

SPAIN

Promoting food chain
organisation
including, processing and
marketing of
agricultural products

Location

Villanueva de Alcardete

Programming period

2014 - 2020

Axis / Priority

P3 – Food chain & risk
management

Measure

M04 - Investments in
physical assets

Funding (EUR)

Total budget 1 892 702.43
EAFRD 529 956.68
National/Reg. 227 124.29
Private 1 135 621.46

Project duration

2017 – 2018

Project promoter

SAN ISIDRO SCCLM

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A winery in response to changing consumers' preferences, decided to restructure its bottling plant in order to widen the range of high quality wines produced.

Summary

The winery and cellar Bodegas Latúe in Castilla la Mancha, Spain, is focused on international exports of the high quality wines produced by the local cooperative.

The winery in response to the increasing demand of the markets for more differentiated products such as limited editions, smaller bottle sizes, sparkling wines for celebrations, etc., used EAFRD support for restructuring its bottling plant.



Key results

Diversifying the products' range while maintaining the high quality of the wines has allowed to increase the selling prices by 27%.

With the new bottling plant it is expected to double the original selling prizes.

The population in these rural areas connected to vineyard production, will maintain or increase their income, and thus continue producing. This will result to environmental and social benefits.

Lessons & Recommendations

- ❑ Differentiating wine production requires continuous research to understand the market prospects and combine innovation with technologic improvements.
- ❑ It is important to work closely with the public administration, understand well the funding options and the selection criteria in place, as well as the reasons behind each specific selection criteria.
- ❑ The investment projects carried out enabled the winery to hire people, who in turn became a valuable asset.



Context

Toledo, in the Center of Castilla La Mancha, is a vineyard-culture territory that has been producing grapes for centuries. The cooperative San Isidro was established in 1954 by 131 wine growers. Now it has reached more than 600 members including big and small farmers. The vineyards cover 6 200 hectares, 35% of which are organically managed. This makes the cooperative the largest producer of organic wines and grape juices in Spain. At the same time, wine production in Spain is one of the biggest of the world. Differentiating on quality wine, finding new market options and adding value to the Castilla La Mancha geographic origin still remains a challenge.

In 2007, the winery and cellar (Bodegas Latúe) was set up. It is focused on exporting quality wine and this allowed for better marketing of the wines of San Isidro Cooperative in the international markets. In the last 4 years, Bodegas Latúe invested 6 million EUR in modernizing its production and processing facilities, as well as diversifying its crop varieties and field management, in order to remain competitive. As the international markets are requesting more and more differentiated products (limited editions, smaller/medium bottle sizes, sparkling wines), a restructuring of the bottling plant was necessary in order to position the Bodegas in an advantageous state.

Objectives

The current phase of investment aimed to set up an intelligent bottling plant that would be much more versatile than the one available up to date.

Activities

At first Bodegas Latúe started a dialogue with the cooperative in order to review the Winery's financial condition, which were the goals of the company and how to modernise it. This discussion was necessary since in order to finance the project each member of the cooperative would have to contribute.

As part of the project a new plant will be constructed and the new equipment will support injecting CO2 into different musts and in different bottle sizes. The new plant allows to produce high quality wines -of limited and selected editions- with bottles specially chosen and numbered. The new facilities were constructed next to the existing ones. The new production line incorporated technologic improvements, such as clever software behind an electro-mechanical production line with capacity of 6 000 bottles per hour. The new plant includes

specifically designed tanks and pressure applying equipment for the ad-hoc production of carbonated wines with additional carbon dioxide gas. Other features include allowing to use the Charmat method¹ (extra sparkling); produce wines with natural aromas, or of smaller/unique/limited editions.

Results

Bodegas Latúe is a benchmark in the wine industry thanks to its extensive experience in the production of organic wines and use of modern technical innovations.

Diversifying the products range, while maintaining the quality of the wines, allowed to increase the selling prices by 27%.

With the new bottling plant it is expected to double the original selling prices.

Thanks to these investments, the population linked to vineyard production will remain in these rural areas, resulting to environmental and societal benefits.

Lessons

The only way of differentiating a wine production is following the prospects of the market and investing on innovation and technologic improvements. Such an approach "gives value to each grape", and this will make each and every farmer satisfied with the investments.

The Government of Castilla La Mancha is flexible when studying each business plan development. This is important since during project implementation, the targets and expected results may have to be changed according to the sector and global market reality at that moment.

It is important to be working closely with the public administration and understand well the funding options and the selection criteria that is in place, as well as the reasons behind the specific selection criteria.

"We have seen that the administration is asking for certain aspects in order to push in a direction with the intention of differentiating Castilla La Mancha's wines, produce more sustainable or incorporate innovative aspects in our applications"

José Morata, manager of the cooperative.

In the last years the consecutive investment projects have allowed to hire valuable people that are now part of Bodegas Latúe, which makes the project a personal quest.

"Being in a cooperative is like being in a family: you want to see it healthy, you want to see it grow"

José Morata, manager of the cooperative

¹ In the Charmat method, the wine is mixed in a pressure tank of stainless steel, designed to withstand the pressure, together with sugar and yeast. When the sugar is converted into alcohol and carbon dioxide, the yeast is filtered and removed, and the wine is bottled. The duration of fermentation affects the quality; longer fermentation preserves the wine's aromas better and gives finer and more durable bubbles. (Wikipedia)