

# MEININGER'S

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# BLUE FISH

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# THE PIONEER

AN INTERVIEW WITH SUSANA BALBO

BY FELICITY CARTER

**A**fter graduating in oenology in 1981, Susana Balbo not only became the first female winemaker in Argentina's history, but her first vintage of high-quality Torrontés made it clear that Argentina had a white wine to call its own. As well as working as an international consultant, Balbo has also played an outsized role in driving her country's wine industry forward, having been elected president of Wines of Argentina not once, but three times. Today, she is the owner and chief winemaker of Susana Balbo Wines (formerly Dominio del Plata) in Mendoza – where she has created the brands Crios, Benmarco, Susana Balbo Signature and Nosotros – and she is renowned for her blending skill. Her son José and daughter Ana Lovaglio Balbo now work in the business, as winemaker and marketing manager respectively. But nothing about creating all of this has been easy, as Susana Balbo explains.

**MEININGER'S:** *You've been quoted as saying that you've always 'broken the structure'. Can you explain what you mean?*

**BALBO:** I am the younger daughter with an Italian roots family, so the first structure I needed to break was my family's structure. I wanted to study physics at university, not winemaking, but they didn't allow me to study abroad. But I was the first in the family to graduate from university. And the second structure was that at the time women were only working in the lab in the wine industry. Microbiology, that was it. I wanted to work in the cellar and with grapes in the vineyards, but women weren't involved with winemaking processes.

**MEININGER'S:** *What did you do to overcome that barrier?*

**BALBO:** I always said I have an angel that takes care of me, because I was looking for a job and there was an advertisement in the paper looking for a winemaker in Cafayate [at Michel Torino winery, in the province of Salta]. They asked for four years' experience. I didn't have this. They wanted someone who had been second winemaker from a well-known winery. I didn't have this. And the third requirement was to speak fluent English, and I didn't speak English. They also wanted a handwritten letter. I woke up at 4:00 am with the letter in my head, telling them that I had graduated with honours in the university. I didn't have the experience, I didn't speak English, but I had a lot of desire to work and do something different. Eighty people applied for the job – most of them men. I passed many different psychological tests, handwriting tests, many interviews and at the end, the person who hired me was Alfredo Ferreira Lamas. He said, 'In my view, women are either very good or very bad, not in the middle. You must let me know what you are.' I stayed there for ten years.

**MEININGER'S:** *Those were very difficult times in Argentina. What did you learn about the business that's stayed with you?*

**BALBO:** There was a huge problem in the wine industry between 1978 and 1981. Many people planted low-quality grapes to produce huge volumes. More than 100,000 ha were pulled out because the wine industry wasn't profitable. Unfortunately, 40,000 ha were Malbec and they were a treasure. We had the military junta and we were not able to import equipment. In those years I had my two children, I got married. The company where I was working changed owners three times in the ten years. I was almost one year without my salary payment, and I was the supporter of my family, because my husband lost his job. It was tough and what I learned is that it doesn't matter what happens around you, you must have focus – and focus on quality.

**MEININGER'S:** *How did you survive?*

**BALBO:** With credit. I had debts with the butcher and the person selling me vegetables. My family lent me money. I started a small business with a friend of mine producing underwear and sleepwear for women, very nice with laces and embroidery, and we were selling in Salta. I was able to achieve good money while I was working in the winery. I did everything I was able to do to have money to survive. I think I have an entrepreneur's soul, so instead of being paralysed, I was looking for solutions.

**MEININGER'S:** *What happened when you went back to your family in Mendoza?*

**BALBO:** My parents had a winery with my brother, and I worked with them for almost one year. I couldn't fit in the family company because my brother is older than me and he had his own ideas about the wine. I started my own business with my husband. I started selling wine in 5-L demijohns and went through Mendoza selling wine door to door. I rented a place where I was able to fill the demi johns and I was buying wine in bulk. My dad and my mum helped me a lot. Dad said to me, 'you remind me of your mother', so he sold me wines. The price was \$0.03 for Riesling and \$0.07 per Litre for Cabernet Sauvignon, and he gave me eight months to pay back 20,000 L. It was less than \$2,000 but to me it was a fortune. Having eight months to pay the debt allowed me to build my working capital. I did my costs early in the morning and fixed the price at 8:00 am – Argentina had a hyperinflation of 30% – and then called my customers and let them know what the price was. They said, 'OK, we want 1,000 demijohns or 500 cases', and then they wired money to my account at noon. Then I went to my suppliers



PHOTOS: CAROLUS CALISE

*“What I learned is that it doesn’t matter what happens around you, you must have focus.”*



and paid them and bottled and shipped my wine. I felt like I was doing something for myself and my kids, and for Argentina. Then I was able to buy a very old winery in Mendoza with my husband, with the help of my brother-in-law, who lent \$40,000.00, which was a lot of money. The winery was \$60,000.00.

**MEININGER'S:** *This, your first winery, ran into trouble. Can you talk about this?*

**BALBO:** We did well until we had a problem with people who never paid. That was in 1995 and inflation was zero in Argentina because the new government pegged the peso to the dollar, and it stopped the inflation. Borrowing money wasn't so risky. However, there was a problem with unscrupulous people. They bought 25,000 cases of wine, which they told us was for a chain of supermarkets. We produced the wine. I was sceptical about the volume, so I told them I needed some warranty. They offered me payment insurance - but it was a fraud. I was very close to losing everything. I decided to sell my winery because I realized in Argentina it was very risky to have your winery without enough capital. I decided to work as a winemaker in other companies [Bodega Martins and Bodega Catena Zapata, among others], as a consultant, to have a fixed salary. Selling the winery cancelled all my debt. In the meantime I lost my husband as well.

**MEININGER'S:** *And yet in 1999 you opened up another winery, Dominio del Plata in Mendoza.*

**BALBO:** I cannot resist the temptation to have my own business. To have your own freedom to produce your own wine, this is the most fascinating freedom you can have as a winemaker. Everything you produce is your own decision for good or bad. When you work for other people you have to take care of what they like, and sometimes it's the opposite to you, but you must follow what they want.

**MEININGER'S:** *What did you do differently?*

**BALBO:** I rented facilities, machinery, everything. I invested in what I knew best - my talent for making and selling good wine. The most important decision I took in that moment was to be focused only on exports, not the domestic market, because the export market was more reliable. You could count on the payment being on time. For the first

three years I rented facilities and I grew very quickly, so at the end of the third year I was selling almost 20,000 cases in export and needed to build my own facility. I had the money from the previous winery in the bank and used it to start my own facility. In Argentina, the peso was pegged to the US dollar, at a one-to-one exchange. Then something happened that was called 'asymmetric peso-ification'; the government said for every dollar you had in the bank the bank had to give you back 1.40 pesos, so I had 40% more of my capital than I expected. The timing was perfect. I built the winery in 2002 and the devaluation happened in January 2002.

**MEININGER'S:** *You are the pioneer of Torrontés. Yet despite its reputation, it's a white wine that hasn't gained traction outside Argentina.*

**BALBO:** When I arrived in Cafayate, Torrontés was used mostly for low quality wines, to deliver flavour to other grapes. The winery gave me the challenge to make high-end wines with Torrontés. People were doing wines with skin contact and the wines were bitter, rustic wines. I made wines without skin contact and the wine was a huge success in the market. It happened in 1983 and today people are still doing this more elegant style. I've made a very good barrel fermented Torrontés in the last five years, so I am always taking a challenge. It's a grape that can produce high end wines, but other companies are making it as a regular white wine and not looking for something special. We need more people doing special Torrontés to make an impact.

**MEININGER'S:** *You're also a renowned blender. What makes someone a good blender?*

**BALBO:** To me, blending is the fine end of winemaking. It's where you can express your identity and identify the different touch of each flavour. Sometimes 1% of one wine makes a huge difference in a blend. A very small amount of wine can fulfil something that's not there. It's like painting - using different colours to achieve new colours and make a picture. First, it's born in your mind, which is why I always talk about it as an artistic process. You work with all the components: different wines, different regions, different oaks, different temperatures in the fermentation. We work with more than 200 components and each one has to produce something special. The talent is to identify what each component can bring to the wine you have in your brain.

*“To have your own freedom to produce your own wine, this is the most fascinating freedom you can have as a winemaker.”*



**MEININGER'S:** *Argentina is most closely associated with Malbec. What's the future of this variety?*

**BALBO:** Malbec still has a great future because there are a lot of people who don't know it yet. It's a fascinating variety, with a beautiful mouthfeel and beautiful flavours. You can get bold wines, but also produce elegant, light wines. Malbec still has a lot of room to grow. We are still learning, focusing on the impact of different soils, the different altitudes. What is the influence of the mountains? It's a lot to learn and research.

**MEININGER'S:** *You have also been president of Wines of Argentina not once but three times. What did you achieve in that time?*

**BALBO:** The first time was 2006. I did a lot of things. Wines of Argentina was in Buenos Aires and I moved it to Mendoza. We started working with a strategic program to get everybody together. We settled a campaign to promote Argentina wine, which was the first campaign talking about Malbec and tango, because tango was in people's mind all over the world, while Malbec was unknown. It was important to link Malbec with something from Argentina that was very successful. The second stage was working with quality norms, so Wines of Argentina had ISO 9000 procedures written. Professionalisation improved every year. When I took over, we were doing eight activities in seven countries. When I left we were doing 351 in 100 countries.

**MEININGER'S:** *The currency controls in place for the past few years artificially strengthened the peso, making Argentina's products more expensive. What do you expect to see now that currency controls are gone?*

**BALBO:** The world is still demanding Argentinian wines. In the last few years we were a little flat because we were not able to supply the lower-end or entry-level wines. That eroded our competitiveness. However, that gave us the chance to position Argentina at the high end, as good quality and value for money. Today Argentina is selling very well in the medium price and the market reaction is very good, because the value for money is very good. Markets are now more educated and sophisticated and there are more markets, like China.

**MEININGER'S:** *I read that you had plans to build a winery in China. What happened?*

**BALBO:** We cancelled the program in China because it's very difficult to make business over there. We decided it was too risky. Another point was that when we did the research, we found out that the water available in Ningxia province was very polluted from mining. The good quality water was only available for another six years.

**MEININGER'S:** *Chile is doing very well in Asia because of its free trade agreements. What about Argentina?*

**BALBO:** We don't have a free trade agreement with any market, so that is a great disadvantage for Argentina. The last government had the philosophy that it wasn't important to export, leaving us no chance of being successful in export markets. Fortunately this new government [President Mauricio Macri is an advocate of the free market] is working out this problem, first making an agreement with the European Union, then following with Japan and then with Asia Pacific. We hope to have the same chance as Chile in the next few years.

**MEININGER'S:** *As of October 2015, you are now also a politician in national parliament, representing Mendoza.*

**BALBO:** Today I am a Congresswoman because in my life I realised when you want to change things, you must be involved. The corruption we had in Argentina in the last 12 years pushed me to be involved in the congress in order to try and change things, because I believe corruption is a cancer. We need to fix many things on a national level.

**MEININGER'S:** *How do you combine politics and a winery?*

**BALBO:** I don't have a private life. I work three days in Buenos Aires and the rest in Mendoza.

**MEININGER'S:** *How much do you sleep?*

**BALBO:** Not that much.

**MEININGER'S:** *You've opened two restaurants at Susana Balbo Wines. What else is on the horizon?*

**BALBO:** I am not going to take the credit for the restaurant, because my daughter did that. For me, I know that I must live each day because nobody knows what is going to happen tomorrow. I have my first grandson and I take care of him. I am enjoying being a grandmother.