# Self-Distribution: Marvelous or Onerous?

## by Laura Lodge, Distribution Insight

**Is self-distribution legal in your state?** As of November of 2020, self-distribution was not legal in AL, GA, DE, FL, KS, KY, LA, MO, MS, NE, NV, RI, SC, & VT according to the Brewers Association. Always double-check the regulations in your state to confirm and find out details that could be critical to your business planning.

There are a number of pros and cons to consider when thinking through self-distribution. Some of the Pros include:

- You will always be the best representative for your own brand.
- You are only representing one brand.
- In the area immediately surrounding your business, everyone knows you.
- There is a significantly higher margin when you self-distribute. [Always take the margin. There are other good reasons for this as well.]
- Cash flow is more consistent.

And some on the Con side include:

- This is not the business that you wanted to start. It's completely different.
- Self-distribution takes the focus off of the primary business mission.
- The capital investment detracts from our ability to grow the primary business.
- Competing with established distributors for the same shelf spots & handles is difficult.

The investment required for successful self-distribution includes:

- Delivery Vehicle
- Delivery Staff Member(s)
- Accounting Software
- Accounting Staff Member
- Sales Staff Member/Team
- Dolly/Cart
- Line Cleaning Equipment (in some states)
- Marketing Stuff - POS primarily

There are several basic advantages to self-distribution when planning your business strategy:

- Distributors are always more interested in taking on an established brand that has a positive reputation and a good buzz.
- Self-distribution always means to a distributor that you understand what distribution is, and are likely to be a better partner based upon that experience.
- Preparing a proposal for a distributor showing a track record of sales growth and sales numbers is a much stronger position to be in than starting from scratch. (over)

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You can most definitely see some negative effects if self-distribution is not executed well:

- If you don't have a great reputation for quality on the street, self-distribution can backfire.
- If your sales people don't get along with your preferred future distributor's sales team, it can be problematic.
- If your sales team wasn't responsive to issues in the market, your reputation will suffer.

Self-distribution allows the business to retain control of image, choice of retailers, representatives, promotions, and deliveries. And on the flip side:

- Self-distributing limits your radius for sales, which limits expansion.
- If successful, the increase in capital necessary to continue growth may become prohibitive.
- There may be a liquor control regulation capping sales for self-distribution in your state.
- There are situations where volume can be leveraged to get new accounts and placements by a distributor that aren't possible on your own.

Self-Distribution offers the opportunity for quality control to be dialed in and limited release, seasonal, and experimental products to be closely monitored with a friendly, more forgiving audience.

It's also true that self-distribution sales representatives may not be able to be in accounts as often to catch problems, and that seasonal and limited release programs can be difficult to monitor, and larger distributors have established systems to handle both.

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*As the author of Distribution Insight for the Craft Brewer, Laura shares her experience with distribution on the Western Slope of Colorado for the benefit of brewers everywhere. A veteran of the craft beer industry, she is also the Owner of Customized Craft Beer Programs, designing events, resort retail programs, and educational programs based on craft beer.*