



MEDIA RELEASE **FOR IMMEDIATE RELEASE**

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COVID-19-Related Supply Chain Disruptions Coupled with High Demand Resulting in Low Spirituous Liquor Product Availability

The North Carolina Spirits Association and Mecklenburg County Alcoholic Beverage Control (ABC) Board issued a joint statement addressing product availability and industry challenges.

The North Carolina Spirits Association is an organization of retail, brokers, and suppliers that represent 96% of total spirits sales in North Carolina.

CHARLOTTE, NC (July 15, 2021) – The North Carolina Spirits Association President, Meredith McCormack, in response to increasing high demand outpacing supply from COVID-19 related market disruptions stated “North Carolina suppliers and brokers are continuing to collaborate with the North Carolina Alcoholic Beverage Control (ABC) Commission, the LB&B Associates warehouse team, and North Carolina ABC Boards to find all possible solutions to mitigate consumer consumption trends that continue to outpace forecasted growth and historical trends.”

The North Carolina Spirits Association reports that consumer consumption trends coupled with disruptions in logistics, as well as, with ~~in~~ raw materials procurement are contributing to the negative impact on product inventory levels.

There will continue to be challenges due to current conditions in industries that support supplier capabilities to deliver on customer and consumer expectations. Challenges in logistics as well as availability of raw materials across multiple categories and industries impacted by the results of the COVID 19 pandemic are prevalent. For the spirituous liquor industry, glass and key raw material ingredients for plastic closures are the main drivers of constraint. Multiple suppliers are escalating alternative options as quickly as possible to address this challenge. Compounding conditions, the industry has experienced a significant decline in number of drivers.

Keva Walton, CEO, for the Mecklenburg County ABC Board states, “The Board is very aware of how these trends and disruptions impact our customer purchase preferences and supply to our on premise business customers. Mecklenburg County ABC Board is actively collaborating with the NC Spirits Association, NC ABC Commission, LB&B Associates and suppliers to meet customer demand and expectations.”

For consumers and permitted business customers, in spite of the spirituous liquor industry high demand and low supply, North Carolina General Statutes in place for the ABC System, provide a uniform pricing structure that protects citizens from price gouging and untimely price hikes.

Easing COVID 19 restrictions has resulted in an explosive comeback in the on premise industry. This is a positive for our on premise customers/businesses. Consumer retail sales in Mecklenburg County ABC stores continues to outpace prior year sales. The increased demand on both sides contribute to the current conditions.

Mecklenburg County ABC Board data indicates that since March 2021 sales to on premise businesses have already sold ~65% of the bottles sold in 2020 and retails sales were more than 50% of the bottles sold in 2020.

Actions the Mecklenburg County ABC Board has taken to counter high demand and low product availability are:

- Where possible, bringing in products complimentary to consumer favored brands;
- Educating customers on alternatives that may suit their needs, in lieu of their preferred product;
- Increasing the number of deliveries coming directly to Mecklenburg County from the NC ABC Commission warehouse, and,

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- Working with the North Carolina ABC Commission and our brokers to receive direct trucks from distilleries who have committed to shipping directly.

Said Walton, “Our team is working extra hard to keep our stores stocked with the shipments we receive as soon as we receive them. We will continue to provide alternative spirit brands, where there might be a lower availability of preferred brands, when possible.”

The NC ABC system manages distribution of over 2,700 regularly listed items in addition to more than 2,700 special order items. Within Mecklenburg County, the Board stocks over 2,000 items. Each location number of items varies with store size, but on average, carry around 1,500.

“It is important to add that the LB&B warehouse, the NC ABC Commission’s state-wide distribution channel has moved forward with a comprehensive computerized warehouse management and operations platform that will include backorder capability and increased visibility into real-time warehouse inventory. We look forward to experience the enhanced capabilities that this technological enhancement will bring”, Walton said.

“Additionally, we recognize that the significant increase in spirituous liquor consumption may have adverse impact on some individuals. Mecklenburg County ABC Board is committed to ensure that persons who may suffer from addiction have access to services to support treatment. We are proud of our long-standing strategic partnership with Anuvia Prevention and Recovery Center (see: <https://www.anuvia.org>), and other non-profits in the substance abuse education, prevention and treatment field”, stated Walton.

Meredith McCormack
President, The North Carolina Spirits Association

Keva Walton
CEO, Mecklenburg County ABC Board

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The mission statement of the North Carolina Spirits Association: We advocate for the responsible growth of our beverage alcohol industry – for both its represented members and for the citizens of North Carolina. We champion for changes in policies, while upholding our obligations with the State.

The mission of the Mecklenburg County Alcoholic Beverage Control (ABC) Board is to manage the sale of distilled spirits by promoting excellence in customer service, fiscal responsibility, operational effectiveness, compliance with laws that govern the sale and use of alcoholic beverages, and creating community partnerships to improve public health and safety.

You can find more information on our websites at: <https://www.ncspiritsassociation.com> and www.meckabc.com.

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