

2024 NAWR Annual Wine Retailer Summit



The State of the State of Progressive Wine Retailing

TWO SCENARIOS

Tom Wark, Executive Director
National Association of Wine Retailers
May 8, 2024



SCENARIO #1

NAWR and Retailers Push For Change



NEWS

Federal Court Rules Retailer Shipping Restrictions Violate Constitution

State and wholesalers say they will appeal, setting up showdown at the Supreme Court



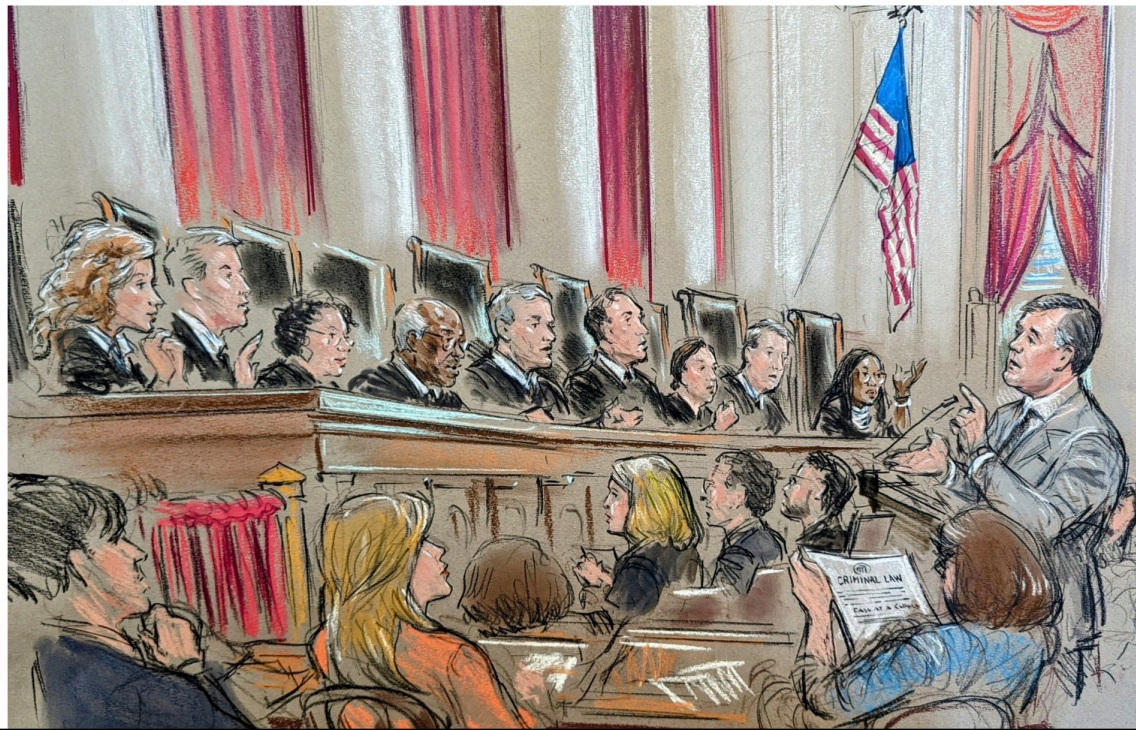


DOCKET ANALYSIS

Court agrees to take up 21st Amendment and dormant commerce clause again with wine case out of 1st Circuit

 By Amy Howe

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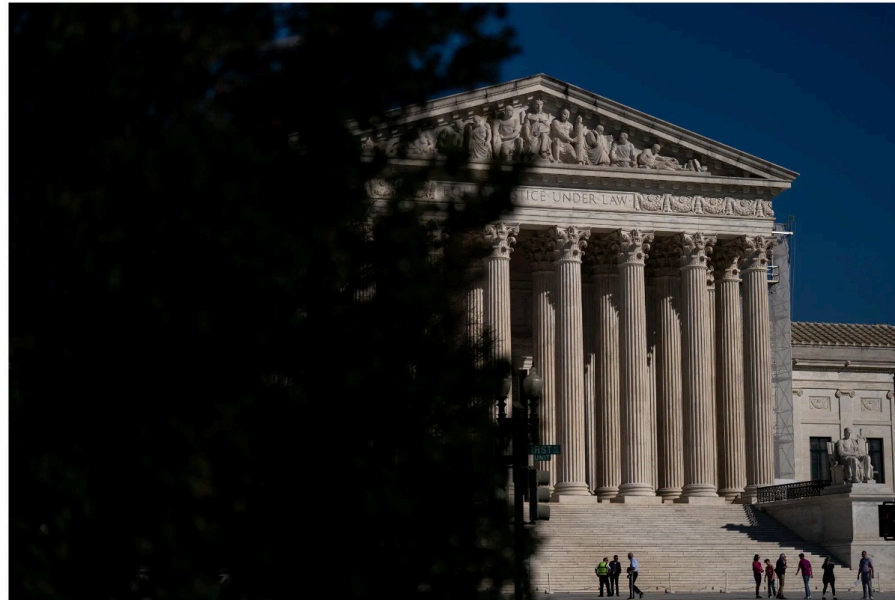
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Supreme Court Issues Sweeping Ruling Striking Down Wine Shipping Ban

7-2 decision takes aim at Prohibition-era laws that have defined state alcohol regulation for more than 90 years. Wine retailers will ship interstate immediately, but stated gird for major changes to booze regulations.



Supreme Court Rules states may not discriminate against out-of-state wine retailers by banning shipments



By **Adam Liptak**
Reporting from Washington



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Former Conn. creek winery site

States Line Up To Change Wine Shipping Laws In Wake of Supreme Court Decision

12 States Introduce Retailer Wine Shipping Bills While Wholesalers Vow to Push Back Against Expanded Access to Wine

by Cyril Penn



MOST POPULAR Past Week

Robotic Bees Unleashed in Napa
Wine Spectator

\$500 Million Sale of Screaming Eagle Still Raising Eyebrows in Industry
WineBusiness News

90-Year-Olds Still Outpacing Gen Z in Wine Consumption, Study Says
Wine Market Council

Parker's Return to Wine Reviewing Sends Winemakers scrambling for More Oak
Wine Spectator

AI-Designed Wine Wins Double Gold At Competition, As Winemakers Start to Exit Industry
Wall Street Journal

BUSINESS | EARNINGS

Booze Wholesalers Use Political Muscle To Turn Back Clock After Supreme Court Decision

State by state battle pits powerful alcohol middlemen against everyone as states race to change laws.

By *Jessica Toonkel* [Follow](#)

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New York Lawmakers debate changes to state's alcohol code

Defeated at the Supreme Court to keep in place Prohibition-era laws, the country's largest alcohol wholesalers and their trade associations have turned to the state house. In states from New York to Washington, battles are raging between powerful wholesalers and nearly every other alcohol player to shape the way states will regulate alcohol after large swaths of state laws were struck down as discriminatory and unconstitutional relics of a bygone era.

In Olympia, Washington, alcohol wholesalers are waging a campaign aimed at

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MARKETS

150 million consumers benefit with more wine access two years after court ruling

 **April Roach**
@APRIL__ROACH

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KEY POINTS

- 11 states have passed legislation allowing wine shipments from out-of-state wine stores and wine clubs in wake of Supreme Court ruling two years ago
- Online wine sales surging as regulatory systems change and economy revs up




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Vintners/Retailers Seek New Distribution Channels

The Supreme Court decision on wine has mariginalized the three-tier system and emboldened wineries and retailers to demand new channels to market

W. Blake Gray



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© Gironde Tourisme | Bordeaux is preparing to open its cellars to the world, but will the buyers be there?

Just two years ago, the three-tier system governed every aspect of alcohol regulation. Today, that system is being shoved aside for new rules and regulations that allow vintners and retailer to do an end run around wholesalers.

After retailer wine shipping laws emerged in the wake of the Supreme Court decision two years ago, now changes to how wine can be distributed are being contemplated in a number of

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Latest News and Features

Is Natural Wine the New "New Thing"?

Don Kavanagh



"Vintage 5th Best of Century"

W. Blake Gray



Montana's Most Wanted Wines

Nat Sellers



Is Napa the New Napa?

Tom Hyland



Is 1 Glass a Week Too Much?

Oliver Styles



Wine Collector Apologizes

James Lawrence






SCENARIO #2

No Action Taken Against Discrimination in the Law

Wine Sales Continue to Plunge Among Americans

Government health warnings, less drinking among the young and cannabis competition hit sales and leave small wine stores grasping to hang on

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By **J. Edward Moreno**



Trump's Legal Woes 2020 Election Case Documents Case Georgia Case Investigation Timeline

U.S.

Mega Merger in Wine and Spirits Wholesaling Creates Dominant Behemoth

FTC signals willingness to allow Southern-Glazers / Breakthru Combination creating \$35 billion wine and spirits distributor

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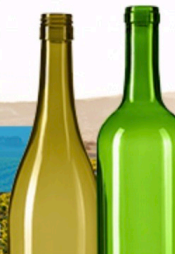
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Alexa Santos

Governor Signs Bill Rescinding Ability of Retailers To Buy Directly from Out-of-State Wineries

Narrowing of paths to market in Illinois comes without any opposition from state retailers. Hundreds of wines to no longer be sold in state



Illinois Governor Jim Smith signed HB 122 on Thursday, formally rescinding the State's longstanding ability of small, out-of-state wineries to bypass wholesalers and sell directly to retailers. The bill was passed with the support of most Illinois retailers who, along with the state's wholesalers, claimed the exception to the state's three-tier system threatened to lead to monopoly status for some wineries.

MOST POPULAR

Past Week

Napa Valley Versus Napa Valley
Wine Spectator

Ste. Michelle Sells Conn Creek Wine Brand to Third Leaf Wines
WineBusiness News

Ackley Brands Acquires Columbia Winery, Hogue Cellars from Gallo
Sean Sullivan, Northwest Wine Report

Oregon Winery's Patent-Pending Bridge Crane Lightens the Load
WineBusiness News

Is Philippe Melka Making Napa Wines Taste All the Same?
Mike Desimone and Jeff Jenssen

New Study Shows How Wine Is Winning Over The 30-Something Crowd
Liz Thach, MW

Cork Supply



WINEJOBS

Most Recent



NEWS

Florida Outlaws Retailer Wine Shipments

Southern-Glazers and Florida Wholesalers Push Through Ban On Interstate Wine Shipments Leaving Wine Lovers at Mercy of distributors



Amazon Announces Move into Wine Sales and Shipping

“PrimeWine.com” set to disrupt online wine sales with its nationwide footprint through Whole Foods alcohol licensing



prime *Wine*

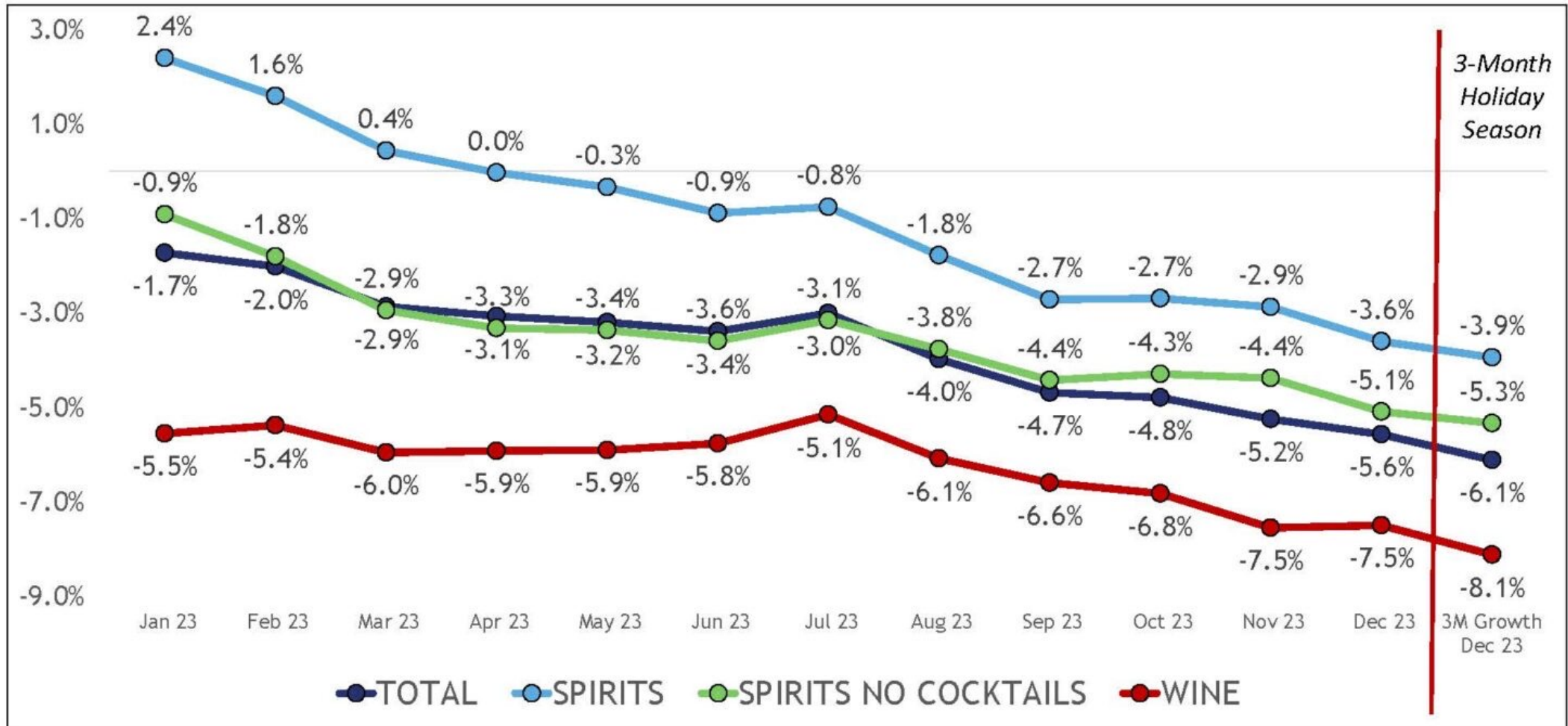




Where Are We Today?

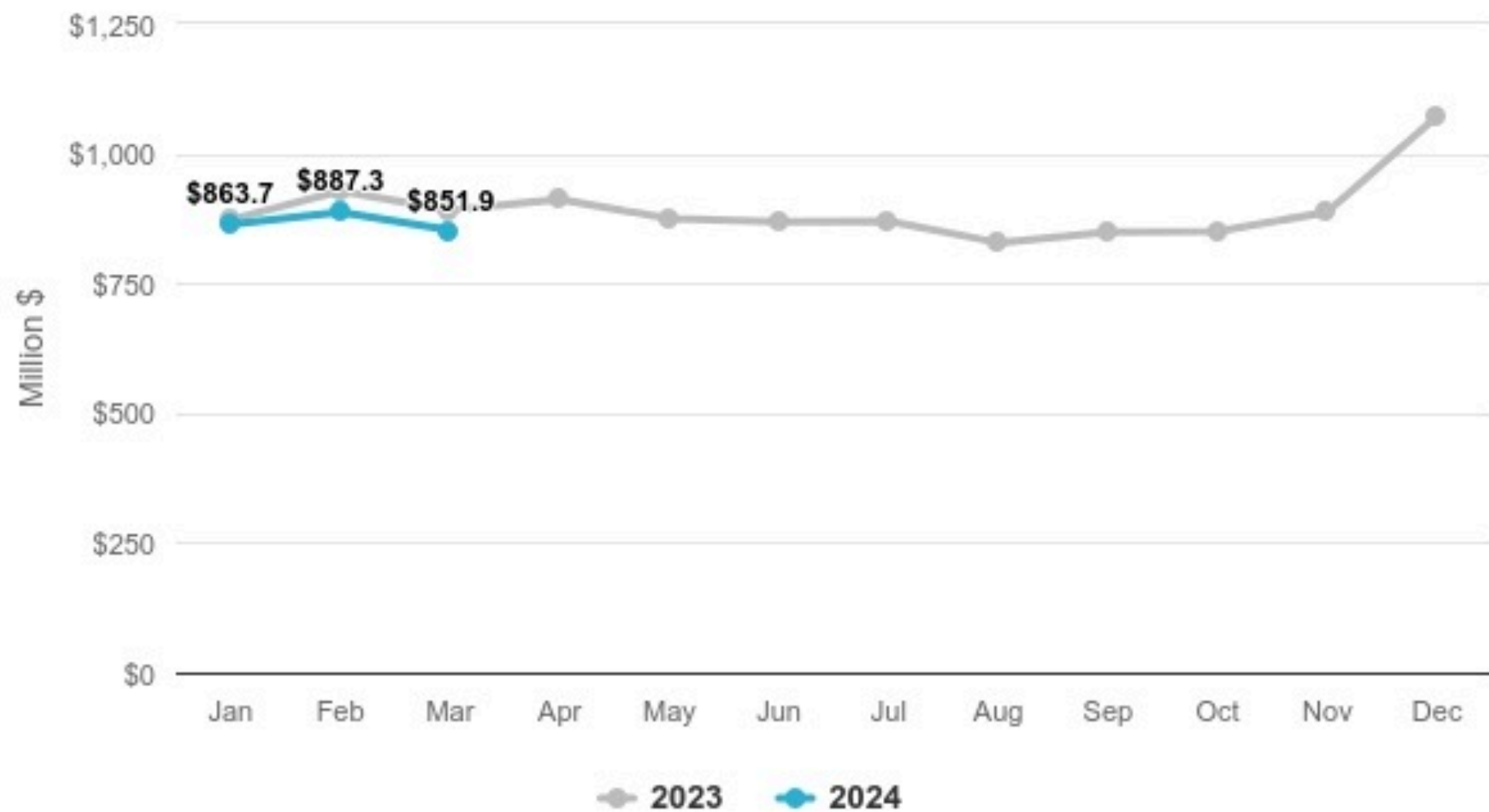


Difficult year for depletions continued in December

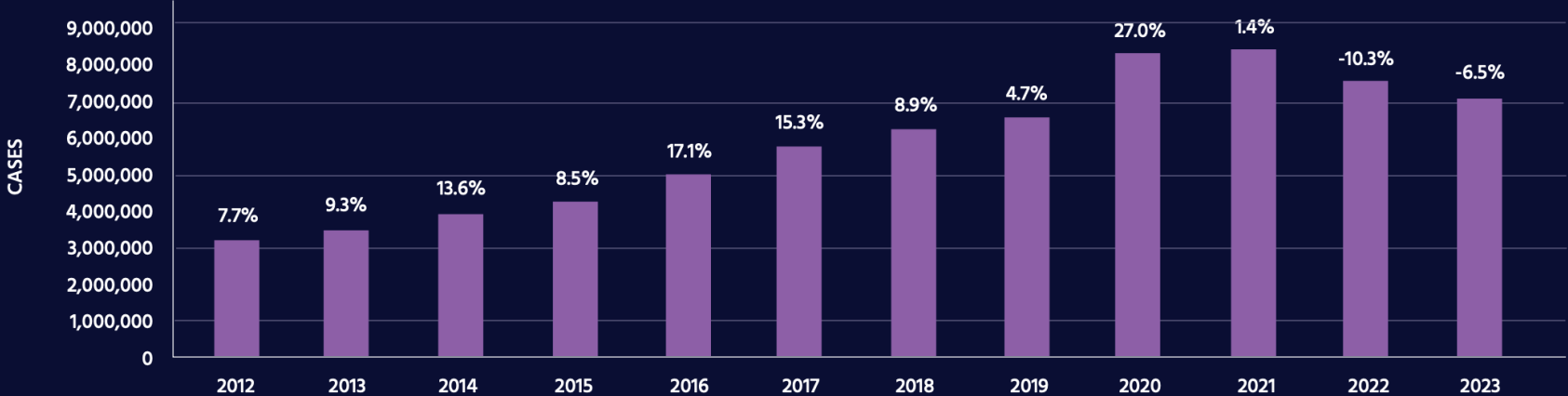


Domestic Wine Off-Premise Sales Value

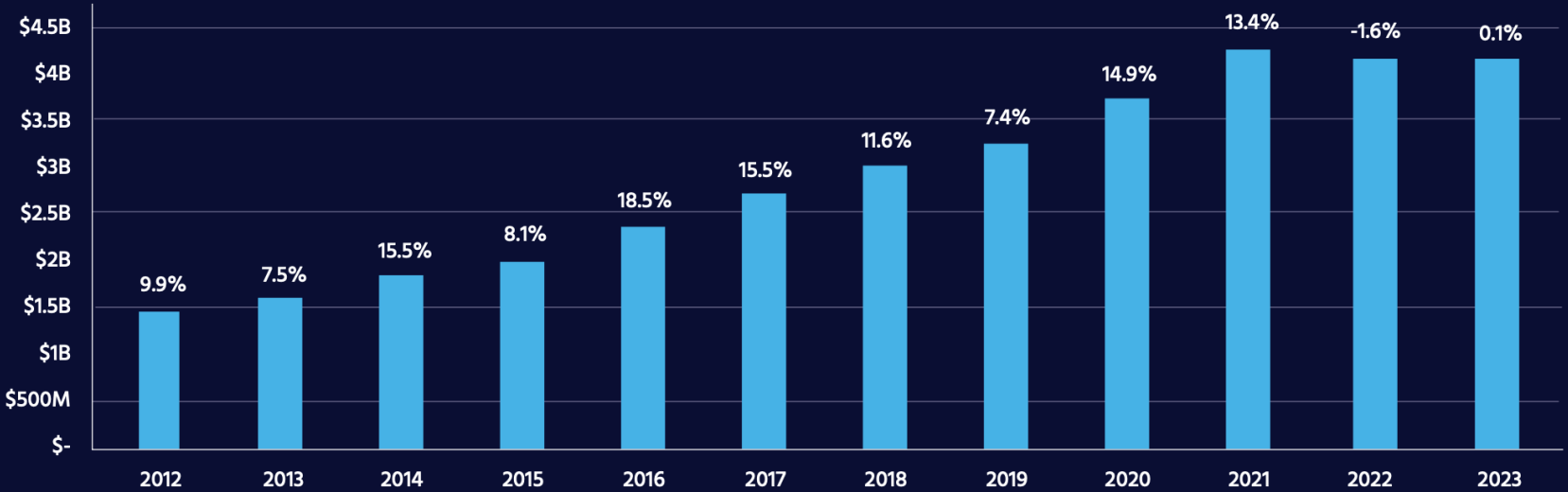
Source: NIQ



Volume Of Shipments With Annual Volume Growth 2012-2023

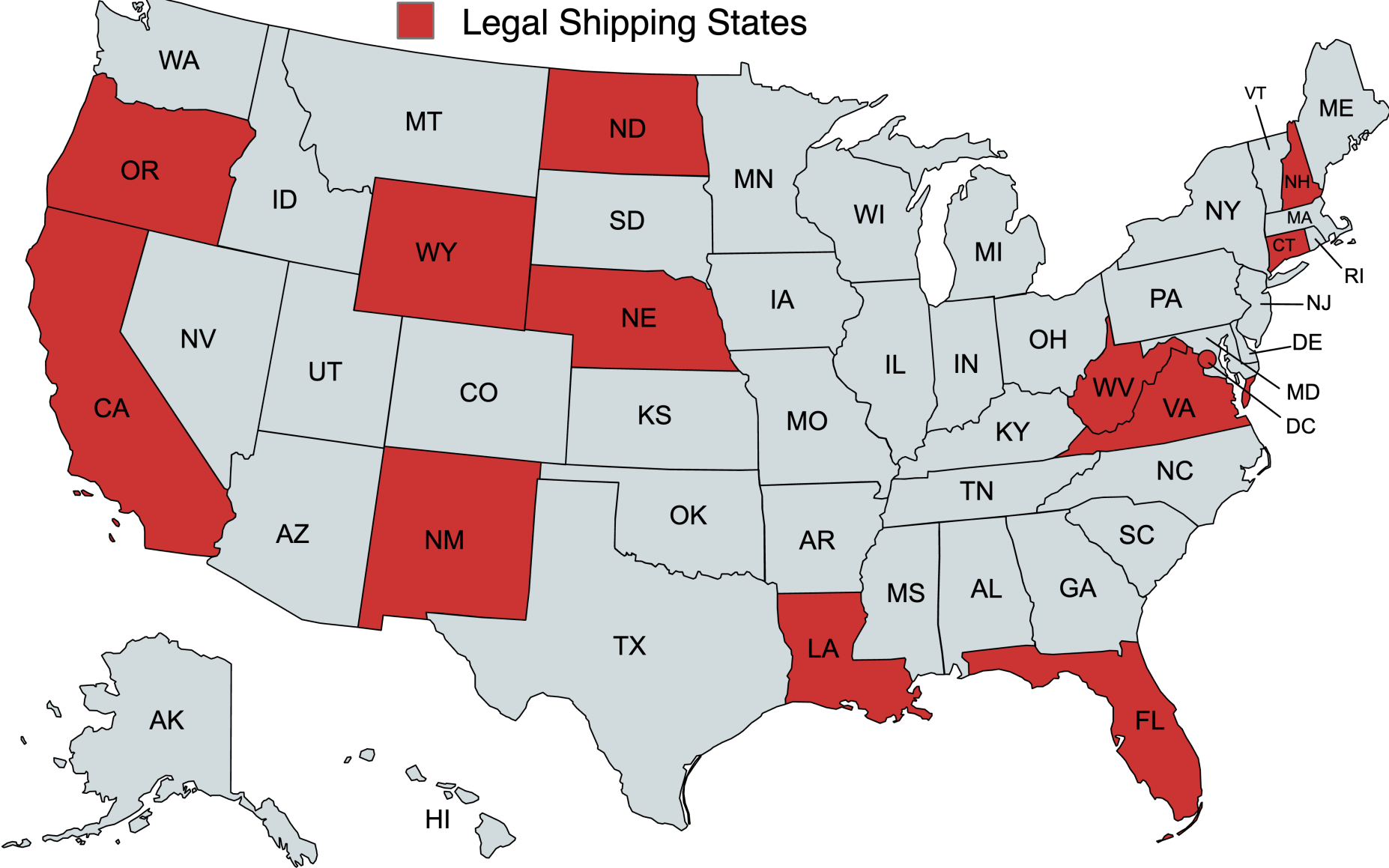


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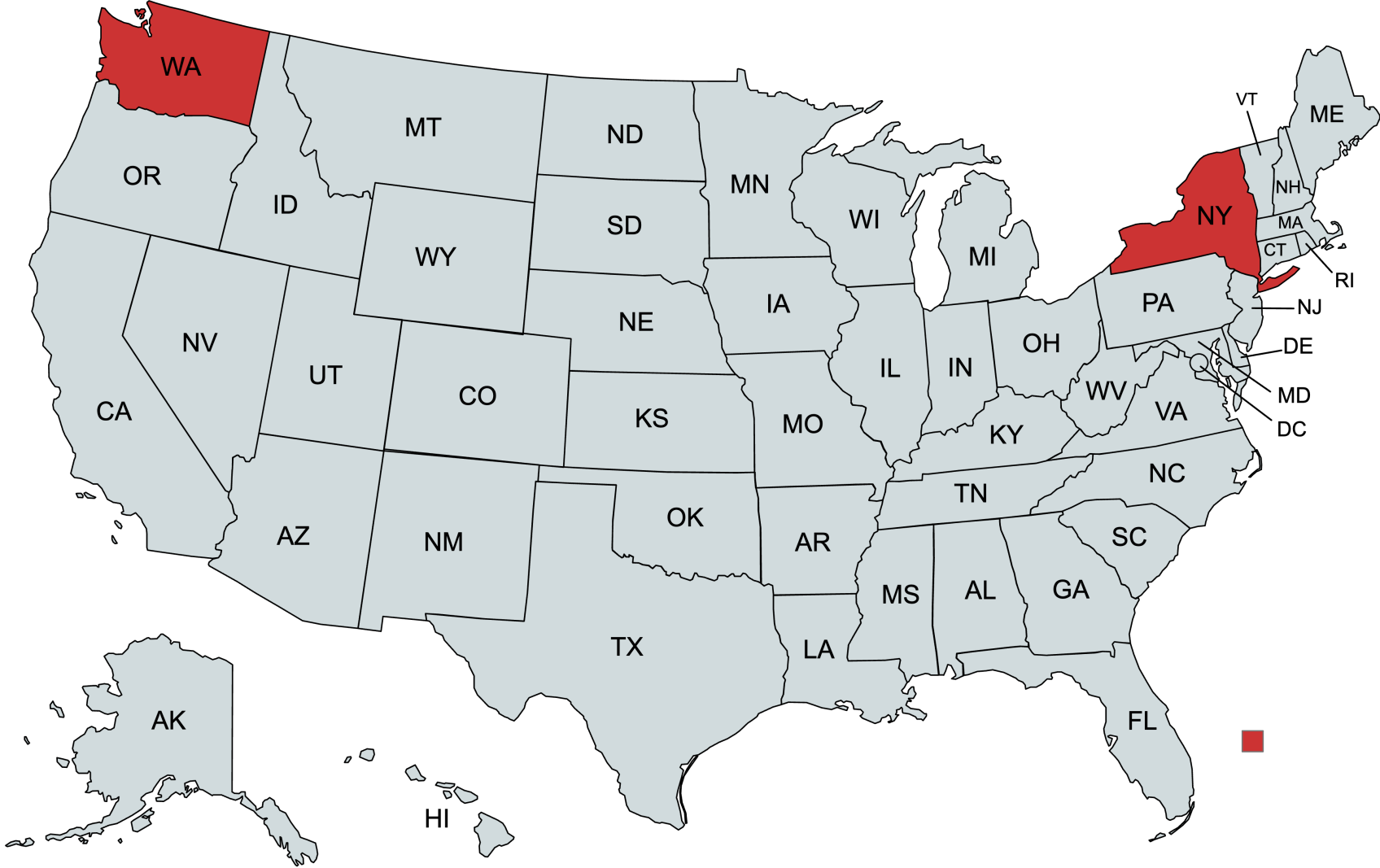
Where It's Legal For Retailers To Ship Wine

 Legal Shipping States



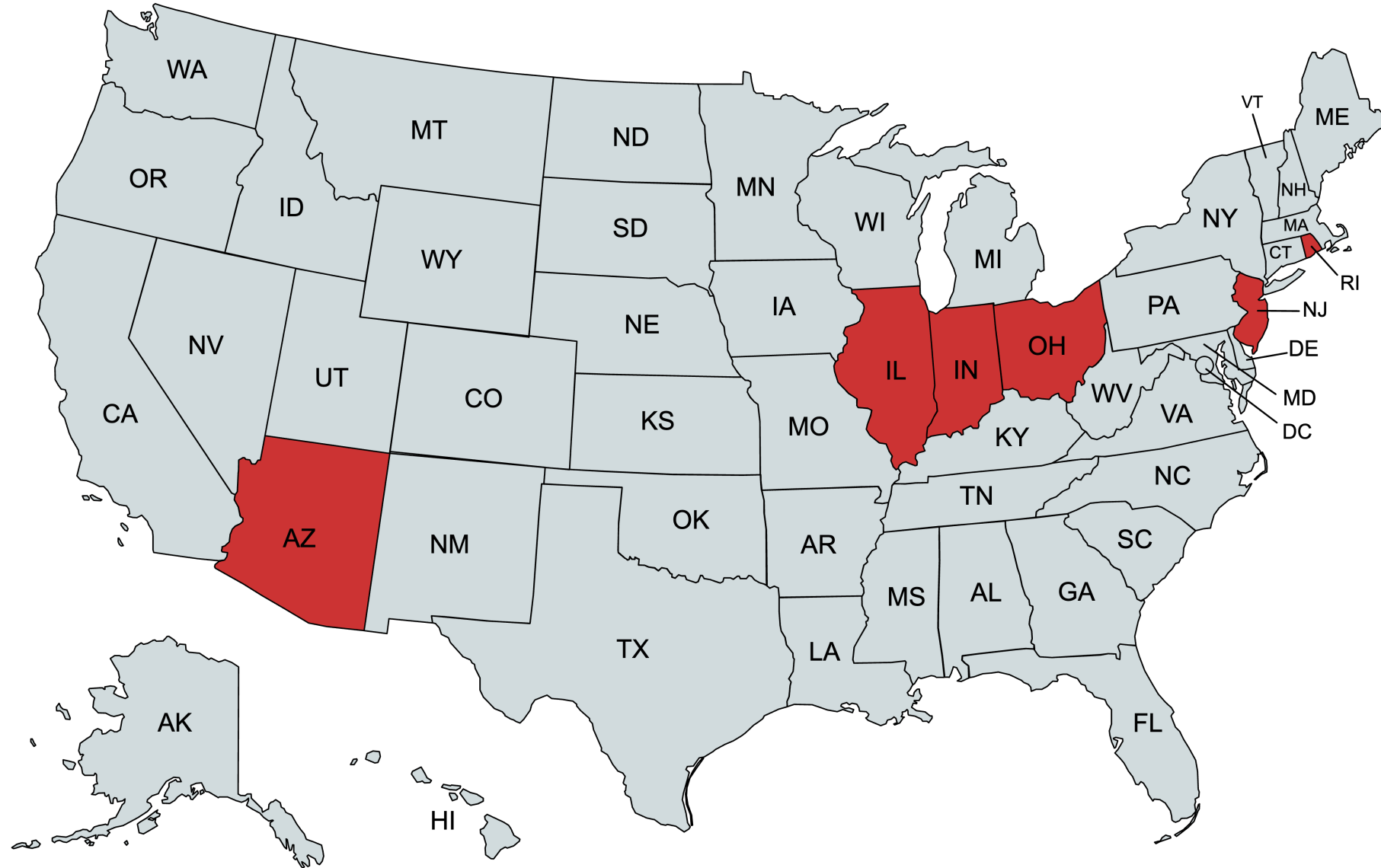
Legislation

Retailer Shipping Legislation

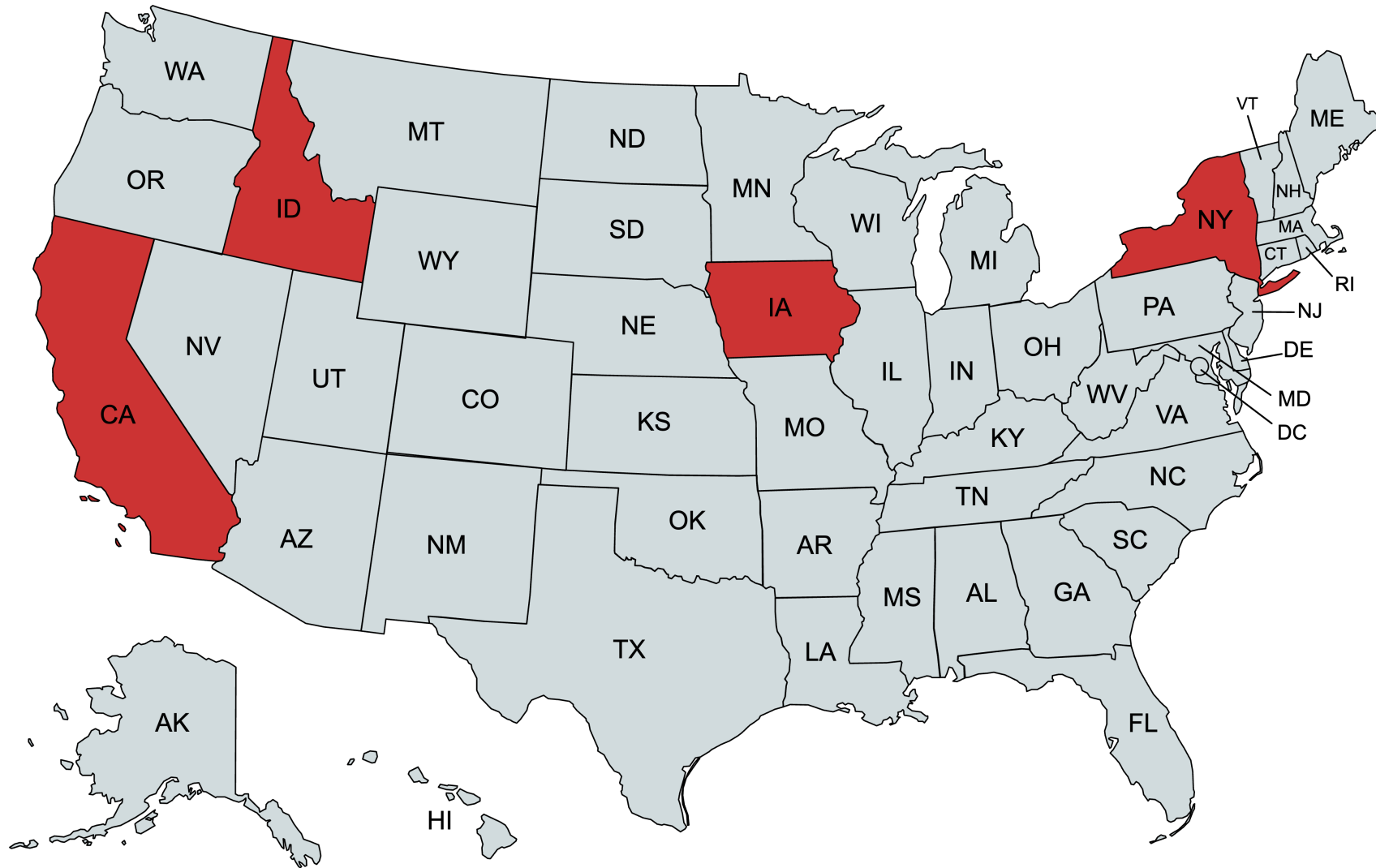


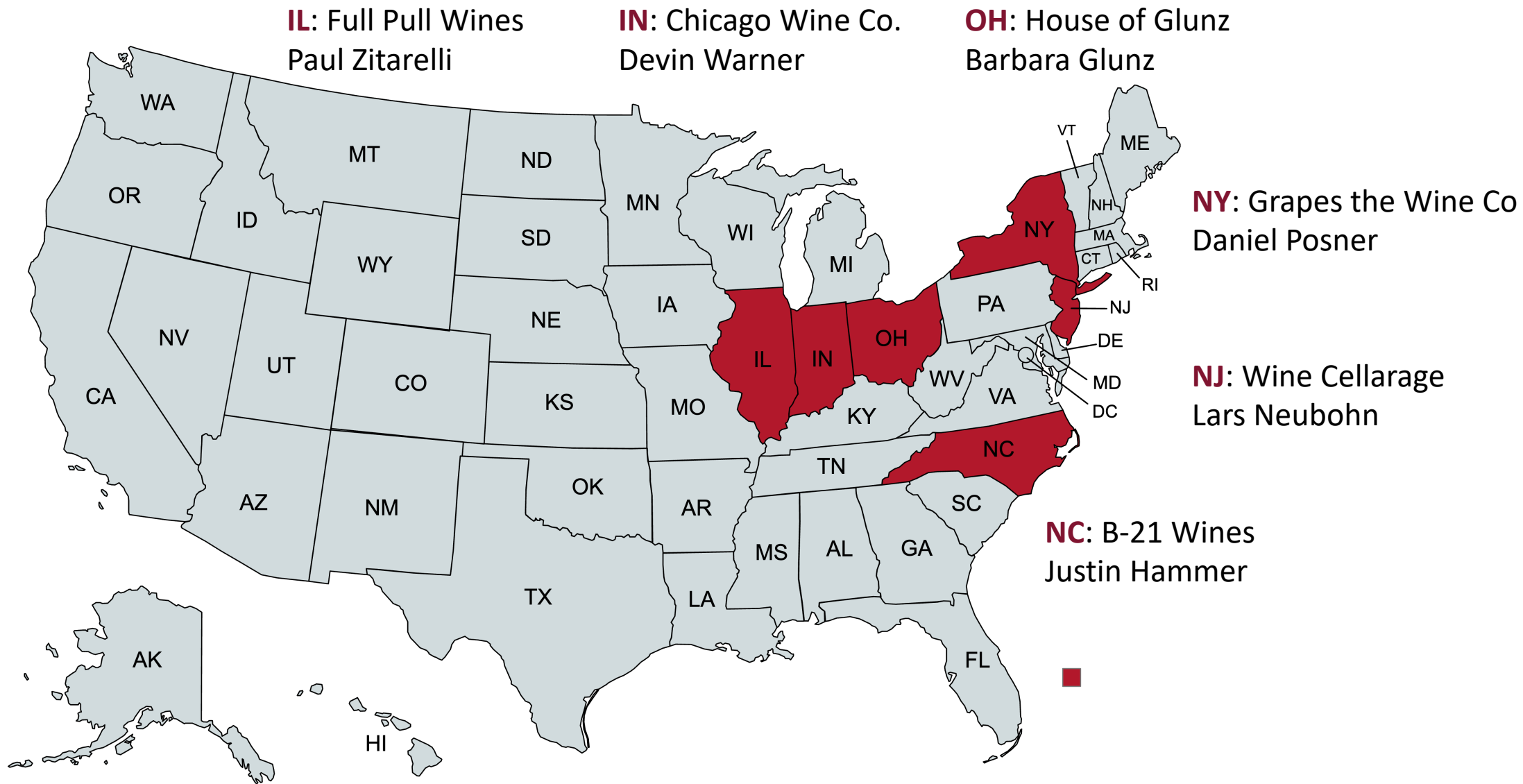
Litigation

Current Retailer Wine Shipping Lawsuits



Lawsuits Challenging Discriminatory State Self Distribution Laws





THE NEXT 12 MONTHS

1. More stings on wine shippers by state ABCs
2. Legislation requiring fulfillment houses to obtain state permits
3. Announcement of proposed new federal regulations concerning inter-tier interactions and generating more competition in the alcohol trade
4. Announcement of new Federal Dietary Guidelines (including alcohol consumption recommendations)
5. Three to Four Federal Court decisions concerning retailer wine shipping and self-distribution discrimination cases
6. A new Washington State wine retailer shipping permit
7. Increased industry discussion of the utility of the three-tier system
8. Flat to declining off-premise wine sales

NAWR PRINCIPLES

Protecting the Interests of NAWR members through advocacy and communication is Principle #1

Expanding legal wine retailer access to all markets benefits the trade and consumers

Modernizing the alcohol regulatory environment is crucial to the success of wine retailers

Thank You

Questions?

