



Mexico: The NAFTA Generation Is Exiting

Mexico

COUNTRY SPOTLIGHT

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Brandmine



COUNTRY SPOTLIGHT

Mexico: The NAFTA Generation Is Exiting

Mexico has 2,784 registered tequila brands, a hot sauce sector that produced an \$800M acquisition at 25x EBITDA, and a leather goods cluster in León that makes 70% of the country's footwear. The founders who built these industries during the NAFTA boom are now 55–72 years old. Only 3–5% have a succession plan. One institutional buyer has already proven the thesis and moved on. Everyone else is still looking at Brazil.

QUICK FACTS

Market Size	\$1.3 trillion GDP, 130 million consumers, second-largest economy in Latin America, with USMCA access to a 500-million-consumer North American market
Unique Advantage	Denomination of origin on tequila and mezcal — government-enforced geographic IP no other Latin American country can replicate at this scale
Biggest Challenge	Only 3–5% have formal succession plans • just 21% survive to second generation • 2019 INADEM dissolution removed sole government SME support body
Timing Factor	NAFTA-era founders aged 55–72 in the window now • 2024 agave price crash (28–30 to 3–5 pesos/kg) accelerating distress exits among artisanal producers

“Only 3–5% of Mexican family businesses have a formal succession plan.”

IPADE / CIFEM-BBVA, Mexican Family Business Survey

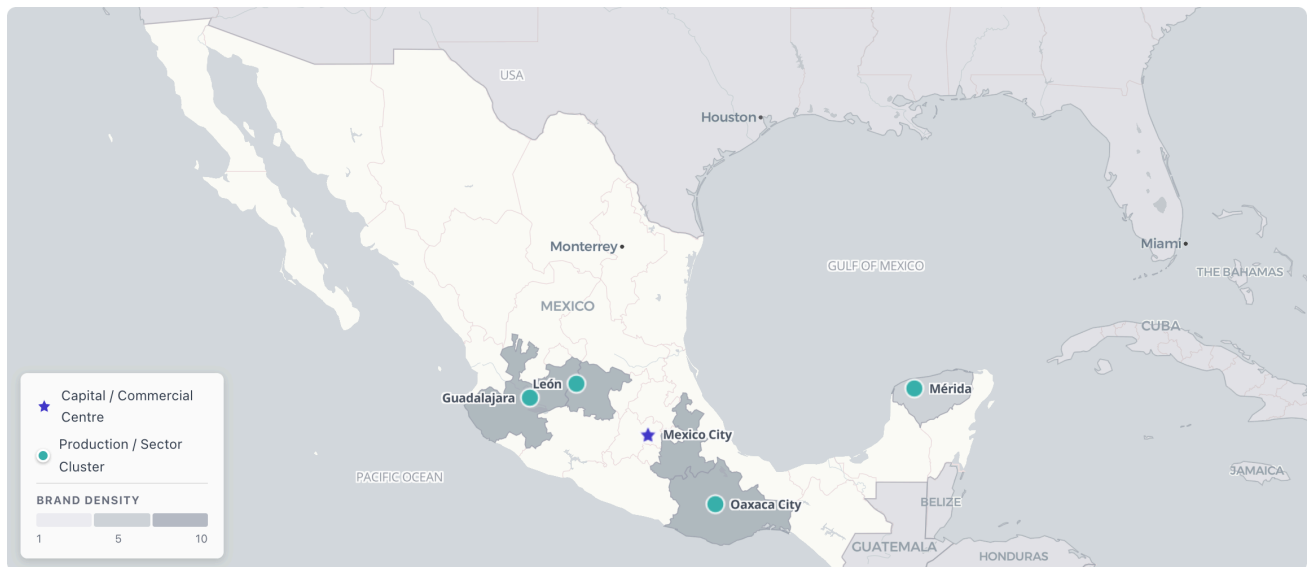
IPADE Business School / CIFEM-BBVA, 2022

MARKETS: Mexico

SECTORS: Spirits · Spices & Condiments · Leather Goods · Confectionery · Boutique Hospitality

GEOGRAPHIC CONTEXT

Jalisco spirits, León leather, and Mexico City commerce: Mexico's three-sector succession map



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Three geographically anchored sectors define Mexico's founder map — the Jalisco tequila corridor, León's leather and footwear belt, and Mexico City's hot-sauce and headquarters cluster — all converging on a succession window with minimal institutional buyer infrastructure in place.

Brand activity concentrates in three corridors: the tequila and mezcal arc running from Jalisco through Oaxaca, the leather goods cluster centred on León in Guanajuato, and the Yucatán branded food belt anchored by Mérida. Mexico City functions as commercial headquarters for all sectors.

* * *

COUNTRY NARRATIVE

In 2020, McCormick paid approximately \$800 million for Cholula. The valuation — roughly 25 times EBITDA — was not an accident or a bubble. It was the market's statement about what a well-documented, export-proven Mexican consumer brand is worth in institutional hands. The founders who built Cholula were a three-generation family from Chapala, Jalisco. L Catterton, the private equity arm of LVMH, had bought it from them two years earlier and immediately professionalized the distribution. McCormick was buying the result. The original family owners had sold into the first institutional offer they received.

This transaction sits at the centre of everything Brandmine is doing in Mexico. It proved the thesis, set the reference multiple, and then moved on — leaving behind a country full of comparable brands, comparable

founders, and a succession infrastructure gap that has not narrowed. It is the pattern Brandmine's transition wave research has identified across emerging markets: a compressed founding generation, built through crisis, approaching succession simultaneously — and largely invisible to institutional capital. The NAFTA generation that built Mexico's branded consumer industries is 55 to 72 years old. Only 3 to 5 percent of their family businesses have a formal succession plan.

The intelligence to find the next Cholula exists. It is scattered across Expansión's founder profiles, Forbes México's entrepreneur lists, the Consejo Regulador del Tequila's 2,784 registered brands, and the SAPICA trade fair's 2,000 exhibitors from 17 countries. What does not exist is the synthesis — which sectors contain the highest concentrations of founder-owned brands at commercial scale, which founders are in the succession window, and where the transition pressure is highest. That is what follows.

The NAFTA wave

Mexico's founding wave was compressed by design — two policy shocks in rapid succession created an entire generation of consumer brand founders within a single 14-year window. GATT entry in 1986 slashed tariffs from 100 percent to 20 percent and eliminated import licensing, forcing Mexican consumer brands to compete at international standards for the first time. Eight years later, NAFTA opened a 370-million-consumer market and strengthened intellectual property protections for branded goods.

Founders who launched during this window — between 1986 and 2000 — built in a specific and demanding environment. Import competition forced quality upgrades. NAFTA access created the first credible export channel for branded Mexican products. The Salinas privatization wave (1988–1994) gave an emerging entrepreneurial class access to capital and infrastructure that had previously been state-controlled. And the 1994–95 peso crisis — the defining NDD event of Mexico's founding generation — destroyed the weakest businesses and forged the survivors into export-oriented, cost-disciplined operators who had learned to run profitable businesses in conditions of acute macroeconomic stress.

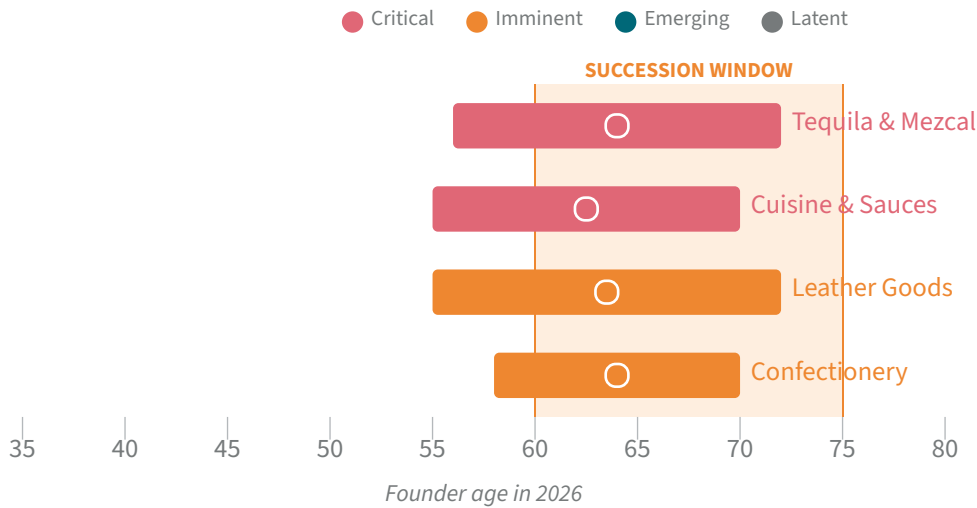
This is not background history. It is the architecture of what these founders carry. Every NAFTA-era founder who made it through the peso crisis rebuilt around an export capability that was, at the time, a survival mechanism. That export orientation is now the commercial moat that makes them attractive to institutional buyers. The crisis that nearly destroyed their businesses is also the credential that makes their resilience documentable through Narrative Due Diligence.

The founders from this wave are now 55 to 72. They are at the peak of their management capability and the beginning of the succession decision. The institutions that should be managing this transition — INADEM, the primary government SME support body — were dissolved in 2019 with no replacement. The cultural barriers to succession planning in Mexico are well-documented: familismo resists external management, patriarchal primogeniture historically excluded daughters, and founders who personally survived the peso crisis see no reason to hand over to successors who have never been tested. The result is that only 21 percent of Mexican family businesses survive to the second generation — worse than the global average — and the infrastructure to change that is not being rebuilt.

FOUNDER AGES BY SECTOR

Where Mexico's Founders Stand in 2026

Four sectors, one window — and only 3–5% have a succession plan



Age ranges based on sector mapping research and industry profiles. Succession window (60–75) based on PwC Global Family Business Survey and INSEAD family business research. Source: Brandmine analysis.

Tequila, sauces, leather, and the sectors behind them

Brandmine’s sector mapping identified ten candidate consumer sectors in Mexico. Five show meaningful founder-owned brand activity at commercial scale. The top four collectively contain an estimated 88 to 165 founder-owned brands meeting transition wave criteria.

The sector with proven exit multiples

Mexico’s tequila and mezcal sector is the most extensively documented founder-owned brand ecosystem in any Latin American country. The Consejo Regulador del Tequila registers 2,784 brands across 202 active distilleries, with \$4.28 billion in exports in 2024. The Consejo Regulador del Mezcal registers 900-plus brands, with 85 percent of production from Oaxaca. The sector has produced four landmark acquisitions in seven years: Casamigos to Diageo (\$1 billion, 2017), Patrón to Bacardi (\$5.1 billion, 2018), Del Maguey to Pernod Ricard (2017), and Ilegal Mezcal to Bacardi (2023).

The acquisition wave has established exit valuations, strengthened the case for founder-owned brand premiums, and — crucially — created a ceiling that the next wave of buyers will struggle to match. Brandmine’s interest is in the brands below the acquisition threshold: the estimated 28 to 50 founder-owned distilleries that operate at \$5 million or more in annual revenue, are not yet on institutional radars, and have founders in the 56-to-72 age range with no succession plan.

Casa Siete Leguas — founded in Atotonilco el Alto in 1952 by Ignacio González Vargas, 100 percent family-owned across three distilleries, with US and European distribution managed by seven González family members — is the archetype. It has the export credentials, the brand equity, the founder generation now transitioning, and the complete absence of any institutional advisory infrastructure. The 2024 agave price crash (from 28–30 pesos per

kilogram to 3–5 pesos) is adding acute cash flow pressure to the succession timeline for smaller producers. Distress and opportunity are arriving simultaneously.

The sector that already produced the reference transaction

Mexico's cuisine and sauces sector — hot sauces, habanero preparations, mole pastes, achiote, salsas — contains an estimated 20 to 40 founder-owned brands at commercial scale, with founders aged 55 to 70, and succession urgency that Brandmine rates as critical.

Grupo Tamazula, maker of the Valentina brand, is the anchor discovery. Founded in 1960 by Manuel Maciel Méndez in Guadalajara, still family-operated by Maciel descendants, with 29.2 percent of the Mexican hot sauce market, a 30,000-square-metre production plant, and exports to the United States, Canada, Spain, and South America — this is a \$100 million-plus revenue brand that has never received institutional coverage. Expansión profiles it. Merca 2.0 covers its marketing. No institutional buyer has published a thesis on it.

El Yucateco — founded 1968 by Priamo J. Gamboa Ojeda in Mérida, first Mexican habanero sauce in US distribution from the mid-1970s, now in national Walmart and HEB distribution — is in what appears to be a generational transition, with labour disputes in 2018 and 2023 signalling governance stress. La Anita, founded in Mérida in 1913 and still producing achiote and habanero sauces for international export after 111 years of family ownership, represents the oldest cohort of Mexican consumer brands still in independent hands. Cholula has already been transacted. These have not.

The industrial cluster that sells to Las Vegas

Mexico's leather goods sector is concentrated in León, Guanajuato, and it is large. The city produces 70 percent of Mexico's national footwear — 162 million pairs in 2023. CICEG, the leather goods industry association, has 600-plus member companies. SAPICA, the semi-annual trade fair, draws 380 exhibitors and 2,000 brands from 17 countries.

The sector's two anchor brands define the succession landscape. Flexi — with over 300 stores, \$200 million-plus in revenue, 5,400 employees, and 16 million pairs produced per year — is executing its third-to-fourth generation handoff in real time: Roberto Plasencia Torres, who joined in 1994 and now leads the company, has just brought his son into the business (2023), while 12 siblings hold ownership stakes. The governance complexity of a 12-sibling family enterprise with an incoming fourth generation is textbook NDD material. Cuadra, founded in 1991 by the three Cuadra brothers — Fernando, Héctor, and Francisco — operates 60-plus stores in Mexico and the United States, including Las Vegas, exports 50 percent of its production, and has brothers now aged approximately 56 to 66. The succession window is open.

The sector faces structural headwinds: imports are up 16.7 percent, employment is down 12 percent, and sector GDP contracted 6.7 percent in 2025. Stressed industries accelerate succession decisions. Emyco, a century-old leather brand founded in 1926, is already in financial difficulty — a potential distressed succession case that signals what the headwinds produce when they arrive.

The clusters still forming

Confectionery — dulces típicos from Celaya (Guanajuato), sugared sweets from Puebla, artisan chocolates from Oaxaca — contains an estimated 10 to 25 founder-owned brands, with founders aged 58 to 70 and succession urgency rated as imminent. The sector lacks the institutional visibility of tequila but has the geographic clustering (Guanajuato's Celaya is Mexico's candy capital) and the NAFTA-era founding dates that place it squarely in the transition window. Boutique hospitality — colonial and hacienda hotels in Oaxaca, San Miguel de Allende, Mérida, and the Yucatán peninsula — contains 10 to 20 founder-owned brands with founders aged 45 to 65 and emerging succession urgency. Tourism revenue returning to pre-COVID levels provides the foundation, but the boutique hotel sector operates as a different asset class from product brands.

The denominations of origin advantage

Mexico has 16-plus official denominations of origin — more than any other emerging market. These are not marketing certifications. They are government-enforced geographic intellectual property: tequila (Jalisco plus four adjacent states), mezcal (Oaxaca plus eight states), Talavera pottery (Puebla), Olinalá lacquerware (Guerrero), café Veracruz, chile habanero de Yucatán, vainilla de Papantla, and several others.

For founder-owned brands operating within these denominations, the moat is structural. A competitor cannot replicate a tequila brand from anywhere outside the designated zone. A mezcal brand from Oaxaca carries geographic IP protection that no private trademark can match. When these brands are sold to institutional buyers — as Casamigos, Patrón, Cholula, and Del Maguey have been — the denomination of origin goes with them, permanently embedded in the brand's value proposition.

This is the feature that distinguishes Mexico's founder-owned brand ecosystem from every other Latin American market. Argentina has terroir but no government-enforced denomination for most of its sectors. Brazil has geographic indications for a handful of products. Mexico has a comprehensive denomination system that has been generating brand premiums for four decades — and the founder-owned brands within it are still largely in first-generation hands.

Why the window closes differently here

Mexico's succession gap arrives with a specific character. The NAFTA-era founders who built these brands did so in conditions that made personal crisis management the most important business skill. The peso crisis, the H1N1 pandemic, the Trump-era NAFTA renegotiation uncertainty, and the COVID disruption are not separate events. They are a curriculum. Founders who completed it have crisis management knowledge that is almost entirely tacit — it lives in supplier relationships built on trust during cash flow emergencies, in the reflexes that kept production running when the peso fell 50 percent in a week, in the export networks assembled when domestic demand collapsed and survival depended on finding buyers outside Mexico.

None of this transfers through an org chart. It transfers through succession — if succession happens in time, and if the successor has the institutional support to absorb it.

The 2019 dissolution of INADEM removed the one government institution that provided that support for medium-sized family businesses. The replacement has not materialised. The family business advisory sector in Mexico is thin, expensive, and concentrated in Mexico City — inaccessible to the leather goods maker in León or the mezcal producer in Oaxaca whose founder is 68 years old and has no plan.

The buyers who have proved the thesis — and those who haven't

L Catterton proved the thesis with Cholula, took the premium, and moved on. Nexus Capital, with \$1.9 billion in assets under management and an explicit mandate to target family-run Mexican SMEs, is still active. AMEXCAP members have deployed \$79 billion cumulatively, with consumer brands as the second-most-invested sector.

The intelligence gap is asymmetric, not total. A handful of buyers understand what the NAFTA founding generation built and where the succession pressure is highest. Most institutional capital still does not. The brands that will define the next decade of Mexican consumer brand transactions — in tequila, in sauces, in leather goods, in confectionery — are currently invisible to the buyers who will eventually pay the most for them.

The denominations of origin will not expire. The brands will not disappear. But the founders who built them are in their late fifties, their sixties, their early seventies — and only 3 to 5 percent of them have a plan for what

comes next. The agave price crash is forcing decisions on some of them now. The first buyer who arrives with a systematic understanding of where they are, what they have built, and what it is worth will not need to pay Cholula prices.

What disappears when a founder exits without a plan is not just a brand. It is the denomination-anchored intellectual property, the export relationships that took a peso crisis to build, the supplier networks that were tested in crisis and proved. By the time these brands surface through conventional channels — if they ever do — the founders who carry this knowledge will have retired, sold, or simply closed.

Mexico’s founder-owned brands are documented — in one of Latin America’s most extensive business press traditions, in sectors that international consumers already know and demand, protected by government-enforced denominations of origin that competitors cannot replicate. The synthesis is what has been missing. Mexico is not a market that needs to be discovered. It is a market that needs to be mapped — before the agave crash forces distress sales and the NAFTA generation sells at any multiple, not Cholula’s.

KEY TAKEAWAY

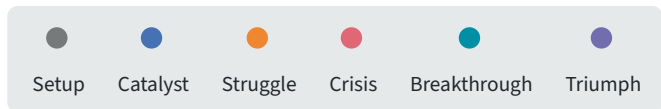
The Cholula exit at 25x EBITDA is the reference transaction. The founders who built the brands that follow it are still in place, still founder-owned, and still largely invisible to institutional capital.

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TRANSFORMATION TIMELINE

The open-border generation, 1994–2024

From NAFTA opening to Cholula acquisition — Mexico's founder cohort built premium brands on trade liberalization; thirty years later, international buyers are arriving and succession pressure is building.



- SETUP** 1986

Mexico joins GATT

The import substitution era ends. Tariffs fall from 100% to 20% and import licensing is eliminated. Mexican consumer brand founders face international competition for the first time — and the survivors begin building export-capable businesses.
- CATALYST** 1988

Salinas privatization wave begins

The Salinas presidency sells state enterprises and opens markets. An entrepreneurial class emerges with access to capital, infrastructure, and supply chains that had previously been state-controlled. The first generation of NAFTA-era consumer brand founders begins building.
- CATALYST** 1994

NAFTA takes effect

A 370-million-consumer market opens. Intellectual property protections for branded goods are strengthened. Tequila distillers, hot sauce producers, leather goods makers, and confectionery manufacturers gain privileged access to the United States — the world's largest consumer market — for the first time.

CRISIS 1995**Peso crisis (Tequila Crisis)**

The peso loses half its value. Capital flees. Domestic demand collapses. Many first-wave businesses fail. The survivors rebuild as export-oriented, cost-disciplined operations. Every NAFTA-era founder who made it through carries this crisis in their operating DNA — the defining NDD event of Mexico's first founding generation.

STRUGGLE 2009**H1N1 pandemic**

Mexico is ground zero for the H1N1 outbreak. Tourism and hospitality collapse. The peso depreciates again. Founders who had rebuilt after 1995 face their second existential test — a rehearsal for the COVID disruption a decade later.

CATALYST 2018**Cholula acquired by L Catterton**

The private equity arm of LVMH acquires the Cholula hot sauce brand from its third-generation family owners. Two years later, McCormick pays approximately \$800 million — at 25 times EBITDA — to buy it from L Catterton. The reference transaction for Mexican consumer brand exits is established. It will not be repeated at these multiples.

STRUGGLE 2019**INADEM dissolved**

The AMLO government eliminates the Institute for the Entrepreneur (INADEM), the primary government support institution for Mexican SMEs. No replacement is created. Family business advisory infrastructure, already thin, becomes thinner. The succession planning gap widens.

CRISIS 2020**COVID-19 pandemic**

Lockdowns, supply chain disruption, and peso depreciation hit simultaneously. Leather goods exports from León collapse. Boutique hospitality shuts down. Tequila exports paradoxically surge — US quarantine drinking creates a demand spike that accelerates brand awareness among new consumer cohorts. The divergence between export-oriented and domestically-focused brands becomes permanent.

CRISIS 2024**Agave price crash**

The price of agave collapses from 28–30 pesos per kilogram to 3–5 pesos — an 85% decline. Small artisanal tequileros and mezcaleros face existential cash flow pressure exactly as they enter the succession window. Some will exit at distressed valuations. The first buyer who understands the sector will not need to pay full price.

Outreach quick reference

Metric	Reference
Dialing	+52
Currency	Mexican peso (\$) / MXN — free-floating, deeply traded; rates: banxico.org.mx
Time Zone	UTC-6 (Central; UTC-7/-8 in western/Pacific states)
Working week	Mon-Fri (corporate/professional services); Sat half-day common in manufacturing and traditional businesses
Capital	Mexico City (Ciudad de México)
Internet	.mx (country TLD); .com.mx common
Messaging	WhatsApp dominant
Payment	SPEI instant bank transfer dominant (B2B/P2P); DiMo phone-number layer; Mercado Pago + Spin wallets; cash for small informal retail; card penetration low
Banking	Full international access via SWIFT; USMCA-integrated; cards and wire both work; strong USD-MXN corridor
Languages	Spanish (official, business)
Entry	Visa-free for EU/UK/US/CA (180 days)



About this research

This report draws on 0 verified sources across 1 language — primary documents, founder interviews, and trade press. Every figure and claim is cross-validated against independent references.

Full methodology at brandmine.ai.

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