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Q&A with NABCA president & CEO Neal Insley

Neal Insley has been involved with beverage alcohol law, in one form or another, since the 1990s and became president & CEO of the National Alcohol Beverage Control Association (NABCA) in 2021. The association, he tells **Olly Wehring**, is keen to engage with alcohol brand owners

What problem was the National Alcohol Beverage Control Association (NABCA) created to solve? NABCA was formed after Prohibition in 1938, so that those jurisdictions that had decided to be control markets would have somewhere to share ideas and collaborate. It has grown to include the collection and preservation of data to make sure it's reported accurately. We pride ourselves very much on our data being very accurate — what makes it so valuable is its reliability and granularity.

What is NABCA's business model? We're here to provide sound information to help control states maintain the balance between commerce and public health and safety. We also want to be a leader in the data market and leverage technology to its fullest extent with our data.

The control jurisdictions cover licensing and regulating, as well as the marketing and sale of the product. They serve as a pivot point in balancing commerce with public health and safety, making sure that all the interests are heard. In a perfect system in beverage alcohol, if you can maintain a level balance, you're hitting the mark.

NABCA's board members comprise the control jurisdictions, so that's where we position ourselves. Our job is to make sure we have reliable sales, public policy and regulatory data — core to our mission is sharing that information among all the stakeholders to make sure they're basing policy decisions on accurate information.

We're very much the conduit among the stakeholders within the beverage alcohol industry. They're not always going to agree, but we can do that without being disagreeable, hopefully, and be mindful of what the data and research says.

What's the size of the organisation? Our headcount's usually between 38 and 42. Our largest department is on the data side. Then we have communications, meetings, membership and accounting departments, as well as a policy department, which is very important. Our executive team consists of myself, a CPO, a CFO and a COO.

How did you get where you are? I started my career in law enforcement in the early 1990s. I was in uniform patrol with the state marine police for four years, then worked my way up to a special-agent position with the state ABC — I was primarily focused on alcohol law enforcement in my early career.

In a moment of indiscretion, I decided to go to law school while I was working in law enforcement and became an attorney. I prosecuted for a short while, then started a little firm specialising in beverage alcohol law, representing restaurants, wholesalers, suppliers and the like.

I moved to a big national law firm and was tapped by the governor to run the Virginia Alcoholic Beverage Control — I did that for four years, during which I was a board member, then chair, for NABCA. When I came out of Virginia ABC, NABCA had grown to a point where it needed an in-house counsel, which I held for six years, before becoming CEO when my predecessor retired in 2021. »

» I've seen it from many different angles, which has given me a unique perspective on many different aspects of the alcohol industry in the US.

What is your main priority at the moment? We're in the process of undergoing a new strategic plan — our current data system is an on-site server system that's pretty dated. The data market has become more competitive, certainly in the last ten years.

Not only do we have current, daily granular-level sales data, we also have historical data that goes back around 30 years. When you start to feed that into trend analysis using AI/machine learning and bring that forward as predictive of what may be coming in the future, it's very exciting.

Where do brand owners sit in NABCA's prioritisation of stakeholders? NABCA is a non-advocacy organisation, which in our SWOT analysis, teeters between being a strength and a potential weakness. We don't get into lobbying efforts and things like that. Our control states take priority — our job is to make sure they're getting what they need to conduct business, to be healthy and strong and meet the requests and responsibilities of their constituents in their jurisdictions.

We don't pick winners and losers in our membership. They're all very important to us. Some could argue that it's to our detriment, but NABCA is very much member-focused. We don't seek the credit, nor do we shout about what we've done. We provide the data for our members, whether they're a control or licence state or a supplier, for them to make good decisions in their business model to be successful within their respective segment of the market.

What are the advantages and disadvantages of the control state mechanism? Control is a bit of a misnomer — every state in the US controls alcohol. They all have licensing and regulatory systems. Some of the licence states are much more restrictive in their alcohol regulation than a lot of the control states.

The control model just means that at some point in the supply chain, either at wholesale and/or retail, the government takes ownership of the product and/or its distribution. No two control jurisdictions are exactly alike in how they do that. We have six that control wholesale and retail. Then we have others that are just wholesale and have agency stores who get a percentage of their sales. We also have jurisdictions that are wholesale-only that's been contracted out and regular retailers sell the product. It's quite a patchwork of different regulations that suppliers in the US have to navigate, and it's the same among the licensed states.

All of this is attributable to the 21st Amendment of the United States' Constitution, which says states reserve the right to decide how they want to regulate, distribute and sell alcohol.

There's always been a stigma towards control states. A few years ago, Oklahoma, which is a licensed state, had a court challenge against some of their regulations, and they needed an expert witness. They contacted us at the 11th hour and we helped them out. When I asked their assistant attorney general why they waited so long, he said that because Oklahoma isn't a control state, they didn't think we'd help them.

We're here to help anybody that needs information on alcohol policy or research. That's what we're here for. We're a non-profit that invests back into the discussion to make sure that people are relying on good, strong information to make alcohol policy decisions. We try to prevent any reliance on misinformation.

How involved is NABCA on the buying side? Purchasing and pricing is left to individual states to work directly with supplier partners. For pricing, just about all of the control states have a standard or statutory mark-up that they operate from. There isn't a lot of negotiation as far as shelf price is concerned. That's actually beneficial, because suppliers have realised that consistency is very nice — business loves predictability and consistency.

When they're taking a product to market in a controlled jurisdiction, they can reverse engineer their shelf price from the standard mark-up.

Could you talk us through NABCA's data-collection processes? We don't put parameters around how the states send us the data — it comes in many different forms. Our job is to have the systems and personnel in place to ingest and assimilate it into usable formats. We're at the point now where we're getting daily sales data in our markets.

The data's valuable and competitive, particularly now — as margins narrow, share-of-market becomes very important. For subscribers, we have an app called Gateway that shows what their share is in almost-real time. Control markets have always been very good for new product development because of that granular-level data, to track and see how that product is doing.

'We're a non-profit that invests back into the discussion to make sure that people are relying on good, strong information to make alcohol policy decisions'

What benefits can brand owners get from NABCA? The control system accounts for roughly 25% of the market and the US is still the largest market in the world for spirits. To have that level of data to make decisions within a competitive market is invaluable. There's a lot of value for people either entering or currently in the market to explore better not just NABCA data, but the control system at large.

We've put a lot of effort into making our product more scalable for smaller manufacturers. It used to be the case that if you couldn't afford all of it, you couldn't afford it. Now, you can purchase data for as little as one jurisdiction. We can also provide one-off reports, so you can get a market overview.

At the same time, an important part of our new strategic plan is external communication. To have all those resources is great, but if nobody knows about them, it doesn't do any good. At some point, you have to be careful you're not doing a disservice to your membership by not letting people know who you are and what you have to offer. That's where we're at now.

What's your message to alcohol brand owners? Engage with us! We want to work with anybody who wants to work within the US, and then specifically within the controlled jurisdictions.

Our systems are robust enough that we're planning to incorporate a lot of the regulatory and policy data into them for our business partners; it's a total go-to market solution where you'll be able to not only look at sales and market trends, but also at policy and licensing matters per state.

It's a patchwork among the states, but if anybody can sew that quilt together, it's NABCA. GDI

The full interview is available to subscribers. Join them at ***www.drinks-intel.com/subscribe***