



The Value of Wholesalers

The 21st Amendment—ratified 80 years ago—repealed the 18th Amendment and ended Prohibition. In its wake, the modern three tier beverage alcohol system took shape. This unique structure ensures the widest variety of products available anywhere in the world, delivered in a manner that provides a predictable revenue stream to local, state and federal governments, while also protecting consumer safety and guaranteeing product integrity.

Today, wine and spirits wholesalers are the vital middle tier—the central link—in this system. Wholesalers create important efficiencies in the marketplace and effectively lower the transaction and search costs of products for consumers.

They do this by providing both product manufacturers (beverage suppliers) and retailers with a wide range of services, including the maintenance of inventories, sorting and breaking of large lots, climate control storage, efficient distribution/delivery and other services. These fundamental roles save producers labor and overhead costs, and save retailers the capital investment and physical space required for these activities.

While wine and spirits wholesalers serve a number of important qualitative functions, they also generate significant value for both suppliers and retailers. For every \$1,000 worth of wine or spirits sold to the consumer, the cost of products from wineries and distilleries is \$424.94. Wholesalers add another \$145.20 in value.

What this means to consumers—and to the other two tiers of the industry—is that wholesalers reduce operating costs throughout the supply chain by \$50.39 for every \$41,000 spent on wine and spirits by consumers.

Looking at these savings on a national basis, wine and spirits wholesalers save manufacturers and retailers as much as \$8.7 billion in direct operating costs.

Wholesalers are local marketing experts who represent thousands of different brands and thousands of varied product SKUs to retailers while providing logistics, distribution, sales and marketing services on behalf of product suppliers. Today, more than 63,000 workers are employed by wine and spirits wholesalers in the United States.