



**SCHOOL BEVERAGE GUIDELINES  
PROGRESS REPORT  
2007-2008**

**SEPTEMBER 10, 2008**



## School Beverage Guidelines Progress Report 2007-2008

### Executive Summary

This School Beverage Guidelines Progress Report marks the second annual assessment of the impact and status of the School Beverage Guidelines. In May 2006, leading members of the beverage industry and the Alliance for a Healthier Generation announced a landmark voluntary policy that accelerates the shift to lower-calorie and smaller-portion beverages.<sup>1</sup> These School Beverage Guidelines are embodied in a memorandum of understanding (MOU) between the Alliance (a joint initiative of the American Heart Association and the William J. Clinton Foundation), the American Beverage Association (ABA) and three beverage producers: Cadbury Schweppes Americas Beverages (now Dr Pepper Snapple Group), The Coca-Cola Company and PepsiCo, Inc.

This Progress Report builds on the very extensive 2006-2007 Progress Report, available on ABA's website.<sup>2</sup>

As with the 2006-07 Report, it measures:

- The volumes of different products sold in schools at the elementary, middle and high school levels; and
- The percent of all school contracts complying with the MOU guidelines, broken down for the different categories of schools.

This Report was prepared by ABA in conjunction with Keybridge Research LLC, an independent policy research firm that performed the data analysis.<sup>3</sup> The report has been reviewed by representatives of the Alliance. ABA members, including the three MOU signatories and their principal bottlers, collected and submitted the data presented in the report and also reviewed the report's findings and conclusions.

As with the 2006-07 Report, this current Report demonstrates that the beverage producers and their bottlers continue to make strong progress toward full implementation of the guidelines:

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<sup>1</sup> A copy of the Guidelines is attached as Appendix A.

<sup>2</sup> Available at <http://www.ameribev.org/industry-issues/school-beverage-guidelines/download.aspx?id=157>

<sup>3</sup> More on Keybridge Research LLC and the project team is available in Appendix B.

- ***School contract compliance has surpassed the benchmark goal:*** The MOU set forth a year-two goal of having 75 percent of schools under contract in compliance with the guidelines by the start of the 2008-09 school year. The industry has surpassed this benchmark, with **79 percent of schools under contract in compliance with the guidelines**. This percentage more than doubles the percentage of compliant contracts achieved one year ago (35%).
- ***Calories are coming out of the schools:*** The major swing toward lower-calorie beverages and the sharp drop in shipments of beverages such as full-calorie carbonated soft drinks (CSDs) resulted in a 58 percent decrease in total beverage calories shipped to schools between 2004 and the 2007-08 school year.
- ***The school beverage landscape has changed:*** There has been a shift in schools toward lower-calorie and higher nutrient beverages, including waters, 100% juices, and portion-controlled sports drinks, as envisioned under the guidelines. In addition, shipments of full-calorie CSDs to schools were 65 percent lower during the 2007-08 school year than they were in 2004, before the MOU went into effect.<sup>4</sup>

In light of the MOU's three year implementation timeline, the gains made during the first two years are particularly noteworthy given the challenges associated with educating and training bottlers and schools alike, revising financial arrangements between bottlers and schools, and reconfiguring product lines and equipment.<sup>5</sup> These results demonstrate that the beverage companies and their bottlers are committed to bringing this policy to full fruition and promoting a healthy school environment.

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<sup>4</sup> In 2005, Dr. Robert Wescott, an independent economist with Keybridge Research LLC, conducted a study for ABA of beverage shipments to schools in 2004. This study, which is cited in the MOU as an example of the type of product analysis necessary to determine the impact of the guidelines, is used as the basis for comparison of the school product mix and shipments levels in 2004, 2006-07, and 2007-08.

<sup>5</sup> For a full discussion of the challenges associated with implementation of the guidelines, please review the 2006-2007 Progress report, available on ABA's website.