THE BRAND CHAMPIONS 2022

Driving force

Analysing the world's biggest-selling spirits





Star power

As consumer perceptions of agave spirits evolve, Casamigos Tequila takes centre stage to claim the title of Supreme Brand Champion

The past few years have seen Tequila sales skyrocket. The category has been catapulted into the spotlight as numerous celebrities enter the sector and drinkers move from downing the spirit to sipping it neat or in cocktails.

One brand that is shining brightly is Casamigos Tequila, founded by actor George Clooney, Rande Gerber and Mike Meldman in 2013. It was sold four years later to Diageo in a deal worth up to US$1 billion, which helped Clooney become the highest-paid actor in 2018 on *Forbes*' annual list.

The brand's portfolio includes three expressions – Blanco, Reposado and Añejo – alongside a mezcal, which joined the range in 2018. The name Casamigos comes from Spanish words 'casa', which means 'house', and 'amigos', meaning 'friends'.

The brand nearly doubled its volumes to reach 2.2 million nine-litre cases in 2021, just a year after it surpassed the million-case mark for the first time. This momentous growth has earned Casamigos its first Supreme Brand Champion title.

Casamigos chairman Gerber said: "I believe the success that we've created for Casamigos has been changing the perception of Tequila. When we created Casamigos, we wanted something that was very different from every other Tequila, something with no burn."

According to Gerber, the Tequila brand's performance can't be attributed to one market in particular. "When you have the best product, the best marketing is word of mouth," commented Gerber. "This is why Casamigos has become such a huge success across the globe."

In Diageo's financial results for the six months to December 2021, the firm noted that Casamigos grew its organic net sales by 88%, led by its performance in the US. Casamigos, along with its stablemate Don Julio, gained share of the US spirits market and the Tequila category, boosted by 'broad occasion appeal'.

Gerber also noted that the brand has recruited drinkers from other categories. "So many people are drinking Casamigos, more and more every day, and they spread the word," said Gerber. "A lot of those customers who were drinking vodka, whisky, gin and other liquors are now drinking Casamigos."

Gerber said the biggest challenge facing the category is "having enough supply" to meet demand. "We make our Tequila the old-fashioned way so we can't speed things up."

SUPPLY VS DEMAND

Gerber continued: "The success of Casamigos over the past year was due to people ordering it once and people ordering it again. Depletions are all about that. The fact is, if it's not a great product then [consumers are] not going to order it again, so [supplies are] not depleted.

"Our depletions are 100% so we can't even supply our demand. We're constantly playing catch up."

Last October, Diageo revealed plans to invest more than US$500m in expanding its production in Mexico. The funding will be used to increase its manufacturing footprint with new facilities in Jalisco. Diageo said the investment will boost the company's growth in the Tequila category both in the Mexican market and internationally.



Reigning supreme: Gerber and Clooney

> 'Casamigos is brought to you by those who drink it. It's not a celebrity brand. We made it to drink, not to start a company'

Rande also believes that consumers appreciate the Casamigos brand for its authenticity. "The fact that we've become the number-one-selling ultra-premium Tequila is based on the quality of our Tequila, not some fancy bottle or campaign," he insists.

"Casamigos is brought to you by those who drink it. It's not a celebrity brand. We made it to drink, not to start a company. People appreciate the authenticity of our story. George, Mike and I created it, own it, drink it, run the company and live the lifestyle. We are just three guys that know what we like and want to share it, one of us just happens to be a celebrity. The numerous awards and accolades Casamigos has received is a result of the spirit itself."

Regarding its digital strategy, Gerber said its marketing and social media are done in-house. "Our social media channels are a reflection of George and me," he explained. "It's very important to be consistent with who you are and what you're about. Your brand reflects you. I actively participate in each creative decision for the company.

"I'm incredibly detail-oriented and everything we do creatively comes from my Malibu office to develop innovative marketing for the brand."

As for what's next for Casamigos, Gerber said the brand was "always thinking ahead and has some ideas in the works".

Tequila Brand Champion: Casamigos

The past year has seen the Tequila category continue its upward trajectory, boosted by demand in the US and star-studded launches. Collectively, the Tequila and mezcal category registered 11.7% growth from 2020 to 2021, according to figures from Euromonitor International.

In the US, the biggest market for agave spirits, Tequila and mezcal sales rose by 30.1% in revenue to US$5.2 billion last year. Tequila topped luxury spirits sales in the US in 2021, climbing by 75%, data from the Distilled Spirits Council of the US revealed.

The past year has seen more celebrities jump on the Tequila bandwagon, including Kevin Hart and Eva Longoria. Meanwhile, Dwayne 'The Rock' Johnson's Teremana Tequila brand looks to be on a similar trajectory to Casamigos Tequila, as we've covered on pages 6-7.

For the second year in a row, Casamigos has taken our Tequila Brand Champion title. The brand reported a whopping 95.6% sales increase to 2.2 million cases in 2021, far outpacing all other million-case-selling Tequila brands.

The growth is impressive when you consider that it only surpassed one million cases in 2020. The brand has seen its volumes nearly double on an annual basis since 2017, the same year it was acquired by drinks giant Diageo in a deal worth up to US$1 billion.

In a conference call for Diageo's fiscal 2021 sales, the company's chief executive, Ivan Menezes, said Tequila represents around 20% of the firm's US business.

"Casamigos grew 126% [in the US]," Menezes said. "I'm not sure that's going to sustain but you're going to see very, very fast growth. Now one of the things we feel about the Tequila category going forward is that we do see a lot of runway.

"This category is – if you look at the dynamics at work – cutting across demographics, it's cutting across occasions, the versatility of drinks and the association with the health and wellness of agave, all of those bode really well."

Menezes also noted that California was the most developed Tequila market in the world. He continued: "If you look at Nielsen sales, Tequila is about 20% of spirits in California. A lot of the country is still sitting at about 10% or lower.



"Our growth rate is double the growth rate of the Tequila category because the acceleration is happening at the top-end price points."

Looking across the other top performers in the Tequila category, most brands recorded increases in 2021, with many in double-digit growth. The only exception is Sauza, which saw sales fall by 12.3%.

Diageo's Don Julio brand reported an impressive 50.3% growth to 2.7m cases. Beam Suntory's Hornitos brand climbed closer to the 2m-case mark with 21.4% growth. Meanwhile, Espolòn joined the million-case ranks last year, up by 23.3% to 1.1m cases. The world's biggest-selling Tequila, Jose Cuervo, recorded more modest growth (up 8%), but it is close to surpassing 8m cases for the first time.

Tequila

Figures: million 9l-case sales

Brand	Owner	2017	2018	2019	2020	2021	%+/-
Jose Cuervo	Becle	6.7	6.7	7.3	7.3	7.9	8.0%
Patrón	Bacardi	2.6	2.5	2.8	3.1	3.2	3.6%
Don Julio	Diageo	1.3	1.5	1.7	1.8	2.7	50.3%
Casamigos	Diageo	0.1	0.4	0.6	1.1	2.2	95.6%
Hornitos	Beam Suntory	1.1	1.3	1.3	1.6	1.9	21.4%
El Jimador	Brown-Forman	1.2	1.4	1.4	1.3	1.4	13.4%
Olmeca (including Altos)	Pernod Ricard	N/A	N/A	1.0	0.9	1.1	20.9%
Espolòn	Campari Group	N/A	N/A	N/A	0.9	1.1	23.3%
Sauza	Beam Suntory	2.2	2.1	1.8	1.2	1.0	-12.3%