

Bodega Catena Zapata Leads Argentina's Push For Quality, Bolstering Its U.S. Market Presence

Mendoza, Argentina-based Bodega Catena Zapata has long been among the leaders in moving Argentina into the realm of fine wine. Labels from Bodega Catena Zapata include the core Catena line, (Malbec, Cabernet Sauvignon and Chardonnay, retailing at \$20.99); the Catena Alta line (Malbec, Cabernet Sauvignon and Chardonnay, retailing at \$30-\$50); and Catena Zapata, the company's most upscale label. The Catena Zapata wines include Nicolas Catena Zapata (Cabernet and Malbec, both \$120), Catena Zapata Malbec Argentino (\$105); Catena Zapata Adrianna Vineyard (Malbec, \$105); and Catena Zapata Nicasia Vineyard (Malbec, \$105). Catena's wines are handled by Winebow in the United States. In 2010, the core Catena line grew by 15.3% to 113,000 cases in the U.S. to win Impact "Hot Prospect" honors, and its annual sales have grown by 50% since 2007.

Laura Catena is a fourth-generation Argentine vintner who serves as managing director for both Bodega Catena Zapata as well as her own Luca Winery, also based in Mendoza. Luca's wines include a Chardonnay, Pinot Noir, Malbec, Syrah Double Select, Beso de Dante and Nico by Luca, generally ranging in price from \$20-\$35. A vocal proponent of Argentine wines throughout the world, she splits her time between her home country of Argentina and the United States. She's also a medical doctor, practicing emergency medicine at University of California-San Francisco. Catena recently spoke to SND about trends and developments for Argentine wines in the U.S. market.

SND: How are Catena wines, and Argentine wines in general, performing in the on-premise in the United States right now?

Catena: Argentine wine is the only category growing by double digits in the on-premise. Malbec accounts for about 70% of our sales—which is interesting because one might think that share would be higher. But we're making good strides with other varietals. The steakhouses tell our on-premise salespeople that they want a sense of discovery on their wine lists—and that Argentina really fills that need. And that discovery has also impacted tourism in Argentina, which is up 100% year-on-year. Ten years ago, travel to Argentina was for 18-year-olds with backpacks—food and wine lovers went to Italy or France. But that's no longer the case.

SND: How do you help push the envelope for Argentina in terms of promotion?

Catena: One fun thing we do is our Malbec Camp, where restaurateurs and sommeliers come to visit our winery and learn. They stay at our country home in Mendoza, get up in the morning and prune and then go to the winery for blending sessions, doing tastings of different barrels. Those visitors return home with a great understanding of Malbec, of high altitudes, and of all our wines.

SND: Are restaurants attracted to Argentine wines because they're perceived as good value?

Catena: Catena sells for between \$40-\$60 on-premise, and its percentage of on-premise sales is 21%. Catena Alta sells between \$60-\$100, with about 38% sold on-premise. Catena Zapata goes up to about \$200, and about 20% of that is sold on-premise. So those aren't just value price points.

SND: How do you see Argentine wine's performance going forward?

Catena: One key issue is that costs within Argentina have increased because the economy is so strong. The only real concern is whether Argentina will be able to maintain a presence at the premium-and-below price points. We're focused on premium and ultra-premium, and those segments are still profitable. But it's definitely possible that Argentine wine pricing will rise, which would definitely impact the overall category.

SND: Why do you think U.S. consumers have latched on to Argentine wines, and to Malbec in particular, so enthusiastically?

Catena: I think it has everything to do with quality, which is tied our climate and our production methods. We're in a high-altitude region (5,000 feet) near the mountains, so it's very sunny but cool. With sun and cool temperatures you get long hang times, so Argentine wines never have green flavors. We also don't get high alcohol, which can occur in places that are too hot. Malbec has very bright aromatics and tannins that are rich, but also velvety and a little sweet. We also can produce an excellent Chardonnay, because of the altitude and cool climate, and we have areas with more clay soil that are good for Cabernet. We have a lot of diversity in terms of soil and altitude. So the wines don't all taste the same, but they all have the commonality of balance, moderate alcohol, good acidity, bright flavors without greenness.

SND: How involved are you in the day-to-day operations for both wineries?

Catena: I live six months in San Francisco, five months in Argentina and spend the rest of the time traveling. Despite being a relatively well-known winemaker, Bodega Catena Zapata has a family, small-company mentality. There are about five people who really decide everything—my father (Nicolás Catena), myself and a core staff. One of my father's primary principles is that marketing cannot be separated from production. He and I taste all our wines, and I negotiate and buy grapes from growers. Though I'm not involved in all those negotiations, I visit the growers every year.