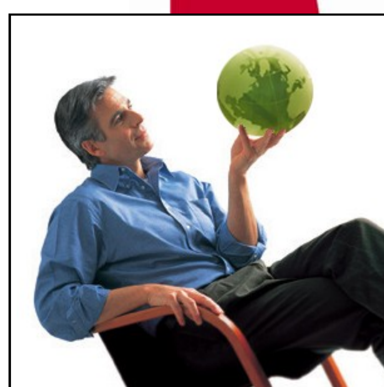
Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET INDICATOR REPORT | OCTOBER 2011

Consumer Trends
Wine, Beer and Spirits in Mexico



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Growing Forward

Canada

EXECUTIVE SUMMARY

Mexico is the second largest country in Latin America, after Brazil, with a total population of around 110 million. Mexico City is by far the largest city in the country, with a population of 8.7 million, and roughly 20 million inhabitants in its metropolitan area.

A wide variety of alcoholic beverages are consumed in Mexico, including some that predate colonial settlement. Mexicans historically preferred beer and distilled alcoholic beverages such as tequila and rum, but wine is quickly becoming more popular.

Mexico is actually the oldest wine-growing region in the Americas. Wine making began with the arrival of Spanish missionaries in the sixteenth century, who used wine during mass, and brought Spanish varietals of grape vines with them from Europe. This influence is being revived in modern-day Mexico as the country transitions towards greater wine consumption. However, the demand for quality wines is much greater than local wineries can supply. In general, Mexican wines are perceived as overpriced (considering the quality) in comparison with other similar quality wines found in the market from neighbouring countries such as Chile, Argentina or more traditional wine-producing countries such as France and Spain.

MARKET TRENDS

While the tastes and preferences of Mexican wine consumers have changed significantly over the past few decades, Mexicans still prefer imported wines over domestically produced wines. Consequently, foreign wines are seen as a high-priced commodity and are geared mainly at the upper socioeconomic groups. In turn, this left Mexican consumers with the impression that since imported wines were more expensive and exclusive, they must therefore be of superior quality.

The Mexican wine industry offers over 300 labels among whites, reds, rosés, and sparkling wines. Mexico produces various grape varieties such as Pinot Noir, Cabernet Sauvignon, Merlot, Syrah, Garnacha and Alicante, among others.

Domestic wine supply has increased as a result of steady marketing campaigns and a variety of distribution channels. Currently, close to 66% of the market is comprised of imported wines, with the remaining share coming from Mexican production.

The dominance of Chilean wine in the Mexican market is attributed to the vast availability of many high-quality, yet reasonably priced wines. However, Mexican wine consumers are extremely open to trying wines from various countries, including Canada.

Note: Mexico's taxation rates for alcoholic beverages are provided in the Annex

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Mexican Alcoholic Beverages Market Sizes: Off-Trade[1] Retail Sales Value in US$ million						
	2005	2006	2007	2008	2009	2010
Alcoholic Drinks	7,852	8,435	9,972	11,430	12,239	12,876
Beer	5,664	6,165	7,487	8,755	9,503	9,948
Dark Beer	-	-	-	-	-	-
Lager by Origin	5,664	6,165	7,482	8,737	9,481	9,923
Low/Non- Alcohol Beer	-	-	4	18	21	25
Cider/Perry	43	32	31	32	33	35
RTD*/High-Strength Premixes	193	208	219	241	254	282
RTD*	193	208	219	241	254	282
Spirits	1,706	1,761	1,914	2,042	2,059	2,174
Brandy and Cognac	298	286	278	289	285	292
Liqueurs	47	49	48	51	56	59
Rum	162	174	198	213	219	230
Tequila (and Mezcal)	983	989	1,123	1,121	1,088	1,139
Whiskey	125	139	138	227	273	307
White Spirits	85	117	123	134	133	139
Other Spirits	6	6	6	6	6	6
Wine	245	269	320	360	391	437
Fortified Wine and Vermouth	39	43	51	61	65	70
Sparkling Wine	53	62	79	86	85	91
Still Light Grape Wine	153	165	191	213	241	276

Note: *Ready-to-drink*
Sources: *GTIS, 2011; Euromonitor 2011*

Mexican Sales of Alcoholic Drinks by Category: Off-Trade Volume in millions of litres						
	2005	2006	2007	2008	2009	2010
Alcoholic Drinks	4,817.1	5,043.8	5,268.4	5,392.3	5,505.8	5,410.2
Beer	4,540.6	4,763.6	4,973.5	5,085.8	5,193.9	5,085.9
Cider/Perry	16.0	11.7	11.5	11.8	11.1	11.2
RTDs/High-Strength Premixes	100.2	105.7	111.7	118.1	119.7	125.3
Spirits	135.7	136.1	137.7	140.1	142.8	146.9
Wine	24.6	26.7	33.9	36.5	38.3	40.9

Note: *Ready-to-drink*
Source: *Euromonitor, 2011.*

[1] ***"Off-trade"*** refers to sales of alcoholic beverages through retail outlets.
"On-trade" refers to sales of alcoholic beverages through bars, restaurants, cafés, hotels and other catering establishments. (*Please note that on-trade statistics will only be presented in this report as they are available, and availability differs by sector/sub-sector.)

CONSUMER TRENDS

According to Datamonitor, Mexico has an estimated population of 110 million and is the eleventh most populous country in the world. Approximately 64.6% of the population is between 15 and 64 years of age. Mexico also has a large working population with a low median age of 26.3 years. More than 60% of the Mexican population has a minimum annual income of US$5,000, which points to a massively evolving middle class in the country.

These demographics have positively affected the wine market in the country. Wine is primarily purchased by the high- and medium-high socioeconomic groups and by people between 40 and 65 years of age, who generally have higher purchasing power. However, well-educated consumers in the 25-40 age group have also become substantial wine consumers.

According to Datamonitor, the population aged 35-65 years is set to increase at a compound annual growth rate (CAGR) of 2.8% during 2010-2014, while the 55+ age group has a relatively higher growth rate prediction. The expected growth of these target population groups will further fuel the development of Mexico's wine market.

Alcoholic beverages have always been an integral part of Mexican culture. Today, Mexico is known globally for its tequila, and is one of the largest consumers and producers of tequila in the world. However, the sector as a whole caters to a diverse range of consumers who have growing and diversifying preferences. In 2010, Mintel reported that of the 156 new alcoholic beverage launches in the country, tequila led the sector representing 28%, followed by beer with 27%. Spirits were led by launches in vodka (10%), whiskey (5%), and rum (white 9%, dark 6%). Wine products (mainly red wine, white wine, and wine coolers), and cider made up the rest of the new product launches in the sector.

New Alcoholic Product Launches in Mexico, 2010

Sub-Category	Number of Variants
Tequila	44
Beer	43
Flavoured Alcoholic Beverages	19
Vodka	16
White Rum	9
Liqueur	9
Dark Rum	6
Whiskey	5
Cider	2
Fortified and Other Wines	1
Total Sample	156

Source: *Mintel GNPD*

RETAIL TRENDS

Wine, beer and spirits are mainly sold through two channels: independent specialists, or large distribution retailers. As supermarkets/hypermarkets and discount chains continue to expand across Mexico, competition will intensify, particularly amongst the lower-priced beer products sold through these channels.

In contrast, niche and premium beer, wine, and spirits brands, primarily found in specialist retailers, are unlikely to be threatened by this competition. Specialist outlets offer more imported, high-end, and hard to find brands than mainstream retailers. In addition, specialty outlets are generally better qualified to offer recommendations and advice regarding product selection, a particularly important feature in the case of premium products. However, specialists will face a growing challenge from convenience stores, forecourt retailers and other grocery retailers, partly due to outlet numbers.

Leading Specialist Retailers, 2010 Number Of Outlets	
La Europea SA de CV	36
La Divina SA de CV	204
Bodegas Alianza SA de CV	63
Vinoteca de México SA de CV	19
La Castellana SA de CV	11
Independents	11,800

Source: *Datamonitor, 2011.*

Leading Supermarket/Hypermarket Retailers, 2010, Number Of Outlets	
Wal-Mart	1,153
Soriana	807
Comercial Mexicana	201
Chedraui	156

Source: *Planet Retail, 2011.*

Mexican consumers usually shop in large retail outlets as opposed to small supermarkets. Wal-Mart is the leading operator in the hypermarket and superstore sector, accounting for almost half of sales with its Supercenters and Bodega Aurrerá stores. Soriana is the second largest player in this sector with its Soriana hypermarkets and Mercado Soriana superstores, while another major player in the superstore sector is Comercial Mexicana, present with its Bodega banner.

The convenience store sector has its main representative in OXXO, which operates around 8,500 stores in Mexico. The other two leading convenience store chains are Extra (part of the Grupo Modelo beer producer) and 7-Eleven, which operate around 5,250 (including around 4,300 Modelorama liquor stores) and 1,250 stores respectively.

Source: *Shutterstock*

WINE

Traditionally, wine production in Mexico was limited to altar wine for religious ceremonies, while primary alcoholic exports were largely tequila and beer. While these two products are still the most popular alcoholic beverage selections, wine consumption is indeed increasing, sustained by a taste for fine wine among Mexican professionals and an affluent younger generation in the larger cities like Mexico City, Monterrey, and Guadalajara.

Most Mexican wine consumers tend to prefer European wines over Californian ones, and European varieties comprise about half of all Mexican wine imports, followed by American imports with 35%. However, white Californian wines (Chardonnay, for example) have a more prominent influence, and enjoy greater recognition within the Mexican market than Californian reds.

Mexican Top 10 Bottled Wine Imports for 2009-2010

Partner Country	2009		2010	
	Litre	US $	Litre	US $
World	29,610,909	$120,223,751	32,679,822	$132,163,480
Spain	11,642,043	$43,916,047	10,103,805	$48,712,174
Chile	7,246,289	$27,515,067	9,410,535	$30,300,189
Argentina	3,274,545	$13,313,448	4,021,542	$15,255,083
France	1,415,934	$12,901,617	1,784,231	$12,214,593
Italy	2,909,229	$10,088,943	3,617,425	$10,939,895
United States	1,620,192	$6,139,695	1,904,761	$7,097,385
Germany	564,241	$1,806,581	759,059	$2,231,236
Australia	374,721	$1,704,037	444,720	$2,000,912
Portugal	250,664	$1,308,055	181,695	$1,217,687
South Africa	148,945	$540,050	283,942	$1,164,554

Source: *Global Trade Atlas, April 2011.*

Price, quality, availability, and brand name familiarity are important factors of consideration when Mexican consumers buy imported wines. Spain, Chile and Argentina have enjoyed a considerably larger share of Mexico's wine market in recent years.

The main Mexican consumers of wine tend to be middle-aged and older, well educated, and represent the upper-middle to high-income segment of the population. However, increased awareness of wine products and the potential health benefits of moderate consumption among young metropolitan Mexicans (mid to late twenties) is further expanding the wine market in the country.

Source: *Mintel*

Mexico - Wine Market Sizes - Historic/Forecast, Off-trade Retail Value - US$ million										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fortified Wine and Vermouth	39.3	42.9	50.7	61.4	64.9	69.7	74.7	79.4	85.5	90.7	96.6
Non-Grape Wine	-	-	-	-	-	-	-	-	-	-	-
Sparkling Wine	52.7	61.5	78.6	85.6	84.7	91.4	98.7	106.7	116.1	125.2	133.9
Still Light Grape Wine	153.4	165	191.1	212.6	241	275.6	313.4	354.1	401.4	455.2	520.4
Total Wine	245.4	269.3	320.4	359.6	390.7	436.7	486.8	540.2	603	671.2	750.9

Mexico - Sales of Still Red Wine by Grape/Varietal Type, % of Total (On-Trade and Off-Trade) Volume						
	2005	2006	2007	2008	2009	2010
Cabernet Sauvignon	56	55	54.5	54.6	54.6	54.3
Lambrusco	1	2	1.5	1.3	1.2	1.2
Merlot	10	10	10.5	10.4	10.4	10.4
Shiraz/Syrah	4	4	4.3	4.1	4	4
Tempranillo	28	28	28.3	28.4	28.5	29
Others	1	1	1	1.4	1.3	1.2
Total	100	100	100	100	100	100

Mexico - Sales of Still White Wine by Grape/Varietal Type, % of Total (On-Trade and Off-Trade) Volume						
	2005	2006	2007	2008	2009	2010
Chardonnay	32	32	34	34.2	35	36
Chenin Blanc	2.5	2.5	1.8	1.5	1.6	2
Riesling	36	36	35	35.3	31	29
Sauvignon Blanc	26	27	27.3	27.3	28	29
Others	3.5	2.5	2	1.8	4.3	4
Total	100	100	100	100	100	100

Mexico - Forecast Sales of Wine by Category Total (On-Trade and Off-Trade) Volume in millions of litres					
	2011	2012	2013	2014	2015
Fortified Wine and Vermouth	11	11.4	11.9	12.3	12.6
Fortified Wine	10.2	10.6	11.0	11.4	11.7
Port/Oporto	0.1	0.1	0.1	0.1	0.1
Sherry	0.1	0.1	0.1	0.1	0.1
Vermouth	0.6	0.7	0.7	0.7	0.7
Sparkling Wine	8.9	9.3	9.8	10.2	10.7
Champagne	0.4	0.4	0.4	0.4	0.4
Other Sparkling Wine	8.5	8.9	9.4	9.8	10.2
Still Light Grape Wine	48.0	52.3	56.9	62.1	68.1
Still Red Wine	35.6	39.3	43.4	48.2	53.7
Still Rosé Wine	1.9	1.9	2.0	2.0	2.0

***Source for all:** Euromonitor, 2011.*

Wine production in Mexico is highly concentrated between three producers. To produce wine, vineyards must be at least four years old, and the production of higher quality wine requires vineyards that are at least eight years old. However, while older vineyards produce higher quality grapes, they also yield smaller volumes.

Due to a history of relatively low domestic wine consumption, Mexican producers have not significantly invested in the development and maintenance of vineyards. This is slowly changing, with companies like Vinícola LA Cetto that constantly replant vineyards and invest in new technologies to improve their harvesting techniques.

Mexican Wine Company Shares of Still Light Grape Wine by National Brand Owner, % of Total Volume

Company	2006	2007	2008	2009	2010
Casa Pedro Domecq Mexico SA de CV	20.4	17.7	17.3	17.3	17.9
La Madrileña SA de CV	13.9	12.9	10	12	12.4
Digrans SA de CV	14.1	11.3	11.3	12.4	12
Vinícola LA Cetto SA de CV	11.1	11.1	11.4	11	11.6
Grupo Peñaflor SA	2.5	2.6	2.8	3.1	3.3
Bodegas Santo Tomás SA de CV	2	1.7	1.8	2.5	2.6
Monte Xanic SA de CV	1.6	1.5	1.7	2.5	2.4
Valle Redondo SA de CV	1.8	1.7	1.2	2.5	2.4
Jesús Biurrún Echeverría SA de CV	1.8	1.5	1.7	2	2.1
Comercializadora Mexico	1.9	1.3	1.2	1.4	1.5
Importaciones Colombres SA de CV	1.1	0.9	0.9	1.1	1.3
Bodegas La Negrita SA	1.3	1	1.1	1.2	1.2
Distribuidora Dolgo	0.9	0.8	0.9	0.9	1.2
Marinter SA de CV	0.6	0.4	0.4	0.9	1
Others	25.1	33.5	36.3	29.4	27.2
Total	100	100	100	100	100

Source: *Euromonitor, 2011.*

La Madrileña remained the leader in the Mexican wine market in 2010, accounting for 24% of total volume sales. The company dominated fortified wine, the third largest category overall, with its Tres Coronas brand. It was also the second leading player in still light grape wine, thanks to the combined strength of its E & J Gallo, Carlo Rossi and Tarapacá brands.

Casa Pedro Domecq was the second leading wine company overall, claiming a volume share of 13%. It held the number one position in still light grape wine with a strong portfolio that includes brands such as XA Domecq, Padre Kino, Calafia, Marqués de Riscal and Chateau Domecq. It was also the third leading player in the sherry category, where it offers the La Ina brand.

Digrans SA de CV and Vinícola LA Cetto were the third and fourth leading wine players respectively, with each claiming a volume share of around 8%. Both companies were active in still light grape wine products.

BEER

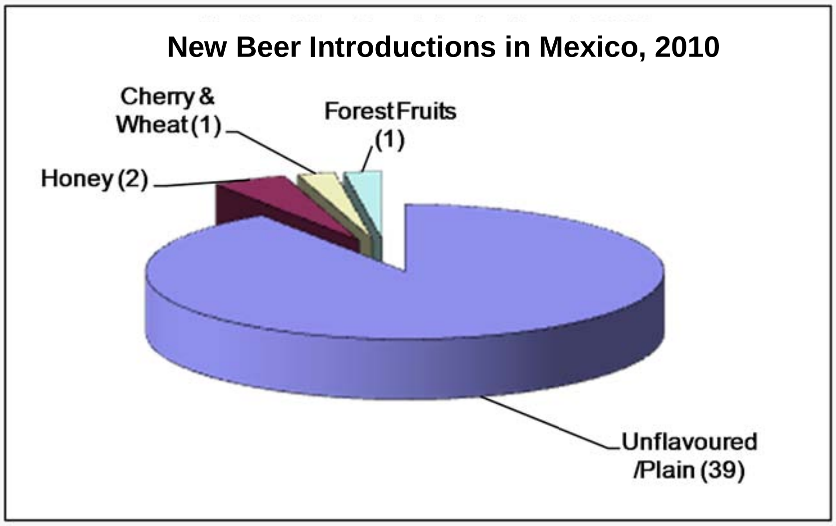
In Mexico, there are about 63 million potential beer consumers, and every year, a million more are added (from consumers that have reached the legal drinking age). Subsequently, growth in Mexico's beer market is mainly driven by young consumers.

Mexico has the highest per capita beverage consumption of any country in the world, largely due to its status as the second largest soda consumer. However, Mexico is also the world's tenth largest beer consumer (and the third largest beer producer).

Though the average consumer's familiarity with beer is largely limited to pale, light-bodied lagers, craft and specialty beers may find niche opportunities. These opportunities reside with Mexico's tourist sector, upscale restaurants, and hotels. Middle- and upper-class consumers also increasingly prefer upscale and distinctive products.

Source: *Mintel*

In terms of packaging, Mexican beer drinkers as a whole tend to prefer bottled beer.



Source: *Mintel GNPD*

Package Type	Number of Variants
Bottle	37
Can	5
Carton	1

Source: *Mintel GNPD*

Mexico - Beer Market Sizes - Historic Off-trade Retail Value - US$ million						
	2005	2006	2007	2008	2009	2010
Beer	5,664.4	6,164.8	7,486.6	8,755.1	9,502.7	9,947.9
Dark Beer	-	-	-	-	-	-
Lager by Origin	5,664.4	6,164.8	7,482.4	8,736.9	9,481.4	9,923.2
Low/Non- Alcohol Beer	-	-	4.2	18.2	21.3	24.6
Stout	-	-	-	-	-	-

Mexico - Beer Market Sizes - Forecast Off-trade Retail Value - US$ million					
	2011	2012	2013	2014	2015
Beer	10,768.2	11,596.0	12,408.5	13,192.8	13,957.5
Dark Beer	-	-	-	-	-
Lager by Origin	10,740.2	11,564.1	12,371.8	13,151.3	13,910.6
Low/Non- Alcohol Beer	27.9	31.9	36.6	41.6	46.9
Stout	-	-	-	-	-

Source for both: *Euromonitor, 2011.*

Mexican Sales of Beer by On-trade vs. Off-trade Split: Volume in million litres						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Off-trade	4,540.6	4,763.6	4,973.5	5,085.8	5,193.9	5,085.9
On-trade	1,197.6	1,277.0	1,341.4	1,374.8	1,328.3	1,298.3
Total	5,738.2	6,040.6	6,314.9	6,460.6	6,522.2	6,384.2

Source: *Euromonitor, 2011.*

Mexican Sales of Beer by Category: Total Volume (On-Trade and Off-Trade) in millions of litres						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Beer	5,738.2	6,040.6	6,314.9	6,460.6	6,522.2	6,384.2
Lager	5,738.0	6,041.0	6,313.0	6,451.0	6,512.0	6,373.0
Premium Lager	92.9	119.9	146.7	162.7	156.8	167.6
Domestic Premium Lager	4.3	4.0	13.9	15.5	18.3	19.3
Imported Premium Lager	88.7	116.0	132.8	147.2	138.5	148.3
Standard Lager	5,628.9	5,904.0	6,149.3	6,270.8	6,332.9	6,181.6
Domestic Standard Lager	5,628.9	5,904.0	6,149.3	6,270.8	6,332.9	6,181.6
Economy Lager	16.4	16.7	17.2	17.6	22.0	23.6
Domestic Economy Lager	10.8	11.0	11.2	11.6	12.0	12.4
Imported Economy Lager	5.6	5.8	5.9	6.0	10.1	11.2
Low/Non- Alcohol Beer	-	-	1.8	9.6	10.5	11.4
Non-Alcoholic Beer	-	-	1.8	9.6	10.5	11.4

Source: *Euromonitor, 2011.*

CIDER/PERRY

Source: *Mintel*

Cider has very strong seasonal associations in Mexico, generally only consumed during the Christmas period. As a result, cider products only tend to be advertised in December, with marketing activities remaining negligible for the rest of the year. Similarly, for 11 months of the year, cider products are rarely visible on retail or on-trade shelves.

Men and women aged 45 and older are the main consumers of cider in Mexico. However, the low alcohol content of cider is also the main reason why it has such limited appeal among the key consumer group of young adults, who tend to prefer spirits, wine and ready-to-drink products.

Mexican Sales of Cider/Perry: Off-Trade Volume in '000 of litres						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Cider/Perry	16,020	11,739	11,504	11,803	11,080	11,242

Source: *Euromonitor, 2011.*

Company Shares of Cider/Perry in Mexico by National Brand Owner					
% total volume	**2006**	**2007**	**2008**	**2009**	**2010**
Valle Redondo SA de CV	26.6	27.8	24.5	22.2	23.5
Ex Tarimt SA de CV	14	15.6	16.7	17.5	17.6
Bodegas Copa de Oro SA	19.3	19.6	18.8	16.9	17.2
Fabrica de Sidra Gota Real SA	10	12.2	12.1	12.4	12.5
Others	30.1	24.7	27.9	31	29.1
Total	100	100	100	100	100

Source: *Euromonitor, 2011.*

Forecast Mexican Sales of Cider/Perry: Off-Trade Volume in '000 of litres					
	2011	**2012**	**2013**	**2014**	**2015**
Cider/Perry	11,118	10,979	10,820	10,698	10,582

Source: *Euromonitor, 2011.*

READY-TO-DRINK/HIGH-STRENGTH PREMIXES

Source: *Mintel*

In this sector, spirit-based ready-to-drink products (RTDs) was the largest category in 2010, accounting for 52% of total volume sales. It also showed the fastest development of any category, with total volume and current value sales growing by 7% and 12%, respectively. This performance reflects the growing popularity of spirit-based RTDs as a high-alcohol alternative to beer among the key demographics of women and young adults.

Some successful new products launched included exotic new flavour variants and products made from existing spirits brands with a premium positioning.

Off-trade channels accounted for 93% of total RTDs/high-strength premixes in 2010, and 67% of total sales.

Mexican Sales of RTDS/High-strength Premixes by Category: Total (On-Trade and Off-Trade) Volume in '000 of litres						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Spirit-Based RTDs	57,122	59,538	61,912	64,348	65,923	70,586
Wine-Based RTDs	52,939	55,321	58,688	60,387	60,816	61,738
Malt-Based RTDs	-	990	1,015	3,940	3,335	3,430
Other RTDs	-	-	-	-	-	-
Total RTDs/High-Strength Premixes	110,060	115,849	121,614	128,675	130,075	135,754

Source: *Euromonitor, 2011.*

Company Shares of RTDs/High-strength Premixes by Global Brand Owner % of Total Volume					
	2006	2007	2008	2009	2010
Brown-Forman Corp	-	32.1	33.3	34.7	35.9
Pernod Ricard Groupe	31	29.5	28	29.9	28.6
Productos de Uva SA de CV	18.9	19.2	18.6	19.2	18.9
E & J Gallo Winery	6.3	7.2	8.3	5.6	5.6
Vinicolas de Tecate D de RL	-	0.3	0.7	1.7	2
Heineken NV	-	-	-	-	1.9
Bacardi & Co Ltd	4.6	3.6	2.6	1.8	1.7
Valle Redondo SA	-	-	0.7	1.1	1
Diageo Plc	-	-	-	0.3	0.3
Campari Milano SpA, Davide	0	0	0.1	0.2	0.2
Casa Herradura SA de CV	30.8	-	-	-	-
FEMSA (Fomento Economico Mexicano SA de CV)	0.8	0.7	2.6	2	-
Allied Domecq Plc	-	-	-	-	-
Others	7.6	7.3	5.2	3.5	3.8
Total	100	100	100	100	100

Source: *Euromonitor, 2011.*

SPIRITS

Total spirits volume sales grew by 2.5% in 2010 to reach 146.8 million litres. The brandy and cognac category represents 22% of the spirits market in Mexico, second only to tequila, which accounted for 43% of spirit sales. Sales of tequila and tequila-related drinks amounted to 63.2 million litres, and represented 48% percent of all alcoholic drinks sold in Mexico.

Mezcal (a product of the agave plant and water) is generally handcrafted using traditional processes. Two million litres of mezcal were produced in Mexico 2009. There are over 150 mezcal brands that export half a million litres to countries such as New Zealand, Australia, China, Russia, the United States (U.S.), and other countries in Central and South America.

Tequila is a very commercially mature category in Mexico, with approximately 900 different brands and varieties (generally defined by age) available in 2010. Following the lead of their counterparts in the vodka and rum categories, a number of tequila manufacturers have made their products available in different flavours, including chocolate and coconut-flavoured tequila cream products. These new launches are designed to attract more female consumers and young adults. While tequila remains the most popular spirit in Mexico, it has something of an old-fashioned image and the maturity of the category limits growth.

Brandy and cognac, vodka, whiskey, rum and liqueurs account for the lion's share of spirit imports into Mexico. Spain, Argentina and France are the main countries of origin for brandy and cognac imports. Most vodka imports come from Sweden, Russia, Poland, the U.S. and France. The United Kingdom, the U.S., Canada and Ireland are the main countries of origin for whiskey imports. The bulk of imported rum comes from the Bahamas, Jamaica, Cuba and the Dominican Republic. Ireland, Spain, the U.S and Italy are the main countries of origin for imported liqueurs.

Source: *Mintel*

Mexican Sales of Spirits by On-trade vs. Off-trade Split: Volume in '000 of litres						
	2005	2006	2007	2008	2009	2010
Off-trade	135,688	136,074	137,729	140,075	142,840	146,873
On-trade	62,999	63,316	64,617	64,827	61,148	62,680
Total	198,688	199,390	202,345	204,903	203,988	209,553

Source: *Euromonitor, 2011.*

Mexican Market Sizes - Historic/Forecast - Off-trade Volume in '000 litres											
Categories	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Tequila (& Mezcal)	61,866	62,592	64,013	63,620	61,740	63,233	64,053	64,549	65,261	65,275	64,877
Brandy and Cognac	33,138	31,126	28,740	29,704	31,460	32,282	32,895	33,953	34,735	35,499	36,847
Rum	23,286	23,727	25,816	24,291	23,388	23,683	23,750	23,605	23,428	23,153	22,824
Whiskey	4,204	4,492	4,989	7,583	9,775	10,605	11,426	12,470	13,489	14,577	16,000
White Spirits	7,100	8,047	8,310	8,683	9,507	9,869	10,175	10,625	10,997	11,370	11,940
Liqueurs	3,557	3,581	3,403	3,440	3,968	4,116	4,221	4,366	4,478	4,583	4,747
Other Spirits	2,538	2,508	2,458	2,755	3,002	3,085	3,150	3,260	3,345	3,430	3,575
Total Spirits	135,688	136,074	137,729	140,075	142,840	146,873	149,670	152,828	155,732	157,888	160,808

Source: *Euromonitor, 2011.*

Mexico On-trade and Off-trade Sales of Spirits by Category: Volume in '000 of litres						
	2005	2006	2007	2008	2009	2010
Brandy and Cognac	44,838	42,693	39,880	40,855	41,847	42,940
Brandy	43,858	41,652	38,975	40,013	41,093	42,166
Cognac	981	1,042	906	842	754	773
Liqueurs	7,847	7,888	7,496	7,518	7,632	7,859
Bitters	379	379	601	572	787	866
Cream-Based Liqueurs	3,458	3,540	3,314	3,589	3,621	3,734
Other Liqueurs	4,010	3,969	3,581	3,357	3,224	3,260
Rum	33,696	34,298	37,398	35,119	33,201	33,632
Dark Rum	9,804	9,888	10,808	10,268	9,816	9,986
White Rum	23,892	24,410	26,590	24,851	23,385	23,646
Tequila (and Mezcal)	90,846	91,736	93,654	92,364	88,464	90,335
Whiskey	6,838	7,190	8,107	12,412	15,478	16,797
Bourbon/Other U.S. Whiskey	338	375	327	534	616	657
Canadian Whiskey	207	250	167	210	240	253
Blended Scotch Whiskey	6,293	6,565	7,613	11,668	14,623	15,887
White Spirits	11,800	12,792	13,075	13,606	14,133	14,672
Gin	510	500	494	480	465	482
Vodka	11,290	12,292	12,581	13,126	13,668	14,190
Other Spirits	2,823	2,793	2,735	3,031	3,233	3,319
Aguardente/	1,854	1,902	1,918	2,264	2,503	2,594
Aniseed-Flavoured	570	572	563	559	553	560
Charanda	399	319	255	207	177	166
Total Spirits	198,688	199,390	202,345	204,903	203,988	209,553

Source: *Euromonitor, 2011.*

New Innovative Spirit Products Introduced into the Mexican Market in 2009-2010		
Product	**Spirit Type**	**Features**
Absolut Rock Edition (Maxxium de México SA de CV)	Vodka	One of several limited edition products launched concurrently, featuring a leather encased bottle. Targeted at younger adults and collectors.
Absolut Vodka (Maxxium de México SA de CV)	Vodka	Flavour sophistication: new Berri Acai flavour variant (February 2010).
Azteca de Oro (Casa Pedro Domecq Mexico SA de CV)	Brandy	Packaging: limited edition all-black bottle.
Bacardi 8 (Bacardi y Cia SA de CV)	Dark rum	Premiumization: premium 8-year-old rum product.
Bacardi Breezer (Bacardi y Cia SA de CV)	Spirit-based RTDs	Convenience/cocooning: Two new flavour variants, Piña Colada and Daiquiri.
Gran Centenario Rosangel (Casa Cuervo SA de CV)	Tequila (and mezcal)	Flavour sophistication: the world's first-ever hibiscus-infused tequila product.
Grey Goose La Poire (Bacardi y Cia SA de CV)	Vodka	Flavour sophistication: new pear-flavoured variant of the Grey Goose brand (April 2009).
Jack Daniel's & Cola / Jack Daniel's & Ginger (Brown-Forman Tequila Mexico S de RL de CV)	Spirit-based RTDs	Convenience/cocooning: new RTDs variants containing a mixture of Jack Daniel's whiskey and cola or ginger.
Magno Solera Osborne (Casa Herradura SA de CV)	Brandy	Packaging/repositioning: limited edition packaging featuring flags of all the countries competing in the 2010 FIFA World Cup. Introduced to make the Magno brand more attractive to young adults.
New Mix (Casa Herradura SA de CV)	Spirit-based RTDs	Flavour sophistication: two new flavour variants, Margarita and Spicy Mango.
Tequila Esperanto Selección Extra Añejo (Destiladora Azteca de Jalisco SA de CV)	Tequila (and mezcal)	Premiumization: new line of premium aged tequila products.
Tequila Patrón (Bacardi y Cia SA de CV)	Tequila (and mezcal)	Premiumization: new line of premium aged tequila products.
Tequilador Chocolate Cream (Merexlinks SA de CV)	Tequila (and mezcal)	Flavour sophistication: chocolate-flavoured cream tequila.
Tequilador Coconut Cream (Merexlinks SA de CV)	Tequila (and mezcal)	Flavour sophistication: coconut-flavoured cream tequila.

Source: *Euromonitor, 2011.*

ANNEX

Mexican Taxation of Alcoholic Beverages	
Measurement of Alcohol by Volume (ABV)	**Tax**
Less than 14% ABV per litre	25%
14-20% ABV per litre	30%
More than 20% ABV per litre	50%

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