



Alcohol Marketing and Advertising

A Report to Congress

September 2003

4. Other Marketing Efforts

d. Direct Shipment of Alcohol to Consumers

Alcohol is typically purchased at a retail outlet or an “on-premise” location. This is consistent with the three-tier system, established after Prohibition and enforced under state laws, which generally requires that alcohol manufacturers sell to retailers and wholesalers, who in turn sell to retailers, and who in turn sell to consumers. Through this system, consumers can obtain the most popular brands of beer, wine, and spirits.

Nevertheless, consumers sometimes seek other avenues to purchase beverage alcohol. They may order alcohol through consumer clubs or from vintners’ web sites.⁶³ In a recent staff report, the Commission’s staff concluded that state laws banning direct shipment of wine to consumers reduced consumer choice and raised prices. It noted that states that permit interstate direct shipping generally report few or no problems with shipment to minors, with some states applying safeguards to online sales, such as requirements that package delivery companies obtain an adult signature at the time of delivery, and others developing penalty and enforcement systems to provide incentives for compliance with prohibitions on sales to minors.

Direct shipment remains a very minor part of the alcohol supply system. In the case of wine, an industry expert estimates that at least 90% of wine is sold through the traditional three-tier channels. Data show that over 99.9% of the malt beverages sold in the U.S. is shipped from breweries to beer wholesalers or sold to consumers in brewpubs or tasting rooms at breweries. Similarly, because the vast majority of spirits brands are available through local retail outlets, there has been little demand for direct shipping. The web sites operated by the companies that were the subject of this inquiry do not, except in the case of wine sites, provide for sale of alcohol to consumers. As set forth in the Commission’s Wine Report, there is little evidence that teens seek to obtain alcohol through direct shipment. Nonetheless, it is important that direct shippers remain vigilant and that they use tools, such as adult signature requirements and online age verification technologies, to prevent online alcohol sales from being a means of teen access.