

May 14, 2019

Latest news from WSWA



You may have read about Facebook co-founder Chris Hughes calling for regulators to break up and then regulate the social media giant. Mr. Hughes penned a [May 9<sup>th</sup> New York Times op-ed](#) citing Facebook as a monopoly that is “eclipsing rivals and erasing competition.” Some argue that Facebook is a natural monopoly and that it doesn’t have the market share or advertising effectiveness that Alphabet/Google holds. However, the numbers show the social media market is dominated by Facebook’s three companies: Facebook, Instagram, and WhatsApp. With such domination and lack of competition, pricing power could be an issue. Regardless of your opinion, we can all agree that Facebook has created something that has attracted users, commanded their time, and disrupted the way we keep in touch with family and friends, share thoughts, preserve memories, consume advertising, and even shop.

Our industry, by way of the three-tier system, prevents monopolies from forming in the first place. Whether a legacy brand or craft spirit, wine and spirits wholesalers foster competition and provide unparalleled choice. The reason our political system seeks to break up monopolies is that they can get so big that they are no longer connected and responsive to their consumers. Essentially, there is no incentive to be consumer-centric.

In non-monopoly environments, one sees systemic dexterity and innovation-seeking to satisfy consumer demands. For us, we see this with innovative use of technology such as Drizly, LibDib and other emerging companies and services. New developments must be responsive to appropriate regulations that don’t compromise on safety and civility. Undoubtedly, more innovation will come in the wine and spirits distribution business over the next decade. We have the power to ensure the strength of the three-tier system if we listen, learn, adapt and work together in this age of innovation.

Are we hypocritical because we enjoy the speed and convenience gained in our daily lives with applications like Uber, DoorDash, Facebook, and Nextdoor—only to criticize it when it gets too close to home? I don't see it that way. When it comes to wine and spirits specifically, a unique and powerful product that demands special treatment, social responsibility and the protection of important safeguards must always prevail.

WSWA will continue to promote competition and focus on consumers' needs. We will improvise and adapt the way in which we do business because no one knows the business better than those in the business—and no one knows your market and communities better than you. In order to prevent future monopolies, we must break our own philosophical monopolies, disrupt ourselves, and eschew anything that keeps us from evolving, adapting and shaping the industry for generations to come.

I hope this email is useful to your work this week. Please reach out to me at [michelle@wswa.org](mailto:michelle@wswa.org) with comments and suggestions.

Sincerely,  
Michelle Korsmo