

Confidential

LIQUOR INDUSTRY LETTER

Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors

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June 7, 1944

Dear Sir:

A Legislative Interim Committee session has been scheduled for June 12th. The joint committee of the State House and Senate, which recently had the Liquor Monopoly question under consideration will meet again on Monday. The purpose of this committee is to make various investigations and then pass on its recommendations to the legislative body of the State for action.

Liquor will not be a major question in these sessions, according to present indications. However, should events within the Industry result in unfavorable publicity while this committee is in session, we could expect most unfavorable results. Legislative investigations of any kind are always bad for our Industry, as no other business is more adaptable to "political footballing".

Allied Liquor Industries' presentation made to Colorado business received only passing interest, little evidence of direct support. Presented by Mr. Baer of the Allied Liquor Industries, an outline of cooperative advertising as an influence for self-regulation was explained just recently in an open meeting at the Brown Palace Hotel. Present at the meeting were wholesalers, retailers, and tavern owners, as well as city and state authorities. Although a number of Colorado firms are supporting the work of this National concern, carried on in behalf of the Industry as a whole, the plan for paid newspaper advertising was frowned upon by most of those in attendance.

The United States Brewers' Association warns brewers of impending dry legislation. In a recent letter, brewers were told of a hearing called by Congressman Hobbs of Alabama, Chairman of the Sub-Committee of the House Judiciary Committee, for further consideration of the Bryson Bill, H. R. 2082. This was without the knowledge of other members of the Sub-Committee. When the full Committee learned of this action, they met, and Mr. Hobbs was persuaded to postpone the hearings. "Flare-ups" of this kind may again occur, and there may not be time to arouse protests of a complacent majority who think it can't happen here again. It can. The price of liberty in our Industry is eternal vigilance and lawful practice. Watch the Drys ... give them no cause for encouragement.

Forced sales and brand switching by package stores being investigated. Public resentment over the sales practice of some liquor outlets has forced pricing and enforcement authorities to investigate a number of stores. May lead to suspension of licenses and fines for price violations.

Two practices, in particular, are causing trouble. Both will lead to unfavorable publicity for the whole Industry, and penalties for the individual operators if not stopped:

1. Switching and substitution of brands without the customer's knowledge.
2. Forcing a combination sale.

Because these practises are so detrimental to the Industry's objectives and to the package store itself, we are urging that every attempt be made to avoid either of them.

Substitution of brands: The consuming public is now fully aware of the liquor shortage, and can appreciate the fact that quite often they cannot obtain their favorite brand. However, no customer likes to buy a "pig in a poke". Your customer does not like to get the so called "surprise package" ... a sack with a bottle in it which he does not see until he has arrived at home; and then, when he does see it, he finds it is a brand which he does not recognize. His first reaction is to think he has been over-charged, his second reaction is to question the quality of the product, his third reaction is to decide that the retail dealer is a racketeer. In most cases he will not report the transaction to the OPA, but he will tell his friends about it. He becomes a walking-talking advertisement against the liquor dealer and the Industry. He classes all dealers the same, decides that everyone in the business is trying to "gyp" him.

Clearly state to the customer the brand name of the product you give him. Then it's fair to him, fair to yourself, and fair to the distillers or distributor who may have spent thousands of dollars advertising his brand. Your customer will know what he has ... he'll know that he paid the right price, and he'll know that you weren't trying to "fool" him.

Don't force combination sales. If you have whiskey to sell ... sell it ... then, ask the customer if he would care to buy other merchandise. Don't make him buy the other merchandise to get the whiskey. This is illegal, it is bad practice. It will result in a suspension of your license. When you force a man to spend four, five, or six dollars to obtain a pint of \$2.50 whiskey, you are raising the price of the whiskey above the established OPA ceiling, according to enforcement authorities.

New employees cause most of trouble. New help with a lack of experience and a knowledge of the problems of a liquor store cause most of the trouble. A little instruction to the employees will overcome most of our troubles. There are a very few dealers who deliberately engage in bad practices in order to make a few extra dollars, there are chisellers in every business. Authorities will put these out of business, but in most cases are willing to be reasonable and even helpful to the store operators.

War Food Administration gets excellent cooperation on conservation program from Colorado brewers. Urgently in need of great quantities of Brewer's Yeast, because of its Vitamin B and Protein content, as a food supplement for war prisoners and the population of re-occupied countries, the Government has requested brewers throughout America to convert all Brewer's Yeast into war food. Formerly wasted, it will now be dried at central plants for human consumption. Brewer's Yeast is the richest known source of the Vitamin B complex. This is just one other way by which the Alcohol Industry is serving the Country's war effort. Alva C. Richards, Chairman of the Yeast Industries Advisory Board of the War Food Administration, and Hugh Harley, Executive Secretary of the Brewers' Foundation outlined the program of the Government to members of the Industry and leading dietitians at a noon meeting held in the Brown Palace Hotel on June 3rd. Mr. Richards was advised that brewers of Colorado would cooperate 100% with the Government. Brewers are already returning one-third of the grain used in brewing to the farmers for feed, in the form of spent grain, which is very high in food value and serves to increase milk production.

Military authorities may relax curfews for soldiers: According to the San Francisco Call-Bulletin, General Delos C. Emmons, Commanding General of the Western Defense Command, declared that "insofar as military security is concerned" there is no longer a need for rigorous wartime restriction of hours in which military personnel may buy liquor. In the states of California, Nevada, Idaho, Montana, Oregon, Utah, and Washington soldiers, since November 1942, can not buy a drink before 5 P. M. Civilians were not restricted. A relaxation of this curfew seems only reasonable and fair. Colorado has not been affected, has had no appreciable ill-effects from serving soldiers. Most individuals feel that a soldier is entitled to buy whiskey when and where he wishes as long as he is not on duty. The army's broad-minded attitude may have a very desirable effect on all regulations of closing hours.

Demands for industrial alcohol may be stepped up as result of Invasion. This will tend to postpone any holiday for making beverage alcohol. In our last letter we stated that Invasion would likely effect supply of whiskey. For the present, the only change forseen is that no holiday will be granted for several months. Whiskey will continue to be extremely short. About 50% of last year.

The East is already extremely short of whiskey.
The Waldorf-Astoria in New York City has posted the following notice. "No alcohol for beverage purposes is being distilled in this country today, and not a single barrel of pre-war whiskey or gin being used is being replaced. There is no possible way for the Industry to supply the increased demands of the public. Conservation is the only answer to assure all a reasonable supply for the "duration". In view of this condition, we are forced to the decision to discontinue sales of distilled liquors by the bottle and only supply them by the drink."

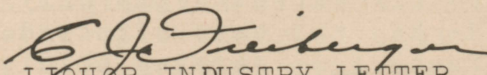
Colorado dealers are getting their proportionate share of whiskey. Shipping and tax information available to the Government authorities shows that Colorado ranks high as a receiver of whiskey. Distributors here, who have also been checked, are making a fair distribution to dealers, although many are naturally complaining of the scarcity. However, the closing of some war plants and the shipping out of military personnel will soon decrease the demand.

Serving minors continues to be problem, but shows improvement. Tavern owners are finding out that they CAN refuse to serve minors or those who appear to be minors without losing the goodwill of their trade. Actually, goodwill is increased for a tavern operator when he refuses to serve them. Public opinion is being influenced by the many intelligent and legitimate tavern-keepers. Crack downs are in store for those who are not legitimate.

The Invasion has started. So has the 5th War Loan Drive. We in the liquor business will, as usual, do our share. This little reminder is an urge for you to do a little more than your share this time. "This is it." It's win or lose. Let's back up our boys with our dollars.

Sincerely,

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DENVER, 1, COLORADO

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