

**Economic Harm Caused by Connecticut's Ban on Quantity Discounts and Minimum Bottle Price Policy**  
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The ban on wholesaler discounts and the minimum pricing requirement in Connecticut serve to keep retail prices high while enriching store operators at the expense of consumers.

**Per unit costs decline when larger quantities are shipped**

The cost of delivering to a retail location is similar if a single case is delivered, or if multiple cases are delivered. An order must be processed, a warehouse worker must pull the order and a truck and driver need to move from the wholesaler's warehouse to the retail outlet. The costs incurred by the wholesaler for each one of these activities are largely fixed. Like any fixed business cost, per unit costs become lower with each incremental unit shipped.

While there are exceptions to every rule, in competitive businesses prices are in some way related to the cost of providing the good or service in question. For this reason, wine and spirits wholesalers in other states typically give quantity discounts to retailers. But, this is not the case in Connecticut where wholesalers are precluded from giving quantity discounts.

**Larger stores are forced to subsidize smaller stores**

Some have argued that since wholesale prices paid by package stores in Connecticut are equivalent to neighboring Massachusetts and Rhode Island, Connecticut's ban on quantity discounts does not harm consumers. However, anytime costs are not properly allocated across a market inefficiencies develop that do not allow for the development of optimal business arrangements. In Connecticut the fact that package stores taking large shipments must pay the same prices as those buying in smaller lots means that large volume buyers are forced to subsidize stores taking delivery in smaller quantities.

**Subsidy interferes with consumer sovereignty**

As a result of the subsidy, Connecticut consumers do not enjoy the kind of retail variety found in other states. Any time something is subsidized the market produces more of it than consumers really desire. In Connecticut this typically means that small package stores receive a subsidy. The small package store subsidy leads to more small package stores than consumers would otherwise be willing to support, while eliminating larger package stores that would offer a wider variety of services and better prices. In other states consumer choice determines market structure. In Connecticut state law supplants consumer sovereignty.

**Minimum bottle price policy denies consumers benefits of true pricing competition**

Connecticut's minimum pricing requirement also works in conjunction with the ban on quantity discounting. Retailers, no matter what the product, compete on many different levels one of which is price. In a competitive market retailers will employ a variety of mark-ups depending upon the brand and the business owner's particular strategy. But, the sole focus of any pricing strategy is to satisfy the consumer. Because of Connecticut's minimum bottle price requirement consumers are denied the opportunity to enjoy true pricing competition. Ultimately, the minimum pricing requirement serves to enrich retailers at the expense of consumers.