

New Distribution Model for Small Producers Takes Flight



By Julie Fadda Powers

With all the consolidation going on among distributors and producers of alcoholic beverages, it's become increasingly difficult for small producers to get their product on retail shelves and restaurant lists. But that era's about to come to an end.

LibDib, which stands for Liberation Distribution, is the brainchild of founder and CEO Cheryl Murphy Durzy. The idea is to distribute small producers' inventory with an easy-to-use, proprietary web platform and mobile app. Founded in San Jose, Calif., in June 2016, the company officially launched on March 22, 2017. Initially, it's open to restaurants, bars and retailers located in New York and California and producers from anywhere, but will expand to other states in the coming months. Its platform lets restaurants, bars and retailers purchase a wider variety of products at a lower cost and lets makers get their products to market easily and in legal compliance.

Durzy is part of the Clos LaChance (Central Coast, Calif.) winery family and has worked on its marketing and distribution for 20 years. "I became frustrated with not being able to meet the projected numbers," she says. Her response was to create a way for smaller producers to get the distribution they deserve in a simple, easy-to-use manner. She partnered with Richard Brashears, CTO, and Frank I Hoppe, COO and general counsel, to bring her idea to life. She also spoke to producers about her idea and what hurdles they needed to overcome to help her solidify her plan for connecting them with restaurants and retailers nationwide.

How it Works

To get started, any licensed maker can set up an account by simply logging in and uploading information and licensing as prompted. Makers can include as much information as they'd like — company information, tasting notes, label and bottle images, social media links, videos, shelf talkers and more — as well as set up their own pricing. LibDib is a licensed wholesaler that operates within the three-tier system and where producers have complete control over what they're selling, how much (without minimums) and where it's distributed. Producers handle shipping or delivery directly to the restaurants, bars and retailers that order from them, and both sides can communicate with each other directly through the platform. "Everyone in restaurants and retail wants to communicate directly with makers so they can make a personal connection," says Durzy.

When an order is made, the producer is notified via email or text. Transactions and taxes are handled by LibDib and producers receive payment within 30 days of the transaction, including detailed sales reports. LibDib provides transparency in its margin, with an average of 15% (compared to the 30% traditional distributors charge). There are no bill backs, no aging inventory or buying back product and makers are free to leave at will.

"I believe small batch production is where the market is going," says Durzy. "People, especially younger ones, are interested in trying new things. Using LibDib, retailers, bars and restaurants can make more money by carrying unique, different products. The whole idea is to make this easy for everyone involved." At launch, approximately 100 producers were in the initial group of using LibDib, with several of them involved in the Beta process.

"Securing distribution has been the biggest challenge to growing my label and reaching a wider market," says Ryan Cochrane of Ryan Cochrane Wines. "There just aren't many options for small producers like me. LibDib makes perfect sense because it provides me with a very solid distribution option. I can get my brand to market and communicate directly with accounts. It's exactly what I've been looking for."

What the Future Holds

Durzy isn't stopping with what the platform initially offers. Aside from expanding into more states, she also plans a "Meet the Makers" channel where short videos can help introduce producers and purchasers. "LibDib is the supplier-friendly distributor," she says. "I want to help them as much as I can and provide suggestions on how to distribute and where. This has been a challenging part of sales for them. It's hard to get the big distributors'