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Reyes Beverage Group Buys 11 Markets From RNDC

The deal would expand Reyes into new states as the wine and spirits distribution business keeps reshuffling.

Monday, May 4, 2026



The reshaping of the U.S. wine and spirits distribution business is accelerating as major wholesalers reposition themselves in a market that remains under pressure from cautious consumer spending and slower sales. Reyes Beverage Group said it expects to

close by the end of May on its purchase of 11 markets from Republic National Distributing Co., a deal that would expand Reyes's reach into Arizona, Colorado, Florida, Hawaii, Louisiana, Maryland, Oklahoma, South Carolina, Texas, Virginia and Washington, D.C.

The transaction is one of several moves that are redrawing the middle tier of the alcohol industry after RNDC began pulling back from key territories. Last year, RNDC announced it was shutting down its California operations, a decision that forced suppliers to find new distributors in the country's largest market and opened the door for rivals including Southern Glazer's, Breakthru Beverage Group, Reyes, Regal Wine Company, Winebow and Classic Wines of California to pick up business.

If the Reyes deal closes as expected, the company's wine and spirits revenue could approach $7 billion this year, according to an estimate based on the new markets it would add. In several of those states, Reyes would be entering the wine and spirits business for the first time. The company has been expanding quickly as distributors compete for scale in a market where supplier relationships can shift fast.

RNDC is also working through other sales that would cover much of what remains of its business. The company has reached broad agreements to sell its control state territories to Martignetti Companies and its Pacific Northwest business to Columbia Distributing. Its Plains markets are in advanced talks with an unnamed buyer. In New York, the RNDC-Opici joint venture has agreed to sell its distribution rights to Manhattan Beer & Beverage. RNDC is also in discussions with joint venture partners in Illinois, Kentucky, Indiana and Michigan about how to move those businesses forward.

The changes come as the broader market remains soft. Impact Databank projects that total U.S. distributor revenue for wine and spirits will fall 1% this year to $70 billion. Most of the top 10 distributors are expecting flat results or modest growth rather than a strong rebound.

Southern Glazer's, the largest distributor in the country, is targeting $25.5 billion in revenue in 2026. Breakthru Beverage Group, now ranked second, is projected to reach nearly $8.7 billion. Johnson Brothers, which has climbed into fourth place, is expected to hit $4 billion in sales after gaining suppliers that had worked with RNDC and after

buying Maverick Beverage last year.

Executives say the main challenge is still consumer pressure. Wayne Chaplin, chief executive of Southern Glazer’s, said both on-premise and off-premise sales have been weak because shoppers are feeling strain on disposable income. He said restaurants and bars need to keep cocktails and wine at prices customers can afford if they want people to keep dining out.

Even so, some categories are still growing. Chaplin said wines priced between $10 and $20 have been performing well, helped in part by Josh Cellars. He also pointed to strength in luxury wines and sparkling wines such as Champagne and Prosecco. In spirits, tequila continues to do well in mainstream price points, while smaller bottle sizes such as 375-ml. and 200-ml. formats are creating opportunities. He also cited cordials and aperitifs such as Campari and Aperol, lighter spirits with lower alcohol content and low- and no-alcohol wines.

Michael Johnson, chairman of Johnson Brothers, said his company remains optimistic despite the slowdown. He said the business is still large and full of opportunity even if wine sales are down somewhat this year.

The latest round of deals underscores how quickly distribution power is shifting as suppliers seek stability and wholesalers race to secure territory in a market where growth is uneven and competition for brands remains intense.