

MESSENGER-INQUIRER

OPINION PAGE

October 15, 2014

Anheuser-Busch Distributor Sale Should Move Forward

By Bob Kelley, Region VP, Anheuser-Busch



Pardon the pun, but there's a controversy brewing in Owensboro in which some folks are asking the government to block a private transaction between two businesses. I work for a beer company trying to purchase a local business in Owensboro, a transaction that is in full compliance with every law and regulation. So why does this create a controversy where none should exist? Let me explain.

Brewing beer is a time-honored tradition that employs the talents of highly-skilled brewers. Whether following age-old recipes or crafting new flavors for the discerning tastes of beer enthusiasts, brewers' talents are exemplified in the high-quality products produced by Anheuser-Busch.

Since the days following Prohibition, a "three-tiered system" has been in place for the sale of alcoholic beverages. Brewers, like Anheuser-Busch, work with distributors, like Budweiser of Owensboro, to get the product to retailers, who then sell to you, the customer. While it may be cumbersome, the system has proven successful, and Anheuser-Busch has happily participated in it for many years. What differentiates Anheuser-Busch from many competitors is that we are also in the distribution business. We are the world's best brewer, and in limited cases we also operate our own distributors.

Anheuser-Busch has bought and sold Anheuser-Busch distribution businesses for over 100 years, while consumer choices have exploded. This is quite evident in Kentucky as the number of craft brewers and craft brands in the state has significantly increased since Anheuser-Busch purchased its distributor in Louisville in 1978, after the Kentucky Courts confirmed our right to do so (a decision that stands this very day, by the way). During that time, Anheuser-Busch has been a major employer and contributor to Kentucky's economy, including many sponsorships like the Kentucky Derby, and has followed all government guidelines and regulations set forth in the three-tier system.

Some ask why does Anheuser-Busch want to maintain the option to purchase a distributor? The answer is simple. Given the significant investment we have made in making great beer brands, Anheuser-Busch wants to have a say in how its products are delivered to customers. In that regard, we share the same commitment to ensuring brand quality throughout the distribution chain as any other Kentucky manufacturer would. Our experience in Louisville bears that out.

Many Anheuser-Busch wholesalers in the Commonwealth of Kentucky support this transaction. Yet, some other wholesalers, including members of a state association with wholesalers who compete with ours, object to our decision to purchase the Anheuser-Busch distributor in Owensboro, which is currently owned by the Hand Family Companies. Some, in fact, are trying to block the transaction even though it is in full compliance with every law and regulation on the books. We strongly object to these maneuvers and simply want our transaction to be approved in a timely fashion, as it should be. Existing law clearly regulates how wholesalers can operate, regardless of who owns the business. A willing wholesaler who wants to sell their business should have the benefit of doing so under the law.

Our transaction has already been approved in Daviess County and we have applied to the Kentucky Alcoholic Beverage Control Board for approval of the license transfer, which normally would be a formality. There is simply no reason why two existing Kentucky employers should not be permitted to complete a transaction to which they have already agreed. Nor should taxpayer dollars be wasted on delays and baseless proceedings brought by those who seek to further their own self-interests. To be clear, Anheuser-Busch is not asking for any special government exemptions, or changes to current law, which has permitted brewer ownership for decades. We just want to complete this transaction under the rules.

This transaction won't affect consumer choice in any way. Anheuser-Busch remains committed to delivering excellent products, and the existing system ensures our competitors have a robust way to get their products to market, too. We are pleased to have the support of the Owensboro Chamber of Commerce in this transaction, important recognition from local leaders of the trust Anheuser-Busch has built as a committed corporate citizen in every community in which we operate.

This all boils down to one question: should self-interested parties be allowed to obstruct a private transaction between a willing seller and buyer when all laws are being followed? Of course not.

Bob Kelley serves as Region Vice President for Anheuser-Busch and oversees sales operations in Kentucky.