

The alcoholic beverage market in Mexico. Consumption and trends



- According to figures from INEGI, revenue from the alcoholic beverage market—not including beer—rose from 3,061 million pesos in the first quarter of 2012 to 6,414 million pesos (around 345.8 million US dollars) in the same period of 2017. This amount represents 22 per cent of the value of the beer business in Mexico.

- In 2016, sales of alcoholic beverages rose to 26,989 million pesos (approx. 1,444 million US dollars).

- One of the main growth variables in the consumption of alcoholic beverages is the change in consumer habits that has taken place in the Mexican middle class and its expansion in the last few years.

- It is estimated that per capita consumption of alcoholic beverages in Mexico (including beer) will increase to reach 69.3 litres in 2019, the result of an average annual increase of 2.6 per cent between 2014 and 2019. In 2015, Mexicans drank an average of 65 litres of alcoholic beverages, two litres more than in 2009, representing an increase of 2 per cent compared to the same period.

- In 2016, some eight billion litres of alcoholic beverages were consumed in Mexico—including tequila, whisky and others—with which the country supplanted the UK's seventh position, which fell behind with 7.4 billion litres, according to figures from Euromonitor International.

- The consultancy firm forecasts that by 2020 Mexico will have overtaken Japan as the world's sixth biggest consumer of alcoholic beverages, exceeding 8.8 billion litres.

- According to the consultancy firm, 'Mexican consumers in the middle income bracket are increasingly adopting more aspirational habits and following the latest trends in alcoholic beverages, looking for new combinations.'

- Consumer trends include a growing appreciation for table wines and a taste for imported and craft beers. 'These beverages have positioned themselves in the premium

segment and are drunk by the middle classes as an aspirational experience and as part of a new way of socialising.'

- Introducing new flavours, launching or introducing new products and creating special editions are the key to maintaining the growth dynamic in the alcoholic beverages market

in Mexico. According to Euromonitor, in 2016 companies were constantly developing or launching new products, whether this involved new flavours or mixes or by changing and improving their offers to attract new consumers.

- Euromonitor contends that ‘premium products recorded a very dynamic performance in 2016, contributing to the strong growth in the value of the alcoholic beverage industry. Part of this growth was driven by the wider availability of premium brands and products, and also by greater curiosity and knowledge among consumers who are looking for better quality and new experiences.’
- According to the experts, the arrival of new categories in the luxury beverage market, such as crystal tequila, champagne and premium whisky, have boosted the growth of this business.
- The volume of sales of spirits—such as brandy, whisky, tequila, rum, gin, vodka and liqueurs—rose by 57 per cent and the demand for wine increased by almost 80 per cent.
- Some of the premium products with the highest growth figures in 2016 were English gin and Scotch malt whisky, which rose by 41 and 18 per cent respectively in terms of volume sold. Meanwhile, sparkling wines and champagne grew by 12 and 11 per cent respectively.
- According to Euromonitor’s figures, between 2011 and 2016 the total value of the premixed canned drinks market rose by 42 per cent.

WINE

- Wine consumption per capita, at less than one litre per person, is still very low in Mexico, giving the market a lot of scope for growth in the coming years.
- Mexico is in thirty-fifth place in the ranking of the main wine drinking countries, with 0.9 million hl in 2016.
- A total of 89.5 million litres of wine were drunk in Mexico in 2016. However, 63 million of those litres were foreign wines, as local production is not enough to satisfy demand.
- Imported wines represent almost 80 per cent of all wine consumption, originating mainly from:
 - Spain: 30%
 - Italy: 30%
 - Chile: 24%
 - Argentina: 10%
 - United States: 7.8%
- Wine imports accounted for 68.1 million litres and 220 million US dollars. This figure has quadrupled since 2000.
- 88.6 per cent of Mexicans who drink wine prefer red wine. White wine is the preferred choice of 4.1 per cent, including sparkling wine, which is chosen by 5.4 per cent.

- According to ANAM (National Association of Wholesale Grocers), sales of table wines grew by 12.5 per cent (in the last year to March 2016-2017).
- Sparkling wine sales grew by 11 per cent in volume in 2016.
- The profile of the typical Mexican wine drinker has changed. It is no longer that of a middle-aged man with a medium to high socio-economic profile, but rather a younger and more dynamic segment of the population, a segment that many wine producers are starting to target with their labelling. In addition, consumption by women is growing thanks to their increasing prevalence in the labour market.
- In Mexico there is a large number of brands (more than 4,000 different labels, of which over 2,000 are Spanish) given the country's modest consumption levels: it is estimated that only two-and-a-half million people drink wine, of whom half account for 80 per cent of sales.
- Spain is Mexico's main wine supplier in terms of both value and volume. In terms of value, in 2015 Spain exported wine to the tune of 66.5 million US dollars, representing a market share of 29.6 per cent of all Mexican imports.
- Spanish wine enjoys considerable prestige, especially those from the Designations of Origin of Rioja and Ribera del Duero, the regions consumers are most familiar with. However, in the last few years there has been a growing interest from importers in working with wines from other Spanish regions, which helps when introducing new wines to the Mexican market.

SPIRITS: WHISKY, BRANDY, LIQUEURS AND PREMIUM DRINKS

- **Whisky enjoys robust growth and concentrated advertising.** According to figures from ANAM (National Association of Wholesale Grocers) on the sale of other alcoholic beverages, whisky sales grew by 20.8 per cent in the last year (March 2016-2017).
- **'Premium products posted a very dynamic performance** in 2016, contributing to strong growth in the value of the alcoholic beverage industry. Part of this growth was driven by the wider availability of premium brands and products, but also by greater knowledge and interest from consumers, who are looking for better quality and new experiences,' said consultancy firm Euromonitor in a recent report.
- Consumers are increasingly **willing to spend more on quality and the premium segment** has benefited from the new offers on the market.
- The trade regulations adopted by the countries in the Pacific Alliance, opening up borders and eliminating customs tariffs, means that **Scotch whisky is opening up an even bigger niche in Latin American markets.**
- The volume of sales of **spirits—such as brandy, whisky, tequila, rum, gin, vodka and liqueurs—rose by 57 per cent.**

- Some of the premium products with the highest growth figures in 2016 were English gin and Scotch malt whisky, which rose by 41 and 18 per cent respectively in terms of volume sold.

BEERS

- The beer market in Mexico continues to be one of the most buoyant in the Americas. Growth is constant.
- Beer is the **most popular alcoholic beverage** and accounts for almost **55 per cent of all alcohol consumed**.
- According to consultancy firm Kantar Worldpanel, the city with the highest beer consumption per capita is Monterrey, and the Mexicans who typically drink the most beer are middle class families with more than five members with adult or teenage children.
- Since 2006, the beer sector has increased by an average of **3.5 per cent** per year, though growth in 2014 was 1.3 per cent.
- With its 122 million inhabitants, Mexico currently consumes **60 litres** of beer **per capita**.

AN INCREASED THIRST FOR FOREIGN BEERS IN MEXICO

- In the last eight years, Mexican palates have developed a taste for **foreign beers**, helping to boost imports by 80 per cent, rising from 142.3 million litres in 2007 to 256.7 million litres in 2015, according to figures from the **Economy Secretariat**.
- This means that the share of these imported drinks in **national consumption grew from 0.2 per cent to almost 3 per cent between 2007 and 2015**.
- This market penetration contrasts with that of **Mexican craft beer**, whose national market share is still nascent and currently accounts for just 0.12 per cent, despite registering annual growth of 30 per cent, according to figures from the Brewers' Association of the Republic of Mexico (Acermex).
- Of the **256 million litres of beer imported in 2015**, 94 per cent came from the United States and the rest from Belgium, Germany, Guatemala, England, Ireland, Spain and the Czech Republic.
- At present, imported and craft beers are starting to be considered as an **alternative to mass-produced beers**.
- The thirst for **foreign beers** is reflected in the **increase in labels from importers** which have multiplied tenfold over the last few years (and currently exceed 20).
- Most of the beer drunk in Mexico is lager; but **consumers are now looking for beers from other countries with a fuller body and flavour and an alcohol content of over 10 per cent, especially those from Europe**.



SOURCES:

- Market research study. The wine market in Mexico 2016, Cerezo Murillo, Fernando. Spanish Economic and Commercial Office in Mexico, ICEX España Exports and Investments
- Euromonitor
- National Association of Wholesale Grocers
- El.financiero.com.mx
- National Institute of Statistics and Geography of Mexico (INEGI)