

With Tequila's Boom, Producers are Struggling in Input Shortages

The tequila business high-growth brings an input shortage affecting mainly small and medium-sized distilleries, reports the company Tequila & Spirits Mexico.

TEQUILA, JALISCO, MEXICO, October 27, 2022 /EINPresswire.com/ -- Tequila has widely extended its popularity around the world during the last two years.

That means great business opportunities for the agave-based spirits industry; however, as reported by the Mexican company [Tequila & Spirits Mexico](#), a producer and exporter of tequila private brands, it has also led to distilleries facing a never-before-seen shortage of packaging materials.

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There are mixed feelings in the industry. Enjoying the world success of our traditional Mexican spirits, but facing unexpected hard situations.”

Jorge Rodríguez - CEO, Tequila & Spirits Mexico



Tequila producers in Mexico are struggling in input shortages

This spirit category is expected to grow at a volume CAGR (Compound Annual Growth Rate) of 7% globally between 2021 and 2026, according to IWSR, the leading source of the drink's market data. The British consultancy also affirms that by 2026, the US alone will likely be consuming more tequila than the entire world did in 2021.

The unprecedented growth, for which most Mexican distilleries were not prepared, came along with a global pandemic and geopolitical tensions that negatively impacted the world's supply chain.

The Mexican journal El Financiero reported last June that Mexican distilleries faced increases of up to 50% in the cost of glass bottles, derived from the global glass shortage.

The scenario is the same with other supplies. CEO of Tequila & Spirits Mexico, [Jorge Rodríguez](#), reports that all packaging material prices, such as cardboard boxes and caps, have increased by

an astonishing 30 to 40 percent so far in 2022.

"Mostly, small to medium-sized distilleries and tequila brand owners are suffering from this situation," Rodríguez said. "The production lines are over-saturated by the biggest brands. The rest are forced to pay skyrocketing prices to get a place on the waiting list."

"Two years ago, you could pay for a glass bottle order, and in two weeks you had them. Now, the uncertainty is in paying the supplies in advance, but not knowing if you will have them in time to fulfill the productions."



Input shortages are affecting mainly small and medium-sized tequila distilleries

There are no signs that this situation will change. The price increase will hardly slow down with the economic situation, and the alcoholic drinks industry is forecasted to keep growing, led by agave-based spirits, in this "after-pandemic party" as cited by Rodríguez.

"The challenge is harder every day, but we are finding ways to confront it. [Our company, Tequila & Spirits Mexico](#), works as a business incubator that supports startup tequila brands and entrepreneurs to find sustainable paths to keep bringing their products to market," he added.

One strategy, explained by Rodríguez, is maintaining large-scale production contracts with bottle factories and other suppliers and assigning "parts" of these contracts between different brand owners. This way, small producers obtain a better cost and delivery time.

The company is also looking for cost-effective ways to distill the agave, like modernizing its facilities with equipment that uses fewer hydrocarbons.

"There are mixed feelings in the industry. Enjoying the world success of our traditional Mexican spirits, but facing unexpected hard situations. Like any other business, I guess..." says Jorge.

Sources:

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