THE STATE OF AGAVE SPIRITS

THE AGAVE SPIRITS MARKET TODAY

**OFF-PREMISE U.S. SALES**

**TEQUILA**

$2.9B

$1.49B

Off-premise U.S. sales of tequila have steadily grown from $1.49 billion in February 2020 to $2.9 billion in February 2023. Source: Nielsen IQ

**MEZCAL**

$59.5M

$24.5M

Mezcal has also seen a dramatic increase, with off-premise U.S. sales rising from $24.5 million to $59.5 million over the same period. Source: Nielsen IQ

**CAGR FORECAST 2022-2026**

In the U.S., tequila volumes are forecast to grow at a compound annual growth rate of eight percent, while value is forecast to grow at a CAGR of 11 percent between 2022 and 2026.

+8% VOLUME

+11% VALUE

Mezcal volumes and value are forecast to grow at a compound annual growth rate of 18 percent between 2022 and 2026.

+18% VOLUME/VALUE

Source: IWSR Drinks Market Analysis

The fastest growth has been in high-end and super-premium brands. High-end brands have grown 1,040 percent in volume since 2003. Virtually unknown in 2003, super-premium tequila and mezcal volumes have skyrocketed 1,522 percent and today account for 8.1 million nine-liter cases. Source: DISCUS

Since 2003, tequila and mezcal volumes have grown 273 percent—an average rate of 7.2 percent per year. Source: DISCUS

Though demand for reposado and añejo tequilas is growing, blanco (also known as silver) tequila comprises the majority of off-premise sales in the U.S. Source: Nielsen IQ

29.9 MILLION CASES SOLD

29.9 million nine-liter cases of tequila and mezcal were sold in the U.S. in 2022. Source: DISCUS
All tequila is mezcal, but not all mezcal is tequila:
- Mezcal can be made from any type of agave (though Espadín is the most popular variety).
- Tequila, on the other hand, can only be made from Blue Weber agave.

**CHARACTERISTICS**

**HISTORY**

1873 Tres Generaciones Tequila, distilled three times rather than the traditional two, is produced at La Preservancia, the distillery that Don Cenobio Sauza launched in 1873.

1974 The Mexican government declared an official DO for tequila in 1974, meaning it couldn’t be produced outside the country.

1974 was also the year that Tequila Herradura debuted the world’s first reposado.

American artist Ron Cooper first brought U.S. attention to mezcal with the launch of Del Maguey in 1995, highlighting traditionally made spirits from family producers in small Oaxacan and Puebloan villages. Del Maguey’s Vida expression is beloved by bartenders for cocktails.

Espolòn is a true ode to Mexico, its bottles adorned with 19th century-style illustrated labels that incorporate the characters Guadalupe, Rosarita, and Ramon the Rooster to depict key moments in the country’s history.

**MAIN KINDS OF TEQUILA**

- **Blanco** (sometimes called silver) typically bypasses aging and heads straight for the still.
- **Resposado** is matured for up to a year.
- **Añejo** rests in barrels between one and three years.
- **Extra añejo** is aged for more than three years.

Mezcal is similar, except its unaged version is known as joven.

**PRODUCTION DIFFERENCES:**

The piñas, or agave hearts, are typically slow-baked in a steam oven to make tequila. For mezcal, piñas are roasted in pits in the ground, eliciting its signature smoky profile.

**OTHER AGAVE SPIRITS NOW MAKING THEIR WAY INTO THE SPOTLIGHT**

- **BACANORA**
  Made in the Mexican state of Sonora, bacanora was banned in the early 1900s and was only legalized in 1992. It’s largely sipped neat and can exhibit a spectrum of bold flavors, from smoke to coffee.

- **RAICILLA**
  Nicknamed “Mexican moonshine” because of its underground production roots, raicilla is made in the state of Jalisco like tequila—but its piñas are roasted rather than steamed. Floral, fruity, and fragrant, it’s typically served neat.

- **SOTOL**
  Although sotol is often lumped in with agave spirits, it’s actually distilled from a spiny shrub, the agave-like Dasylirion wheeleri (also known as Desert Spoon) in the Mexican state of Chihuahua. Sotol often yields earthy, vegetal notes.

Most mezcal comes from Oaxaca, but some brands, including Bosscal, are shining a light on other Mexican states like Durango.
The Margarita is an evolution of the classic Daisy (spirit, citrus, sweetener, ice), pairing blanco or reposado tequila with lime juice and orange liqueur.

The Margarita’s origins are murky, with some claiming it was named for Rita Hayworth (her real name was Margarita Cansino) or a Ziegfeld showgirl; others credit it to socialite Margarita Sames.

Frozen Margaritas became all the rage in 1971 when Dallas restaurateur Mariano Martinez started cranking them out of a rejiggered soft-serve ice cream machine that is now on display at the Smithsonian’s National Museum of American History.

Tequila’s connection to cocktail culture continues as consumers embrace ready-to-drink (RTD) options: tequila was the second-most popular RTD cocktail base among new product launches from 2019 to the first half of 2021. Source: IWSR Drinks Market Analysis

The Tequila Interchange Project was established in 2010 to promote sustainability, quality, and traditional practices in the tequila and mezcal industry. One of its initiatives is The Bat Friendly Tequila and Mezcal project, encouraging producers to allow at least five percent of their agave plants to flower so that they will attract bats to pollinate them and foster genetic diversity.

In 2021, Don Julio became the first tequila to obtain Environmentally Responsible Agave certification from the Tequila Regulatory Council and the Government of the State of Jalisco, Mexico.

One of the most famous cocktails to embrace mezcal is Division Bell, a spin on the Last Word with Aperol from Phil Ward for the opening menu of his now-shuttered New York bar Mayahuel.

Sammy Hagar kicked off the trend of celebrities rolling out tequila and mezcal brands back in the early 1990s with Cabo Wabo Tequila. Now, with Guy Fieri, he runs Santo Tequila, which includes a distinctive tequila-mezcal blend, Mezquila, in its portfolio.

Patrón, launched in 1989, is recognized for unleashing super-premium tequila, but the brand also takes sustainability seriously. More than 5,500 tons of fertilizer compost a year is generated from leftover agave fibers at the Hacienda Patrón distillery, the first to reduce CO2 emissions by installing a natural gas pipeline as a main energy source.

Mijenta is the only tequila brand so far to have earned B Corp certification thanks to responsible sustainable practices like using bottles made with recycled glass and packaging crafted from 100 percent post-consumer recycled paper.

Through Sombra’s Adobe Brick project, distillation waste is upcycled into adobe bricks to build homes for those in need.