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“Innovation and Wine Tourism: the case of Gran Cruz Porto”

by

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Internship Report in Innovation Economics and Management

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The conclusion of work represents one of the most important steps of my life. It is not the end of my academic life, as I intend to keep improving my skills but represents the beginning of my professional career.

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Resumo

Este relatório tem como base o estágio levado a cabo no Espaço Porto Cruz entre Março e Junho de 2014, com o objetivo final de concluir o Mestrado em Economia e Gestão da Inovação.

O Espaço Porto Cruz é um centro multimédia criado para promover o vinho do porto de uma forma diferente através da atração de um segmento jovem, o qual, hoje em dia, negligencia a existência e a importância deste produto típico português.

O principal objetivo deste relatório consiste em analisar a trajetória que a indústria do vinho do porto em geral, e a empresa Gran Cruz Porto em particular, tem seguido no que toca à área da inovação. Um dos temas abordados neste relatório é, precisamente, a inovação, identificando os principais conceitos e cruzando com a importância da cooperação e da localização, remetendo para os conceitos de *network* e de *cluster*; combinando com um tema que é bastante recente na área da literatura: o Enoturismo.

O relatório engloba uma descrição da indústria portuguesa de turismo e vinho do porto. Posteriormente, são também apresentados os dados relativos ao estudo exploratório realizado, conduzido através de duas entrevistas realizadas aos dois principais intervenientes do projeto “Espaço Porto Cruz” e da aplicação de questionários aos visitantes do Espaço Porto Cruz.

O documento conclui com considerações finais relativas aos resultados durante a realização do estágio e o trabalho paralelo de estudo exploratório, juntamente com algumas considerações acerca do produto enoturismo e, em particular, acerca do projeto Espaço Porto Cruz.

Palavras-Chave: Inovação, enoturismo, vinho do porto, Espaço Port Cruz, networks

Abstract

This report is based on an internship held at Espaço Port Cruz between March and June of 2014, aiming the conclusion of the Master in Economics and Management of Innovation.

The Espaço Porto Cruz is a multimedia Centre created to promote port wine in a different way, attracting a younger segment, today, very distant and unaware of this specific Portuguese product.

The goal of this report is to analyse the trajectory that wine tourism in general, and Gran Cruz Porto in particular, have been following in what concerns innovation. This report explores the literature review on innovation, studying its main concepts and types, and also approaching the specific matter of networks and clusters, combined with the recent research subject of wine tourism.

The report also includes a brief characterization of the Portuguese industry of tourism and port wine. Finally, the report includes the procedures and the results associated with the exploratory study that was implemented also during the internship. This exploratory study was based on two interviews with the main actors of this project and on the application of surveys to the visitors of the Espaço Port Cruz.

The document concludes with final remarks concerning the performance on the internship and the results of the exploratory study process. It also addresses some considerations regarding wine tourism in general and the Espaço Porto Cruz in particular.

Keywords: Innovation, wine tourism, port wine, Espaço Port Cruz, networks

Table of Contents

Introduction.....	8
Chapter 1 - Innovation and Wine Tourism: A Literature Review	10
1.1. Innovation: definition, related concepts and types of innovation.....	10
1.2. Network and clusters in tourism.....	12
1.3. Wine tourism	13
1.3.1. Wine tourism consumer	15
1.3.2. Wine tourism region and activities	17
1.4. Innovation in wine tourism.....	18
Chapter 2 - A brief characterization of Tourism and the Port Wine Industry	22
2.1. Tourism.....	22
2.2. Port wine.....	23
2.2.1. Statistics and data.....	26
2.2.2. Gran Cruz Porto	29
Chapter 3 - Internship	31
3.1. Espaço Porto Cruz	31
3.2. Main tasks performed during the internship.....	32
3.3. Analysis of the creation and impact of the innovation: methodology	33
Chapter 4: Main results.....	37
4.1. Limitations of the methodology	37
4.2. Results	37
4.2.1. Interviews.....	37
4.2.2. Surveys.....	47
Conclusion	58
References.....	60
Annex.....	64

Annex 1. Tourism Statistics.....	64
Annex 2. Port wine statistical data.....	66
Annex 3. Topics to approach at the Interview	67
Annex 4. Script of the Interview.....	69
Annex 5. Survey structure	71
Annex 6. Questionnaire	74
Annex 7. Surveys Results	78
Annex 8. Transcription of the Interviews	84

List of Tables

Table 1: Wine production (in thousands of hectolitres)	26
Table 2: Wine production per Portuguese region	27
Table 3: Wine production in the Douro Demarcated Region	27
Table 4: Portuguese wine exports	28
Table 5: Main markets for port wine in 2013	28
Table 6: Prices of port wine per buyer.....	29
Table 7: Port wine companies in 2010.....	30
Table 8: Representation of the universe and the sample considered	36
Table 9: Summary Map of the Interviews	42
Table 10: Percentages of the importance attributed to each EPC asset by the population that visited the Centre	52
Table 11: Percentages of the importance attributed to each differentiating factor of the EPC.....	53
Table 12: Worldwide evolution on wine production	66
Table 13: Topics, Questions and References related with the Interviews	67
Table 14: Survey Structure	71
Table 15: Quantification, Media and Mode of the age of the respondents.....	78
Table 16: Age and Nationality of the visitors that have never taste port wine before	79
Table 17: Population who considers themselves knowledgeable on the history and types of port wine	80
Table 18: Age and nationality of the population that experienced port wine for the first time at the EPC.....	81

List of Figures

Figure 1: The wine tourism system.....	15
Figure 2: Critical features of the wine tourism experience from the consumer perspective	16
Figure 3: The evolution of the port wine value chain.....	24
Figure 4: The port wine network	25

Figure 5: Nationalities of the EPC's visitors since the opening in 2012.....	32
Figure 6: Consumption of port wine before the visit to the EPC	48
Figure 7: Knowledge about the history of port wine before the visit	48
Figure 8: Knowledge about the various types of port wine before the visit.....	49
Figure 9: Visit to Traditional Wine Cellars by the population inquired.....	50
Figure 10: Context in which the population first tasted port wine	50
Figure 11: Frequency of visits of the population to the EPC.....	51
Figure 12: Population's reasons to visit the EPC	52
Figure 13: Classification of the EPC's Technology	54
Figure 14: Classification of sentences related to the impact of the EPC in their port wine experience.....	55
Figure 15: Number of overnights per region of Portugal since 2011 until 2013	64
Figure 16: Accommodation capacity per region of Portugal since 2011 until 2013	64
Figure 17: Traffic Evolution at the Sá Carneiro Airport	65
Figure 18: Top 10 countries with the biggest number of overnights in the North of Portugal (2011-2013).....	65
Figure 19: Nationality of the respondents.....	78
Figure 20: Gender of the respondents.....	78
Figure 21: Monthly Income of the respondents.....	79
Figure 22: Visit to wine cellars by the Portuguese visitors	80
Figure 23: Visit to cellars by the foreign visitors	80
Figure 24: Identification of the other places/context in which the population that chose "Others", first tried port wine	81
Figure 25: Aspects that makes the EPC different from other port wine tourism attractions.....	82
Figure 26: Rating of the Experience at the EPC by the population inquired.....	82
Figure 27: Percentage of population that will revisit the EPC	83
Figure 28: Percentage of population that will recommend the EPC to family and friends	83
Figure 29: Percentage of the population that will continuing to consume port wine	83

Introduction

Innovation is consensually recognized as a fundamental engine of economic growth, changing market competition and the way resources are allocated among different sectors (*e.g.*, Castellacci, 2008).

Tourism is a rather complex industry due to the heterogeneous interests of all agents involved, different existent resources, and the interdependence relationship between actors (Brás *et al.*, 2010). In the specific case of wine tourism, this activity contributes to the growth of rural areas, generates significant revenues, new job opportunities, and allows wineries to educate consumers, increase their brand recognition and build a longer relationship with customers. Thus, wine tourism, created in the 1990s, has been understood as an innovative strategy to diversify wineries' core business, strengthening the competitiveness and attractiveness of the region where this type of activity is embedded (Mancino and Presti, 2012; Hall *et al.*, 2000; Bruwer, 2003). Wine tourism brings benefits for both tourism and wineries mostly by implementing the share of their resources, stimulating the growth of their businesses (Getz and Brown, 2006).

With the increasingly fast rhythm of globalization, the world changed rapidly into a constant urge to update and quickly satisfy new needs. Especially in tourism, although natural resources are always, by themselves, a reason to visit a certain geographical area, the experience factor has been more and more important to tourists. As such, the customer starts looking for new things, new experiences and most importantly for a non-massive tourism product. This is the kind of motivation that is beneath the creation of wine tourism. Beyond the creation of wine tourism, innovation is crucial to keep improving the services that support wine tourism, aiming at defining new and/or better associated experiences for tourists (Getz and Brown, 2006).

The related literature on innovation about these two industries Tourism and Wineries (together or individually), emphasize the relevance of networks: it is important that firms understand the urge to cooperate and build a sustainable and integrated wine tourism product, capable of satisfying the needs and expectations of customers. It is not enough to invest in one infrastructure or activity; it is crucial to create a package that provides tourists a great experience. This type of cooperation occurs through networks or

clusters capable of developing a wine tourism product in sustainable terms (Brito, 2006; Mitchell and Schreiber, 2007; Mancino and Presti, 2012).

With the participation in the internship provided by Gran Cruz Porto, an essential goal that was defined for this report is to analyse the trajectory that wine tourism in general, and Gran Cruz Porto in particular, have been following in what concerns innovation: analyse what types of innovations typically characterize this firm, check if they are improving the business and projecting what can be done to intensify eventual positive effects. The internship takes place at Espaço Porto Cruz – a new multimedia centre created to promote the brand Porto Cruz.

The first chapter of this report is dedicated to the literature on innovation in general and innovation in wine tourism in particular since it is a core subject beneath the tasks defined within the internship. As the literature on wine tourism constantly refers the importance of networks and clusters in this activity field, these topics are also briefly reviewed in this report. In Chapter 2 a brief description is presented regarding port wine and its evolution, describing the related region and the port wine network. In Chapter 3 the main tasks developed during the internship and an analysis of the investigation process held during the internship are presented and discussed. Finally, Chapter 4 concludes.

Chapter 1 - Innovation and Wine Tourism: A Literature Review

1.1. Innovation: definition, related concepts and types of innovation

Schumpeter introduced a broad notion of innovation, which includes not only innovation on processes but other types of innovation such as new types of materials or intermediary products, new markets and new ways of organizing businesses (Fagerberg, 2003).

Hjalager (2002, p. 465), based on the above seminal contribution, defines innovation as “further developments of inventions, or just bright general ideas for making them into useful products”.

Hall and William (2008, p. 5) propose a similar concept of innovation: “Innovation refers to the process of bringing any new, problem solving idea into use. “[...]” Innovation is the generation, acceptance and implementation of new ideas, processes, products or services. Acceptance and implementation is central to this definition; it involves the capacity to change and adapt.”

This last definition sustains the distinction between innovation and invention since identifies innovation with “new, problem solving idea into use”. Hence, innovation goes beyond invention. As Hjalager (1997, p. 35) states, inventions “are a major scientific and technological developments brought about without any specified industrial use in mind”. Later, if commercialized, inventions become innovations (Gunday *et al.*, 2011).

The definition of innovation proposed by the OECD (2005, p. 47) stresses that innovation “includes products, processes and methods that firms are the first to develop and those that have been adopted from other firms or organizations”. The last part of this statement introduces the concept of diffusion (or imitation), which represents the spread of innovations since their first implementation to other producers, markets or countries, thus contributing to economic growth. The diffusion process builds on new knowledge: it may create something different with more value and, at the same time, offers feedback to the original innovator (OECD, 2005).

According to Fagerberg and Verspagen (2002), this dynamic between innovation and diffusion in a globalized world explains the movements of divergence (innovation) and convergence (diffusion) between countries. While some firms increase their competitive advantage over their competitors through innovation, others imitate and try

to keep up with front-run firms. Firms feel the urge to innovate or imitate constantly to be able to compete in this dynamic and ever changing global market. Therefore, innovation can be used in different ways, and it comes in different shapes, shades and degrees. The major reasons for firms to innovate are: to increase business performance and productivity, to obtain competitive advantage, to increase the market share, to build a reputation, and to gather more qualified workers (Gunday *et al.*, 2011; Mayer, 2009).

When the concept of innovation emerged, it was associated with manufacturing activities and the improvement of products and processes. However, the rise of services in world economies, in part explained by the increasing presence of services within manufacturing firms, explains the enlargement of the focus of innovation as solving problems not necessarily related with the product or process. New ways to deliver the product, new ways to communicate with the market, new ways to work inside a firm, all of these are nowadays seen as innovations that are crucial to increase the efficiency and productivity of a firm. Hence, innovation can emerge from different places and be originated to solve different problems (Hjalager, 2002; Sundbo *et al.*, 2007).

There are many ways to categorize innovations, for example through their main object or their extent. Several proposals emerged to identify types of innovation. One of them is from the OECD Oslo Manual (2005, p. 48-52), based on the object of the change:

Product innovation: introduce a new or improved good or service, respecting the characteristics or intended uses. This kind of innovation can use new knowledge or technologies, or can be based on new uses or combinations of them both.

Process innovations: implementation of a production or delivery method that is new or significantly improved. It includes significant changes in techniques, equipment and/or software.

Marketing innovations: application of new methods of marketing that bring important changes in product design, product promotion, and pricing.

Organizational innovations: new organizational methods in business practices, in the organisation of the workplace organisation or in external relations.

More recently, several authors have been developing the above categorization, to accommodate for the fact that service activities are a growing component in firms' supply (*e.g.*, Hjalager, 2002). This author proposes a model with five types: **product and process innovations** (defined as in OECD, 2005), **management innovations** (that

include “staff empowerment through job enrichment, decentralisation, training”), **logistics innovation** (with impact on a the value chain of a firm, including the management of external commercial liaisons) and **institutional innovations** (include collaborative and regulatory structures in small or larger communities which goes beyond the individual firm) (Hjalager, 2002, pp. 465-466).

Another way to categorize innovation is based on its “newness” or “radicalness”, according to the impact that a specific innovation may have, not only in the firm but also in the society through the diffusion process. Based on Freeman and Perez taxonomy, two main classes of innovation are presented in the literature: **radical innovations** - discontinuous events that result in more or less revolutionary changes, and potential market growth; they can even be the trigger to a new technology era - and **incremental innovations** - more or less continuously events to improve products/services according to the needs or opportunities observed. This last type of innovations can have a significant impact on a firm’s performance but it does not boost great opportunities (Oke *et al.*, 2007; Geels, 2007).

1.2. Network and clusters in tourism

In the literature related with tourism the concept of micro-cluster is explored as a typology that includes “vertical, horizontal and diagonal clustering activities” between firms in different value chains, which allows the “production of complementary products or services” (Taylor *et al.*, 2007, p. 641). The main difference from clusters is the following: whilst the cluster allows the exchange of information and ideas, in the micro-cluster firms share complementary products with the exchange of operational information. The common aspects of these two different clustering typologies are trust and cooperation, both considered as crucial to the sustainability of the network (Taylor *et al.*, 2007; Sequeira and Carvalho, 2012).

There is a considerable acknowledgment of the advantages of synergies in “productivity, knowledge transfer, production of innovative services and enhancement of employment” that might flow from agglomerated economies (Novelli *et al.* 2006, p. 1141). While globalization had a huge impact in the way firms compete internationally, the importance of using, in a sustainable way, local resources, allows firms to understand

that, by joining forces and optimizing those existing resources, they may cooperate offering a more complex and valuable product or service (Novelli *et al.*, 2006).

Frequently, cooperation emerges as a network that is described as a “specific type of relation linking a set of persons, objects or events” (Knoke and Kuklinski, 1983, p. 12). The network is directly connected to clusters as it allows the actors to share technology and information, creating different links of coordination and collaboration (Novelli *et al.*, 2006).

Porter (1998, p. 78) argues that clusters are “geographic concentrations of interconnected companies and institutions in a particular field, linked by commonalities and complementarities”. It is important to emphasize that the firms inside the clusters might compete between them, but they also collaborate, creating new products and services, sharing resources, technology and information and, therefore, achieving a sustainable competitive advantage (Novelli *et al.*, 2006). This competitive advantage comes from the proximity that these actors have and the ability to operate with local things such as “knowledge and relationships that distant rivals cannot match” (Porter, 1998, p. 77).

Clusters and networks have a high economic impact in regional development by “increasing productivity, performance, innovative capacity and local businesses’ critical mass” (Novelli *et al.*, 2006, p. 1143).

1.3. Wine tourism

The literature specifically related with both wine and tourism industries is still scarce and research on this issue only began in the 1990s (Bruwer and Lesschaeve, 2012). Wine tourism is conceived as the result of the complex relationship between wine regions as tourism destinations, wineries, and the visitor-consumer. Researchers began to recognize the need to create a sustainable and integrate tourism activity that encompasses the interests of all the actors involved from both wine or tourism sectors, as there are clear positive economic effects from the crossing between these activities (Bruwer and Lesschaeve, 2012).

The first conference of wine tourism occurred in 1998 in Australia and since then the “Wine Tourism Product” has been analyzed and developed with the goal to create a sustainable product and bring economic growth to the regions involved. One of the

definitions that encompasses several dimensions is proposed in the Western Australian Wine Tourism Strategy (2000) quoted in the study of Charters and Ali-Knight (2002, p. 312):

“Wine tourism as travel for the purpose of experiencing wineries and wine regions and their links to [Australian] lifestyle. Wine tourism encompasses both service provision and destination marketing.”

To this definition the same authors add some of the main characteristics that wine tourism has, such as “lifestyle experience, supply and demand, an educational component, linkages to art, wine and food, incorporation with the tourism-destination image and as a marketing opportunities which enhances the economic, social and cultural values of the region” (Charters and Ali-Knight, 2002, p. 312).

Figure 1 represents the wine tourism system proposed by Hall *et al.* (2000), and it shows both the supply (which depends on an extensive number of factors related with both industries) and the demand side of the product (which shows the reliance of the experience on the perceptions, information and past experience that tourists have).

In the demand side the image that tourists have is crucial as it drives the choice of a destination and the creation of expectations and motivation to visit a specific place. It is built on “direct or related experience and partly from external sources and influences” (Hall *et al.*, 2000, p. 8).

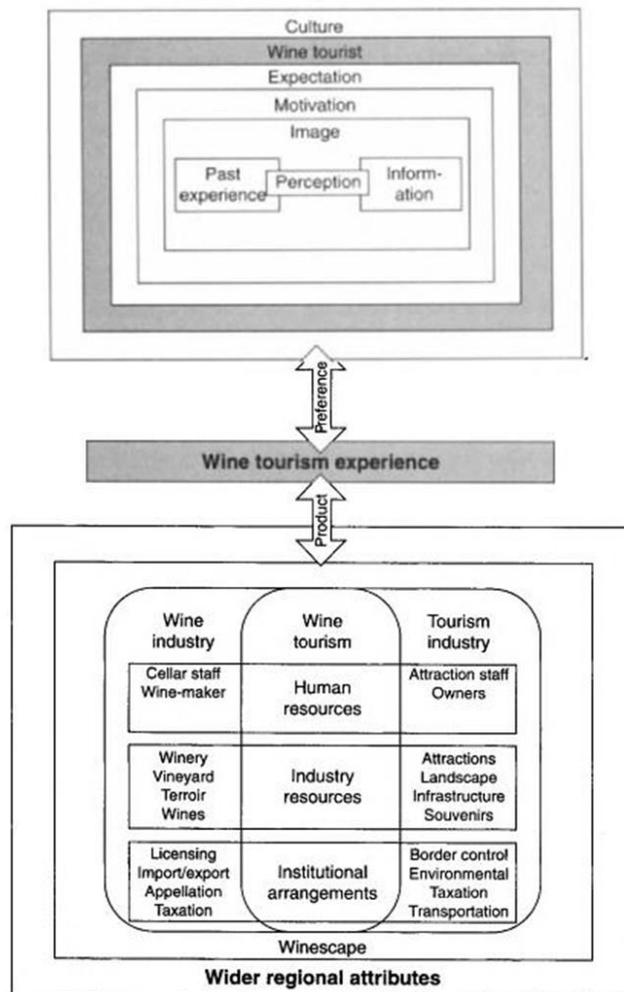


Figure 1: The wine tourism system

Source: Hall *et al.*, 2000, p.7

On the supply side, this approach puts in evidence the combination of the resources available in the region that are important for this economic activity, jointly with all the businesses and institutions that coordinate and manage those resources, in order to create an integrated wine tourism product. From wineries, festivals, government entities, regional cuisine, social and cultural components and scenery, all of these resources are important to build an integrated and sustainable wine tourism product with both industries joining their forces (Hall *et al.*, 2000).

1.3.1. Wine tourism consumer

Due to changes in consumer's behaviour, mostly associated with the fact that the consumer desires now to explore new places, histories, landscapes and live new

experiences, wine is now conceived as beyond a simple source of beverage. Wine is understood as a luxury good, and tourists aim at discovering its history and traditions and feel its distinctive atmospheres (Mancino and Presti, 2012). Seen from the consumer's perspective, wine tourism can be considered as a new type of travel and leisure behaviour.

In the literature about wine tourism there are already some studies about the motivations of wine tourists to visit particular destinations. "To taste and to buy wine" is the primary motivation followed by landscape-scenery, wineries, authenticity, history, learning about wine, being entertained, traveling in a rural setting, relaxation and hospitality (Bruwer, 2003; Bruwer and Lesschaeve, 2012; Hall *et al.*, 2000; Mancino and Presti, 2012). Figure 2 summarises critical features, important in a wine tourism experience from the consumer perspective:

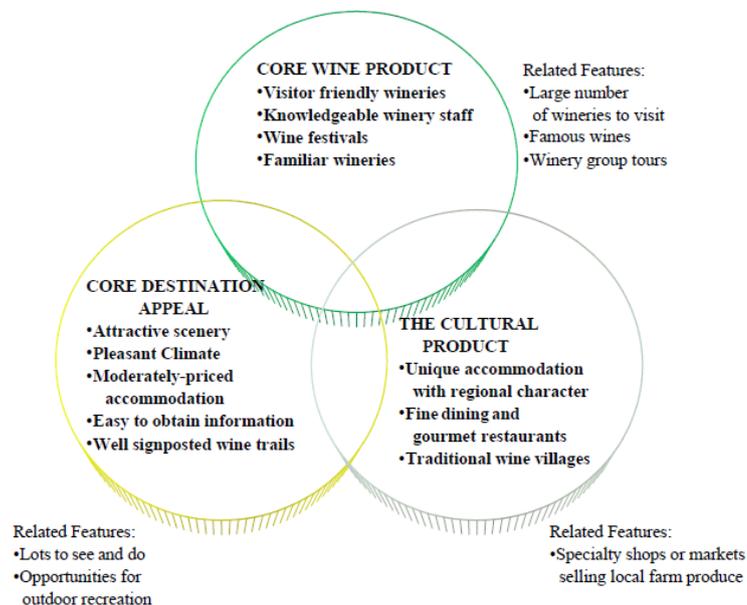


Figure 2: Critical features of the wine tourism experience from the consumer perspective

(Source: Getz and Brown, 2006, p. 156)

The three different dimensions represented in Figure 2 correspond to the specific characteristics of each region. Moreover, it is clear that both industries are extremely important in the coordination of a tourism product. The wine tourism consumer is looking forward to enjoy from activities, resources and infrastructure from both industries. Thus, the offer has to be coordinated between all the agents involved.

1.3.2. Wine tourism region and activities

Each region has its own characteristics and, consequently, offer different experiences. There are special territories that the literature defines as *terroir* regions,¹ which combines the physical, cultural and natural environment as important aspects for a destination attractiveness (Getz and Brown, 2006). These regions have a special identity that must be known, in order to ensure a sustainable development, which respects their characteristics. The wine industry works at a regional level and so the brand identity of the region and winery is an important feature that allows a differentiation between other wines in the market. Thus, the brand identity is not only a feature from *terroir* regions but it is also an important detail for wine marketing and, so far, wineries have been making strong efforts to increase brand's recognition (Bruwer, 2003).

Wineries are looking forward to increase the bond between the brand and the customer through the existence of a wine route, which allows tourists to learn more about the brand – history, evolution, emotions, and experience – and, therefore, creates loyalty among their clients (Bruwer, 2003). With the collaboration of wine producers with others activities such as museums, wine tasting centres and other tourism services, wine routes allow visitors to meet the history of the wine as well as the country's natural and cultural heritage of the place (Correia *et al.* 2004). Therefore, when wineries add tourism services to complement their product and increase their market share and sales, they are not only creating a “golden opportunity to brand both the wine and the county” but they are also ensuring a “long-term consumer preference” (Vrontis *et al.* 2010, p. 258). As Getz concludes:

“Wine regions can establish themselves as destinations through the full integration of different products combining main attractions: from wine and food to accommodation (regardless of type), events and entertainment activities and many other regional services. “[...]” The use of the region's image and brand, the optimization of the wine's characteristics, especially the quality of the wine, the use of gastronomic reputation and the enhancement of unique local resources, can improve the economic impacts of tourism on the region” (Brás *et al.*, 2010, p. 1625)

Nowadays wine tourism is seen as “an important niche market with significant growth potential” and the profits that come from this economic activity will not only benefit the firms directly related but the entire regional economy (Mancino and Presti,

¹ *Terroir* regions are regions specially characterized by the particularities of the soil, climate, history and local know-how which mostly occur in Old Wine Countries (Touzard, 2010).

2012, p. 156). Nevertheless, it is necessary that all parts work in a synchronized way, so the destination is sustainably prepared to receive and amaze tourists.

When approaching the specific case of the Douro Demarcated Region (DDR) Rebelo and Caldas (2013, p. 35) identifies the “spillover effects of the cultural heritage and tourism on the wine industry”:

“(a) direct wine sales to tourists; (b) publicity of the Douro brand, which is already world recognized, the port wine (c) emergence of a new segment of demanding consumers, many of them foreigners, who associate the wine with the landscape, strengthening the role of the concept of *terroir*. (Rebelo and Caldas, 2013, p. 35)

1.4. Innovation in wine tourism

The literature on innovation in wine tourism is rather scarce, as only recently began the study of this activity. However, as said before, the creation of the wine tourism product is itself an innovation by the wineries, with the goal to increase their sales and brand recognition. In this part of the present report, innovation in both wine and tourism industries will be analysed.

Looking at the wine industry, the world is divided into two kinds of wine countries: “New World Countries” (NWC) such as Australia, New Zealand, Chile, Argentina and South Africa, and “Old World Countries” (OWC) such as France, Italy, Spain and Portugal. The first ones are known to “foster innovation and competitiveness in the wine industry”, strongly benefiting from the open use of innovations and concepts, such as modernity, new technologies and brands (Rebelo and Muhr, 2012, p. 111); The NWC are followed by the OWC as benchmarking cases to increase their competitiveness and innovative techniques, as the last group is criticized for their traditional and conservative methods, limiting the use of technical innovations (Rebelo and Muhr, 2012).

While NWC argues that this protection over traditional production is the reason of a wine crisis, on the other hand the OWC claims that recent innovations might interfere in the quality of the product in the consumer’s perspective, which may end up affecting the *terroir* image of the region (Touzard, 2010).

Many authors, specially focused on the study of innovation in *terroir* regions, have wondered about the dichotomy between tradition and innovation. As *terroir* regions are dependent of their tradition and local characteristics, innovation can have a negative impact if not used properly under superior institutional rules that guarantee the quality

known in that *terroir* region. Innovation has allowed the producers to do a strong segmentation due to the variety of brands and features, and also to improve the product performance. However, on the other side, there are cases where innovation led to the bankruptcy of many firms because it was not linked with the traditional features of the region. The worst results of innovations in wine production are the loss of connection between consumers and wine, and a loss of quality (Inhan *et al.*, 2013; Rebelo and Muhr, 2012).

Since the producers of a region have a certificate to prove their origin and quality of their products, they are obliged to follow specific rules in terms of quality control and use of innovations. Hence, innovations made by wine companies in general are mainly incremental innovations, and much more oriented towards organizational and marketing dimensions than to product or process (Inhan *et al.*, 2013). Wineries are investing in marketing activities, product differentiation and search for new market niches to sell premium wine - activities that are underpinned by R&D institutions and improved by the entrance of young entrepreneurs, who are capable to play with different realities (wine, technology, wine production and marketing) (Quatenaire Portugal/UCP, 2007).

In the specific case of firms of wine in the DDR, some studies have shown that innovation is strictly regulated in every level and occurs mainly in an incremental and systemic way.² It is also proved that whatever innovations are made in the industry, firms are affected by the knowledge created through innovation and they can also maintain the traditional aspect of the product (Inhan *et al.*, 2013).

In the dimension of tourism, innovation is constant with new activities, ways of travelling and experiences appearing every day, due to the extremely competitive nature that characterizes tourism. In fact, tourism is constantly changing and facing new challenges, and there are two trends that have been more clearly emerging in this sector (Stamboulis and Skayannis, 2003, p. 35):

- “New forms of tourism, characterized by the tendency to depart from mass tourism;
- Diffusion of information and communication technologies, with a pervasive effect on the creation, production and consumption of the tourist product”.

² Systemic way corresponds to processes that result from interactions with other firms, R&D institutions and governmental entities (Inhan *et al.*, 2013).

We may observe that wine tourism follows these trends, as it is evident, firstly, from the characteristics of wine tourists that in general are looking for a peaceful place and learning about wine, and, secondly, with wine firms trying to sell port wine through new channels and trying to reach different premium segments through technology and communication strategies.

The benefits of clusters and networks in wine regions are largely studied in the literature, particularly in *terroir* regions where the brand falls under a physical territory, and so, firms can take advantages from the proximity between them. Wine tourism provides several opportunities to develop network combining these two different economic sectors: the wine sector associated with agriculture and the wine processing industry; and the tourism sector characterized by the existence of service providers (accommodation, transportation, food and beverage, cultural and recreational services and facilities) and public organizations (Mitchell and Schreiber, 2007).

In fact, a substantial part of the literature covers the need to cooperate between both industries. Some authors call out the attention for the fact that some winemakers “do not understand the importance of the creation of synergies and integration among all the local tourism factors” (Mancino and Presti, 2012, p. 162). In order to develop a sustainable wine tourism strategy winemakers and tourism firms have to coordinate and create a perfectly sustainable product and, later on, a synchronized promotion of the destination.

“The creation of tourism packages and experiences are only one of the strategies that wine tourism destinations can create, with the collaboration of both industries, and therefore achieving a longer stay, repeat visits and increasing individual spends among their tourists”. (Mancino and Presti, 2012, p. 163)

The wine tourism product can, not only be promoted by farmers who decided to open their wineries to tourists who are interested to understand the process of winemaking, but it can be promoted and developed within a network concentrating important features as “interpretive centres, wine villages, wine routes, signs, and wine country tours” (Getz and Brown, 2006, p. 148).

However, researchers, although sustaining the potential of wine tourism, have noticed the existence of problems in the development of this tourism product (Mancino and Presti, 2012):

- a) Lack of awareness of tourism in wine firms and of a strong strategic business commitment to tourism activities;
- b) Lack of communication and marketing strategies and also of research on trends and customer's perceptions;
- c) Need for cooperation between sectors;
- d) Lack of education and training for the new tourism operators

Based on these problems, innovation is required to find solutions and improve this recent product that still has a lot to be explored.

Chapter 2 - A brief characterization of Tourism and the Port Wine Industry

2.1. Tourism

The impact of the globalization, the appearance of low cost companies, new types of accommodation and new forms of tourism are some examples of innovations that have contributed to the increase of the tourism sector all over the world. Latest data, released by the World Travel & Tourism Council (WTTC), shows that the tourism sector in Portugal contributed in 2013 with 5,8% for the Portuguese growth domestic product (GDP), a very representative number compared with the average for Europe (3,1%) and for the World (2.9%).

Besides the economic growth of the entire country, the positive evolution of the tourism activity in each region is also a fact. Approaching the demand side of the tourism activity, the number of overnights that tourists spend in Portugal has increased along the years. The regions of Algarve, Lisbon and Madeira are those with the biggest overnight rate (see Figure 15 in annex 1).

The same *crescendo* happens in the observation of the supply side, with the accommodation capacity growing every year in most Portuguese regions: Algarve, Lisbon and the North of Portugal are the regions with the largest accommodation capacity (see Figure 16 in annex 1).

Hence, the Portuguese government, aware of the impact of the tourism activity, created a Strategic National Tourism Plan (PENT) with strategies to develop 10 tourism products allocated to specific Portuguese regions. On the theme of this report, the first priority region associated with the product of “Gastronomy and Wine Tourism” is the North of Portugal in which, according to the same plan:

“It is verified the need to develop wine and gastronomic routes, deepen activities, develop experiences, in particular, related with the Porto and Douro wines, and incorporate the existent offer in promotion and trade platforms. This product has all the conditions to grow by itself and to create a specific affluence to the region.”
(Own translation, adapted from RCM 24/2013, p. 2181).

Over the years the demand in this specific part of the country has grown rapidly, in part, due to the classification as a world heritage site of the Historic Centre of Porto in 1996 and of the Alto Douro in 2001 (Rebelo and Caldas, 2013). As a tourism resource,

the existence of the port wine route, created in 1995 “whose mission is to promote the region and congregate efforts between its members to create a coherent tourism product based upon wine and wine-producing activities” (Correia and Brito, 2006, p. 9) has offered tourists a different experience based on the wine product in which landscapes, culture and tradition are also important endogenous resources.

The influx to the North of Portugal has increased significantly: according to the statistics (see Figure 17 in annex 1), the number of passengers arriving at the Sá Carneiro Airport has doubled from 2006 (3.402.805 passengers) to 2013 (6.372.470 passengers). A significant part of the overnights in the North of Portugal are due to Portuguese visitors, followed by the Spanish, French and Brazilian. From 2011 up to 2013, except for Portugal and France, visitors from the Top 10 countries to the North of Portugal are increasing, meaning more nights spent *per person* and/or a higher influx of visitors (see Figure 18 in annex 1).

2.2. Port wine

“Port wine” is produced in Portugal, specifically in the Douro River Valley (DDR), which begins 100km east of Porto and goes as far as the Spanish border. In 1756, due to the increasing demand for Port, the DDR was recognized as one of the first demarcated regions in the world and have implemented norms for the product, similarly to what occurs in the most famous traditional wine regions in the world. The DDR has a total of 250,000 hectares, where only 18% is occupied with vines, and it is considered the largest and the most heterogeneous wine mountain in the world. Characterized by “valleys strongly embedded in steep high slopes along the river Douro and its tributaries”, mechanization processes are very hard to implement, demanding manual labour which leads to high production costs (Rebelo and Caldas, 2013; Rebelo and Muhr, 2012; Sequeira and Carvalho, 2012).

The DDR is considered a *terroir region* and has been awarded as a cultural evolving landscape and a world heritage site by UNESCO.

The production of port wine has suffered several developments over the years, whether in mechanisms in the process, as new and improved ways to produce wine has been invented, or even, and the mainly change, in the way the value chain works, specifically with the emergence of new actors. Wine production in the region is known

for having thousands of actors involved in the process, such as farmers, wine cooperatives, shipping houses or distributors. Figure 3 shows the evolution of the Port value chain as new actors appear and as a consequence of the changes in their own core activities (Brito, 2006).

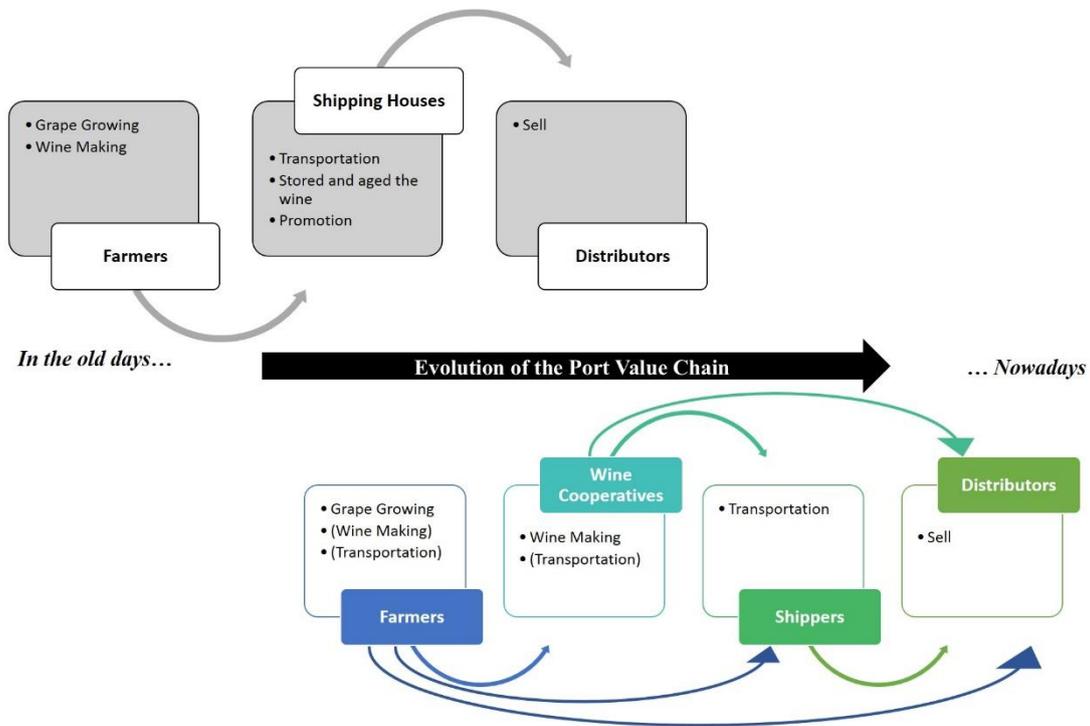


Figure 3: The evolution of the port wine value chain

Source: Own elaboration (based on Brito, 2006).

The commercial sector of port wine is characterized by the existence of strategic groups. In his study of the port wine network, which is represented in Figure 4, Brito (2006) identified the actors that are present and the relationship between them and divided the network into two nets: the production net (connected with the production of Port) and the trade net (related with the promotion and distribution). Besides the four main actors this network also involves several private and public institutions that, directly or indirectly, have impact on this network.

THE PORT WINE NETWORK

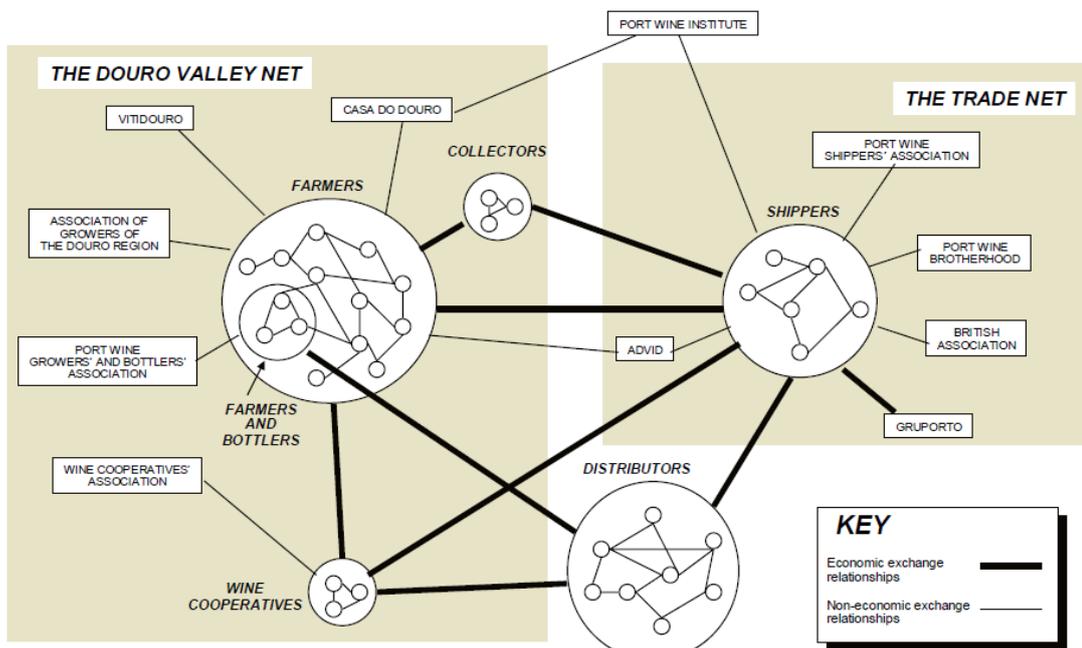


Figure 4: The port wine network

Source: Brito (2006).

Based on this study (Brito, 2006, pp. 131-132) the “**Production Net**” involves:

- **Farmers**: An important group in the network, with more than 50% selling their production to the shippers:
 - “Thousands of small or very small growers” – the majority sell the production in the grape form;
 - “Medium or larger-scale farmers”;
 - “Absentee landlords” – Portuguese businessmen.
- **Wine Cooperatives**: 40% of the port is produced by 23 cooperatives with 13,000 members. Initially, encouraged financially by the Portuguese government, they used to focus in producing wine, but nowadays they are “maturing and trading a small part of their production”.
- **Shippers**: represent only 10% of the port production and it is mainly first-class wine due to the advantages that these shippers have, as they control the whole production process.

As for the “**Trade Net**” almost all of the port produced in the valley is transported to Porto, where the shippers firms analyse, test and classify, and then leave the product mature for at least three years before selling. Thus, besides transportation, storage and

aging, shippers “have also promoted and sold it (port wine) all over the world”. These actors are an essential part in port wine selling as they link the multiple growers and the distribution system, which allows Port to be exported to several countries around the world. The main shippers are:

- Descendants of old British families: Fladgate Yeatman (Croft, Warren and Taylor);
- Portuguese owned firms: Real Companhia Velha and Ferreira;
- Multinationals: Gran Cruz (Martiniquaise) and Cockburn Allied Lyons).

2.2.1. Statistics and data

According to Rebelo and Caldas (2013, p. 23), in 2007 the OWC such as Italy, France and Spain represent “almost half of world wine production “[...]” despite the intensive growth of the NWC (Argentina, South Africa, Australia and Chile)”. Following the OWC tendency over the years, Portugal has also been decreasing production having the 10th position in 1991/1995 and, in 2007, being at the 12th position (see Table 1). According to ViniPortugal (www.viniportugal.pt), in 2011, this evolution regarding the comparison between the two groups of countries is still at place and Portugal occupies now the 11th position in the ranking (see annex 2, Table 12).

Table 1: Wine production (in thousands of hectolitres)

Country	1991/1995		1996/2000		2001/2005		2006		2007	
	Volume	%								
Italy	60,678	23.06	54,386	19.95	46,936	17.21	52,036	18.38	45,981	17.29
France	52,886	20.10	56,271	20.64	51,919	19.03	52,127	18.41	45,672	17.17
Spain	26,438	10.05	34,162	12.53	37,323	13.65	38,137	13.47	34,755	13.07
USA	17,619	6.70	20,386	7.48	20,399	7.48	19,440	6.87	19,870	7.47
Argentina	15,588	5.92	13,456	4.94	14,488	5.31	15,396	5.44	15,046	5.66
China	5140	1.95	9581	3.51	11,640	4.27	12,000	4.24	12,000	4.51
Germany	10,391	3.95	9989	3.66	9225	3.38	8916	3.15	10,261	3.86
South Africa	8228	3.13	7837	2.88	8040	2.95	9398	3.32	9783	3.68
Australia	4810	1.83	7380	2.71	12,543	4.60	14,263	5.04	9620	3.62
Chile	3326	1.26	5066	1.86	6389	2.34	8448	2.98	8227	3.09
Russia	3348	1.27	2512	0.92	4346	1.59	6280	2.22	7280	2.74
Portugal	7276	2.77	6828	2.50	7311	2.68	7543	2.66	6073	2.28
Romania	5529	2.10	6173	2.26	4975	1.82	5014	1.77	5289	1.99
Greece	3668	1.39	3832	1.41	3727	1.37	3938	1.39	3511	1.32
World	263,092	100.00	272,577	100.00	272,780	100.00	283,149	100.00	265,994	100.00

Source: Rebelo and Caldas (2013, p. 24)

Within Portugal, the region of Douro and Porto is the most productive wine region representing, in 2012/2013, 21% of the overall Portuguese wine production as shown in Table 2. In general, the Portuguese production has been around the same volume across the years, mostly depending on external factors such as the weather and soil conditions.

Table 2: Wine production per Portuguese region

Region	2000/01		2011/12		2012/13 (*)	
	hl	%	hl	%	hl	%
Douro	1 459 865	22	1 329 423	24	1 339 057	21
Lisbon	1 305 665	19	826 666	15	1 096 394	17
Alentejo	434 173	6	969 832	17	969 357	15
Beiras	1 202 146	18	816 852	15	919 341	15
Minho	880 865	13	823 341	15	653 013	10
Tejo	744 062	11	382 276	7	640 381	10
P. Setúbal	329 404	5	308 857	5	516 099	8
Terras do Dão	---	---	293 537	5	354 130	6
Beira Atlântico	---	---	292 596	5	283 501	4
Terras da Beira	---	---	184 759	3	216 869	3
T. Montes	255 321	4	102 005	2	108 495	2
Terras de Cister	---	---	45 959	1	64 841	1
Madeira	62 429	0,9	38 769	0,7	48 543	0,8
Algarve	13 817	0,2	13 150	0,2	12 338	0,2
Azores	21 996	0,3	11 192	0,2	4 979	0,1
Total	6 709 743	100	5 622 363	100	6 307 997	100

*Data from 01/04/2014

Source: Instituto da Vinha e do Vinho, I.P. (IVV) (www.ivv-min-agricultura.pt)

Focusing on the DDR, Table 3 shows the wine production divided between port wine and still wines. It is possible to observe a continuous declining on Douro's production across the years, except in the year of 2010, as also occurs for just the port wine production.

Table 3: Wine production in the Douro Demarcated Region

	2006	2007	2008	2009	2010
Port Wine	157 656	159 528	158 521	140 676	140 323
Other Wines	154 685	102 325	91 281	100 475	158 176
Douro Production	312 341	261 853	249 802	241 151	298 499

Unit: pipes with 550 liters

Source: Instituto dos Vinhos do Douro e Porto (IVDP) (www.ivdp.pt)

In what concerns trade and exports, in 2008, the trade of port wine represented 26% of the quantity and 53% of the value of total exported wine, as showed in Table 4, which leads us to the conclusion that the price of port wine is significantly higher than the average price of still wines. In fact and also according to Rebelo and Caldas (2013), comparing with other international case studies, the port wine is one of the most expensive wines in the world, while Portuguese still wines are generally cheaper than the wines from other exporting countries.

Table 4: Portuguese wine exports

	2005		2006		2007		2008	
	Volume (hl)	%						
Port Wine	807,750	30.39	785,250	26.54	814,050	23.44	767,070	26.16
Other wines	1,850,175	69.61	2,173,357	73.46	2,658,815	76.56	2,164,986	73.84
Total	2,657,925	100.00	2,958,607	100.00	3,472,865	100.00	2,932,056	100.00

Prices (euro/liter)				
Port Wine	4.23	4.22	4.21	4.12
Other wines	1.14	1.09	1.04	1.30
Average	2.08	1.92	1.78	2.04

Source: IVV (www.ivv.min-agricultura.pt) and IVDP (www.ivdp.pt)

Source: Rebelo and Caldas (2013, p .27).

Over the years, statistics show that the key consumers of port wine are international buyers. Recent statistics (data from 2013) from the IVDP suggests that the French market is still in the lead of the port wine purchasing (22%), followed by the Portuguese (15%) and the British (14%) as seen in Table 5.

Table 5: Main markets for port wine in 2013

	Volume (Euros)	%	Cumulative %	Δ % (ano anterior)
France	78 891 216	21,9	21,9	0,6
Portugal	54 352 784	14,8	36,7	4,1
United Kingdom	49 802 324	13,7	50,4	8,6
Netherlands	42 209 138	11,5	61,9	-4,9
Belgium	32 593 732	8,9	70,7	-7,9
U.S.A.	29 664 646	8,1	78,8	5,7
Canada	15 068 851	4,1	82,9	5,7
Germany	12 402 285	3,4	86,3	7,7
Denmark	7 148 362	1,9	88,2	13,7
Spain	4 567 508	1,2	89,5	-4,6
TOTAL	365 374 483	100,0		2,4

Source: IVDP (www.ivdp.pt)

It is very interesting, however, to analyse the average price at which the port wine is sold to different markets. As seen in Table 6, the main buyers of port wine are those who pay less for each litre of port wine. France (24th position) pays around 3,62 per litre, whilst Portugal and the United Kingdom, which are the 2nd and the 3rd main buyers, buy port wine for around 5€/l. Another important aspect to refer is the increase of prices in the majority of the markets (see the last column with the variation computed for the previous year in Table 6).

Table 6: Prices of port wine per buyer

Position	Markets	Euros/litre	Δ % (previous year)
1	Sweden	10,43	86,4
2	Canada	9,93	4,9
3	Norway	9,03	17,3
4	U.S.A.	8,22	9,8
5	Finland	7,68	4,1
6	Japan	7,50	-20,3
7	New Zealand	6,85	-0,2
8	Ireland	6,70	10,5
9	Denmark	6,39	4,2
15	Portugal	5,10	7,7
16	United Kingdom	5,03	2,5
20	Spain	4,18	-1,2
21	Belgium	3,96	5,7
22	Germany	3,92	4,9
23	Netherlands	3,72	4,8
24	France	3,62	2,8

Source: IVDP (www.ivdp.pt).

2.2.2. Gran Cruz Porto

The brand CRUZ started its trade in 1956 through the French society *La Martiniquaise*, which later bought the *Assumpção & Filhos Company* and renamed it as *Gran Cruz Porto, Sociedade Comercial de Vinhos, Lda*. For years the firm invested largely in its promotion, only later reaching the top places in port wine brands, with almost 10 million bottles sold with the CRUZ brand. Over the years the firm has bought many other small firms, increasing the market share of port wine selling.

In 2010 the Gran Cruz Turismo, Lda was created, launching the project of the “Espaço Porto Cruz”, a multimedia centre with “information, expositions and recreation

that is looking to catch the attention of a younger segment through new experiences around port wine”. This is, therefore, a wine company that intends to show the history, characteristics and the product itself, through a less conventional way with innovative programs and events that allow the audience to have a “unique, sensorial and interactive experience.” (Espaço Porto Cruz, 2014).

The group Gran Cruz, represented in more than 50 countries, has sold over 24 million bottles and has reached a turnover of 70 million euros, in which 93% comes from exports (Espaço Porto Cruz, 2014). As

Table 7 shows the Gran Cruz Group is one of the main port wine companies representing, in 2010, around 21% of the market.

Table 7: Port wine companies in 2010

Port wine companies	Volume (l)	Market Share (%)
Gran Cruz Porto Group	17.810.207	20,60%
Symington Family Estates	17.740.966	20,60%
Sogrape Vinhos, S.A.	13.915.635	16,10%
Qta. And V. Bottlers Vos., S.A.	10.841.382	12,60%
Sogevinus Fine Wines, S.A.	7.042.155	8,20%
C.C.V.P. – Comp. Com. V. Porto, S.A.	4.789.182	5,60%
Manoel D. Poças Júnior, S.A.	1.966.052	2,30%
Rozés. S.A.	1.532.137	1,80%
Comp. G. Ag. Vinhas Alto Douro, S.A.	1.507.217	1,70%
Soc. Agr. Com. Vinhos Messias, S.A.	1.488.068	1,70%
(...)	(...)	(...)
Total	86.251.047	100%

Source: Adapted from Rodrigues (2012, p. 47). Data from IVDP.

As said before, this internship will be mainly focused on innovation within the dimensions of marketing and communication activities, by analysing past innovations and their impacts, and by addressing new innovative projects in order to promote Gran Cruz Porto business.

Chapter 3 - Internship

3.1. Espaço Porto Cruz

With a surprisingly architecture, the Espaço Port Cruz is an informative, exhibition and entertaining space, offering new sensorial experiences around port wine, through interactive multitouch tables, short educational films, wine shop, exhibitions, tasting room, gastronomic harmonisations at the DeCastro Gaia restaurant, ending up at the Terrace Lounge 360° ° with the tasting of port wine cocktails, contemplating the magnificent view of the historic city of Porto. (Summary review to the Best of Wine Tourism 2013 application).

This paragraph corresponds to the short summary of the Espaço Porto Cruz (EPC) in the application to Best of Wine Tourism – Great Wine Capitals, in the category of “Innovation Experience in Wine Tourism” in 2013. The EPC was created in 2012 as the brand needed to be closer to the big public and also be represented at one of the most important wine attraction spots in Portugal (Cais de Gaia). The Gran Cruz Porto Company decided to do something different not only because the building was not designed to have a traditional cellar and this specific wine product was already too much explored, but also because they understood that the younger segment should be attracted to port wine, as it encompasses the future consumer generation. The importance of high technology to the young generation motivated the creation of a multimedia centre in order to call its attention to the product of port wine. More details about the creation and concept of this project are presented in Chapter 4, focused on the analysis of the interviews with the administration of Gran Cruz Porto and, specifically, of EPC.

Statistics gathered from EPC show that Portuguese visitors correspond to almost half of total EPC visitors (42%). The French (15%) - the largest port wine purchasers - and the Spanish (15%) appear after the Portuguese (see Figure 5).

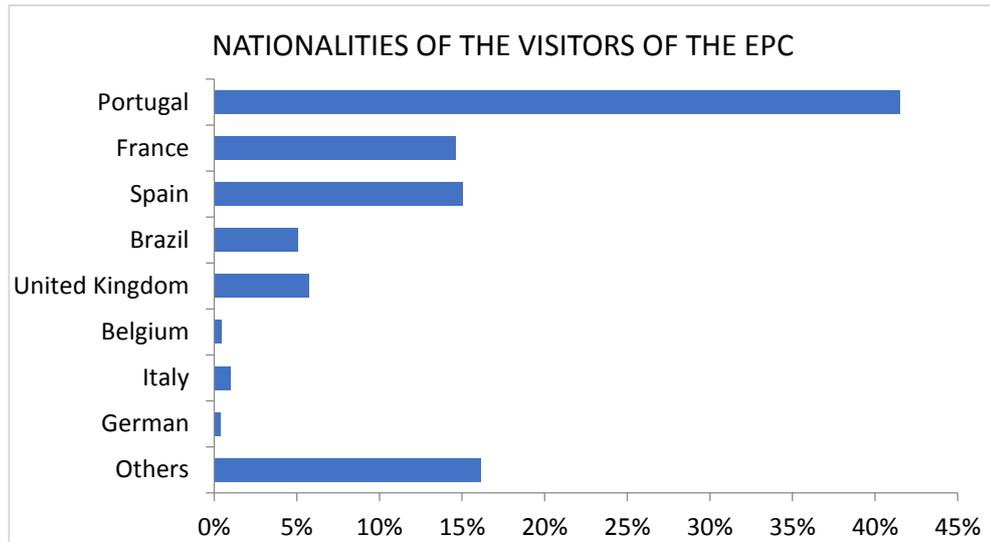


Figure 5: Nationalities of the EPC's visitors since the opening in 2012
 Source: Gran Cruz Turismo, Lda (2012 – April 2014)

As the literature related with port wine activity stresses, attractions like wine cellars, wine routes, wineries and all traditional and original aspects of this product, allow tourists to know and experience the wine. In the wine tourism area and specifically in the port wine area, a multimedia centre is something completely new that allows tourists to have a different experience by learning, tasting and living the port wine product and its history in a more interactive and innovative way.

In the above context, one of the main goal of this internship was to understand how these innovations were projected and how they are experienced by tourists.

3.2. Main tasks performed during the internship

During the internship the following tasks were executed:

- Events' organization: involving the dimensions of marketing and communication (design of promotional and information flyers, updating of social networks, development of new services and events), and logistics;
- Contact with suppliers and participation in negotiation meetings;
- Development of a mapping for the Multimedia Centre: as the EPC does not provide unreserved guided tours, it was important to ensure that

tourists use properly the technology available, which involved the creation of signs and on screen information (for the interactive table);

- Management activities: shop stock organization, improvement of daily activities' performance and effectiveness;
- Guided visits;
- Direct interaction with visitors at the shop or in the official tasting room;
- Development of ideas to improve the client's service.

3.3. Analysis of the creation and impact of the innovation: methodology

As already mentioned, the EPC wants to de-mystify the conventional concept of the port wine, through market innovations, educating people to the beverage of this specific wine and showing new ways to consume it. The direct contact with this firm during the internship allowed the study of the impact of these innovations, particularly in what regards the improvement of products and the increase of the performance of the innovative firm. Hence, this report aims not only at explaining the main activities implemented during the internship but also understanding how this innovative project was designed and how the visitors perceive it.

After the review of the literature about innovation and port wine and a brief systematization of EPC, some considerations will be presented regarding the research proposal that was decided to be implemented during the internship. With this proposal we aim at increasing our knowledge about the innovative behaviour of EPC by testing and refining some ideas that are already present. As Finn (2000) states, this type of approach is also a way to improve knowledge. In order to check and test the EPC's product as an innovation in the wine tourism activity, we implement our analysis not only in the firm responsible for the idea but also near the visitors of the EPC.

Since our research is focused on gathering information out of a small number of people, we will follow a qualitative method (Anderson, 2006, p. 3). The same author identifies qualitative methods as more effective to obtain a better description as well as "rich, detailed and valid data that contributes to in-depth understanding of the context" (*ibid.*).

As for quantitative methods, usually the number of responders are bigger and the research questions are more about “How many” or “Strength of association” (Anderson, 2006, p. 2).

The combination of both methods is becoming commonly used by researchers, as it allows to “maximise the strengths and minimise the weaknesses of each method” (Finn, 2000, p. 9). The process of multiple methods is defined by Finn (2000, p. 9) as a methodology “used to examine different perspectives on the same research question”, in which later “findings of one investigation can be checked against the findings from the other type” – a process called “triangulation” (*ibid.*)

For this report, we will start with a qualitative method based on interviews, implemented within the firm Gran Cruz Porto, in order to get more information about the innovation of the EPC’s product. Then, a survey will be conducted for the visitors/clients of the EPC in order to understand their perceptions about this new wine tourism product. Later on, a triangulation procedure will be done for debating the goals of the EPC projected by the administration and its perception according to the visitors.

Once more, a quantitative approach is the most adequate. As Scott and Godbey (1990, p. 189) state: “qualitative methods provide valuable insight into the social and contextual circumstances surrounding leisure involvement”, which allows a more complex view over the project. As “the one associated with ethnographic research where the aim is to understand the perspective of the interviewee and the meaning that the interviewee attaches to situations” (Finn, 2000, p. 75) the method of in-depth interview, was applied for this study. Based on a guide script containing important topics, in which questions and references are identified (see Table 13 in annex 2), the interviews follow an intentional sampling: the choice of the two interviewers that are the main actors in this project, The Director of the EPC – Dra. Ana Bolina, and the CEO of the Company Gran Cruz Porto – Eng. Jorge Dias.

As for the interviews, the implemented process was:

- 1) Elaboration of a guide, identifying interesting topics to approach at the interview based on the reviewed literature (see Table 13 in annex 3);
- 2) Elaboration of the interviews’ script (see annex 4);
- 3) Implementation of the interviews - recorded and later transcribed (see annex 8);
- 4) First reading and organization of the interviews;

- 5) Summary of the interviews according to topics and subtopics that were defined, allowing comparisons and complementation between answers (see Table 14);
- 6) Analysis of the interviews' map and interpretation of the results according with the literature review.

We have also implemented surveys to the EPC's clients. The main goal of the surveys was to understand how the public sees port wine and this new product. Questions were structured based on previously identified topics, the potential comparison of answers and results that were important to include in this analysis (see Table 14 in annex 5). The survey is not only related to the EPC, but also with the wine tourism product.

The selection of the sample was semi-intentional as one of the aims in this report was to have, not only the perspective from the more frequent clients of the centre, but also from those that are first time visitors. Within each group the choice of each individual was completely random.

With the exception of two questions that are open – relevant because it was important to understand the client's ideas without interfering – the survey is characterized by the existence of multiple choice questions (Checklists), as well as Likert Scale questions.

The surveys were distributed in two different formats during a period between the 6th and the 15th of June:

- Internet: through a Google form to a mailing list containing contacts of frequent visitors, whether staff friends, or people related to the wine or tourism industry;
- Face-to-face: to other clients that visited the EPC – usually for the first time.

A total of 80 surveys were answered: 33 surveys were distributed at the Centre on the 6th and 10th of June; and 47 surveys were answered directly through the internet (Google forms). Table 8 offers a description of the numbers and the associated weight in the universe of possible responders. The majority of the clients that visit the Centre come through partnerships with other tourism attractions. As they have a ticket to get a port wine for free, at the end of the day, it is possible to calculate how many people have visited the centre. So the universe that visit the centre on the 6th and 10th of June represent the amount of tickets that the firm received on those days. As for the mailing list, it is an approximation number given by the Multimedia Centre.

Table 8: Representation of the universe and the sample considered

	Universe	Sample
Visitors at the Centre (6 th and 10 th of June ³)	+/- 290	33 (11.3%)
Mailing List (Google Forms)	+/- 100	47 (47%)

For the implementation of the survey, the following steps were followed:

- 1) Elaboration of a survey guide (see annex 6);
- 2) Translation to Portuguese and English;
- 3) Sending to a mailing list of the Multimedia Centre containing frequent visitors and also implementing the surveys near the tourists on the spot;
- 4) Elaboration of a descriptive analysis of the data.

In the next chapter we present main results and also the limitations of the methodology.

³ Regarding the surveys that were distributed face to face, only visitors that came to the EPC on the 6th and 10th of June were considered. See the specific reasons in for this choice in Section 4.1.

Chapter 4: Main results

4.1. Limitations of the methodology

In order to have a significant representation of the visitor's perception concerning port wine and EPC, we aimed at gathering a larger number of answers. However, the implementation of face-to-face surveys was only possible during the period from 6th up to 10th of June (see Table 8) due to the following reasons:

- These days, with less visitors to the space, allowed to spend the needed time with the individuals for them to answer the survey;
- During this period no events were scheduled. In June the space offered many events that demanded closing one or more floors, restraining the access to a full experience of the building and, therefore, not allowing for a complete answering to the survey.

As for the surveys distributed online, although they represent a larger number than the surveys answered face-to-face, they still represent almost half of the universe of possible responders. The reasons behind the non-response of the surveys are possibly related to the extension of the survey or the lack of attraction towards the theme and purpose of the survey.

These limitations constrain the conclusions we may draw about the impact of the EPC's, specifically, on the younger people segment. Nevertheless, a brief case study analysis was made with the responders below 35 years old comparing with the rest of the answers.

4.2. Results

4.2.1. Interviews

The interviews, summarized in Table 9, allowed a deeper understanding about the context in which the EPC was created. Although much of the information was clear through secondary data, there were some important details to know about the creation of the multimedia centre.

The first group of questions – “Creation of the Espaço Port Cruz” - was about the creation of the EPC. According to both interviewees the main aim of the EPC was to create “*something to celebrate everything related to port wine and the Portuguese culture*”

in a lighter and funny way” (Eng. Jorge Dias); and the Director Ana Bolina added that *“the first goal was to change the relationship between the public and the experience of port wine”*. The idea was born from the need to get the brand *“ closer to the public”* and because the company did not have any representation of the brand at Cais de Gaia, which is one of the most visited spots in the city. In fact, According to Bruwer (2003) this is a strategic way to promote the brand and increase the firm’s performance.

Eng. Jorge Dias states that the multimedia centre is *“more focused on a younger segment”* as it encompasses the future consumers. He recalls that the port wine industry faces *“the risk to lose an entire generation of port wine consumers, if we do not attract the youngest to port wine”*. The Director Ana Bolina refers the need of attracting several segments: *“in the first 3 years we wanted to increase the level of awareness”*. She also identifies partnerships with boats and city bus firms, and with several agencies, as facilitators of this strategy.

In what regards the second topic - Differentiation to other port wine attractions - both actors consider that the distinct nature of the EPC’s product comparing with other port wine attractions is very clear: the complexity of the multimedia centre that combines port wine with other beverages, gastronomy, art and important parts of the Portuguese culture is a testimony of this distinction. The adoption of a new technology interface is mentioned as a way to connect with the segment of younger clients. A new product combined with technology and communication (see topic 4) is a strategy with a huge impact on the wine tourism product. This type of approach follows the trends on tourism identified by Stamboulis and Skayannis (2003).

In the third group of questions, we ask about the nature of the EPC as an innovation. Both agents highlighted the same aspects: *“interactive tables – where people can find out about our range of products and also which port wine is best for you”* (Eng. Jorge Dias); the combination of several arts of the Portuguese culture; the videos in the Douro Room showing the history of port wine, and the Terrace Lounge 360° ° creating new ways to consume port wine – port wine cocktails and gin with port – and also promoting special events. According to the OECD Oslo Manual, this new wine tourism product can be considered a product innovation in the area of wine tourism, and also a marketing innovation as a new way to promote and sell port wine. Both types of innovations guaranteed the EPC the “Best of Innovation Prize” obtained in 2013.

About the firm's product innovation Pink – port wine rosé – the CEO argued that *“The pink port was specifically designed for it (the opening of the EPC)”* because it is *“a product to reach younger people”* and *“a very flexible product that is easy to mix with other beverages to do cocktails or long drinks”*. The Director Ana Bolina sustains this view arguing that the Pink Port is *“versatile when it comes to moments of consuming port wine”*.

The importance of new technologies for the EPC was analysed in the fourth topic. As a multimedia centre, technology is at the core of the EPC's product. Its incorporation was motivated by the connection that the younger generation has with new technologies which would *“increase the involvement of the tourists and therefore improve their experience at the centre”* (Ana Bolina); and *“the will [of the Gran Cruz Administration] to do something different”* (Jorge Dias).

Topic 5 intends to understand how the EPC is helping increasing the value of port wine, as one of the aims of port wine producers. When asked about this, Ana Bolina identified the Terrace Lounge, port wine cocktails and the Gin with Port as strategic products to help *“people give more credit to port wine, creating new ways to drink it”*. Eng. Jorge Dias complemented this idea by recalling the role of the restaurant in articulating port wine with the Portuguese gastronomy: important way to teach people on how to enjoy port wine, creating a connection between the client and the product.

The necessary supports and funds to open the EPC, specifically the crucial involvement of QREN, was covered on the sixth topic: the CEO of Gran Cruz Porto declared that the project was welcomed by all governmental entities: *“The Municipality of V. N. Gaia, understood the project very well and always supported us”*. He also mentioned the application to the SI inovação⁴ funds as crucial for the project: *“It was a very simple process. Rapidly we saw that our project fitted these programs. “[...]” And so with the help of a very professional company, I do not think it was difficult, for the program, to accept us”*. Despite this, Eng. Jorge Dias recognizes some problems mainly associated with the huge impact that the crisis had on the firm's performance. However, the CEO is very confident that the people in charge of the program *“are conscious about that and they will take that into consideration when evaluation assessing the performance of the firm”*.

⁴ Sistema de Incentivos à Inovação (Innovation Incentive System)

In the 7th group of questions the topic of networks and partnerships was covered. The EPC project counts on numerous partnerships, as touristic complement, or in promotional or institutional matters which, as Hall *et al.* (2000) argues, by joining resources, allows to create an integrated and sustainable wine tourism product. The Director of the EPC even mentioned the fact that the boats' partnership allowed the EPC to *"increase 40% of its sells"* (Ana Bolina).

Giving the course of the interview, a last – extra – question was made to the CEO of the company concerned with cooperation and networks. When asked about the competition between cellars and the EPC, Eng. Jorge Dias was very clear on his answer referring that *"probably yes (...) because we all compete for the same tourists, but I believe that we are complement offers "[...]" and if we all work on that [cooperation], this will certainly be a winner strategy for all of us"*.

Main conclusions about the interviews

The interviews allowed the analysis of the new wine tourism attraction from the supply side. They were rather important to understand the motivation of Gran Cruz for innovating in wine tourism.

The creation of the EPC was motivated by the need to *"be closer to the public"* and most importantly to improve the relationship between port wine and its consumers.

It is clear the existence of an innovation process, not only by the creation of a new wine attraction, and a new port wine – Pink Port - but also due to the establishment of a new way to sell it. Using the early approach of the OCDE, we may then conclude that the Gran Cruz Porto firm was responsible for the emergence of a new product and a marketing innovation. These have not only contributed for the improvement of the wine tourism product, but have also tried to assure the future continuity of its selling by attracting the next generation of buyers.

In order to attract the segment of younger clients, who, according to Jorge Dias, does not have a connection with port wine as previous generations had, the EPC was designed to follow trends similar to those identified by Stamboulis and Skayannis (2003): new product for non-mass tourism, combined with technologies and communication strategies. However, according to its own director, the EPC is still practicing a mass

tourism product which may not be the best strategy to establish the desired image that the firm wants to project in the segment they want to attract – the youngest.

As for the network around this project, important elements were crucial to its sustainable development: first, government funds which were the basis for the implementation of the EPC; second, the support of institutional and promotional entities who help promoting the EPC's product; third, partners of Gran Cruz that help on promoting this wine tourism product as an integral, rich and sustainable one.

Table 9: Summary Map of the Interviews

Topic	Subtopic	Dr. Ana Bolina	Eng. Jorge Dias
1 - Creation of the Espaço Porto Cruz	Goal	<p>We decided to create a concept that could combine contemporaneity, port wine, experience, culture, gastronomy, coming out with a multimedia centre, in which the main concept was “Experiencing port wine”. The first goal was to change the relationship between the public and the experience of port wine, associating this to a multimedia centre, trying to incorporate the most recent novelties we had about port wine.</p>	<p>We wanted something to celebrate everything related to port wine and the Portuguese culture in a lighter and funny way – multimedia – without losing the intellectual facts associated with it.</p>
	Need	<p>The Espaço Porto Cruz emerged from the need of the brand to be closer to the public.</p>	<p>We did not have any spot at Cais the Gaia that represented the brand.</p>
	Target	<p>Initially, when the business started, we wanted to attract everyone, (...) we wanted to increase the level of awareness. Nowadays we work in two ways: a massive strategy linked with our boats and bus partnerships and also with schools; and then we have the restaurant, the terrace and the resident visitors which allows to balance the typical seasonality of the tourism industry. We also have a business tourism group from tourism agencies. The thing here is that we have a specific hour of the day, to a specific type of public.</p>	<p>So we wanted a spot to celebrate port wine, but more focused on a younger segment, and something to complement the port wine attractions already existent.</p> <p>We run the risk to lose an entire generation of port wine consumers, if we do not attract the youngest to port wine. (...) So we had to try to catch their attention, specifically with simpler drinks, less formal and with a taste that could easily be attractive to them.</p>
2 - Differentiation to other port wine attractions		<p>It is very complex to compare with the ones in Douro because Douro has its own characteristics, its own</p>	<p>First, because our offer is more complex, than just the port. The EPC offers a variety of experiences,</p>

	<p>expression. However a multimedia centre, as far as I know, until today was not linked to a subject/product like port wine. To teach our clients on how port wine must be consumed we say: “drink port wine whenever you want and not only on Christmas, or festive occasions”. That is the core idea of this project also translated in the art exhibitions, or in the restaurant, or the programming of the Terrace Lounge, or even in the way the team staff behaves/serves de client</p>	<p>particularly related to the Portuguese culture. And around Douro and port wine, the EPC has a lot of complex experiences that goes from (...) videos about Douro and port wine (...) to moments that are also translated in experiences at the terrace or at the restaurant with harmonisations with port wine or with the Portuguese gastronomy.</p>	
<p>3 – Innovation in the sector</p>	<p>Epc an innovation</p>	<p>We won a Best of Innovation prize. For me, the innovation is in the way we deal with a subject: in the interactive tables; in all the back office work that exists in the MyPortoCruz project, in which, through the 5 senses you get the port wine that suits people the best; the tasting room; social networks and mailing list, etc... And also through the way we plan the activities: the port wine is very associated with Fado, but was not connected with art exhibitions. So in the Douro room artists can expose exhibitions related only with Douro or with Port.</p>	<p>It is an innovation in several aspects. It shows port wine in a different way: interactive tables – where people can find out about our range of products and also which port wine is best for you through your sensorial preferences; it shows different aspects of the Portuguese culture – art exhibitions, fashion, sculpture, photography, painting and so on; And the exhibitions in the Douro Room, where we have 3 videos well defined - geography, seasons of the year and history - very well segmented and short about Douro and Port.</p>
	<p>Restrictions concerning the opening of the EPC</p>	<p>We do have a lot of support to develop different projects to promote port wine. Besides this project was very supported by the QREN.</p>	<p>The Municipality of VNGaia understood the project very well and always supported us.</p>
	<p>Pink – A recent</p>	<p>The pink allowed us to be more versatile when it comes to moments of consuming port wine. On purpose, we have at</p>	<p>The Pink Port was specifically designed for it. It is a product to reach younger people. And then, because</p>

	product innovation	the terrace, cocktails mixing port wine pink/white with other drinks or ingredients, so people may enjoy port wine in a different way.	it is a very flexible product that is easy to mix with other beverages to do cocktails or long drinks. That effort we did, to promote ourselves especially with the younger segment, is being rewarded as, in the category of port wine rosés, we represent over 70% of the total of the category.
4 – The importance of technologies in the EPC		The reason to have technologies at the EPC is to increase the involvement of the tourists and therefore improve their experience at the centre. The videos presented at the shop are a complement of the commented wine tastings that are done there, giving more information about the wines, the brand, the gastronomy, arts and fashion associated with our brand and with port wine.	The will to do something different and because the youngest are more connected with technology. We wanted to take advantage of those technologies and through them show Douro and port wine.
6 – Increasing the value of port wine		Here at the terrace we want people to give more credit to port wine, creating new ways to drink it, teaching visitors to enjoy this beverage even more. To help achieving that, at the Terrace Lounge we have the Gin project with port wine and cocktails of port wine instead of beer.	I recognize that it is necessary to increase the value of the port wine but you cannot forget the volume. Douro lives thanks to the volume factor. The producers and winemakers would barely survive if the companies thought exclusively about value. We usually propose harmonisations in which we offer special wines to taste. We try to naturally communicate those kind of wines, which are obviously more expensive.
7 – Application to COMPETE		(The director is not very much aware of the process).	It was a very simple process. Rapidly we saw that our project fitted in these kind of financial supports as the SI inovação. (...) Our original idea is related with the

			<p>innovative presentation of port wine together with the presentation of the Portuguese culture. And so, with the help of a very professional company, I do not think it was hard, for the program, to accept us.</p> <p>So far, we have not had any problem. By the end of the 3rd year, an evaluation will take place and, of course, not all the goals were achieved, as the economic activity in Portugal suffered so much, and the touristic companies were much harmed. But naturally they are conscious about that and they will take that into consideration when assessing the performance of the firm.</p>
8 – Partnerships and network	Partnerships	Boats and Agencies	<p>We try to work as a complement to the already existent touristic offer. (...) We have very good equipment interpretation of the Douro and port wine; partnerships with hotels, river cruises and other ways that tourists use to go around the city; institutional entities, like the municipalities of Porto and V. N. Gaia, in which we try to have our events actively promoted; as well as the ones responsible for the tourist activities like “Porto e Norte” and “Porto Convention Bureau”. These are some examples of partnerships we have, counting also with wine cellars, from others companies, who helps us promote our product and be part of a richer experience.</p>
	Importance	In the case of the boat partnerships they contributed to the increase of 40% of our sells.	Today it is very hard to compete alone in the business world.

<p><u>Extra:</u> Is there any competition between cellars and the EPC?</p>			<p>I do not know how to answer that. Probably yes, because we all compete for the same tourists, but I believe that we are complement offers – when people go to wine cellars they do not see the barrels or the big vats, and so on. So that is why I say that, above all this, we are a complement and if we all work on that (cooperation), this will certainly be a winner strategy for all of us.</p>

Source: Own elaboration⁵

⁵ The interviews are transcribed and can be integrally read in the annex 8. This table was made with just the important paragraphs that resulted from the interviews.

4.2.2. Surveys

As pointed before, the surveys were distributed in two different ways to two different targets. We gathered 80 surveys at the end of the implementation process. Comparing the universe of responders in each platform (face-to-face and internet): at the Centre 11.3% of the total visitors during the 6th and 10th of June were interviewed; while of the mailing list, 47% of the total universe of responders, answered the Google form (recall Table 8).

In order to establish a socio demographic profile of the surveyed visitors, the first group of questions covered variables such as age, gender, nationality, profession and monthly income. This sample is characterized by a majority of Portuguese visitors (66,3%) followed by the British, Australians and Brazilians (6.3% each) (see Figure 19 in annex 7). Concerning gender, 62,5% of the inquiries were females (see Figure 20 in annex 7) and the individuals inquired were between 19 and 63 years old. With an age average of 35,6 years old, most responders to the survey were individuals with 25 years old (See Table 15 in annex 7). Around 72% of the population have a monthly income below 1500€ (including those that have no income at all). The other percentage have incomes above 1500€, and 6.8% of the inquiries receive monthly incomes above 3500€ (See Figure 21 in annex 7).

With the second group of questions the aim was to know perceptions the visitor had concerning port wine before the visit to the EPC. This helps us to understand if there is a change in the visitor's perception regarding port wine after the visit to the EPC. Variables as the frequency of consuming port wine, knowledge about the history of this product, previous conceptions associated with it, when/how was port wine first experienced and if there was a previous visit to the traditional wine cellars, are the type of questions that are in this group.

In terms of the regularity of consumption, half of the questioned population rarely drinks port wine (see Figure 6), and just 8% drinks port wine frequently. 12% never tasted port wine, most of them foreign visitors. In the group of Portuguese visitors that have never experienced port wine we have individuals between 22 and 27 years old (see Table 16 in annex 7). This sustains the arguments of Eng. Jorge Dias that the younger generation is not so connected with port wine, and, therefore, strategies should be taken in order to increase the attractiveness of this segment.

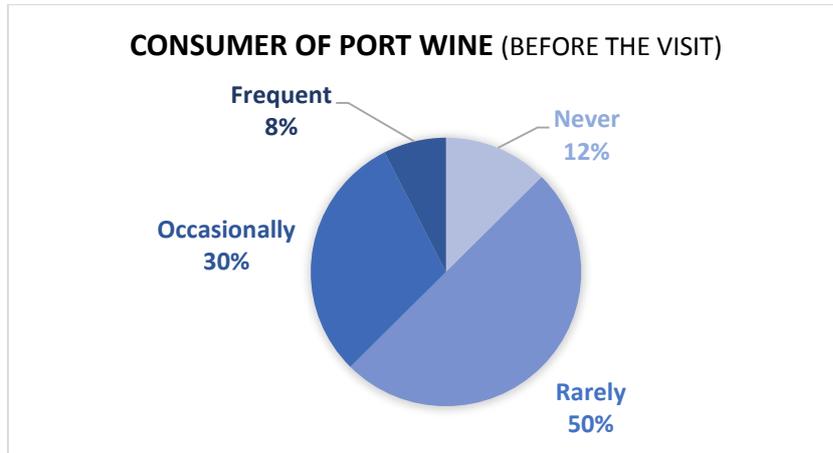


Figure 6: Consumption of port wine before the visit to the EPC

When asked about their previous knowledge about the history of port wine, as Figure 7 shows, only 22% of the population consider having some information about it, and 9% admit to know nothing at all. More than half of the population also affirms to know “Very little” or “Something” about the history of Port. Similar conclusions are visible in Figure 8, related with the knowledge on port wine types. Focussing on the population who considers themselves as knowing this history and also on the various types of port wine, 80% are Portuguese individuals, and the average of age goes around 40 (Table 17 in annex 7). In this last result it is also clear the closer connection of older generations to the port wine product comparing with the youngest.

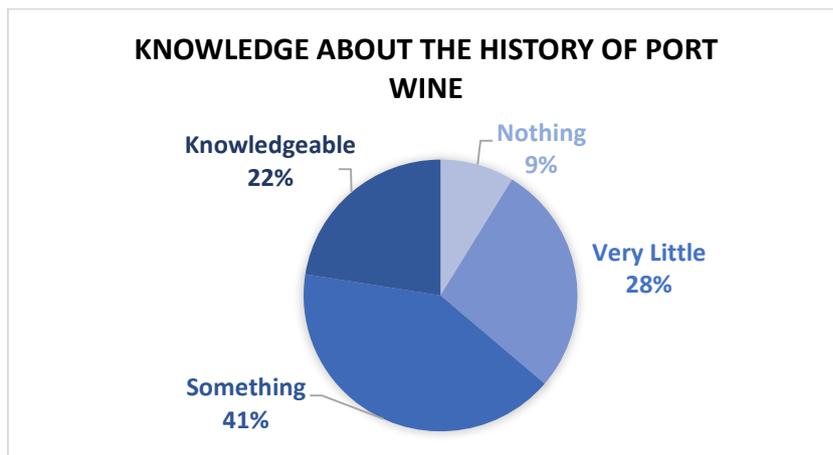


Figure 7: Knowledge about the history of port wine before the visit

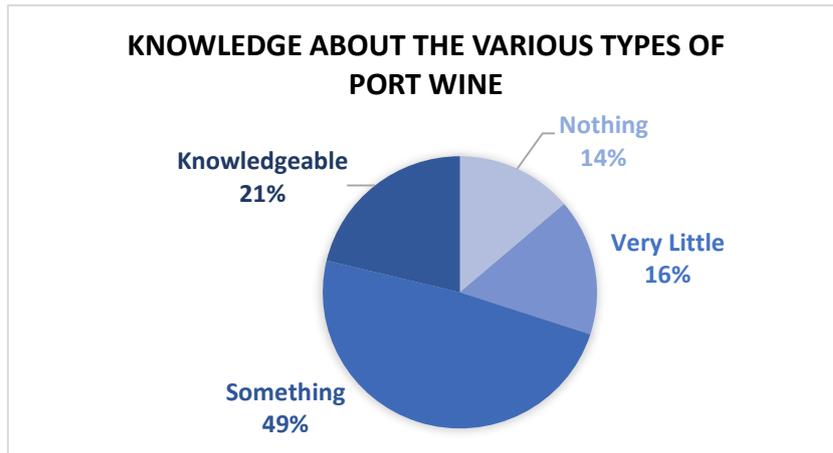


Figure 8: Knowledge about the various types of port wine before the visit

We gave the individuals the opportunity to answer freely about their conceptions of port wine and the responses were not very distant from each other. For the inquired population the port wine is very related with “*Portuguese nation*”, “*tradition*”, “*trademark*”, “*history*”, also with “*barcos rabelos*”, “*wine cellars*”, “*Douro*” and “*Porto*”. Many people answered in terms of characteristics like “*sweet*”, “*strong*”, “*as aperitif or digestive*”, to “*make desserts*” or “*for special occasions*”.

Due to the acquired knowledge on port wine during the internship, in this question it was clear that not all people knows port wine and there is even wrong ideas about it, resulting sometimes in the non-attraction to by/consume this beverage – even among Portuguese people.

It was also important to know if the visitors have ever visited a wine cellar, so we could understand if the population recognized the differences between the cellar product and the innovative infrastructure associated with EPC. 65% of the respondents have already visited a wine cellar as showed in Figure 9. When comparing the domestic and foreign visitors, almost all the Portuguese EPC’s visitors have experienced a wine cellar – 88% - while as for the foreign visitors, only around 15% have visited this kind of wine attraction (Figure 22 and Figure 23 in annex 7). These results are not a surprise as not everyone has easy access to these wine attractions. These results show us that the difference between the two offers are better understood by the Portuguese visitors, because they have already tried both.

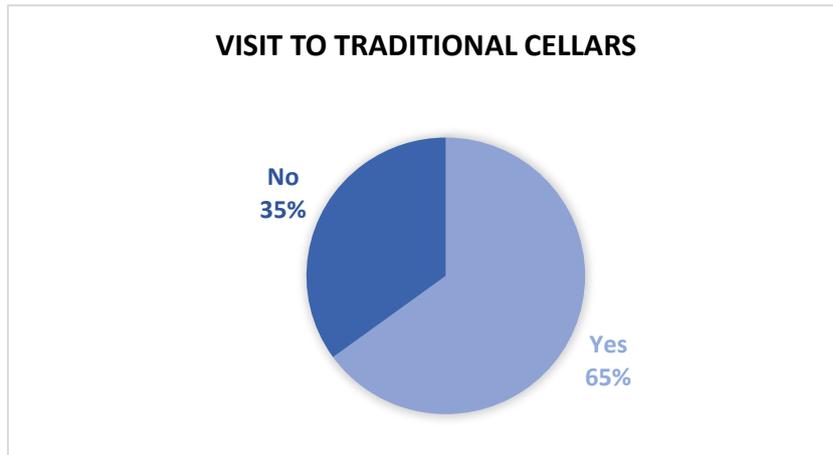


Figure 9: Visit to Traditional Wine Cellars by the population inquired

The last question in this group was about the first experience of port wine. Figure 10 shows that over 40% of the population have tasted port wine for the first time while they were socializing with friends and family. Other options were available: 19% have experienced port wine for the first time at Espaço Porto Cruz; 16% while visiting the wine cellars, 13% mentioned other places such as “at work”, “bars”, or during a “tasting with winemakers” as seen in Figure 24 (annex 7); 4% of the population during a trip to Douro and 2% because of their Family Business (2%). “Wine Festivals” was also one of the options, which was chosen by no one.

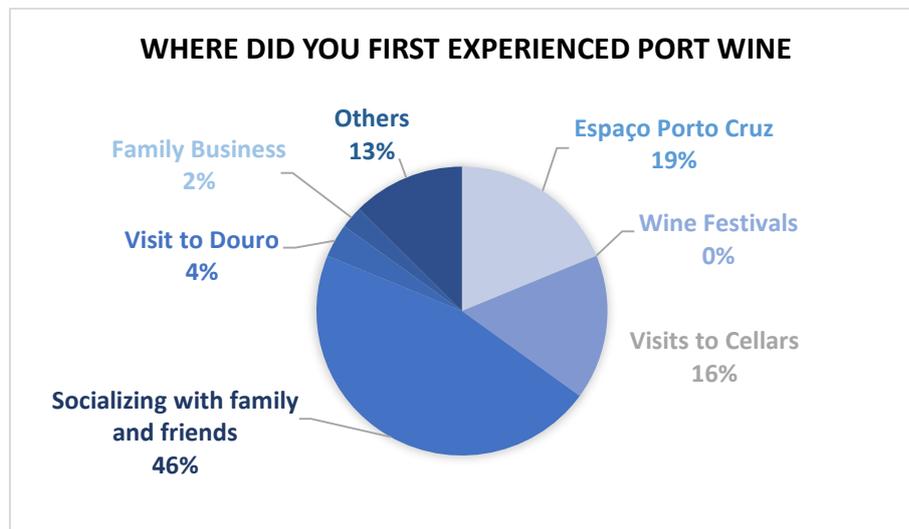


Figure 10: Context in which the population first tasted port wine

Selecting only the respondents that experienced port wine for the first time at the EPC, we observe that only 17% of them are Portuguese and most are under 30 years old (see Table 18 in annex 7).

In the third group the goal is to focus on the EPC and evaluate the perceptions that visitors have about it.

Firstly, to understand the relationship between the visitor and the EPC, questions about the frequency and reasons for the visit were made. The results related with the frequency of the visit are very balanced, but the first two options of “never” have visited the centre, or “rarely” visits the centre, represents over 60% of the population. Only 15% visits the centre frequently (see Figure 11), and most are Portuguese or individuals who live in Portugal at the moment. It is possible to conclude that there are still many individuals coming to the EPC for the first time, and that can be considered normal since the EPC is only 2 years old, and there are numerous foreign tourists who come to Porto and visit the centre for the first time and who probably will not come back.

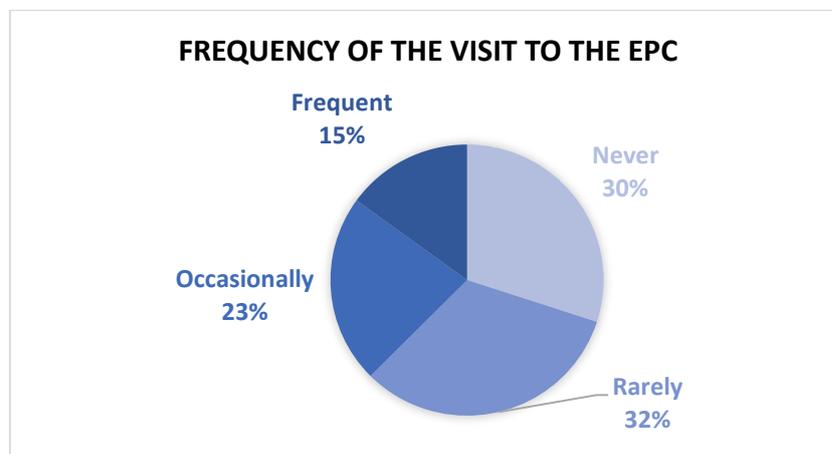


Figure 11: Frequency of visits of the population to the EPC

The next question was important to identify the main triggers that led each person to visit the multimedia centre. It is important to know what the firm’s most important asset is in order to increase its potential and, therefore, attract even more tourists. For this question each individual was allowed to choose until 3 options based on personal and staff’s experience. In Figure 12 it is possible to observe that the Terrace Lounge 360° is the most relevant trigger, attracting the largest number of visitors (20%). It is closely followed by: “recommendation from family and friends” (17%), “through the tourist packs with boats or bus” (16%) and “previous interest in wines” (13%). The 16% of the visitors that came with the tourist packs with boats or bus can explain the 15% of the respondents that, in the previews question (frequency of the visit to the EPC), affirm to have never visited the EPC (confirmed when filtering the data in the excel sheet

containing the results of the surveys) It was also confirmed by some of the respondents during the implementation of the survey, that if it was not for the boats or bus, probably they have never visited the EPC at all – making clear the importance of networks between companies that operate in the same sector or in the same region.

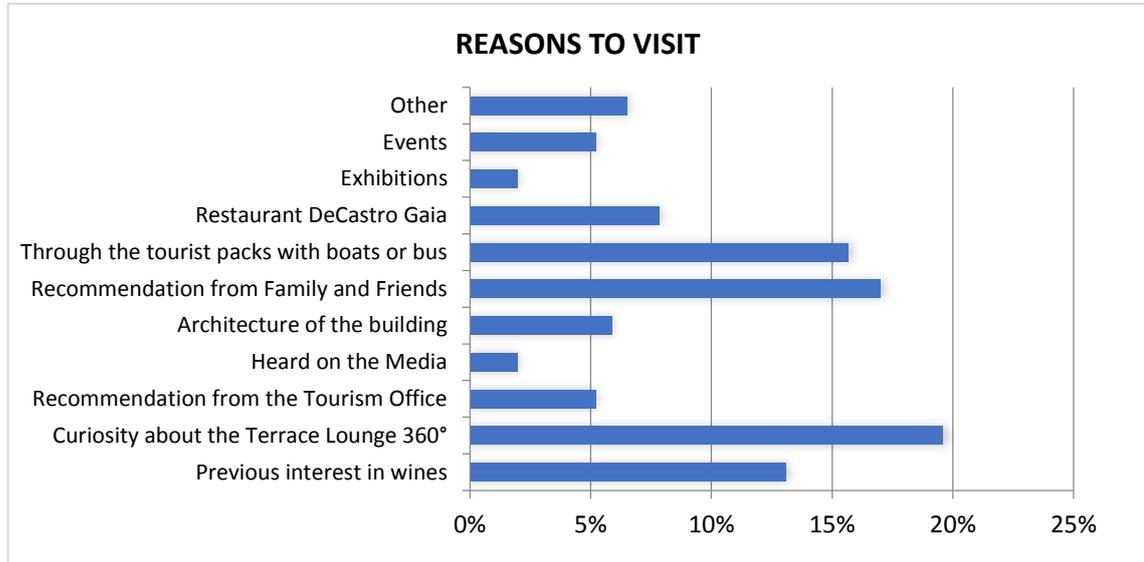


Figure 12: Population's reasons to visit the EPC

As seen in Table 10, the Terrace Lounge 360° is not only the main trigger to visit the Centre but it is also the asset that the visitor most appreciates at EPC. Representing almost 30% of the choices, the Terrace Lounge 360° (including a panoramic view and bar service), is followed by the wine tasting (21%), client service (19%), the videos about the history of port wine (11%) and the interactive tables (10%) as the most important assets of the Multimedia Centre.

Table 10: Percentages of the importance attributed to each EPC asset by the population that visited the Centre

The aspects that the population enjoyed the most at the EPC	
Terrace Lounge 360° (Panoramic View)	25%
Wine Tastings	21%
Client Service	19%
Videos about the history of port wine and Douro Region	11%
Interactive Tables	10%
Restaurant DeCastro Gaia	4%
Bar Service at the Terrace Lounge 360°	4%
Art Exhibitions	3%
Architecture	2%
Events	1%

The next question compares the EPC to other port wine attractions. As mentioned before, this question requires the exclusion of the respondents that have never visited a wine cellar before. Hence, Table 11 shows the results of the respondents that have visited a wine cellar before, and which were allowed to choose more than an option. To these, the most important EPC assets comparing with other port wine attractions are the Terrace Lounge 360° (23%), followed by the Interactive Tables (16%), the Official Tasting Room (13%) and Guided Wine Tastings (13%). The interactive tables gain more importance as this type of technology is not seen very often and can offer the client a better experience.

Table 11: Percentages of the importance attributed to each differentiating factor of the EPC

Importance of each asset to the differentiation from other port wine attractions	
Terrace Lounge 360°	23%
Interactive Tables	16%
Official Tasting Room	13%
Guided Wine Tastings	13%
Client Service	9%
Architecture	7%
Restaurant DeCastro Gaia	6%
Videos about the history of port wine and Douro Region	4%
Variety of port wines	4%
Totems	3%
Art Exhibitions	1%
Events	1%
Others	0%

In the survey it was also asked the respondents to rate their experience at the EPC (1 to 10). The classification 8 was the most chosen - representing 35% of the sample - followed by the classification 9 (20%) and 7 (16%) (Figure 26). It is important to emphasize that almost 68% of the population classified the EPC above 8. The 3% of population that choose bellow 3, must be considered important as well, as the company have to take their opinion into consideration to improve the service and increase its own experience value.

It was important to understand the impact of the core of the EPC's project - technology - in visitor's experience. Technological novelties are present for the tourist through the visit, and allow him/her to increase its knowledge about port wine and improve its experience. In the following question, the respondent was asked to classify

each sentence according to its opinion. Figure 13 allows taking some conclusions about the respondents' opinion:

- The interactive tables are not well positioned;
- The totems are reasonably well positioned but the visitors do not agree when asked about the usefulness of the associated information;
- A large part of the respondents agree that it was possible to understand the history of port wine and Douro Region from the videos, and to acquire all the needed information through the interactive tables;
- Most also agreed that it is easier and more interesting to learn the history through the videos.

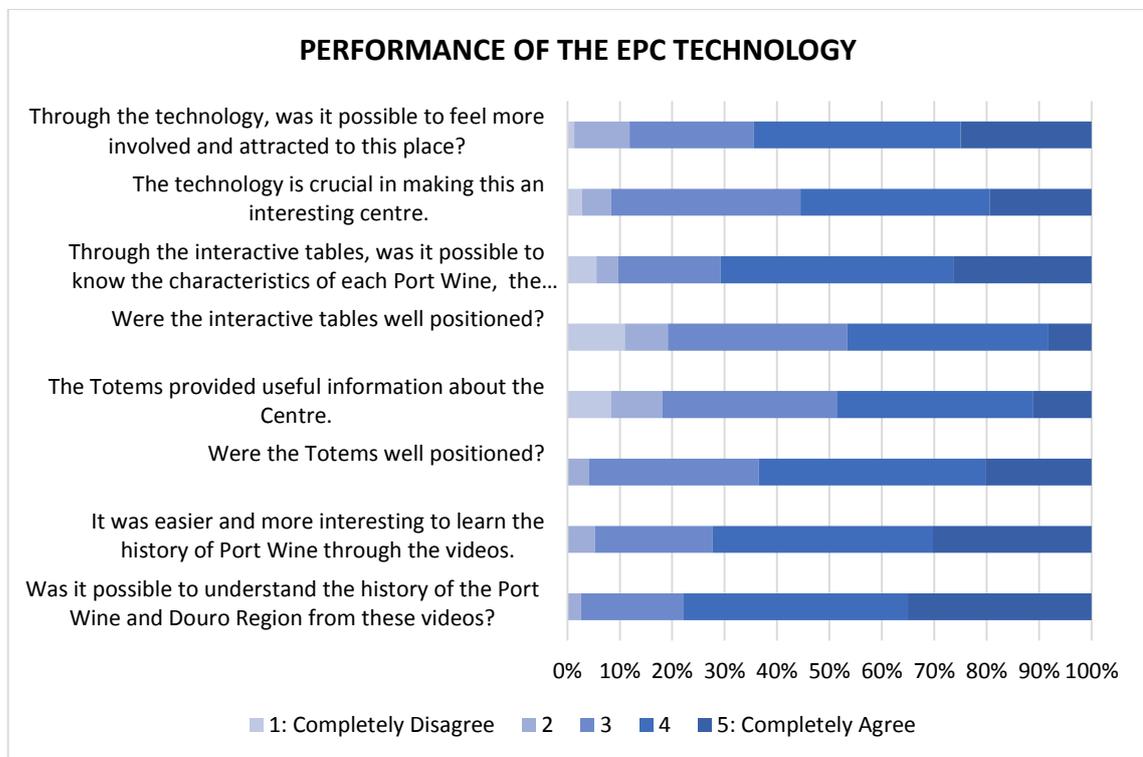


Figure 13: Classification of the EPC's Technology

Finally, the fourth group intends to evaluate the impact of EPC in the visitor's experience and relationship with port wine after the visit to the Centre. By the observation of the Figure 14, the main conclusions are:

- When comparing with wine cellars, most of the population disagrees when it is said that the EPC is totally unnecessary to promote port wine, which is

emphasized when the population agrees about the EPC being an innovative centre to promote port wine in a different way;

- Most respondents agree with that the following: the tastings allowed them to understand better the port wine; the EPC is a very important complement to the traditional wine Cellars; as it is so modern and interactive, the EPC made the experience more interesting; and finally, it allowed to increase their knowledge on port wine.

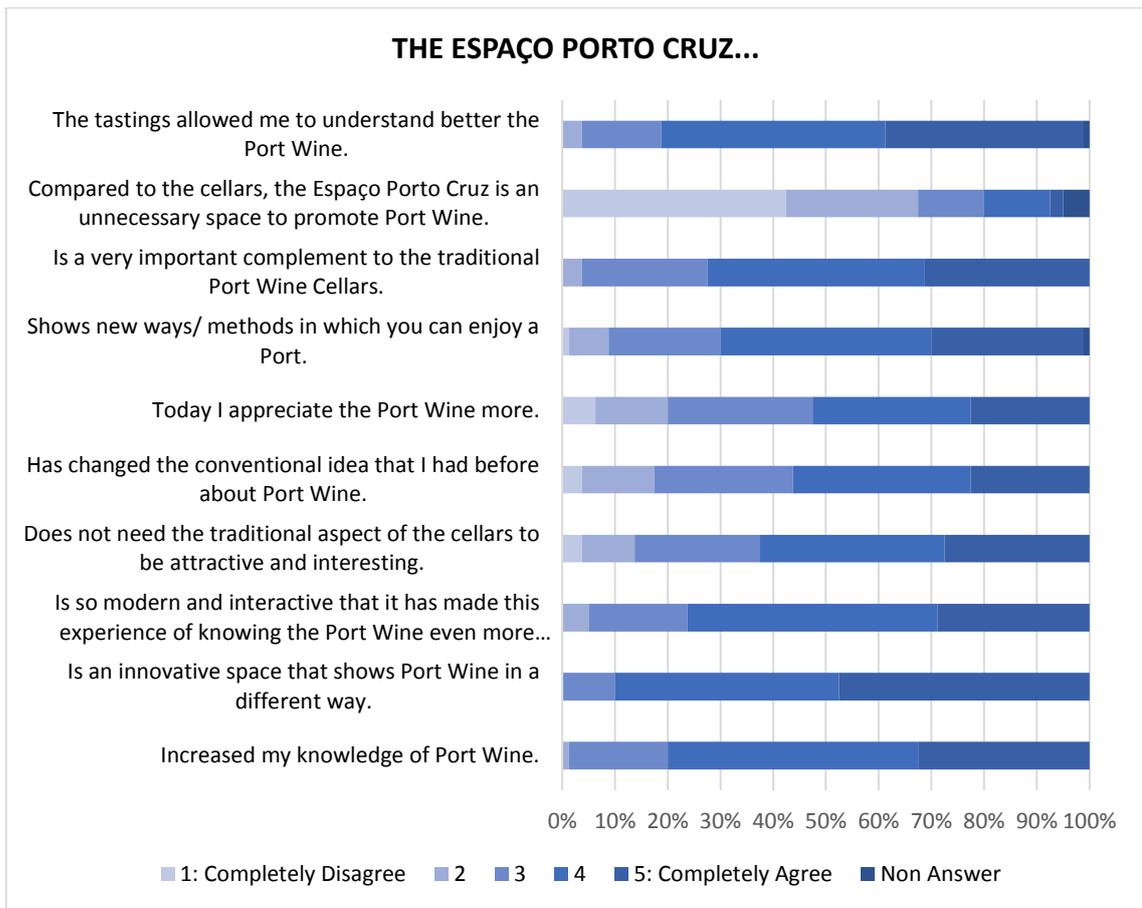


Figure 14: Classification of sentences related to the impact of the EPC in their port wine experience

At the end of the survey there were yes or no answers, related with the future behaviour of the consumers related to port wine and the multimedia centre. Over 88% of the individuals that answered the survey are revisiting the EPC. A considerable number of foreign visitors argue that the only reason why they are not coming back to EPC is because they do not live in the country (see Figure 27 in annex 7). All of them are going to recommend the EPC to family and friends (see Figure 28 in annex 7). Over 93% are going to continue to consume port wine. In this last group, about 6% have never

experienced port wine before. During the implementation of the survey it was possible to understand that the rest of the respondents, those that does not wish to continue consuming port wine, are individuals that do not appreciate port wine (see Figure 29 in annex 7).

A free space was added to the survey so the respondent could comment or suggest any improvement/ service or report any problem that would help the EPC improving. 27 people decided to write something and the main topics were about the EPC's project: *"different, innovative and that shows well the history of the port wine, something that it is not showed or told at the wine cellars"*, or *"The Espaço Porto Cruz stands out by the difference in the world of wine"*. Technology and the client service were also topics very mentioned: *"very good customer service"*, or *"the stories in the movie theatre + the walls were excellent and provided me with a respect for the growing, making + transformation (of port wine)"*.

Advices were also left in these surveys in terms of technology location and upgrading: *"The interactive table should be in a different place"*, *"as a multimedia centre, I think it should have other type of technology to better capture the attention of the visitors"*.

In sum, the visitors were, in general, very pleasant with this new way of experiencing and knowing port wine, although they think that the EPC is still very much unexplored and still needs some corrections, considering the potential that the building and the project have.

With these results it is possible to notice two big problems: the wrong ideas about port wine that still exists in consumer's minds; and the lack of connection that younger people has with the product.

With only two years the EPC is the place where some people first experienced port wine (mainly foreign people and younger Portuguese individuals) and counts already with loyal clients who look to spend time mainly at the Terrace Lounge 360°, enjoying port wine. Although the technology is the core of the project, the Terrace Lounge 360° is the aspect most admirable and attractive to most of the EPC's clients. Anyway, the technology innovativeness is noticed by most of the visitors: helps visitors making its EPC journey more interesting (particularly the videos) although there is still some

changes that needs to be done, so the technology is understandable and accessible to everyone.

Both sides (administration and visitors) agree on a very important aspect: The EPC is a complement in terms of wine tourism attractions. It is an important attraction that shows port wine in a different way; it is modern and interactive and allows people to increase their knowledge in port wine.

Conclusion

Innovation is clearly present in every firm's performance contributing to their improvement and growth. In the industry of wine tourism, although still very recent, we understood, with this work, that the innovation is already being made as a way to differentiate the products and attract different segments: above all contributing to a sustainable wine tourism product capable of showing the port wine product to different segments in different ways.

The creation of the EPC was a strategic investment to increase recognition of the Porto Cruz brand. It is clear the closer connection to the clients that the brand Cruz gained when the EPC was created. Besides having the brand recognized in one of the most important spots in terms of wine tourism attractions (and through that increased its revenue), the firm decided to explain the younger segment about port wine, since the youngest, future potential buyers, are today completely disconnected and unaware of its qualities.

During these months in the internship, it was possible to see the reaction of younger people towards port wine, a drink they did not know about or have a wrong idea. The reaction was, commonly, *"I did not know about it"* or *"I never thought port wine subject was so vast and interesting"*. So, the main point here is that all port wine industry needs to work towards communicating clearly the product of port wine and make it interesting to future consumers.

Both administration and visitors see the EPC's project as a complement to the wine cellars, which makes it another kind of attraction to the wine tourism product. While concluding this report, it was also several times noticed the impact and help provided by the partnerships associated with the EPC as providers of visitor. All this network and partnerships between different attractions in the region makes the visitor's experience more rich and entertaining, later contributing to the awareness of the entire region.

Although the relevance of this new attraction for wine tourism in the region of Douro and Porto, this Multimedia Centre still needs to improve its service. The lack of touristic signs were clear, leaving tourists lost in the building (during the internship it was possible to create tools to minimize this problem) and, as pointed by several visitors, the Centre needed more exhibitions about the history of port wine such as paintings or interactive boards to show instruments and tools used to produce port (for example). Most

importantly, and something that was constantly pointed by the visitors, the EPC needs to clarify its goal and image near its partnerships and promoters, so the visitor is aware of the product of the EPC. It is important to make them feel attracted to visit the EPC by its innovation and not to arrive to the building thinking that it is a traditional wine cellar, when it is not – as happened several times during the internship, caused by the wrong information given to the visitors by the EPC's partnerships.

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Annex

Annex 1. Tourism Statistics

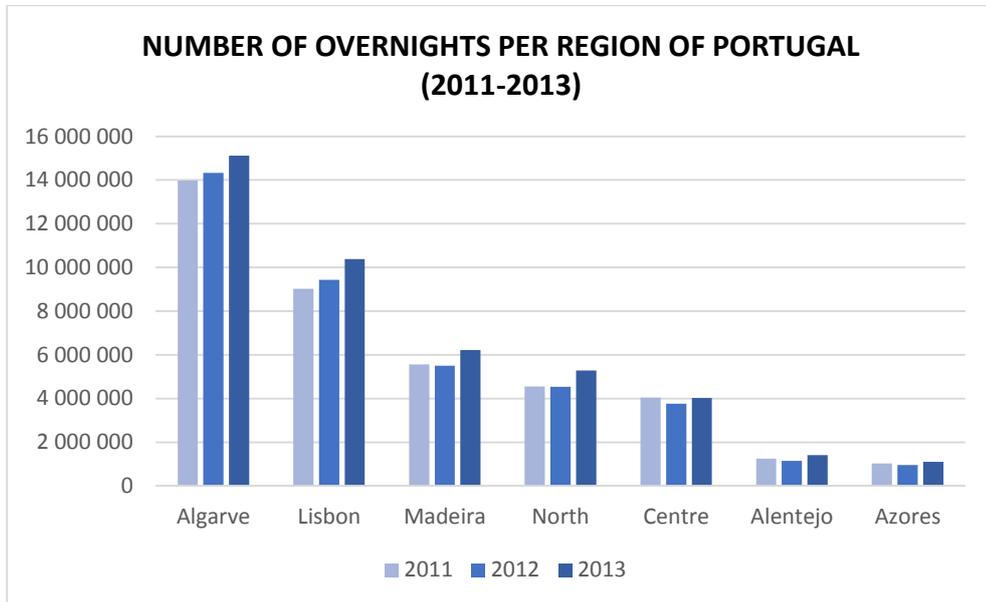


Figure 15: Number of overnights per region of Portugal since 2011 until 2013

Source: Own elaboration (Data from INE)

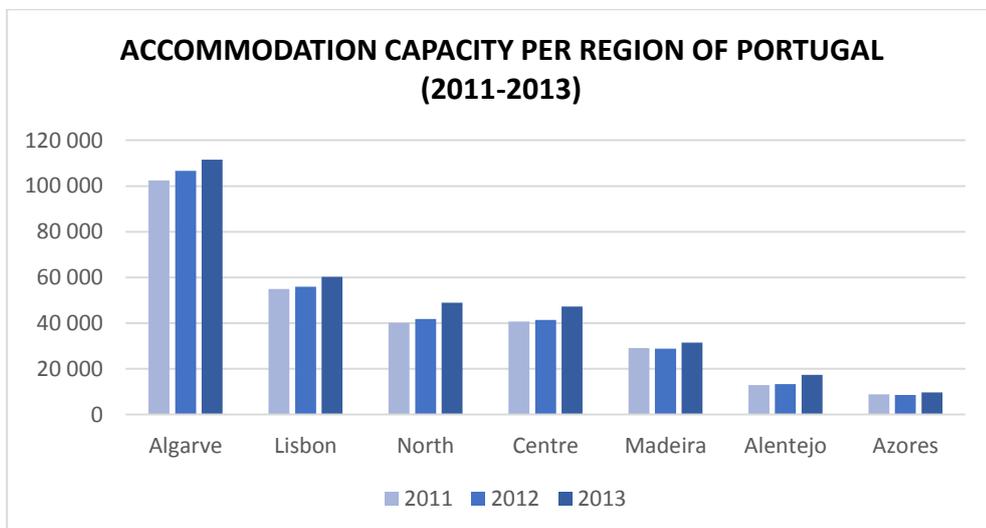


Figure 16: Accommodation capacity per region of Portugal since 2011 until 2013

Source: Own elaboration (Data from INE)

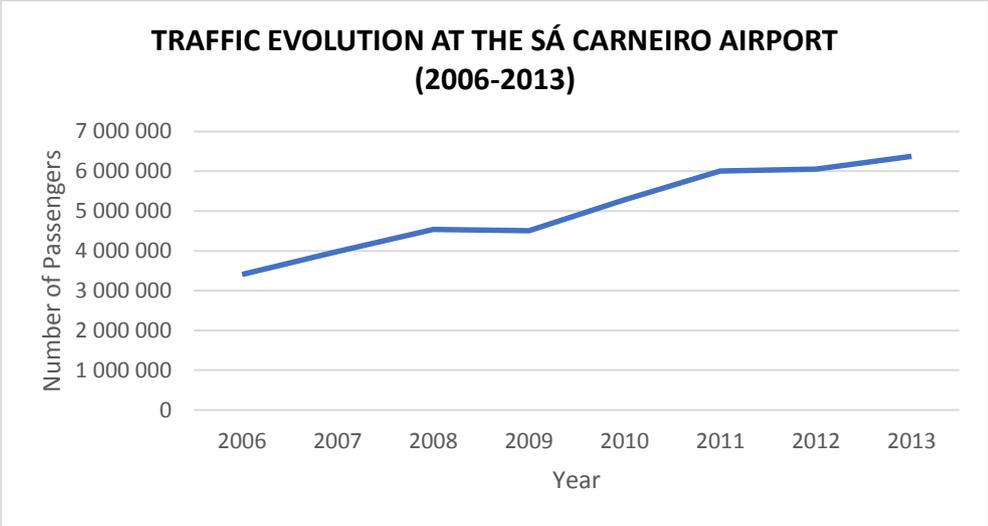


Figure 17: Traffic Evolution at the Sá Carneiro Airport
Source: ANA, Aeroportos de Portugal, S.A.

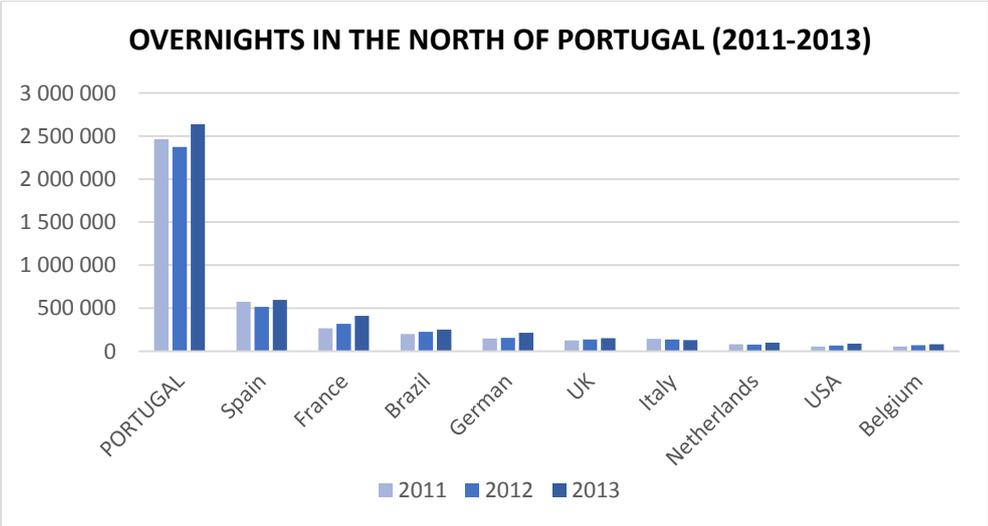


Figure 18: Top 10 countries with the biggest number of overnights in the North of Portugal (2011-2013)
Source: Own elaboration (Data from INE)

Annex 2. Port wine statistical data

Table 12: Worldwide evolution on wine production

	Country	Wine Production in 2011 (mhl)	2011 vs 2007
1	France	49633	9%
2	Italy	41580	-10%
3	Spain	34300	-1%
4	USA	18740	-6%
5	Argentina	15473	3%
6	China	13200	6%
7	Australia	11010	14%
8	Chile	10572	29%
9	South Africa	9336	-1%
10	Russia	6353	-13%
11	Portugal	5925	-2%
12	Romania	4708	-11%
13	Brazil	3450	-1%
14	Greece	2587	-26%
15	Hungary	2447	-24%
16	New Zealand	2350	59%
17	Bulgaria	1268	-29%

Source: IVV, Factos e Números nº6, July 2012

Annex 3. Topics to approach at the Interview

Table 13: Topics, Questions and References related with the Interviews

Topic	Questions	Comments or References
Question 1 - Creation of the Espaço Porto Cruz	<ul style="list-style-type: none"> · Which is the main goal related with the creation of this Centre? · How was identified the need to have in Cais de Gaia a different attraction like this one? · Which is your target? 	To understand what was behind the creation of this centre, aspects such as goals, needs and target were asked. Bruwer (2003) refers the necessity of wine brands to connect with the consumers, and the Quarternaire Portugal/UCP (2007) talks about the investment in product differentiation in the wine business.
Question 2 - Differentiation to other port wine attractions	<ul style="list-style-type: none"> · What differentiates the EPC from other wine attractions located in the Cais de Gaia or the Douro Region? · Through the contact with tourists, many refers the traditional aspect of the wine cellars. How do you expect to overcome that idea and make the tourists visit and accept this modern centre? 	A comparison between wine attractions is needed to recognize what makes the EPC so different and innovative.
Question 3 – Innovation in the sector	<ul style="list-style-type: none"> · How is the EPC an innovation? Why? · Due to the traditional and territorial aspect of the port wine, was there any restrictions concerning the opening of the EPC? · About your new product – Pink – how does it helps you to get closer to your client? 	Compare the innovation with the concepts established by OECD Oslo Manual (2005). Understand the challenges to create such an innovative product in wine tourism, when Inhan, et al. (2013) describes this area as a very restricted in terms or rules and certificates.
Question 4 – The Importance of technologies in the EPC	<ul style="list-style-type: none"> · What were the reasons to bring to the EPC such technologies like the interactive tables, totems and so on? 	The trend on using technology by tourism companies are approached by Stamboulis & Skayannis (2003).
Question 5 – Increasing the	<ul style="list-style-type: none"> · In one of your competitor’s presentations, it was said that the current goal of all port wine companies is to increase the value of port 	As observed in Table 6, the prices of the port wine are increasing in the majority of the markets. As

<p>Value of port wine</p>	<p>wine. How do you expect to achieve that with the EPC?</p>	<p>asked in the question, one of the competitor's reminded that this was one of the port wine producer's goals. This question is to understand if this firm is also working according to this idea.</p>
<p><u>Question 6 – Application to COMPETE</u></p>	<ul style="list-style-type: none"> · Let us talk about the application to the funds of QREN (COMPETE) <ul style="list-style-type: none"> · How did you know about this program? · What arguments did you use so the project was considered innovative and entrepreneurial? · Was it an easy process? · How is the process going? 	<p>This topic shows the importance of the funded programs to innovative projects such as the EPC.</p>
<p><u>Question 7 – Partnerships and network</u></p>	<ul style="list-style-type: none"> · What are your main partnerships? · So far, how the partnerships have been important to the growth of the EPC? 	<p>The importance of networks in the creation of a sustainable wine tourism product is approached by Hall et al. (2000).</p>
<p><u>EXTRA</u></p>	<ul style="list-style-type: none"> · Between all the producers of port wine, personally do you feel there's competition between the cellars and the EPC? 	<p>The importance of the brand identity of the region, and consequently the cooperation between brands is described as important by Bruwer (2003).</p>

Annex 4. Script of the Interview

Question 1 – Creation of the Espaço Porto Cruz

- a. Which is the main goal related with the creation of this Centre?
- b. How was identified the need to have in Cais de Gaia a different attraction like this one?
- c. Which is your target?

Question 2 – Differentiation to other port wine attractions

- a. What differentiates the EPC from other wine attractions located in the Cais de Gaia or the Douro Region?
- b. Through the contact with tourists, many refers the traditional aspect of the wine cellars. How do you expect to overcome that idea and make the tourists visit and accept this modern centre?

Question 3 – Innovation in the sector

- a. How is the EPC an innovation? Why?
- b. Due to the traditional and territorial aspect of the port wine, was there any restrictions concerning the opening of the EPC?
- c. About your new product – Pink – how does it helps you to get closer to your client?

Question 4 – The Importance of technologies in the EPC

- What were the reasons to bring to the EPC such technologies like the interactive tables, totems and so on?

Question 5 – Increasing the Value of port wine

- In one of your competitor's presentations, it was said that the current goal of all port wine companies is to increase the value of port wine. How do you expect to achieve that with the EPC?

Question 6 – Application to COMPETE

- Let us talk about the application to the funds of QREN (COMPETE)

- How did you know about this program?
- What arguments did you use so the project was considered innovative and entrepreneurial?
- Was it an easy process?
- How is the process going?

Question 7 – Partnerships and network

- a. What are your main partnerships?
- b. So far, how the partnerships have been important to the growth of the EPC?

Annex 5. Survey structure

Table 14: Survey Structure

Topic	Variables	Comments and Goals
Group 1 – Demographic Information		
Visitor's Profile	Age Gender Nationality Profession Monthly Income	This demographic analysis allows the establishment of the profile of the EPC's visitors. During the analysis of the surveys one of the questions to answer is: "Does different profiles means different behaviour towards the innovative product of the EPC?"
Group 2 – Port Wine Data (Before the visit)		
Consumption of port wine	Never; Rarely; Occasionally; Frequently.	Important data to understand the previews relationship with the product of port wine and get some conclusions relating: <ul style="list-style-type: none"> - Tourists profile and the frequency of drinking port wine; - Past experience on traditional wine cellars and perception of the innovation in the product of the EPC; - Previews concepts of port wine and change of opinion after the visit to the EPC; - Previews consumption of port wine and changes of consumption after the visit.
Knowledge about the History and various types of port wine.	Nothing; Very little; Something; Knowledgeable.	
Previews conceptions on port wine.	<i>(Open Question)</i>	
Visit to traditional wine cellars	Yes; No;	
Beginning of the experience on port wine	Espaço Porto Cruz; Wine Festivals; Visits to Cellars; Socializing with family and friends; Visit to the Douro Demarcated Region; Family Business; OTHER: Which?	
Group 3 – Espaço Porto Cruz		
Frequency of the visit	Never; Rarely; Occasionally; Frequently.	Chapter 3 is focussed on the Centre, to understand the frequency and the reason of the visits, to classify visitor's experience and to know what the tourist found different in the centre when compared with other wine tourism attractions. Also, as the technology is an important asset to the Centre, it was important to see if the technology
Reasons to visit (3 options available)	Previous interest in wines; Through the tourist packs with on boats or bus; Curiosity about the Terrace Lounge 360° Recommendation from Family and Friends; Recommendation from the Tourism Office; Heard on the Media;	

	Architecture of the building; Art Exhibitions; Restaurant DeCastroGaia; Events (Which?) _____; OTHER: Which? _____	<p>was accessible and understandable to everyone and how far it is important to the visitor's experience. This chapter will also analyse the impact of the partnerships in the amount of visits that the EPC has.</p>
Important EPC's assets to the visitor's experience.	Wine Tastings; Interactive Tables; Videos about the history of port wine and Douro Region; Terrace Lounge 360° °; Bar Service at the Terrace Lounge 360° °; Client Service; Architecture; Art Exhibitions; Restaurant DeCastroGaia; Events OTHER: Which?	
EPC's Experience Rating	[1-10]	
Diferent aspects of the EPC comparing with other wine attractions.	Guided Wine Tastings; Interactive Tables and Totems; Videos about the history of port wine and Douro Region; Terrace Lounge 360° °; Variety of port wines; Official Tasting Room; Client Service; Architecture; Art Exhibitions; Restaurant DeCastroGaia; OTHER: Which?	
Technologies: (Likert scale)	It was easy to understand how the videos work (on the 1st and 2nd floor); Was it possible to understand the history of the port wine and Douro Region from these videos?; It was easier and more interesting to learn the history of port wine through the videos; Were the Totems well positioned?; The Totems provided useful information about the Centre; Were the interactive tables well positioned?; Through the interactive tables, was it possible to know the characteristics of each port wine, the EPC and also to know which port wine is more suited to me?; The technology is crucial in making this an interesting centre; Through the technology, was it possible to feel more involved and attracted to this place?	

Group 4 – Impact of Espaço Porto Cruz		
Impact of the EPC visit in the visitor's port wine experience	<p>Increased my knowledge of port wine;</p> <p>Is an innovative space that shows port wine in a different way;</p> <p>Is so modern and interactive that it has made this experience of knowing the port wine even more interesting;</p> <p>Does not need the traditional aspect of the cellars to be attractive and interesting;</p> <p>Has changed the conventional idea that I had before about port wine;</p> <p>Today I appreciate the port wine more;</p> <p>Shows new ways/ methods in which you can enjoy a Port;</p> <p>Is a very important complement to the traditional port wine Cellars;</p> <p>Compared to the cellars, the Espaço Porto Cruz is an unnecessary space to promote port wine;</p> <p>The tastings allowed me to understand better the port wine.</p>	<p>The last chapter is related with the impact of the Espaço Porto Cruz in the tourist's knowledge, interest and consuming habits of port wine.</p> <p>Take particular attention to the impact of the EPC in the younger segment.</p> <p>A free space commentary is also present in these group, to allow visitors to suggest changes or ideas related with the improvement of the EPC's experience.</p>
Future relation with port wine and the EPC	<p>Revisit the EPC;</p> <p>Recommend the EPC to family and friends;</p> <p>Continuing on consuming port wine.</p>	
Comments or Suggestions	<i>(Open Question)</i>	

Annex 6. Questionnaire

The aim of this questionnaire is to evaluate the impact of Espaço *Porto Cruz* (*EPC*) to de-mystify the conventional ideas of port wine. The data will be used only for academic purposes, and the confidentiality of your information is guaranteed. We value your answers to all the questions.

Please, select your choice to the questions below, by placing an X in the appropriate box.

Group 1 – Demographic information

Age: _____

Gender: Masculine Feminine

Nationality: _____

Profession: _____

Monthly Income: (Choose an option)

- | | | |
|------------------------------------------|----------------------------------------|----------------------------------------|
| <input type="checkbox"/> [No income] | <input type="checkbox"/> [< €500] | <input type="checkbox"/> [€500-€1000] |
| <input type="checkbox"/> [€1000 - €1500] | <input type="checkbox"/> [€ 1500-2000] | <input type="checkbox"/> [€2000-€2500] |
| <input type="checkbox"/> [€2500 - €3000] | <input type="checkbox"/> [€ 3000-3500] | <input type="checkbox"/> [> €3500] |

Group 2 – Port wine Data (Before the visit)

1. Were you a port wine Consumer? (Choose an option)

<input type="checkbox"/> Never	<input type="checkbox"/> Rarely	<input type="checkbox"/> Occasionally	<input type="checkbox"/> Frequently
--------------------------------	---------------------------------	---------------------------------------	-------------------------------------

2. Do you know the history of port wine? (Choose an option)

<input type="checkbox"/> Nothing	<input type="checkbox"/> Very little	<input type="checkbox"/> Something	<input type="checkbox"/> Knowledgeable
----------------------------------	--------------------------------------	------------------------------------	----------------------------------------

3. What were your conceptions about port wine:

4. Do you know the various types of port wine? (Choose an option)

<input type="checkbox"/> Nothing	<input type="checkbox"/> Very little	<input type="checkbox"/> Something	<input type="checkbox"/> Knowledgeable
----------------------------------	--------------------------------------	------------------------------------	----------------------------------------

5. Have you visited any traditional port wine Cellar? (Choose an option)
 YES NO
6. Where did you first experience port wine? (Choose an option)
- | | |
|--------------------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Espaço Porto Cruz | <input type="checkbox"/> Visit to the Douro Demarcated Region |
| <input type="checkbox"/> Wine Festivals | <input type="checkbox"/> Family Business |
| <input type="checkbox"/> Visits to Cellars | <input type="checkbox"/> OTHER: Which? _____ |
| <input type="checkbox"/> Socializing with family and friends | |

Group 3 - Espaço Porto Cruz

7. How many times did you visit Espaço Porto Cruz? (Choose an option)
 Never Rarely Regular I live there!
8. Reasons for visit: (Choose 3 options)
- | | |
|--------------------------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Previous interest in wines | <input type="checkbox"/> Architecture of the building |
| <input type="checkbox"/> Through the tourist packs with on boats or bus; | <input type="checkbox"/> Art Exhibitions |
| <input type="checkbox"/> Curiosity about the Terrace Lounge 360° ° | <input type="checkbox"/> Restaurant DeCastroGaia |
| <input type="checkbox"/> Recommendation from Family and Friends | <input type="checkbox"/> Events (Which?) _____ |
| <input type="checkbox"/> Recommendation from the Tourism Office | <input type="checkbox"/> OTHER: Which? _____ |
| <input type="checkbox"/> Heard on the Media | |
9. What do you enjoy the most in this Centre? (Choose up to 3 options):
- | | |
|---------------------------------------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Wine Tastings | <input type="checkbox"/> Client Service |
| <input type="checkbox"/> Interactive Tables | <input type="checkbox"/> Architecture |
| <input type="checkbox"/> Videos about the history of port wine and Douro Region | <input type="checkbox"/> Art Exhibitions |
| <input type="checkbox"/> Terrace Lounge 360° ° | <input type="checkbox"/> Restaurant DeCastroGaia |
| <input type="checkbox"/> Bar Service at the Terrace Lounge 360° ° | <input type="checkbox"/> Events (Which?) _____ |
| | <input type="checkbox"/> OTHER: Which? _____ |
10. Rate your experience at the EPC (from 1 - low) to 10 (very good): _____
11. What aspects have you found in EPC that made it different from some other attractions related to port wine, located in the Cais de Gaia (Example Cellars)? (Tick all applicable options)
- | | |
|---------------------------------------------------------------------------------|------------------------------------------------|
| <input type="checkbox"/> Guided Wine Tastings | <input type="checkbox"/> Official Tasting Room |
| <input type="checkbox"/> Interactive Tables and Totems | <input type="checkbox"/> Client Service |
| <input type="checkbox"/> Videos about the history of port wine and Douro Region | <input type="checkbox"/> Architecture |
| | <input type="checkbox"/> Art Exhibitions |

- Terrace Lounge 360°
- Variety of port wines

- Restaurant DeCastroGaia
- OTHER: Which? _____

12. Technology:

(Please tick the most applicable: 1 completely disagree.....5 completely agree)

	1	2	3	4	5
It was easy to understand how the videos work (on the 1 st and 2 nd floor).					
Was it possible to understand the history of the port wine and Douro Region from these videos?					
It was easier and more interesting to learn the history of port wine through the videos.					
Were the Totems well positioned?					
The Totems provided useful information about the Centre.					
Were the interactive tables well positioned?					
Through the interactive tables, was it possible to know the characteristics of each port wine, the EPC and also to know which port wine is more suited to me?					
The technology is crucial in making this an interesting centre.					
Through the technology, was it possible to feel more involved and attracted to this place?					

Group 4 – Impact of the Espaço Porto Cruz

13. The Espaço Porto Cruz...:

(Please tick the most applicable: 1 completely disagree.....5 completely agree)

	1	2	3	4	5
Increased my knowledge of port wine.					
Is an innovative space that shows port wine in a different way.					
Is so modern and interactive that it has made this experience of knowing the port wine even more interesting.					
Does not need the traditional aspect of the cellars to be attractive and interesting.					
Has changed the conventional idea that I had before about port wine.					
Today I appreciate the port wine more.					
Shows new ways/ methods in which you can enjoy a Port.					
Is a very important complement to the traditional port wine Cellars.					

Compared to the cellars, the Espaço Porto Cruz is an unnecessary space to promote port wine.					
The tastings allowed me to understand better the port wine.					

14. Will you revisit the Espaço Porto Cruz?

YES NO

15. Will you recommend the EPC to family and friends?

YES NO

16. Will you continue to consume port wine?

YES NO

Leave here a comment or a suggestion about the Espaço Porto Cruz:

We appreciate your collaboration!

Annex 7. Surveys Results

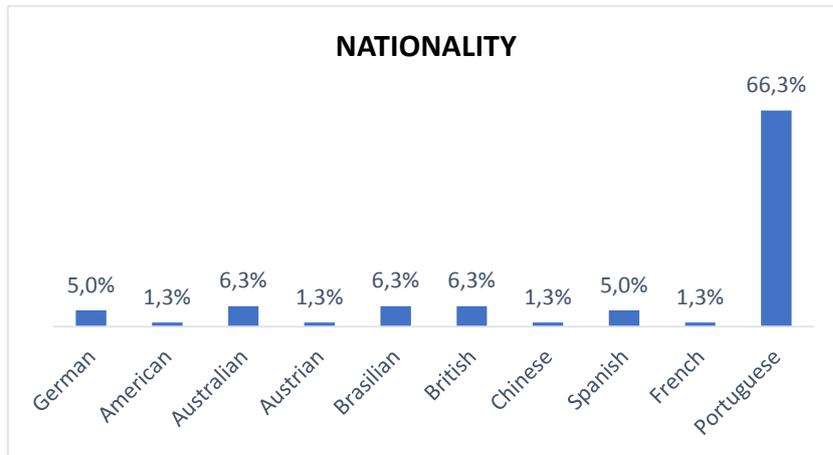


Figure 19: Nationality of the respondents

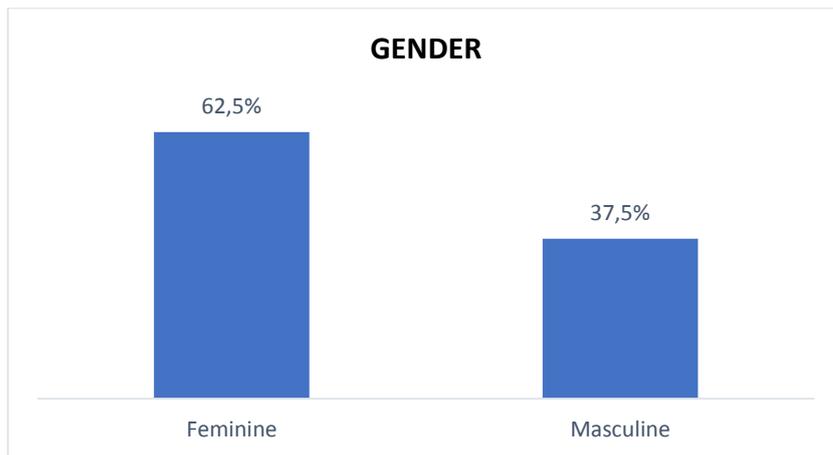


Figure 20: Gender of the respondents

Table 15: Quantification, Media and Mode of the age of the respondents

Age	[19-63]
Media	35,6
Mode	25

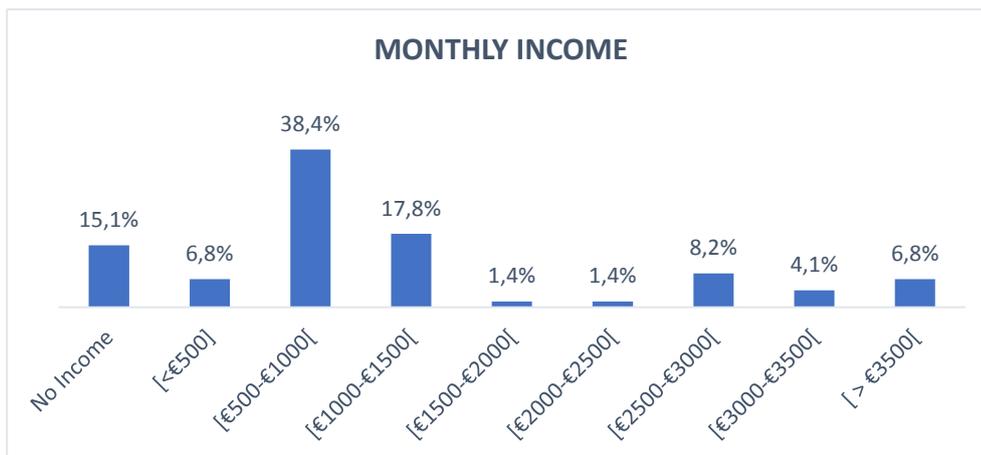


Figure 21: Monthly Income of the respondents

Table 16: Age and Nationality of the visitors that have never taste port wine before

Population that have never tasted port wine		
Age	Nationality	%
23	German	20%
24		
62	Australian	10%
23	Austrian	10%
63	British	20%
54		
19	French	10%
22	Portuguese	30%
27		
22		

Table 17: Population who considers themselves knowledgeable on the history and types of port wine

Age	Gender	Nationality	Profession
24	Female	Portuguese	Marketing
25	Female	Portuguese	Marketing
26	Male	Portuguese	-
34	Female	Portuguese	Wine expert
36	Male	Portuguese	Chef
38	Male	Portuguese	Bartender
40	Female	Portuguese	Work at a museum
42	Female	Portuguese	-
44	Female	Portuguese	Teacher
51	Female	Brazilian	Designer/Teacher
53	Male	Portuguese	Chef
62	Male	British	Wine Consulter
Media of Ages	39,58		
% Portuguese	83,3%		

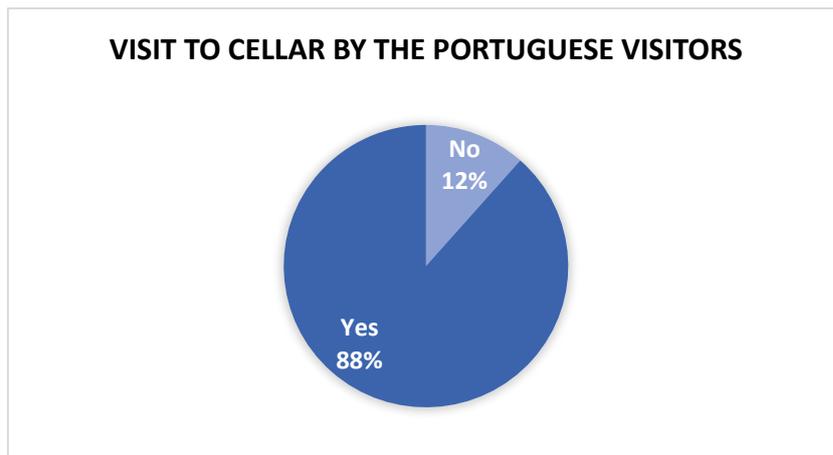


Figure 22: Visit to wine cellars by the Portuguese visitors

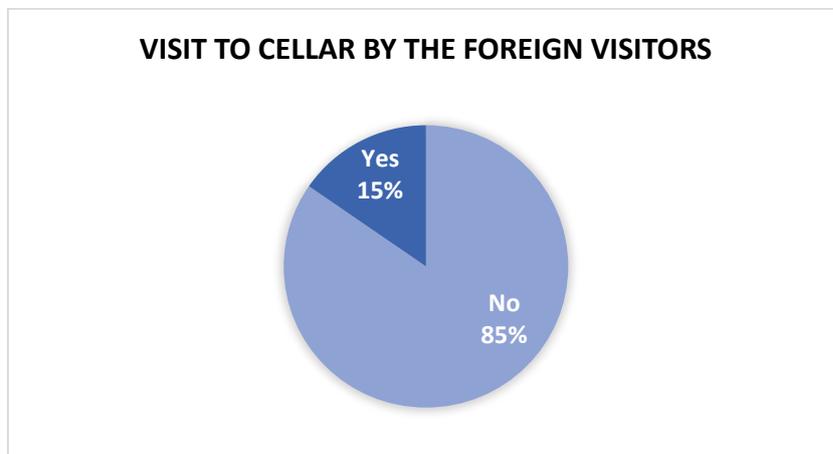


Figure 23: Visit to cellars by the foreign visitors

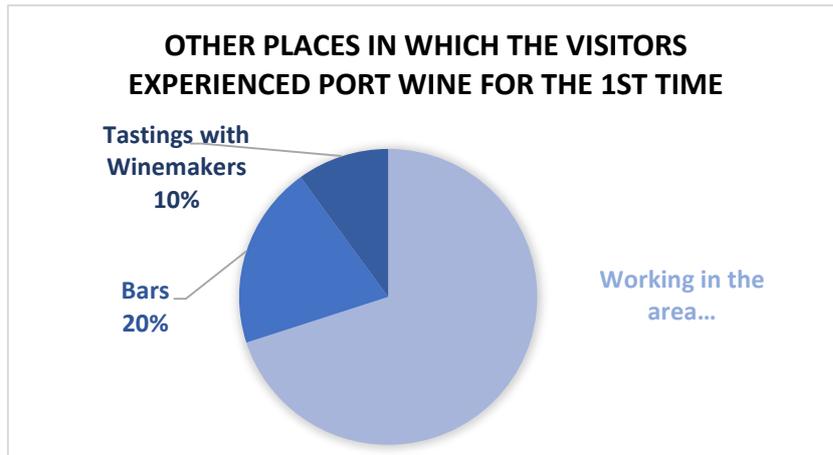


Figure 24: Identification of the other places/context in which the population that chose "Others", first tried port wine

Table 18: Age and nationality of the population that experienced port wine for the first time at the EPC

Age	Nationality
47	Brazilian
50	
51	
57	
54	British
63	
19	French
24	German
22	Portuguese
23	
24	
27	
39	
39	Spanish
26	
% Portuguese:	16,7%

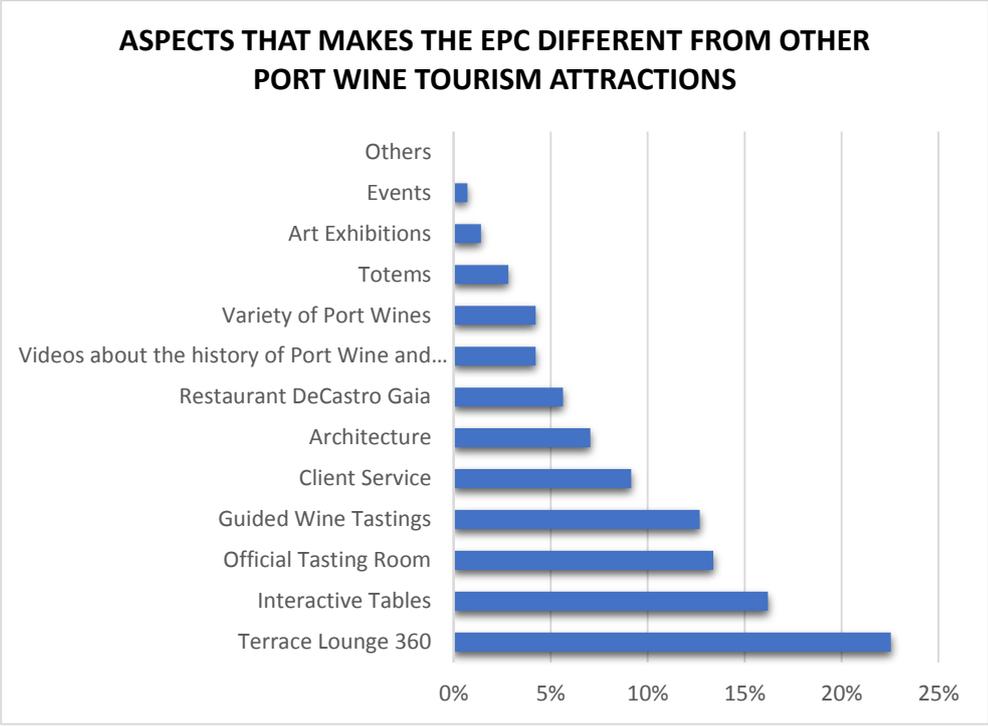


Figure 25: Aspects that makes the EPC different from other port wine tourism attractions.

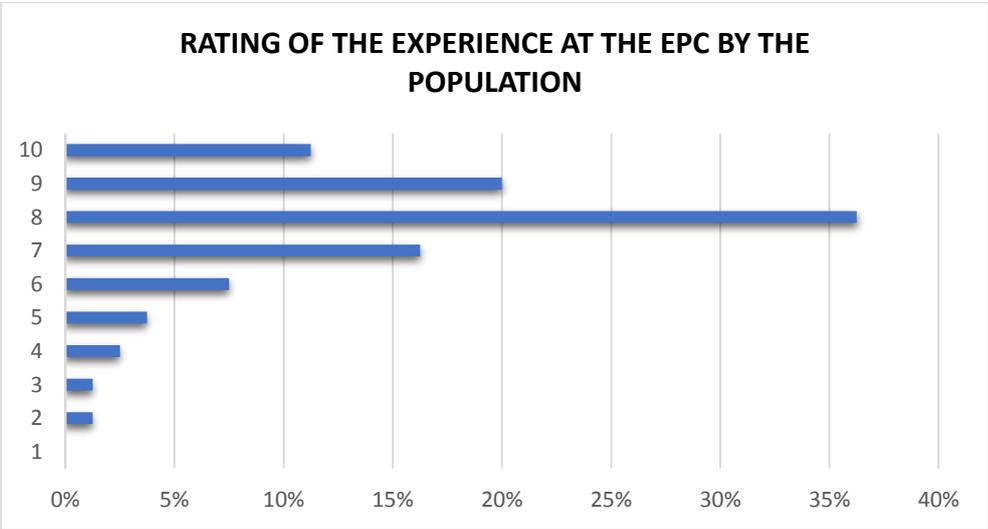


Figure 26: Rating of the Experience at the EPC by the population inquired

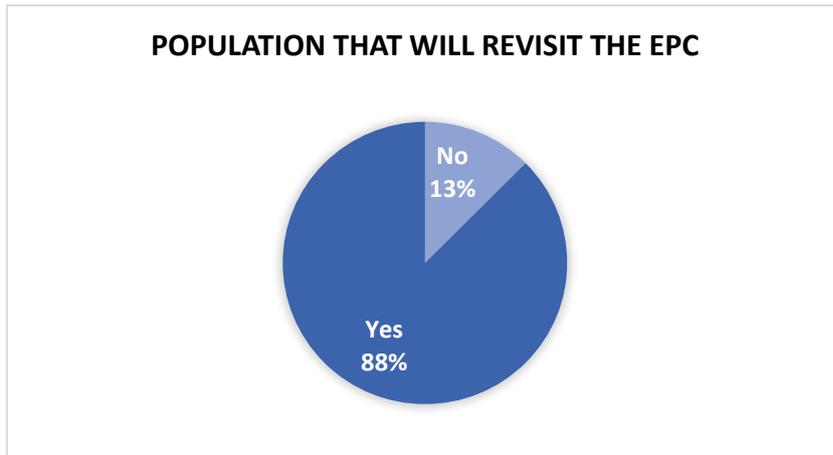


Figure 27: Percentage of population that will revisit the EPC

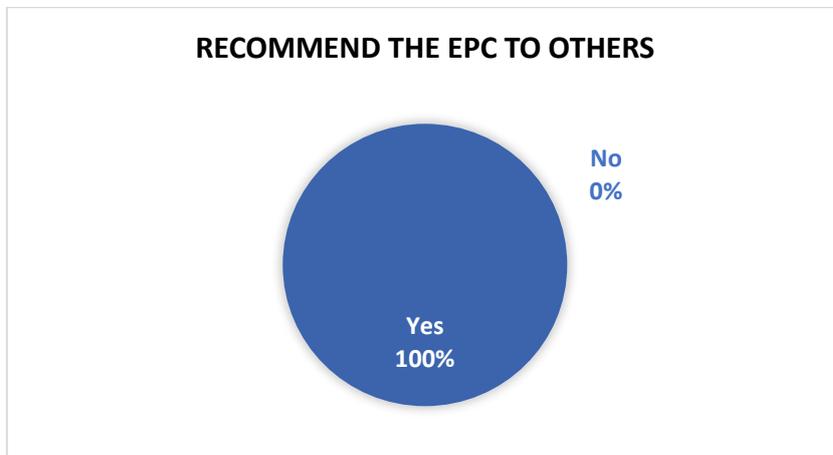


Figure 28: Percentage of population that will recommend the EPC to family and friends

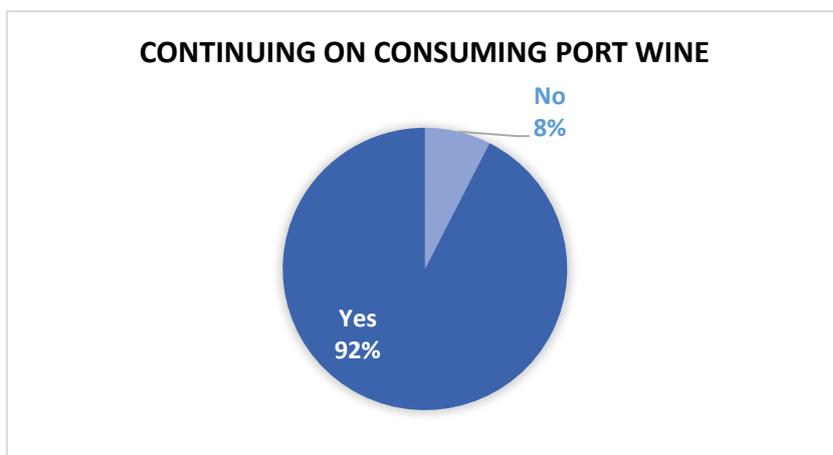


Figure 29: Percentage of the population that will continuing to consume port wine

Annex 8. Transcription of the Interviews

Transcript of the Interview to Dra. Ana Bolina – Director of the Espaço Porto Cruz

Question 1 – Creation of the Espaço Porto Cruz

d. Which is the main goal related with the creation of this Centre?

The Espaço Porto Cruz emerged from the need of the brand to be closer to the public. We have our cellars and we also sell Porto Cruz on supermarkets, but with this project in the Cais de Gaia we are closer to the visitors/tourists.

This way, we bought a building next to the old C. da Silva shop⁶, a building from 1881, to create a new spot and build a new relationship with our clients. However, it did not make sense to open a traditional cellar because we already have a cellar in the centre of the city. So we decided to create a concept that could combine contemporaneity, port wine, experience, culture, gastronomy, coming out with a multimedia centre, in which the main concept was “Experiencing port wine”. So the first goal was to change the relationship between the public and the experience of port wine, associated then to a multimedia centre, trying to incorporate the most recent novelties we had about port wine back in 2012.

e. How was identified the need to have in Cais de Gaia a different attraction like this one?

This idea came out naturally as the cellar product was already too much explored and as this building didn't have the structure to become one. And as a multimedia centre did not exist until now, it was definitely a differentiation factor.

We kept the original structure of the building, creating an interior structure representing the clothes of the women in black – our image brand.

f. Which is your target?

Initially, when the business started, we wanted to attract everyone, we wanted to be recognized. So, in the first 3 years, we wanted to increase the level of awareness. Nowadays we work in two ways: a massive strategy linked with our boats and bus partnerships and also with schools, which brings us a big amount of clients; and then we

⁶ C. da Silva is one of the brands that was acquired by Gran Cruz Porto

have the restaurant, the terrace and the resident visitors which allows to balance the typical seasonality of the tourism industry.

Then we also have a business tourism group from tourism agencies. The thing here is that we have a specific hour of the day, to a specific type of public.

Question 2 – Differentiation to other port wine attractions

c. What differentiates the EPC from other wine attractions located in the Cais de Gaia or the Douro Region?

It is very complex to compare with the ones in Douro because Douro has its own characteristics, its own expression. However a multimedia centre, as far as I know, until today was not linked to a subject/product like port wine. To teach our clients on how port wine must be consumed we say: “drink port wine whenever you want and not only on Christmas, or festive occasions”. That is the core idea of this project also translated in the art exhibitions, or in the restaurant, or the programming of the Terrace Lounge, or even in the way the team staff behaves/serves de client.

d. Through the contact with tourists, many refers the traditional aspect of the wine cellars. How do you expect to overcome that idea and make the tourists visit and accept this modern centre?

For me you have to think exactly the opposite. You have to say to them: “Cellars? Cellars do exist, but the future are not cellars, we are a multimedia centre. Imagine if you travel to the future and someone shows you the past through videos and experiences?”. So the thing is not to show disappointment because it is a multimedia centre, but to show that it is a great and positive thing to be such an innovative centre.

Question 3 – Innovation in the sector

d. How is the EPC an innovation? Why?

The truth is that we won a Best of Innovation prize. For me, the innovation is in the way we deal with a subject: in the interactive tables; in all the back office work that exists in the MyPortoCruz project, in which, through the 5 senses you get the port wine that suits people the best; the tasting room; social networks and mailing list, etc... And also through the way we plan the activities: the port wine is very associated with Fado,

but was not connected with art exhibitions. So in the Douro room artists can expose exhibitions related only with Douro or with Port.

e. Due to the traditional and territorial aspect of the port wine, was there any restrictions concerning the opening of the EPC?

No! Quite the opposite! We do have a lot of support to develop different projects to promote port wine. Besides this project was very supported by the QREN.

f. About your new product – Pink – how does it helps you to get closer to your client?

The pink is one the top-selling Ports at our shop. The pink allowed us to be more versatile when it comes to moments of consuming port wine. On purpose, we have at the terrace, cocktails mixing port wine pink/white with other drinks or ingredients, so people may enjoy port wine in a different way.

Question 4 – The Importance of technologies in the EPC

- **What were the reasons to bring to the EPC such technologies like the interactive tables, totems and so on?**

The reason to have technologies at the EPC is to increase the involvement of the tourists and therefore improve their experience at the centre. The videos presented at the shop are a complement of the commented wine tastings that are done there, giving more information about the wines, the brand, the gastronomy, arts and fashion associated with our brand and with port wine.

Question 5 – Increasing the Value of port wine

- **In one of your competitor’s presentations, it was said that the current goal of all port wine companies is to increase the value of port wine. How do you expect to achieve that with the EPC?**

Yes, that is the goal that everyone that works in the area has. Here at the terrace we want people to give more credit to port wine, creating new ways to drink it teaching visitors to enjoy this beverage even more. To help achieving that, at the Terrace Lounge we have the Gin project with port wine and cocktails of port wine instead of beer.

Question 6 – Application to COMPETE

- **Let us talk about the application to the funds of QREN (COMPETE)**
 - **How did you know about this program?**
 - **What arguments did you use so the project was considered innovative and entrepreneurial?**
 - **Was it an easy process?**
 - **How is the process going?**

(The director is not very much aware of the process) It was a complicated process of 3 years

Question 7 – Partnerships and network

c. What are your main partnerships?

Boats and Agencies

d. So far, how the partnerships have been important to the growth of the EPC?

In the case of the boat's partnerships they contributed to the increase of 40% of our sells.

Transcript of the Interview to Eng. Jorge Dias – CEO of Gran Cruz Porto

Question 1 – Creation of the Espaço Porto Cruz

a. Which is the main goal related with the creation of this Centre?

We did not have any spot at Cais the Gaia that represented the brand. We could opened our cellars, in the centre of the city, to the public, although its location is not the best; or we could bought a building at the Cais de Gaia and transformed it in a wine cellar, which did not make sense to us (this wine attraction is already too much explored and with very strong historical facts, so if we decided to create something new, it would sound a little fake); So we wanted something completely new, a spot to celebrate port wine, but more focused on a younger segment, and something to complement the port wine attractions already existent.. We wanted something to celebrate everything related to port wine and the Portuguese culture in a lighter and funny way – multimedia – without losing the intellectual facts associated with it.

- b. How was identifies the need to have in Cais de Gaia a different attraction like this one? How the idea appeared?**

(Did not answer)

- c. Which is your target?**

We run the risk to lose an entire generation of port wine consumers, if we do not attract the youngest to port wine. Probably my generation had contact with this beverage through their parents. However this future generation has no contact at all. So we had to try to catch their attention, specifically with simpler drinks, less formal and with a taste that could easily be attractive to them.

Question 2 – Differentiation to the other port wine attractions

- a. What differentiates the EPC from other wine attractions located in the Cais de Gaia or the Douro Region?**

First, because our offer is more complex, than just the port. The EPC offers a variety of experiences, particularly related to the Portuguese culture. And around Douro and port wine, the EPC has a lot of complex experiences that goes from very well segmented, short and concise videos about Douro and port wine, therefore easier to pay attention. It is not worth it to have in a single video lots of history because tourists may not have the patience to listen to it – and as far as I know the port wine history is quite something.

Moments that are also translated in experiences at the terrace or at the restaurant with harmonisations with port wine or with the Portuguese gastronomy.

- b. Through the contact with tourists, many refers the traditional aspect of the wine cellars. How do you expect to overcome that idea and make the tourists visit and accept this modern centre?**

(Did not answer)

Question 3 – Innovation in the sector

- a. How is the EPC an innovation? Why?**

It is an innovation in several aspects. It shows port wine in a different way: interactive tables – where people can find out about our range of products and also which port wine is best for you through your sensorial preferences; it shows different aspects of

the Portuguese culture – art exhibitions, fashion, sculpture, photography, painting and so on; And the exhibitions in the Douro Room, where we have 3 videos well defined - geography, seasons of the year and history - very well segmented and short about Douro and Port.

b. Due to the traditional and territorial aspect of the port wine, was there any restrictions concerning the opening of the EPC?

No, we did not. The Municipality of VNGaia, understood the project very well and always supported us. I confess what we still continue to feel some resistance to the entrance. It looks like the building generates fear/resistance. However, I believe that once they are in, people are surprised by the interior architecture that is related with our brand – woman in black. So as long as people fight that resistance....

c. About your new product – Pink – how does it helps you to get closer to your client?

The Pink Port was specifically designed for it. It is a product to reach younger people. And then, because it is a very flexible product that is easy to mix with other beverages to do cocktails or long drinks. That effort we did, to promote ourselves especially with the younger segment, is being rewarded as, in the category of port wine rosés, we represent over 70% of the total of the category.

Question 4 – The Importance of technologies in the EPC

- **What were the reasons to bring to the EPC such technologies like the interactive tables, totems and so on?**

The will to do something different and because the youngest are more connected with technology. We wanted to take advantage of those technologies and through them show Douro and port wine.

Question 5 – Increasing the Value of port wine

- **In one of your competitor’s presentations, it was said that the current goal of all port wine companies is to increase the value of port wine. How do you expect to achieve that with the EPC?**

I recognize that it is necessary to increase the value of the port wine, but you cannot forget the volume. Douro lives thanks to volume factor. The producers and winemakers would barely survive if the companies thought exclusively about value.

We usually propose harmonisations in which we offer special wines to taste. We try to naturally communicate those kind of wines, which are obviously more expensive.

Question 6 – Application to COMPETE

Let us talk about the application to the funds of QREN (COMPETE)

- **How did you know about this program?**
- **What arguments did you use so the project was considered innovative and entrepreneurial?**
- **Was it an easy process?**
- **How is the process going?**

It was a very simple process. Rapidly we saw that our project fitted these programs. The arguments were the ones that I referred before. Our original idea was related with the innovative presentation of port wine together with the presentation of the Portuguese culture. And so, with the help of a very professional company, I do not think it was hard, for the program, to accept us.

So far, we have not had any problem. By the end of the 3rd year, an evaluation will take place and, of course, not all the goals were achieved, as the economic activity in Portugal suffered so much, and the touristic companies were much harmed. But naturally they are conscious about that and they will take that into consideration when assessing the performance of the firm.

Question 7 – Partnerships and network

a. What are your main partnerships?

(Did not answer)

b. So far, how the partnerships have been important to the growth of the EPC

Today it is very hard to compete alone in the business world. It is very hard to attract people that comes from everywhere so, without naming every partnership we have, we try to work as a complement to the already existent touristic offer. And that is what tourists are looking for. We have very good equipment interpretation of the Douro and

port wine; partnerships with hotels, river cruises and other ways that tourists use to go around the city; institutional entities, like the municipalities of Porto and V. N. Gaia, in which we try to have our events actively promoted; as well as the ones responsible for the tourist activities like “Porto e Norte” and “Porto Convention Bureau”.

These are some examples of partnerships we have, counting also with wine cellars, from others companies, who helps us promote our product and be part of a richer experience.

EXTRA: Between all the producers of port wine, personally, do you feel there’s competition between cellars and the EPC?

I do not know how to answer that. Probably yes, because we all compete for the same tourists, but I believe that we are complement offers – when people go to wine cellars they do not see the barrels or the big vats, and so on. So that is why I say that above all this we are a complement and if we all work on that, this will certainly be a winner strategy for all of us.