

SPIRITS BRAND OF THE YEAR

CASAMIGOS

The high-end Tequila brand remains strong as ever more competition arises

Demand for high-end Tequila has exploded across the U.S., with overall imports rising some 11.2% to 22.7 million cases in 2019—up from just 13.15 million cases in 2010. The spirit's luxury end is reaping the most benefits, with 100% blue agave Tequilas dominating at 57.6% of the overall category, according to Impact Databank. Given the spirit's seemingly boundless popularity, a flurry of new labels has flooded the market, offering consumers a wealth of choices. Even so, a number of brands have maintained their hold on the category, and Casamigos is among the strongest. After bursting onto the scene in 2013, the super-premium brand has experienced robust upward momentum.

Casamigos was acquired by Diageo in 2017 in a billion-dollar bet that included an initial payment of \$700 million and a further \$300 million in performance-based payouts over the following decade, in the event that the brand reaches the 1 million-case mark—and it's well on the way. Last year, the brand



Since its 2013 debut, Casamigos has had consistent double-digit growth. The brand hit 450,000 cases last year, an increase of 35%.

jumped 35% to 450,000 cases, continuing a hot streak of high double-digit growth. Leading the portfolio is Casamigos Blanco (\$45 a 750-ml.), which is joined in the lineup by Reposado (\$50) and Añejo (\$55) offerings. Key to the brand's appeal is its emphasis on being not just a spirit brand, but a lifestyle label as well—an image that's bolstered by its original ownership team: actor George Clooney, nightlife entrepreneur Rande Gerber, and real estate mogul Mike Meldman. Though Casamigos is now owned by Diageo, Clooney and Gerber continue to play active roles in the brand's development and marketing.

While Margaritas and shots have long driven Tequila's growth in both on- and off-premise channels, Casamigos is among

the brands shifting focus to other drinking occasions. "Casamigos is very easy to drink, and people appreciate the fact that they can drink it as George and I do: straight up or on the rocks," says Gerber. "We made this brand out of our desire to drink the best-tasting, smoothest Tequila, and we don't look at other brands; we do everything in-house, our own way." He adds that the brand's focus on both its unique image and promoting new drinking occasions has drawn consumers from all price points and other spirits categories as well.

Beyond Tequila, Casamigos has innovated elsewhere in agave-based spirits, debuting a mezcal in 2018. Casamigos mezcal (\$60 a 750-ml.) is a high-end, small-batch extension sourced from a family that's produced the spirit for five generations. During its first year on the market, production sold out within four months of the launch, according to Gerber, who notes that, like the Tequila, the mezcal is made for sipping neat or on the rocks. "The fact that people don't have to mix our Tequila with anything has made the brand extremely popular; it's considered a better, cleaner way to drink the spirit," he says. "We took that same approach with our mezcal."

Looking ahead, Diageo is focused on expanding Casamigos' reach around the world. "Casamigos was created by friends, for friends, and people appreciate the authenticity of our story and the fact that the brand is brought to them by those who drink it," says Gerber.

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