

Amazon Halts Online Wine Sales

Regulatory complications connected to the tech giant's recent acquisition of Whole Foods led them to quit online wine retail.

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It looks like strike three. Amazon has long been a one-stop destination for shoppers, but after their third attempt at being a destination for wine lovers, it appears the tech giant has struck out.

Amazon notified wine producers on Monday that the company would shut down its Amazon Wine business at the end of this year. Following the company's acquisition of Whole Food Market earlier this year, rumors had been swirling that it would revamp or terminate its wine program.

The company sent a statement to suppliers that read, "As Amazon continues to offer customers additional retail options for buying wine, we will no longer offer a marketplace for wine at this time, and Amazon Wine will close Dec. 31. Wine will continue to be offered through Amazon Fresh, Prime Now and Whole Foods Market."

Amazon's wine forays began in 2000, when the Seattle-based company invested \$30 million in a **failed wine venture with Wineshopper.com**; it tried again in 2009, but was **met by regulatory barriers** against shipping alcohol.

Beginning in 2012, **Amazon simplified its model**, acting as a conduit for wineries. They don't manage the fulfillment or shipping of wine; instead they require that all wineries that apply to sell through the website have their own necessary licenses and permits to sell and ship wine. Amazon acts as a marketing platform for exposure, collecting a 15 percent fee on every order.

The decision to shut down seems to be due to so-called "tied-house laws," which prohibit an alcohol merchant from receiving payments from other suppliers to advertise their goods.

When Amazon completed their acquisition of Whole Foods, they essentially became a merchant, a brick-and-mortar establishment, inheriting retail alcohol licenses in multiple states. Amazon could previously collect their marketing fees from online sales because they were piggybacking on each winery's individual license.

Amazon had been lobbying to amend these laws, but ultimately had to choose between selling wine through Whole Foods or through Amazon.com. While it's unclear if Whole Foods' sales numbers from their more than 470 stores superseded that of Amazon's, it's likely.

Amazon sought to take advantage of their status as the largest online retailer in the U.S. when launching its online wine marketplace. It had one of the largest selections of wines offered online, with nearly 10,000 wines from around the world. But in the end, state alcohol laws won—at least for now.