

Beyond Malbec

Argentine wines offer quality, value and accessibility with a range of varietals and blends

BY EUGENIA WILLIAMSON

At the Wine and Cheese Cask in the Boston suburb of Somerville, Massachusetts, wines from Argentina occupy a stretch of wall roughly the size of a large bookcase. Contained therein is an impressive representation of both traditional Argentine wines and their oaky, fruitier, modern counterparts that runs the gamut of the country's varietals, from crisp, dry Torrontés to full-bodied Syrah. By owner Dan Comerford's estimation, a half-dozen of the selections have topped the store's monthly sales, helped along by a monthly newsletter that spotlights great wines at a great price.

Within walking distance of Harvard University, the Wine and Cheese Cask attracts many graduate students in search of a bargain. Argentine wines fit that bill: Although the country produces its fair share of pricey vintages and premium brands dominate the U.S. market, Comerford's legal-age college customers seek out bottles in the \$8-to-\$10 range and walk away happy.

Somerville's proclivity for Argentine wines falls in line with trends in the rest of the United States: Sales of wine from Argentina in the U.S. market have increased 750 percent over the last decade. The Argentine climate and soil have always been hospitable to grapes, while land, labor and materials have long been far cheaper in Argentina than the relative cost in Napa Valley and Bordeaux, but only recently have wine producers reached a wider distribution. According to Impact Databank, annual shipments of bottled Argentine table wines in the U.S. market have hovered at 6 million nine-liter cases for the last four years, with a 5-percent increase to 6.1 million cases in 2013.

Marketers and retailers ascribe the ascendance of Argentine wine to the off-premise, where value-minded consumers gravitate toward the segment's agreeable sticker price and flavor profile. The category is only expected to grow as awareness of Argentine wines escalates among consumers and restaurants and bars continue to expand the number of Argentine offerings on their wine lists.

"Argentine varietals are flavorful and fruit-forward and have softer tannins, for the most part," says Dennis Kreps, co-owner of Quintessential Wines. The company imports the Valentin Bianchi and New Age brands, which depleted 239,000 cases and 165,000 cases, respectively, in 2013. "I don't think when consumers are buying New Age they're buying it because it's from Argentina," Kreps says. "They're buying it because they love the quality for the price."

Consumer-Driven Sales

In the United States, as in South America, shaky economic conditions have only served to benefit the reach of Argentine wines. "Since the 2008 downturn, consumers have become more cautious with regard to what they're willing to spend money on," says Frank Paredes, brand manager of South American wines at Winebow, which imports the Catena and Tilia brands. "People have moved away from spending \$30 to \$40 for something they view as unknown. We're very happy to see that Argentina has really emerged as a safe purchase since 2009."

Bethany DiSanto, marketing manager at Constellation Wines U.S., agrees, noting that "expectations are always surpassed" due to Argentine wine's relatively low price point. Marketers, retailers and sommeliers have observed that Argentine wines are an obvious choice for consumers looking for a relatively low-cost, mellow wine to pair with dinner.

Constellation is gearing up to launch a new red blend that will retail for \$9.99 to \$10.99 a 750-ml. bottle—the same price point as the company's top-selling Diseño, which jumped 22.2 percent to 132,000 cases in 2013. Overall, Constellation's red blends grew 26 percent in the last year, and the new offering will comprise Tempranillo, Malbec, Petit Verdot and Syrah. When crafting it, Constellation kept two things in mind: "We didn't want to walk away from that signature Argentina taste profile and we wanted to stay consistent with the price point," DiSanto explains.



Located 2,500 meters above sea level in Argentina's Calchaquí Valley, the Bodega Colomé vineyards (above) are some of the highest altitude vineyards in the world. Malbec grapes (left) thrive at DiamAndes vineyards in Mendoza's Uco Valley. Argentine Malbec brands (below) range from premium and super-premium expressions like Alta Vista and Achaval Ferrer to high-end, ultra-premium wines like Catena Zapata.





Laura and Nicolás Catena (left) are credited with improving winemaking throughout Argentina. Experiments at Bodega Catena Zapata (La Piramide vineyard pictured right) helped develop high-quality new Malbec clones, which are used in their Catena Zapata Malbec.

The target demographic is another factor. DiSanto divides consumers who gravitate toward premium Argentine wines into two main categories. The first are “those intrigued by wine, who understand what appellations mean and who pay attention to ratings,” she says. The other big market is millennials. “They’re eager to get out there and identify new wines,” DiSanto notes.

Quintessential’s Kreps sees sales of Argentine wine as almost entirely consumer-driven. “In my mind, there are three types of consumers,” he explains. “There’s the consumer who buys purely on price and the consumer who buys purely on image, whether it’s a brand name or an appellation like Napa or Bordeaux. Then there’s the consumer who likes to discover great values and new regions. I think these consumers drive growth. A lot of people equate a \$10 Argentine wine with a \$20 Napa wine.”

Kreps also points to the accessibility of Argentine wines. “Argentina has nice, fruit-forward varietals that are easy to pronounce,” he adds.

Malbec Madness

Indeed, Malbec tops Argentine wine sales by a wide margin. “It’s an enjoyable red wine, and that characteristic helps with both off- and on-premise when pairing it with food,” Constellation’s DiSanto says. “It’s got softer tannins, and it’s not as refined or intense as a Cabernet or a Merlot.”

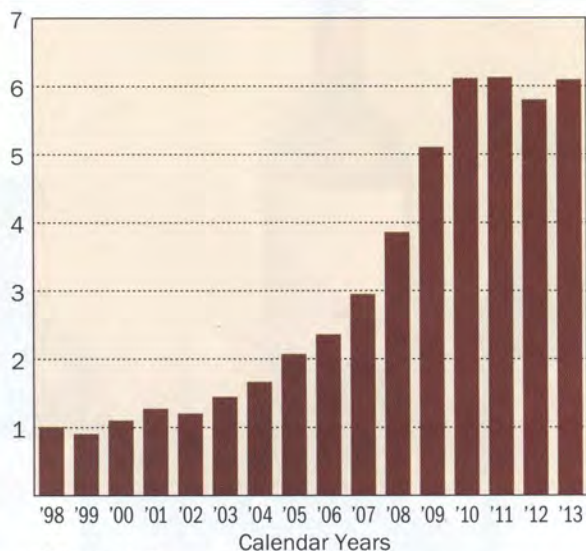
Kreps at Quintessential has seen an incredible increase in the number of consumers who gravitate toward Argentine Malbec. “It’s like nothing we’ve seen before in the 30-year history of our company,” he says. “And a lot of the consumer pull has been generated in the \$15-to-\$20 range.”

The ultra-premium Malbec brands Catena Alta (\$55 to \$60 a 750-ml. bottle) and Catena Zapata (\$130) have done very well, too. “We’ve seen double-digit growth nationally with both lines,” Winebow’s Paredes says. “It really shows how much the on-premise and off-premise are gravitating toward Malbec at all price points and how well the Malbec category is received across the country.” The Catena brand depleted 158,000 cases in 2013, an increase of 13.7 percent from the previous year.

“Malbec continues to grow in popularity in the on-premise channel,” says Rich Kranzmann, E&J Gallo Winery’s vice president and general manager for premium business. Gallo markets Alamos and Don Miguel Gascón, the No.-1 and No.-2 Argentine wine brands in the United States, respectively. “Alamos and Don Miguel Gascón became the two top-selling Argentine brands by offering intensely rich and flavorful wines that are the perfect pairing with food,” Kranzmann says. In addition to their appealing taste profiles, the wines are attractively priced: Alamos retails for \$12.99 a 750-ml. bottle, and Don Miguel Gascón sells for \$14.99. “Both brands perform well across the United States and do particularly well in the key regions of the Northeast and Southeast,” he says. “They’re both seeing improvement in volume driven by gains in both distribution and velocity.”

In recent years, national retail chains have gotten into the game by introducing Argentine Malbec to their private label lines. Costco offers its Kirkland Signature Malbec, produced

ARGENTINE BOTTLED TABLE WINE IMPORTS TO THE UNITED STATES*—1998-2013
(millions of nine-liter case shipments)



*Excludes bulk

Source: IMPACT DATABANK ©2014

in the Viña Valderrobes winery in Mendoza, for \$6.99 a 750-ml. bottle. Total Wine & More, the nation's largest independent beverage alcohol retailer, carries a number of exclusive brands that include an Argentine Malbec, such as the Flichman Misterio (\$5.99) and the Cruz Alta Reserve (\$12.98). But these big chains haven't put much of a damper on brands from smaller companies. "We've still seen growth of 10 percent," Winebow's Paredes says.

On-Premise Presence

The 83-unit Chicago-based Bar Louie restaurant chain has recently revamped its wine list to appeal to a more affluent customer base. At present, the concept offers 18 wines, nine white and nine red, including one Argentine Malbec: Diseño (\$8 a glass; \$27 a 750-ml. bottle).

"People know the word Malbec, and Diseño has made a name for itself," says Bar Louie vice president of beverage innovation and operations Blake Rohrabough. "Customers will either say, 'I'll have the Malbec' or 'I'll have the Diseño.'"

Although Bar Louie's wine list is short, its menu is typical of most mainstream restaurants. "Argentina is still a relatively small category," Winebow's Paredes explains. "I think Argentina suffers on the majority of menus. When you open up a wine list, you usually find Malbec in the bottom right-hand corner under 'other reds.'" But even with such poor positioning, wines from Argentina have done well. "I would go so far as to say that if Argentine wine was listed as a category on the wine lists or listed with wines from the Napa Valley, it would sell just as much as Cabernet Sauvignon," Paredes says.

Bar Louie's experience with Diseño supports that theory: Although relatively new to its menu, Diseño has become the No.-3 wine by the bottle, just behind a Cabernet and a Merlot. "Five or six years ago, nobody was familiar with that varietal in mainstream American bars," Rohrabough says.

Caryn Benke, wine director at upscale Peruvian tapas bar Andina in Portland, Oregon, finds Malbec's current ubiquity to be both a blessing and a curse. "You can have a guest who knows nothing about wines buying off the bottom shelf, but has heard of Malbec," she says. "The varietal is exotic enough to feel like a risk, but it's crowd-pleasing across the table, and at such a great price point."

But familiarity has its drawbacks. "Five or 10 years ago, Malbec was a darling," Benke explains. "It was new in the sommelier world. Everyone asked his or her customers, 'Have you had a Malbec?' It was almost easier to sell because it was new. Now there's more consumer awareness of what wines retail for at that price point." A further wrinkle for those in the on-premise sector is trying to find a middle ground. "You either have low-end or super-premium," Benke says. "In the \$20 range, there's not as much out there."

Andina serves knowledgeable customers seeking discovery. Accordingly, the venue has an extensive bottle list with a robust selection of South American wines, 17 of which are

from Argentina (\$29 to \$225 a 750-ml. bottle). While Andina's customers are still fond of Malbec, they have proved more than willing to seek out lesser-known Argentine wines. For adventurous customers, Benke recommends Cheval des Andes, a Malbec-Cabernet Sauvignon blend from Mendoza priced at \$130.


"What I like about selling Argentine wines is that I can sell them to anyone," Benke says. "Red blends take Malbec's level of approachability to higher-end wine drinkers. You can give them that experience of having something more elevated, and the wines are really shocking to people because many have much longer finishes and more minerality, while being just as approachable as Malbec."

Andina offers just two Argentine whites: Catena High Mountain Vines Chardonnay (\$45 a 750-ml. bottle) from Mendoza and Colomé Torrontés (\$29) from the Calchaquí Valley. "I'm not shown a lot of Argentine whites beyond Torrontés," Benke says. Still, she finds that these wines are attractive to customers who want to branch out.



Peruvian tapas bar Andina in Portland, Oregon, offers 17 Argentine wines, from Torrontés and Malbec to exotic varietals and blends. Wine director Caryn Benke (pouring for guests above) often urges customers to try lesser-known wines.

At the Wine and Cheese Cask, white wines represent only a small fraction of the store's Argentine wines selection, even though customers like these offerings when they try them. "You can be fooled into thinking a white Argentine wine is from California," Comerford says, noting that compared to Malbec's runaway success, "Argentine whites don't sell so well."

Gallo's Kranzmann is unsure of Argentine white's potential. "It will be interesting to see if Argentina can enter the white wine space in a meaningful way with either Chardonnay or Torrontés," he says. "But with the recent increase in both Cabernet Sauvignon and red blends, we believe the Argentine category is healthy and will continue to grow." 

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