



## 2 Alcohol Stocks That Will Lift Your Spirits in a Recession

### Description

There are a few industries that many assume would decline in recessions and during market panics, but in fact the numbers stay flat, or sometimes even grow.

Gambling is one of those industries. Despite the lack of discretionary funds flowing around the economy, people who enjoy going to the casino will always find a way to make it out and gamble their money.

Another similar industry is the alcohol industry.

Despite what most people consider as a discretionary item to buy and enjoy, the numbers show alcohol sales actually increase in recessions, which makes the industry more stable to invest in than you might think at first glance.

Two top Canadian stocks that are exposed to the stability of the alcohol industry in Canada are **Andrew Peller Ltd** ([TSX:ADW.A](#)) and **Alcanna Inc** (TSX:CLIQ).

### Andrew Peller

Andrew Peller is a wine producer and retailer with wineries in British Columbia, Ontario, and Nova Scotia.

It has a number of industry-leading brands in its portfolio of companies and sells direct to consumers through its network of retail stores.

Andrew Peller has long been one of the best Canadian wine companies, and though that's its bread-and-butter, it has looked to other alcoholic drinks for growth opportunities.

It's used its industry knowledge and scale to launch new revolutionary products including a cider, a rye, and a whisky.

It also expects to see growth by focusing more on different client segments of the wine market, selling both value and premium priced wines.

The execution of its growth plans so far led the company to achieve record results in its fiscal 2019 and already in its fiscal 2020 first quarter, the company has continued to see growth. While its sales were flat from the first quarter in fiscal 2019, its margins expanded giving its net earnings a 16.5% increase.

It's one of the top stocks in the industry, and recently its stock has come down well off its highs, to offer an attractive entry point. It also returns cash to shareholders through a dividend which currently yields 1.75%.

As long as Andrew Peller can continue its long track record of execution it will continue to remain one of the top stocks in Canada.

## Alcanna

Alcanna is not a liquor producer but rather a retailer of alcohol and most recently cannabis. Though its plan for the future is to open a number of [cannabis](#) retail stores, currently the majority of its operations is in the business of selling alcohol.

In total, Alcanna has more than 230 stores and its business model maximizes its reach to consumers. By operating through three store types – large-format stores that service everything, convenience style stores to quickly serve customer's needs, and its discount/bulk stores – Alcanna has made it easier to capture the entire market.

The majority of its stores are located in Alberta, with a number of stores in British Columbia and a select few in Alaska. Its cannabis stores are located in Ontario and Alberta, but up until this point, the numbers there aren't meaningful.

It plans to increase its scale in Alberta by building out more stores, improve the brand image by completing much needed renovations, and work to deliver a better customer experience.

In terms of growth on the alcohol side of the business, it expects to increase sales naturally as it builds out its store count while also improving same store sales through an improved targeted marketing campaign.

It has also been looking into ecommerce options as well as home delivery as another way to drive increased sales.

Its stock has come down considerably the last few years and now offers what looks to be a very attractive entry point for [long-term investors](#).

## Bottom line

Both companies are well-run and have a history of top-notch execution, while offering exciting entry points.

Andrew Peller is the more stable company for investors seeking stability and slow growth, while Alcanna offers the chance for faster growth and comes with slightly more risk.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:ADW.A (Andrew Peller Limited)

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