Partnerships with Industry

to Improve Beverage Choices of Young Children

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Chief Strategy and Partnership Officer
Today...

- Overview of Partnerships with Industry
- Elements of Successful Partnerships
- Measuring Partnership Results
Our Strategies

Healthier Marketplace

Healthier Community Environments
There is Not One Cause & Not One Solution
In 2004 & 2005, SSBs widely available in K-12 schools

In 2006, voluntary Alliance School Beverage Guidelines created, pre-dating the Healthy, Hunger-Free Kids Act of 2010

In 2006, companies agreed to phase out sales of full-calorie carbonated soft drinks (CSDs), shift product mix toward low- and no-calorie beverages, reduce portion sizes

Agreement included provision to track compliance by an independent 3rd party evaluator
Results between 2004 and the 2009-2010 school year

- 90% reduction in all beverage calories shipped to schools
- 77% reduction in volume of beverages shipped to schools
  - 97% reduction in shipment volume of full-calorie CSDs
  - 94% reduction in shipment volume of all restricted beverage calories (including juice drinks, flavored waters, teas)

“Industry self-regulation, with the assistance of a transparent and independent monitoring process, can be a valuable tool in improving public health outcomes.”

Our Business Sector Engagement History

- Snack Food Manufacturers
- Dairy Industry
- Food Service Providers: Sodexo
- Beverage Manufacturers
- McDonald’s
- Amazon
- Large School Districts

2005 • Beverage Manufacturers
2006 • Snack Food Manufacturers
2007 • Dairy Industry
2008 • Health Insurers/ Employers & Natl Associations
2009 • Food Service Providers: Sodexo
2010 • Large School Districts
2011 • McDonald’s
2012 • Amazon
2013 • Large School Districts
2014 • Amazon
2015 • Large School Districts
2016 • Amazon
“We cannot allow our nation’s children to continue to consume this ridiculous amount of calories and sugar from their drinks.

We made significant progress in the past and we can do it again. It is going to take everyone—families, communities, schools, business and government— to make children’s health a priority. The next generation is counting on us.”

Howell Wechsler, EdD, MPH
Chief Executive Officer
Alliance for a Healthier Generation
What Are We Learning?

Healthier Generation’s Learnings

Learnings with Collaborators
Analyze the Systems

Adapted by Christy Sha, Center for Environmental Farming Systems.
Bring Entire Sectors to the Table

- Multiple large companies or large market share
- Shared information and values + competitive pressure
- Complexities to collaboration, yet greater impact and more fairness
- Sensitive competitive information requires attention to issues of confidentiality, accountability, and impartiality
Create a Domino Effect

REMOVING SODA FROM KIDS’ MENUS

- **2013**: September
- **2015**: January
- **2016**: March
- **2016**: February

- **2013**: McDonald's
- **2015**: Wendy's
- **2015**: Burger King
- **2016**: Jack in the Box
- **2016**: DQ
- **2016**: Applebee's
Get Top-Down Support... and Work towards Long-Term Partnerships
2nd Agreement with the Beverage Industry
2014

- Calorie counts and promotion of calorie awareness on all company-controlled point-of-sale equipment in convenience stories, restaurants and other locations:
  - Vending machines
  - Retail coolers
  - Self-serve fountain dispensers

- Complete business practice change: Innovation, reformulation, distribution and marketing to change and sustain consumer interest in no- and low-calorie beverages

- Consumer education and outreach: taste tests, sampling programs, coupons and other incentives, in-store displays, community engagement
They came in with an open mind and invested a lot of time and resources in getting to know our business. It’s important to have the skill set to understand the business aspect and connect the dots.”

McDonald’s Representative
Reduce beverage calories consumed per person per day by 20% by 2025

2-Part Goal
“Test and Learn”

Communities Selected to Date
- Little Rock & Los Angeles | September 2014
- New York City | May 2015
- Counties in MS & AL | April 2016
Be Transparent...

- NGO role from the beginning

- Maintain integrity through independence—**we do not accept funds from those with whom we negotiate**

- Third party evaluation
  (replicable with public data sources, even if proprietary sources are used for measurement as well)
...and Data-Driven

- Selected through a competitive RFP process
- Track progress and interim benchmarks

NATIONAL BEVERAGE GOAL
- Baseline Report for the National Initiative
  March 2016
- 2015 Progress on the National Initiative
  November 2016

COMMUNITIES BEVERAGE GOAL
- Communities Initiative Baseline Report & 2015 Update
  Pending distribution
Average Daily Per Capita Beverage Calories
DrinkTell, 2015

*Revisions to the underlying data from DrinkTell may result in revisions to the baseline and target estimates.
Source: Beverage Marketing Corporation: DrinkTell Database; U.S. Census Bureau, 2015
Average LRB Calories Per Person Per Day: DrinkTell*

* Revisions to the underlying data from DrinkTell resulted in revisions to the baseline and target estimates originally published in 2014.

Source: Beverage Marketing Corporation: DrinkTell Database, 2015; U.S. Census Bureau, 2015
Corroborating Data: Beverage Digest

Average LRB Calories Per Person Per Day: Beverage Digest*

* Beverage Digest data does not include significant portions of LRB volume, including many juices and RTD Teas.

Source: Beverage Marketing Corporation: DrinkTell Database, 2015; U.S. Census Bureau, 2015
Corroborating Data: Nielsen Scantrack

Average LRB Calories Per Person Per Day: Nielsen Scantrack*  

*Nielsen Scantrack data does not include several important sales channels, such as fountain.

Source: Beverage Marketing Corporation: DrinkTell Database, 2015; U.S. Census Bureau, 2015
Long-Term Shifts and Potential Headwinds

Sales Volume Trends, 2000-2014
No- & Low-Calorie CSDs and Bottled Waters, Millions of 8 oz. Servings

Source: Beverage Digest Fact Book, 2015
Average Calories per Person per Day, 2000-2014
Calories from Beverages Included in Beverage Digest (Excludes some Non-Carbs)

Slowdown of Calorie Reduction Trend

Sources: Beverage Digest Fact Book, 2013-2016
Key Conclusions from the 2015 Progress Report

1. Calorie declines must accelerate to meet the 2025 goal

2. Calorie reduction momentum has stalled and must be regenerated

3. Growth of bottled water was notable, but had limited caloric effects

4. Falling no- and low-calorie CSD consumption represents a headwind

5. Companies laid groundwork in 2015 for future calorie reductions
McDonald’s Year 1 Progress in U.S.

Value Meals: Side Salad, Fruit & Vegetable Offerings
In first month after national rollout (February 2015), 83% of restaurants offered produce as a substitute for fries.

More Happy Meals Served with Low-fat/Fat-free Milk and 100% Juice
- 37% Milk & 100% Juice
- 46% Milk & 100% Juice

21 MILLION additional milk jugs and juice boxes served (Jul ’14 - May ’15) compared to prior year.

Fruit & Low-Fat Dairy Served**
- 38 MILLION Cuties® clementines
  Nov ’14-March ’15

External Ads with Qualifying Message
99.9%
99.9% of McDonald’s TV ads on programs directed to children included a nutrition or children’s well-being message.

SODA
- 56% Jul ’13-May ’14
- 48% Jul ’14-May ’15

Go-Gurt®
161 MILLION
Go-Gurt® low-fat yogurt with 25% less sugar than the leading kids’ yogurt***
Jul ’14-May ’15
Top Data Challenges: Community Level Analysis

1. No existing data sources for measuring consumption in small geographies.

2. Company shipment data does not include sales for (1) brands of non-Agreement companies; (2) some Agreement company warehouse brands; and (3) sales by third-party distributors.

3. Nielsen Scantrack is (1) based on data from a small, unrepresentative samples of stores, and (2) does not include small independent stores, restaurants/fountain, and vending/other channels.
**LRB Calories Per Person Per Day**  
Baseline for Communities & National Average

**2014 BASELINE**
- Little Rock Community: 246
- Eastern L.A. Community: 167

**2015 BASELINE**
- Montgomery-Lowndes Community: 265
- Mississippi Delta Community: 244
- Bronx-Brooklyn Community*: 111

* Bronx-Brooklyn Community is likely biased downward due to data limitations

Sources: Company-Reported Volumes and Nielsen Scantrack
LRB Volumes, in Ounces, Per Person Per Day
Baseline for Communities & National Average

2014 BASELINE

- Little Rock Community: 31
- Eastern LA. Community: 24

2014 National: 34

2015 BASELINE

- Montgomery-Lowndes Community: 38
- Mississippi Delta Community: 35

2015 National: 35

Bronx-Brooklyn Community excluded due to data limitations
Sources: Company-Reported Volumes and Nielsen Scantrack
Baseline Estimate: Calories Per Serving

**LRB Calories Per 8-Ounce Serving**
Baseline for Communities & National Average

### 2014 Baseline
- **Little Rock Community**: 63
- **Eastern L.A. Community**: 55
- **2014 National**: 47

### 2015 Baseline
- **Montgomery-Lowndes Community**: 55
- **Mississippi Delta Community**: 56
- **2015 National**: 46

Bronx-Brooklyn Community excluded due to data limitations

Sources: Company-Reported Volumes and Nielsen Scantrack
Changes from 2014 Baseline: LRB Calorie Consumption

Percent Change in LRB Calories Per Person Per Day
Change from 2014 Baseline

- National: -0.2%
- Little Rock Community: 0.4%
- Eastern L.A. Community: -2.6%

Sources: Company-Reported Volumes and Nielsen Scantrack, 2014 and 2015
Learnings

1. Analyze the Systems to Find and Fill the Gaps
2. Bring Entire Sectors to the Table or Create a Domino Effect
3. Get Top Down Support and Work Towards Long-Term Partnerships
4. Speak Their Language and Challenge Their Thinking
5. Be Transparent and Data-Driven
Business Sector Engagement

Range of Approaches* to Engage Companies to Support a Culture of Health

* Approach categories established based on self-reported results to an online survey conducted June 2016 by Alliance for a Healthier Generation and Partnership for a Healthier America, funded by Robert Wood Johnson Foundation.

11 U.S. based non-profit organizations and 1 for-profit business known for national level engagement with companies or industries related to creating healthier conditions
Consumer Behavior Change
Research and Development
Test and Learn
Marketing
Sustainability