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Spanish message in a bottle

By Tobias Buck



World view : Carlos Moro says Matarromera was based on globalisation 'before people spoke about globalisation'

When Carlos Moro wants to show off the heart of his winery group, he takes visitors neither to the famous vineyards that dot the Spanish region of Ribera de Duero, nor to the dark cavernous halls that house hundreds of oak barrels filled with the latest vintages.

Instead, he opens the door to a brightly lit laboratory on the first floor of a bodega, or winery, just outside the village of Valbuena. Perched at computer screens and scientific instruments are more than a dozen researchers in white lab coats. The walls are covered with posters of molecules and technical diagrams explaining some of the seven patents awarded to the winery in recent years. There is not a corkscrew or wine bottle in sight.

Mr Moro, founder and president of Matarromera, one of Spain's top 20 wine groups by sales, adores the work of his research and development department. Year after year, he ploughs more than a third of the group's revenues into R&D. This is a huge ratio by the standards of any business, but especially in the wine industry, which normally reveres tradition over innovation.

Mr Moro, 60-year-old scion of a winemaking family whose roots in the Ribera de Duero region go back over generations, shrugs off questions over his budget allocation: "What should I do instead? Buy a boat? Get myself a chauffeur?"

Mr Moro says the investment in innovations such as alcohol-free wine or even skincare is fundamental to the success of his group, which includes three bodegas in Ribera de Duero as well as wineries in the regions of Toro, Cigales and Rueda, also in northern Spain. Last year, despite the economic crisis gripping the country, Grupo Matarromera's revenues grew by almost 20 per cent to €18.6m. Since the start of the crisis, sales have risen by 43 per cent, fuelled by a surge in exports.

The wineries that build brands with buildings

Some of Spain's best-known wineries have chosen an unusual means of spreading the word about their brands and to gain international recognition: architecture.

Over the past decade, bodegas such as López de Heredia and Marqués de Riscal in the Rioja region, and Protos and Portia in the Ribera de Duero have turned to world-famous architects to build a series of striking new wineries. Portia, part of the Faustino group, called on Foster and Partners to design an ultra-modern winery shaped like a star. Marqués de Riscal hired Frank Gehry, who designed a titanium-clad building that looks like an offshoot from the architect's famous Guggenheim museum in Bilbao.

Other designers asked to leave their mark on Spain's wine regions include Dame Zaha Hadid, Lord Rogers and Santiago Calatrava.

Rafael del Rey, director of the wine research body OEMV, says the designs have helped raise the profiles of the wineries and of Spanish wine in general. "How do you get the attention of a customer in China or Japan? This is definitely a good way of doing it. It creates huge brand awareness," he explains.

Matarromera's recent success is emblematic of a broader trend in the Spanish wine industry, which has gained both global market share and international recognition in recent years. With their home market mired in recession and Spanish thirst for wine in long-term decline, winemakers in Rioja, Ribera de Duero and the country's myriad other wine regions are increasingly looking abroad.

Matarromera, however, goes further than many of its Spanish rivals in its embrace of innovation and exports. Indeed, much of the recent growth, says Mr Moro, is to do with the output of his R&D department: after years of careful experimentation, his researchers developed a patented method in 2008 for the production of low-alcohol and even non-alcoholic wine – opening up a potentially huge market for the company.

Another patent was awarded for a technique to extract polyphenols and antioxidants from grape skin. Reputed to help slow the ageing process of human cells, the extracts form the basis of a new cosmetics range, Esdor, that brought in revenues of €500,000 last year.

Wine purists may shudder at innovations such as alcohol-free versions, not to mention Mr Moro's range of wine in cans. But they can always turn to the bodega's top-flight Reservas and Gran Reservas, which can cost up to €185 a bottle and score highly with influential wine critics. The combination of six bodegas producing several wines makes it easier for each of the group's brands to retain their own distinct reputation – with some catering to wealthy wine lovers and others to supermarket customers.

That mix is also crucial for the second plank of the group's strategy: exports. "It is very difficult to go to a place like India with just one wine," says Mr Moro, who adds that the concept for his bodega, founded in 1988, was "based on globalisation long before people spoke about globalisation". Matarromera

managed to sell part of its very first vintage in 1994 to Germany and Austria, and has expanded sales across the globe at a furious pace ever since. Today, bottles from Mr Moro's wineries are uncorked in 80 countries, including Albania, the Maldives and Vietnam. Mexico is the biggest market, followed by the US and China.

His efforts are part of a much broader trend among Spanish winemakers. The shift towards exports has been dramatic, says Rafael del Rey, director of the Observatorio Español del Mercado del Vino (OEMV), an industry research foundation. "Only eight years ago, domestic consumption of wine was larger than all the exports. Last year, our exports were more than double the amount that was consumed domestically."

The new focus on exports has benefited large wineries with diversified portfolios that typically include reds and whites from different regions as well as sparkling wine. About 20 Spanish bodegas account for half the wine shipped abroad, says Mr del Rey.

But there is still a lot of catching up to do. "Spain has all the right things going for it but there is still a gap compared with France and Italy in terms of communicating that our quality is up there," says Javier Pagés, president of the Spanish wine federation.

For all the praise heaped on Spain's top wineries in recent years, the average price of a litre of Spanish wine sold abroad is still only half that of an Italian wine, and a mere fifth of the average price of French wine (including champagne).

"More than 50 per cent of our exports are still in bulk wine [shipped before bottling]. That creates the perception that Spanish wine is cheap," says Mr Pagés. It is a perception, he adds, that is changing rapidly – a claim backed by recent industry data. Although Spanish wine exports fell in volume last year, the drop was almost entirely caused by a 20 per cent fall in shipments of bulk wine. In terms of actual revenues, exports rose by almost 10 per cent, with the average price per litre up almost 22 per cent compared with 2011.

Spanish wine growers agree that some of the recent trends have been fuelled not least by the country's economic crisis, which has forced many of Spain's best-known companies and industries to rely more on exports. "The crisis has accelerated the need for the whole wine sector in Spain to look outside," says Mr Pagés.

In the case of Matarromera, Mr Moro decided to take action at the very onset of the crisis in 2007, by broadening his range of products: "One decision that we took was to make sure that we occupy more of the [supermarket] shelves. It was very important for us to have more products for €3 or €4, because people wanted more affordable products."

The second crucial response to the crisis was international expansion, cemented through the creation of subsidiaries and offshoots in the US, China and the Philippines. Mr Moro hopes to raise annual sales from his six wineries to at least €33m in the next two years, and eventually to sell at least 70 per cent of his wine abroad. "The growth is not in Spain," he says.

There is, however, more to the bodega's focus on foreign markets than a simple business calculation. It is also about satisfying Mr Moro's life-long ambition to win global recognition for his wines: "You cannot have a top wine that is just known in your home country," he says. "You can only get real recognition abroad."

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