup>4</sup> The Roederer group has worldwide recognition for its Champagne “Cristal”, which has enabled the creation of a large international distribution network.

### **Port, Wines and the Douro Region<sup>5</sup>**

Ramos Pinto production is entirely from Douro, a region located in Northeast Portugal, along the banks of the Douro River, one of the major rivers in the Iberian Peninsula (Portugal and Spain), surrounded by craggy mountains that give it very particular soil and climacteric characteristics. The region has a microclimate that allows the making of the unique and world famous Port Wine.

Douro is full of beautiful *quintas* (estates), in which different varieties of grapes are cultivated, on the vertical slopes overlooking the river. Most of the soil in the Douro Demarcated Region, particularly along the Douro River, is schistose with some granite around the edges.

Douro has a unique climate. Located in deep valleys, protected by the Marão and Montemuro mountains, the region is characterized by very cold winters and hot, dry summers. The mountains serve as a protection from the humid west winds that blow in from the Atlantic. The region has different rainfall patterns. The heaviest rains occur in mid-winter, i.e. in December and January.

The amount of sunlight is of particular interest in the Douro. The northern bank of the river is influenced by the dry southerly winds, whereas the southern bank is exposed to the colder and damper northerly winds and receives less sun. This permits different types of grape that, when mixed together, result in specific types of Port wines. The types of port wines that became worldwide famous for their characteristics are known as “Special Categories”<sup>6</sup>.

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<sup>5</sup> Source: Port and Douro Wines Institute ([www.ivdp.pt](http://www.ivdp.pt))

<sup>6</sup> “Special Categories” is a term that defines port wines that are from a particularly good harvest or that have passed through a specific aging process.

## THE COMPANY IN DETAIL

### Ramos Pinto's Products

The company produces two main types of products: Port wine and Douro wine.

Port wine is a fortified wine usually drank as an aperitif, with cheese or simply as a digestif. Port wine is produced only from grapes from DDR's own estates. This exclusive criterion does not narrow the diversity of its Port as DDR has more than 70 different types of grapes thus allowing for countless combinations, which give richness to Port wine.

Port wine companies differentiate their wine according to the aging process, colour<sup>7</sup> criteria and grape species used (see Appendix B). Ramos Pinto is no exception. The Company currently has four Port wine Categories: Discovery, Style, Terroir and Lágrima.

1) Discovery is the entry-level category. It includes the lowest priced Ports<sup>8</sup> in the Company portfolio, which are used mostly for market penetration. Its wines have a quicker aging process: bottling occurs as early as three to four years after production. There are three different Discovery Ports brands, named after the final colour and type of fruit of the wine: Porto White, Porto Tawny and Porto Ruby.

2) Style represents the next level in quality and it is the first of the Special Categories. Style comprises three main brands – Adriano White Reserva, Adriano Reserva (tawny) and Collector Reserva (ruby).

3) Terroir is the second of the Special Categories. Two brands have been created within Terroir - Gold and Platinum:

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<sup>7</sup> Ramos Pinto produces its wines in three colours. White Port is made from white grapes and darkens with the aging process; Tawny Port is made from red grapes and is aged in small wooden barrels; Ruby Port is the darkest of the red Ports because it is stored in wooden vats, which prevents oxidation and maintains the strong red colour.

<sup>8</sup> Despite being the lowest priced of Ramos Pinto Categories, it is priced higher than competing products.

Terroir Gold has three different sub-products according to its aging process – Porto Tawny 10 years, Porto Tawny 20 years and Porto Tawny 30 years<sup>9</sup>. There is some colour differentiation in this group, but all three are Tawny;

Terroir Platinum is composed exclusively of Ports produced from grapes that have been declared to be from a superb quality crop from a particular year. Terroir Platinum is a very special type of wine. It is divided in two sub-products. The first is Porto Late Bottled Vintage (LBV), which has a 4-year aging process before being bottled. The second is Porto Vintage, a wine with a 2-year aging process before bottling.

4) Lágrima is the last of the four Ramos Pinto wine Categories. Although it is a wine that is a bit of an exception to the usual Ramos Pinto production, as it is the only wine produced from grapes from estates not owned by the Company, it is a very popular wine, particularly in the Portuguese market. There are two types of Lágrima – Lágrima Branco (white) and Lágrima Tinto (red).

Special categories products (Style and Terroir) are targeted at very demanding clients, who are willing to pay premium prices for premium products, while entry-level Discovery is targeted at new and inexperienced customers. Lágrima is specially targeted at Portuguese people, both residents and emigrants, and has achieved success as such.

In addition to Port, Ramos Pinto also produces well-known Douro wines. Douro wine is a non-fortified wine intended to accompany food. Unlike Port, the company does not direct Douro wine exclusively at high quality and premium price clients. Ramos Pinto has two different wine brands in the non-fortified Douro wine category: “Bons Ares” and “Duas Quintas”. Both wines are available as red wine and white wine. “Duas Quintas” exists as three types of wine in increasing quality as a result of grape selection, the vinification process and the varieties of grape used: i.e. “Clássico<sup>10</sup>”, “Reserva<sup>11</sup>” and “Reserva Especial<sup>12</sup>”.

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<sup>9</sup> Average aging process duration, respectively, 10, 20 and 30 years

<sup>10</sup> Classic

<sup>11</sup> Reserve

<sup>12</sup> Special Reserve



### Production and Distribution

Since early times, Ramos Pinto has had a strict self-production policy, which means they produce most of its wines from its own vineyards. This gives the company complete control of its production, and enables it to set high quality standards from the very beginning of the production process. Closely tied to the company's quality history is an enthusiastic and constant investment in Research and Development. Ramos Pinto is credited with several critical innovations with regard to Douro *terroir*<sup>13</sup> and grape characteristics, and its wine production methods.

One example of this R&D focus comes from the 1980s, when the company conducted the first ever technical study of Douro grapes varieties. This study resulted in the selection of five recommended grape varieties from a restricted list of 12 varieties that are still being used today in the Douro DR. Another interesting innovation concerned planting methods. Ramos Pinto was one of the first companies to introduce the vertical planting of vines, up the slopes, which allowed a better use of the vineyard and some mechanization. Additionally, it conducted studies to improve the understanding of rootstock and irrigation methods, in order to increase the quality and control of its products.

Ramos Pinto is present in around 70 markets around the world (see Appendix C). In order to address these markets, Ramos Pinto only works with one distributor per country. Within the Ramos Pinto *modus operandi* there are also two other key distributor-related aspects: selectiveness of its point-of-sales and relationship stability. Point-of-sales selectiveness is crucial to transmit the image of top quality to the final consumer<sup>14</sup>. Relationship stability has always been a priority for Ramos Pinto particularly in order to maintain confidence and work ethics. This policy currently generates a distribution network in which the average relationship with distributors is well over 20 years, with some relationships that have existed since the foundation of Ramos Pinto.

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<sup>13</sup> Term specially used to address the special characteristics of geography, geology and climate and its interactions with agricultural products.

<sup>14</sup> Portugal is an exception to this rule, since, besides selling to selective retailers, Ramos Pinto also sells to mass retailers.



Since the acquisition by the Roederer Group, it has been easier to Ramos Pinto to address markets with lower or no market presence. This is due to the fact that Ramos Pinto products can be shipped to distributors along with Roederer Group products', which diminishes transport costs substantially. Regardless of the market, the product is always sold to the final client with the brand "Ramos Pinto", with Ramos Pinto being involved in all marketing and strategic decisions.

### Promotion

Ramos Pinto built its marketing efforts around the image created and idealized by its founder, Adriano. This image can still be observed, for instance, in the company. Adriano's passion for arts and culture was always seen as an opportunity to bring value to the company's products. Partnerships with the fine arts, musicians and writers were not only responsible for the development of its unique image but also reinforced the perceived brand value of Ramos Pinto. The company still promotes various activities with fine art schools, such as the recent logo development, and with artists from several different areas of activity.

The Company's cellars in Vila Nova de Gaia are also used for promotion purposes. There is a tasting room, open to the public, with different menus including diverse Ramos Pinto Ports alone or in combination with exquisite chocolates and other Portuguese delicacies. In order to take advantage of its rich history, the Company opened a small museum in the Adriano's original office and provides frequent guided tours that offer a journey through the company's history. Ramos Pinto's beautiful estates are also frequently the stage of promotional activities, as the company regularly invites sommeliers, clients and journalists to visit and to experience the company's historic identity, which reinforces the intangible value embedded in its products.

Ramos Pinto has participated in local and international wine tasting fairs and contests around the world since its foundation. The aim is not just to win awards and medals, but to give exposure to its quality standards. Ramos Pinto also uses mainstream practices, such as offering samples of its products and quantity and price discounts in order to attract new customers and wine lovers, especially in new markets. The Company rarely advertises in magazines or other mass media as it prefers relational marketing.

Given the increasing importance of social media, recent investment has been made in social networks, i.e. Facebook<sup>15</sup> and a webpage<sup>16</sup>. Despite having a small team dedicated to this initiative, consumers have been showing their interest and appreciation for the company's advances in this area.

All marketing efforts in foreign markets are discussed by Ramos Pinto with the local distributor and it is a common practice to split marketing expenses between them. This is in line with the company's focus on long-term collaborative relationships with all its stakeholders.

Ramos Pinto has a clear policy regarding its promotion budget in overseas markets: the company supervisor of that market has a fixed monetary amount per expected bottle sale that can be used to promote Ramos Pinto products. This solution has its pros and cons, but has proved successful and appropriate over the years. Since selling bottles of different varieties brings different profits to the company, the monetary sum is variable, as seen in Table 1.

<b>Port Wine</b>	<b>Discovery</b>	0 €
	<b>Style</b>	0.3 €
	<b>Terroir</b>	1 €
<b>Douro Wine</b>	0.15€	

*Table 1 - Available amount to spend in Promotion (€ per bottle projected to be sold)*

This policy aims to strengthen the Company's focus on Port Special Categories (Style and Terroir) as they are more profitable. The company does not allocate any budget to entry level category (Discovery). So far as Douro Wine is concerned, although Ramos Pinto wants to increase sales of its premium products (Reserva and Reserva Especial), it does not have a specific budget for this.

<sup>15</sup> [www.facebook.com/Ramos.Pinto.Port.Douro.Wine](http://www.facebook.com/Ramos.Pinto.Port.Douro.Wine)

<sup>16</sup> [www.ramospinto.pt/](http://www.ramospinto.pt/)

## INDUSTRY BACKGROUND

According to the International Organization of Vine and Wine (OIV)<sup>17</sup>, global wine production is predicted to have fallen by around 6% from 2011 to 2012, to 25.2 billion litres per year, while wine consumption had remained steady at 24.3 billion litres per year. It is also interesting to note that the major producer countries are also, generally, the biggest consumers. Despite its small size, Portugal's long history in this market has resulted in it occupying 11<sup>th</sup> place in total global wine production and consumption, and 3<sup>rd</sup> place in per capita consumption.

The wine industry is very complex, not just because of the differences between grape varieties, but also because of different production methods and the environment. Factors such as rainfall, temperature, wind, soil composition, sun exposure and humidity give birth to a myriad of wine varieties within a single grape species. There are therefore also multiple client segments, with different tastes, quality and price sensitiveness, which, obviously, involves different and complex marketing strategies.

Portuguese wine tradition and culture started even before the foundation of the country, as it was introduced by the Romans, and has been intensified ever since. With the Portuguese discoveries, during the 15<sup>th</sup> and 16<sup>th</sup> centuries, Portuguese wine gained importance in the global exports market. Added to this, the long relationship between Portugal and England not only brought new consumers, but also foreign investments in this market.

The Port Wine and Douro Wine segment, in which Ramos Pinto operates, is worth over 400 million euros and is mainly controlled by 5 key players: the Symington Group, Gran Cruz, Taylor Fladgate (Taylor's), Sogrape group and Sogevinus group (see Appendix D). Each of these players operates via distinct brands in order to address different segments and markets.

Some wine producers have strong economies of scale which, associated with the existence of different brands and even buyer own brands, allows them to create cheaper wines without damaging the image of top quality brands. One of the most significant advantages is that this gives players the opportunity to sell their products in large retailers worldwide, thus strengthening their market share significantly.

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<sup>17</sup> International Organization of Vine and Wine, "Statistical Report on World Vitiviniculture", 2013

However, this strategy also involves some risks, given the great bargaining power of these retailers that can sometimes depress quality in order to reduce prices. This is one of the main reasons that makes Ramos Pinto only exports to boutique wine retailers: quality first.

At a time when Portugal and many of its commercial partners are in deep economic crisis, Port Wine producers have to use their experience in the exports market to find new revenue streams. There are many opportunities: e.g. countries that have lowered their wine import tariffs; countries experiencing high development; countries where wine culture is becoming widespread and many others yet to be identified.

Customer drivers for Port and Douro wines vary substantially from market to market, which complicates the decisions behind any expansion policy. One of these drivers is, certainly, the extent to which a wine culture has been established. Generally, countries with decades, or even centuries, of wine consuming habits have a developed taste, and are more interested in quality, even if that means paying a premium price. Opportunities also arise in countries with a significant consumption of alcoholic beverages.

While Port brands with economies of scale focus on increasing the quantities sold, which pushes down the average price per bottle, most players try to focus on selling the products where they have higher profit margins: i.e. the Special Categories. Besides having higher profit margins, Special Categories are also known for creating customer loyalty. The marketing strategy for these Special Categories has five frequent market behaviours: premium price, “entrance range”, promotion, packaging and point of sales. The first of these is a must: premium price. For a new customer, that has not yet developed a fine sense of taste, higher prices mean higher quality and, so far as experienced customers are concerned, they are generally more than willing to pay a premium price for quality. “Entrance ranges” are products outside of the special categories with lower prices, the clear objective of which is to attract clients with high price sensitivity to the brand. Special category promotion also relies on wine showcases and fairs. The impact of wine reviews in speciality magazines, blogs or events promoted by/in wine clubs is also noticeable. The fourth relevant issue, packaging, plays an important part in the decision between port wines. Clients certainly prefer packaging and bottles that are veritable art masterpieces that can be used as such in their homes.

Generally speaking, bottles speak to the long tradition behind a product and give the owner an image of cultural depth. Point of sales for these Special Categories generally consists of speciality wine stores where the staff can guide customers through undiscovered wine experiences. Notwithstanding these common practices, the industry knows that each market is different, which involves a constant need for market research.

### Challenge

Jorge Rosas gathered all the relevant materials for the strategic meeting with his team:

- a detailed Sales Overview with some crucial data regarding Ramos Pinto and the market as a whole, concerning Port and Douro wines for a list of the top 10 markets identified as of potential interest to the Company in the short term: Angola, Australia, France, Mexico, New Zealand, Russia, United Kingdom, Singapore, Spain and Switzerland (see Exhibits 1 to 4)
- A comparison between percentage Port sales (by volume) of Ramos Pinto per range of its own products, compared to percentage global market sales for similar products. With this data, Ramos Pinto could infer what the market preferences were and how well Ramos Pinto is faring in each segment compared to the market (see Exhibit 5)

While overviewing the data, Jorge Rosas asked himself which markets should be considered as a priority for investment in the following years and exactly how to increase market share or how to penetrate those markets through carefully designed marketing activities.

The meeting room was already prepared. Flipcharts, pens, a stunning view of the Douro River and, of course, a small Port Wine glass for each team member was already on the table. It was now time to work hard on the future path for Ramos Pinto.

**Exhibit 1**
**Ramos Pinto (RP) Port Wine sales data for selected markets, 2012**

	Bottles	Average Price €	%Δ 12/11		% Special Categories		Weight (%) on total RP Port Sales	
			Bottles	€	Bottles	€	Bottles	€
<b>Angola</b>	8 300	6	22%	23%	0%	1%	0.75%	0.81%
<b>Australia</b>	2 400	8	146%	219%	53%	70%	0.22%	0.32%
<b>France</b>	135 200	6	7%	8%	10%	11%	12.29%	14.19%
<b>Mexico</b>	1 700	8	-24%	-55%	27%	59%	0.15%	0.22%
<b>New Zealand</b>								
<b>Russia</b>	3 000	8	-65%	-66%	0%	1%	0.27%	0.41%
<b>UK</b>	24 700	8	16%	4%	11%	10%	2.25%	3.39%
<b>Singapore</b>	340	11	-3%	16%	50%	80%	0.03%	0.07%
<b>Spain</b>	7 000	5	-66%	-65%	0%	0%	0.64%	0.60%
<b>Switzerland</b>	6 620	8	12%	16%	29%	36%	0.60%	0.91%

**Exhibit 2**
**Global Port Wine data for selected markets, 2012**

	Bottles	Average Price €	% Special Categories		Market Weight (%) on Total Port Markets	
			Bottles	€	Bottles	€
<b>Angola</b>	254 958	3.89	11%	29%	0.27%	0.31%
<b>Australia</b>	60 589	6.14	50%	61%	0.06%	0.11%
<b>France</b>	29 702 652	2.64	9%	17%	31.60%	24.20%
<b>Mexico</b>	204 886	4.21	15%	37%	0.22%	0.27%
<b>New Zealand</b>	161 210	5.15	47%	61%	0.17%	0.26%
<b>Russia</b>	394 227	4.58	26%	51%	0.42%	0.56%
<b>UK</b>	12 476 377	3.68	60%	73%	13.27%	14.16%
<b>Singapore</b>	139 214	5.37	71%	77%	0.15%	0.23%
<b>Spain</b>	1 466 328	3.19	6%	12%	1.56%	1.44%
<b>Switzerland</b>	864 523	4.1	11%	31%	0.92%	1.09%



**Exhibit 3**
**Ramos Pinto (RP) Douro Wine data for 10 selected markets, 2012**

	Bottles	Average Price €	% Δ 12 / 11		% Special Categories		Weight (%) on Total RP Douro Sales	
			Bottles	€	Bottles	€	Bottles	€
<b>Angola</b>	77 000	5	110%	87%	7%	19%	9.1%	9.6%
<b>Australia</b>	1 200	4	150%	215%	0%	0%	0.1%	0.1%
<b>France</b>	40 500	4	186%	181%	2%	6%	4.8%	4.1%
<b>Mexico</b>	0	-	-100%	-100%	-	-	-	-
<b>New Zealand</b>	0	-	-	-	-	-	-	-
<b>Russia</b>	1 200	7	-	-	20%	36%	0.1%	0.2%
<b>UK</b>	11 400	4	12%	22%	8%	20%	1.3%	1.1%
<b>Singapore</b>	-	-	-	-	-	-	-	-
<b>Spain</b>	630	4	-60%	-61%	1%	0%	0.1%	0.1%
<b>Switzerland</b>	14 000	5	29%	37%	4%	12%	1.6%	1.8%

**Exhibit 4**
**Global Douro Wine data concerning 10 selected markets, 2012**

	Bottles	Average Price €	Market Weight (%) on Total Douro Markets	
			Bottles	€
<b>Angola</b>	2 062 211	2.53	6.9%	5.7%
<b>Australia</b>	46 443	3.01	0.2%	0.2%
<b>France</b>	522 291	2.55	1.7%	1.4%
<b>Mexico</b>	7 623	4.60	0.0%	0.0%
<b>New Zealand</b>	7 283	3.60	0.0%	0.0%
<b>Russia</b>	117 273	2.20	0.4%	0.3%
<b>UK</b>	649 092	2.65	2.2%	1.9%
<b>Singapore</b>	5 956	5.50	0.0%	0.0%
<b>Spain</b>	40 511	4.74	0.1%	0.2%
<b>Switzerland</b>	743 970	3.91	2.5%	3.2%

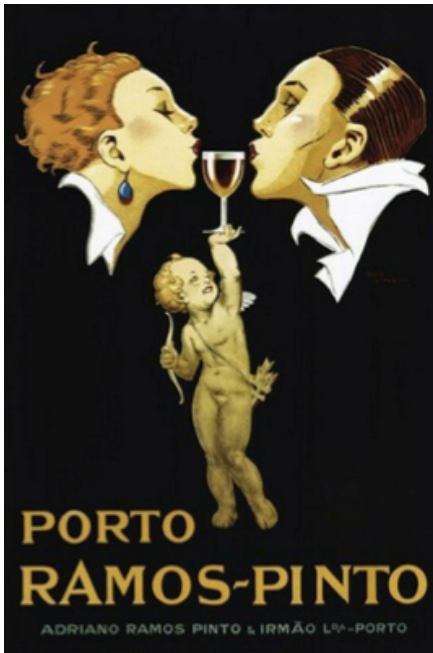
**Exhibit 5**

**Percentage sales (volume) per Category of Port Wine for Ramos Pinto and Total Market  
(similar competitor categories) in selected countries, 2012**

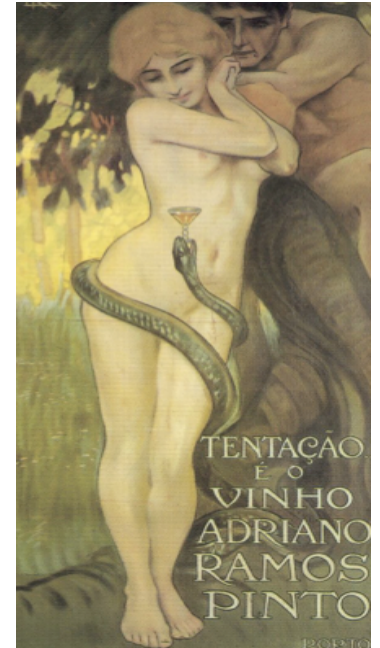
		Angola		Australia		France		Mexico		New Zealand	
		Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto
Discovery		89.34%	86.13%	49.75%	46.79%	91.43%	70.57%	85.28%	72.73%	53.21%	
Special Categories	Style	4.21%	1.45%	33.37%	14.07%	3.22%	9.02%	6.70%	0.00%	26.84%	
	Terroir	6.42%	12.41%	16.55%	39.14%	5.17%	13.11%	7.65%	27.27%	19.72%	
Others		0.03%	0.01%	0.33%	0.00%	0.18%	7.30%	0.37%	0.00%	0.23%	

		Russia		UK		Singapore		Spain		Switzerland	
		Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto	Total Market	Ramos Pinto
Discovery		74.38%	67.59%	39.82%	0.07%	29.15%	50.00%	93.73%	75.34%	88.71%	45.66%
Special Categories	Style	10.08%	6.96%	40.38%	59.72%	43.74%	7.14%	2.56%	8.30%	3.08%	0.00%
	Terroir	14.71%	25.45%	18.67%	35.78%	26.90%	42.86%	3.67%	8.30%	7.83%	54.34%
Others		0.83%	0.00%	1.13%	4.43%	0.21%	0.00%	0.04%	8.06%	0.38%	0.00%

Appendix A – Ramos Pinto promotion through labels



*"Ramos Pinto Port Wines are a temptation"*



*"Temptation is: Ramos Pinto Wine"*



*"Ramos Pinto wine irradiates the love that wins over strength, the power ... the soul of love"*



## **Appendix B – Port Wine according to the Institute of Port Wine**

Port Wine is a fortified wine, as defined in EU legislation. It is produced in the Demarcated Region of the Douro (DRR) under very specific conditions that result from natural and human factors, including winemaking procedures based on traditional methods, such as stopping the fermentation of the must by adding grape brandy, creation of wine lots and ageing the wine. Port Wine is no ordinary wine, mainly due to its unique characteristics: an enormous variety that surprises with the wealth and intensity of its incomparable aromas and flavours, a rather high alcohol content (usually between 19 and 22% vol.) and a vast range of levels of sweetness and colours.

The different types of red Port vary in colour from deep purple to light gold, with a range of intermediary hues (tawny, golden tawny, golden and light gold). White Port comes in various shades (pale yellow, straw and golden white), all intimately related to the winemaking techniques used. When aged in cask for many years, white wines acquire a golden hue, via natural oxidation, that is very similar to that of a very old tawny wine.

So far as sweetness is concerned, Port wine can be very sweet, sweet, semi-dry or extra dry. Just how sweet a wine will be is a choice made during production and depends on when the fermentation of the wine is stopped by adding the brandy, controlling the amount of sugar present.

Port Wines can be divided into the following categories:

### **Ruby Style**

Wines in which the winemaker wants to hold back the alteration of their deep red colour, thus maintaining the fruitiness and strength of the wine. This is the type of wine that you will find in the following categories, in ascending order of quality: Ruby, Reserve, Late Bottled Vintage (LBV) and Vintage.

### **Tawny Style**

Tawnies are obtained from different wine lots that have aged for different lengths of time, either in casks or in vats. As the aging process does its work, the colour of the wines slowly develops into tawny, medium tawny or light tawny, with flavours of dried fruits and wood. The aromas get more complex as the wine ages. The categories in this style are: Tawny, Tawny Reserve, Tawny with an Indication of Age (10, 20, 30 and 40 years old) and Colheita. These are blends of wines from several years, except for Colheitas, that are wines of a single year, similar to an aged Tawny of the same average age. These wines are ready to drink as soon as they are bottled.

### **White Port**

Varies in style according to whether it has aged for a shorter or longer period of time, and with different degrees of sweetness according to the manner in which it is made.

### **Rosé**

Rosé wine is a pink-coloured wine obtained by light maceration of red grapes, with no oxidation during preservation. These are wines to be drunk young and are very aromatic with notes of cherry, raspberry and strawberry. They are soft and pleasant on the palate and best drunk chilled, or with ice.



**Appendix C – Ramos Pinto Around the World**

Andorra	Germany	Norway	Thailand
Angola	Greece	Panama	Trinidad and Tobago
Armenia	Hong Kong	Paraguay	Turkey
Australia	Ireland	Poland	U.S.A.
Austria	Israel	Polynesia	Ukraine
Barbados	Italy	Portugal	United Arab Emirates
Belgium	Japan	Russia	United Kingdom
Bolivia	Latvia	Saint Martin	Uruguay
Brazil	Lebanon	Saint Vincent and the Grenadines	Virgin Islands
Bulgaria	Luxemburg	São Tomé and Príncipe	
Canada	Macau	Serbia	
Chile	Malaysia	Seychelles	
China	Maldives	Singapore	
Croatia	Mauritius	Slovakia	
Czech Republic	Mexico	Slovenia	
Denmark	Montenegro	Spain	
Dominican Republic	Morocco	Sweden	
Finland	Mozambique	Switzerland	
France	Netherlands	Taiwan	
Gabon	New Caledonia		



**Appendix D – Ramos Pinto’s main competitors**

<b>Company</b>	<b>Foundation year</b>	<b>Nationality</b>	<b>Most known Brands</b>
Symington <sup>18</sup>	1882	Scottish	Graham’s, Warre’s, Dow’s, Cockburn’s
Gran Cruz <sup>19</sup>	1887	French	Porto Cruz, Dalva, C. da Silva
Taylor’s <sup>20</sup>	1692	English	Croft, Taylor’s, Fonseca, Romariz, Krohn
Sogrape <sup>21</sup>	1942	Portuguese	Porto Ferreira, Offley, Sandeman
Sogevinus <sup>22</sup>	1998	Spanish	Kopke, Burmester, Calem, Barros, Gilberts

<sup>18</sup> Symington - <http://www.symington.com/?lang=en>

<sup>19</sup> Gran Cruz - <http://www.porto-cruz.com/>

<sup>20</sup> Taylor’s - <http://taylor.pt/en/>

<sup>21</sup> Sogrape - <http://eng.sograpevinhos.eu/>

<sup>22</sup> Sogevinus - <http://www.sogevinus.com/?lang=en>