



## Klink: Amazon, but for alcohol?

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It's Uber, but for alcohol.

Actually, Klink is more like Amazon but for alcohol. Or maybe neither.

Picture this: You're hosting a fancy birthday party for your spouse, but midway through the party you realize the champagne supply is running dangerously low. As the host, you can't leave your guests without someone providing hospitality. Besides, you've been drinking and would rather not drive.

Enter Klink, an alcohol delivery company that connects retailers and customers. Whether you want \$6.00 bottles of Andre or a \$180 bottle of Dom Perignon, Klink will deliver it to you in under an hour for the product price plus \$3.87 and taxes.

You can already use this service if you live in Washington, D.C.; Orlando, Fla.; Miami; or Ann Arbor, Mich. Even if you live just across the Potomac River in Virginia, Klink can't deliver across the state line without risking legal issues.

The *Washington Examiner* tested Klink to see if it was as advertised. For a 750-ml bottle of Bushmills Irish whiskey, the final price was \$34.93, including tax, delivery and tip. At a nearby liquor store, the final price for the same product would have been \$30.79, including tax. Not bad, considering the 10 percent tip was optional and we saved ourselves a walk. Delivery came in just 30 minutes, and the product was up to snuff, as determined by the editors' rigorous testing.

It's a nice innovation. But with Klink, as with many startups, government regulation reared its ugly head at the beginning.

"We spent almost 10 months doing nothing but figuring out 'how do we structure this business legally?'," Klink founder and CEO Jeffrey Nadel said at a Cato Institute event on Thursday. "The finger is kind of pressed on the scale in favor of not innovating, because the risk is heightened to

innovating. 'Am I going to end up on the wrong side of regulators?' That's what retailers ask themselves." It took just 17 days for regulators to contact Klink after they started operating in Florida. Nadel also said Klink is similar to Uber, but operates under an entirely different regulatory framework given their different industries.

Still, the cost of regulation could be so much worse for Klink. Their business model is to serve as a delivery company, not as a retailer, which keeps it from needing liquor licenses or certifications.

Klink actually partners with liquor stores, so retailers — at least the participating ones — are actually helped by Klink's operations. In fact, the deliveryman who came to our offices this afternoon said he was an employee of the liquor store that partners with Klink. As a result, there's no regulatory warfare, like what is going on between established taxi companies and ride-sharing companies like Uber in various U.S. cities.

Klink's age-verification service is even more rigorous than what bars and liquor stores typically use. While placing an order online, a driver's license number is required, and ID is inspected again upon delivery. (This was not done in our case, although the buyer in our office was about 40 years old so it might have seemed superfluous.) Nadel mentioned that Klink is developing its own verification technology. "Even if you have a really good fake ID, it's not going to cut it," Nadel said.

Klink isn't offering an alcoholic alternative to the establishment, as Uber does. Klink sells the same products you would find in a brick-and-mortar liquor store, as Amazon does, but it partners with brick-and-mortar retailers, not manufacturers, so it has (usually) kept itself from making enemies.

Nadel gave the example of Klink's operations in Ann Arbor, home to the University of Michigan. Klink's partnership with low-cost retailers outside the city allowed it to provide students cheaper alcohol than they could get at liquor stores downtown. When the liquor store started to lose some business, Michigan regulators started to give Klink trouble.

Still, Klink should largely be able to avoid the ire of big lobbying firms. "A big problem we face is lack of availability," David Ozgo, a Senior Vice President and Chief Economist of the Distilled Spirits Council, said at the same Cato event on Thursday. "We're quite happy that there are now people who are safely providing home delivery services because it actually gives access to our products that otherwise we would not have."

Klink will also play a small part in keeping drunk drivers off the road. Those who have had a few and want a few more can buy the drink of their choice on Klink and have it delivered quickly instead of getting behind the wheel while inebriated.

With an innovative business model that seems ripe for expansion, maybe Klink will one day replace Uber as the go-to business people think of in the sharing economy.