

## Liquor sales soaring in sluggish economy

*Ohioans spent \$520.6M on liquor in 2010 while cutting back elsewhere.*

By Cornelius Frolik, July 11, 2011

Although local consumers have cut back on many types of discretionary spending, they continue to shell out record amounts on hard drink.

Retail sales of liquor in the Miami Valley and across Ohio have soared since the recession began, a trend that industry analysts said shows people are still purchasing plenty of liquor, but many are modifying their drinking habits and imbibing at home.

“Because of the economy, and because of the smoking ban, people have stayed home, but they are buying products to take home,” said Jacob Evans, vice president and general counsel for the Ohio Licensed Beverage Association.

Retail sales are carry-out purchases only, while wholesale transactions involve licensed liquor stores selling spirits to businesses licensed to serve alcohol on-premise, said Matt Mullins, spokesman for liquor control.

Consumers in Montgomery, Miami, Greene, Butler and Warren counties purchased about 4.3 million bottles of liquor last year, up 6.1 percent from 4.05 million in 2009 and up 18.7 percent from 3.64 million in 2007, according to the Ohio Division of Liquor Control.

In this area, retail sales of these beverages exceeded \$65.25 million in 2010, an increase from \$62.77 million in 2009 and \$55.1 million in 2007.

Statewide, retail sales of spirituous alcohol reached \$520.6 million, or 34.7 million bottles, in 2010. Spirituous alcohols contain an alcohol content of 22 percent or higher.

But as retail sales of spirits rose in the Miami Valley and Ohio, wholesale purchases trended downward.

Last year, the 49 licensed liquor stores in the five-county region sold 1.31 million bottles wholesale, rebounding slightly from 1.3 million bottles in 2009, but still down from 1.32 million in 2008 and 1.33 million in 2007.

Alex Reddy, owner of the Party Store in Dayton, said his wholesale purchases have definitely decreased, but retail sales are more than making up for it. He said people are still drinking, but they are just not going out for drinks as often as they have in the past.

“People have changed their attitude: They want to stay at home and drink,” he said.

Esther Kwon, equity analyst for Standard & Poor's, said during a recession, people will often drink at home rather than at licensed establishments, where the mark-up is higher. She said people will also "trade down" and purchase lower-priced alcohol brands to conserve money.

But consumers do not typically cut alcohol out of their budgets.

"The alcoholic beverage industry is categorized under consumer staples, so generally they're not as cyclical as some other consumer companies," Kwon said. "The propensity to eliminate purchases of these products is very low."

Industry analysts also said some people are willing to "splurge" on more pricey liquors because even the high-end products are typically less expensive than other high-end consumer goods.

"Grey Goose Vodka, which is \$35, is one of our top selling vodkas," said Mif Frank, co-owner of Arrow Wine & Spirits in Centerville and Kettering. "I find it interesting that people are willing to spend that much on a bottle of vodka, and then we have people just complaining and driven crazy by the price of gasoline."

Tim McPeak, an analyst with Sageworks, a national technology and financial-information company, said data gathered by his company show that overall sales of alcohol beverages continued to grow during the recession even when sales of most consumer goods sank.

The rate by which alcohol sales grew slowed during the recession compared to prior years, but sales still grew, McPeak said.

Nationally, beer, wine and spirits sales increased 6.24 percent in 2010, 4.78 percent in 2009 and 5.87 percent in 2008, according to data released by Sageworks.

By comparison, sales of discretionary items, such as furniture and jewelry, luggage and leather goods, dropped by between 3.8 to 9 percent in both 2008 and 2009, according to the company.

"Even in extremely difficult financial times, this seems to show that people continue to drink," McPeak said. "Most people would think of alcohol as a discretionary item ... (but) maybe it is something they are not willing to give up in good times and bad times."

According to the U.S. Census, the five-county region is home to 981,908 people 21 and older. In 2010, local retail bottle sales equated to 4.4 bottles of liquor per resident.

For the full article, featuring [Sageworks](#)' insight and data, visit Dayton Daily News – [Liquor sales soaring in a sluggish economy](#).