The Case for Ending or Amending Pouring Rights Contracts at Public Colleges and Universities

Pouring rights contracts (PRCs) give The Coca-Cola Company (Coca-Cola) or PepsiCo exclusive rights to sell and market beverages in an institutional setting, such as a university, in exchange for sponsorship and other payments.[1] Through PRCs, universities agree to promote sugary drinks despite their negative health impacts. In doing so, universities create an unhealthy food and beverage environment on campus that can harm students, faculty, staff, and visitors. Additionally, promoting sales of beverages in single-use containers undermines many universities' waste reduction and carbon footprint commitments.

Some student advocates and stakeholders seek to end their university's contract—typically, that means convincing the university to let the contract expire without renewing it when the five- to ten-year term ends—and work to redirect institutional purchasing power toward businesses that better align with their values. However, *ending* a university's contract may initially be perceived by university decisionmakers as too radical to be feasible in the short term—particularly in the four years or less that undergraduate students might have to advocate for change. In light of that, advocates should consider what can be accomplished by *amending* a PRC when its term expires:

Increased transparency and shared governance: Campus pouring rights campaigns can increase transparency about pouring rights contracts and hold university leadership accountable to shared governance with students and the broader campus community, increasing the likelihood that all affected parties will be represented in decision-making process.

Shift to a healthier beverage environment: The university could incorporate into the contract nutrition guidelines for beverages offered and marketed on campus. Coca-Cola and PepsiCo sell bottled water and other low-calorie beverages and may be perfectly willing to limit sales and marketing to drinks that meet nutrition guidelines. Some universities have been successful in limiting or eliminating sales of sugary drinks on campus with or without a pouring rights contract, including the University of California San Francisco,[2] the University of British Columbia,[3] and Cornell University.[4]

Shorter contract term: PRCs often have terms that last ten years or longer. Shorter terms (*e.g.*, two years) would reduce the length of the university's commitment to selling the company's products, giving the university more flexibility to work toward sustainability-related goals like phasing out single-use containers. Additionally, a shorter term could serve as a compromise, allowing the university to continue to collect contract revenue while exploring alternative revenue sources and vendors for beverages and equipment (*e.g.*, vending machines) that could eventually replace the PRC.

Exemptions to support local economies: Contracts typically require 100 percent exclusivity for the beverage company's products in vending machines and dining halls. Some allow 10 to 20 percent of shelf space in retail venues for competing products. The university can negotiate a certain percentage of offerings that are exempt from Coca-Cola or PepsiCo's exclusivity and limit those slots to healthier beverages made by local or minority-owned businesses.

Unfortunately, a contract amendment cannot fully address certain objections to PRCs, such as:

Environmental impact: PRCs promote sales of beverages—healthy or not—primarily in plastic bottles and other single-use containers. These beverages have a direct negative effect on the environment throughout their lifecycle: through their production, distribution, transportation, and disposal they deplete finite natural resources and contribute to global carbon emissions.[5,6] Universities can optimize the health and environmental benefits of their beverage environment by reducing or eliminating the distribution of single-use beverage containers on campus and replacing them with tap water.[7]

Integrity of public education: According to the State Higher Education Executive Officers Association, public colleges and universities "may be in a more precarious financial situation than at any other time in recent history."[8] In light of that, seeking revenue through PRCs can seem reasonable. However, pouring rights are not an appropriate solution to the budget shortfalls in higher education. Revenue from PRCs[9] is likely a small fraction of the university's budget[10] and compromises students' right to a high-quality public education that's free from corporate influence. PRCs give Coca-Cola or PepsiCo the exclusive right to sell and advertise their products on campus,[11] which allows the company to limit competition for profits as well as foster brand loyalty in the coveted young adult consumer segment.[12]

Conflict in values: Time and time again, Big Soda companies value profit over people. For example, beverage companies target advertising for sugary drinks to Hispanic and Black consumers, which has the potential to reinforce disparities in access to healthy food and risk of chronic disease.[13] In 2018, Black preschoolers, children, and teens viewed approximately double the number of TV ads for sugary drinks compared to white youth.[14] From 2013 to 2018, PepsiCo and Coca-Cola increased their spending to advertise sugary drinks on Spanish-language TV by 121 percent and 66 percent, respectively.[15] Other problematic tactics include "greenwashing" (*i.e.,* overstating their commitment to sustainability),[16] lobbying against policies that would protect the environment and public health,[17,18,19,20,21] and sponsoring research that downplays the harmful health consequences of sugary drinks.[22,23] Universities should explore procuring healthy beverages from small, local, and minority-owned businesses instead of entering into unhealthy, exclusive PRCs with Coca-Cola and PepsiCo.

To fully address the concerns noted above, a university should end its PRC and seek input from all affected stakeholders about how to create a healthier, sustainable, and ethical campus food environment.

For more information, please contact the Center for Science in the Public Interest at policy@cspinet.org.

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