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New York liquor retailers rally against wine sales in grocery stores, as potential legislation looms

Independent wine and spirits retailers across New York brace for potential business disruption

Monday, June 26, 2023



A multitude of independent wine and spirits retailers across the Empire State are bracing for a battle that could dramatically alter their industry. From Long Island to Buffalo, these store owners face the impending threat of legislation that could permit the sale of wine in large grocery stores. The concern is that such a measure could force many of them to close their doors permanently, a potentially grim fate for a sector that boasts over 3,500 independent businesses.

Last legislative session, a bill that would have permitted grocery stores of at least 5,000-square-feet in floor area to retail wine, was tabled. However, industry experts anticipate that the measure will reemerge with a vengeance in the upcoming session slated to begin in January.

"Wine in grocery stores would kill us," warns Michael Correra, executive director of the Metro Package Store Association and owner of Michael-Towne Wines & Spirits. "It would be like neutron bombs blowing up this industry of over 3,500 independent liquor and wine retailers."

Correra's business, which has been in operation since 1934 and carries more than 2,000 wine stock-keeping units (SKUs), relies heavily on wine sales, constituting over 70% of his business. The prospect of wine sales in grocery stores poses a tangible threat to his survival.

Tony Russo, owner of Aries Wine & Spirits in White Plains, New York, echoes Correra's sentiments. Russo foresees the potential legislation as an escalating problem for independent retailers, expressing the concern that wine in grocery stores would primarily benefit large, out-of-state companies that are disconnected from local communities.

It's not uncommon to find wine and spirits shops strategically located near grocery stores in New York State. The proposed legislation could trigger a domino effect that results in steep competition and price wars, putting many small retailers at a disadvantage.

Furthermore, developments in other states are exacerbating the concerns of New York retailers. In Colorado, voters narrowly approved a proposal last November allowing any establishment with a retail beer license to receive a retail wine license. Since this law came into effect in March, independent alcohol retailers in the state have reported decreased wine sales.

One particularly controversial element of the proposed legislation is the idea of underage supermarket cashiers being allowed to handle the sale of alcohol under the supervision of an older employee.

"It's important to police the orderly dispensation of alcohol with young kids working in supermarkets," Russo says. "A kid who is 16 is going to be dealing with his friends and that's how underage kids get beverage alcohol."

Legislation for multiple wine and spirits licenses and direct-to-consumer spirits shipping were also introduced during the 2023 legislative session. The proposal for multiple licenses is seen as a potential avenue for larger corporations to gain even more power in the marketplace, given their ability to leverage a central buying office.

Furthermore, since New York passed a law in 2005 allowing producers to ship wine directly to consumers, wine retailers in the state have experienced about a 30% decrease in sales of wines retailing at more than $40 a bottle, according to the Metro Package Store Association.

Currently, businesses in New York are prohibited from owning multiple wine and spirits retail licenses or franchises, with a limit of one off-premise beverage alcohol license per entity. However, if the proposed legislation allowing wine sales in grocery stores is passed, industry insiders believe that spirits will be next.

"This will absolutely devastate any liquor stores surviving round one. I find it laughable that they think allowing us to sell potato chips and other perishable snack items will somehow make up for a 30%-50% loss in revenue," says Stephanie Rudat, wine buyer and general manager for Ryan's Wine and Spirits in Canandaigua, New York.

As the new legislative session approaches, independent wine and spirits retailers in New York are gearing up for a fight that could shape the future of their industry. The stakes are high, and the outcome uncertain, as they rally to protect the businesses they've worked tirelessly to build.