

IWSR publishes analysis on rise of alternative agave spirits



There is increased interest in agave-based spirits produced both in and outside Mexico

Increased demand for tequila and mezcal in recent years has fueled consumer and brand owner interest in alternative agave-based spirits, those produced both in and outside Mexico, [IWSR](#) has discovered.

"The global agave-based spirits category saw volumes increase by 18% in 2021, following volume CAGR growth of 6%, 2014-2019," notes a news release. "The category is expected to grow at 7% volume CAGR, 2021-2026. Tequila holds the largest share of the global agave-based spirits category and has enjoyed high levels of consumer demand in recent years: in 2021 tequila commanded 2.5% volume share of the global spirits market (excluding national spirits), up from 1.8% in 2016. The category is expected to grow at a volume CAGR of 7% globally, 2021-2026."

Brand owners are tapping into the growing demand for agave spirits in a number of ways, for example, by producing spirits using agave plants grown outside Mexico; by importing Mexican agave and distilling elsewhere; or by investing in traditional Mexican agave spirits that are not tequila or mezcal, such as Pernod Ricard's recently announced partnership with Casa Lumbre and Lenny Kravitz to develop Nocheluna Sotol.

Many brand owners innovating and investing in alternative agave-based spirits draw on tequila and mezcal's heritage and production processes. With consumers increasingly aware of and educated about the provenance of the raw materials used in agave spirits production, many brands are

highlighting sustainability stories and the impact of local terroir as they bring new products to market.

Non-Mexican Agave Spirits

Although tequila and mezcal are geographically protected, and must, by definition, be produced in certain parts of Mexico, agave spirits can be produced anywhere in the world.

“Alternative agave spirits are already being produced in countries outside Mexico – and, over a longer timescale, these could challenge tequila in meeting growing global agave spirit demand,” says Brandy Rand, Chief Strategy Officer, IWSR Drinks Market Analysis.

Agave grows wild in places such as South Africa, Australia, India and along Mexico’s northern border with the US. Leonista Agave Spirit, for example, is produced entirely from South African agave plants from the Karoo Desert. Making use of local Indian agave – thought to have grown in India for centuries – Maya Pistola Agavepura is produced from 100% Wild Agave Americana, sourced from the Deccan Plateau of India, and produced in Goa. Launched in 2017, Desert Door Original Texas Sotol is distilled from wild-harvested sotol, a plant that is a cousin of agave and grows in West Texas and Mexico. Black Snake Distillery in Australia produces a range of agave spirits made with locally grown agave and inspired by Mexican traditions.

Agave spirit producers outside Mexico are unencumbered by the extensive regulation controlling the production of spirits such as tequila and mezcal, which are regulated in terms of production methods, raw materials, geographical locations, and more. Outside of these definitions, producers can showcase their creativity, and potentially push the boundaries of flavour profiles associated with agave spirits, too.

Alternative Mexican Agave Spirits

Outside of tequila and mezcal, other traditional Mexican spirits are gaining increased prominence.

Raicilla, for example, is said to have 400 years of history, with production mostly in Jalisco, the state better known for tequila, but also in the neighbouring state of Nayarit. Raicilla was banned by the Spanish during colonial rule, and only in 1997 did work begin to establish a regulatory council for the spirit. Raicilla obtained its Designation of Origin in 2019, paving the way for more brands to launch, and for some, a focus on export markets. La Venenosa, created by chef Esteban Morales, was the first raicilla brand to be introduced to the US market in 2014. The Balam range of raicillas was introduced to the US market in 2016.

Like raicilla, bacanora is effectively a type of mezcal, although one that’s specifically produced in the Sonora state in Mexico. After a ban on bacanora was lifted in 1992, the spirit obtained its Denomination of Origin in 2000 and its own regulations (NOM) in 2005. The Puntagave brand, founded in 2015, brought the first legal, premium bacanora to the US.

Sotol isn’t technically produced from an agave plant, but rather from different varieties of the Dasylirion plant, commonly known as “sereque” or “desert spoon.” Sotol is produced in the states of Chihuahua, Durango and Coahuila in Mexico, and now also in Texas. The spirit was awarded Designation of Origin status in 2002.

As agave spirits continue to gain traction, the beverage alcohol industry can expect to see more innovation pushing the traditional boundaries and definition of this category.

“An industrialisation of alternative agave plants to produce spirit of a recognised quality could erode the dominance of tequila in the agave spirit space in the longer term. After all, only 20 years ago

consumers worldwide would turn to Scotch or Bourbon when thinking about whisky, but now the choice has expanded widely,” comments Rand.