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U.S. Tequila Sales Stall as Growth Shifts to Mexico and Smaller Markets

IWSR said volumes were flat in the United States in 2024-25, pushing producers toward faster-growing markets like India and Colombia.

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Tequila is entering a more complex phase of growth as sales in the United States, its main market, lose momentum while Mexico and a group of smaller international markets begin to offer new room for expansion, according to new data released by

IWSR on July 9.

The research group said global tequila volumes rose at a compound annual growth rate of +6% between 2019 and 2025. Looking ahead, it expects global volumes to grow at a CAGR of +2% through 2030. That would still represent growth in a weak global spirits environment, even if it marks a slower pace than the category posted during its recent boom years.

The shift matters because tequila has been one of the few bright spots in the broader spirits business. While several categories have faced softer demand, tequila has continued to expand, helped by premium positioning, strong consumer recognition and wider distribution beyond its traditional base. The latest figures suggest that the next stage of that story will depend less on rapid gains in the United States and more on how producers manage changing demand patterns, lower agave costs and uneven opportunities abroad.

The United States remains the foundation of the tequila business. IWSR said the country still accounts for more than two-thirds of global tequila volumes. But after years of strong gains, growth has effectively stopped. Volumes were flat in 2024-25 and are expected to edge down slightly this year.

That slowdown is putting pressure on a crowded market. Adam Rogers, North American research director at IWSR, said shelf space has become highly contested. He noted that there are about 2,500 registered tequila trademarks, around 900 viable competitors in the U.S. market and only about 500 brands generating more than $10,000 in large retail.

Even so, the U.S. market is not moving in one direction across all price tiers. IWSR said ultra-premium tequila remains the strongest-performing segment, though it is growing more slowly than in recent years. Volumes in that tier rose +7% in 2024-25 after posting a +31% CAGR since 2019. Its share of U.S. tequila volumes has climbed from 6% in 2019 to 17% last year and is projected to reach 21% by 2030.

By contrast, super-premium tequila is losing ground. IWSR said volumes in that segment fell -6% in 2024-25 and are forecast to decline at a CAGR of -5% through 2030. Premium tequila, meanwhile, rose +1% in 2025, suggesting that some consumers may be moving toward products that still carry an upscale image but sit at more accessible price points.

That pattern points to a broader tension now shaping tequila's future. The category still benefits from premium appeal, but consumers are showing clearer limits on what they are willing to pay. In the United States, where inflation and tighter household budgets have affected many beverage categories, those limits appear to be influencing where growth can still be found.

Mexico, tequila's second-largest market, is showing signs of recovery after several years of weak performance. IWSR said volumes there declined at a CAGR of -2% between 2019 and 2025, but rebounded with a +3% gain in 2024-25. It expects Mexico to continue growing at a CAGR of +3% through 2030.

The recovery is being led by standard and premium products, which added the most volume in 2025. IWSR also pointed to strong gains for cristalino expressions and premium-and-above plata tequila. At the same time, value and low-priced products are losing share.

Jose Luis Hermoso, research director for Central and South America at IWSR, said the domestic market could receive added support from the 2026 FIFA World Cup. He also said slower growth in the United States and much lower agave prices are likely to push producers and brand owners to pay closer attention to Mexico after years when export demand drew much of their focus north.

Outside North America, tequila remains small in absolute terms but is gaining traction in several markets that producers increasingly see as strategic. India stands out as the fastest-growing major destination in IWSR's data. Volumes there expanded at a CAGR of +32% between 2019 and 2025, rose +34% last year and are forecast to increase at a CAGR of +13% through 2030.

Jason Holway, senior research consultant at IWSR, said India’s rise has coincided with weaker conditions in the U.S., which has helped availability. He said supply constraints might have been more severe if Indian demand had accelerated earlier. At the same time, he warned that imported tequila faces competition from local agave-based drinks sold at similar prices and quality levels, an important factor in a market where consumers have shown growing confidence in domestic products.

Colombia is another market drawing attention. IWSR expects tequila volumes there to grow at nearly +5% CAGR through 2030 after a period of rapid expansion that included a +26% gain in 2024-25. Jessica Ibarra, an IWSR market analyst, said volumes in Colombia have doubled since pre-pandemic levels in 2019 as tequila becomes more popular and fashionable among consumers.

Other markets highlighted by IWSR include Nigeria, where volumes posted a 2019-25 CAGR of +48%; Türkiye, with +19% over the same period and forecast CAGR growth of +8% through 2030; and Japan, where volumes rose at a CAGR of +12% and are expected to grow at +7% through 2030.

These markets remain far smaller than the United States or Mexico, but together they show how tequila is gradually becoming less dependent on one country for its expansion story. For producers, however, that does not mean growth will be simple or evenly distributed. Each market has different price expectations, regulatory conditions, distribution systems and local competitors.

Supply conditions are also changing. After years of high agave prices driven by strong demand and heavy planting during the boom from 2015 to 2022, IWSR expects over-planting to create a supply glut before 2030. That should lower raw material costs for tequila production.

Hermoso said the agave cycle suggests costs could ease significantly within three to five years as current plantings reach harvest age. For producers able to protect margins during this period, cheaper inputs could improve profitability and support broader distribution of premium products at lower price points.

Lower agave costs may help brands expand accessible premium offerings just as consumers become more selective about spending. But cheaper supply alone will not solve demand challenges if buyers continue trading down or resisting higher prices.

The result is a category with clear strengths but also visible strains. Tequila still holds one of the strongest positions in global spirits thanks to its identity, pricing power relative to many rivals and growing international recognition. Yet its largest market is no longer delivering easy gains, its premium ladder is showing uneven performance and its next wave of growth depends on countries where scale remains limited.

Hermoso said the center of gravity is not moving away from the United States, but he added that tequila’s growth increasingly depends on what happens outside it. He said markets such as India, West Africa, Türkiye, Colombia and Japan are all developing at different speeds and from different starting points, creating both opportunity and timing challenges for brand owners planning their next moves.