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Evidence From New Study Debunks Myth That Deposit Return Systems (DRS) Cause Declines in Beverage Sales

The CRI-Reloop Analysis Draws Conclusions Based on Empirical Data From Existing DRS Markets Across the Globe

CULVER CITY, CA, July 19, 2023 – A study released today by the <u>Container Recycling Institute</u> (CRI) and <u>Reloop</u> finds no definitive evidence that new or expanded beverage container deposit return systems (DRS, aka bottle bills) alone impact beverage sales – suggesting beverage industry concerns that deposit systems lead to sales declines are unfounded.

The study by the two nonprofit organizations, titled "The Impact of Deposit Return Systems on Beverage Sales" (available on <u>CRI's</u> and <u>Reloop's</u> websites), uses actual, sourced data from nearly a dozen DRS markets across the globe before and after the systems were introduced or expanded, or the deposit amount was increased. Key findings include:

- None of the case studies provides definitive evidence suggesting that the introduction or expansion of a DRS caused a decline in beverage sales. Fluctuations in sales observed across the case studies were within the normal variation range and aligned with regional trends.
- Many complex and multifaceted factors contribute to changes in beverage sales, meaning any
 sales increases or decreases cannot only be attributed to deposit return systems. (See graphic at end
 of this document.)
- Some previous studies may be unreliable, especially those that used speculative approaches
 instead of actual historical data.

"The research we conducted in this study is as complete, thorough and transparent as possible, and represents experiences from all over the world over a two-decade timeframe," said CRI President Susan Collins. "We believe the findings should set to rest the fears of beverage producers and distributors and contribute to a more informed discourse on the adoption, implementation and expansion of beverage container deposit return systems."

Collins and Reloop CEO Clarissa Morawski said decades of data show that DRS significantly increase container recycling rates – a key to addressing our plastic pollution, marine debris and climate crises. In addition, given the passage of recycled content mandates in certain jurisdictions, and international brands' stated plastics reduction targets, DRS offer the most effective means to obtain more clean, high-quality materials for manufacturing new products.

Morawski noted, "While producers often battle the introduction of deposit return systems because they wrongly believe they have a negative effect on sales, their impact assessments ignore the huge financial and compliance benefits of getting back up to 90% of their containers for closed-loop recycling."

Collins and Morawski also said the beverage industry overlooks important considerations when it claims that DRS create higher costs across the distribution chain. These considerations include:

- The costs associated with operating modernized deposit programs are at least partially offset by the revenue generated from the sale of empty beverage containers as scrap, along with unclaimed deposits.
- Significant savings result from DRS implementation, such as reduced extended producer responsibility expenses for producers (in Europe and Canada) and lower costs for municipalities and taxpayers (due to decreased municipal recycling, disposal and litter cleanup expenditures).

According to Reloop and CRI, the study's findings emphasize the need for a comprehensive understanding of the complex interplay of factors affecting beverage sales, as well as the cautious interpretation of claims regarding the influence of DRS implementation.

"Adoption of beverage container deposit return systems is increasing rapidly across the globe to support a more circular economy, but we need more progress in the U.S.," said Collins and Morawski. "We hope these study results reduce beverage industry resistance to DRS, enabling the introduction and expansion of programs that can get more recycled material into the supply chain while reducing litter, marine debris, energy use and carbon emissions."

Visit <u>CRI's</u> and <u>Reloop's</u> websites to read "The Impact of Deposit Return Systems on Beverage Sales" report.

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About CRI

The nonprofit Container Recycling Institute (www.container-recycling.org) is a leading authority on the economic and environmental impacts of used beverage containers and other consumer product packaging. Its original research, objective analysis, responsible advocacy and wide-ranging education serve as the foundation of its mission to make North America a global model for the collection and quality recycling of packaging materials.

About Reloop

Reloop (<u>www.reloopplatform.org</u>) is an international nonprofit organization, whose vision is a world free of waste, where natural resources remain resources. Leading the global transition to a circular economy, Reloop provides evidence-based research and analysis to governments, industry and NGOs.

(See following page for a graphic on the multiple factors that affect beverage sales.)

Retailer, distributor, and manufacturer discounting & Level of competition promotional practices in the beverage market e.g, putting an item on 'sale' or creating coupons in advertising flyers to boost sales. Money spent on marketing & advertising campaigns Taxes & regulations e.g., sales taxes or excise taxes on sugary drinks. Seasonal demand Incuding certain holidays and events, such as the Super Bowl or the December and New Year's holidays Desire for profit are big sales times for alcohol. Companies may adjust their prices in order to increase their profitability. Influencing Supply & demand Consumers' willingness to pay. factors for Changes in production costs beverage e.g., cost of raw materials, labour, transportation, and packaging. prices & sales Health trends & concerns e.g., increased popularity of plant-based diets has led to increased sales of non-dairy milk alternatives. Weather Unseasonably warmer or cooler temperatures for a given month or season. Changes in consumer preferences and purchasing patterns e.g., shift towards cans for beer Supply chain disruptions due instead of glass bottles. to world events e.g., COVID-19, war in Ukraine, natural disasters. Geographic location e.g., the same item may be priced lower if bought in a multi-pack at a large **Economic climate** retailer, but priced higher if purchased at e.g., overall state of the economy, a convenience store or airport. inflation. @ Reloop and Container Recycling Institute, 2023

Source: "The Impact of Deposit Return Systems on Beverage Sales" report, Reloop and Container Recycling Institute, 2023