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How are liquor stores weathering the economic downturn? Eggh...could be better.

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St. Louis Post-Dispatch

Our friends at **Sageworks**, a Raleigh, N.C.-based provider of data on private companies, gave **Lager Heads** an interesting batch of figures about the financial health of beer, wine and liquor stores.

The takeaways: It looks like sales continued to grow in 2008, but at a slower pace than in 2007. Also, profit margins shrank to their slimmest ratios since 2004, and cash as a percentage of sales was lower than at any point in the last five years (if not longer — the data only goes back to 2003.)

The data comes from thousands of accounting firms and small community banks around the country.

The alcohol stores' sales grew, on average, 6.1 percent, down from 6.3 percent in 2007. Profit margins fell by nearly half, to 1.4 percent from 2.7 percent in 2007.

On a related note, the annual data from the **Distilled Spirits Council of the United States** show a marked slowdown in the distilled spirits industry, which not long ago was stealing drinkers from the beer industry and eroding brewers' market share.

Here's what happened in 2008: The distilled spirits industry (the trade group doesn't like the term "liquor") saw its dollar sales grow by 2.8 percent. Which isn't bad, until you consider that it has averaged 6 percent growth since the year 2000. Measured by liquid sold, sales grew 1.6 percent, compared to 2.7 average annual growth since 2000. The industry's market share fell slightly, by two-tenths of a percentage point.

The trade group for big distillers - warned that the spirits industry is "recession resilient," not "recession proof."

The recession is blamed for a multitude of ills. Will it also be remembered as the event that turned the tide for beer makers? It's impossible to know yet. But as more and more drinkers look for bargains, brewers are hoping that beer will look more attractive than cocktails or barrel-aged bourbon.