

The Paradox of Celebrity Tequila



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In June 2017, George Clooney and Rande Gerber (a.k.a., the spouse of Cindy Crawford) sold their tequila company, Casamigos, for \$1 billion. Founded by the pair in 2013, the company was even younger than the agave plants used to make the product.

Casamigos' rapid success has paved the way for countless other celebrities to launch their own tequila/mezcal passion projects – Kendall Jenner, Dwayne “The Rock” Johnson, Michael Jordan, LeBron James, Nick Jonas, Arnold Schwarzenegger, and *Breaking Bad* co-stars Bryan Cranston and Aaron Paul, to name a few.

The resources and cachet attached to these individuals have

helped to propel tequila into the spotlight, making it one of the fastest-growing spirits in the global market. However, many are now pausing to examine the true cost of that success and question if the industry's infrastructure will be able to keep pace with its increasing popularity.

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Why tequila?

Over the last decade, global sales of tequila have surged – rising to \$5.2 billion in 2021. This is especially evident in the United States, where 70% of the tequila produced last year was exported, and the spirit is poised to displace vodka in popularity.

In a recent interview with CNBC, Ivan Menezes, CEO of Diageo (the company that acquired Casamigos) points to the tequila's ability to bridge demographics. Diageo says, "It cuts across age segments, it cuts across gender, it cuts across dayparts, the occasions, and the nature of drinks. It's not just shots and margaritas as it used to be many years ago."

Whether that versatility has bolstered celebrity financing or vice versa is hard to say. Some hypothesize that one factor drawing U.S. celebrities to the industry is simply location. Brandy Rand, COO of the Americas at the International Wine and Spirits Record (IWSR) speculates that with many of the Hollywood elite based in southern California, tequila is more rooted in their day-to-day culture. She told Tim Mckirdy at VinePair, "The prevalence of Mexican culture in California and proximity of Mexico is also a big part in this, as many celebrities own homes and vacation there. So there's a more personal connection to the land and experience of consuming tequila where it's produced."

It's safe to say that the exclusivity of authentic tequila and

mezcal also holds a certain appeal for the industry's new owner base. In order to be labeled "tequila," Mexican law requires it to be produced in Jalisco or one of four other Mexican municipalities. And up until recently, the farming and production of the spirit remain largely unchanged, with traditions that have been instilled from one generation to the next. In short, it can't be made by just anyone, anywhere. There's a finite amount of both land and expertise to go around.

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The true cost of production

Despite tight production requirements, nearly all the world's top tequila brands are owned by foreign companies. Many of these distillers are abandoning traditional tools and techniques in favor of more modern, scalable practices. Thus, as tequila grows in popularity, it is becoming less and less reflective of the communities that create it.

The sharp rise in demand also carries a number of environmental concerns. The production of tequila and mezcal requires large volumes of water and produces a large amount of waste. Agave fields are quickly replacing wildland, and plants are frequently supplemented with additives, so they can be picked earlier.

Founded in 2010, the Tequila Interchange Project (TIP) is a nonprofit advocating for the preservation of sustainable, traditional and quality industry practices. Over a decade later, that mission has not changed, with members committed to combating what they see as "concerning trends" in the production of agave.

One of TIP's pilot programs, The Bat Friendly Tequila and Mezcal™ Project, directly addresses the ripple effects of

picking plants ahead of maturation by the identification and promotion of “bat-friendly” tequila brands. As agave plants are harvested earlier and earlier to meet demands, bats risk losing a valuable food source. However, they also are key to the pollination of those same plants, which is critical to ensuring biodiversity within a crop.

Looking forward

Despite growing concerns, the success of the industry continues to outshine its production challenges. Locally, the spirit’s popularity has injected the communities that produce tequila with welcome economic opportunities – both in the form of jobs and tourism dollars. And many smaller distillers remain hopeful the celebrity-backed brands will give way to a connoisseur market, where aficionados shift their attention to more boutique, family-owned operations.

With over 700 new brands registered in the last 4 years, it sounds like we are in the midst of a tequila gold rush. And while there’s plenty of wealth to be earned while the industry expands, at some point (soon), agave entrepreneurs will be forced to reckon with spirit’s ability to not just maintain momentum, but survive it.

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