Why Drizly Shut Down

Idea In Short

Drizly operated as a two-sided marketplace connecting customers with local liquor stores from 2012 until Uber shut it down at the end of March 2024. The company never sold or delivered alcohol itself. It routed orders to licensed retailers, who fulfilled and shipped them, while Drizly collected commissions and delivery fees for the connection. That model made Drizly the largest online alcohol marketplace in the United States by the time Uber acquired it for roughly $1.1 billion in 2021. Three years later, Uber folded Drizly's features into Uber Eats and closed the standalone app, ending an independent run that began with three co-founders trying to solve a problem they had personally experienced: no easy way to get alcohol delivered on demand.

A marketplace built around a personal frustration

Nick Rellas, Justin Robinson and Spencer Frazier started Drizly in Boston in 2012 after Rellas, then a college student, struggled to find a fast way to get alcohol delivered for a party. The founders built a platform that never touched inventory or handled the actual sale of alcohol, a structure that let the company sidestep the direct liquor licensing requirements that would have applied had Drizly bought and resold alcohol itself. Instead, Drizly connected customers to licensed local liquor stores, which retained the sale, set their own prices and fulfilled orders, while Drizly handled the technology, order routing and, later, its own delivery logistics in many markets.1 That structure mirrored other two-sided marketplaces of the era, most notably Uber and Instacart, in separating the platform operator from the entity actually holding regulatory liability for the product sold.

Expansion through partnerships, not inventory

Drizly grew by signing up local liquor retailers city by city rather than building its own warehouses or holding stock, a strategy that let it expand into new markets without the

capital intensity of traditional retail. Following seed funding in 2013, the company expanded from Boston into New York, Chicago and Los Angeles, then continued into additional U.S. metro areas over the following years. The company raised $13 million in a Series A round in 2015, funding that went toward improving its technology platform and continuing its market-by-market rollout.

> Drizly never sold a bottle of alcohol itself. Every transaction ran through a licensed retailer, with Drizly acting purely as the technology and logistics layer connecting the two sides.

In 2020, Drizly extended its footprint into Canada, launching service in cities including Calgary, Edmonton and Vancouver, a move that coincided with a surge in delivery demand during the COVID-19 pandemic as many consumers avoided in-person shopping.

Pandemic demand accelerated the acquisition timeline

Alcohol delivery demand spiked sharply during pandemic lockdowns, and Drizly's order volume grew fast enough to attract acquisition interest from larger delivery platforms looking to add categories beyond restaurant food and groceries. Uber announced in February 2021 that it would acquire Drizly in an all-stock deal valued at approximately $1.1 billion, one of the largest acquisitions in Uber's history at the time and a clear signal that Uber viewed alcohol delivery as a durable category rather than a pandemic-driven blip.2 The deal closed on October 13, 2021, after which Drizly became a wholly owned Uber subsidiary but continued operating under its own brand and app rather than being immediately absorbed into Uber Eats.

Why Uber initially kept Drizly separate

Uber's rationale for preserving Drizly as a standalone brand centered on customer recognition and retailer relationships that had taken nearly a decade to build. Drizly had established trust with liquor retailers who valued the platform's specialization in alcohol regulations, including age verification requirements that differ significantly from restaurant food delivery. Running Drizly separately also let Uber test how alcohol delivery performed as

a distinct business line before committing to a full integration, a common approach among acquirers evaluating whether to merge a target's technology and operations or keep them independent.3

The shift toward consolidation

By January 2024, Uber concluded that maintaining Drizly as a separate app no longer made operational sense. The company announced plans to shut down the Drizly app and website, migrating alcohol delivery features and retailer partnerships directly into Uber Eats, where customers already ordered food and groceries through infrastructure Uber had already built and paid for. Uber simultaneously wound down Cornershop, its separate grocery delivery app, as part of a broader consolidation effort to reduce the number of standalone apps it operated and route more categories through Uber Eats.4 Uber framed the decision around efficiency: running one delivery app with multiple categories cost less to maintain than several apps with overlapping engineering, marketing and customer support functions.

What closure meant for retailers and customers

When Drizly shut down at the end of March 2024, the liquor retailers who had built their delivery business around the platform needed to either establish new listings on Uber Eats or find alternative delivery partners such as Instacart, Gopuff or Minibar Delivery. Customers who had built ordering habits and saved payment information in the Drizly app had to migrate to Uber Eats to continue ordering alcohol in markets where the service remained available, a transition that inevitably cost Uber some of Drizly's existing user base even as it aimed to fold those customers into a broader platform.5 Alcohol delivery itself did not disappear. It continued through Uber Eats in the markets Drizly had previously served, but the standalone brand, app and website that customers had used for over a decade were retired entirely.

Key Partners

Drizly's key partners were the local liquor stores and retailers whose inventory it listed, along with beverage distributors that supplied those stores. Payment processors handled transactions across the platform, while delivery service providers and, in some markets, Drizly's own contracted drivers, fulfilled the final leg of each order. Legal and compliance advisers helped Drizly navigate alcohol regulations that varied by state and municipality, a

requirement given how fragmented U.S. alcohol delivery law was across jurisdictions.

Key Activities

Drizly's core activities included managing its product catalog across thousands of retail partners, processing orders and payments, and coordinating delivery logistics in each market it served. The company invested heavily in compliance activities, since age verification at both checkout and delivery was legally required and central to maintaining its retail partnerships. Marketing and partnership management with local retailers ran continuously as Drizly expanded into new cities and renewed agreements with existing partners.

Key Resources

Drizly's most valuable resource was its network of retailer partnerships, built city by city over roughly a decade and difficult for a new entrant to replicate quickly. Its technology platform, covering the website, mobile app and backend inventory systems, supported order routing across a fragmented retail base. Customer data and purchase history gave Drizly insight into local demand patterns that informed which retailers to prioritize in each market, and its brand recognition as the leading dedicated alcohol delivery app gave it credibility with both consumers and retail partners.

Value Propositions

For customers, Drizly offered the convenience of ordering alcohol online and receiving delivery within an hour in many markets, removing the need to visit a physical store. For liquor retailers, Drizly provided access to a larger customer base and additional revenue without requiring retailers to build their own delivery infrastructure or technology. For urban dwellers facing limited access to nearby stores, Drizly's platform offered a practical alternative to navigating traffic or crowded retail locations. For gift shoppers and party planners, the platform's wide catalog let customers select and send alcohol in a single transaction rather than visiting multiple stores.

Customer Relationships

Drizly maintained customer relationships primarily through its app and website, supported

by customer service channels for order issues and delivery problems. The company used loyalty and promotional offers, along with its Drizly Express subscription in select markets, to encourage repeat ordering. Social media engagement helped Drizly build brand awareness and respond to customer feedback publicly. Personalized product recommendations, based on past orders and location, supported retention within the app itself.

Channels

Drizly's primary channels were its mobile application and website, through which nearly all customer transactions occurred. Social media served as a marketing and customer engagement channel, particularly around holidays and events when alcohol delivery demand spiked. Partnerships with liquor retailers functioned as an indirect channel, since in-store signage and retailer promotion helped introduce customers to the platform.

Customer Segments

Drizly served younger, digitally comfortable adults who valued the convenience of ordering from a smartphone, along with urban residents who faced practical barriers to reaching physical liquor stores. Party planners and hosts used the platform to source multiple beverages in a single order ahead of events. Gift shoppers used Drizly to send alcohol as a gift without needing to visit a store or arrange shipping themselves, while busy professionals with limited free time made up another consistent segment of repeat users.

Cost Structure

Drizly's largest costs were delivery and logistics expenses, particularly in markets where the company managed its own driver network rather than relying entirely on retailer-arranged delivery. Marketing and advertising expenses were significant given the competitive pressure from Instacart, Gopuff and other delivery platforms entering the alcohol category, alongside ongoing operations, payment processing and research and development costs tied to maintaining the technology platform.

Revenue Streams

Drizly generated revenue primarily through commissions charged to partner liquor stores on

each completed order, along with delivery fees charged directly to customers. Additional revenue came from advertising and promotional placements sold to retailers seeking visibility on the platform, surge pricing during periods of high demand, and the Drizly Express subscription service offered in select markets before the company's shutdown.

- 1Drizly Company History And Founding
- 2Uber's $1.1 Billion Acquisition Of Drizly
- 3Uber Drizly Integration Strategy
- 4Uber Shuts Down Drizly And Cornershop Apps
- 5Impact Of Drizly Shutdown On Retailers

Summary

Drizly's shutdown says less about the demand for alcohol delivery, which Uber Eats absorbed and continued serving, and more about the limits of running a single-category marketplace inside a much larger logistics company. Uber had already built delivery infrastructure, a customer base and a driver network through Uber Eats, making a separate app for one product category redundant once the acquisition matured. The company's closure followed a familiar pattern among venture-backed marketplaces bought by larger platforms: retailer partnerships and delivery logistics get absorbed, while the branded consumer app that built the business gets retired. Drizly's three co-founders, Nick Rellas, Justin Robinson and Spencer Frazier, had built a company that reached a nine-figure acquisition price within a decade, a result that stood on its own even after the standalone brand disappeared.