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## EVOLUTION OF THE BRAZILIAN CONSUMER MARKET FOR ALCOHOLIC BEVERAGES IN THE XXI CENTURY

↙ *Evolución del mercado de consumo  
de bebidas alcohólicas en Brasil en el siglo XXI*

*Evolução do mercado de consumo  
de bebidas alcoólicas no Brasil no século XX*

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## ABSTRACT

This paper aims to analyze the consumption of alcoholic beverages in Brazil regarding the wine and beer sectors and, more specifically, fine wines and special beers as high-value-added production. It is assumed that the increase in wealth stimulates the desire for a greater variety of products and that consumption relations are essential in economic development since there is no reason to produce a commodity that will not be consumed. In this sense, to analyze consumption, it is necessary to understand the structure of income distribution, national production and its restructuring in the century, and the new strategies for marketing and selling products. In general terms, it is safe to assume that special beers and fine wines are consumed by classes A, B, and C, with differences in frequency and type of product. Moreover, companies try to meet all income ranges of the consumer market through product differentiation and different distribution channels.

## KEYWORDS

Special beers, fine wines, income distribution, production, trading.

## RESUMEN

Analizamos el consumo de bebidas alcohólicas en Brasil en los sectores de vino y cerveza, más específicamente a los vinos finos y las cervezas especiales, como una producción de alto valor añadido. Para ello, partimos del supuesto de que el aumento de la riqueza estimula el deseo de mayor variedad de productos y de que las relaciones del consumo son fundamentales en el proceso de desarrollo económico, ya que de nada sirve producir un bien si no se consume. En este sentido, para analizar el consumo, fue necesario comprender la estructura de distribución del ingreso, la producción nacional y su reestructuración en siglo XXI, y las nuevas estrategias de comercialización y venta de los productos. En términos generales, se muestra que las cervezas especiales y los vinos finos pueden ser consumidos por las clases A, B y C, con diferencias en la regularidad y en el tipo de producto, y que las empresas buscan atender a todos los grupos de ingresos en el mercado de consumo a través de la diferenciación de productos y de los diferentes canales de distribución.

## PALABRAS CLAVE

Cervezas especiales, vinos finos, distribución del ingreso, producción, comercialización.

## RESUMO

Analizamos o consumo de bebidas alcoólicas no Brasil nos setores de vinho e cerveja, mais especificamente aos vinhos finos e às cervejas especiais, como uma produção de alto valor acrescentado. Para isso, partimos do suposto de que o aumento da riqueza estimula o desejo de maior variedade de produtos e de que as relações do consumo são fundamentais no processo de desenvolvimento econômico, pois que de nada serve produzir um bem se não é consumido. Neste sentido, para analisar o consumo, foi preciso entender a estrutura de distribuição do ingresso, a produção nacional e sua reestruturação no século XXI, e as novas estratégias de comercialização e venda dos produtos. Em termos gerais, amostra-se que as cervejas especiais e os vinhos finos podem ser consumidos pelas classes A, B e C, com diferenças na regularidade e no tipo de produto, e que as empresas procuram atender a todos os grupos de ingressos no mercado de consumo através da diferenciação de produtos e dos diferentes canais de distribuição.

## PALAVRAS-CHAVE

Cervejas especiais, vinhos finos, distribuição do ingresso, produção, comercialização.

## Introduction

This paper's objective is to identify the evolution of the Brazilian consumer market for high value-added wines and beers in the XXI century. Additionally, we aim to identify the new forms of marketing and sales strategies carried out by large and small companies. We intend to examine issues related to income distribution and marketing strategies that drive consumption. These strategies stimulate the existing consumer market and create new demands for new products because the production conditions determine the distribution and consumption conditions. However, these are elements of a totality that interact with each other, and any modification in distribution and consumption can also modify the production process. Therefore, the starting point is the analysis of the society and the general economic changes that affect all productive sectors, the class structure, and the distribution of income among the population. Thus, this paper discusses the Brazilian consumption of high-value alcoholic beverages, specially fine wines and special beers. A period in which there was an increase in average income, causing changes in food and beverage consumption habits.

Brazil is an urban industrial society with high income inequality, but it expanded its middle class and diversified its upper class in the XXI century. Therefore, income distribution becomes an indispensable element to this discussion, as it alters the pattern and structure of demand faster and more directly than consumption habits do. Consumption habits are slowly and gradually established by social and historical changes over countless generations and with great regional diversity. Thus, its transformation is also slow and driven by profound changes in t

The study hypothesis is that Brazil presented changes in its consumption structure during XXI century because of income growth and the incorporation of a significant portion of the population into the consumer market. After two decades of low economic growth and persistent crises, the country experienced a domestic market recovery from 2004 to 2012, occasioned by the expansion of commodity exports, income distribution policies, increased consumption, and increased investments in consumer goods industries. The beverage industry was one of the industries with the most intense growth. On the one hand, the growth potential of the national consumer market was comprised largely of small and medium wage earners. On the other hand, there has been an evident reduction in the number of people with higher incomes — those in the Upper and Upper Middle classes<sup>1</sup>.

With the increase in workers with a formal contract, a low and middle wage class that consumes high-value alcoholic beverages emerges in the Brazilian consumer market, at first, sporadically, while the Upper Class increases their spending on expensive products by replacing those they already consumed and even by immersing themselves in other markets. For example, the fine wine consumer that starts drinking special beers and vice versa (Lim-

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1 According to the Brazilian Institute of Geography and Statistics' (IBGE) classification, the Brazilian population of upper and middle classes are divided into the following classes according to income ranges: Class C is divided in three minor categories: Lower Middle Class, income of up to R\$1,908.00; Middle Class, income from R\$1,908.00 to R\$5,724.00; Upper Middle Class, income from R\$5,824.00 to R\$14,310.00. Class B, income from R\$14,310.00 to R\$23,850.00 and Class A with income superior to R\$23,850.00, according to IBGE's established division.

berger, 2017). There is a greater diversification in the national production of alcoholic beverages, aiming to reach consumers of different income ranges and compete with the large multinational groups. These groups dispute the expanding Brazilian market. In this scenario, new forms of marketing and selling these products arise.

This article is divided into three parts besides the introduction. In the first part, the theoretical framework and methodology are presented. In the second part, the relation between income distribution and consumption is discussed. Finally, in the third part, the recent dynamics in the Brazilian consumer market for alcoholic beverages are discussed.

## Theoretical framework and methodology

The theoretical view of the article is aligned with recent work by geographers such as Dicken (2010); Mackinnon, Kumbers (2019); Clark, Feldman, Gertler (2000); Coe, Kelly, Yeung (2020); Barnes, Peck, Sheppard, Tickell (2004), who link changes in consumption to general transformations in the economy, which generate new divisions of labor, advancing urbanization, and a new arrangement and distribution of income.

Guglielmo (1975), in studies on the geography of consumption, states that as consumption increases, it simultaneously diversifies as a consequence of new necessities created by changes in income distribution and population structure. The specialization of economic activities in each region and its inequalities establish the population's "*standard of living*", which is a determining factor in consumption relations. The author emphasizes that the pressure exerted on the market by producers and traders intensified with the improvement of market research techniques, sales, credit, and the dissemination of advertising. The companies' intention is not only to create new necessities, but to guide toward the purchase of certain types of products considered social position or status symbols. Consumption depends on the advance of the productive forces, the level of employment, and the purchasing power of the population. However, purchasing power varies according to income distribution which determines the different social categories that constitute the structure of each country's consumer market.

The current perspective of diversification of food production is moving in the global direction of stabilizing the consumption of traditional products, increasing protein and high quality differentiated products. In recent decades there has been a greater emphasis on diversification of food production, especially of processed foods. As pointed out by Dicken (2010) this differentiation in consumption is a relevant process in all countries that have reached a significant degree of urbanization and economic development.

Also as theoretical basis, Medeiros (2009) indicates that the Brazilian slow rate of consumption growth, defined by its low elasticity (income from demand for basic and unprocessed foods) added to the pressure exerted by large retail chains, led to the consolidation of product innovation as a strategy for increasing sales and creating new market niches. Understanding the relation between product diversification and food demand is necessary because innovation has become a driver of change in food demand patterns and in the dynamics of the agri-food sector's companies.

We start from the assumption that consumption increases and diversifies as the population's

living standard improves. This improvement creates new demands for goods and services with different aspects from the existing ones. The evolution of commodity production in modern society creates new and more dynamic methods of marketing, and it increases product diversification as a strategy for expansion.

In the current stage of capital development, large companies are the main agents of production, and they monopolize the distribution and sales networks. Food manufacturing companies sell their products through large retail businesses, which consist of large supermarket chains and demand mainly mass-produced products (Chandler, 2000). According to the author, in many cases where companies do not achieve substantial advantages in economies of scale or scope, retail networks coordinate the flow of goods from the producer to the consumer, controlling the production and distribution of goods.

The methodology used in the article is exploratory, with interviews in companies of the sector, bibliographic, documental, and statistical surveys. The descriptive statistics used sources such as Brazilian Institute of Geography and Statistics (IBGE) in the following databases: Household Budget Survey (POF), Annual Industrial Survey (PIA Produto); National Continuous Household Sample Survey (PNAD Contínua) and National Household Sample Survey (PNAD). The field researches were conducted in 2019 and 2020 at the following institutions and companies: International Wine Fair (Wine South America), Vinícola Miolo, in Bento Gonçalves, Rio Grande do Sul; Agricultural Research and Rural Extension Company of Santa Catarina (Epagri), in Videira, Santa Catarina, and National Beer Festival, in Blumenau, Santa Catarina.

## **The evolution in income distribution and the aggregation of value to the product**

According to data from the IBGE-PNAD Contínua (2012 to 2019), work composes 73.8% of the average monthly income of families, followed by retirement and pension, which account for about 20%. The economically active population consisted of 106 million in 2019, of which 12.575 million were unemployed.

Table 1 demonstrates an evolution of the Brazilian employed population's income according to the minimum wage distribution in 2001 and an increase in the number of people in 2015. The growth in the number of people in class C is evident, contrary to what occurs in the social strata referring to classes A and B. About 42,000 million people entered the lower middle class in that period, 6,514 million entered the middle class, and 343,000 entered the upper middle class.

**Table 1.** Distribution of the economically active Brazilian population according to the average monthly income of people aged 10 years and over (in millions of people)

*Tabla 1. Distribución de la población económicamente activa en Brasil según ingreso promedio mensual de personas mayores de 10 años (millones de personas)*

| Distribution of salaries | 2001   | 2015   | Growth  | Income class       | % in 2015 |
|--------------------------|--------|--------|---------|--------------------|-----------|
| 1/2 to 2 minimum wages   | 33,637 | 74,616 | 121%    | Lower Middle Class | 60.60     |
| 2 to 5 minimum wages     | 19,399 | 25,913 | 33%     | Middle Class       | 20.90     |
| 5 to 10 minimum wages    | 6,614  | 6,957  | 5.1%    | Upper Middle Class | 5.6       |
| 10 to 20 minimum wages   | 3,030  | 2,407  | (-) 20% | B                  | 1.9       |
| More than 20             | 1,385  | 708    | (-) 40% | A                  | 0.5       |

Source: IBGE/Sidra, National Household Sample Survey (PNAD), years 2001 to 2015. Fuente: IBGE/Sidra, Encuesta Nacional por Muestra de Domicilios (PNAD), años 2001 a 2015.

As per a synthesis of POF data (2003, 2008, and 2018), the alcoholic beverage consumption at home demonstrates a greater growth compared to the consumption out of home. Although the growth in out-of-home beer and wine sales is notable — through new locations for consumption such as bars and restaurants — most consumption occurs at home through retail purchases and specialty stores. About 90% of special beers’ consumption occurs at home, while about 40% of fine wine consumption occurs out of home, in establishments that also require spending on food.

It is possible to verify that the spending on beer and wine is higher as the family’s monthly income increases. This indicates that alcoholic beverages have a high income-elasticity of demand, i.e., consumption increases as the population’s income classes advance. Income elasticity of demand is a concept that relates the capacity of demand growth for a given product according to different income ranges. A product with low income-elasticity of demand means that the lower income ranges consume more, and as income ranges advance (as family income changes), consumption declines, as is the case with popular food products such as rice and beans. A high income-elasticity of demand means that the product finds increasing demand as the income ranges advance, in which more sophisticated, or rare, higher priced products are found (Medeiros, 2010).

The middle and lower middle classes spend less on alcoholic beverages compared to the upper middle class. The upper middle class roughly reaches class B in the consumption of beer and draft beer at home and surpasses class B in the consumption of beer, draft beer, and other alcoholic beverages consumed out of home. This demonstrates the potential for consumption of this class.

**Table 2.** Average monthly expenditure of families (R\$) by income class in 2018

*Tabla 2. Gasto medio mensual de las familias (R\$) por clase de renta en 2018*

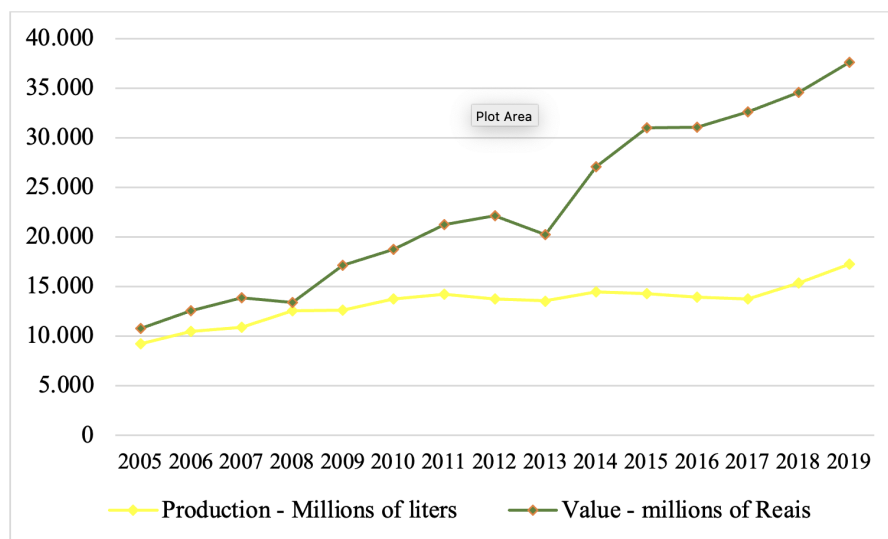
| At home   | MC - Lower | Middle Class | MC - Upper | B     | A     | Total Average |
|---|------------|--------------|------------|-------|-------|---------------|
| Beers and draft beers                             | 2.53       | 7.15         | 20.1       | 23.72 | 39.65 | 10.04         |
| Other alcoholic beverages                         | 0.83       | 1.8          | 7.8        | 20.78 | 20.73 | 3.74          |
| Out of home                                       | MC - Lower | Middle Class | MC - Upper | B     | A     | Total Average |
| Beers, draft beers, and other alcoholic beverages | 4.87       | 8.6          | 17         | 14.5  | 22.7  | 10.3          |

Source: IBGE/Family Budget Survey (POF), years 2017 and 2018. Author's calculations. Fuente: IBGE/Encuesta de Presupuesto Familiar (POF), años 2017 y 2018. Cálculos de los autores.

Figures 1 and 2 demonstrate Brazilian beer production and imports between 2000 and 2019 according to the quantity and value of the product. Graph 1 shows that the quantity of beer produced grows at slower rates than the value of production. Production grew by 87%, and the value of production by 250% in the period. The production growth seems to have been driven not by Ambev's production — a subsidiary of AB InBev in Brazil, which maintained its production practically equal in the period (Limberger, 2016), but by Heineken's arrival in Brazil in 2010 with the acquisition of Femsa, which owns the Kaiser and Bavaria breweries, and the acquisition of Kirin Brasil, which owns the Schincariol group, in 2017.

**Figure 1.** Beer production and production value in Brazil, 2005-2019

*Figura 1. Producción de cerveza y valor de su producción en Brasil, 2005-2019*

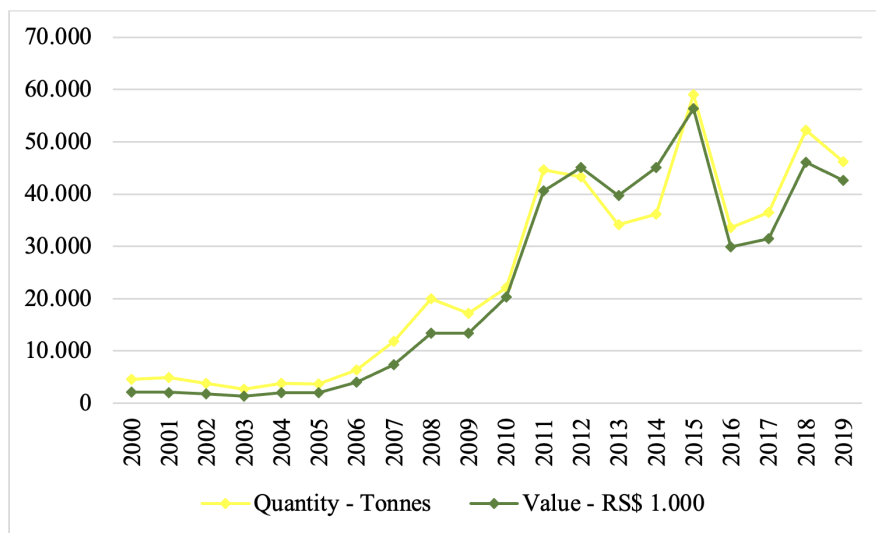


Source/source: IBGE/PIA Product (several years).

Figure 2 shows that Brazilian beer imports grew 900% in quantity and 1.880% in value, according to FAO data. This growth is a result of the internationalization of the national beer economy. In 2004, Ambev was acquired by Interbrew, forming InBev. InBev acquired the brewery Quilsen/Quilmes in Argentina in 2006 and Anheuser-Busch in the United States in 2008, becoming the world market leader with about 23% of the global market. The Ambev

group's product portfolio began to diversify by adding imported beers. In addition, Heineken also increased its imports. In 2011, imports from the Netherlands accounted for 45% of the country's beer imports (FAO, 2000/2019). The drop in imports in the last two years of the period may have been caused by the difficulties of trade and the fall in the purchasing power of the consumer market, considering that these are beers of medium value-added, which makes up the Premium beer category in Brazil. Are intermediate beers, mainly imported, such as Heineken, Budweiser and many others.

**Figure 2.** Brazilian beer imports, 2000-2019  
 Figura 2. Importación de cerveza brasileña, 2000-2019



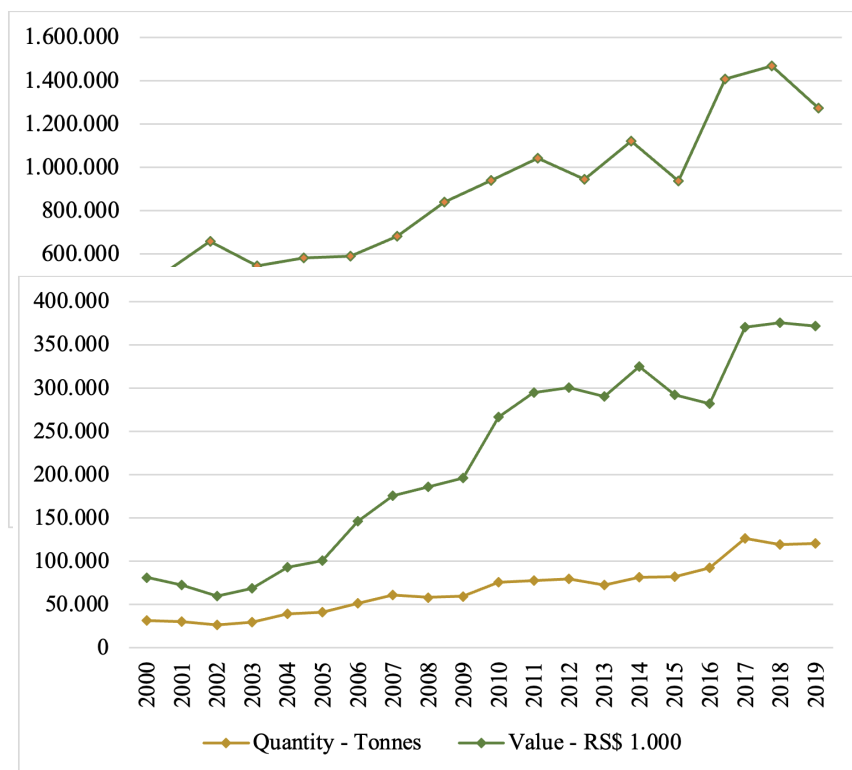
Source/fuente: FAO/FAOSTAT.

Regarding wines, Figures 3 and 4 show the evolution of national wine production and wine imports. The growth in production was 76% and in the value of production, 150%; while for imports, the growth was 285% in quantity and 358% in value. It is important to highlight that from 2000 to 2010, the evolution in the value of imports was 230%, while in the period from 2010 to 2019 it was about 40%, indicating that the purchase of wines in the foreign market has evolved to products of lower value-added.

According to data from Mello and Machado (2020), in 2000, 46% of the *vitis vinifera* wines consumed in Brazil originated from imports; in 2015, about 77% and 86% in 2019. The national production of fine wines, which was 34 million liters in 2000, dropped to 18 million in 2019, while imports went from 29 million to 114 million. Most of these imports come from neighboring countries, such as Chile and Argentina, but they also come from France, Italy, and Portugal, on the European continent.



**Figure 3.** Wine production and production value in Brazil, 2005-2019  
 Figura 3. Producción de vino y valor de su producción en Brasil, 2005-2019



Source/fuente: FAO/FAOSTAT.

## The consumer market for special beers and fine wines in Brazil

The wine and beer sectors are part of the beverage industry, considered a subsector of the agri-food industry because it uses agricultural products as raw materials. The beverage industry is similar to the food industry in its dynamics, strategies, seasonality, and intensity in product diversification, although the food industry has larger dimensions (Rosa et al., 2006). In general, the production of beer and wine in Brazil is based on the manufacture of goods for the domestic market with technological capacitation and techniques already widespread, so investments in Research and Development (R&D) do not impede the entry of new companies.

The wine and beer sectors, together with the cachaça and distillates industry, make up the alcoholic beverages sector in Brazil. The Brazilian beer sector is one of the most important in the world. Responsible for around 70% of the Brazilian alcoholic beverages market, it has shown dynamism in the last two decades with the emergence of microbreweries and specialty beers. Likewise, the national wine sector has been restructured towards diversifying products aimed at the national market, previously supplied by imported products. Throughout the beverage sector, there is a movement in the national market to offer differentiated products and consumer interest in trying drinks. The national production of fine wines can be compared in its strategies to the strategies of microbreweries, as both form part of the luxury category.

The production of special beers in Brazil did not arise from the leading companies, as is typical of monopolistic capitalism (Schumpeter, 1982), but from the initiative of home brewers, who from the mid-1990s began to produce beer for their own consumption, creating a differentiated product from that produced by leading companies. In this space, microbreweries emerged, revolutionizing the structure of the national brewing industry that is focused on large-scale standardized production, based on the demand for diverse raw materials and flexible machinery for small-scale production (Limberger, 2016). According to Freeman (1975), small companies are innovative and they present offensive strategies when the large companies that lead show resistance to enter this market.

In turn, the leading companies, AB InBev, Heineken, and Petrópolis, which control 95.5% of the Brazilian beer market, began investing in the special beer segment by acquiring the most progressive microbreweries in the national territory, making strong competition to the independent microbreweries, which account for 4.5% of the market along with regional breweries (Valor Econômico, 2020). The special beer market is interesting for large companies, as are the investments made in recent years in the production of Premium beer, composed mainly of imported beers. This increased consumption in the country as a result of the intensification of the capital centralization process by the foreign companies, such as Heineken, Budweiser, and Stella Artois, produced or with a production project in the country. This category of beers has greater capacity for market expansion because it has lower costs compared to special beers and reaches economies of scope in production and marketing, along with traditional beers (Limberger, 2017).

The production of fine wines is the result of transformations arising from a strong movement of implantation, expansion, and improvement of *Vitis vinifera* vineyards in the XXI century, carried out by large companies. The production of fine wines in Brazil emerges as a strategy to diversify the production of large domestic wineries, aiming to compete with imported products and also to develop a new market through the popularization of wine and the evolution of the population's income.

Brazilian large companies concentrate the production of fine wines (Miolo, Salton, and Aurora control about 80% of the national market) and are especially dedicated to the elaboration of "varietal wines" based on a few vineyards varieties, simplifying the consumer's choice and performing a commoditization of a product that, until then, carried an image associated with luxury and uniqueness. Thus, product diversification and the homogenization of consumption preferences are promoted. In this conjuncture, a standardized production of fine wines, distributed by large retail chains, aiming to meet the demand of the intermediate classes, coexists with another concerned with the specificity and differentiation of the product, distributed by specialized stores to a selected audience of classes A and B (Information collected in field research).

Moreover, several small wineries specializing in the production of fine wines arise, the wineries in the Serra de Catarina are an example. In the Alto Vale do Rio de Peixe region, there are 28 wineries associated with the Santa Catarina Association of Fine Altitude Wine Producers (ACAVITIS) (Caliari, 2021). Wine production in Brazil is concentrated in the South region, in which Rio Grande do Sul accounts for 62% of the area cultivated with vines in Brazil (Mello & Machado, 2020). The Serra Gaúcha region concentrated 84% of the area planted with *vitis vinifera* grapes in the country in 2000 and 58% in 2019 (Mello & Machado, 2017). The Serra

Gaúcha Wineries carried out a movement of deconcentration to the area of Campanha Gaúcha and Brazilian Northeast, more specifically to the Vale do São Francisco region.

Beer, unlike wine, has its production spread throughout the Brazilian territory as well as popular consumption, favoring the expansion of special beers consumption. However, 84% of its production is concentrated in the South and Southeast regions of the country, where the population with the highest per capita income is located. The consumption of special beers has spread throughout the country, being commercialized in diverse establishments. The special beer began to circulate in cafes, snack bars, hotels, bakeries, barbershops, and led to the emergence of emporiums and several specialized bars, of which the brewpub stands out. Specialty beer finds little competition from imported specialty beers, but they can get close and compete with Premium beers.

Most of the wines is commercialized in retail through the supermarket and, to a lesser extent, through the hypermarket. The rest is sold in specialized stores such as wine cellars, vinotheques and boutiques, and in delicatessens restaurants and bars. Pão de Açúcar, for example, created its own vinotheque with its own brands and direct imports of exclusive products. Aurora, in turn, produces the Marcus James brand of fine wines, distributed in retail, and in 2020, launched the wine Marcus James *Reservado* exclusively for the supermarket. Casa Perini, conversely, has its ARBO line with affordable prices, taken to the market by Carrefour and Magazine Luiza (Information collected in field research).

In the specialty beer segment, the difficulty of inserting its products in supermarkets is recurrent, as this channel requires a certain quantity of standardized products through inflexible contracts, since its advantages derive from the sale in scale. According to Dicken (2010), retail chains have greatly expanded the geographical extent of their supply system, in addition to exerting an increasing power of influence over their suppliers with regard to price, delivery, and product quality. In this way, special beers produced in small quantities and in varied labels do not find a partnership for distribution in the supermarket. Besides, those unfiltered and/or pasteurized beers have a high fixed cost due to the need to be kept in cold rooms, not offered by the facility.

The beers found in supermarkets are generally those from microbreweries belonging to large brewery groups that have a consolidated distribution network, in which special beers are sold alongside traditional beers and other products. Moreover, the expansion of special beers to supermarkets is also justified by their standardization.

In addition to the retail sale of alcoholic beverages, mainly in supermarkets and convenience stores, for home consumption, beers and wines are sold in partner bars and restaurants or in the factory itself, largely related to entertainment and tourism. In recent years, the advancement of communications has increased sales from virtual stores (E-commerce). Through these channels, companies seek to achieve new marketing strategies and enter new markets that do not yet consume or that have little consumption of higher value-added beverages. Thus, the consumption of wines and beers, especially those of higher value-added, involves the evolution of income distribution, the restructuring of national production, and new forms of marketing and sales strategies (Information collected in field research at National Beer Festival of Blumenau, year 2020).

The importance of online sales is related to the reduction of barriers to access the products. In the case of beers, those with higher value-added, rare, and difficult to compare, which are not always sold on the local market due to their high price, are sold online. Most micro-breweries have this service, which accounts for a small percentage of sales, but it is important for brand promotion and facing competition at a national level.

The Clube do Malte, which opened in Curitiba in 2011 as a physical store that expanded into e-commerce, stands out in the online sales of special beers. The company, which already had a selected list of special national and imported beers, awarded and well accepted by the market, offers monthly subscription plans, in which the customer is sent beer kits selected by the company, so that it is cheaper than the purchase of beers chosen by the consumer, which can also be done (Revista da Cerveja, 2013). In this way, the intermediary company between production and final consumption directly influences the formation of the population's consumption habits.

E-commerce is more representative in sales of fine wines than special beers. In Brazil, 26% of wine consumers make their purchases online according to a survey by the consultancy Wine Intelligence. This is the third highest proportion of online wine sales in the world, behind only the United Kingdom and China (Exame, 2018).

The expansion of the fine wines production and the emergence of the special beers market created new forms of commercialization. It is typical of the big wineries to promote gastronomic events and guided tours in the factory, with tasting and visit to the factory store. These companies promote gastronomic and commemorative events in their facilities. In the region of Campanha gaúcha, the Guatambu winery sells in its own factory about a quarter of the total sales revenue. The Campos de Cima winery offers visits and tastings, gastronomic events, and even accommodation. The advantages come not only from the reduction in costs that makes it difficult to compete with leading companies but from the specialization and diversification of services, as required by the luxury goods sector, which is supported not only on issues of product quality but also on the quality of the relationship (Information collected in field research).

The special beer is also sold directly to the final consumer by the company at the factory bar. The brewpub is an English concept of selling beer at the brewery that has spread across Europe and the United States.<sup>2</sup> In Brazil, around 8% of microbreweries sold their beers at their own bar in 2019 (Primeiro Censo das Cervejarias Independentes Brasileiras, 2019). Porto Alegre was the first municipality to regulate this type of business in 2016, followed by Rio

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2 It is not possible to compare the popularity of consumption of special beers in Brazil with that of developed countries, where, in addition to the difference in income distribution, the cities have structures that facilitate consumption and establish a lifestyle in which the population circulates through the streets daily, frequenting the bars, whether for coffee, beer, or even wine after work. Pub-type bars are concentrated in urban centers where population density is high and public transport is easily accessible. In Brazil, public transport is scarce, the population is concentrated in the suburban areas of large cities, and individual transport is unfeasible, not only because of the cost, but also because of the lack of parking spots. Due to the lack of public transportation, the population of small towns do not circulate much through regional centers to perform leisure activities.

de Janeiro, Nova Lima in Minas Gerais, and Brasília in 2017. The decree allows the facility to be installed in areas other than industrial areas as long as the monthly production does not exceed 10,000 liters/month (Revista da Cerveja, 2017).

The feasibility of selling beer in the facility itself is related to the reduction in transportation and distribution costs. In this type of business that has the market delimited by the distance from the factory, the location of the facility is determined by the level of income, mainly. The Salvador Brewing Co. 2015 in Caxias do Sul/RS, which received the award for best brewpub business at the National Beer Festival in 2020, can be highlighted as an example of a brewpub. The company has two bars in the city, where it sells 95% of its beers, which can be found on 87 labels.

Another important channel for sale of special beers is the delivery of the draft beer. Draft beer, as a perishable product, is limited to the regional market, and its consumption has value-added due to the need of the beer machine, other utensils, and exclusive transport. It is the flagship of the sales of most microbreweries. Many of them have a direct sales channel to consumers within a radius of up to one hundred kilometers from the factory.<sup>3</sup> While in the factory-bar system, value is added through efforts to create new products; in the draft beer delivery system, efforts are made in the relationship with the customer and in the transport system. Both systems of marketing special beers allow the organization of a lean factory with little expenditure on stock infrastructure since the custom orders go from the factory directly to the consumer, or remain in the warehouse for one or two days (Information collected in field research).

Networks of stores and bars specializing in special drinks emerged in the form of franchises. The Vinho & Ponto franchise network, for example, was created in 2010 with the objective of democratizing wine by opening physical stores; it works as an importer and distributor that supplies stores controlled by partners who have investment capital and knowledge about their market. These stores can be: a store with a portfolio of their products; a bar, where the customer can drink the wine on site; or a restaurant, where wine is associated with gastronomy. Exame (2019) reports that facilities in the form of bars that serve wine glasses with "bar food" appear in São Paulo, such as Gino Wine, Bar Bocca Nera, Bar Vino, and Vai de Vinho.

The large wineries have as competitive strategy the manufacturing of products for the different income ranges of the Brazilian population, while the small wineries, such as boutiques, have limited production. Sometimes, they present extremely high value-added products that are sold at the factory itself and in selected facilities, or even directly to the final consumer, when the latter is willing to spend an amount that justifies the expense of delivery. In the case of special beers, consumers of classes A, B, and C are also reached insofar as they can be consumed as a substitute for traditional beers or as a substitute for other beverages, such as fine wines and distilled beverages.

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<sup>3</sup> This service expanded with the implementation of the "Lei Seca" (Dry Law) in 2008, which established a zero alcohol level in the blood for all drivers of motor vehicles, establishing penalties that became more severe from 2012 onwards. The draft beer that was served at the bar started to be distributed by the brewery directly to the final consumer.

## Final considerations

It was found in this research that all income ranges that integrate classes A, B, and C consume special beers and fine wines, with differences in regularity and type of product. The demand is greater the higher the income of the population, which consumes more regularly and take a chance at new drinks, remembering that only 5% of wine consumers consume the drink daily, with an average consumption of only 2.7 liters *per capita*. The consumption of wine is related to the special occasions of celebrations. While the consumption of special beers is supported by the popularity of beer, wine has little circulation in the social environment. Special beer is consumed by replacing traditional beers but also by entering other markets, such as fine wines and distilled beverages, through the *drinks* market, especially sparkling wines on beaches and clubs.

The transformations in the Brazilian consumer market of alcoholic beverages arise from income distribution policies and the expansion of the middle class during the two decades of the XXI century but also from the movement of national production and specialization of the wine and beer sectors. In the case of fine wines, national production began to face imported products. Although imports account for most of the consumption, national production have improved in the course of the XXI century with the modernization of wineries and the expansion of the production of *vitis vinifera* cultivars to new areas such as the expansion of the leading companies' operations, the emergence of small wineries, or even by the expansion and entry of multinational companies, such as Chandon Brasil, for example, which leads the national production of sparkling wines. The presence of fine national wines was observed in the menus of restaurants and other facilities, along with wines from the foreign market, demonstrating the evolution of national production. In addition, the wine began to compose the shelves of supermarkets and hypermarkets, of which many began to house their own vinothèques.

The leading companies, both wineries and brewers, aim to serve all income classes in the consumer market by creating new products of variable quality and prices. In the case of small breweries, sales in the regional market predominate with the direct delivery of the product to the final consumer and consumption in the facility itself, reaching consumers of various social classes. The intention of microbreweries is to expand the consumer market. Therefore, the strategies are diverse and include mergers and acquisitions agreements between companies located in different parts of the Brazilian territory and the standardization of special beers in order to facilitate the commercialization of the product in retail and to reach a larger part of the population that consists especially of class C.

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