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Sauza agave fields



Sauza jimadors harvesting agave

THE PRICE OF MATURITY

THE CURRENT STATE OF TEQUILA BY NANCY DAVIDSON

Because of the time it takes blue agave to develop, Tequila is by nature (literally) the most expensive spirit to make. Whiskeys may age for years in wood casks but the maturing of Tequila begins even before a drop is distilled—only agave spirits rely on a plant with a growing cycle from 7-12 years for production. In recent years consumers and mixologists have turned their attention to the more expensive 100% blue agave expressions (compared to *mixtos* comprised of at least 51% agave). While in 2008 the strongest growth in the Tequila category was among the super-premiums (an increase in volume of 10.6%) the most dramatic increase in 2009 was in the value category, up by 21.3% by volume and 20.1% by revenue, undoubtedly a reflection of the economy.

The high-end premium Tequila category might have taken a dip but only Irish, single malt Scotch and blended whiskey showed more growth; Tequila held its place as the fifth largest revenue-producing category with \$1.65 billion in gross revenues in 2009.

CATEGORY ACTION

Heaven Hill bridged the gap between the desire for 100% agave and the need for lower prices with Lunazul, a joint venture with Tierra de Agaves, the distillery founded by former Cuervo co-owner Francisco Beckmann. It sells for just \$2-\$3 more than the most popular *mixtos*. This marketing strategy not only appeals to consumers who are more likely to entertain at home, but also to bartenders to upgrade their customers to 100% agave at a lower cost per ounce. Consumers also found value in retail stores with Tenampa Azul (from Gran Centenario), moderately priced 100% blue agave Tequila distributed by Proximo Spirits.

For William Grant's Milagro, one of the fastest growing Tequilas, value is an important part of the brand's mission, according to Liz Edwards, brand manager at William Grant & Sons. "Milagro is about delivering an exceptional value to our consumers through a differentiated liquid at a great price, whether that means a \$25 or \$100 bottle."

But luxury brands aren't worried about a downturn in sales. Bacardi's Corzo purposely distinguishes itself as a luxury product with



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TEQUILA

an opulent package. It is one of the most expensive Tequilas to produce because it's aged between distillations and requires twice the agave of other Tequilas. "Only the most aggressive cuts of the distillate are used, the 'heart of the hearts,'" says Aaron Burns, senior brand manager, Bacardi USA. While Corzo is often used in high-quality margaritas, he notes "the popularity of super-premium Tequila in bottle service has served to expand these brands into occasions once owned primarily by vodka."

"We hear a good bit these days about trading down," says Jennifer Long, brand director at The Patrón Spirits Company, "but

gin and vodka drinkers; *reposado* Tequila appeals to rum and whiskey drinkers; and *añejo* Tequila appeals to Cognac and bourbon drinkers. You can enjoy all three of these Tequilas in many ways, and because these flavors linger, you should take your time enjoying them."

Similarly, "the breadth of the Jose Cuervo portfolio makes Tequila appropriate for every occasion, with endless options to appreciate it with various methods of enjoyment," according to Paul Clarke, brand director, Jose Cuervo. "Consumers' palates are becoming more developed and so are mixologists' explorations of Tequila-based cocktails. We

home market, they also created Cocktail Cubes, ready-to-drink margaritas in strawberry and original flavors.

1800 has had much success with its ready-to-drink products: 1800 Ultimate Margarita and 1800 Pomegranate Margarita. "They are both 100% agave and 0% work," says 1800 marketing manager Michael Bennett.

Partida, meanwhile, recommends blending its 100% blue agave Tequilas in margaritas and other cocktails but is careful to emphatically discourage drinking "shots" in lieu of slow, thoughtful sipping.

Less than a decade ago, bartenders



we haven't seen this trend. That's because there is such a significant difference between an ultra-premium Tequila like Patrón, and a lesser-quality Tequila. If a consumer trades down from an ultra-premium, they lose all the flavor and quality that makes good Tequila so enjoyable." So far, Long reports, Patrón is outpacing the category, up 9.2% in volume vs. 4.2% for the category.

WIDE-RANGE APPEAL

Herradura, Cuervo and Sauza, Tequilas with a long history in Mexico and strong market share in the U.S., pride themselves on offering diverse portfolios with products ranging from value to super-premium.

Pryce Greenow, general manager, mixables for Sauza, recommends that novice Tequila drinkers try the variant matching their taste profile. "Plata Tequila appeals to

encourage individuals to rediscover the complexity the liquid has to offer."

As Carrie Kleban, global marketing director for Casa Herradura, explains "each brand has its own cocktail strategy. For example, with high-end premium el Jimador Tequila, we focus on the Paloma, one of the most popular cocktails in Mexico, which features el Jimador *Reposado*, Squirt or Fresca, a squeeze of lime and a pinch of salt. Or, with super-premium Herradura, we encourage the use of fresh fruit juices and agave nectar."

In addition to their popular *mixtos* Sauza Gold and Sauza Blanco, Sauza also produces double-distilled Hornitos *plata*, *reposado* and *añejo* in the premium category and super-premium triple-distilled Tres Generaciones *plata*, *reposado* and *añejo*, all of which are 100% agave. To appeal to the

actively steered customers away from 100% agave Tequilas in margaritas. The cocktail revolution has now changed that trend dramatically. Not only has the Tequila cocktail expanded beyond the margarita (especially the frozen breed), but mixologists encourage patrons to sample Tequila cocktails made with fresh juices and agave nectar. Guests commonly call for a Tequila cocktail made with a specific brand these days.

Even brand managers have been surprised by the choices consumers are making: "Whenever we go out and simply watch what folks do at bars we are amazed at the number of people who call for 1800 Silver for shots and then turn around and order the 1800 *añejo*, for example, in a variation of a classic cocktail like a Sidecar," says Bennett.



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TEQUILA

NEW IMPORTS, NEW PRODUCTS, NEW METHODS

An increasing interest in 100% blue agave has brought with it a proliferation of new imports to the U.S. along with the development of brands owned by North American distillers such as St. Helena, CA-based Charbay and Austin, TX-based Dulce Vida. Of course in order to be considered Tequila, it must be created in Mexico.

Another relatively new Tequila of note is Tres Rios, selected by Mötley Crüe frontman Vince Neil, following in the

out losing its roots," says brand ambassador Junior Merino.

The two new categories introduced by the CRT (Tequila Regulatory Commission) in 2006, extra *añejo* (aged more than three years) and flavored Tequilas (infused with natural ingredients only) have led to some interesting innovations, some more successful than others.

Gran Centenario introduced Rosangel, a lovely pink-hued liquid made from Gran Centenario *reposado* which is then transferred to a Port barrel where the addition of fresh-picked Hibiscus flowers give it an all natural-flavor and color. Gran Centenario Leyenda is the distillery's flagship

"From our extensive Tequila heritage we continually strive to find these new presentations. Sometimes these innovations create entirely new classifications of Tequila," adds Schiller.

The relatively small, artisanal Casa Noble, imported to the U.S. by Infinium Spirits, has been quite innovative. "We were the first to introduce triple distillation; we were the first to use brand new French white oak; we developed together with CRT the single barrel; we were one of the first to be organic; and we were one of the first to use a cylindrical press. I believe our willingness to go above and beyond to create the best Tequila pos-



footsteps of Van Halen's Sammy Hagar and Cabo Wabo Tequila.

And these aren't the only musicians getting in on the action. The recently launched 901 Tequila was founded by pop star Justin Timberlake together with beverage marketing pro Kevin Ruder. The smooth, sophisticated liquid is contained in a sleek and contemporary bottle, reminding the new wave of Tequila drinkers that it's not the Tequila your parents drank.

One brand recently introduced to the U.S. is Don Roberto, previously available only in Mexico. It is distinguished by light smokiness provided by volcanic soils and roasted agave. "Don Roberto's vision is not only about the process, history, techniques and traditions, but also about how to mix it with-

mark. "Made from a blend of Tequilas from 4-40 years old, Leyenda is a truly legendary Tequila best enjoyed with a snifter," says Scott Schiller, brand manager, Proximo Spirits of this extra extra *añejo*.

LESS THAN A DECADE AGO,
BARTENDERS ACTIVELY
STEERED CUSTOMERS
AWAY FROM 100% AGAVE
TEQUILAS IN MARGARITAS.
THE COCKTAIL REVOLUTION
HAS NOW CHANGED THAT
TREND DRAMATICALLY.

sible without sacrificing anything is key for Casa Noble," says Jose Hermosillo (Pepe), chairman.

Tequila Corralejo, also available through Infinium, contains the expected *añejo*, *blanco* and *reposado*, but also features more exotic offerings like Corralejo Triple Destilado (distilled three times rather than two) and Gran Correlajo, which is the exclusive reserve of Casa Corralejo and must rest in oak for at least two years before it is ready for bottling.

Dobel Tequila is the first to actually blend different age classifications including *reposado*, *añejo* and extra *añejo* with the goal of producing a super-smooth Tequila. "As the personal brand of Juan Domingo Beckmann, VI, general distiller, it uses only the best of the best at every single step of its making. This blend is then put



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TEQUILA

A CALL FOR VALUE




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BEAMIXOLOGIST

Straight Up with:
Armando Zapata, Sauza Tequila brand ambassador

Hot Cocktails


■ **Tres Plata Ultimate Margarita**



1 part Tres Generaciones® Plata Tequila
1 part DeKuyper® Triple Sec
1 part Fresh Lime Juice

Rim the outside of a margarita glass with lime and dip into sugar. Add ice to the glass. Fill a drink shaker with ice and all of the ingredients. Shake and strain into a margarita glass.

■ **Hornipolitan**



2 parts Hornitos™ Reposado Tequila
1 part Triple Sec
2 parts Cranberry Juice
1 part Fresh Lime Juice

Cool Tips

Tequila has become so much more than just about shots or margaritas. As bartenders and consumers have become more educated about tequila, it has gained popularity as an ideal spirit for mixing or sipping like a Scotch or Cognac.

- Plata Tequilas are unaged, Reposado Tequilas are slightly aged (around two to four months in oak vats or barrels) and Añejo Tequilas are aged in American oak barrels for at least a year.
- Demand for 100% agave premium tequilas has spurred growth in the tequila category.
- Tequila can be easily mixed in traditional cocktails. Instead of using vodka in a martini, try using a Plata Tequila.
- Try sipping an Añejo Tequila in a snifter and enjoy as you would a fine Cognac.
- FUN FACT: Sauza was first to call the spirit tequila and the first to import tequila into the United States.

To learn more about tequila and its versatility, check out www.virtualspirit.org

Service Provider: Beam Global Spirits & Wine, Inc.

through a proprietary filtration process that leaves the Tequila amazingly smooth, and with incredible depth of flavor," notes Schiller.

1800 took advantage of its iconic bottle to support developing artists with limited edition Essential Artists bottles. "It was one of the ways that we try to give back," points out Bennett. "With the first series we found a number of artists who we believed in and gave them the bottle as a canvas and exposed them to a wider audience than they have known before. With the second series we encouraged the creativity of all of our friends and loyalists by allowing them to upload their artistic creations to our website."

FOOD AND TEQUILA PAIRINGS

The "legalization" of flavored Tequilas by the CRT was a boon for Voodoo Tiki, whose line includes silver, reposado, añejo and extra añejo as well as infused flavors such as Desert Rose-Prickly Pear, Blue Dragon-Blue Kiwi, Green Dragon-Peach Lime and Mango Mania-Mango and Açai. Voodoo Tiki is interested in teaching consumers how to incorporate Tequila in both food and drink recipes, reflecting a growing trend.

Phil Ward, beverage manager of NYC Tequila and mezcal bar, Maya-

huel, believes that agave spirits "have a particular affinity for savory and hot spices" both in cocktails and for pairing with food. Mayahuel presents a great opportunity for customers to pair food with cocktails or neat Tequilas with educated recommendations from the staff.

Milagro has given this affinity some thought as well. When it comes to shots, the brand suggests pairing silver with salt and lime, cinnamon sugar with orange for reposado and for añejo, chili salt and grapefruit to enhance the original flavors. They also host in-depth Tequila tasting dinners with a brand ambassador where Mexican cuisine is paired with Milagro cocktails. Tequila Don Julio, too, hosted a series of "Spirited Dinners" in six restaurants in cities across the U.S. in 2009, where the chef and mixologist from each restaurant created a multi-course menu with dishes pairing with specific Don Julio varieties.

Pairing Tequila with food encourages consumers to really stop and smell the agave—and to appreciate what makes Tequila so unique; from the long growing cycle of agave, to the minerals it absorbs as it develops, to the influence of time spent by the spirit in the barrel. Agave spirits have come of "age" in the U.S. ■



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