

LETTER TO THE EDITOR

Subject: Governor Paterson's plan to put wine in grocery stores.

Recently, the President of Irondequoit Liquor, Joe Pecoraro, issued a letter to fellow liquor store owners that brilliantly exposes the phony "compromise" Governor Paterson has in store for liquor stores statewide in his renewed bid to allow grocery stores to sell wine. (To request a copy, please e-mail sybarite@northsidewine.com.) Upon reading it, I couldn't help but wonder what life would be like if NY supermarkets, gas stations, convenience stores, and bodegas began carrying wine.

For one thing, more delivery trucks would be required — a lot more — not to mention more stops and starts, and plenty more fuel. Think about it. The Governor's plan would add 19,000 new outlets for wine in NY State. Right now there are 2,700. That one delivery of 300 cases of wine would be divided up, on average, into seven stops. Lovely. Just what every town and city across the State needs.

There will also be price wars. How will that play out for the store where I work, Northside Wine & Spirits, which is just down the street from two mammoth chain-owned supermarkets with colossal buying power, and across the street from a Wal Mart? (Remember, New York State liquor store owners have never been allowed to hold more than one license — i.e. no chains.)

Let's walk through a scenario. Let's suppose, for instance, one of these supermarkets initiates a price war involving jug wines, California "fighting varietals," big brand Australian wines, and popular South American wines at or near cost. From a consumer's point of view, fantastic! Convenience and rock bottom prices all in one! For a Big Box store with its massive capital, absorbing the lack of profit from these items poses little difficulty.

For Northside Wine & Spirits, however, matching prices proves a dangerous undertaking indeed. These four categories alone represent about 17% of Northside's total wine sales. Thus, instead of taking in, say, \$1.25 for every dollar spent on purchases at the wholesale level, Northside would take in a little less than \$1.21. Not much at a glance, right? But when one extrapolates to, say, a million and a quarter in sales, \$40,000 suddenly vanishes.

Never mind what would happen to Northside should the store go toe to toe with the Big Box stores and match prices on wine from places such as Italy, Spain, Germany, Portugal, France, and New York, or categories such as fortified wine and champagne. According to Cornell University's Bradley J. Rickard (Assistant Professor, Department of Applied Economics and Management), "Wine sales at liquor stores would fall by 17% to 32%."

One of the Governor's specious "compromises" involves allowing liquor stores to sell food items such as potato chips — beer being conveniently sidestepped. Making up for lost revenue on wines ranging from Kendall-Jackson Chardonnay to Yellow Tail Shiraz means only one thing: selling an incredible amount of chips.

Northside would be forced to lay off employees and cut the pay of others. In order to provide anything approaching the level of service Northside has been providing over the years, the store would be forced to reduce its hours from 9 am – 9 pm to a single shift, something like 10:30 am – 7 pm. It couldn't possibly ask its employees to take pay cuts *and* work 12-hour shifts six days a week.

With its full volume of sales compromised the store would also be compelled to scale back its selection, one of its primary draws. With a dwindling array of wine and spirits, assuming the store doesn't go out of business in short order, what would compel anyone to shop at Northside? For "compromise" items obtainable anywhere such as newspapers and cigars? Yeah, right.

And who's going to monitor these 19,000 new outlets with respect to selling to minors and other compliance issues? The State Liquor Authority, an agency woefully understaffed as it is? (MADD and SADD, are you listening?) How many dollars from taxpayers will the State require to hire enough agents, as if its residents weren't taxed enough already?

Finally, what will happen to the small New York wineries, whose wines form one of the cornerstones of Northside's selection? A chat with Dick Reno (Chateau Lafayette Reneau), Esther Earle (Earle Estates and Torrey Ridge), and Dave Peterson (Swedish Hill, Goose Watch, Penguin Bay), among others, is revealing to say the least. In a nutshell, the small winery will be pushed off the supermarket shelves, while backdoor deals and other machinations will give other (and mostly much larger) wineries placement priority.

To those who have signed petitions, sent letters, and made phone calls to stop this wrongheaded piece of legislation, you have my deepest, sincerest gratitude. Indeed, many of you are longtime customers of Northside, know many of the store's employees by name, appreciate high levels of service and selection, and understand the role of the small business in the local and national economies.

To those on the fence, who have "heard arguments both ways," or are outright in favor of wine in supermarkets, gas stations, convenience stores, and bodegas, consider this. It's the 23rd of December, 5 pm, and you suddenly realize you haven't picked up that case of wine for that upcoming feast. You pull into the parking lot at one of the Big Box supermarkets — Northside, now closed after having been in business for over 45 years, is no longer a choice — and it's chaos, people jockeying for valuable parking spaces near the entrance. Finally, you have to settle for a space at the parking lot's perimeter. It's a long, cold, time-consuming schlep in, and a long, cold, time-consuming schlep back to the car. Good luck with that.

As I consider the Governor's proposal, I think about the day when I find myself and my 26 coworkers unemployed. I envision waiting for a call that might never come from a supermarket manager for whom I had recently completed a job application, hoping that I might land a job buying, stocking, and selling an utterly boring selection of wine.

With this piece of legislation, I can only view the Governor as Robin Hood's hypothetical doppelgänger, eager to give to the Big Boxes and take away from the small businesses. The liquor stores across NY State have been suffocated for 77 years by a Gordian set of post-Prohibition laws, from which repairing the damage done may take yet another 77 years in order to create a level field of play — if indeed that's what the Governor's handful of artificial "compromises" purports to do.

All of which is why Joe Pecoraro, in his exposé referred to at the beginning of this letter, writes, "Those politicians and businessmen that seek to foist this immoral act of piracy on liquor stores should be ashamed. In fact, I think they should be arrested."

Dana Malley
Northside Wine & Spirits
February 2, 2010

LETTER TO THE EDITOR

Subject: Governor Paterson's proposal to put wine in NY grocery stores

“What's the big deal?” one might reasonably ask upon observing the controversy surrounding Governor Paterson's plan to allow NY grocery stores to sell wine. “Why are NY liquor stores so upset?”

Today's NY liquor stores can legally sell only the following merchandise: wine, spirits, and a handful of items obtainable anywhere — ice; wine books and magazines; wine stoppers, preservation systems, and racks; wine glasses; lottery tickets; drinking water and non-carbonated mineral water. No beer, no soda, no food, not even books on how to make mixed drinks!

Here's another law: no chains. NY liquor store owners are only licensed to own one store. That's it. Moreover, they've never legally been allowed to band together and engage in cooperative purchasing.

By contrast, Big Box grocery stores, by virtue of chains and laudable entrepreneurial spirit, have been able to expand their businesses, accumulate massive capital, forge enormous buying power, and establish highly efficient distribution systems. No law cited above exists to have prevented this. And now the Governor wants to allow supermarkets (along with gas stations, convenience stores, and bodegas) to sell wine, as well.

Something's not quite right here, is it? Even a child understands the unfairness of stealing a slice of the pie from the small and giving it to the big.

Clearly, within the ranks of the grocers are some very, very smart individuals crafting carefully worded ideas and delivering them through whatever means necessary to effectively influence public opinion, not to mention the judgment of a Governor desperately seeking ways to rectify New York's financial woes. And so this clever cabal holds out carrots of “compromise,” which have been shown to be nothing more than one ruse after another, goading liquor stores down a path of self annihilation.

With the Governor's proposal, the NY liquor store industry is like a house cat that never grew teeth and claws on the verge of coming face to face with a fully equipped pit bull. Carnage in the form of job loss and business closure is imminent.

There's also the issue of serving minors. A coworker of mine, just out of college, recently voiced his concerns about underage cashiers in grocery stores potentially selling wine to their underage friends. Worth remembering is that the NY liquor store was intended from the beginning to be a place a minor would have no reason to visit — an effective method for deterring aspiring underage imbibers.

Northside Wine & Spirits and the Ithaca Police Department work closely together to prevent minors from obtaining alcoholic beverages, and to battle fake ID's. We understand the dangers inherent with alcoholic beverages getting into the wrong hands. It's something we care about — indeed, it's our *business* to care.

Those who disparage The Last Store On Main Street coalition's battle cry “Protect Our Teenagers” as being “fear mongering,” and those who say, “Bring on the competition,” are either mean spirited or misguided. One hopes the latter is the case.

And people wonder why NY liquor stores are vexed.

Dana Malley
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