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U.S. SURPASSES MEXICO TO BECOME TOP MARKET FOR MEZCAL

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Mezcal continued its steep growth curve last year as global shipments of the agave-based spirit rose 26% to 827,000 9-liter cases, according to the Consejo Regulador del Mezcal. For the first time ever in 2019, the United States became the world's largest market for mezcal, as imports surged 50% to 371,000 cases, surpassing Mexico, which increased 10% to 304,000 cases. The U.S. comprised 71% of all mezcal exports last year, dwarfing second-ranked Spain, which accounted for less than a 6% share.

While mezcal remains tiny compared to its better-known cousin Tequila, its consumption has risen dramatically over the past five years, as new brands and increased investment bolster excitement and awareness. Pernod Ricard's Del Maguey brand remains the largest-selling mezcal brand in the U.S., after a 39% increase to 59,000 case depletions last year, according to Impact Databank. That was nearly twice as much as its nearest competitors, Ilegal from Bacardi USA and Banhez from CNI Brands.

Still, opportunities abound for a range of players. "Relatively small domestic volume gives all of us in the space a chance to carve out a healthy piece of the business in short order—jockeying for attention at the account level and with distributors," notes August Sebastiani, president of 3 Badge Beverage, which markets the Bozal brand.

While much of its growth had been coming from the on-premise, Mezcal consumption in the U.S. continues to do well into 2020 and has also benefited from the recent surge in the off-premise. Retail sales of mezcal in IRI channels for the four weeks ending March 22 accelerated to a rate of 67%, and they nearly doubled during the four weeks ending April 19. The surge in mezcal doesn't appear to be cannibalizing Tequila, which showed 35% dollar growth in IRI channels in the four weeks through March 22 and a 58% gain in the most recent four-week period through April 19.

BOZAL MEZCAL