

## Soft Drinks and School-Age Children

# Exclusive Soft Drink Contracts

"Exclusive" soft drink contracts contain many stipulations that need to be scrutinized before a contract is considered. When working with a soft drink company, school districts need to pay close attention to the beverages being sold and whether the money being generated is truly beneficial to the students and the school. The following issues should be considered.

### Pricing

Unhealthy beverages, such as soda and sweetened fruit drinks, are often priced lower than water or 100% juice. Studies show that pricing has an effect on student choice and may lead to an increased consumption of less healthy choices.

### Placement

Contracts can contain stipulations that the machines with soda and sweetened fruit drinks be placed in high-traffic areas. The healthier beverages are placed in areas where there are fewer students and less accessibility, making the choice for a healthy beverage more difficult.

### Control Over Healthy Options

Contracts can contain stipulations that allow soft drink companies to control the quantity and type of beverages sold. There are often limited slots for healthy beverages, as a result these drinks sell out. This limits the school district's ability to offer healthy options.

### Product Size

Contracts may stipulate the sizes of beverages sold and the amount of commission received by the district on each size. It has become increasingly popular to have 20-oz. bottles of soda in the majority of the machines - increasing profits as well as calories from beverages of minimal nutritional value.

### Lack of Alternatives

Products other than those the soft drink company offers are not allowed on school grounds or at school events - including sporting events, games and dances. Contract stipulations may also disallow donations of competing products.

### Advertising

Contracts can stipulate that the soft drink company may advertise on vending machines, score boards and posters. Some contracts have even allowed soft drink company representatives to address the students at games or school assemblies.

### Incentive Items

Contracts can contain provisions that provide free incentive items and promotional materials to the school, such as cups, T-shirts, posters, drink bottles, antenna balls and others. This provides yet another opportunity for advertising and developing brand-name recognition for unhealthy beverages.

### Commissions

Product sales determine the profitability of the contract. The contracts aim at increasing soft drink consumption. If school districts do not meet their quotas, then they do not receive the money for which they budgeted. This often puts the school districts in the position of needing to increase sales of soft drinks to their students.

### Contract Length and Opt Out Clauses

Contracts are often established for 5-10 years, in many cases without an "opt out" clause. Therefore, the school district is responsible for reimbursing the soft drink company for money that has been lost if the contract is broken.