

As Decade Closes, Alcohol Industry Speaks Out on Economy, Jobs, Higher Taxes and Deregulation

Industry Leaders Share Insight on Economic Impact

WASHINGTON, Dec. 31 /PRNewswire-USNewswire/ -- Six thought leaders from the spirits, wine and beer industries spoke at the first State of the Alcohol Industry briefing, hosted by the Wine & Spirits Wholesalers of America (WSWA) at the National Press Club in Washington, D.C., just before the finale of a decade that delivered spirited highs and sporadic lows to the beverage alcohol industry. Panelists spoke about the recession's impact on the industry and cautioned that the threats of deregulation and higher taxes could wreak havoc on an industry that has so far weathered the economic storm better than most.

"While most of the industry has maintained a resiliency, we want to dispel the myth that our industry is recession proof," said Craig Wolf, WSWA President and CEO. "Value brands and sales at package stores are up, but sales of most ultra premium spirits, wine and beer are down, some significantly, as is traffic at restaurants and bars."

The panel, moderated by Craig Wolf, included:

- Spirits Supplier: Mark Brown, CEO, Sazerac Company, Inc.
- Spirits, Wine and Beer Wholesaler: W. "Rocky" Rockwell Wirtz, President, Wirtz Beverage Group
- Beer Wholesaler: Phil Terry, CEO, Monarch Beverage Co., Inc.
- Spirits, Wine and Beer Retailer: David Jabour, President, Twin Liquors
- Industry Analyst: Danny Brager, Vice President, Beverage Alcohol Team, The Nielsen Company

"Rarely have all three tiers (suppliers, wholesalers and retailers) and all three categories (spirits, wine and beer) come before the media to discuss the industry at such a critical time," said Wolf.

According to surveys by The Nielsen Company, consumers are paying down debt, building savings and cutting dining out occasions. In a recent Nielsen restaurant survey, 34 out of 35 outlets reported that same store sales are declining, Brager reported.

Jobs were a major topic and panelists spoke to briefing attendees, which included business, political, mainstream and trade media, about the contributions the beverage alcohol industry continues to make to the economy and the nation's recovery. The industry overall -- all tiers, all categories -- accounts for millions of stable jobs. "The wholesale segment alone accounts for 70,000 jobs," said Wolf.

Rocky Wirtz, wholesaler and Chairman of WSWA, spoke about the jobs created by Wirtz Beverage Group. Started by his grandfather in 1945, Wirtz Beverage now employs 3,000

people in five different states.

Panelists discussed the foundation and workings of the industry, from the ratification of the 21st Amendment that established the three-tier system to how the industry works with municipal, state and federal governments to collect taxes on the sales of products.

Each speaker also made a point to address the impact of tax increases. Brown noted that when the Federal Excise Tax was raised in 1991, tax collection plummeted and it took more than a decade before revenue returned to the 1991 level.

Addressing the topic of deregulation, Terry explained the public should care about proposals to dismantle the three tier system because it has worked so well. He noted what happened in Great Britain after their system was deregulated, "Liver disease is up, abuse is rampant, emergency room visits have quadrupled all because they started treating alcohol like mayonnaise and tires. Alcohol is a sensitive product, unlike any other consumer good."

Wolf along with Jabour, owner of Twin Liquors, a 60-store Texas package store chain, reminded the assembled media that it was the beverage alcohol industry that helped bring the country out of the Great Depression and it will play a critical role in helping move the country through today's recession, as long as mistakes made in the past are not repeated.

Following the briefing, guests attended a reception to talk with panelists one-on-one, meet industry representatives and participate in special tastings. Based on the success of this inaugural industry media briefing, WSWA is planning to make the State of the Alcohol Industry an annual event.

"We must continue to convey our value in the global marketplace among opinion leaders, the media and others who impact our businesses. No doubt, we'll face challenges but our industry is defined by innovation, nimbleness and, without question, responsibility," said Wolf. "Simply put: the better our industry is understood, the better we'll prosper, and best support the nation's economic recovery."

To view a highlight video of the State of the Alcohol Industry briefing, visit www.wswa.org.

The Wine & Spirits Wholesalers of America (WSWA) is the national trade organization representing the wholesale tier of the wine and spirits industry. It is dedicated to advancing the interests and independence of wholesale distributors and/or brokers of wine and/or spirits.