

# Chile's Nimble Giant

San Pedro may be one of the country's largest wineries, but it is also one of the most progressive.

By Kristen Bieler



In the 1960s, a Chilean wine named GatoNegro was introduced to the U.S. market. While it performed well for decades, it wasn't until roughly two years ago that the brand virtually exploded, becoming the country's second best-selling Chilean wine.

At \$5.99 a bottle, GatoNegro offers a marriage of quality and value that is more relevant than ever in today's marketplace. "It's an entry-level wine, but it's a wine that fills an important need for retailers and consumers," says Mark Vanston, VP sales and marketing, Viña San Pedro (VSP) and VSPT Wine Group.

## Beyond Gato Negro

But there is much more to Viña San Pedro than the GatoNegro success story. One of Chile's oldest wineries founded in 1865, San Pedro was one of the nation's first to export fine wines and is today Chile's third largest winery—number one when it comes to premium wines—commanding 23 % of overall market share in Chile.

The VSP portfolio includes a platform of brands beginning with GatoNegro and moving up from there: There is 35° South at \$7.99, Castillo de Molina at \$10.99, 1865 Single Vineyard at \$18.99 and Cabo de Hornos at \$45.00. "GatoNegro gives us a great foundation in the U.S. and provides excellent momentum for our many other brands," reports Nick Potter, national brand manager for Shaw-Ross International Importers, San Pedro's importer. "We are now in phase two in terms of showing the American market what we have to offer from all our tiers. We dominate the value tier, yet we have super-premium wines that earn high scores from the press and everything in between."

Potter is referring to the 1865 Single Vineyard Cabernet Sauvignon, which appeared on the *Wine Spectator* "Top 100 Wines of the Year" list along with the

Castillo de Molina Sauvignon Blanc Elqui (which was also named "Best Sauvignon Blanc Under 10 Pounds" by *Decanter*).

It's no coincidence the wines are earning better scores than ever, or that the sales volumes are climbing (Castillo de Molina, for example, grew from a 3,000 case brand to 30,000 cases in less than one year). "We made some very crucial structural changes several years ago, and hired separate wine-

**There is much work to be done to get consumers to appreciate the difference in the various winemaking regions in Chile...Viña San Pedro's Marco Puyo is confident this will happen in due time.**

makers for our different wine-levels," says Bárbara Wolff, communications manager for Viña San Pedro. The company also merged last year with the Tarapacá group to become the VSPT Wine Group—the union makes them the second largest producer in Chile, and it has just been nominated for New World Winery of the year by Wine Enthusiast's Star Wine Awards 2009. Of the seven wineries of the group in Chile, Viña San Pedro is the largest.

## A New Understanding of Terroir

Spearheading many of Viña San Pedro's quality improvements is Marco Puyo, the chief

winemaker for San Pedro's reserve & premium wines. He joined the company four years ago, focusing exclusively on the premium wines. His mission has been to source the best possible grapes from the best possible *terroir*—both from the company's eight properties, as well as from a stable of premium growers. According to Puyo, Maule in central-south Chile yields exceptional Cabernet Sauvignon, while Casablanca and the up-and-coming Elqui region is where the country's most exciting Sauvignon Blanc and Syrah are produced. Further south, Bío-Bío is another intriguing new region where San Pedro is making wine. This is where the Chardonnay grapes for its Bi-valley 35° South Reserve Chardonnay are stemming from.

## A Blessed Wine Nation

Puyo and Wolff are quick to point out that San Pedro isn't the only Chilean winery able to over-deliver for price: "We have the advantage of great, consistent weather. And lots of coast—700 km—which enables vineyards to benefit from the cool ocean breezes from the Pacific. Finally, our land cost is low—this isn't Napa Valley," says Puyo.

Most Chilean producers today are working with the best technology and European winemaking equipment. With quality increasingly on the rise, Chile has emerged as a very difficult country to beat when it comes to value. "What is the consumer looking for right now? They want fruit-forward wines that are affordable, and we provide unbeatable value," says Potter. "When you look at other New World wines for the same price, I guarantee our wines will stand up every time. Our challenge now is just to get the consumer to pay attention." ■