



Ax the Bev Tax Statement on Drexel Study

April 13, 2018

The Ax the Bev Tax coalition issued the following statement in response to a study released by Drexel University speculating the impact of the Philadelphia beverage tax on soda consumption. The claims made in the study are based on a phone survey conducted more than a year ago.

Actual sales data show a much different result – that this tax has simply caused families to shift their shopping to the suburbs to avoid the tax, harming Philadelphia’s small businesses and working families. A study by the respected international consulting firm Oxford Economics in partnership with the American Beverage Association using independent market research data shows that beverage sales in nearby suburbs have risen 14 percent and the sales of drink mixes and instant tea that aren’t subject to the tax each rose by nearly 30 percent in city stores, suggesting a substitution effect. Meanwhile, the tax has caused total sales in Philadelphia grocery stores to plummet 9 percent. This shift in sales has caused a job loss of nearly 1,200 – the majority of which are in the retail sector.

Background Information

- The Oxford study found sales of frozen vegetables falling 14 percent, fresh bread and rolls decreasing 9 percent and sales of yogurt dropping 10 percent.
- A study on the Mexico tax led by tax proponent Professor Barry M. Popkin of the University of North Carolina at Chapel Hill found that the tax reduced calories by a mere 4.9 calories per day out of an average daily diet of 3,024 calories. <http://www.bmj.com/content/352/bmj.h6704>.
- A study on the Berkeley tax also conducted by Professor Barry M. Popkin and published in April 2017 found that the tax resulted in an average reduction of 6 calories per person, or less than a pound per year. It also found that the calorie reduction was greatly offset by a 32-calorie increase in purchases of non-taxed beverages. The increased calories from other beverage consumption came from “high-fat beverages,” such as smoothies, milkshakes, atole, horchata and eggnog. Additionally, research from Duke University professors published in [Harvard Business Review](#) found the Berkeley tax had such minimal effects on consumption levels that the researchers “cannot be sure they even exist.”
- America’s beverage companies are taking comprehensive actions to help cut sugar consumption in the American diet by ensuring consumers have a broad portfolio of products to choose from. Together, they are driving a reduction in the sugar and calories consumed from beverages across America providing new beverage options, educating communities and encouraging consumers cut back on calories and sugar.

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