

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mexico

**Post:** Monterrey ATO

### Cider in Mexico - Out with the old in with the new

**Report Categories:**

Beverages

Product Brief

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**Report Highlights:**

Cider has been around in Mexico for centuries, but stalled into a small, aging, decreasing niche. A new approach, consistent with the current cider frenzy in Europe, might represent an opportunity not only for the Mexican market, but also all of Latin America. This report provides an overview of the obstacles and opportunities for the cider market in Mexico.

## General Information:

Although cider consumption in Mexico is significantly smaller than beer, wine, spirits, and even other ready-to-drink (RTD) alcoholic beverages, the product itself is no stranger in the country. Local folklore claims that cider and wine of great quality were produced since the late 16<sup>th</sup> century in the small town of *Santa Maria de las Parras* (located in the Mexican state of Coahuila); said products were so good, that in an early case of technical barriers to trade, in 1614 King Philip II of Spain banned all wines and spirits produced in its colonies and eventually outlawed winemaking outside the mainland for almost 200 years.

After the Mexican independence, apple production flourished in other Mexican states like Chihuahua, Puebla, and Hidalgo, and cider production followed the apple orchards. Throughout the last century, Mexican ciders have kept an acceptable quality and small volumes are exported to markets like Spain, France, and the Netherlands. Out of many small, artisanal cider producers, only a few remain and have consolidated around a stable, but small-sized market. The Spanish influence is noticeable not only in the producing process (which sometimes mixes cider with wines or other fruit juices), but also in its consumption, as cider became a traditional Christmas holiday beverage and a drink mostly used during celebrations, like weddings, graduations, and family gatherings.

Still, the market remained small because of lack of innovation/evolution and several negative associations that have caused cider to struggle to maintain, much less gain, consumers in Mexico. First, because of its price, middle- and low-income Mexicans are the main consumers of cider, so the product has been branded as “the poor man’s champagne”; any increase in the household income translates into a switch to pricier alcoholic beverages, like wine, whiskey, or vodka. Second, due to its apple origin, cider is low in alcohol volume (usually between 3% ABV to 8%). Unfortunately, many younger consumers in Mexico seek beverages with higher alcohol content, preferring stronger beers or RTD mixes. Finally, due to the association with Christmas –clearly exemplified by the most recognized brand being “Santa Claus”- cider is not considered an option for the rest of the year. Also, over 90 percent of cider consumption in Mexico is at home, so it is sold in family-size bottles (680 ml - 1.75 l), making it difficult to attract consumers that usually shop in convenience stores or want to have a drink at bars or restaurants.



Mexican cider bottles on display at the 2013 Huejotzingo Cider Fair  
Source: Enfoque

Table 1. Sales of Alcoholic Drinks by Category: Total Volume 2007-2012 (in million liters)

	2007	2008	2009	2010	2011	2012
Beer	6,319.00	6,464.60	6,521.90	6,375.50	6,766.20	6,909.10
Spirits	223.00	226.10	226.70	235.30	242.50	248.60
RTD / Premixes	121.60	128.70	130.10	135.80	144.20	154.50
Wine	57.90	60.60	59.30	63.10	67.30	72.30
Cider	12.60	12.90	12.10	12.30	12.40	12.50
<b>Total</b>	<b>6,721.50</b>	<b>6,880.00</b>	<b>6,938.00</b>	<b>6,809.70</b>	<b>7,220.20</b>	<b>7,384.50</b>

Source: Euromonitor

Table 2. Sales of Alcoholic Drinks by Category: Total Value 2007-2012 (in million USD)

	2007	2008	2009	2010	2011	2012
Beer	14,657.37	16,907.13	17,844.82	18,536.35	20,655.20	22,059.07
Spirits	5,441.72	5,710.47	5,754.92	6,268.84	6,818.32	7,399.03
RTD / Premixes	385.42	426.95	451.39	475.12	506.74	558.23
Wine	926.75	1,072.88	1,094.02	1,234.50	1,374.31	1,553.46
Cider	45.48	46.61	46.08	48.83	50.80	53.21
<b>Total</b>	<b>21,456.74</b>	<b>24,164.05</b>	<b>25,191.24</b>	<b>26,563.65</b>	<b>29,405.37</b>	<b>31,623.00</b>

Source: Euromonitor

Despite this seemingly adverse scenario, the new cider trend that has gained momentum in other parts of the world is apparently reaching Mexico. Some companies have realized that the Mexican market has a huge growth potential, considering that cider consumption per capita in Mexico is less than 200 ml per year, against 15+ liters in the United Kingdom and around 2-4 liters in Spain, France, South Africa, Australia, and Argentina. But the way the business has run in the past has to change and the industry has to shift its strategy.

The effort has been spearheaded by two different sources. First, the domestic cider industry, helplessly watching its traditional market shrink every year, was approached by young, cosmopolitan, risk-taking entrepreneurs. People like Fernando Gonzalez [1], who got a first-hand view of the cider frenzy while doing a master's degree in the UK, and saw how it was fairly accepted by fellow expats. He then looked for cider producers in Mexico, contacted them and tested an individual, 325 ml. beer-like presentation. Thus Sierra Norte, currently distributed in boutique beer shops and bars in Mexico City and Guadalajara, was born. In a similar approach, traditional cider house Copa de Oro launched Viking Cider as part of their strategy to position it as an "apple beer" and complemented by its Caracaya 290 ml. RTD-wine coolers.

The second effort is led by Mexico's largest beer distributors, in an alliance with foreign companies, interested in increasing the market for cider not only in Mexico but all Latin America. As opposed to domestic cider manufacturers that developed their own brands, beer distributors are simply importing an already established cider brand to their line or products distributed in Mexico. Thus Cerveceria Cuauhtemoc Moctezuma/Heineken introduced Strongbow Gold, on its 300 ml. bottle, imported from Belgium and to be distributed through their special alliance with convenience store-giants OXXO and 7-Eleven first, but on a second scale through supermarket chains. Around the same time, Grupo Modelo, in alliance with Carlsberg, launched Somersby, imported from Sweden and distributed through convenience stores Extra and Superama stores. Other foreign brands, like Michelob Ultra Light Cider, occasionally show up in some high-end stores, but volume is minimal and supply seems to be sporadic and seasonal.

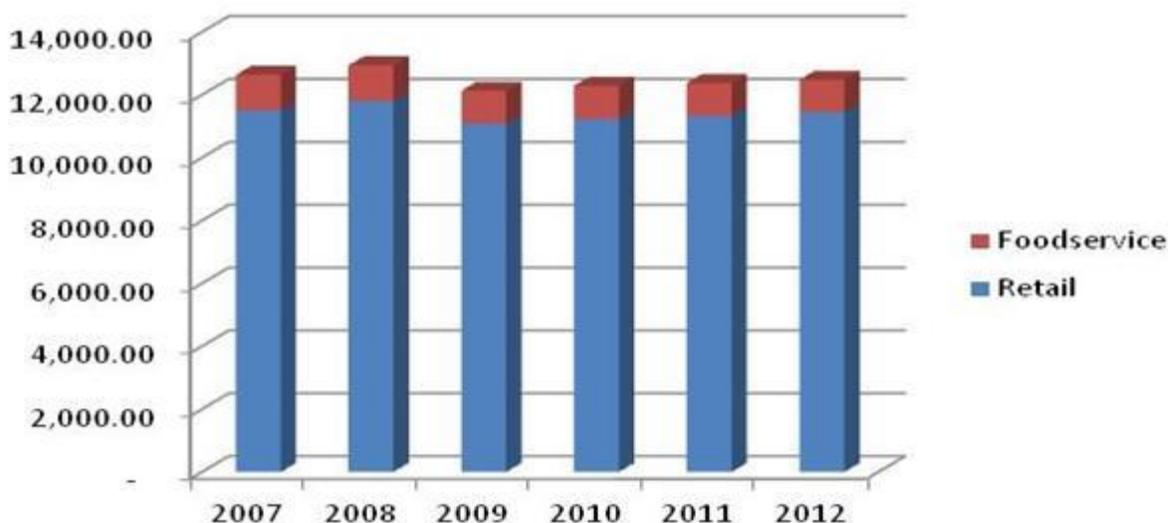
## Consumption

Domestic and foreign companies alike are targeting the 21-35 year, middle- to upper-class segment, seeking a sweet, lighter alcoholic beverage that can be enjoyed sitting in a bar, eating lunch, or at a party with friends. Their strategy is to attract consumers of RTD mixes like coolers and premixed cocktails, but also want to position cider as a compliment for stronger beverages (à la chaser) like tequila, vodka and mezcal.

Because of the current demand size and the logistics of supplying to select niche markets in Mexico (the three largest metropolitan areas of Mexico City, Guadalajara, and Monterrey, plus the two high-end tourist destinations of Los Cabos and Cancun), this new trend represents an opportunity for SME, new-to-market U.S. cider manufacturers interested in entering the Mexican market.

Cider is mainly sold through the retail sector (92%), mostly supermarkets and specialty stores; with new product battling and seeking to establish as an everyday beverage and an option for other alcoholic drinks, cider can now expand to the foodservice sector, making it available to order individual drinks in bars, restaurants, and night clubs. Therefore, entering the market via an established distributor that works with both supermarkets and foodservice outlets will be very helpful.

Table 3. Sales of Cider by Point of Sale: Total Volume 2007-2012 (in million liters)



Source: Euromonitor

### Costs and Prices

Cider is mainly consumed in the off-trade (around 92% share of total volume sales in 2012), usually home during Christmas celebrations. On-trade sales haven't been very popular due to the increased presence of still and sparkling wines and other spirits in on-trade outlets.

Some brands are sold at convenience stores, such as Strongbow Gold (300 ml) at a price point of \$1.60 USD other brands range from \$1.75 to \$3.00 dollars per bottle. Prices in restaurants and bars range between \$2.70 to \$3.85 dollars.

Usually, cider competes exclusively on price. This has resulted in lower quality and along with changing consumer tastes it might have contributed to reduced consumption in Mexico. However, new brands like Somersby and Strongbow tend to compete more in terms of quality, seeking to regain share from other alcoholic drinks such as beer and wine.

### Market Access

Below you will find the general requirements mandatory taxes applied to U.S.-origin alcoholic beverages in Mexico:

- 0.008% Customs processing fee
- 16% IVA, Value Added Tax
- 161 pesos (approximately USD \$12.40) electronic data pre-validation
- IEPS, Special Tax on Products and Services. This tax is levied according to the alcohol content of the product:
  - With alcohol content up to 14° GL, IEPS= 26.5%
  - With alcohol content from 14°-20° GL, IEPS= 30%
  - With alcohol content above 20° GL, IEPS= 50%

The basic Mexican import document required is called the “*Pedimento de Importación*” (customs entry document), which must be presented to Mexican Customs along with the commercial invoice in Spanish and a bill of lading. Products qualifying as "North American" must be accompanied by the NAFTA certificate of origin to receive preferential treatment. This is issued by the exporter and does not have to be validated or formalized. Mexican Customs Law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

All imported products destined for retail sale in Mexico must be labeled according to Mexican government specifications as outlined in [NOM-142-SSA1-1995 \*Bebidas alcoholicas. Especificaciones sanitarias. Etiquetado sanitario y comercial.\*](#) At a minimum, a label must be affixed to each package of the imported product prior to entering the country. All the information on the label must be in Spanish and must include at least the following mandatory commercial information:

- Commercial/brand name
- Generic product name
- Quantity information according to NOM-030-SCFI-1993 (net content in milliliters per container)
- Producer's name and address
- Exporter's name and address
- Country of origin (i.e., *Producto de EE.UU.*)
- Importer's name, address and RFC number (taxation number)
- Product description in Spanish
- Product description in English
- Preparation and handling instructions
- Date of expiration
- Ingredients
- In the case of beer, the labels should contain name, address and taxation code of the importer

Sanitary information:

- All alcoholic beverages should read "*El abuso en el consumo de este producto, es nocivo para la salud*" (The abuse in the consumption of this product is hazardous to your health)

- Alcohol content
- Indicate the alcohol content in volume at 20°C displayed as follows: (Number) % Alc.Vol.
- Lot number

Additional specific aspects to be considering before the entering the market are: the regulation on alcoholic beverages' advertising, the current trend related to healthy eating (which can be exploited favorably by cider as a "healthier" alcoholic beverage, highlighting its anti-oxidant features, plus the presence of vitamins and minerals from its apple origin [2] ) and the lack of a cider culture among consumers and foodservice staff.

As referred in our 2013 Exporter Guide and other GAIN reports where market entry recommendations are listed, U.S. exporters should seek meeting with potential Mexican partners by participating in shows like ANTAD (coming up in Guadalajara in March 2014), ABASTUR (taking place in Mexico City in September 2014), Expo Proveedores del Restaurante / Expo Bar & Casino (merging into one show in August 2014 in Monterrey) and other conferences, seminars, and industry-related events. Through two Agricultural Trade Offices (located in Mexico City and Monterrey), exporters can access information and additional assistance useful to approach the Mexican market.

## FOR MORE INFORMATION

**FAS/Mexico Web Site:** We are available at: <http://www.mexico-usda.com>.mx or visit the FAS headquarters' home page at: <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

**Useful Mexican Web Sites:** Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at <http://www.sagarpa.gob.mx> and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at <http://www.economia.gob.mx>. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

**NOTE:** We appreciate your opinion; please rate this report after reading;  
<https://es.surveymonkey.com/s/5LX8T9X>

<sup>[1]</sup> [\*Cider in Mexico shouldn't just be for Christmas: Q&A with Sidra Sierra Norte\*](#), interview by Tess Jewell-Larsen, for *Hard Cider International*, September 20, 2012

<sup>[2]</sup> [\*Sidra busca un lugar en la barra Mexicana\*](#), article by Ernesto Mendez for *Excelsior*, on December 24, 2013.