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American Distilling Institute

ADI is a professional association of approximately 600 craft distilleries, primarily in the US but we have members from all over the world.

These craft distillers are small manufacturing plants making less than 100,000 proof gallons per year. Many are family owned and operated businesses. The tasting room is the heart of the distiller, where they can connect to the community.

Craft Distilleries are economic engines in their communities, and with over 2000 in the US they are in every community in the US. Running a distillery is capital intensive and labor intensive. Many distillers proudly source local ingredients and provide jobs for a wide range of employees.

There are numerous barriers to entry in the market for the craft distiller. I would hope Maine would follow other progressive US states and allow distillers the same basic rights distillers have in many states, such as being able to pour their spirits in their tasting rooms, make cocktails, sell bottles directly from their tasting room, being able to sell at farmers markets, and being able to ship their products through common carriers.

I have three main points to convey today.

First, Craft Distillers are Still Struggling Due to COVID-19.

Nearly 55% reported declining revenues

And 36% reported revenues were down by more than 25%

Selling craft spirits through bars and restaurants has been almost completely non-existent.

Tasting Room sales often accounts for 50 to 70 percent of the distilleries revenue, and that option was closed for much of the last year.

And conditions that caused the decline are still here today. The end is hopefully in sight, but effects of the last year will linger.

Second, Direct-to-consumer shipping was a critical revenue source during the pandemic.

Of those craft distillers who were able to take advantage of DtC shipping in 2020, they reported that DtC generated an average of 39% of their total sales. Clearly, DtC sales opened up a vital new distribution channel for many craft distillers.

Of those craft distillers who did engage in DtC shipping, approximately 75% or more of their sales were to in-state customers

Third, Direct-to-consumer shipping allows craft distillers to grow their business and meet the needs of their customers.

Nearly 69% of craft distillers reported that their wholesaler does not give their brands the necessary time and attention.

42% reported that it was difficult to find a wholesaler in their state.

62% of craft distillers who sell products outside of their home state reported that it was difficult to find a wholesaler. And, 77% reported that their out-of-state wholesaler does not give their brands the proper amount of attention.

Distributors want mature brands with steady demand, a craft distiller has neither in the beginning. DtC Shipping is a step forward for craft distillers to prove their business concepts and grow their businesses to get to the point where it makes sense to bring in a distribution partner to help them grow their business to the national stage.

Look to a state like Pennsylvania, a fellow control state, they have all of the basic rights I have listed including DTC Shipping for the last 8 years, and today has a thriving craft distilling industry with almost 100 distilleries.

Lastly, I believe we need to look at the consumer. The current laws really are limits placed on the consumer that does not allow them to purchase the brands they want to support. Lets give them the choice on who they want to support.

<https://distilling.com/resources/government-affairs/direct-to-consumer/>

<https://distilling.com/distillermagazine/new-adi-survey-of-craft-distillers-shows-big-economic-impact-of-direct-to-consumer-shipping-of-spirits/>