

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
VIRGINIA ALCOHOLIC BEVERAGE CONTROL COMMISSION
RICHMOND

May 31, 1 985

CIRCULAR LETTER
85-6

TO: MANUFACTURERS, BOTTLERS, WHOLESALERS, RETAILERS AND ALL OTHERS CONCERNED.
SUBJECT: THE SALE OF NONALCOHOLIC MERCHANDISE BY WHOLESALERS AND MANUFACTURERS.

PURPOSE: The purpose of this circular is to define the business relationships between manufacturers and wholesalers on the one hand and retailers on the other concerning the above subject.

BACKGROUND: With the increasing trend toward diversification, more questions have been raised concerning this subject.

In the past the Commission has ruled that no exception would be taken to manufacturers or wholesalers engaging in the sale of nonalcoholic beverage merchandise such as soft drinks or groceries and furnishing specialty racks and point-of-sale advertising materials to retailers or performing services such as pricing the nonalcoholic beverage merchandise or engaging in other practices with licensed retailers which are usual and customary in the respective businesses. Of course, those business practices may not be designed or tailored to enhance the alcoholic beverage business of the wholesaler with retailers, and the merchandise sold may not be that which is directly related to the alcoholic beverage business of the retailer such as novelty and specialty items with alcoholic beverage advertising on them.

HELD: Manufacturers and wholesalers may engage in the following activities:

1. The sale of nonalcoholic beverage products of all kinds as long as the product is unrelated to the alcoholic beverage business of retail licensees, is sold at the fair market value and separate records of such purchases and sales are maintained.
2. The sale of nonalcoholic wine and beer.
3. The leasing of equipment unrelated to the alcoholic beverage business of licensed retailers.
4. Furnishing point-of-sale advertising relating to the nonalcoholic beverage merchandise only; rotation, restocking and pricing of the nonalcoholic beverage merchandise products; furnishing display racks and providing other services that are usual and customary in the particular nonalcoholic beverage industry concerned.

Should any of the above activities result in violations of the law, particularly Section § 4-79., Virginia Code, such as a wholesaler acquiring a financial interest in a licensed retail business or furnishing services in connection with the alcoholic beverage business of a licensed retailer, appropriate action against the wholesale and retail license would be initiated by the Commission.

INQUIRIES : Inquiries should be addressed to the undersigned.

VIRGINIA ALCOHOLIC BEVERAGE CONTROL COMMISSION

Larry E. Gilman
Secretary