

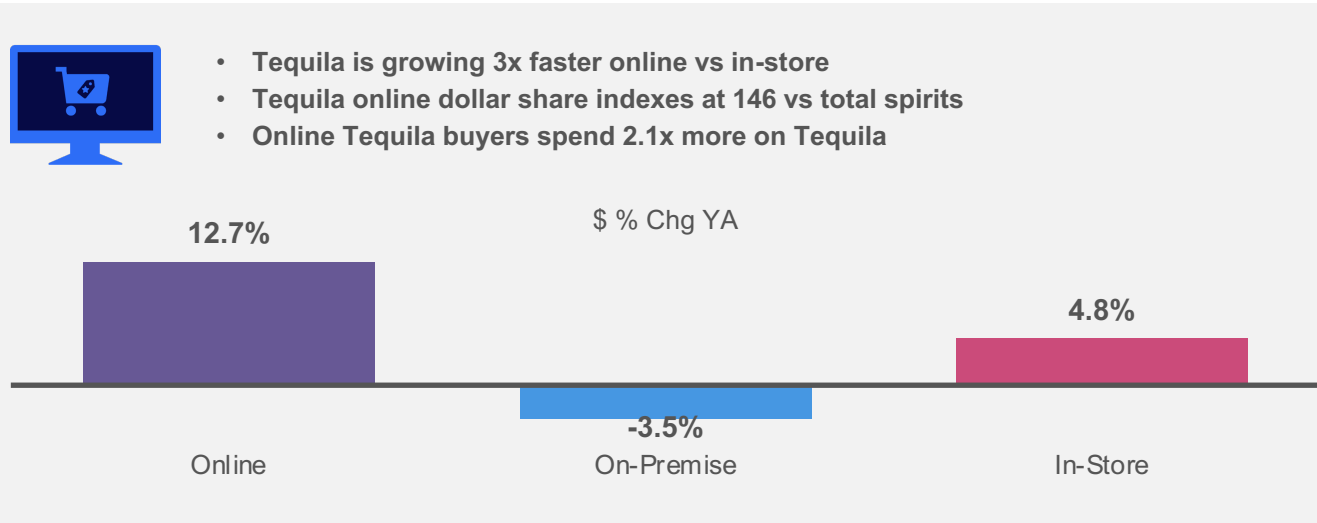


Tequila Category Perspective

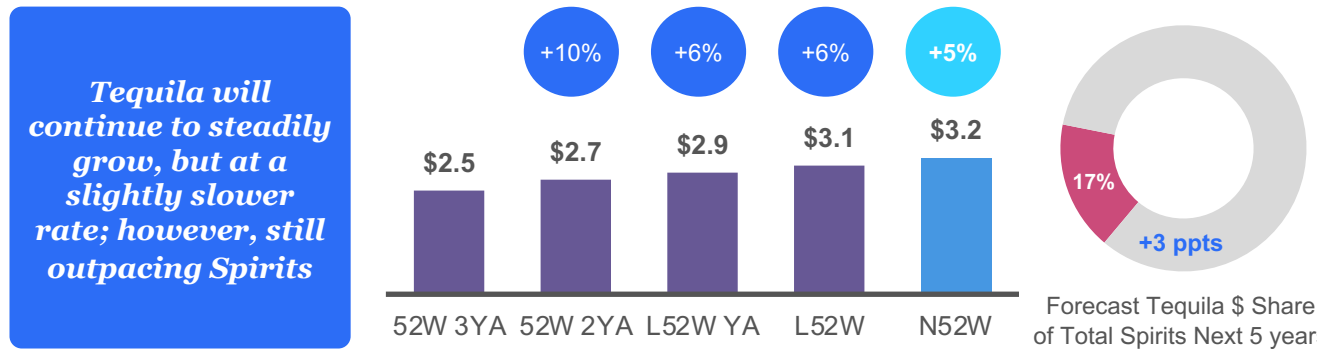
Uncovering Tequila’s growth drivers and identifying key strategies for future success

Key Takeaways

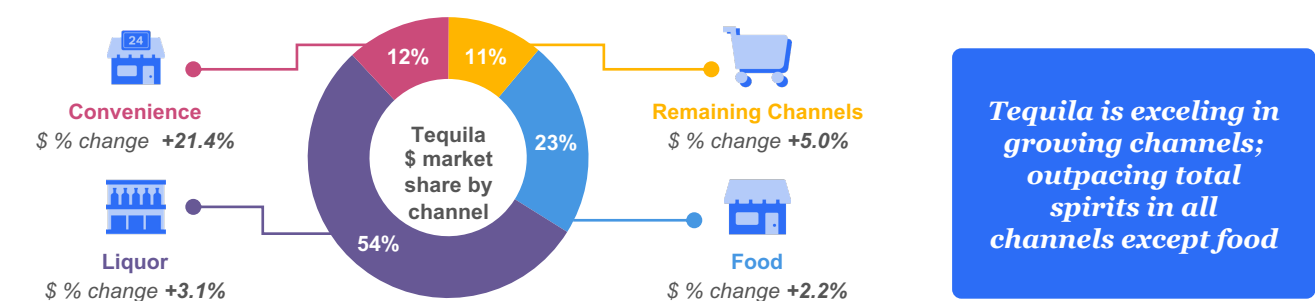
- Tequila remains an attractive category for investment as it is forecasted to grow to \$3.8B in the next 5 years; of the five Tequila types Reposado shows the most promise for fueling the growth.
- Consumer’s desire for friction free shopping is accelerating Tequila’s growth Online and in Convenience, making strong go-to-market strategies in these channels imperative.
- With 76% of Tequila growth being driven by existing buyers, strategies to drive brand loyalty likely to drive high returns for brands.
- Flavor forward and wellness attribute claims are striking a chord with Tequila Buyers; while celebrity endorsements have decreased in importance.



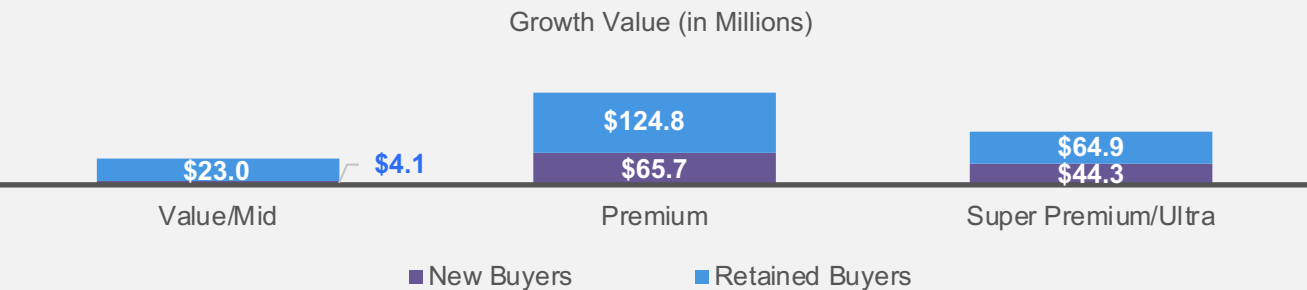
Tequila Dollar Sales (in Billions) and % Change vs YA NIQ Off Premise Channels



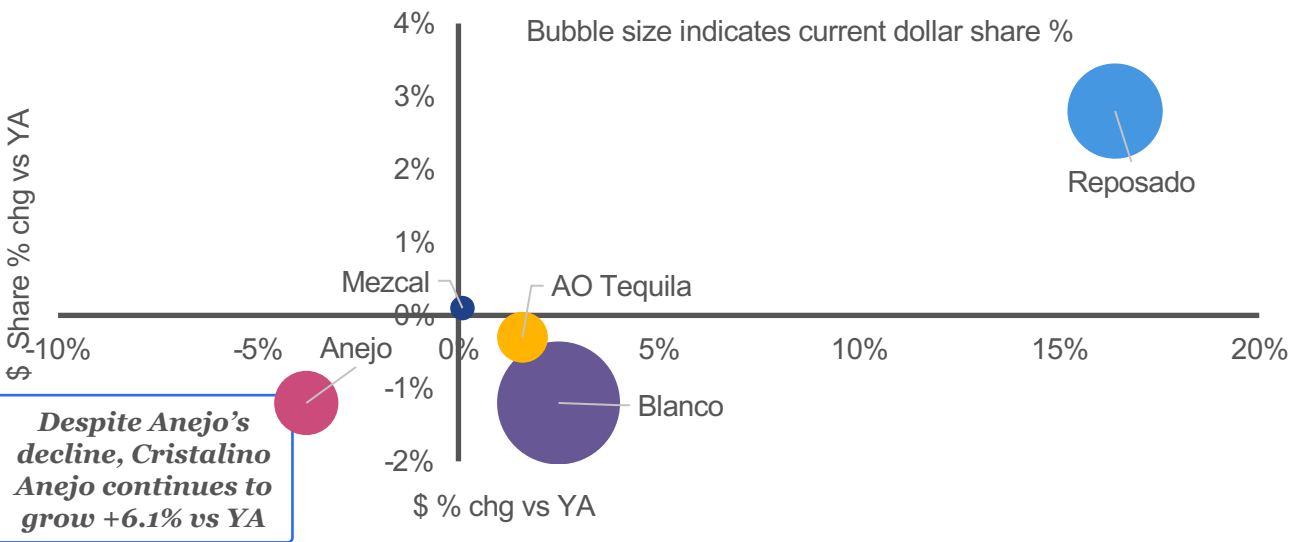
Retailers are expanding Tequila offerings by 5% amidst an overall decrease in Spirits offerings.



Prioritize premium offerings to attract new buyers



Focus on Reposado within your portfolio, as it forecasted to grow 15% in next 5 years reaching \$1.7B and 45% dollar share of Tequila (+15ppts).



					
	Blanco	Reposado	Anejo	Mezcal	All Other
3 YR CAGR (\$)	5.1%	17.9%	1.3%	6.1%	1.8%

% Drinking Tequila Serves



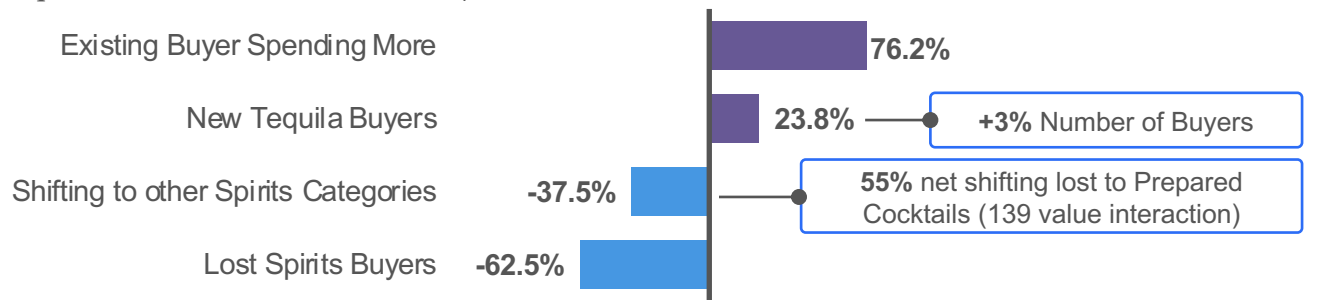
Black/African American buyers are spending 1.3x more than White buyers while 23% of value is coming from Hispanics



Gen Z increased spend on Tequila 40% vs YA 173 value/buyer growth index

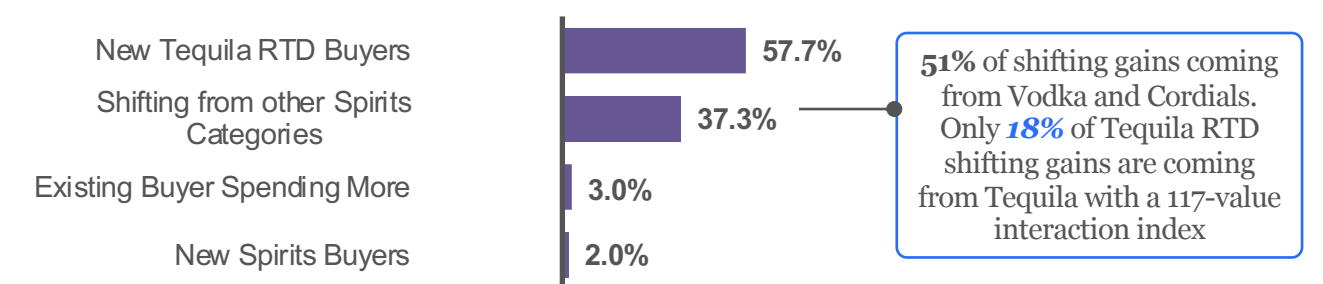
Tequila’s growth is driven by existing buyers; making brand loyalty a key component to success in this category

Tequila Contributions to Dollar Gains/Losses



Tequila RTDs are not posing an immediate threat to Tequila

Tequila RTD Contributions to Dollar Growth

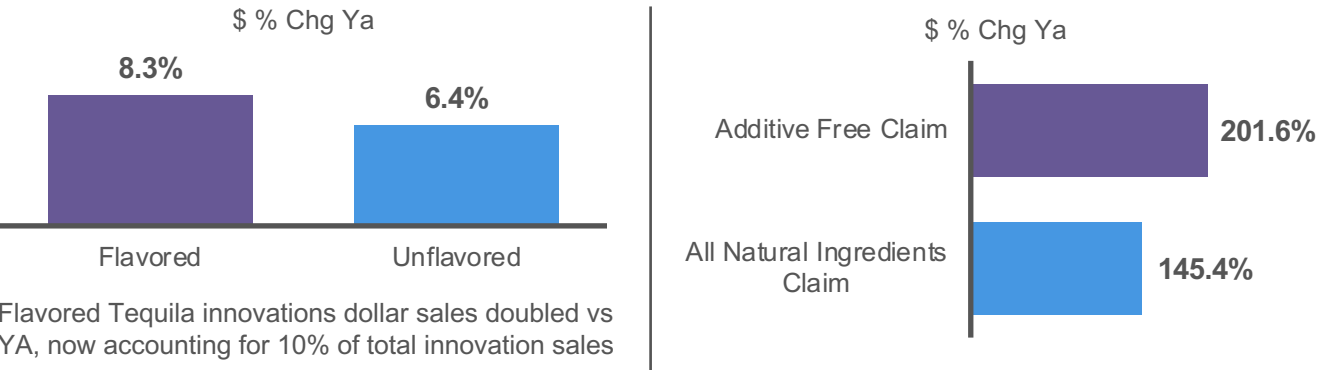


Only 9% of Tequila buyers also buy Tequila RTDs

45% of Tequila RTD buyers also buy Tequila

38% of manufactures play in both Tequila and Tequila RTDs

Flavor forward and wellness attribute claims are striking a chord with Tequila Buyers. While celebrity endorsements have decreased in importance as a factor when selecting a Tequila brand, still resonate for Mezcal brands



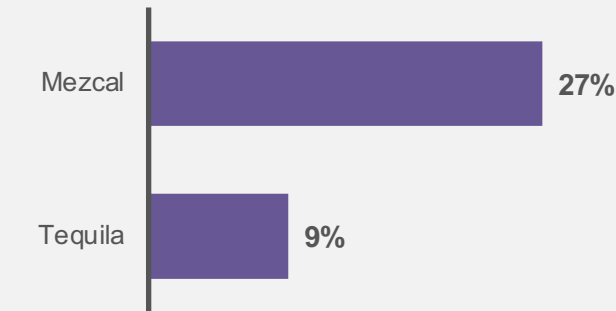
Innovation Sales
\$61M -22% vs YA

Innovation Contribution
2.0% -0.7pp vs YA

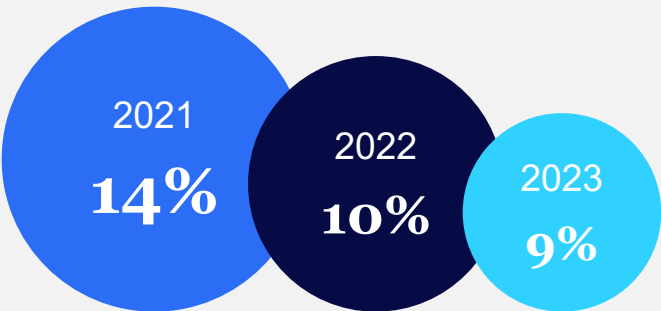
Innovation Type
54% are Line extensions

The number of Tequila innovation items declined **(7.2%)** vs YA.

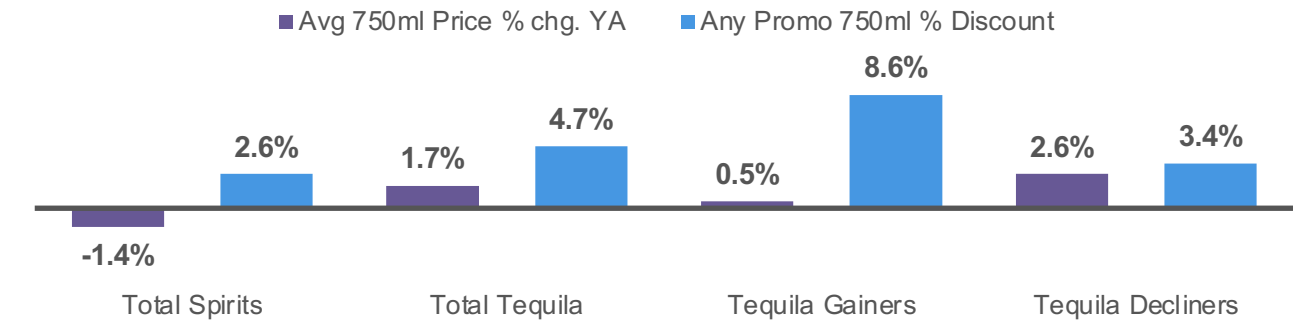
Celebrity endorsement is a factor when choosing brand in following categories



% of Tequila drinkers naming celebrity endorsement as a key brand selection factor



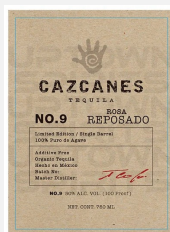
Being priced right and offering compelling discount % when on promotion is a key to success in this category



Strategies for a winning future in Tequila

Stake Your Claims:

Prominently market and display ingredient claims



Flavor Forward:

Innovate with flavors that resonate with growing consumer base



Compelling Discounts & Promotions:

Offer compelling enough discounts when on promotion



Go Omni:

Capitalize on the omnichannel shopper with strong in-store and online strategies



Sources: NIQ Retail Measurement | US ALC - Integrated | Total US xAOC + Conv + Liq Plus | L52W 06/29/24
 NIQ OmniShopper | Total US | Total In-Store Outlets | Buyers purchasing Tequila | L52W ending 06/15/24
 NIQ Omnishopper Fundamentals 2023, Forecast period 5/18/24 - 5/18/29. Source: Customer Success Data Science, 5 yrs
 RMS history Tequila; NIQ Ominsales | US Omni Beval | L52W 05/25/24, CGA | OPM Spirits | Total US | L52W 05/18/24;
 CGA by NIQ OPUS US (Spring 2024) – Sample Size: 2424 – 2426
 NIQ Retail Measurement | US ALC - Integrated | Total US xAOC + Conv + Liq Plus | L52W 06/29/24
 NIQ OmniShopper | Total US | Total Outlets | Buyers purchasing Tequila | L52W ending 06/15/24
 NIQ Omnishopper Fundamentals 2023, NIQ Innovation Measurement | Tequila & Mezcal | L52W 06/19/24; CGA By NIQ:
 OPUS US Fall 2021, 2022, 2023. Sample size: 585 – 2722

Craving more? Our NIQ team will provide you with Tequila and other BevAl insights specific to your Brand's unique needs. **Connect with us today!**

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