

The myth of quantity discounts and rebates

Currently, permittees large and small, have the ability to purchase from Connecticut beer distributors, regardless of the quantity, at the same transparent cost.

Whether a local liquor store, restaurant or large retailer, there is a level playing field. Proposed changes to current regulations include the introduction of quantity discounts and depletion allowances (rebates).

The concept of buying at a larger quantity to pay less per unit is a marketplace myth that we've all experienced. The reality is that any "discount" achieved was the result of inflating the original price from the onset

In the beer industry, the myth and reality is much the same. Any quantity discounts offered by manufacturers, would be achieved by raising the costs on smaller quantity orders.

Therefore, any small liquor store or restaurant unable to afford or store a large amount of product, would not only pay more for their smaller orders, the inflated costs paid by the smaller businesses would make the quantity discounts for superstore locations possible.

And, if putting local retailers and restaurants at risk isn't concern enough, depletion allowances would nearly eliminate a distributor's ability to operate as an independent business.

In theory, depletion allowances provide discounts, rebates or other inducements to distributors when manufacturer-defined product sales levels are achieved. In reality however, depletion allowances negatively impacts cash flow, adds administrative costs and allows the manufacturer to dictate a distributor's daily operations.

While quantity discounts and depletion allowances are being proposed as a benefit to consumers, such changes to current liquor regulations, are nothing but a myth, ultimately benefitting the manufacturers and super-sized retailers.

CURRENT, TRANSPARENT PRICING SYSTEM:



THE NEGATIVE IMPACT OF QUANTITY DISCOUNTS:



Small distributors, local liquor stores and community restaurants can't survive under a quantity discount scenario.