

Three-tier (alcohol distribution)

The **Three-tier system** of alcohol distribution is the system for distributing alcoholic beverages set up in the [United States](#) after the repeal of [Prohibition](#). The three tiers are producers, distributors, and retailers. A producer must sell to a distributor who must then sell to a retailer. Producers include brewers, wine makers, distillers and importers.

States have various exceptions to this rule, the most prevalent one being the case of a [brewpub](#), which is simultaneously a producer and retailer, and has no requirement to sell to a distributor. Some states allow an entity to have a part in two of the tiers, letting small breweries act as their own distributor, for example. In the [wine](#) industry, many states permit [wineries](#) to sell bottles of [wine](#) on-site to customers, and some states, such as [Oregon](#), permit intrastate shipments of [wine](#) directly from the producer to the customer.

Usually producers will give a distributor exclusive rights to market their product within a geographical area, so that there will not, for example, be two distributors of [Anheuser-Busch](#) products competing against each other.

Rules also vary according to what kind of relationships each of the tiers can enter in to with the other two tiers. So for example a producer may not be allowed to give promotional items or services to a retailer. A beer distributor might be responsible for setting up and maintaining draft lines in a restaurant, or may be legally prohibited from doing so, depending on the state.