



Licensee FAQs

Items Out of Stock

As of April 15, 2022

Why are there so many products out of stock?

There are several factors contributing to the shortage of various products on ABC store shelves to include supply chain disruptions, a global shortage of luxury goods, holiday sellouts, start-up of ABC's new distribution center system, truck delivery delays and employee absences due to COVID-19. As of April 15, of the 2,345 standard products that Virginia ABC sells, 230 are out of stock. Since the pandemic began in March 2020, the highest number of out-of-stock products was 267 in February 2022 and the lowest was 55 in April 2020.

Distilled spirits have been impacted by widespread disruptions in the global supply chain like other products in retail stores.

- Bottles and raw materials are in short supply. Many of ABC's suppliers have indicated that glass and key raw materials for plastic closures are scarce. Manufacturers of these raw materials are also experiencing labor shortages, putting additional pressures on their ability to produce a finished product. The need to quarantine due to exposure to COVID-19 is also affecting workers worldwide. As a result, some of ABC's suppliers are looking into alternative container options.
- The trucking industry has experienced its own set of challenges due to the pandemic, further impacting our suppliers. There are more loads than available trucks to haul the freight, and semiconductor shortages continue to cause delays in new truck production. Additionally, the pandemic has resulted in a decline in driver availability due to quarantines and illnesses.
- Congestion at the major U.S. ports is impacting the supply of imported liquor. There is a bottleneck of incoming ships due to staff shortages to process imports. The port congestion has impacted products such as cognac, Scotch whisky, Irish whiskey, gin and vodka, and the availability of raw materials.

Like other retailers, employee quarantines due to COVID-19 have impacted our ability to remain fully staffed in our distribution center to ship products to stores. Some stores have experienced shipment delays as a result. Also, Virginia ABC relies on our transportation partner to transport shipments to stores. When they have staffing shortages due to COVID-19, trucks may be delayed.

How much of the product shortage problem is due to ABC's new distribution center?

Although the out-of-stock issue has largely been the result of external supply chain problems, some of the shortages in stores have been because of adjustments made during the transition to the new distribution center in Hanover County. During the 2021 transition, ABC maintained receiving and shipping operations from the warehouse in Richmond which put a strain on production.

Any time you move into a new facility, there will be fine tuning and tweaking necessary to optimize operations. When you move in the middle of a pandemic, the number of challenges increases dramatically. As a result, it took longer than anticipated to load the new facility and get it ready for startup. By October 2021, we were shipping entirely from the new distribution center, with a limited amount of spirits inventory remaining at the Richmond warehouse. In March 2022, ABC completed the transfer of the limited amount of spirits inventory that remained at the Richmond warehouse to retail stores and the distribution center in Hanover County.



What is Virginia ABC doing to address out of stocks?

We are examining product forecasting to ship products more equitably from the distribution center to all stores. If ABC has the inventory in our distribution center, we are shipping it to our stores as soon as possible. Staff is also examining our systems to refine data and ensure that store inventory is best balanced to customer demand. In addition, we are attempting to address the potential for store inventory of certain supplies to be depleted before the store's next shipment by limiting store orders for certain products and adjusting forecast for those items.

We have accepted and continue to accept substitute products such as different sizes and brands to fill gaps where we are experiencing shortages. We are also working with our suppliers across the country to reconfirm inventory commitments and identify potential product shortages due to supply chain disruptions and any possibilities to alleviate such shortages.

ABC's Retail Operations staff are available to answer licensees' questions about product availability at LicenseeInquiries@virginiaabc.com.

When do you expect inventory levels to get back to normal?

Until we see consistent product supply, readily available transportation and workforce stability, inventory availability will remain a challenge. With continued global supply chain issues as well as COVID-19 illnesses and quarantines affecting ABC and our suppliers, we expect it may take until at least mid-2022 before inventory will return to a more normalized level.

I saw in the news that other alcohol control states like North Carolina and Pennsylvania are experiencing a shortage of distilled spirits. Is the alcohol shortage worse in the control states?

The alcohol shortage is nationwide and not specific to alcohol control states. You may be hearing more about the control states in the news because those states have a government agency responsible for controlling the sale of distilled spirits at the wholesale level. It is much easier for the media to gather information from one statewide source than multiple private retailers within a state.

Can I purchase liquor for my restaurant from another state?

No. Licensees are reminded of the Code of Virginia as it pertains to the purchase of alcoholic beverages. Failure to comply with these laws may result in other law and regulatory violations. Please reach out to your ABC agent if you have questions about purchasing spirits under your mixed beverage license or about operating as an ABC licensee.

- [§4.1-221](#). Limitation on mixed beverage licensees; exceptions. (A.) *Unless excepted by subsection B, all alcoholic beverages sold as mixed beverages shall be purchased from the Board.*
- [§4.1-310](#). Illegal importation, shipment and transportation of alcoholic beverages; penalty; exception. (A.) *No alcoholic beverages, other than wine or beer, shall be imported, shipped, transported or brought into the Commonwealth, other than to distillery licensees or winery licensees, unless consigned to the Board.* (D.) *Any person convicted of a violation of this section shall be guilty of a Class 1 misdemeanor.*