

2025 Beverage Calories Initiative: Communities Initiative Baseline Report & 2015 Update

PREPARED FOR:

American Beverage Association
Alliance for a Healthier Generation

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TABLE OF CONTENTS

Executive Summary	4
Section 1: Introduction	6
Section 2: Methodology Summary	9
Section 3: Baseline Calorie Consumption Estimates	12
Section 4: 2015 Changes in Calorie Consumption Estimates.....	19
Section 5: Conclusions.....	22
Appendix A1-A2: Summary Data Tables	23
Appendix B: Zip Codes Included in the BCI Communities	25
Appendix C: Key Terms	26
Appendix D: About the Authors.....	28

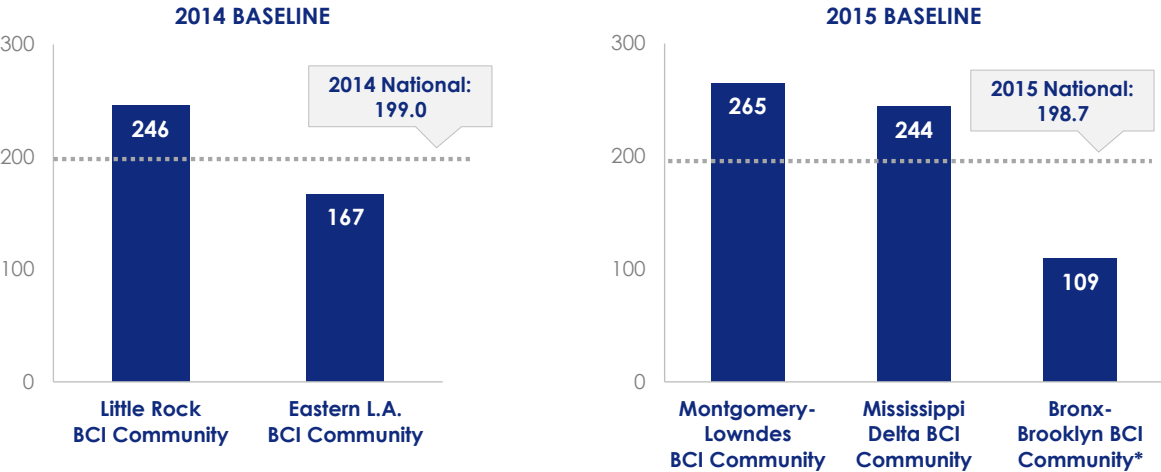
EXECUTIVE SUMMARY

In September 2014, the American Beverage Association (“ABA”), The Coca-Cola Company, Dr Pepper Snapple Group, PepsiCo, and The Alliance for a Healthier Generation (“Healthier Generation”) announced a commitment to help reduce beverage calories in the American diet. This commitment, referred to as the 2025 Beverage Calories Initiative (“BCI”), includes two key components. The National Initiative aims to reduce liquid refreshment beverage (“LRB”) calories consumed per person by 20 percent by 2025. The Communities Initiative aims to achieve equivalent calorie reductions in eight to ten select communities where reducing beverage calories is expected to be the most challenging. Another aim of the Communities Initiative is to test calorie reduction strategies that can then be applied more broadly.

This report explains the methodology designed to measure progress toward the Communities Initiative in the first five BCI Communities. Three of the BCI Communities include neighborhoods in Little Rock, Arkansas (“Little Rock”); Los Angeles, California (“Eastern L.A.”); and New York, New York (“Bronx-Brooklyn”). The remaining two BCI Communities include multiple counties near Montgomery, Alabama (“Montgomery-Lowndes”) and the Delta region of Northwest Mississippi (“Mississippi Delta”).

The key metric of progress is defined as LRB calories per person per day. The figure below presents baseline estimates of average daily per person calorie consumption for each BCI Community. The baseline year varies across communities based on the timing of implementation activities. In the three BCI Communities in the southern United States – Little Rock, Montgomery-Lowndes, and the Mississippi Delta BCI Communities – per person LRB calorie consumption estimates were above the national average of 199 calories. In the Eastern L.A. and Bronx-Brooklyn BCI Communities, estimates were below the national average.

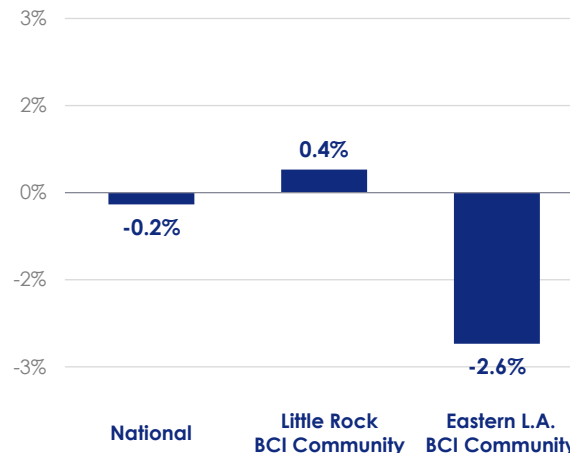
Baseline Calories Per Person Per Day Total LRB



* Bronx-Brooklyn BCI Community is likely biased downward due to data limitations (See Call-out Box 4).
Sources: BCI Company-Reported Volumes & Nielsen Scantrack

This report also summarizes changes one year from the baseline in the Little Rock and Eastern L.A. BCI Communities. Implementation activities in these communities began in mid-2015, and therefore changes only reflect a partial year of implementation. From 2014 to 2015, the data show that calories per person decreased by 2.6 percent in the Eastern L.A. BCI Community and increased by 0.4 percent in the Little Rock BCI Community. To meet the calorie reduction goal, per person LRB calorie consumption will need to decline by a total of 20 percent below baseline levels by 2025.

Change in Calories Per Person Per Day
Total LRB, Percent Change from 2014 to 2015



Sources: BCI Company-Reported Volumes & Nielsen Scantrack

These calorie estimates rely on a combination of datasets to generate comprehensive estimates of per person LRB calorie consumption. Known limitations related to the data create uncertainty that could bias the estimates. For example, commuting patterns that result in differences between the daytime and official populations of the BCI Communities create what is likely to be an upward bias in the Montgomery-Lowndes BCI Community and a downward bias in the Bronx-Brooklyn Community. While biases and other uncertainties such as these affect the estimated levels of per person LRB calorie consumption in each community, they should remain relatively constant. Therefore, they should not have a major influence on estimates of change in calorie consumption over time.

Based on the community calorie baseline estimates and initial measurements of change, this analysis points to the following conclusions:

- The five communities selected to date for the Communities Initiative show diversity in their populations, their beverage consumption patterns, and in whether their beverage consumption is similar to that of the larger markets within which they are located. These differences should inform lessons on what works best to drive beverage calorie reductions in different types of communities.
- Changes in beverage consumption patterns observed in the Little Rock and Eastern L.A. BCI Communities reflect many of the same trends that occurred nationally, including increases in the per person volumes of LRB consumed and decreases in the average calories per ounce of those beverages.
- Implementation of the Communities Initiative began in mid-2015, and therefore the changes observed in per person LRB calorie consumption from 2014 to 2015 reflect only a partial year of BCI implementation.
- Progress on this commitment will need to be assessed over many years. This is not just because the commitment target year is 2025, but also because measures of progress will be more definitive over longer time horizons.

SECTION 1

INTRODUCTION

In September 2014, the American Beverage Association (“ABA”), The Coca-Cola Company, Dr Pepper Snapple Group, PepsiCo (“BCI Companies”), and The Alliance for a Healthier Generation (“Healthier Generation”) announced a commitment to reduce beverage calories in the American diet. The initiative surrounding this commitment, referred to as the 2025 Beverage Calories Initiative (“BCI”), consists of two components. The National Initiative aims to reduce liquid refreshment beverage (“LRB”) calories consumed per person nationally by 20 percent by 2025 (i.e., the national calorie goal). The Communities Initiative, which is the focus of this report, seeks to achieve equivalent calorie reductions (i.e., the community calorie goal) in communities where reducing beverage calories is expected to be the most challenging. The Communities Initiative also aims to identify calorie reduction strategies that can be applied more broadly to help achieve calorie reductions nationally.

Since 2014, five communities have been selected for participation in the Communities Initiative. The first two BCI Communities, which include specific neighborhoods in Little Rock, Arkansas and Eastern Los Angeles, California, were announced at the signing of this commitment in September 2014. The next BCI Community, which includes the South Bronx and the Bedford-Stuyvesant/Crown Heights neighborhoods of Brooklyn, was announced in May 2015. Finally, two counties in Alabama (Montgomery and Lowndes) and four counties in the Delta area of Northwest Mississippi (Coahoma, Panola, Quitman, and Tunica) were announced in April 2016.

As shown in Figure 1, BCI Companies reported that calorie reduction efforts related to the BCI were initiated six months or more after the communities were selected. Companies reported that they used this time to plan, train local staff, educate local customers about the initiative, and make operational changes. The baseline year represents the year prior to the launch of BCI Company efforts in each community.

Figure 1
Key Dates for BCI National & Community Initiatives

Community	Selection Announced	Implementation Initiated	Baseline Year
National Initiative	September 2014	January 2015	2014
Little Rock BCI Community	September 2014	May 2015	2014
Eastern L.A. BCI Community	September 2014	May 2015	2014
Bronx-Brooklyn BCI Community	May 2015	January 2016	2015
Montgomery-Lowndes BCI Community	April 2016	October 2016	2015
Mississippi Delta BCI Community	April 2016	October 2016	2015

The five BCI Communities represent a diverse set of environments in terms of regional, demographic, and socio-economic characteristics. As shown in Call-out Box 1, all five communities have higher poverty rates and lower median incomes than the national average. Additionally, proprietary BCI Company data show that reduced-calorie beverages represent a smaller share of sales in those communities than they do nationally. By working in these communities, BCI Companies hope to test innovative approaches for increasing interest in reduced-calorie beverages, including smaller portion sizes. With learnings from what works in driving consumer behavior change, successful strategies implemented in communities can then be scaled more broadly, thereby helping to achieve the national calorie goal.

The ABA, Healthier Generation, and BCI Companies also agreed to independent, third-party monitoring of progress over time. In consultation with Healthier Generation, the ABA held a competitive request-for-proposal process and selected Keybridge to measure and monitor progress. Each year, progress toward the national and community calorie goals will be reported publicly. In 2016, a baseline report and a year 1 progress report on the National Initiative were released.

This report, the first on the Communities Initiative, features baseline year estimates of per person LRB calorie consumption for each of the five BCI Communities selected to date. In addition to baseline estimates, this report estimates the changes in per person LRB calorie consumption after the first partial year of implementation in the Little Rock and Eastern L.A. BCI Communities. Because BCI Company efforts were not initiated until May 2015 and not scaled across the full communities until later that year, the changes estimated are only partially reflective of BCI implementation efforts.

This report is structured as follows: Section 2 summarizes the methodology for estimating per person LRB calorie consumption. Section 3 presents baseline calorie estimates. Section 4 reports on changes in per person LRB calorie consumption in 2015 in the Little Rock and Eastern L.A. BCI Communities. Section 5 summarizes the report's key observations. The Appendices feature data tables and a list of key terms. A separate document, available online, provides a detailed description of the data sources and methods used to estimate key measures of progress.¹

¹ The detailed methodology is available online at:
<http://keybridgedc.com/wp-content/uploads/2017/06/BCI-Communities-Initiative-Methodology.pdf>

Call-out Box 1: BCI Communities Overview²



Mississippi Delta BCI Community

- BCI Community: Coahoma, Quitman, Panola, and Tunica Counties, Mississippi
- Total Population (2015): 79,093
- Median Household Income (2015): \$32,198 (40% below the Median U.S. HH Income)
- Percent of Population Below Poverty Line (2015): 29% vs. 15% nationally
- With a combined adult obesity rate of 40%, all four counties' obesity rates are in the top 15% of counties in the U.S. Three of them rank in the top 1%.



Montgomery-Lowndes BCI Community

- BCI Community: Lowndes and Montgomery Counties, Alabama
- Total Population (2015): 238,964
- Median Household Income (2015): \$45,483 (16% below the Median U.S. HH Income)
- Percent of Population Below Poverty Line (2015): 23% vs. 15% nationally
- Montgomery and Lowndes counties have a combined adult obesity rate of 34%, while Lowndes County is ranked as the 2nd most obese county in the U.S.



Eastern L.A. BCI Community

- BCI Community: Lincoln Heights, El Sereno, Boyle Heights and East Los Angeles, California
- Total Population (2014): 286,898
- Median Household Income (2014): \$37,282 (30% below the Median U.S. HH Income)
- Percent of Population Below Poverty Line (2014): 28.5% vs. 16% nationally
- While L.A. County has one of the lowest obesity rates in the country (21%), local data show that obesity rates in the selected neighborhoods are over 5 percentage points greater than the county overall.



Bronx-Brooklyn BCI Community

- BCI Community: South Bronx and Bedford Stuyvesant/Crown Heights in Brooklyn, New York
- Total Population (2015): 310,797
- Median Household Income (2015): \$37,648 (30% below the Median U.S. HH Income)
- Percent of Population Below Poverty Line (2015): 31% vs. 16% nationally
- While New York City has a lower than average obesity rate (24%), local data show the selected neighborhoods in the Bronx and Brooklyn have notably higher adult obesity rates of 34% and 36%, respectively.



Little Rock BCI Community

- BCI Community: Four zip codes in Little Rock, Arkansas
- Total Population (2014): 98,2771
- Median Household Income (2014): \$31,749 (41% below the Median U.S. HH Income)
- Percent of Population Below Poverty Line (2014): 27% vs. 16% nationally
- Although obesity data are not available at a sufficiently specific geographic level, Little Rock ranks in the top 20% of metropolitan areas in the country in terms of obesity rate.

² Sources: (a) U.S. Census Bureau American Community Survey Population Estimates (Table B01003), Median Household Income (Table S1901), and Percent Below Poverty Line (Table S1701); (b) County- and MSA- level Obesity Estimates: CDC Behavioral Risk Factor Surveillance System, 2012; (c) UCLA AskCHIS Community Health Interview Survey Data, 2014; (d) New York City Department of Health and Mental Hygiene Epiquery and the New York Community Health Survey, 2015.

SECTION 2

METHODOLOGY SUMMARY

The measurement approach designed to monitor progress toward the community calorie goal consists of three core features: (1) using beverage sales volumes as a proxy for consumption; (2) combining multiple datasets to estimate sales volumes to each community; and (3) reporting at multiple levels of data aggregation to facilitate transparency. This approach applies to the measurement of different estimates of progress, including various measures of caloric and volumetric shifts.

The primary metric used to measure progress is beverage calories per person per day. This estimate, which divides total beverage calories consumed by total population and 365 days, draws on U.S. Census Bureau population data, nutrition information on calories per ounce, and estimates of beverage volumes.

The most challenging aspect of estimating per person beverage calorie consumption in the BCI Communities is determining the total beverages consumed by residents within a narrow geography. Existing estimates of beverage consumption, which are based on nationally representative dietary recall surveys, do not include large enough samples to determine consumption levels in the selected communities. As a result, this analysis uses beverage sales data to approximate consumption. Other metrics featured in this report illustrate underlying trends that contribute toward changes in calorie consumption, including changes in beverage volumes, average calories per 8-ounce serving, and average ounces per container.

Publicly available data provide reliable estimates of total beverage sales volumes at the national level. Some sources also provide regional data that account for sales through most, but not all, channels. However, to estimate total beverage volumes in specific communities requires a methodology that combines data from different sources. At this level, the most comprehensive source of sales volume data is collected by BCI Companies, which track shipments that they directly deliver to food stores, restaurants, and other locations for most of their brands. As illustrated in Figure 2, these volumes account for a majority of the estimated beverage calories consumed in each BCI Community. The remaining beverage volumes include the following:

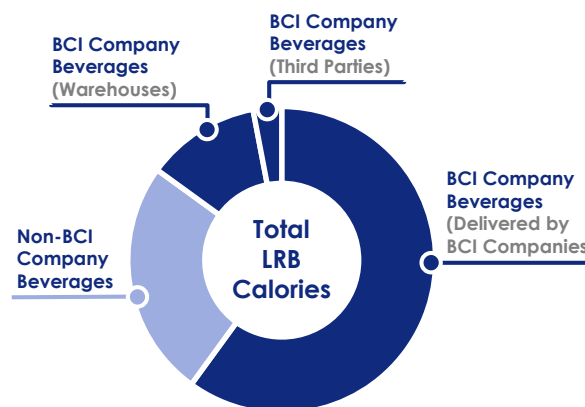
(1) Non-BCI Company Beverages: These beverages are produced and marketed by companies that are not currently participating in the BCI. To estimate sales volumes of Non-BCI Company beverages, data from a sample of stores located in the BCI Communities was obtained from The Nielsen Company's Scantrack dataset. Sales volumes for Non-BCI Company beverages were then grossed up using a scaling factor based on a ratio of sales volumes for products reported by both BCI Companies and Scantrack. To the extent that the product mix of Non-BCI Company beverages is weighted more heavily towards full calorie beverages in small, non-Scantrack stores than in Scantrack stores – a point which is supported by store shelf audit data – this methodology may underestimate calories. Any bias resulting from this limitation would have the greatest impact on calorie estimates in communities where small stores are more common, including the Eastern L.A. and Bronx-Brooklyn BCI Communities.

(2) BCI Company Beverages Delivered through Warehouses: BCI Companies deliver some beverages to customer warehouses, which are not included in the customer-specific reports on total shipments. BCI Companies do not track the final retail destination of these products, and therefore cannot determine whether they are sold inside or outside the selected communities. However, because these products were included in Scantrack, the same methodology used for estimating Non-BCI Company beverage sales can be used to estimate the sales volumes of BCI Company beverages delivered through warehouses.

(3) BCI Company Beverages Sourced from Third Parties: Some retailers, restaurants, and other businesses purchase BCI Company beverages from third parties (e.g., independent distributors, wholesale stores, and club stores) instead of BCI Companies. These sales are therefore not included in the BCI Company sales data and must be estimated to capture a complete picture of consumer purchases in the BCI Communities. To estimate the volume of these beverages, customer lists from BCI Companies were compared to one another and with a list of all businesses provided by Hoover's, a subsidiary of Dun & Bradstreet. This comparison process identified stores and restaurants that were not purchasing beverages from a BCI Company. It was assumed that these locations obtain these beverages from third parties. To estimate the volume of third-party-sourced beverages, the number of locations not serviced directly by BCI Companies was multiplied by an estimate of average sales. The latter was calculated based on sales volumes at similarly sized stores and restaurants that are serviced by BCI Companies.

Together, these data and adjustments form a more comprehensive estimate of per person LRB calorie consumption than an estimate based on a single data source. The adjustments are designed to improve the accuracy of measuring the change in calorie consumption over time. This methodology ensures that estimated shifts in consumption are both driven by underlying sales data and that they are appropriately scaled to reflect each brand's full estimated market share. While the per person calorie estimates are reliable, there are notable uncertainties which are summarized in Call-out Box 2 and explained in the accompanying detailed methodology. Importantly, these limitations and the biases they create should remain roughly constant over time, allowing accurate measurement of the changes in per person LRB calorie consumption.

Figure 2
Sources of Total LRB Calories in BCI Communities
 Share of Total LRB Calories: BCI vs. Non-BCI Company Beverages



Finally, this report also presents per person calorie estimates based only on unadjusted, raw data sources. These estimates reflect data from Scantrack and BCI Companies with no adjustments to account for missing segments of the beverage market. While these data sources do not capture all LRB calorie consumption, their inclusion ensures transparency and facilitates a greater understanding of the underlying drivers of caloric change.

Sources: BCI Company-Reported Volumes & Nielsen Scantrack

Call-out Box 2: Key Data Limitations Influencing Baseline Estimates

The variation in baseline calorie estimates across communities may result, in part, from data limitations. The purpose of this section is to highlight two key limitations and how these factors could affect estimates of calories per person in each community. To summarize:

(1) Data Coverage: Estimates of total LRB calories are more reliable in communities where the sample of Scantrack stores covers a larger percentage of the packaged beverage market. Estimates are also more reliable in communities where fewer stores and restaurants obtain BCI Company beverages from third parties.

(2) Population Movement: The movement of people across community boundaries means that the beverages purchased in BCI Communities do not necessarily represent the beverages purchased by community residents. Commuters, diners, and shoppers move across these boundaries creating uncertainty around the consumption of beverages by the local population. In BCI Communities that cover larger geographies, a smaller percentage of people will purchase beverages across community boundaries than in smaller communities.

Montgomery-Lowndes & Mississippi Delta BCI Communities: (1) Beverage volume data from the sample of Scantrack stores in these two communities cover about 62 and 75 percent of the packaged beverage market, respectively. Furthermore, BCI Company-reported data capture nearly all of the BCI Company beverages sold in these communities. (2) Both communities span larger geographic areas, which increases certainty around the influence of commuting patterns. These factors minimize uncertainty around baseline estimates.

Little Rock & Eastern L.A. BCI Communities: (1) Data coverage is less complete in the Little Rock and Eastern L.A. BCI Communities. Beverage volume data from the sample of Scantrack stores in these communities represent 48 and 32 percent of the packaged beverage markets, respectively. These samples provide a good basis for estimating Non-BCI Company beverage volumes, but uncertainty is higher than in the communities discussed above. Furthermore, it is estimated that stores and restaurants obtain a small, but not immaterial share of BCI Company beverages from third parties rather than BCI Companies (i.e., 3 and 6 percent, respectively). (2) These two BCI Communities include portions of each city, which increases the influence of population movement. These factors create greater uncertainty around the estimated level of per person LRB calorie consumption.

Bronx-Brooklyn BCI Community: (1) Data coverage in the Bronx-Brooklyn BCI Community is the least complete. The Scantrack sample represents approximately 5 percent of the packaged beverage market. Also, the share of BCI Company beverages obtained from third parties rather than BCI Companies is estimated to be much higher than in other communities (i.e., 14 percent). (2) Commuters traveling in and out of the community represent a larger share of the population relative to the other communities. These factors create a much higher level of uncertainty and, likely, a downward bias on per person calorie estimates.

Section 4 of the accompanying detailed methodology, available online, explains the data limitations that create uncertainty around the baseline calorie consumption estimates. See footnote 1 for a link to the detailed methodology.

SECTION 3

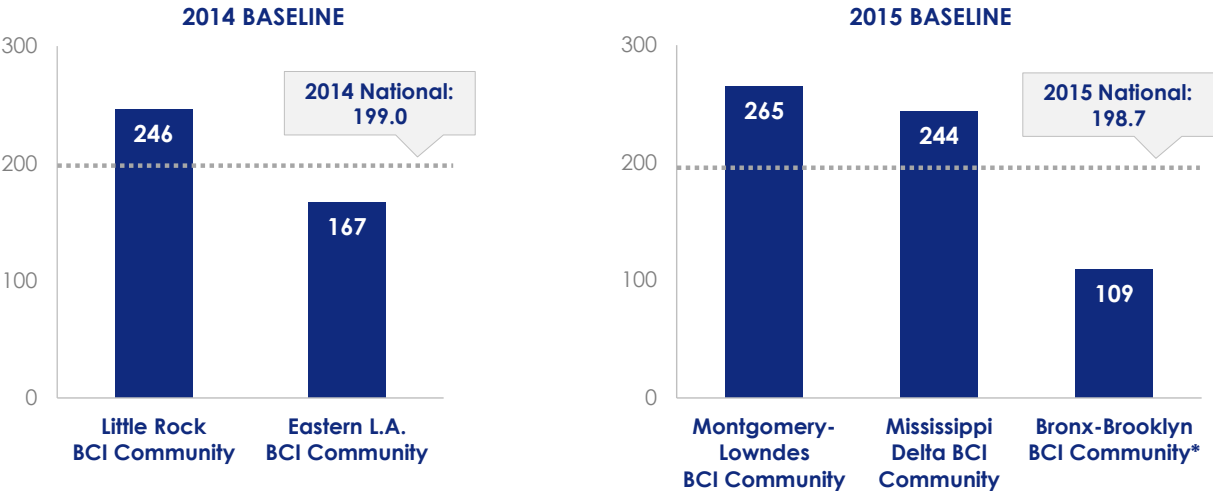
BASELINE ESTIMATES

This section presents baseline year estimates related to the community calorie goal. Section 3.1 features the key progress metric – LRB calorie consumption per person per day – in all five communities. Sections 3.2-3.4 provide additional metrics to explain the underlying drivers of beverage calorie consumption, including LRB volumes per person per day, average calories per 8-ounce serving, product mix, and average container sizes.

3.1 LRB Calorie Consumption Per Person

To measure progress toward the community calorie goal, LRB calorie consumption per person will be compared to baseline estimates. As shown in Figure 3, baseline per person beverage calorie estimates varied greatly across the BCI Communities. Within the three BCI Communities in the south (i.e., the Little Rock, Montgomery-Lowndes, and Mississippi Delta BCI Communities), per person LRB calorie consumption estimates were above the national average of 199. Conversely, baseline estimates in the Eastern L.A. and Bronx-Brooklyn BCI Communities were below the national average at 167 and 109 calories per person per day, respectively. Many factors contribute to the low baseline estimate in the Bronx-Brooklyn BCI Community, including less complete data and a more transient population. Because of the uncertainty created by these factors, Sections 3.2 and 3.3 present baseline estimates for the other four BCI Communities only. Estimates for the Bronx-Brooklyn BCI Community are discussed separately in Call-out Box 4.

Figure 3
Baseline Calories Per Person Per Day
 Total LRB

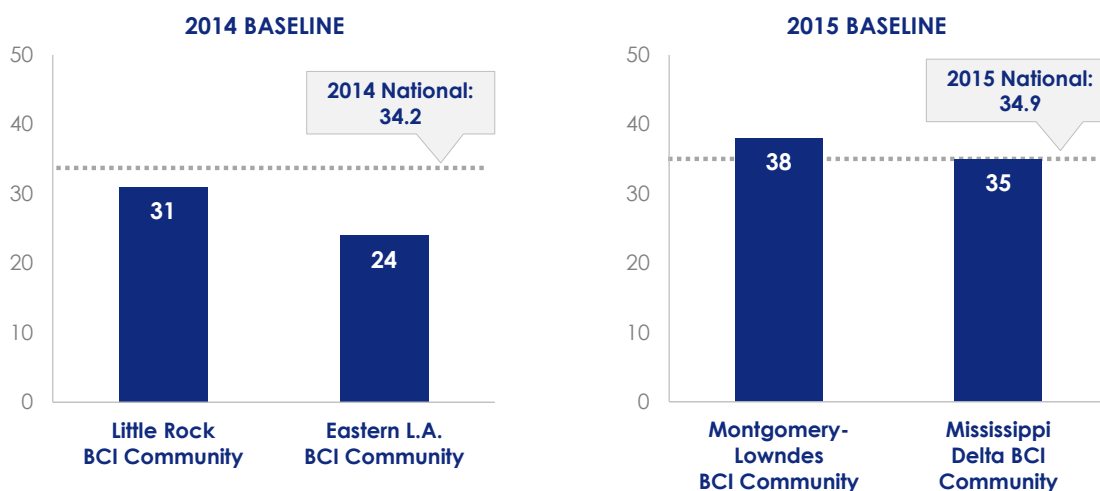


* Bronx-Brooklyn BCI Community is likely biased downward due to data limitations (See Call-out Box 4).
 Sources: BCI Company-Reported Volumes & Nielsen Scantrack

3.2 LRB Volumes & Calories Per 8-Ounce Serving

Two underlying drivers of estimated per person LRB calorie consumption include the volume of LRB consumed per person and calories per 8-ounce serving. Figure 4 shows baseline estimates of per person LRB consumption for four BCI Communities. The baseline was higher than the national average in the Montgomery-Lowndes BCI Community at 38 ounces per person, which may partially reflect an upward bias due to a daily influx of commuters.³ The baseline in the Mississippi Delta BCI Community was nearly equal to the national average at 35 ounces per person. In the Little Rock and Eastern L.A. BCI Communities, baseline volumes per person were lower than the national average at 31 and 24 ounces per person per day, respectively. A net outflow of commuters from the Eastern L.A. BCI Community likely contributes a downward bias to the baseline estimate.^{4,5} Variations in estimated LRB consumption per person may also be explained by other differences, including: (1) data coverage and measurement limitations as explained in Call-out Box 3; (2) trends in non-LRB beverage consumption (e.g., tap water, brewed beverages like coffee and tea, and dairy beverages among others); and (3) regional consumption patterns, which reflect culture, climate, and other factors.

Figure 4
Baseline Volumes Per Person Per Day
Total LRB, Ounces



Note: See Call-out Box 4 for details on the Bronx-Brooklyn BCI Community.

Sources: BCI Company-Reported Volumes & Nielsen Scantrack

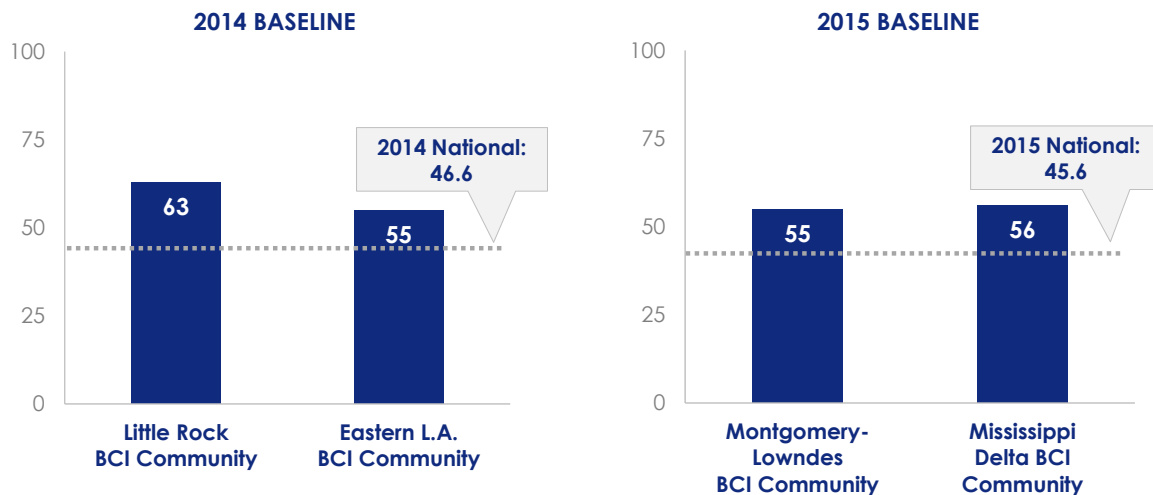
³ A net inflow of commuters results in a daytime population in the Montgomery-Lowndes BCI Community that is 15 percent larger than the official population. As a result, it is likely that more beverages are purchased in the community than would be the case if the daytime and official population were equal. This likely contributes an upward bias to per person consumption estimates calculated using the official population. Source: U.S. Census Bureau, American Community Survey 2006-10, Commuter-Adjusted Daytime Population: States, Counties, Puerto Rico, Municipios (Table 1).

⁴ A net outflow of commuters results in a daytime population in the Eastern L.A. BCI Community that is 10 percent smaller than the official population. As a result, it is likely that fewer beverages are purchased in the community than would be the case if the daytime and official population were equal. This likely contributes a downward bias to per person consumption estimates calculated using the official population. Sources: U.S. Census Bureau 2010 Zip Code Tabulation Areas Relationship to Census Tracts & Esri 2016 Daytime and Nighttime Population Estimates.

⁵ Similar estimates were tabulated for the Mississippi Delta and Little Rock BCI Communities, but the estimated scale and direction of the net flow of commuters was less certain. For further discussion, see the detailed methodology.

Figure 5 shows the baseline estimates for average calories per 8-ounce serving, which were all higher than the national average. In the Eastern L.A. and Little Rock BCI Communities, calories per 8-ounce serving were 55 and 63 calories, respectively, or 19 and 36 percent higher than the 2014 national average. Calories per 8 ounces were estimated to be 55 and 56 calories in the Montgomery-Lowndes and Mississippi Delta BCI Communities, respectively, which is 21 and 23 percent higher than the 2015 national baseline estimate.

Figure 5
Baseline Calories Per 8-Ounce Serving
 Total LRB



Note: See Call-out Box 4 for details on the Bronx-Brooklyn BCI Community.
 Sources: BCI Company-Reported Volumes & Nielsen Scantrack

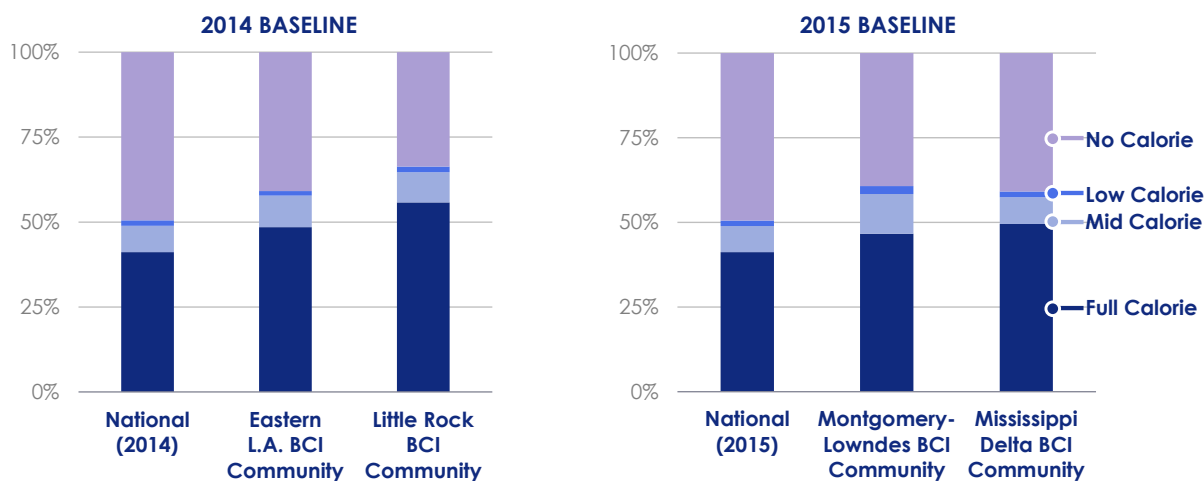
Together, LRB volumes per person and calories per 8 ounces help to explain per person calorie consumption estimates. In the Montgomery-Lowndes BCI Community, both LRB volumes and calories per 8 ounces were above the national average, contributing to higher than average per person LRB calorie consumption. In the Mississippi Delta BCI Community, higher than average LRB calorie consumption was driven primarily by above average calories per 8 ounces. In the Little Rock and Eastern L.A. BCI Communities, these factors offset one another. In the Little Rock BCI Community, calories per 8 ounces exceeded the national average and offset lower than average per person LRB volume consumption. This resulted in a per person LRB calorie estimate that was above the national average. In the Eastern L.A. BCI Community, average calories per 8 ounces was not sufficiently above the national average to offset per person LRB volume consumption, which was well below average. As a result, per person LRB calorie consumption in the Eastern L.A. BCI Community was below the national average.

3.3 Product Mix

The mix of beverages by calorie level is a key driver of average calories per 8-ounce serving. Figure 6 shows baseline estimates for the mix of beverages by calorie category for the BCI Communities. Both full-calorie and mid-calorie beverages represented a larger share of total volumes in all four communities compared to the national average. It follows that no- and low-

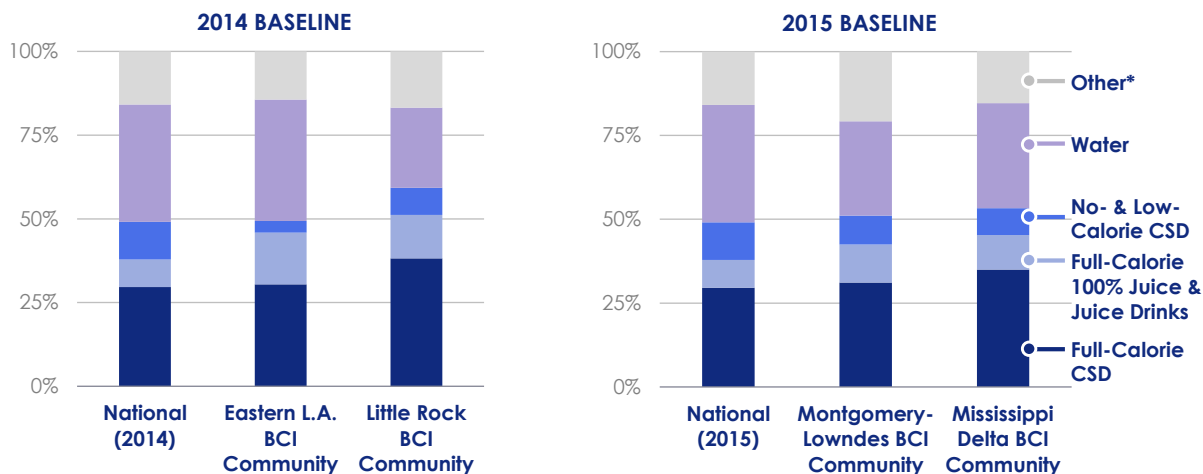
calorie beverages represented smaller shares. As shown in Figure 7, bottled water and no- and low-calorie CSDs represented smaller shares of the product mix in three communities (i.e., the Little Rock, Montgomery-Lowndes, and Mississippi Delta BCI Communities) than they did nationally. In the Eastern L.A. BCI Community, water represented a slightly higher share of volumes than it did nationally (36.2 versus 35.0 percent), but no- and low-calorie CSDs represented 3.4 percent of volumes – or about a third of the share they represented nationally (11.2 percent).

Figure 6
Baseline Product Mix by Calorie Category
 Percent, Total LRB



Note: See Call-out Box 4 for details on the Bronx-Brooklyn BCI Community.
 Sources: BCI Company-Reported Volumes & Nielsen Scantrack

Figure 7
Baseline Product Mix for Select Beverage & Calorie Categories
 Percent, Total LRB



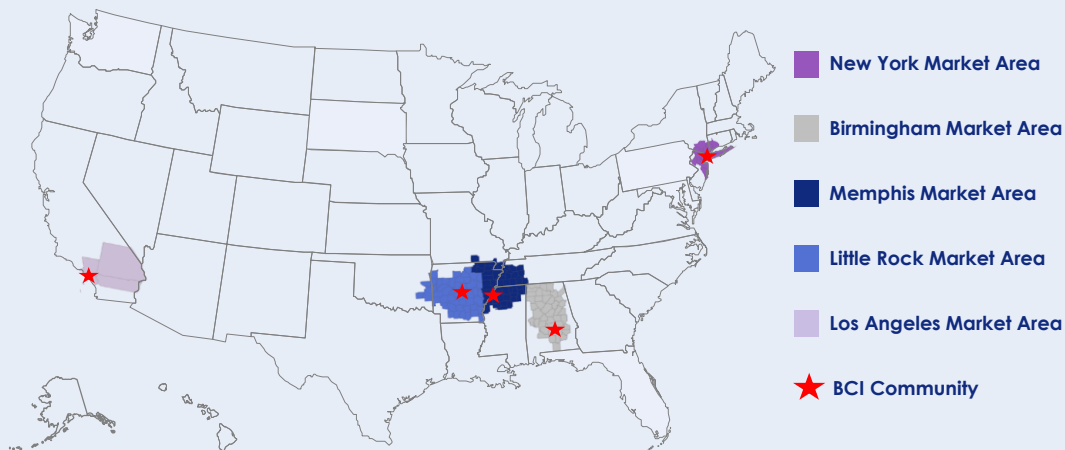
* Other includes mid-calorie, other full-calorie, and other no- and low-calorie beverages.

Note: See Call-out Box 4 for details on the Bronx-Brooklyn BCI Community.

Sources: BCI Company-Reported Volumes & Nielsen Scantrack

Call-out Box 3: Beverage Calories in Surrounding Geographies

This report provides multiple reference points to compare calorie estimates for each BCI Community. In addition to the national average, a second comparison illustrates how each BCI Community compares to the broader geography surrounding it, defined as a “market area” in the Scantrack database. The map below illustrates these market areas and the position of the BCI Community within them. Due to differences in how beverage volumes are estimated in Scantrack, per person calorie consumption metrics are not comparable. Therefore, average calories per 8-ounce serving was used to assess similarities and differences among geographies.



Finding 1: Calories per 8-ounce serving in both the Montgomery-Lowndes and Mississippi Delta BCI Communities are nearly the same as in their surrounding market areas. This suggests that beverage consumption patterns skewed towards full-calorie beverages are common in the market. Therefore, insights about reducing calories that are learned in the communities may be highly relevant to the surrounding area.

Finding 2: Average calories per 8-ounce serving in both the Little Rock BCI Community and its surrounding market area are higher than the national average. However, at 36 percent above the national average, beverage consumption in the Little Rock BCI Community is especially skewed toward full calorie beverages.

Finding 3: Calories per 8-ounce serving were higher than the national average in the Eastern L.A. BCI Community area but lower in the Los Angeles market area. This finding suggests that beverage consumption that is skewed toward full-calorie beverages is more isolated and not common across the L.A. market.

Comparison of Baseline Estimates

% Difference, Calories per 8-Ounce Serving, National

Percent Above/Below National Baseline Estimate of Calories per 8 Ounces	BCI Community	Market Area
Montgomery-Lowndes BCI Community / Birmingham	22%	24%
Mississippi Delta BCI Community / Memphis	23%	25%
Little Rock BCI Community / Little Rock	36%	22%
Eastern L.A. BCI Community / Los Angeles	19%	-10%

Sources: BCI Company-Reported Volumes & Nielsen Scantrack

3.4 Average Container Sizes

Over time, changes in the average size of beverage containers may also explain shifts in per person LRB calorie consumption. When caloric beverages are served in smaller containers, beverage consumption tends to decline. For each BCI Community, Figure 8 shows baseline estimates of average container sizes for all packaged LRB served in container sizes that are less than or equal to one liter.⁶ The table also presents estimates for full-calorie CSDs, the category that accounts for the majority of calories nationally and in each of the BCI Communities.

The results indicate that average container sizes in the BCI Communities were not typically any larger than they were nationally. In many cases, they were smaller. This suggests that larger than average container sizes were not a key factor driving higher than average per person calorie consumption in these BCI Communities. Nevertheless, reductions in container sizes can still play a role in future calorie reductions and will be monitored over the commitment period.

Figure 8
Average Ounces Per Container
Containers Less Than or Equal to One Liter

Beverage Category	National (2014)	Little Rock BCI Community (2014)	Eastern L.A. BCI Community (2014)	National (2015)	Montgomery-Lowndes BCI Community (2015)	Mississippi Delta BCI Community (2015)
All Packaged Beverages	15.1	14.3	15.4	15.2	14.5	14.3
Full-Calorie CSDs	13.4	12.8	12.5	13.4	13.1	12.7

Note: See Call-out Box 4 for details on the Bronx-Brooklyn BCI Community.
Source: Nielsen Scantrack

⁶ The analysis excludes products in containers larger than one liter, which are nearly always considered multi-serve beverages. While many beverage products that are less than or equal to one liter are also considered multi-serve beverages, some consumers treat them as a single portion, which is why they are included in the estimate.

Call-out Box 4: Bronx-Brooklyn BCI Community LRB Calorie Consumption

Estimates of per person LRB calorie consumption in the Bronx-Brooklyn BCI Community are more uncertain than estimates in other markets. The baseline per person calorie estimate in this community (109 calories per person per day) was lower than the national average in 2015 (198.7) and below estimates for all other BCI Communities. The biggest driver of this low LRB calorie consumption estimate is the low estimate of per person LRB volumes consumed (i.e., 20.7 ounces per person per day compared to 34.9 nationally in 2015). Three factors influence these lower-than-average estimates, including: (1) higher daily population flows out of the community; (2) data coverage gaps; and (3) beverage consumption patterns that are truly different from the other BCI Communities.

First, commuting patterns likely contribute to the low per person LRB volume estimate. Daytime populations for the Bronx-Brooklyn BCI Community are 12 percent smaller than official estimates of the resident population.⁴ As a result, consumption estimates, which are based on the higher nighttime population, may be biased downward.

Second, data coverage limitations may also contribute to low per person LRB volume estimate. The store sample in the Scantrack dataset is smaller and less representative in the Bronx-Brooklyn BCI Community than in other communities. Additionally, the data reported by BCI Companies is less complete because a larger share of beverages is sourced from third parties. While the estimation methodology attempted to account for these data coverage gaps, they create significant uncertainties in estimating calorie consumption levels and may contribute to downward biases.

Third, the estimates could reflect true differences in consumption patterns. Gaps in both the company-reported and Scantrack datasets make it difficult to assess the degree to which this is the case, but data for the broader New York market area suggest regional differences in beverage consumption patterns may play a role. Scantrack data for the New York market area show that average LRB calories per 8 ounces was 33.2, well below the national average of 45.6. While this data is likely not representative of the Bronx-Brooklyn BCI Community, those broader market consumption patterns likely influence consumption in the BCI community.

Overall, the level of uncertainty in estimating consumption patterns in the Bronx-Brooklyn BCI Community is significantly higher than in the other BCI Communities. Additional analysis and scrutiny will be required in future years to ensure that biases in estimating the level of LRB calorie consumption remain constant and do not bias the measurement of changes over the commitment period.

⁴ Sources: U.S. Census Bureau 2010 Zip Code Tabulation Areas Relationship to Census Tracts & Esri 2016 Daytime and Nighttime Population Estimates.

SECTION 4

2015 CHANGES IN CALORIE CONSUMPTION ESTIMATES

4.1 Summary of Changes

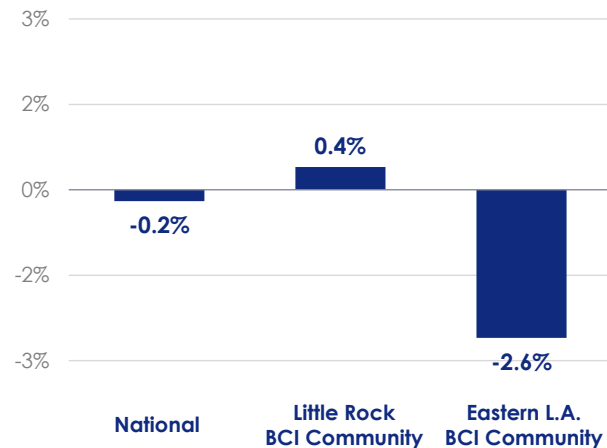
The estimates summarized in this section represent changes from 2014 to 2015 within the Little Rock and Eastern L.A. BCI Communities. As previously mentioned, these estimates of change reflect a partial implementation year of the Communities Initiative. BCI signatories began working in these communities starting in May 2015, which means that the 2015 data reflect periods both before and after the launch of those efforts.

Compared to 2014, daily per person LRB calorie consumption decreased by 2.6 percent in the Eastern L.A. BCI Community and increased by 0.4 percent in the Little Rock BCI Community. These findings reflect changes in beverage consumption patterns similar to those observed nationally. In both communities, volumes per person increased and calories per 8 ounces decreased. Per person LRB volumes grew by 2.7 percent and 1.6 percent in the Little Rock and Eastern L.A. BCI Communities, compared to 2.2 percent growth nationally. Calories per 8-ounce serving fell by 2.2 and 4.2 percent in the Little Rock and Eastern L.A. Communities, compared to a 2.3 percent decline nationally.

Other trends also followed national patterns but to different degrees:

- **Full-Calorie CSDs & 100% Juice & Juice Drinks:** Reductions in these categories were key contributors to LRB calorie reduction in both communities. Reduced consumption of these two beverage categories reduced per person calorie consumption overall by 0.5 percent and 4.0 percent in the Little Rock and Eastern L.A. BCI Communities, respectively. Nationally, lower consumption of these beverages reduced per person LRB calorie consumption by 1.0 percent.
- **Other Full-Calorie & Mid-Calorie Beverages:** Growth in the consumption of other full- and mid-calorie beverages, such as RTD teas, sports drinks, and energy drinks in both communities offset declines in full-calorie CSDs and 100% juice and juice drinks. In the Little Rock BCI Community, these increases more than offset decreased calorie consumption from full-calorie CSDs and 100% juice and juice drinks, contributing an additional 0.9 percent toward per person LRB calorie change. In the Eastern L.A. BCI Community, increased consumption of these beverages only partially offset the reduction in calories from full-calorie CSDs and 100% juice and juice drinks, contributing additional 1.3 percent

Figure 9
Change in Calories Per Person Per Day
Total LRB, Percent Change from 2014 to 2015



Sources: BCI Company-Reported Volumes & Nielsen Scantrack

toward per person LRB calorie change. At the national level, these beverage categories contributed an additional 0.8 percent toward per person LRB calorie change.

- **Water:** Trends in water consumption across communities mirror those at the national level, with steady increases in per person bottled water consumption. Nationally, water consumption per person grew by 7.1 percent, in line with 6.3 percent and 5.7 percent growth in the Little Rock and Eastern L.A. BCI Communities, respectively.
- **No- & Low-Calorie CSDs:** Similar to the national trend, per person consumption in no- and low-calorie CSDs declined. These declines had less of an impact on the product mix in the selected communities, given that these beverages represented a smaller share of volumes in the BCI Communities than they did nationally in the baseline year.

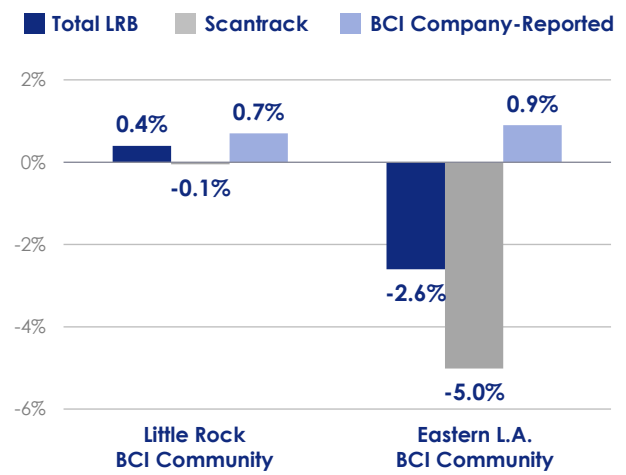
4.2 Corroboration & Additional Measures of Beverage Calorie Consumption

Estimating total LRB consumption requires the use of multiple datasets. Combining data and applying the adjustments described in the accompanying detailed methodology enables an estimate of per person calorie consumption that reflects total LRB. This section features additional estimates of per person calorie consumption based on unadjusted beverage volume data from two datasets used to estimate total LRB calories: Nielsen Scantrack data and BCI Company-reported data. Showing these estimates, along with the total LRB estimate, enhances transparency and illustrates how changes in calorie consumption differ across sales channels and companies.

- **Total LRB Estimate:** The Total LRB estimates in Figure 10 are the same estimates presented in Section 4.1. They were derived by combining data from multiple datasets and applying various adjustments.
- **Scantrack Estimates:** The second set of estimates shown in Figure 10 were calculated using only same-store sales from the sample of stores in each BCI Community that are in Scantrack's dataset. These estimates show faster decreases in calories per person in the Eastern L.A. BCI Community and slower increases in the Little Rock BCI Community when compared to the Total LRB estimate. This estimate differs from the Total LRB estimate for three reasons: (1) Scantrack data cover only certain channels, excluding fountain, vending, and many small stores, among others; (2) Scantrack is based on a sample rather than the complete set of stores within the measured channels; and (3) Scantrack data reflects same-store sales which means that it will not capture changes in LRB consumption resulting from changes in the total number of stores in a given community.
- **BCI-Company Data Estimates:** The final set of estimates shown in Figure 10 are based on aggregated beverage volume data reported by BCI Companies. Estimates based on this data suggest that calories per person increased in both the Little Rock and Eastern L.A. BCI Communities. Differences between these estimates, the total LRB estimates, and the Scantrack estimates can be explained by the BCI Company data's exclusion of: (1) Non-BCI Company beverages, (2) BCI Company beverages that are delivered to warehouses, and (3) BCI Company beverages that are sourced from third parties.

While the estimates in Figure 10 may appear to suggest conflicting trends, they simply illustrate how different market segments evolved in 2015. They also shed light on trends in the total LRB estimate. For example, BCI Company-reported data reveal significantly different changes in beverage calories per person from different channels. The data show that per person calorie consumption from fountain beverages increased while per person calorie consumption from packaged beverages decreased in both BCI Communities. Scantrack data corroborates the decline in beverage calories consumed from packaged beverages, but cannot confirm changes in fountain, which are not tracked by this dataset. These two additional estimates of change in calorie consumption demonstrate the shortcomings of estimates based solely on one of those data sources. This reinforces the importance of using multiple datasets to capture a larger portion of the market.

Figure 10
Change in Calories Per Person Per Day
 Comparison of Changes



Sources: BCI Company-Reported Volumes & Nielsen Scantrack

SECTION 5

CONCLUSIONS

This section provides an assessment of the findings and discusses four observations:

- (1)** The five communities selected to date for the Communities Initiative show notable diversity. These communities differ in population characteristics, geographical size, and whether they are urban or rural. They also show diversity in beverage consumption patterns and in whether those patterns are similar to or different from those of the larger markets within which they are located. These differences facilitate a “test and learn” approach adopted by BCI Companies to identify calorie reduction strategies that can succeed in different environments.
- (2)** The changes observed in the Little Rock and Eastern L.A. BCI Communities are similar to the trends observed nationally. First, LRB volume consumption overall increased while calories per ounce decreased. Second, bottled water consumption grew substantially. Third, both communities experienced reductions in the volume of full-calorie CSDs and 100% juices and juice drinks. Fourth, the resulting calorie decreases were partially offset by increased volumes of other full-calorie beverages and mid-calorie sports drinks. Finally, volumes of no- and low-calorie CSDs declined. All of these changes mirror the changes documented in the report on 2015 Progress on the National Initiative.
- (3)** The changes observed from 2014 to 2015 in beverage consumption in the Little Rock and Eastern L.A. BCI Communities, the two communities with a 2014 baseline, are only partially reflective of BCI implementation efforts. With kickoff events held in both communities in mid-2015, BCI Companies were still scaling implementation efforts across the communities in late 2015. Therefore, 2015 data reflect periods both before and after the initiation of BCI implementation activities.
- (4)** Finally, progress on this commitment will need to be assessed over many years. Measures of progress toward the 2025 goals will be more definitive over longer time horizons. As discussed, there is more uncertainty around the measurement of both beverage consumption and population in smaller communities than there is at the national level. This uncertainty could significantly affect the estimated changes in per person calorie consumption in a given year. Over the course of a decade, however, observed trends in beverage consumption and population growth for these communities will be more definite. Furthermore, if the 20 percent calorie reduction goals are to be met, then the measured changes in beverage calorie consumption will greatly exceed uncertainties around beverage volume and population estimates.

APPENDIX A1: SUMMARY DATA TABLES, BASELINE ESTIMATES

LRB CALORIES PER PERSON PER DAY

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Baseline: Overall	245.7	167.2	265.3	244.3	108.5	199.0
By Beverage Category						
Full-Calorie CSD	154.4	92.3	152.8	157.6	58.1	127.5
Full-Calorie Energy	2.0	1.2	6.3	3.0	1.3	4.7
Full-Calorie 100% Juice/Drink	54.5	51.6	60.2	49.3	32.2	38.9
Full-Calorie RTD Tea	13.0	5.1	10.7	12.6	7.2	6.9
Full-Calorie Other	1.1	0.9	1.5	1.0	0.7	1.7
Mid-Calorie Sports Drinks	7.9	9.1	15.8	10.7	2.8	9.4
Mid-Calorie Other	11.0	6.1	14.7	7.8	5.4	8.3
Low-Calorie Other	1.6	1.0	3.2	2.0	0.8	1.4
Water	0.0	0.0	0.0	0.0	0.0	0.0
No-Calorie CSD	0.1	0.0	0.1	0.1	0.0	0.2
No-Calorie Other	0.0	0.0	0.0	0.0	0.0	0.1

LRB CALORIES PER 8 OUNCE SERVING

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Baseline: Overall	63.4	55.4	55.4	56.2	41.9	46.6
By Beverage Category						
Full-Calorie CSD	104.3	100.5	102.5	103.6	100.3	100.8
Full-Calorie Energy	111.1	113.4	104.3	106.1	104.5	108.5
Full-Calorie 100% Juice/Drink	108.6	110.3	110.1	110.7	111.7	110.0
Full-Calorie RTD Tea	84.5	83.3	86.1	83.5	85.4	81.4
Full-Calorie Other	142.3	146.0	139.5	130.6	134.3	130.0
Mid-Calorie Sports Drinks	53.5	52.6	52.4	53.4	52.0	55.0
Mid-Calorie Other	55.8	56.6	55.7	55.3	53.7	52.3
Low-Calorie Other	25.3	23.9	28.7	26.7	25.9	20.1
Water	0.0	0.0	0.0	0.0	0.0	0.0
No-Calorie CSD	0.4	0.2	0.4	0.4	0.2	0.4
No-Calorie Other	0.3	0.2	0.2	0.3	0.0	1.4

LRB VOLUME SHARE: CALORIE CATEGORIES

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Full-Calorie	55.8%	48.5%	46.6%	49.6%	37.4%	41.2%
Mid-Calorie	8.9%	9.3%	11.8%	7.9%	6.0%	7.7%
Low-Calorie	1.7%	1.3%	2.3%	1.7%	1.2%	1.6%
No-Calorie	33.6%	40.9%	39.3%	40.9%	55.5%	49.5%

LRB VOLUMES PER PERSON PER DAY (OUNCES)

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Baseline: Overall	31.0	24.2	38.3	34.8	20.7	34.2
By Beverage Category						
Full-Calorie CSD	11.8	7.3	11.9	12.2	4.6	10.1
Full-Calorie Energy	0.1	0.1	0.5	0.2	0.1	0.3
Full-Calorie 100% Juice/Drink	4.0	3.7	4.4	3.6	2.3	2.8
Full-Calorie RTD Tea	1.2	0.5	1.0	1.2	0.7	0.7
Full-Calorie Other	0.1	0.0	0.1	0.1	0.0	0.1
Mid-Calorie Sports Drinks	1.2	1.4	2.4	1.6	0.4	1.4
Mid-Calorie Other	1.6	0.9	2.1	1.1	0.8	1.3
Low-Calorie Other	0.5	0.3	0.9	0.6	0.2	0.5
Water	7.4	8.8	10.8	10.9	9.1	12.0
No-Calorie CSD	2.5	0.8	3.2	2.7	1.3	3.8
No-Calorie Other	0.5	0.3	1.0	0.6	1.0	1.1

LRB OUNCES PER CONTAINER (CONTAINERS 1 LITER & UNDER)

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Baseline: Overall	14.3	15.4	14.5	14.3	16.6	15.1
By Beverage Category						
Full-Calorie CSD	12.8	12.5	13.1	12.7	13.3	13.4
Full-Calorie Energy	13.5	14.4	13.6	13.4	11.9	14.0
Full-Calorie 100% Juice/Drink	11.5	10.4	10.9	10.8	15.0	11.0
Full-Calorie RTD Tea	18.9	22.6	19.3	18.1	21.2	19.1
Full-Calorie Other	12.6	12.0	12.3	12.8	10.8	12.7
Mid-Calorie Sports Drinks	23.1	25.7	21.0	22.2	27.3	23.0
Mid-Calorie Other	12.1	10.3	11.4	12.3	12.3	12.4
Low-Calorie Other	8.4	8.3	7.8	7.6	7.8	10.7
Water	17.0	17.0	16.6	16.7	17.2	17.1
No-Calorie CSD	13.3	13.2	13.8	13.3	19.6	14.2
No-Calorie Other	17.5	20.3	15.7	17.2	21.1	17.9

LRB VOLUME SHARE: BEVERAGE CATEGORIES OF INTEREST

BCI Community:	Little Rock	Eastern L.A.	Montgomery-Lowndes	Mississippi Delta	Bronx-Brooklyn	National (2014)
Full-Calorie CSD	38.2%	30.4%	31.1%	35.0%	22.3%	29.6%
Full-Calorie 100% Juice/Drink	13.0%	15.5%	11.4%	10.3%	11.1%	8.3%
No and Low-Calorie CSD	8.1%	3.4%	8.6%	8.0%	6.4%	11.2%
Water	23.9%	36.2%	28.1%	31.3%	44.0%	35.0%

APPENDIX A2: SUMMARY DATA TABLES, YEAR 1 ESTIMATES

LRB CALORIES PER PERSON PER DAY

BCI Community:	Little Rock	Eastern L.A.	National
Baseline	245.7	167.2	199.0
Year 1 Estimate	246.8	162.8	198.7
Percent Change	0.4%	-2.6%	-0.2%
Contributions to Overall Change			
Full-Calorie CSD	-0.3%	-1.9%	-0.8%
Full-Calorie Energy	0.2%	0.8%	0.2%
Full-Calorie 100% Juice/Juice Drinks	-0.2%	-2.2%	-0.2%
Full-Calorie RTD Tea	-0.1%	0.3%	0.3%
Full-Calorie Other	0.1%	0.1%	0.2%
Mid-Calorie Sports Drinks	0.6%	0.1%	0.3%
Mid-Calorie Other	0.1%	-0.1%	0.0%
Low-Calorie Other	0.0%	0.1%	0.0%
Water	0.0%	0.0%	0.0%
No-Calorie CSD	0.0%	0.0%	0.0%
No-Calorie Other	0.0%	0.0%	0.0%

LRB CALORIES PER 8 OUNCE SERVING

BCI Community:	Little Rock	Eastern L.A.	National
Baseline	63.4	55.4	46.6
Year 1 Estimate	62.0	53.1	45.6
Percent Change	-2.2%	-4.2%	-2.3%
Contributions to Overall Change			
Full-Calorie CSD	-0.9%	-1.5%	-1.2%
Full-Calorie Energy	0.1%	0.3%	0.1%
Full-Calorie 100% Juice/Juice Drinks	-0.3%	-1.4%	-0.3%
Full-Calorie RTD Tea	0.0%	0.1%	0.1%
Full-Calorie Other	0.1%	0.1%	0.1%
Mid-Calorie Sports Drinks	-0.1%	0.0%	0.0%
Mid-Calorie Other	0.0%	-0.1%	0.0%
Low-Calorie Other	0.0%	0.0%	0.0%
Water	-0.8%	-1.5%	-1.7%
No-Calorie CSD	0.3%	0.2%	0.8%
No-Calorie Other	-0.5%	-0.5%	-0.2%

LRB VOLUME SHARE, YEAR 1 CHANGE: CALORIE CATEGORIES

BCI Community:	Little Rock	Eastern L.A.	National
Full-Calorie	1.6%	1.8%	1.0%
Mid-Calorie	-0.6%	0.1%	0.0%
Low-Calorie	0.0%	-0.1%	0.1%
No-Calorie	-1.0%	-1.7%	-1.1%

LRB VOLUMES PER PERSON PER DAY (OUNCES)

BCI Community:	Little Rock	Eastern L.A.	National
Baseline	31.0	24.2	34.2
Year 1 Estimate	31.8	24.5	34.9
Percent Change	2.7%	1.6%	2.2%
Year 1 Estimate by Beverage Category			
Full-Calorie CSD	11.8	7.2	10.0
Full-Calorie Energy	0.2	0.2	0.4
Full-Calorie 100% Juice/Juice Drinks	4.0	3.5	2.8
Full-Calorie RTD Tea	1.2	0.5	0.7
Full-Calorie Other	0.1	0.1	0.1
Mid-Calorie Sports Drinks	1.4	1.4	1.5
Mid-Calorie Other	1.6	0.9	1.3
Low-Calorie Other	0.5	0.4	0.5
Water	7.9	9.3	12.8
No-Calorie CSD	2.4	0.8	3.6
No-Calorie Other	0.7	0.4	1.2

LRB OUNCES PER CONTAINER (CONTAINERS 1 LITER & UNDER)

BCI Community:	Little Rock	Eastern L.A.	National
Baseline	14.3	15.4	15.1
Year 1 Estimate	14.6	15.5	15.2
Percent Change	1.6%	1.0%	0.7%
Year 1 Estimate by Beverage Category			
Full-Calorie CSD	12.9	12.5	13.4
Full-Calorie Energy	13.8	14.6	14.2
Full-Calorie 100% Juice/Juice Drinks	11.9	12.2	11.5
Full-Calorie RTD Tea	18.3	22.8	19.0
Full-Calorie Other	12.4	12.1	12.7
Mid-Calorie Sports Drinks	23.0	25.3	22.5
Mid-Calorie Other	12.5	10.7	12.7
Low-Calorie Other	8.3	7.4	10.5
Water	16.8	17.0	17.0
No-Calorie CSD	13.4	13.2	14.2
No-Calorie Other	17.0	17.7	17.3

LRB VOLUME SHARE, YEAR 1 CHANGE: BEVERAGE CATEGORIES OF INTEREST

BCI Community:	Little Rock	Eastern L.A.	National
Full-Calorie CSD	-1.0%	-1.3%	-3.0%
Full-Calorie 100% Juice/Juice Drinks	-0.5%	-1.2%	-3.9%
No and Low-Calorie CSD	-0.4%	-0.2%	-7.9%
Water	0.8%	1.5%	4.8%

APPENDIX B

ZIP CODES INCLUDED IN BCI COMMUNITIES

Eastern L.A. BCI Community	Little Rock BCI Community	Bronx-Brooklyn BCI Community	Montgomery-Lowndes BCI Community	Mississippi Delta BCI Community
90022	72202	10454	36013	38606
90063	72204	10455	36040	38614
90031	72206	10459	36064	38617
90032	72209	11238	36104	38619
90033		11213	36105	38620
90023		11216	36106	38621
197200*		10474	36107	38622
199400*			36108	38623
199300*			36109	38626
201301*			36110	38630
199110*			36111	38631
			36112	38639
			36113	38643
			36115	38644
			36116	38645
			36117	38646
			36752	38658
			36043	38664
			36047	38666
			36052	38670
			36032	38676
			36785	38720
			36069	38767
			36036	38964

* Five census tracts comprised of non-residential areas were subtracted from the zip codes to align with the community boundaries.

APPENDIX C

KEY TERMS

This section briefly explains some of the key terms used throughout the report.

- **BCI Companies & BCI Company Beverages:** The three beverage companies participating in the 2025 Beverage Calories Initiative (“BCI”) – The Coca Cola Company, PepsiCo, and Dr Pepper Snapple Group – are referred to collectively as BCI Companies. The beverages that they produce and market are referred to as BCI Company beverages.
- **BCI Community:** The communities selected to participate in the Community Initiative include specific groups of neighborhoods or counties. The geographies of these communities were defined to align with specific zip codes, as outlined in Appendix B. This alignment facilitates the estimation of calories per person using beverage sales volume and population data at the zip code level.
- **Non-BCI Companies & Non-BCI Company Beverages:** Beverage companies that are not participating in the BCI are referred to as Non-BCI Companies. The beverages that they produce and market are referred to as Non-BCI Company beverages.
- **Bottlers:** BCI Companies work with affiliated bottling companies (“bottlers”) who produce, market, and distribute their beverage products locally. The bottlers operating in some BCI Communities are owned by the BCI Companies, while others are independent. In all cases, the bottlers are working in concert with the BCI Companies to implement the Community Initiative. For simplicity, the term BCI Companies is sometimes used in a way that is inclusive of the company-affiliated local bottlers.
- **Liquid Refreshment Beverages (“LRB”):** The beverages included in the BCI Companies’ calorie reduction commitment are referred to collectively as liquid refreshment beverages (“LRB”). LRB includes nearly all categories of beverages manufactured by the BCI Companies and includes all brands within those categories whether produced by the BCI Companies or non-BCI Companies. LRB excludes alcoholic beverages, dairy products, most brewed beverages, energy shots, drink mixes, lemon and lime juice, coconut milk, powder concentrates, flavor drops, and tap water.⁸
- **Baseline Year:** In each BCI Community, the baseline year aligns with the year prior to the launch of implementation activities, which varies across the first five communities. Implementation activities were launched in the summer of 2015 in the Eastern L.A. and Little Rock BCI Communities. As such, progress toward the community goal will be benchmarked against the 2014 level of per person LRB calorie consumption. BCI Company implementation efforts were launched in the Bronx-Brooklyn BCI Community in January

⁸ The inclusion of brewed beverages would make accurate measurement much more difficult given that retail outlets and consumers often add sugar, cream, and other caloric additives to brewed teas and coffees. Brewed teas are the only beverages that are made by the BCI Companies in substantial quantities, but not measured. One exception is brewed Fuze Iced Tea for which Coca-Cola reports volumes and calories per ounce.

2016, and in the Mississippi Delta and Montgomery-Lowndes BCI Communities in October 2016. Therefore, progress in those communities will be measured against 2015 baseline levels.

- **Beverage Categories:** This report displays results using a set of beverage categories commonly used in the beverage industry. These eight categories are: carbonated soft drinks (“CSDs”), sports drinks, ready-to-drink (“RTD”) teas, RTD coffees, 100% juice and juice drinks (i.e., beverages with less than 100% juice), energy drinks, value-added waters (e.g., flavored still and carbonated waters), and water (i.e., unenhanced still and carbonated water).
- **Calorie Categories:** This report uses the same four calorie categories as the 2015 BCI National Progress Report. For an 8-ounce serving, “no-calorie” beverages have five calories or fewer, “low-calorie” beverages have between six and 40 calories, “mid-calorie” beverages have between 41 and 66 calories, and “full-calorie” beverages have 67 calories or more.⁹ These categories are used only in the presentation of results and not in any key calculations.

⁹ These definitions align with those used in the report on 2015 Progress on the National Initiative, which were based on the categories used by Beverage Marketing Corporation, the primary data source used for the national calorie goal analysis. The definitions align closely, but not exactly, with the FDA definitions of no- and low-calorie beverages. The difference is that beverages with exactly 5 calories per 8-ounce serving are counted as no-calorie beverages whereas the FDA would consider them low-calorie beverages. Mid-calorie beverages are not differentiated from full-calorie beverages by FDA. The inclusion of the category provides increased data granularity. The definition of mid-calorie aligns with the definition used for the Alliance for a Healthier Generation School Beverage Guidelines.

APPENDIX D

ABOUT THE REPORT AUTHORS

Dr. Robert F. Wescott is President of Keybridge. Dr. Wescott has more than 30 years of professional experience working on macroeconomic and public policy issues. He has more than a decade of experience in leading evaluations of industry initiatives to improve public health. Dr. Wescott served for four years as Special Assistant to the President for Economic Policy at the White House and as Chief Economist at the President's Council of Economic Advisers. From 1982-93, he was Senior Vice President and Chief Economist at Wharton Econometrics (today IHS Global Insight), where he oversaw a staff of 60 and was responsible for all economic modeling, forecasting, and consulting operations. Dr. Wescott also was Deputy Division Chief in the Research Department of the International Monetary Fund, where he did research on global economic risks and policy challenges. He holds a Ph.D. in Economics from the University of Pennsylvania, 1983.

Brendan M. Fitzpatrick is a Senior Director at Keybridge. Mr. Fitzpatrick specializes in international economics, program evaluation, and environmental policy. He has eight years of experience in managing evaluations of industry initiatives to improve public health. Prior to joining Keybridge, Mr. Fitzpatrick served in the Office of the Chief Economist of the World Bank, where he focused on development finance, environment, and the production of the 2006-08 Global Monitoring Reports. Mr. Fitzpatrick holds Bachelor's degrees in Bioengineering & Economics from the University of Illinois at Urbana-Champaign and a Master's degree in Public Administration in International Development from Harvard University.

Elizabeth Phillips is a Senior Economist at Keybridge. Ms. Phillips specializes in public health policy, program and impact evaluation, and policy analysis. She has five years of experience in evaluating industry initiatives to improve public health. Prior to joining Keybridge, Ms. Phillips designed and conducted an evaluation of microsavings programs in the Philippines as a U.S. Fulbright Research Scholar. She holds a Bachelor's degree in Economics and International Studies from Rhodes College and a Master's degree in Public Affairs from Princeton University.



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