vinetur

Mexico’s alcohol market grows more concentrated

Beer dominates sales as illegal spirits drain tax revenue and smaller producers face higher costs

Thursday, April 23, 2026



In Mexico, people are drinking less often, but the alcohol market is still moving in a different direction: it is becoming more concentrated, more expensive in some categories and more exposed to illegal sales that cut into tax revenue. Beer remains by far the dominant drink, while mezcal and other distilled spirits face higher costs and heavier tax pressure.

The shift is not only about what Mexicans drink, but how they drink. Consumption has become less frequent and more domestic, according to industry data cited in the report. That change has not reduced the size of the market in every segment. In beer, production reached more than 12.7 billion liters in 2024, making it the main engine of the sector. Beer accounts for about 93.9% of total alcohol consumption by volume in Mexico, far ahead of any other category.

The rest of the market is much smaller and more fragmented. Among distilled spirits, aguardiente leads in volume, followed by tequila, whisky and rum. Mezcal holds only about 1.7% of the market, a sign of how limited its reach remains compared with better-known and more widely distributed drinks.

The reasons are partly economic. Beer benefits from a lower tax burden under Mexico’s excise system, known as IEPS, because it is taxed at a lower rate per degree of alcohol. It is also relatively affordable and widely available across the country. Those advantages have helped beer keep growing even as drinking habits change.

Mezcal faces a different reality. Many producers work on a small scale and use artisanal methods that raise production costs. On top of that, the tax structure makes the final price higher for consumers. The result is a product that has gained cultural visibility but still struggles to expand in the domestic market.

The beer industry itself is also highly concentrated. Craft beer represents only about 1.1% of the beer market, showing how much of the business remains in the hands of large producers. That concentration shapes distribution, pricing and access to shelf space in stores and bars.

Mexico taxes alcoholic beverages through three main channels: IEPS, value-added tax and state taxes. The IEPS varies depending on alcohol content, which means stronger drinks can face a heavier fiscal load. For producers, especially smaller ones, that can make formal operations harder to sustain.

Illegal sales add another layer of pressure. In 2023, the informal alcohol market caused a fiscal loss of more than 19.5 billion pesos, according to the figures cited in the report. About 44.2% of the distilled spirits market operates informally. That shadow market

distorts prices, creates unfair competition and raises health risks for consumers who may not know what they are buying.

The effects reach across the industry. Large producers lose sales to cheaper illegal products. Small producers face barriers when trying to enter or remain in the formal economy. And the government loses billions in revenue that could otherwise support public spending.

For Mexican drinkers, the picture is changing too. Alcohol is still part of social life, but consumption is increasingly shaped by price, access and regulation rather than tradition alone.