



## UNDERSTANDING THE THREE-TIER SYSTEM

Alcohol beverage distribution operates under the “three-tier system.”

The three tiers are:

**Suppliers** (ex: Tito's Handmade Vodka, Rebecca Creek Distillery, Shiner Bock, etc.)

**Wholesalers** (ex: Southern Glazers Wine and Spirits, Republic National Distributing Company, etc.)

**Retailers** (ex: Twin Liquors, Goody Goody Liquor, Spec's Wine, Spirits & Finer Foods etc.)

The basic structure dictates that suppliers can sell their products only to wholesalers, who then sell the products to retailers. Acting like a safety net, the three-tier regulatory system provides "checks and balances" in the way that alcohol is distributed and sold.

If the three-tier system is threatened, there is no way to track liquor products, check where they were sourced, or to whom it was sold in cases of recalled and tainted products. In turn, the potential for alcohol abuse increases, resulting in growing concerns for public health and safety and declining economic productivity.

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