

FENI BIG BOSS ROLLS OUT BARREL OF TEQUILA

While Goa has been associated with Feni or Fenny, tequila from the house of Madame Rosa could be the new flavour in a small but growing market. Vincent Fernandes reports.

Tequila has been the toast of the world and many feni lovers including myself have cried hoarse that feni should adopt the marketing style of its Mexican counterpart. With the launch of a tequila in Goa by the makers of Big Boss feni and liqueurs have shifted their focus on Tequila. While Feni may be a promising export, Tequila is a promising import. Madame Rosa hopes to break the price barrier and give Indians an opportunity to imbibe this Mexican spirit at a reasonable price.

The US and Mexico at 11.4m and 8m cases respectively still account for 84.4 per cent of global Tequila volumes, put at 22.99m nine-litre cases and grew by a CAGR of 6.5 per cent between 2003 and 2008. Although, growth slowed in 2009 as a result of the global economic crisis, forecasts expect 2009 volume sales to decline to 22.72m cases, and will remain stable in 2010.

Germany the third largest market at 400,000 cases, against 413,000 cases in 2009 is expected to fall to 379,000 cases by 2014.

However, there is better news from the travel retail sector, the fourth largest market for Tequila, which only saw a marginal decline in 2009 from 268,000 cases to 266,000. This market is expected to recover to 272,000 cases in 2010 and grow steadily to reach 359,000 cases by 2014.

While the potential for international development is vast, the volume will remain centred in the US and Mexico. But international drinks companies believe that Tequila has further growth potential, as well as possibilities for premiumisation, in markets other than the US.

There has been a significant amount

of investment in the category by multinationals in recent years, notably Beam Global's acquisition of the Sauza brand from Allied Domecq, though Pernod Ricard, in 2005, and Brown-Forman's acquisition of Herradura at the beginning of 2007.

Many consumers now prefer white Tequila as it is a bit less challenging and easier to drink, especially for those already used to white spirits such as vodka and gin. Tequila first appeared in the bartender's (or rather drinker's) repertoire in the early 16th century outside the Mexican city of Tequila. Tequila is made from fermented agave plant, a derivation of the similar spirit fermented by the Aztecs, known now as pulque. When the Spanish arrived, they began to distill the fermented agave

liquor. Mass distillation did not occur until the 1800s.

The history of the Tequila industry has been one of boom and bust. Sales rose during the 1940s only to collapse again in the mid-50s. Export sales rose steadily from the 1960s onward, although domestic sales fell sharply in the 1980s due again to an economic slump, and the severe Mexican economic crisis of the early 1980s resulted in plummeting sales.

The market was again disrupted by a critical shortage of agave beginning in the late '90s, which served to hold back the category's international development as brand owners were forced to divert limited supplies to the core US market, and quality perceptions were damaged as some manufacturers moved from 100 per cent to 51 per cent agave products.

Today the market is in oversupply and that dynamic is in reverse. More and more 100 per cent agave products are coming to market. This is helping to raise quality perceptions, and in turn demand is surging, not only in core Mexican and US markets but across a number of countries.

Nevertheless, there are green shoots of growth in many markets, even in the midst of recession. Russia, Greece, Canada, Japan and Brazil are all experiencing strong growth in percentage terms, albeit from small bases.

Tequila is not an unknown drink to people in India. Drunk on occasions and consumed during celebrations or when you get together with friends, it is the main ingredient for much loved drinks such as the Margarita. The most enduring symbols for Tequila are the shot glass, a wedge of lime and salt.

The translation of Tequila means "stone that cuts," (like a spearhead).



Tequila is actually a town in the western Mexican state of Jalisco, 65 km northwest of Guadalajara and in the highlands of Jalisco. More than 80% of the city's 35,000 strong population lives off the income generated from tequila production as the city produces an astonishing 230,000 litres of tequila every day. Just as a Bordeaux wine comes from the Bordeaux region in France, and Champagne comes from Champagne, Tequila comes from Tequila, Jalisco. Tequila must be distilled and bottled in Tequila, Mexico for it to be genuine Tequila, otherwise it is not Tequila but an imitation. This is even recognized by US and European laws

Tequila maybe the national drink of Mexico but the drink existed from before Mexico became a nation. Several Mexican tribes already distilled a type of tequila on simple pot stills way back in the 16th century.

Agave is to tequila what grapes are to wine. Over five hundred million kilos of agave are harvested each year for use in tequila production. Over 11,000,000 million pounds are harvested every year for use in tequila production and each plant grows in a period of seven to nine years.

"White spirits command a small percentage of the market in India. And the entire market share of tequila is about 30,000 cases a year. With a 160 per cent excise duty, the cheapest bottle of tequila costs around Rs 1,000."

If the Tequila market in India has to grow, price will play a major role and could probably end up being the primary point of distinction. High price per bottle also means Tequila is restricted to an 'occasion only' drink. Unlike wine, which has overcome the price barrier due to it being produced locally as well, Tequila has not been able to scale itself up to make it accessible to the large mass consumer segment in India, which until now has remained out of touch with Mexico's most famous drink.

Global Spirits and Foods - a sister concern of the parent company Madame Rosa, which has a 77 year old strong tradition of promoting and nurturing the local culture of Goa. Goa's traditional drink - "Fenny" is intrinsic to Goa much like Tequila is to Mexico.

Therefore when we asked ourselves how is it that we can ensure that this drink so famously called "the nectar of Gods" is

experienced by a larger consumer segment in India and not just a handful of select consumers, we realized that we had to find a way to making Tequila a cost effective buy and yet maintain its authentic taste, says Cedric Vaz, CEO of Global Spirits and Foods. However, we believe that the taste will be our USP. The fruity flavor of Toroloco complements our spicy indian foods perfectly, adds Cedric. Prior to importing Toroloco, we brought over 10 different tequilla samples and did random blind tastings. Most of the results indicated a preference for the tequila we now call Toroloco.

Tequila maybe the national drink of Mexico but the drink existed from before Mexico became a nation. Several Mexican tribes already distilled a type of tequila on simple pot stills way back in the 16th century

There are some international Tequila brands currently available in India, but the penetration of Tequila in India is currently low on account of the high duties forcing marketers to target the elite who can afford it. Says Sanil Manocha, Partner of Two Friends, we have two brands Corralejo and Viva Mojo at different price points. Corralejo is a premium product made of 100% agave like the traditional tequila and is priced between Rs.5000 to 9000 as we have five variants. Viva Mojo is a blended or mixto tequila and is priced at around Rs.2,500/-. Tequila is a niche product and our experience of five years tells us that it is moving especially in Delhi and Mumbai.

Brown-Forman has Pepe Lopez (priced at around Rs 1,200), and has plans to import El Jimador and Herradura by end-2010. Beam Global Spirits & Wine, has the Sauza brands and plans to bring in the premium tequilas in the second half of 2010, like Hornitos and/or Tres Generaciones." The company has, meanwhile, launched a vivid promotional campaign for Sauza tequila. These brands

are getting good response albeit on a low base with a growth of 20 per cent, said Moolchandani in a interview. Abimalek M. David, vice president - international trade, Sultania Trade, says his company is importing big blended tequila (or mixto) brands like El Caballo Estrella Silver and Gold and Porfidio, a tequila that David likens to a single malt. Brands like José Cuervo, Corralejo and Patron are also available in India.

Much like wine, Tequila is the only spirit where technology and agriculture are like a yin and yang. Tequila is made from the blue agave plant (Agave tequilana azul), which is native to Mexico.

Groupe Tequilero de Mexico the company that produces Toroloco, ensures that the highest grade of agave is used in the traditional process of making Tequila. Their distilling processes are unmatched, which ensures not only that the best flavour is retained but also high standards of hygiene are maintained. Grupo Tequilero México SA de CV was founded in 1987 with its plant located in Arandas Jalisco México, known for producing the finest brands of Tequila.

Tequila is made from the agave plant and skilled jimadores harvest the mature agaves, gracefully cutting away the long stems until all that's left is the core, or piña. As its name implies in Spanish, the piña looks similar to a pineapple but can weigh up to 80 pounds or more.

After the harvest, or jima, the agave is steamed in large metal autoclave ovens. The cooking process takes 16 hours and the cooling an additional six. The first juices accumulated during the early hours of cooking are discarded. The modern autoclaves cook under pressure and speed up the cooking time considerably. Older brick or stone ovens cook at a



lower temperature and for a much longer period of time. While some tequileros insist that only by slow cooking in stone or clay ovens can the optimum flavour be achieved, what is unique about Toroloco is that its optimum flavor is achieved, in the contemporary cooking process.

The next step, fermentation, begins with special yeast cultured to house specifications, or in some cases, wild yeast cultured near the Toroloco distillery site. It can take up to 100 hours during which over 850 microorganisms are busy doing their noble work. Tequila makers are traditional and iconoclastic in their methods. One producer even believes that the fermentation process is more successful when classical music is piped into the huge warehouses that hold the vats.

Tequila is distilled twice. The first distillation is known as smashing (destrozamiento), it takes a couple of hours and it yields the "ordinario", meaning a liquid with an alcohol level of around 20 per cent.

The second distillation, also known as "rectificación", takes between three to four hours. The result of this process is a liquid with an alcohol level near 55 per cent.

During the distillation processes, the substances are divided into three parts. The heads (cabezas), what contain unwanted aldehydes, are disposed of. The heart (corazon) is used for the Tequila, while the tails (colas) are sometimes recycled in the following distillation and other times are simply discarded.

After the second distillation, a transparent liquid is obtained that can already be considered as silver Tequila or it can be aged to become another type of Tequila.

For the aging process Tequila is filled in the barrels with a blanco (clear or non colored) tequila. Over time, the tequila absorbs the color of the oak becoming a golden brown. Once aged to taste, the Tequila is imported in bulk by Global Spirit and Foods and bottled in its state of the art factory in Goa. Says Cedric Vaz, These bottles are then made available in the market at an effective price point. Through the whole process however we have ensured that the taste and authenticity of the Tequila is maintained. Quality & Purity have always been a hallmark of Global spirits and foods, and It is the vision of the company to import premium exotic

Types of tequila are based on age and the container of fermentation. The age of a tequila is reflected in the price

sprits from around the globe and turn them into superior brands that are made available at affordable prices in India.

Types of tequila are based on age and the container of fermentation. The age of a tequila is reflected in the price; the longer the aging process, the more expensive the bottle. Blanco (white or silver) is the youngest of the tequilas as it is bottled directly following distillation. Reposado (rested) tequila ages in oak barrels between two months and one year. Añejo (aged) tequila must rest in the barrels between one to three years. Extra Añejo (extra aged) rests a minimum of three years. Joven (young), also called Oro (gold), is a mix of Blanco and Reposado or Añejo.

Tequila is one of the few drinks that is considered to be full of life. That is also one of the reasons why it is a much preferred 'celebrations' drink. We have maintained the essence of this with Toroloco. The positioning platform for Toroloco is "Taste the Other Side of Life" since we believe Toroloco is about creating a new experience for consumers who have not had a chance to taste authentic Tequila and enjoying life as it should be. We have also not forgotten Toroloco's roots and those are in Mexico. Therefore, this campaign is also about bringing the taste of Mexico to India.

The price of Toroloco in Goa is Rs.750/- per quart and is also available in 60ml miniatures. This makes it the only Tequila brand in India available at this price point. Says Vaz, Toroloco will allow the larger consumer segment to taste the original flavour of Mexico. As a brand Toroloco will mirror the color and excitement of Mexico. We have designed a series of promotional activities for restaurants and pubs, which we will unveil after the product is made available in the city.

Grupo Tequilero exports Tequila to United States, Germany, England, Russia, Belgium, Spain, Australia and Israel. Its brands such as Casa Vieja have been recognized in Spain and other countries for its quality and good taste, fruity flavor agave, that with the aging obtain a perfect balance, from long drink to cocktails like Margaritas.

Madame Rosa is also involved in trading of other premium global brands and is the manufacturer of the popular brand of Madame Rosa Liqueurs. The national launch of Toroloco is being flagged-off from Goa. The next phase of launch will cover cities such as Mumbai, Delhi, Bangalore. Global Spirits and Foods will market Toroloco through its strong distribution network across India. Toroloco has already launched in Goa. We will be launching in Daman, Mumbai and Pune very shortly and thereafter we will be launching Bangalore, Delhi & Kolkatta.

Tequila is more closely linked to the boom/bust cycle of agriculture than any other spirit. Like wine grapes, there is a lag of several years from the time an agave plant goes into the ground until it is harvested - ideally about eight years. If the tequila market is growing rapidly, as it is now, there is likely to be a shortage down the line.

Gerry Reid of Jose Cuervo expects a short supply of agave within the next 18-24 months. "That will slow the growth, but I don't think it will be as severe as the shortage about a decade ago when sales went almost flat," he says.

However, a new wrinkle in a possible agave shortage is the concentration of growth in the 100 per cent blue agave premium end of the market. Most tequila authorities agree that highlands agave is superior to lowland agave. It isn't simply a question of planting more agave.

Tequila has been displaying high volume growth across a broad spectrum of international markets over the last few years. Indeed, some 13 out of the top 15 global Tequila markets posted gains over the 2003-2008 period analysed in just-drinks'/IWSR's brand new global Tequila market review. 🍷

