



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

From:

Ainsley Giglierano
Vice President of Public Affairs and State Policy
Distilled Spirits Council of the United States

To:

Members of the Colorado Liquor Advisory Group

Dear Liquor Advisory Group Members,

On behalf of the Distilled Spirits Council of the United States (DISCUS), the national trade association representing producers and marketers of distilled spirits sold in the United States, including many in the state of Colorado, we thank you for considering numerous issues impacting Colorado's beverage alcohol marketplace including allowing direct-to-consumer (DTC) shipping of distilled spirits.

DISCUS fully supports our wholesale and retail partners, which are the cornerstones of a responsible and flourishing beverage alcohol market. Along with that, the majority of DISCUS members fully support securing direct-to-consumer shipping of spirits by licensees of the Alcohol and Tobacco Tax and Trade Bureau. DISCUS developed a set of key principles that should be reflected in any DTC legislation. These principles will help ensure adult consumers can access distilled spirits through responsible and regulated direct-to-consumer shipping without any unintended consequences that may compromise the integrity of the three-tier system.

In fact, direct-to-consumer shipping is a complement to the three-tier system. On this, I think there are couple of points worth detailing:

1. Spirits direct-to-consumer shipping serves as an on ramp for smaller producers to connect with established wholesalers. With more than 2,600 craft distillers across the United States and more than 15,000 spirits products, wholesalers can't possibly give due diligence to all of the brands that are available, especially those that are small or only of regional interest. Spirits DTC provides a way for smaller distilleries to develop and showcase a brand following that is critical for the producer to be able to make the economic case for broader distribution through wholesale partnerships.
2. Spirits direct-to-consumer shipping can serve as an additional avenue for consumer interaction for larger producers looking to provide their fans with products not geographically available to them, or items limited to distillery-only bottlings or a unique subscription offering (similar to wine clubs).

Increasingly, though, modern-day consumers want enhanced convenience when it comes to purchasing their favorite products, including distilled spirits, whether produced in-state, out-of-state or outside of the U.S.

How do we know consumers are demanding greater access? DISCUS retained IWSR Drinks Market Analysis, the most accurate and widely used source for beverage alcohol trends in the world, to poll more than 2,000 American consumers about their interest in being able to have spirits products shipped to them like wine. This survey showed:

- Nationally, 73 percent of all households surveyed shopped online for groceries, and 47 percent reported they are shopping online more frequently than in the past year.
- 80 percent of consumers surveyed nationwide believe distillers should be allowed to directly ship their products to legal-age consumers in any state.

For nearly three decades, Colorado wineries have been shipping wine directly to consumers, proving DTC shipping can be done responsibly and successfully. DTC shipping of any alcohol product requires adult legal drinking age verification upon purchase, as well as ID check and adult signature upon delivery. The great success of DTC wine shipping is evidenced by the continued growth across all three tiers. After the Granholm decision in 2005 which increased the number of states participating in wine direct-to-consumer shipping, both liquor store and wholesale jobs have increased. Nationally, from 2005 to 2021, wholesale jobs have grown by more than 55 percent (from 56,459 to 89,576). Liquor store jobs grew by 23 percent during the same time frame. Further, liquor store retail sales have more than doubled since 2005, rising by \$36.6 billion to \$70.2 billion in 2021.

Distilleries and spirits consumers, on the other hand, have been prohibited from engaging in the same consumer friendly business practice. It doesn't make sense that consumers can ship some alcohol products but not others.

In the last 15 years, the explosive growth in interest in fine spirits has facilitated the number of distilleries to increase from only 70 in 2006 to now more than 2,600 today. Increasingly, consumers want access to the myriad of new and exciting spirits products that are often not available in their state or even in the U.S. For Colorado, a large and diverse state, expanding distillers' ability to direct ship spirits to consumers will allow consumers access to Colorado craft distiller brands and products that were previously only available in niche local markets. Further, Colorado consumers will gain access to limited-release products and club offerings, as well as be able to ship products home from a distillery visit.

Importantly, DISCUS and the entire spirits industry are fully committed to responsible consumption and encourage moderation for those adults who choose to drink alcohol. We note that Colorado, along with 46 other states, has successfully allowed wine producers to responsibly ship wine to consumers for years.

It's clear the world of commerce has changed significantly, and markets must adapt to meet consumers' demands. While you will no doubt hear scare tactics about the practice of direct-to-consumer shipping and lost jobs, we urge you to focus on the facts and not let these false claims dissuade you from moving forward with responsible and balanced legislation. Opponents of allowing direct-to-consumer shipping of spirits to consumers will relay stories of inadequate tax collections, lost state revenue, job losses and underage deliveries. However, there is no data to support these false claims.

Specifically concerning are the claims that underage access will skyrocket. In a [report](#) by R Street, they [concluded](#) that while concerns around underage drinking were understandable, they were devoid of significant data to support them. The report found that, "States that allowed direct wine shipments from 2003 to 2019 saw a 44.3 percent decline in underage drinking." That's compared to a 43 percent decline in states that forbid direct shipping during that time. The report also found that states that engaged in the most robust forms of direct-to-consumer shipping between 2003 to 2019—by going from no wine direct shipping at all to full-fledged wine shipping—saw a larger decline in underage drinking than states that engaged in more modest reforms. There is no evidence alcohol direct shipping causes an increase in underage drinking.

I have also submitted additional resources, backed by data, to refute misleading claims made during the working group meetings.

In summary, we ask that you go beyond the headline and consider the full story behind the assertions. All that said, with the proper safeguards in place, we believe there is no public policy reason why the spirits industry should be precluded from the same market access channels that have been enjoyed by wine producers and their customers around the country for decades.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Ainsley Giglierano". The signature is written in a cursive style and is positioned above a horizontal line.

Ainsley Giglierano
Vice President of Public Affairs & State Policy
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