Asleep At The Wheel; Part 2

In the fall of 2005, I was asked by Wines & Vines Magazine to author an Essay about the consolidation in the Wine Industry at the time and what if any effect the then-recent Supreme Court ruling about Direct Shipping would have on the distribution tier of the industry.

At the time, my answer was simple: "nothing at this point." I went on to comment; "I did not believe it would have any effect in the near future either. " I did, however, believe the most significant impact in the coming years was going to be a continued gobbling up by multi-national liquor empires of the small family-owned and operated wine distributors.

Well, here we are today; 2019, fourteen years later, and everything I predicted and more has happened. What a disgusting and discouraging landscape that most of the smaller and clout-less wine producers find themselves having to navigate daily. I say this as I have most recently moved to Virginia after thirty years of living in California.

I have watched for several years the quality of wine being grown and produced in Virginia increase significantly. During the last decade, numerous wine producers in Virginia have been making wine that is equal in quality to the finest from other well-recognized wine-growing regions around the world. This development should be catching the attention of the wine trade and consumer throughout the country — unfortunately, the Distribution Tier, which is dominated by primarily Big Liquor, not wine companies stands in the way. There are now two companies that account for close to $35B; (yes, that is Billion with a B) representing over 50% of the entire alcohol purchased through the Government mandated 3-Tier system. Presenting a significant hurdle for the most established of wine brands; let alone emerging wine-producing regions like Virginia.

In my essay of 2005, I raised the question about anti-trust concerns in the wine business and mused that the 21st Amendment had given Big Liquor the cover it needed along with the protection for just the result all producers are contending with today. A few distributors, a growing consumer base and no way to reach them efficiently or profitably on a nationwide basis. To quote my last paragraph in the essay back in 2005; "Experience teaches us that given the options fine wine producers have today to get their wine in the hands of the wine-buying public, further consolidations and the ensuing lack of choice will only increase the distribution challenge and in the end, hurt the consumer." I wish I had been wrong back in 2005, but I wasn't. Is it too late? Wake up, everyone!!