



## LEGISLATIVE CONCEPT

*This bill would prohibit a soda company from offering a manufacturer's coupon or other promotional incentive on any sugar-sweetened beverage to their partnering manufacturer, distributor or retailer.*

## BACKGROUND

As a key driver of grocery shopping behavior, price promotions have been criticized for encouraging excessive consumption and unhealthy food habits. In recent years, increasing attention has been given to the role that the marketing of high-calorie, low-nutrient foods and beverages plays on the development of obesity, especially childhood obesity.<sup>1</sup>

According to the Centers for Disease Control and Prevention, more than one-third of U.S. adults are obese, and approximately 12.5 million children and adolescents ages two to 19 years are obese.

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***Research indicates a tripling in the youth obesity rate over the past three decades.***

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Overweight youth face increased risk for many serious detrimental health conditions that do not commonly occur during childhood, including high cholesterol and type 2 diabetes. Obese children and teenagers

also remain at greater risk of developing serious chronic diseases including type 2 diabetes, heart disease, high blood pressure, cancer and other serious health conditions including asthma, sleep apnea, and psychological effects such as decreased self-esteem.



Many factors in our food environments influence our ability to make healthy or unhealthy diet choices. While no single policy or program will curb the obesity epidemic, mounting evidence suggests that a comprehensive approach, including restrictions on discounted or promotional prices, could help to move California forward in making healthier dietary choices.

The soda industry maintains a sophisticated multi-pronged strategy to reduce the price of its products. Most of the soda industry's branded beverage products are manufactured, sold and distributed by independent bottling partners. Soda companies use "promotional and marketing incentives" to subsidize or otherwise fund their partners' promotional and marketing programs resulting in lower prices on sugar-sweetened beverages and increasing consumption.

<sup>1</sup> American Public Health Association, What "Price" Means When Buying Food



These “promotional and marketing incentives” are often provided on a discretionary basis, focused largely on communities where the purchases of sugar-sweetened beverages is down (also referred to as “underperforming”). Incentives are designed to make up for the bottlers’, resellers’ or other manufacturers’ cost of offering the products at low prices.

Legislation would directly prohibit the soda companies’ ability to offer promotional and marketing incentives to their partners. Legislation would directly impact the industry’s ability to influence price reductions on sugar-sweetened beverages in underperforming communities, or communities where soda purchasing is down.

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***For consumers, the real cost of discounts and promotional prices on sugar-sweetened beverages is a substantial increase in calorie consumption.***

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Public health research indicates that a 10 percent increase in SSB prices will lead to a 12 percent reduction in purchases.<sup>2</sup> Restricting the prevalence of promotional pricing on SSB’s would help to discourage excessive consumption.

## LEGISLATIVE ACTION

***AB 764 would prohibit soda companies from offering promotional and marketing incentives, including manufacturers coupons, to their partners to subsidize the lower retail costs of sugary sweetened beverages.***

2 Powell LM, Chriqui JF, Khan T, et al. 2013. “Assessing the Potential Effectiveness of Food and Beverage Taxes and Subsidies for Improving Public Health: A Systematic Review of Prices, Demand and Body Weight Outcomes.” *Obesity Reviews* 14.2: 110-128. [www.kickthecan.info/files/documents/Powell2012\\_obesityreviews\\_effectivenessstaxesSubsidiesonhealth.pdf](http://www.kickthecan.info/files/documents/Powell2012_obesityreviews_effectivenessstaxesSubsidiesonhealth.pdf)

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