

Potential Policy Changes To Reduce Inequities Faced by Micro Brewers

Article By:

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Growing up, I recall spending significant time looking over my shoulder to make sure that my siblings were not receiving larger portions of our favorite dessert than the piece on my plate and spending even more time giving reports to my parents when close friends received nicer or more expensive gifts than I may have received on my birthday. In most instances, these observations were not of significant consequence, as the comparisons focused on trivial items of little real importance. Occasionally, the analysis was more meaningful if the objects that I was comparing held significant value or if the unequal rules that were being applied subjected me to more than simply the loss of a good session of a basketball game or another competitive event. In today's business world, we continue to look over our shoulder, as we want to be sure that we all receive what we deserve, and we all want to be certain that the rules of the game are applied fairly to all.

Today's playground is the Michigan regulatory climate that we all confront daily, and we all know that attempting to transact business in this environment is hardly a game. For those attempting to gain an increase in market share of the overall craft beer sales in Michigan, attempting to transact business under disparate rules and regulations is more than unfair, it is a roadblock that can keep the brewery doors closed, and the vats empty. We all understand the consequences of competitive disadvantage that is created by unequal regulatory restrictions.

In the years since 1992, when Michigan based brew pubs and micro brewers became legally able to brew their products with direct sales to consumers, the brew pub and micro brewing operators and owners experienced many of the same business hurdles as their counterparts in the small winery industry who operated small wineries: both succeeded only by developing an identity with their consumer base, most produced specialty products that are sold only in smaller quantities, and both face fierce competition from major suppliers that possessed great advantage as a result of advertising and strong retail relationships. However, unlike the small wineries who obtained assistance from the state of Michigan in the form of favorable laws and regulations that eliminated some of the competitive barriers, the small brewers lacked the governmental cooperation that would otherwise allow a small craft brewer to introduce their beer directly to various types of consumers. As a result, the craft brew industry in Michigan has been more hampered in their collective ability to increase market share. The state is starting to recognize the unfairness of this situation.

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currently face when compared to their counterparts who produce wine in the State of Michigan.

In past blogs, I have described some of the pending rules and policy changes that are pending enactment with the State of Michigan. These changes would eliminate some of the inequities that the micro brewers currently face when compared to their counterparts who produce wine in the State of Michigan. If adopted, some of the changes experienced by micro brewers would include the ability to sell products directly to special licensees during charitable events, thereby exposing new products to a potentially new set of drinkers, would provide direct access to wholesalers, who would have the ability to sell product to a multitude of retail establishments throughout the state, would create the ability to operate hospitality and tasting rooms on a broader basis and provide for certain sales by direct shipment to a customer.

No one is claiming that these changes will automatically increase the collective Michigan brew pub and /or micro brewer's overall market share above the 10% benchmark, but when the current restrictions are lifted or the new rules are implemented, small brewers in the state of Michigan will be able to more quickly introduce and sell their porters, ales and other favorite styles directly to a consumer base who has demonstrated that they will taste, sample and purchase as many brands of craft products as the industry is able to otherwise produce, in the same manner as the small wineries that we watch over our shoulders.

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