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Suppliers abandon national alcohol distribution deals after RNDC’s collapse

Rabobank says brands now choose wholesalers state by state to cut risk, improve execution and regain control over sales

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The way wine and spirits reach store shelves in the United States is changing after the collapse of Republic National Distributing Company, and a new report from Rabobank says many suppliers are moving away from national distribution deals in favor of a

state-by-state strategy that picks the distributor judged best for each market.

Rabobank said the shift marks a break from a model that dominated the industry for decades. Under national alignment, a supplier worked with one large wholesaler across most or all of its U.S. footprint. Those agreements offered simpler operations, access to national accounts, dedicated sales resources and, in many cases, upfront payments or performance guarantees. Now, according to Rabobank, many brands are choosing a more fragmented approach known in the trade as “best athlete,” selecting distributors market by market based on execution, economics and local fit.

The change comes after RNDC, once the country’s No. 2 wine and spirits wholesaler, exited California in 2025 and began liquidating operations in 35 states. Rabobank said the retreat forced hundreds of brands to find new distribution in the nation’s largest beverage alcohol market and set off the sharpest disruption the post-Prohibition wholesale system has seen. The process has included acquisitions by rivals, led by Reyes Beverage Group’s purchase of operations in 11 states, including Florida and Texas.

For many suppliers that had relied on RNDC as a national partner, Rabobank said fragmentation was not initially a strategic choice but the practical result of losing a major wholesaler. Still, the bank said many companies are now treating that disruption as a chance to rethink how they go to market.

Rabobank based its findings on interviews with more than a dozen suppliers and wholesale executives. It said the move toward “best athlete” is being driven by both defensive and opportunistic motives. On the defensive side, suppliers want to reduce their exposure to any one wholesaler after seeing how quickly a large distributor can unravel. On the opportunistic side, some believe they can improve margins or execution by working with lower-cost operators, including beer distributors expanding into wine and spirits.

The report argues that national deals have also become less attractive because the economics have changed. During years of steady growth in wine and spirits, especially during the post-pandemic boom, large wholesalers competed aggressively for national contracts and often offered generous terms to secure them. Rabobank said some of

those agreements were so favorable to suppliers that they lost money for wholesalers. With weaker industry performance and one fewer major national option after RNDC's collapse, those incentives have faded.

That has altered bargaining power across the market. Rabobank said suppliers no longer see the same value in broad national agreements if they are not getting exceptional financial terms or strong execution in every state. In that environment, choosing different partners by state can look more attractive, even if it adds complexity.

The risks of relying too heavily on one wholesaler became clearer during RNDC's California exit. Rabobank cited Treasury Wine Estates' estimate that it lost $50 million in sales in California after RNDC left the state, equal to a 25% drop from the prior year's annual revenue there. The company also had to deploy $65 million in capital to buy back inventory. Rabobank said even orderly distributor transitions can lead to short-term volume losses of 5% to 15%, and brands caught in California's abrupt disruption had little chance to manage that process smoothly.

The concern for suppliers is not only temporary disruption. Rabobank said many brand owners fear losses in service, shelf space and market share during a transition could become permanent. A distributor taking on former RNDC brands may treat those volumes as incremental business rather than rebuild them to previous levels, especially if doing so would hurt established brands already in its portfolio. The report added that sales teams at wholesalers have been stretched by an influx of new labels, making it harder for many brands to get focused attention.

That matters across the beverage sector because distribution remains one of the main gates to market access in the three-tier system. Any weakening in wholesaler service can affect how wine brands are sold, what margins suppliers keep and how reliably products reach retailers and restaurants. The same pressures could also influence beer, spirits and ready-to-drink products as distributors reshape portfolios and staffing.

Rabobank said another force behind fragmentation is category blurring. Beer wholesalers have gained ground in ready-to-drink beverages and other products that behave more like beer at retail, especially those that depend on cold-box placement

and fast turnover. Some wine and spirits suppliers now want contracts that allow those products to move through separate networks better suited to that kind of selling. That can mean one supplier uses different wholesalers not only by state but also by product type.

The report said this trend is helping create what some executives describe as a total beverage distributor, where traditional lines between beer, wine, spirits and nonalcoholic drinks become less rigid. As beer distributors build wine and spirits divisions and established wine and spirits houses adopt beer-style operating practices, suppliers are testing alternative partners more often than before.

Even so, Rabobank does not argue that national agreements are disappearing. It said many large suppliers still benefit from system-wide relationships because they provide broader support, easier coordination and stronger access to national accounts. In practice, some companies that say they follow a “best athlete” strategy still send much of their volume through one preferred national partner in key states.

The report suggests the bigger change is not simply which wholesaler gets the business but who carries responsibility for selling it. Rabobank said traditional wine and spirits wholesalers are cutting staff, reducing divisions and focusing resources on their biggest brands at the same time that lower-cost entrants are gaining share. Those newer operators may be efficient at logistics and basic execution but are less likely to provide the labor-intensive hand-selling long associated with fine wine and premium spirits.

As a result, Rabobank said suppliers will need to rebuild internal sales and marketing capabilities that many allowed to weaken during the era of national alignment. The bank argues that too many producers came to rely on dedicated wholesaler teams instead of maintaining their own strong field execution. If service levels continue to decline across distribution tiers, brands that do not invest in their own commercial teams could struggle regardless of which wholesaler they choose.

Rabobank pointed to Sazerac as an early example of this approach. In late 2022 and early 2023, Sazerac left RNDC in roughly 30 states and replaced a largely single-wholesaler footprint with a network of 12 distributors. At the time, the move was seen as risky. Rabobank now says Sazerac’s performance has continued to outpace the

broader market since then.

According to Rabobank’s account of litigation between RNDC and Sazerac after their split, Sazerac sought an arrangement under which RNDC would function mainly as a logistics provider while Sazerac took more marketing, sales, merchandising and product placement work in-house. Rabobank says that model shows how suppliers can try to solve what economists call an agent-principal problem: when a distributor is paid to build a brand but does not always share the supplier’s priorities.

In practical terms, Rabobank’s conclusion is that alcohol producers can no longer assume their distributor will do most of the brand-building work for them. Whether they stay with broad national relationships or move toward state-by-state partnerships, suppliers may need stronger direct control over sales strategy, local execution and distributor management.

That message lands at a difficult moment for wine in particular. The category has faced slower growth than spirits over several years and has lost momentum with some younger consumers while ready-to-drink beverages have expanded quickly. If wholesalers devote fewer resources to slower-moving labels or crowded portfolios become harder to navigate, smaller wine brands could face even greater pressure securing placements and maintaining visibility.

Rabobank also warned that fragmentation carries its own costs. Managing more distributors means more complexity, more stakeholders and higher internal demands on supplier teams. Large companies may be able to absorb that burden more easily than smaller ones. Brands without national alignment may also find it harder to win chain placements if wholesalers have stronger incentives to support suppliers with broader contracts.

Still, after RNDC’s collapse, Rabobank says many suppliers no longer view concentration with one giant wholesaler as the safest path. Instead, they are spreading risk across multiple partners while trying to regain leverage over distribution decisions state by state. In doing so, they are reshaping how wine and spirits move through one of the most tightly regulated parts of the U.S. consumer economy.