THE
TEQUILA REPORT
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ONLY THE DIFFERENTIATED SURVIVE

THE 6 TRENDS SHAPING TEQUILA IN 2026

Post-pandemic tequila in the United States has enjoyed an unprecedented increase in consumer attention, sales, and cultural awareness. But now, changes in behavior, competition, pricing, and more are seismically shifting the landscape of the tequila business.

In this forecast from The Tequila Report, we introduce six data-backed trends that are shaping tequila in 2026 and beyond.

Research for this forecast comes from our twice-annual survey of 1,200 American tequila consumers, representing all 50 states, with supplemental data from other sources.

TABLE OF CONTENTS

ABOUT THE TEQUILA REPORT

The Tequila Report (TequilaReport.com) is a digital magazine and email newsletter for tequila consumers and industry professionals that includes news, reviews, interviews, analysis, events calendars, rankings, and more.

The free email newsletter sends each edition's new stories direct to subscribers' inbox every-other-Tuesday. Join 50,000 other subscribers and get The Tequila Report. TequilaReport.com/subscribe

For private or small group briefings on this forecast, media inquiries, or requests to use this material, please contact Jay Baer, Editor of The Tequila Report, via jay@tequilareport.com

THE POST-PANDEMIC TEQUILA BOOM IN AMERICA IS NOT ENDING. IT IS FRAGMENTING.

For years, tequila was treated as a monolithic category with unified market dynamics. That era is over. The market has bifurcated into two distinct segments with fundamentally different economics, consumer behaviors, and growth trajectories.

MASS-MARKET BRANDS CONTROLLING 71% OF SALES ARE DECLINING. CRAFT TEQUILA BRANDS ARE SURGING, GROWING 28.5% ANNUALLY. THIS SPLIT DEFINES TEQUILA'S FUTURE.

The consequences are severe. Approximately 2,500 tequila brand trademarks are registered with Mexico's regulatory body, yet only 900 are viable competitors. The rest are dormant, abandoned, or never intended for U.S. sale. This brand proliferation masks a harder reality: **consolidation is inevitable.** Four structural factors guarantee it.

First, **consumer preferences lock in early and remain stable.** Ninety percent of engaged tequila drinkers maintain a single go-to brand. Only 28% of consumers try three or more new tequilas monthly, yet 20 new brands launch every month. Supply vastly exceeds demand for trial.

Second, **mass-market consumers prioritize price and accessibility over innovation, while craft enthusiasts represent a narrow demographic:** older, affluent, and concentrated among households earning $170,000 or more.

Third, **most emerging tequila brands depend on continuous venture capital fundraising.** Economic downturns will trigger rapid closures and consolidations.

Fourth, **56% of consumers already believe there are too many tequila brands in the market.**

Brands that survive will be those that differentiate authentically. The most obvious differentiator - additive-free status - has become commoditized. Eighty-four percent of engaged consumers demand additive-free tequila, yet the attribute no longer distinguishes much when claimed by hundreds of competitors. It is the new 100% agave. Instead, brands must invest in genuine production differentiation that cannot be easily replicated.

But differentiation means nothing if consumers are unaware of it. Retail and bar staff recommendations influence fewer than 3 in 10 consumers. **Brands must become media companies,** deploying owned digital channels - social media, websites, email, online education courses - to educate consumers directly. Tequila tourism is emerging as a parallel strategy, with distilleries transforming into destination experiences.

Yet even sophisticated differentiation and education strategies face two headwinds.

First, **pricing ceilings are real and inflexible**. Eighty-seven percent of consumers will not pay more than $55 for blanco tequila, regardless of income level. Economic uncertainty is already driving trade-down behavior, with premium bottles ($100+) declining 18% in late 2025.

Second, **some brands are pursuing a false solution: limited editions and scarcity-driven models.** While generating short-term social media buzz and margin expansion, this strategy mirrors bourbon's cautionary trajectory - creating consumer fatigue, preventing core brand loyalty, and ultimately contracting the category to its most obsessive, affluent core.

The tequila industry faces a strategic inflection point in 2026.

BRANDS THAT SURVIVE CONSOLIDATION WILL BE THOSE THAT DIFFERENTIATE AUTHENTICALLY THROUGH PRODUCTION CHOICES, EDUCATE RELENTLESSLY THROUGH OWNED CHANNELS, MAINTAIN PRICING DISCIPLINE, AND BUILD SUSTAINABLE LOYALTY AROUND CORE PRODUCTS RATHER THAN CHASING PERPETUAL NOVELTY.

Only the differentiated will survive. But differentiation requires more than messaging. It requires action, investment, and discipline.

TREND #1: THERE ARE TWO TEQUILA MARKETS

The tequila industry has long treated its market as monolithic and its consumers as a largely homogeneous group. The reality tells a different story. The market is fragmenting into two distinct segments with divergent behaviors and preferences.

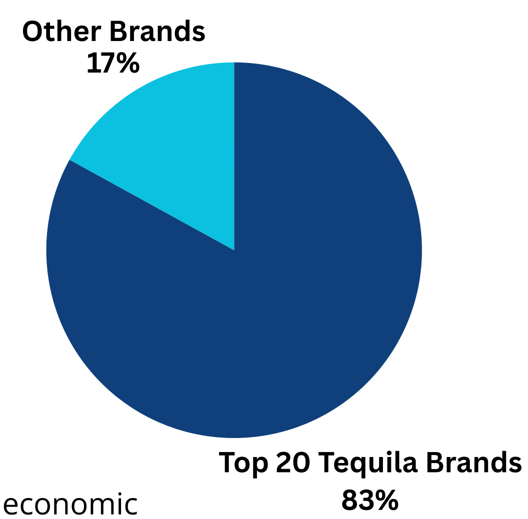
According to Nielsen NIQ data1, approximately 900 agave spirits brands sold at least one bottle at a Nielsen-reporting retail location in 2025, including mezcal. The top 10 brands - Don Julio, Cuervo, Patrón, Casamigos, 1800, Espolón, Lunazul, Hornitos, Teremana, and Cazadores - control 71% of total sales by dollar volume, per Nielsen.

The top 20 brands capture 83% of all agave spirits sales dollars. These market leaders maintain near-universal distribution, rely on efficient industrial production at massive scale, and deploy comprehensive marketing programs to sustain brand awareness and drive demand.

Yet despite these structural advantages, this dominant segment is contracting. Top 20 brand sales declined 1.5% from 2024 to 2025.

This contraction reflects broader patterns in American beverage alcohol consumption. Overall spirits sales fell 4.1% in 2025, though ready-to-drink beverages bucked the trend. Tequila continues to outperform all other spirits categories. Beer and wine sales have reached 20 year lows.

2025 TEQUILA RETAIL SALES

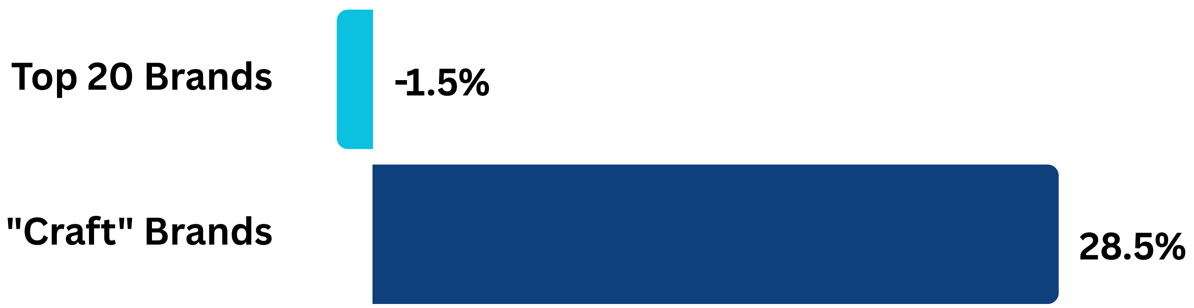


Several factors explain this decline. The normalization of cannabis, economic uncertainty, and generational shifts in drinking habits all play a role. Gallup reports that only 54% of American adults now consume alcohol, marking an 87-year low. This represents a stunning shift: in 2023, 62% of Americans drank alcohol. That constitutes a 13% drop in category size within 24 months.

Against this backdrop, it might be obvious to expect smaller tequila brands to face insurmountable odds. Yet craft tequila brands are flourishing.

These brands are typically produced by smaller distilleries using traditional methods and chemical-free processes. Their marketing emphasizes authenticity and heritage. And their sales growth reflects genuine consumer appetite: craft brands increased sales 28.5% over the past year, according to Nielsen.

2024 TO 2025 RETAIL TEQUILA SALES



This sharp divergence reveals the market's true fracture. Industrial giants are losing ground while artisanal producers are gaining it. The tequila market is no longer monolithic. It is split into two.
The mass-market tequila consumer prioritizes accessibility and familiarity over production methods, distillery history, or brand ownership. This segment predominantly enjoys tequila in cocktails - margaritas, palomas, tequila and soda - rather than neat. Brand identity matters less in these contexts. Consumers make quick purchasing decisions based on recognition and price.

A smaller but rapidly expanding segment operates with entirely different priorities. These consumers prioritize differentiation, innovation, and narrative. They make deliberate purchasing decisions informed by online tequila education resources and community knowledge.

The market is splitting along consumption philosophy and consumer sophistication. Mass-market buyers seek accessibility and familiarity. Enthusiasts seek authenticity and discovery.

SUMMARY

THE TEQUILA BOOM IS NOT OVER IN THE UNITED STATES. BUT GROWTH HAS SHIFTED AWAY FROM MASS MARKET BRANDS AND TOWARD SMALLER, ARTISANAL PRODUCERS

TREND #2: CONSOLIDATION IS COMING

The American beer market offers striking insight into tequila's current trajectory. Like tequila, beer has split into two distinct segments that operate under fundamentally different economics and appeal to fundamentally different consumers.

For decades, beer remained dominated by a handful of mega producers. As recently as 2013, Anheuser-Busch and Molson Coors controlled 73 percent of the market. Yet since then, the landscape has shifted. By 2023, these two giants had ceded 16 percentage points of market share to smaller brewers and importers, falling to 56 percent combined. During that same period, the number of American breweries doubled.

Tequila is in the middle of a similar trajectory in terms of brand expansion. As of January, 2026, there are 2,526 tequila brand trademarks registered with the Consejo Regulador del Tequila, the governing body for tequila production in Mexico. This is an increase of approximately 100% in three years, as each month sees 20 to 30 new tequila brands emerge.

The notion that “it seems like there’s a new tequila brand every day” is not far from being factually accurate.

But a critical distinction clouds the tequila brand narrative. Unlike trademark registration, there is no mechanism for trademark expiration. Brands persist indefinitely, often dormant or abandoned. Many registered brands exist in a ghostly state. Some produce a single batch for personal consumption or a specific restaurant before vanishing. Others sit unused, gathering dust. The implication is clear: brand count does not equal active competition.

This creates a misleading picture. While the CRT has registered approximately 2,500 tequila brands, some are never intended for sale in the United States. When looking at Nielsen sales data, only about 500 brands sold even $10,000 at major retail locations throughout 2025. The true number of functional tequila competitors is larger than that group though, as most startup brands sell primarily through independent liquor retailers that do not report to Nielsen.

ESTIMATED TOTAL TEQUILA BRANDS

In total, The Tequila Report estimates there are approximately 900 viable tequila brands competing in the United States.

This does not diminish tequila's competitive intensity. The category remains fiercely contested. Yet the narrative that intensifying competition arrives with each new trademark registration oversimplifies reality. The actual number of viable, competing brands remains far smaller than the registered count suggests.

What is demonstrably true, however, is this: smaller artisanal brands are capturing an expanding share of the overall tequila market. And with rare exceptions - such as celebrity-backed brands like Dwayne Johnson's Teremana and Kendall Jenner's 818 - nearly all new tequila trademarks granted in the past few years have gone to small startup operations.

This pattern returns us to the American beer parallel. Like craft breweries, craft tequila brands proliferate while industrial producers consolidate. The market splits. Competition intensifies at the margins while dominance hardens at the center.

When the number of craft breweries jumped from 4,803 to 9,796 from 2015 to 2024, nearly eighty percent of them produced fewer than 1,000 barrels annually - which equates to approximately 4,400 4.5-liter cases of tequila.

The explosive growth in brewery count masked a darker reality. While craft beer maintained its market share by volume for many years, holding steady at around 13 percent, the average size and profitability of smaller breweries compressed. Production declined, operational pressures intensified, and many craft breweries began consolidating through ownership changes or partnerships to survive.

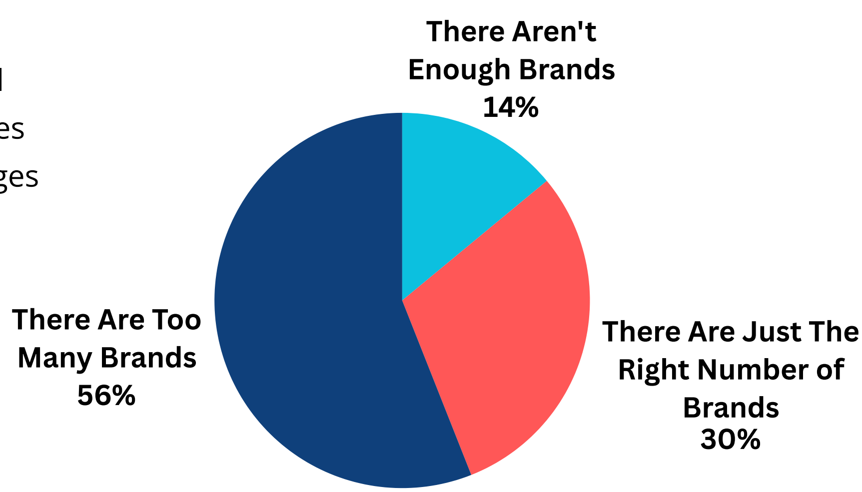
The Tequila Report believes consolidation and increased rate of failure among smaller tequila brands is inevitable. Four factors support this conclusion.

First, consumer motivation diverges by segment. Mass-market tequila consumers prioritize accessibility over innovation. Their consumption occurs primarily in cocktails - margaritas, palomas, tequila and soda - where brand identity matters less. These drinkers exhibit lower brand loyalty than artisanal enthusiasts.

Second, even engaged consumers have limits. Even educated and interested tequila drinkers do not systematically explore new expressions at a pace sufficient to sustain continuous brand proliferation. And the constant influx of new brands can be fatiguing to consumers.

In fact, our research shows that 56 percent believe there are too many tequila brands on the market today.

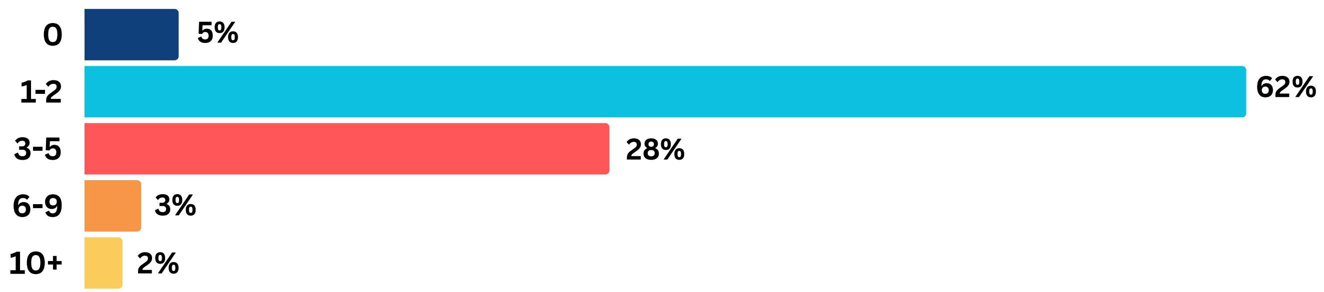
WHAT DO YOU THINK ABOUT THE NUMBER OF TEQUILA BRANDS CURRENTLY AVAILABLE?



Further, appetite for experimentation with new brands is significant but not universal.

Our recent survey of more than 1,200 Tequila Report readers across all 50 states revealed telling patterns. Sixty-two percent of tequila drinkers sample one or two new tequilas monthly. Only 28 percent try three or more new tequilas each month.

HOW MANY NEW TEQUILAS DO YOU TRY EACH MONTH?

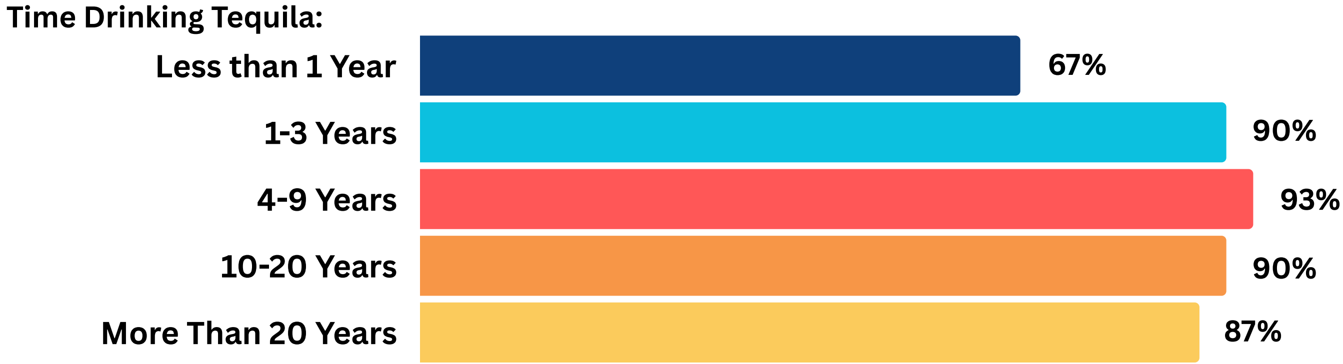


The math is unforgiving. Approximately 20 new brands launch monthly. Consumer appetite for trial cannot absorb this volume. The supply of new brands far exceeds demand for discovery.

Third, consumer behavior locks in brand preferences early. Even educated tequila drinkers develop entrenched routines and favorite brands.

Our research uncovered a striking pattern: 90 percent of core tequila drinkers maintain a "go-to" brand they consume regularly at home. This preference solidifies remarkably fast. Two-thirds of tequila drinkers establish a favorite within their first year. By year two, the figure reaches nine in ten.

DO YOU HAVE A FAVORITE OR "GO-TO" TEQUILA YOU CONSUME AT HOME REGULARLY?



This early brand commitment has profound implications. Once consumers settle on a preferred tequila for home consumption, they tend to remain loyal. Switching costs - both psychological and habitual - rise significantly.

A fourth factor amplifies this pressure: the venture capital model underlying most new tequila brands. Nearly all emerging tequila brands are investor-backed operations pursuing an identical strategy: build rapidly, reach scale, and exit through acquisition at a premium multiple. Success is possible. Casamigos' sale to Diageo and LALO's acquisition by Tito's demonstrate that tequila brand investors can prosper.

Yet the path to that exit is brutally capital-intensive. Production costs, sales infrastructure, travel, and marketing expenses accumulate relentlessly. Very few startup tequila brands operate at quarterly profitability. Instead, they depend on continuous fundraising to sustain operations, mirroring the venture capital model of tech startups.

This dependence on external capital creates acute vulnerability. Many tequila brand investors lack spirits industry experience. Instead, they represent capital flowing from crypto windfalls and record-high equity markets seeking diversification into tequila.

The structural risk is clear. Any sustained decline in global equity markets could dramatically constrain access to capital for emerging tequila brands. Fundraising may become geometrically more difficult. The result would be accelerated brand closures or wind-downs, dramatically reshaping the competitive landscape within months rather than years.

SUMMARY

CONSUMER PREFERENCES LOCK IN EARLY AND REMAIN REMARKABLY STABLE: 90 PERCENT OF TEQUILA DRINKERS MAINTAIN A GO-TO BRAND, WHILE MONTHLY TRIAL OF NEW EXPRESSIONS REMAINS LIMITED, ENSURING THAT THOUSANDS OF EMERGING BRANDS COMPETE FOR A SHRINKING POOL OF SWITCHING CONSUMERS.

TREND #3: THE DRIVE FOR DIFFERENTIATION

Consolidation is inevitable. But it is not predetermined. Brands that differentiate effectively will be the survivors.

While alcohol consumption patterns and competitive dynamics create a challenging environment for tequila brands, there are still genuine opportunities for growth. Success requires building and sustaining a memorable, differentiated narrative that resonates with engaged consumers.

The most viable craft tequila brands will be those that transcend commodity positioning. They must offer something beyond product quality, which consumers increasingly expect. They need authenticity. They need a story. They need connection to place, process, or philosophy that distinguishes them from the thousands of competitors vying for attention.

This narrative imperative favors smaller producers. Industrial giants struggle to convince consumers of artisanal commitment when their scale contradicts it. Craft brands, by contrast, can credibly claim direct relationships with agave farmers, traditional production methods, and family heritage. These stories matter to the consumers driving the 30 percent growth in craft tequila sales.

The effectiveness of this strategy emerges in sales data. Brands like Alma del Jaguar, G4, La Gritona, Don Fulano, and Mijenta experienced retail sales growth of 40 percent or more between 2024 and 2025. All utilize an artisanal, craft approach to production, and to their marketing messaging.

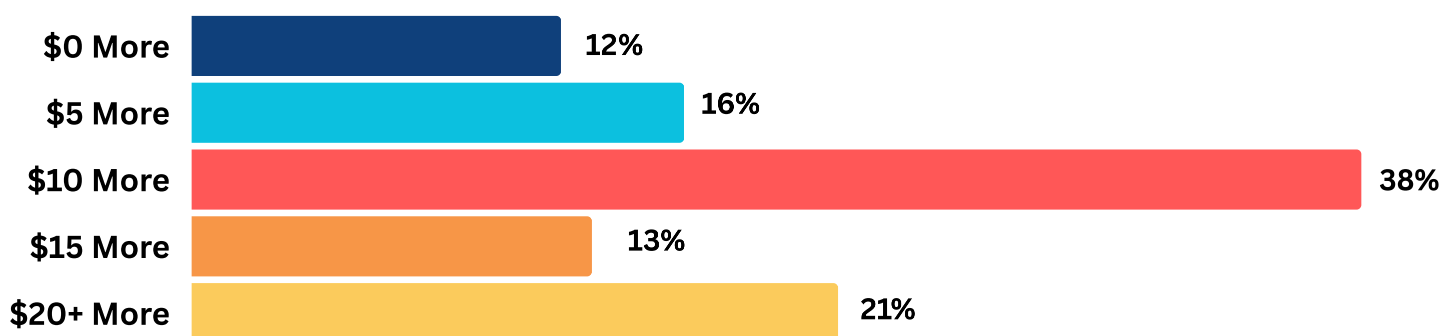
What stories resonate with tequila drinkers that prefer traditionally made tequila?

By far, the most compelling differentiator is additive-free status. Educated consumers overwhelmingly view freedom from artificial sweeteners, glycerin, oak extract, and caramel color as non-negotiable. Eighty-four percent of Tequila Report readers indicate that their preferred tequila must be additive-free, far outpacing any competing attribute.

WHAT MAKES A TEQUILA YOUR GO-TO TO DRINK AT HOME? (TOP 3 ANSWERS)

More tellingly, 72 percent said they would pay at least $10 more for an additive-free tequila.

HOW MUCH MORE PER BOTTLE ARE YOU WILLING TO PAY FOR TEQUILA THAT IS ADDITIVE FREE?



For craft brands competing in the premium segment, additive-free positioning is now essential. It provides immediate credibility with target audiences and becomes the foundational differentiator upon which all other narrative elements rest. Without it, even compelling stories about heritage and craftsmanship ring hollow to informed consumers.

Yet three massive challenges undermine additive-free as a viable long-term differentiator.

First, the verification crisis. The ongoing dispute between the Consejo Regulador del Tequila and the Agave Matchmaker website has destroyed any unified source of truth. No fully public, universally accepted registry now documents which tequilas contain additives and which do not. This verification vacuum has real consequences: nearly all smaller brands now claim additive-free status, yet many of these claims collapse under sensory analysis.

Second, the differentiation disintegration. When so many brands claim to be additive-free, the attribute ceases to differentiate anything. The now unofficial Agave Matchmaker list - the only credible verification attempt - contains 129 brands as of January 2026. Yet approximately 900 viable competitors operate in the category. Only 14 percent have been verified as additive-free. At least double that number claim the attribute. Additive-free has become a checkbox, not a differentiator. It is the new "100% agave."

Third, the regulatory prohibition. The CRT has demanded that tequila companies cease mentioning additives or "additive-free" status in marketing. Their position is unambiguous: since no CRT-approved additives test exists, no claim of additive-free status carries validity.

A criterion that matters deeply to consumers cannot be definitively ascertained, can be claimed by any competitor, yet can only be discussed in whispers due to regulatory prohibition.

If additive-free cannot sustain competitive differentiation, what alternatives remain?

Some brands emphasize environmental sustainability or organic agave certification. Female-owned or female-produced brands underscore that positioning. These narrative building blocks lack broad resonance. Only 20% of survey respondents cite these attributes as reasons for choosing a go-to brand.

WHAT MAKES A TEQUILA YOUR GO-TO TO DRINK AT HOME?

The Tequila Report's Spring 2025 report, "The Tequila Seekers," surveyed more than 1,200 American tequila consumers about specific brand attributes. Results proved sobering. Beyond additive-free status, half or fewer tequila consumers cared about any other attribute tested, including whether the brand was owned by the distillery, owned by Mexican nationals, made by a woman, owned by a woman, used organic agave, or any other characteristic.

Even educated consumers show little passion for ownership structures, maker identity, or sustainability claims beyond additive-free. These narrative anchors simply do not move purchasing decisions. This raises an urgent question: On what foundation can tequila brands build memorable narratives that drive loyalty and premium pricing?

The answer lies in production and innovation approaches. How tequila is made, what agave varieties are employed, which fermentation techniques are deployed, what barrel aging decisions are made - these production choices offer genuine differentiation potential. They reward close consumer attention. They justify premium pricing. They cannot be easily replicated or claimed by competitors. Brands that master the craft of their production process and translate that mastery into compelling, authentic storytelling will be the ones that survive consolidation.

Producers face the same differentiation challenges as brand owners, and some distilleries are investing in equipment that enables production methods increasingly valued by educated consumers.

Sergio Vivanco & Associates (NOM 1414) recently installed a tahona - the volcanic stone wheel used to crush cooked agaves through labor-intensive, traditional methods. The equipment now serves their house brand, Viva México, and contract brands including Lost Lore, with measurable success.

Hacienda de Oro (NOM 1522) has deployed a stone oven alongside its existing steel autoclave pressure cooker. Consumer attitudes often suggest that stone ovens impart superior flavor complexity compared to modern autoclaves. One of their distillery-owned brands, Amatitense, is now using this new production option.

Familia Landeros distillery (NOM 1599) also recently commissioned a stone oven, expanding production options for Atanasio, Valor, and potentially new contract brands seeking differentiated production pathways.

Even industrial producers recognize production method differentiation as a viable strategy. Maestro Dobel, a Cuervo-owned brand ranking in Nielsen's top 30 overall, recently launched a tahona-crushed blanco tequila claiming additive-free status using the "only three ingredients" linguistic framing - code for “additive-free”.

Notably, the new tahona blanco commands a 17 percent price premium over Maestro Dobel's conventional blanco. Yet questions linger about provenance. The distillery currently lacks a tahona on-site, raising questions about production authenticity and sourcing.

Beyond distillery equipment, other production differentiators are emerging across the industry.

Water sourcing presents one avenue. El Pandillo (NOM 1579) leverages three distinct onsite water sources, each contributing unique mineral profiles to their spirits. Cazcanes takes a different approach, trucking in proprietary spring water weekly to their distillery, Tequilera TAP (NOM 1614), ensuring consistency and specific flavor characteristics.

Fermentation strategy offers another differentiation path. Some brands employ unusual yeast strains or novel fermentation processes to create distinctive flavor profiles and compelling narratives.

Alto Canto's high-elevation distillery naturally slows fermentation, producing extended development periods that shape flavor complexity. Among others, Amatiteña relies exclusively on wild yeast fermentation, eschewing commercial cultures entirely. Rimari has adopted sake yeast in tequila production, an unconventional choice that generates genuine novelty and consumer interest.

These production choices - water sourcing, yeast selection, fermentation methodology, and beyond - cannot be easily replicated or casually claimed. They require genuine operational commitment, and partnership between brand and distillery. They reward close consumer attention and justify premium pricing. They create authentic differentiation in an increasingly crowded marketplace.

SUMMARY

BRANDS THAT MASTER PRODUCTION NUANCES AND COMMUNICATE THEM EFFECTIVELY WILL POSSESS COMPETITIVE ADVANTAGES THAT EXTEND FAR BEYOND ADDITIVE-FREE CLAIMS OR OWNERSHIP NARRATIVES. BUT TO DO SO REQUIRES BRANDS TO ACTUALLY DO SOMETHING DIFFERENT, NOT JUST SAY THEY ARE DIFFERENT.

TREND #4: THE EVOLUTION OF TEQUILA EDUCATION

Production method differentiation offers craft tequila brands a genuine pathway to market expansion.

Yet differentiation means nothing if consumers remain unaware of it.

Brands must invest substantially in education across the entire supply chain: their own sales teams, distributor partners, retailers, and bar and restaurant personnel. Without informed advocates at every touchpoint, even superior production choices remain invisible to end consumers.

Success requires discipline. Brands need to identify a single, concise, memorable differentiator and communicate it relentlessly. Whether tahona crushing, stone oven aging, proprietary water sourcing, or wild yeast fermentation, the message must be consistent, clear, and repeated until it becomes synonymous with the brand itself.

This educational burden reveals a structural advantage enjoyed by celebrity-backed tequila brands. Many have achieved notable commercial success precisely because they sidestep the education challenge entirely.

Celebrity tequila brands possess an inherent narrative advantage: instant brand recognition tied to a recognizable personality. Consumers need not understand fermentation methodology or agave sourcing. The narrative is simple and memorable: "This tequila is owned by someone whose movie you once enjoyed."

That mnemonic and preference shortcut is extraordinarily powerful. It requires no technical knowledge. It transcends production complexity. Craft brands simply cannot compete with that level of built-in brand equity without doubling-down on their own commitment to educate about the stark differences that exist in the category.

Most smaller tequila brands have, at some level, outsourced consumer education responsibility to external parties. They rely on agave spirits content creators across social media, podcasts, and digital publications like The Tequila Report to drive awareness. Secondarily, brands assume that retailer and bar staff will self-educate and organically transfer that knowledge to customers.

This strategy is failing.

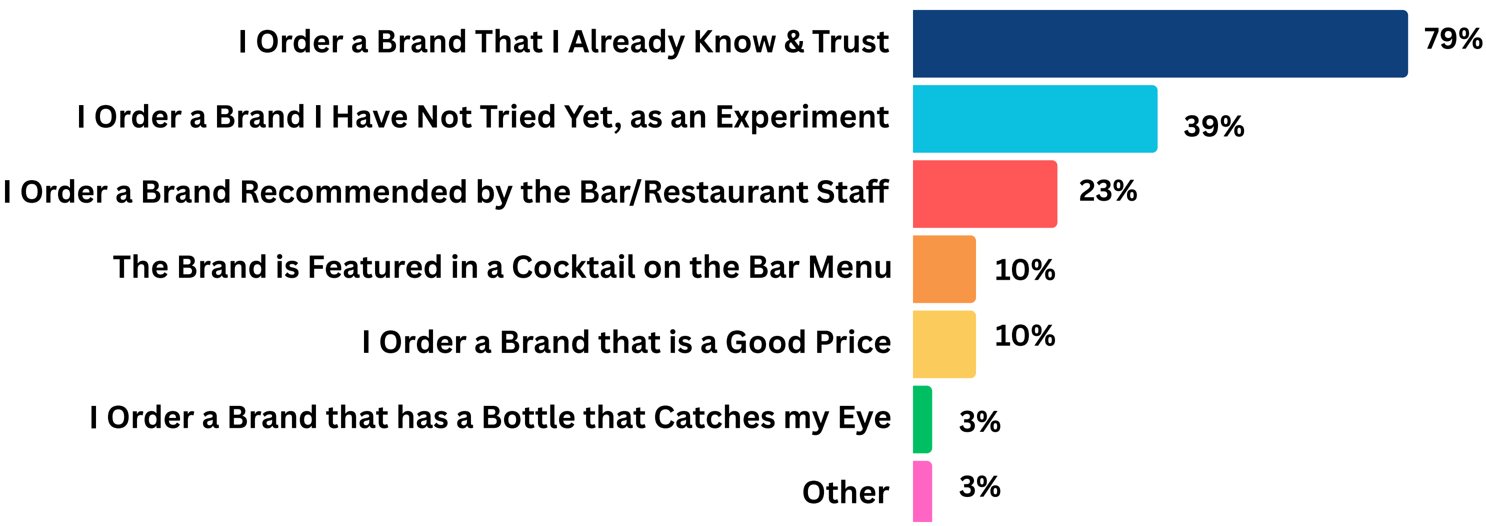
Our research reveals that only 29 percent of consumers are ever influenced by tequila recommendations from retail employees. This figure itself obscures a more fundamental reality: 56 percent of tequila shoppers arrive knowing exactly what they want to purchase. Nothing - no employee recommendation, no in-store signage, no persuasive messaging - changes their minds.

IN A RETAIL STORE, WHICH OF THESE MIGHT INFLUENCE YOUR TEQUILA PURCHASE DECISION?

This indicates that education and brand preference formation occur upstream in the consumer journey, through social media, brand websites, word-of-mouth among enthusiasts, and similar channels. Retail staff recommendations arrive too late in the decision process, if they occur at all.

The on-premise channel mirrors this dynamic precisely. Fewer than one in four bar patrons are ever swayed by bartender or waitstaff recommendations. More starkly, 79 percent of consumers enter bars and restaurants already knowing which tequila they intend to order. They show minimal willingness to deviate.

IN A RESTAURANT OR BAR, WHICH OF THESE MIGHT INFLUENCE YOUR TEQUILA PURCHASE DECISION?



Despite substantial distributor and brand owner investment in promoting specific tequilas through popular cocktails, point-of-sale influence remains negligible. Consumer preferences have already crystallized before they reach the bar.

This pattern carries a critical implication for craft tequila brands. The battle for preference happens early, through digital channels and peer influence networks that brands themselves often neglect to control or properly resource.

For brands that cannot rely on large scale advertising to create demand, emerging evidence suggests they should deploy owned channels - social media platforms, websites, email programs - to teach consumers and bartenders/retailers directly about their production methods, sourcing decisions, and competitive advantages.

A compelling case study demonstrates the potential. The PKGD Group imports and markets multiple agave spirits brands, including the rapidly expanding tequila G4. In 2025, PKGD recognized the education gap and responded decisively. They launched a YouTube channel, digital magazine, email newsletter, and a series of comprehensive interactive online courses designed to educate both consumers and industry professionals about their brands and production methodologies.

The results have been remarkable. G4 alone achieved 400 percent growth over two years. The PKGD media initiative generated tens of millions of impressions, building awareness and preference more effectively than traditional trade education or retail recommendations ever could.

And their mobile-friendly interactive courses inside PKGD University have been rapidly embraced by distributor sales teams, retailers and bartenders, perhaps indicating that the reason consumers don’t take much advice at point-of-sale is because the people giving the advice don’t yet have enough knowledge, in the right format.

Overall, this model offers a blueprint for other craft brands. By controlling their own educational narrative through owned digital channels, brands can reach consumers at the precise moment they are forming preferences. They can explain their differentiators in depth. They can build community and loyalty among engaged enthusiasts.

Entremanos also exemplifies the build-your-own-content approach. Rather than partnering with third-party creators, they developed internal expertise. Chief Operating Officer Alan Taylor transformed his tequila knowledge and passion into a thriving social media presence, accumulating more than 125,000 combined followers across Instagram and TikTok.

Cazcanes pursued an alternative strategy: the buy approach. They hired popular social media content creator Wayne Cafariella as their global brand ambassador, leveraging his existing audience and credibility rather than building from scratch.

These paths require substantial investment. Content creation, platform development, and consistent messaging demand resources that strain most smaller brands' budgets. Yet the alternative - relying on retail staff or external media outlets to represent your brand story adequately - has proven unreliable.

As the saying goes, hope is not a strategy.

Brands that control their narrative through owned channels, whether built internally or acquired through strategic partnerships, position themselves for sustainable growth. Those that depend on passive representation through third-party channels risk invisibility in a crowded marketplace.

While much of this education occurs online or through live events such as tequila festivals, tastings, and launch parties, a parallel strategy is gaining traction among sophisticated brands: tequila tourism. Large producers like Cuervo have operated distillery tours for years, showcasing their most polished operations. Yet the surge in American agave spirits consumption has created unprecedented demand to visit tequila producers directly, mirroring wine tourism to Napa or bourbon tourism to Kentucky.

Distillery readiness for this wave varies dramatically. Of approximately 200 tequila-producing distilleries, only around 25 offer consistent tours. Even among those 25, guest experiences remain inconsistent and uneven.

Recognizing tourism's educational potential, brands are now actively upgrading distillery experiences. In recent weeks, major producers including Cuervo and Don Julio have sponsored all-expenses-paid trips for content creators to witness production firsthand. This strategy appears designed to counteract growing narratives claiming industrial tequila is inferior to artisanal production, particularly given recent class action lawsuits questioning industrial spirits' authenticity.

Other brands have embraced experiential tourism more broadly. Fortaleza, Alto Canto, Carreta del Oro, Cazcanes, Trujillo, and Patron routinely host content creators, journalists, and bar and retail personnel on immersive Jalisco visits.

The investment intensity is accelerating. Tequila Ocho's new distillery includes a high-end restaurant, cantina, and retail operation. G4 is launching a tasting room and store at El Pandillo. Mundo de Don Julio will feature a museum, restaurant, and interactive experiences. Campo Azul is developing El Tesoro de los Altos, complete with cabins, ATV tours, and tastings. The PKGD Group has launched PKGD Tours, offering three to four-day Jalisco itineraries combining tequila, other agave spirits, and Mexican cultural experiences.

These initiatives represent a fundamental shift. Tequila producers are no longer passive hospitality operators. They are becoming destination experiences, using immersive tourism to build consumer loyalty, educate trade professionals, and shape brand narratives in ways no social media campaign can replicate.

SUMMARY

ONLINE OR IN-PERSON, BRANDS SERIOUS ABOUT CAPTURING MARKET SHARE IN 2026 AND BEYOND MUST BECOME BOTH MEDIA COMPANIES AND SPIRIT PRODUCERS.

TREND #5: INNOVATION CREATES ATTRITION

Yet even brands executing sophisticated education strategies face a seductive alternative: the limited-edition model.

Some brands are seeking production differentiation while simultaneously trying to increase per-bottle revenue by embracing a business model centered on scarcity and exclusivity. Single-barrel releases, limited-time offers, and collaborative projects often now dominate innovation calendars at craft distilleries. These strategies serve multiple functions simultaneously: they generate consumer excitement, drive social media chatter, create urgency and perceived value, and command premium pricing.

From a short-term financial perspective, the strategy works. The scarcity generates social media amplification worth far more than equivalent paid advertising. Limited releases create exclusivity narratives that appeal to engaged consumers and collectors.

Craft tequila brands, and even some mass-market players, have engaged in a series of limited releases. Many craft brands dangle scarce expressions to the market. High-proof and barrel-strength blancos have proliferated as brands chase the next trend. Rosa tequilas aged in wine barrels arrived in waves. The Tequila Report predicts the next 12 months will see a surge in Joven releases as brands scramble for shelf differentiation.

Many of these releases - including those designed and promoted by The Tequila Report - are truly excellent, unusual bottles. Production quality is rarely the problem with limited releases. And they do generate social media buzz, create perceived scarcity, and help justify premium pricing. They provide immediate cash flow and consumer engagement.

Yet long-term viability remains questionable. The model depends on perpetual novelty and continuous scarcity. Brands must release new expressions relentlessly to sustain interest and pricing power. The treadmill accelerates. Consumer fatigue sets in.

The American craft beer industry provides cautionary evidence. Breweries engaged in an innovation arms race and produced a consumer base demanding constant flavor churn, preventing any meaningful brand loyalty from developing. Consumers chased new releases rather than building relationships with core brands.

Bourbon's trajectory offers an even starker warning. Years of escalating prices, manufactured scarcity, and limited releases transformed bourbon into a speculative asset and status symbol. Secondary market premiums proliferated. The strategy generated short-term excitement and revenue. Yet casual consumers eventually fled as prices spiraled. Younger drinkers' affinity for bourbon atrophied because entry-level products became less affordable. Still functional and profitable for some brands, the category overall contracted to its affluent, obsessive core.

Tequila may be replicating this pattern. Limited-edition strategies generate short-term margin expansion and social media engagement. They do not necessarily build sustainable consumer bases. The industry faces a strategic inflection point. Based on current trends, tequila - craft tequila, in particular - is pursuing bourbon's path. Whether that choice proves strategically sound remains uncertain.

The obsession with "new" eventually creates its own obsolescence. Tequila producers must balance limited releases with genuine investment in core products. They must educate consumers across the entire purchase ladder about why their foundational tequila expressions merit loyalty and repeat purchase.

Brands that succeed will be those that recognize limited editions as marketing tools, not business models. Their core SKUs - their daily drinkers, their entry-point expressions, their reliable standards - must anchor the brand. Those foundations build sustainable business.

SUMMARY

CRAFT BRANDS' RELIANCE ON LIMITED EDITIONS AND SCARCITY AS A BUSINESS MODEL MIRRORS BOURBON'S CAUTIONARY TRAJECTORY, AND MAY PREVENT BRANDS FROM SUFFICIENTLY BUILDING EDUCATION AND DEMAND FOR THEIR CORE PORTFOLIOS.

TREND #6: A PROBLEM WITH PRICING

Tequila has become an expensive hobby. What began as an accessible spirit category has transformed into a luxury pursuit, pricing out casual consumers and creating structural vulnerabilities in the market.

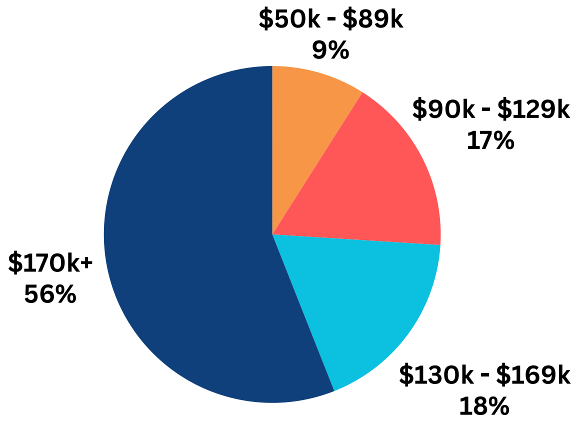
Mass-market producers maintain affordability through scale and efficiency. Their industrial operations absorb cost volatility and pass savings to consumers. Artisanal brands face a different reality. Subject to agave market fluctuations, labor costs, and production constraints, craft producers struggle to balance premium positioning against the risk of pricing out the educated consumers who form their core audience.

This creates a painful tension. Craft tequila brands must command premium pricing to sustain operations and fund innovation. Yet excessive pricing alienates the very consumers most likely to appreciate their differentiators and become loyal advocates.

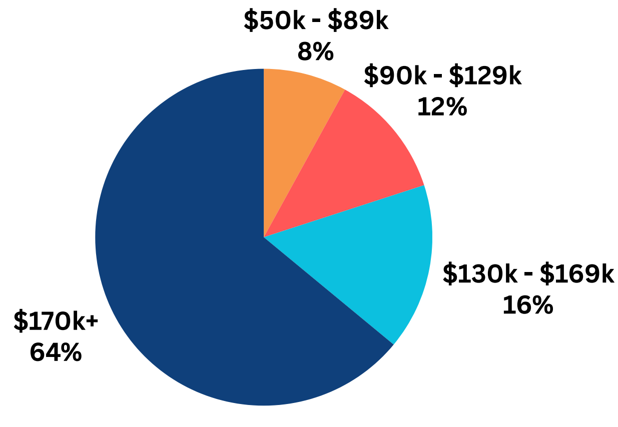
Craft tequila's core consumer base is demographically narrow and economically concentrated, creating substantial vulnerability to economic downturns.

The Tequila Report's research reveals stark patterns. Among consumers maintaining four or more tequila bottles at home, 56 percent report household incomes of $170,000 or higher - roughly double the U.S. median. This concentration intensifies at higher consumption levels. Among avid collectors with 11 or more bottles, nearly two-thirds earn $170,000 or more annually.

TEQUILA DRINKERS WITH 4 OR MORE BOTTLES AT HOME, BY HOUSEHOLD INCOME



TEQUILA DRINKERS WITH 11 OR MORE BOTTLES AT HOME, BY HOUSEHOLD INCOME

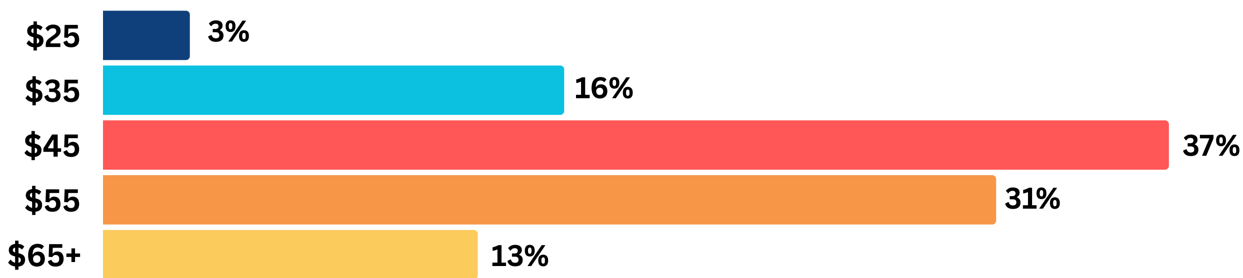


Age compounds this demographic concentration. Nearly half of casual tequila consumers with three or fewer bottles are 39 years or younger. Among serious hobbyists with 11 or more bottles, 63 percent are 50 or older. The category's passionate advocates skew older, wealthier, and increasingly removed from younger, more price-sensitive consumer segments.

Our research on tequila spending reveals consistent price ceilings.

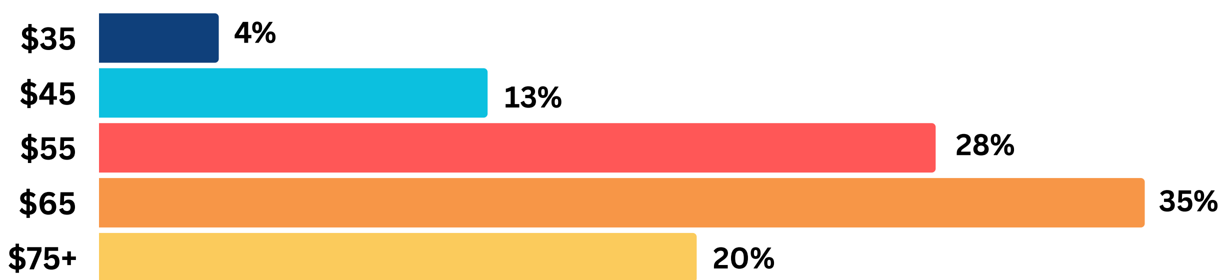
For blanco tequila, the critical threshold is $55 per bottle. Eighty-seven percent of consumers typically pay that amount or less, with more than half spending $45 or less. Only 13 percent regularly purchase blancos above $65. This matters because craft producers increasingly offer premium blancos exceeding these price points, pricing themselves beyond where most consumers are willing to venture.

HOW MUCH DO YOU TYPICALLY SPEND ON A BOTTLE OF BLANCO TEQUILA?



Reposado tequila shows similar patterns. Eighty percent of drinkers typically spend $65 or less per bottle, with 20 percent willing to exceed that threshold.

HOW MUCH DO YOU TYPICALLY SPEND ON A BOTTLE OF REPOSADO TEQUILA?



Price sensitivity transcends income. Consumers with household incomes of $170,000 or more spend virtually identical amounts on blanco and reposado compared to consumers earning $89,000 or below.

When asked what elements define a suitable go-to brand, consumers prioritize in this order: additive-free status, aroma and flavor, and price. Price ranks third, suggesting that quality and authenticity matter deeply. Yet this ranking masks a harder truth revealed in spending data: while consumers claim price ranks behind product qualities, their actual purchasing behavior demonstrates that price ceilings are real.

Premium positioning and premium pricing work only to a point. Beyond that point, even affluent consumers balk.

Consumers are already beginning to trade down within the spirits category. When economic headwinds intensify, even affluent consumers adjust spending habits. In the last three months of 2025, sales of tequila bottles priced at $100 and up plummeted by 18 percent, according to Nielsen.

This pricing challenge extends beyond craft producers. Major spirits conglomerates face identical pressures, their balance sheets long dependent on ultra-premium margins now threatened by consumer trade-down behavior. Diedre Mahlan, interim CFO at Diageo, articulated this reality plainly during a December 2025 earnings call: "The consumers are under some pressure, so we're seeing a bit of a shift between the super-premium - Don Julio and Casamigos - to premium."

Diageo's response reveals the scale of the problem. The company is "leaning into Astral," a brand with an average price of $32, to capture consumers migrating downward. Yet even Diageo, with massive scale and marketing resources, cannot simply command premium pricing in an uncertain economy. The company must chase consumers down the price ladder.

This trade-down dynamic manifests in format shifts as well. Consumers are purchasing smaller bottles - 375ml half bottles and 50ml miniatures - allowing for lower-cost trial and consumption. SipSource data documents this trend starkly. In the first three months of 2025, sales of 375ml reposado tequila soared 74 percent year-over-year, while 50ml reposado sales jumped 65 percent. By comparison, 750ml reposado sales rose only 21 percent.

SUMMARY

THERE ARE REAL PRICE CEILINGS FOR TEQUILA PURCHASES, DESPITE THE WEALTH OF MANY HOBBYISTS, AND ECONOMIC UNCERTAINTY NOW DRIVES TRADE-DOWN BEHAVIOR EVEN AMONG MAJOR PRODUCERS.

THE TEQUILA REPORT

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