

Selfish Giving

How the Soda Industry Uses
Philanthropy to Sweeten its Profits



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Table of Contents

Executive Summary	ii
Introduction	1
Buying Influence: How the Beverage Industry Uses Philanthropy to Protect its Political and Economic Interests	2
Cultivating Health Allies	2
Industry Partnerships with Anti-poverty Advocacy Groups	8
Leveraging Minority Group Partnerships to Advance Policy Objectives	10
Using Minority Organizations to Lend Credibility to Astroturf Groups	13
Using Philanthropy to Downplay Soda's Role in the Obesity Epidemic; Public Relations Masquerading as Public Health	15
Marketing Partnerships with Cities May Divert Health Policies	17
“Philanthro-Marketing”: Using Philanthropy to Improve Brand Images and Increase Sales	22
“My Coke Rewards” Program Fuels Coke Profits	22
Pepsi Refresh: A Marketing Campaign in Philanthropist's Clothing	24
Targeting Minorities through Cause-Related Marketing	24
Appendix A: Partial List of Health and Minority Organizations With Ties to the Beverage Industry	29
Appendix B: Minority Groups that Support ABA's Americans Against Food Taxes	31
Appendix C: Excerpt from “Model Guidelines for Nonprofits Evaluating Proposed Relationships with Other Organizations”	33

Executive Summary

Growing scientific evidence shows that Americans' excessive consumption of sugar drinks contributes to the country's obesity epidemic, as well as heart disease, diabetes, gout, and other health problems. Those diseases threaten the quality of life for millions of individuals and impose an enormous economic burden on the country's health-care system. Amid growing public concern about soft drinks and health, beverage companies are using strategic philanthropy to protect their images and profits and to fend off public health and regulatory policies that aim to limit soda consumption.

Soda companies use philanthropy strategically to:

- Link their brands to health and wellness rather than illness and obesity
- Create partnerships with respected health and minority groups to win allies, silence potential critics, and influence public health policy decisions
- Garner public trust and goodwill to increase brand awareness and brand loyalty
- Court growing minority populations to increase sales and profits

Cultivating “Innocence by Association”

Coca-Cola, Pepsi Co., and other beverage companies use sponsorships to leverage the reputations of respected health organizations. Though the industry's financial support enables the groups to pursue their worthy causes, it ultimately serves to link soda company brands to an image of health and wellness rather than health problems. That kind of strategic philanthropy allows the companies to position themselves as part of the solution to the obesity epidemic, despite strong evidence that sugar-drink consumption is linked to weight gain, cardiovascular disease, and other health problems. Recipient health organizations often publicize their funders as champions in the effort to improve Americans' health. Many initiatives funded by the beverage industry focus primarily on promoting physical activity rather than diet changes, enabling the industry to shift the national dialogue away from soda consumption.

Exploiting Relationships with Minority Groups to Advance Policy Objectives

Soda producers aggressively seek out partnerships with organizations that serve minorities and underserved populations, in part to burnish

their own reputations among a growing and important consumer demographic. The companies sometimes exploit those partnerships to support their political objectives. Despite the disproportionate impact of obesity on African Americans and Hispanic Americans, some recipient minority groups have opposed regulatory measures that would reduce sugar-drink consumption and many have even joined industry front groups to fight such measures. While industry funding often helps the organizations provide beneficial services in African-American and Latino communities, those same groups stand to benefit the most from measures to reduce sugar-drink consumption.

Using “Philanthro-marketing” to Drive Profits

The beverage industry uses cause-related marketing (CRM) to improve brand images, increase customer loyalty, and drive sales. These sophisticated marketing campaigns integrate charity with advertising. Beverage companies spend millions to publicize their support of worthwhile and popular causes, sometimes involving the public directly in the giving process through interactive voting formats and social media. Although schemes such as Coca-Cola’s My Coke Rewards and PepsiCo’s Pepsi Refresh campaign have funded worthwhile programs, the main purpose of those campaigns is to gain trust and goodwill and cultivate life-long loyalty to the brands.

The Bottom Line

The beverage industry’s use of philanthropy may compromise the program activities and credibility of health groups, local governments, and minority-interest groups. Beverage company partnerships with those groups impede the advancement of important, evidence-based public health measures to reduce sugar-drink consumption and push consumption among communities that are most affected by the adverse health effects of obesity. Recipient organizations should carefully consider whether acceptance of beverage-industry philanthropy is consistent with their missions and with the best interests of the constituencies they serve.

Introduction

Sugar drinks, once considered an occasional treat, have recently moved onto the public health radar screen as a significant contributor to obesity, the prevalence of which has increased greatly since around 1980. The obesity epidemic's consequences threaten to shorten our lives, weaken our health, and wreak havoc on our economy. Sugar drinks are a multi-billion industry in the United States, with manufacturers of carbonated soft drinks alone netting more than \$38 billion in revenues in 2011.¹ The industry produces enough carbonated soft drinks to provide each American with about 31 gallons of non-diet soft drinks per year and about 13 gallons more of such other sugar drinks as sports drinks, sweetened teas, fruit beverages, and energy drinks.^{2,3} The 2010 Dietary Guidelines for Americans acknowledges the link between consumption of sugar drinks and obesity in children and adults.⁴ In addition to increasing the risk for diabetes, heart attack, stroke, and cancer, the medical costs of obesity drain between \$147 billion and \$210 billion annually from the U.S. economy, and costs are expected to rise as overweight youth reach adulthood.⁵

As part of a comprehensive strategy to counter obesity, many government officials, health care providers, children's advocates, and others have increasingly proposed new prevention policies and ramped up educational programs to reduce the consumption of sugar drinks. The soda industry has responded aggressively to this growing tide of public concern and increasing threats of government regulation by spending unprecedented amounts of money on lobbying and massive advertising and public relations campaigns.

One important, yet often overlooked, element of industry's strategy involves implementing its corporate-responsibility and marketing programs to advance the industry's policy and profit objectives. Corporate-responsibility programs include marketing initiatives disguised as philanthropic donations to community groups, cities, health and environmental groups, and associations that represent the interests of minority groups. Generally speaking, corporate giving provides much-needed funding that allows many non-profit groups to run valued programs and provide societal benefits. But when it comes to soda-industry generosity, it is what the beverage companies receive in return

that is cause for examination.

This report examines how an industry under attack has used philanthropy to buy silence, enhance its credibility, and nurture allies—especially among groups whose interests do not intrinsically align with those of soda marketers, such as health- and minority-focused advocacy groups. Too often beverage companies are first in line when needy civic groups request financial support, even though those companies provide the very products that contribute to the groups' risks of developing health problems. In the most egregious cases, organizations appear to align their policies or messages with company objectives.

This report highlights how the soda industry uses philanthropy to advance its corporate agenda and deflect calls for government programs or laws aimed at reducing soda consumption. The first section, *Buying Influence*, focuses on how Big Soda benefits from its financial connections to popular and respected organizations and how the industry leverages those relationships to protect its political and economic interests. The second section examines the industry practice of “philanthro-marketing,” a perversion of corporate social responsibility that uses philanthropy to conduct sophisticated marketing campaigns designed to increase brand loyalty and soda purchases. The industry also uses philanthro-marketing to target communities of color where growing purchasing power makes them an important consumer demographic. The report addresses mainly the industry giants, The Coca-Cola Company and PepsiCo, due to their overwhelming combined share (71 percent) of the American soft drink market and the magnitude of their strategic philanthropy efforts. Other beverage companies, such as Dr Pepper Snapple Group, and Kraft Foods, also use corporate giving in some of the same ways, but to a lesser extent.

Buying Influence: How the Beverage Industry Uses Philanthropy to Protect its Political and Economic Interests

Cultivating Health Allies

The beverage industry uses philanthropy to bolster its public image in areas where it is vulnerable. Because the obesity epidemic poses a significant threat to their brands and bottom lines, companies have focused a large portion of their philanthropy on health and wellness.

Coca-Cola's 2010 annual report acknowledges that "obesity and other health concerns may reduce demand for some of our products, which could affect our profitability," and PepsiCo's 2010 annual report recognizes that damage to the brand's reputation caused by increasing concerns about obesity "could have a material adverse effect on our business, financial condition and results of operations, as well as require additional resources to rebuild our reputation."^{6,7}

To combat the growing public-health-perception crisis, leading soda producers have systematically cultivated financial partnerships with respected health and medical organizations. The companies use those relationships to foster "innocence by association," distracting the public from the industry's multi-billion-dollar efforts to maximize sales of products that promote poor nutrition and obesity.

The beverage industry has pursued partnerships with such health organizations as the National Hispanic Medical Association, American Cancer Society, and Academy of Nutrition and Dietetics (formerly known as the American Dietetic Association) and touts its ties to those organizations in its promotional materials.⁸ For example, a 2012 Coca-Cola press release announced that company gave the American Diabetes Association \$125,000 to support health education and outreach efforts aimed at the African-American and Latino communities.⁹ In the same year, the company gave \$25,000 to support a Center for Obesity in Dallas through the Children's Medical Center Foundation and provided \$200,000 for the school-based childhood obesity prevention program run by the University of South Carolina Educational Foundation, among other health-related grants.¹⁰

Generosity notwithstanding, the industry's cultivated image of benevolence serves more to obscure the truth about Big Soda's impact on public health than to advance health. As soda companies proudly publicize their philanthropy to obesity-prevention programs, they also have invested heavily in political campaigns to defeat public health measures to reduce soda consumption and obesity. They continue to pump extraordinary sums of money into marketing sugar drinks, far exceeding their philanthropic contributions. In 2010, for example, the Coca-Cola Company gave \$102 million to domestic charities, \$12 million



Officials of the Atlanta Department of Parks, Recreation and Culture pose for a photo-op with the Coca-Cola Company.

of which was devoted to supporting “healthy, active living” initiatives.¹¹ In isolation, that number appears very generous, but compared to the roughly \$2 billion the company spent on marketing caloric soft drinks in the same year, the amount shrinks to near insignificance.^{12,13} For every dollar that Coke donated to “active, healthy living programs” in 2010, it spent \$170 marketing its sugar-laden beverages. PepsiCo’s annual contributions to human sustainability programs, \$2.3 million in 2011, were likewise dwarfed by the company’s \$60 million sponsorship of just one television show—The X Factor.^{14,15}

Partnering with beverage companies, even on obesity prevention initiatives, can obscure or confuse health groups’ public messages to reduce consumption of sugar drinks. “When they partner, organizations become inadvertent pitch-men for the food industry,” physicians Yoni Freedhoff and Paul Hébert point out in the *Canadian Medical Association Journal*.¹⁶ Despite the harm that sugar drinks inflict on the public’s health, the industry’s strategic philanthropy has spawned generous praise and endorsements from prominent health organizations. For instance, the respected American Academy of Pediatrics (AAP) has called for the elimination of sugar drinks from children’s diets “given the current epidemic of childhood overweight and obesity.”¹⁷ Nonetheless, the group has lauded the Coca-Cola Company as a committed corporate leader dedicated to “better[ing] the health of children worldwide” after the soda company provided financial support for the group’s website, HealthyChildren.org.¹⁸ On the website, AAP states, “HealthyChildren.org would like to acknowledge and thank the distinguished companies... that have demonstrated their invaluable commitment to children’s health through their generous support.”¹⁹ While the website does include tips for discouraging sugar-drink consumption by young children, trumpeting Coca-Cola as a champion for children’s health ignores the contributions of Coca-Cola products to childhood obesity. In response to the authors, AAP wrote, “By accepting external funding with safeguards in place, the AAP is able to reach a much larger audience of parents and pediatricians with its messages. This amplifies the positive impact the AAP has on children’s health and fosters the mission of the AAP, which is to attain optimal physical, mental, and social health and wellbeing for all infants, children, adolescents and young adults.”²⁰

The industry has also leveraged the credibility of a government health agency through corporate partnerships and co-branding campaigns. Through its Diet Coke brand, Coca-Cola has partnered with the National Heart Lung and Blood Institute (NHLBI), an office of the National

Institutes of Health, to promote The Heart Truth, the agency's heart-health campaign for women. Some see this partnership as a Coke attempt to steer attention from the role that its sugar drinks play in promoting heart disease.²¹ In February 2013, Diet Coke partnered with NHLBI to feature the group's Heart Truth logo on six billion cans to raise awareness of American Heart Month. The company also announced an interactive giving campaign to donate up to \$100,000 to the Foundation for the National Institutes of Health.²² The Coca-Cola Company also sponsors the American College of Cardiology's CardioSmart Initiative, and in 2012 Coke chose its president, William Zogbi, to carry the Olympic flame along the Olympic route.²³



In the past, some groups have offered their health credibility to corporate sponsors. For example, the Academy of Nutrition and Dietetics (AND), which receives a modest portion of its income from food and beverage companies, advertises corporate sponsorship as an opportunity for companies to “reinforce and elevate [their] position as leader[s] in health and wellness,” stating that “61% of members reported being ‘more likely to consider’ recommending an organization or brand that is an Academy Partner or Premier Sponsor.”²⁴

In 2010, AND partners included The Coca-Cola Company, PepsiCo, Unilever, Mars Incorporated, and others.²⁵ In announcing its new partnership with Coca-Cola in 2008, AND's then-president Connie Diekman said, “The Coca-Cola Company and the American Dietetic Association are committed to helping people enjoy healthy lifestyles.”²⁶ According to AND, the corporate sponsorships allow donor companies to offer evidence-based educational courses to registered dietitians. The content of these sessions are reviewed for scientific accuracy and balance internally. Sponsors receive credits that are applied toward their purchase of an exhibit booth, promoting their brands. With its AND sponsorship, Coca-Cola offers a course to registered dietitians on “urban myths” concerning sugar, artificial sweeteners, and other additives through its Beverage Institute for Health and Wellness. The program, which awards participants one continuing education credit hour, was approved and accredited by AND's Commission on Dietetic Registration.²⁷



A Poster displayed at AND's 2012 Food & Nutrition Conference and Expo

While the group recognizes that excessive consumption of sugar drinks contributes to weight gain and has become much more active in promoting better national health policies in the past several years, some say that Coca-Cola's sponsorship of AND impairs its credibility. "Corporate dollars always introduce perceived or real biases that may taint or distort evidence-based lifestyle recommendations and health messages," warn Drs. Freedhoff and Herbert.²⁸ In a recent critical report about the AND, Michele Simon wrote, "the food industry's deep infiltration of the nation's top nutrition organization raises serious questions not only about that profession's credibility, but also about its policy positions."²⁹ When asked for comment, AND President Ethan A. Bergman told CSPI, "We are transparent about our sponsorship program and we do not tailor messages or programs in any way due to corporate sponsors. The Academy has developed rigorous corporate sponsorship guidelines and an ongoing review process of all communications related to these efforts."³⁰

In some cases, the industry's strategic philanthropy results in more than just public kudos. Many reputable health organizations with financial ties to the beverage industry have echoed industry talking points, remained silent on soda issues, or actually opposed policies that the industry opposes. In 2009, Coca-Cola partnered with the American Academy of Family Physicians (AAFP), giving \$600,000 to support the development of the group's new website for consumers, FamilyDoctor.org. On the topic of sugar drinks, the website uses soft, industry-friendly language that echoes the "hydration" angle used by soft drink makers: "Sugar-sweetened drinks...can add lots of sugar and calories to your diet. But staying hydrated is important for good health."³¹ The beverage industry uses hydration as a marketing tool for sugary drinks, although the National Academy of Sciences indicates that dehydration is not a large health concern in the United States.³² The group's Web page on added sugars, which was underwritten by The Coca-Cola Company, advises consumers to choose water over sugar drinks, but the same page prominently features an advertisement for one of Coca-Cola's philanthropic campaigns.³³

AAFP Chief Executive Dr. Douglas Henley maintains that content for the website was developed independently from industry. Nonetheless, in Contra Costa, California, 20 family physicians dropped their AAFP memberships to protest the partnership. The director of the Contra Costa

Department of Health Services, Dr. William Walker, explained his decision to resign after 25 years as a member: "...The AAFP is supposed to be an organization that works to protect the health of children, not put them at risk. Their decision to take soda money is all the more unconscionable because, unlike doctors in the [19]40s, they well know the negative health impact of soda. There is no shortage of documentation that soda is a major contributor to our nation's obesity epidemic."³⁴



20 physicians in Contra Costa County, California, demonstrate their distaste for the AAFP partnership with The Coca-Cola Company in 2009.

Despite accepting Coke's charity, the AAFP clearly has maintained its independence on its sugar-drinks tax policy. The group's policy statement on sugar-sweetened beverages states, "The AAFP supports taxation of sugar sweetened beverages for the purpose of reducing over-consumption as a method of both improving the health of the public and combating the obesity epidemic. Tax monies should be directed towards programs that improve the health of the public."³⁵ Even so, the intertwining of the Coca-Cola brand with health and wellness "brands" such as the AAFP fosters a positive image for Coca-Cola and obscures its products' contribution to chronic diseases.

In another example, a 2003 Coca-Cola donation to the American Academy of Pediatric Dentistry (AAPD) apparently resulted in that group's softening its position on the role that sugar drinks play in causing tooth decay. In 2002, before receiving industry funds, AAPD policy stated that "frequent consumption of sugars in any beverage can be a significant factor in the child and adolescent diet that contributes to the initiation and progression of dental caries."³⁶ Things changed the following year, after the Coca-Cola Company gave a \$1 million, unrestricted grant to the group's research foundation. Following the grant, the AAPD president, David K. Curtis, directly contradicted the group's previous position on sugar drinks, declaring, "Scientific evidence is certainly not clear on the exact role that soft drinks play in terms of children's oral disease."³⁷ Still, in 2005, 2009, and 2012 the group reaffirmed the original policy highly critical of soft drinks. That policy encourages schools to offer bottled water and other healthy choices in its vending machines instead of sugar drinks.

Industry Partnerships with Anti-poverty Advocacy Groups

For two highly respected groups that represent the interests of low-income Americans, their strong opposition to health-oriented changes in the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) has raised questions about the influence of their relationships with the food and beverage industries. The Food Research and Action Center (FRAC) and Feeding America have joined other groups, including the beverage industry, to oppose the elimination of sugar drinks from eligibility under SNAP, which many health advocates support. New York and Minnesota have proposed pilot projects to study whether disallowing the purchase of soda with SNAP benefits would reduce consumption and improve health, but both were rejected by the U.S. Department of Agriculture.

For decades, FRAC has been a leading advocate for adequate funding of the Food Stamp program and other federal food programs, and the group has identified obesity reduction as one of its initiatives. However, FRAC has opposed even testing the elimination of soda purchases under SNAP, maintaining that such a restriction would stigmatize SNAP recipients (though surveys show that a majority of SNAP participants would not oppose the restriction) and noting that obesity could be addressed by raising benefit levels to allow recipients to afford healthier food.³⁸



A 7-Eleven poster advertises consumers' ability to purchase Coke using SNAP benefits.

Similarly, Feeding America, which provides extraordinary leadership to food banks throughout the country, opposed changes to remove sugar drinks from food stamp eligibility. When reached for comment, a Feeding America spokesperson stated, "Food bank clients already have too few choices. Rather than limiting food choice and adding to the challenges that low-income families face, policymakers should support efforts to protect and improve SNAP... and help make healthy food more affordable and accessible to consumers."³⁹

FRAC and Feeding America have good reasons to protect the SNAP program in these days of budget-cutting proposals. However, their opposition even to pilot programs that might demonstrate real health benefits for their constituents raises questions about the consequences of their funding from and long-term political partnerships with food and beverage companies.

PepsiCo and the American Beverage Association were sponsors of FRAC's

22nd Annual Dinner in 2012, along with Nestlé USA, Mars Inc., and numerous other companies.⁴⁰ Just in 2011, Feeding America received contributions of at least \$100,000 each from Dr Pepper Snapple Group and PepsiCo, and the Coca-Cola Company is listed as a “food support partner” on the group’s website.⁴¹ Kraft Foods, the maker of Capri Sun, Kool-Aid, and other sugar drinks, provides funding to FRAC and has had a 30-year, multi-million-dollar relationship with Feeding America that helps the group deliver meals to low-income Americans.^{42,43} At least one-sixth of Kraft’s (and presumably many other companies’) revenues come from SNAP purchases, according to Kraft CEO Tony Vernon.⁴⁴

Feeding America’s representative pointed out that partnering with corporations like Coke and Kraft provides not just funding, but also “a megaphone” to talk about their issues and a media presence that enables them to generate additional dollars in public donations. A FRAC spokeswoman noted that “FRAC has a long-standing policy of not accepting funds from entities when doing so would be counter to FRAC’s mission or if acceptance is conditioned on FRAC taking, or declining to take, any substantive policy position.”⁴⁵

A clear example of likely industry influence involved a well-known children’s advocacy group. The non-profit group Save the Children (STC) has been a leading advocate for the well-being of children in the United States and around the world for 80 years. In 2009 and 2010, STC’s Campaign for Healthy Kids led initiatives to promote soft drink taxes in four states and the District of Columbia. The group provided financial support, technical assistance, and training for local citizens and coordinated its efforts with numerous like-minded non-profits and public health agencies. But late in 2010, the group surprised and disappointed health advocates when it abruptly announced that it would no longer work on soda-tax issues.

The soda industry’s funding of STC might have had something to do with the sudden change of heart. In early 2009, the PepsiCo Foundation gave STC a \$5 million grant for work in India and Bangladesh.⁴⁶ In 2010 the organization was negotiating with Coca-Cola for additional support for its global health and education work, and in 2011 Coca-Cola gave STC \$130,000.^{47,48} Carolyn Miles, the chief operating officer of STC, defended the organization’s exit from the soda-tax fight, saying: “We made a



CAMPAIGN FOR HEALTHY KIDS

01
CHILDHOOD OBESITY:
NEARLY 1 IN 3 YOUNG
PEOPLE OVERWEIGHT OR
OBESE
[read more](#)

02
TOOLKITS FOR CHANGE:
TOOLS AND RESOURCES TO
HELP COMBAT THE EPIDEMIC
[read more](#)

03
THE TARGETED
COORDINATED SCHOOL
HEALTH MODEL
[read more](#)

Save the Children’s Campaign for Healthy Kids once financed local groups that advocated for soda taxes.

decision that it was an issue that was controversial among our constituents and really was not core to the work we're doing in the U.S.”⁴⁹ Although the acceptance of industry funds may not necessarily dictate a non-profit group's statements or policy orientation, it could endanger an organization's credibility.

Leveraging Minority Group Partnerships to Advance Policy Objectives

In addition to partnerships with prominent health and anti-hunger groups, beverage companies have aggressively courted relationships with organizations that serve communities of color. To help increase their influence in minority communities, the major soda companies have long provided grants and sponsorships, which often lead to memberships on advisory boards of organizations that serve those groups [see Appendix A]. According to Coca-Cola's 2010 diversity stewardship report, 31 percent of the company's U.S.-based senior executives sit on the boards of multicultural organizations and “43 percent of the company's U.S.-based philanthropic endeavors were directed toward multicultural and underserved organizations.”⁵⁰

While organizations that aid disenfranchised populations greatly need financial support, the funding serves equally as a shield for the beverage industry against mounting calls for legislative and regulatory reform. On numerous occasions the industry has collected favors from its grantees, recruiting them to sign petitions, send public letters to officials, submit a “friend of the court” brief supporting industry's position in controversial litigation, and testify before legislative committees and regulatory bodies. Big Soda's philanthropy has steered numerous groups to oppose policies that would have benefited the health of the very communities that those organizations serve.

Most prominently, when New York City's mayor, Michael Bloomberg, proposed soda-size restrictions to ease the economic and social crisis of obesity in the city, several soda-industry beneficiaries joined the industry in opposing the measure. The Hispanic Federation, an organization that supports Latino communities through grants to non-profit groups, submitted comments opposing the portion cap. The group receives funding from The Coca-Cola Company, and in February of 2012 its president, Lillian Rodriguez Lopez, left the group to take a position with that company.⁵¹

The President of the NAACP New York State Conference, Hazel N.

Dukes, also denounced the Bloomberg proposal in a Huffington Post article titled “Sugar-Sweetened Beverages Ban: Misdirected and Short-Sighted.”⁵² The article echoes common industry talking points: that obesity is an issue of calories-in versus calories-out, personal responsibility is the key to prevention, and public health measures intrude on personal freedoms. “It is wrong to assume, as this proposal seemingly does, that given the proper education and tools, people are incapable of making these decisions for themselves,” Ms. Dukes wrote. “I strongly object to the imposition on personal freedom suggested by this ban.”⁵³ Ms. Dukes’ article goes on to tout health-education initiatives like the NAACP’s H.E.L.P. program as a better solution to the obesity problem, but failed to disclose that Coca-Cola funded the program with a \$100,000 grant.⁵⁴ The Coca-Cola Company has a long history of cultivating relationships with the NAACP and other groups that advocate for communities of color and has awarded the group a total of \$2.1 million since 1986.⁵⁵ To put that generosity in perspective, that’s much less than the cost of one 30-second Super Bowl commercial. In a statement responding to this report, the NAACP wrote, “It would be naïve to believe that Coca-Cola or any other corporation could impact policy when the New York State Conference of the NAACP receives funding from a wide range of sources making any one source insignificant in the overall budget.”⁵⁶

Following approval of the soda proposal by the NYC Board of Health, both the Hispanic Federation and the NAACP New York State branch joined a lawsuit filed by the ABA seeking to reverse the rule. In filing an amicus brief in support of the industry’s legal challenge, the groups were represented *pro bono* by King & Spalding, a firm that has long represented The Coca-Cola Company.⁵⁷ The move bewildered many health advocates and incited a barrage of criticism of the NAACP’s New York Chapter by public health activists and the media. During his weekly radio address, Mayor Bloomberg also sharply condemned the group, stating, “how they can look themselves in a mirror knowing they are hurting, deliberately, the life expectancy and the quality of life for the people that they’re supposed to serve?” The NAACP defended the New York Chapter’s actions in a statement to the authors, citing jurisdiction gaps in the mayor’s proposal that unfairly disadvantage small, minority-owned businesses. The organization wrote that “[b]alancing these restrictions on the backs of minority vendors is an unfair and inefficient method of solving serious health challenges. This core civil rights argument is the key purpose of the brief submitted by the NY State Conference of the NAACP.”⁵⁸

In another example, Big Soda enjoyed the support of the Congressional Black Caucus when the group opposed Mayor Bloomberg's proposal for a pilot program that would disallow the use of SNAP benefits to purchase sugar drinks, despite the potential health benefits to the black community. Eighteen members of the Caucus urged Agriculture Secretary Tom Vilsack to reject the proposal, stating, "The plan is unfair to food stamp recipients because it treats them differently from other customers."⁵⁹ The Congressional Black Caucus receives five- or six-figure donations from The Coca-Cola Company annually to sponsor the group's Annual Prayer Breakfast.⁶⁰

While financial partnerships with the beverage industry may represent conflicts of interest for organizations that serve communities of color, those organizations have numerous reasons for accepting money, especially in an environment where funding for non-profit work is tight. When asked by the authors of this report to share insights on the dynamics between their organization and its beverage-company donors, 10 out of 12 prominent minority organizations declined to comment and one representative responded under the condition of anonymity. (Similarly, six out of nine health organizations contacted did not return multiple requests for comments.) This reluctance to discuss their soda-industry funding may reflect a scarcity of funding opportunities, as well as embarrassment regarding the appearance of conflicts of interest. One representative of a major group mentioned, not surprisingly, the risk of upsetting funders as the reason for declining to comment.

"There do seem to be some conflicting priorities," admitted the anonymous representative. "With any funding organization we look carefully at what their motivations are and what we'll be able to do with the funds we're given." The representative pointed out that the benefits of partnering with large beverage companies extend beyond the money. "Aside from the financial benefit, it kind of gets us at the table and allows us to be part of the conversation on other issues," he said. "We try to walk the line and advocate across the board."

Understanding the benefits that minority groups receive from partnerships with Big Soda helps to explain why many groups appear to sacrifice certain health goals in exchange for funding. Corporate partnerships give the organizations an audience with major companies that they can use to address other issues that are important to the organization, such as labor rights or environmental justice concerns. The multi-billion-dollar companies also offer the groups an opportunity to

expand awareness about their issues using the companies' massive public outreach infrastructure. Many of these groups are often not in a position where they can be picky about their funding sources, as the representative told us: "We do have to look at any funding opportunity that comes across our table."⁶¹ Regardless, it is clear that the beverage industry exploits the groups' financial needs and longstanding, mutually beneficial relationships to advance its policy agenda in ways that ultimately hurt communities of color.

When advocacy groups that work to eliminate racial health disparities partner with the beverage industry, they overlook the role that the beverage industry plays in perpetuating the very same inequities. Communities of color are disproportionately affected by the health impacts of obesity. African Americans are 50 percent more likely to be obese and over twice as likely to die from diabetes as whites.⁶² Latinos are 20 percent more likely to be obese than white Americans and 50 percent more likely to die from diabetes.⁶³ While beverage companies offer funding for obesity prevention programs in communities of color, they simultaneously target sugar-drink advertising to those communities at a disproportionate level, encouraging African Americans and Latinos to consume even more calories from nutritionally worthless products (this topic is discussed in more depth in section two, "Philanthro-marketing").

One group that does not receive funding from the soda industry is the Hispanic Institute. Gus West, chairman of the board of the Hispanic Institute, has criticized the soda industry for targeting so much advertising at Latinos. West wrote, "Sugar-sweetened drinks are among the chief culprits for America's burgeoning obesity epidemic—but that hardly matters when there's a profit to be made."⁶⁴ In an op-ed in the *New York Daily News*, West encouraged public health officials to "fight back" and even recommended zoning laws to keep fast-food restaurants, the principal purveyors of oversized sugar drinks, away from schools.

Using Minority Organizations to Lend Credibility to Astroturf Groups

In addition to providing donations, the beverage industry seeks to influence minority organizations by recruiting them into front groups, a practice known as "Astroturfing." Following the tobacco-industry playbook, the beverage industry has a history of hiding behind respected organizations to oppose proposals to tax soda. Big Soda enlists minority

organizations and community groups to lend credibility to its faux “grassroots” groups, masking the industry’s financial role in controversial political issues. “It’s all about payback,” said Kelly Brownell, director of the Yale Rudd Center for Food Policy and Obesity. “Public health advocates ran into the same phenomena when seeking to increase taxes on tobacco.”⁶⁵ Astroturf groups enable beverage companies to demonstrate that credible non-profit organizations also oppose policies or proposals that companies oppose.



A more accurate portrayal of the face of Americans Against Food Taxes

In 2009, the beverage industry enlisted some of its minority grantees in its front group, Americans Against Food Taxes (AAFT), to oppose (and defeat) a proposal for a national soda tax that had been proposed to help finance health care reform. The American Beverage Association (ABA), PepsiCo, and Coca-Cola joined forces with a bevy of junk food producers to create the group, which they presented as a “coalition of concerned citizens—responsible individuals, financially strapped families, small and large businesses in communities across the country—opposed to the Government’s proposed tax hike on food and beverages.”⁶⁶ The group spent \$10 million on an anti-tax advertising campaign that included spots during the Super Bowl.

The coalition included numerous minority organizations, the great majority of which had received funding from Coke, Pepsi, or the ABA in the years surrounding the tax debate. At least 22 of the 26 minority groups in AAFT had some financial tie to the beverage industry [see Appendix B]. Many of the groups, such as the National Hispanic Foundation for the Arts and the Hispanic Association of Colleges and Universities, joined the coalition despite a complete lack of prior engagement in nutrition or health policy.

Even minority groups that advocate on behalf of health lent their credibility to the soda-industry coalition by joining the group. Public health advocates were surprised to find the National Hispanic Medical Association (NHMA) on the list and disappointed that its president, Elena Rios, publicly opposed soda taxes. Her support of industry’s position ignored the sad reality that the rate of diabetes among Mexican-Americans is two times higher than that of whites and dismissed the potential health benefits of reduced soda consumption by Latinos.

The Center for Public Integrity reported that Ms. Rios said, “I’m not convinced that [a sugared beverage tax] is a positive incentive to

make people aware of nutrition. So instead of sugar, what do they use? Sweetener? I think we have to step back and take a broad approach.”⁶⁷ After being criticized by health advocates, NHMA ultimately withdrew from AAFT in early 2010 (oddly, the group’s name was still on the coalition’s website and materials in January 2013).

The beverage industry has cloned front groups to fight soda-tax legislation at the state and local levels. When New York Governor David Paterson proposed a penny-per-ounce excise tax on sugar drinks in 2008, the industry hired the public affairs firm Goddard Claussen to create New Yorkers Against Unfair Taxes. The New York group, boasting many of the same corporate funders and minority group members as Americans Against Food Taxes, lobbied hard against—and succeeded in killing—the Governor’s proposal.

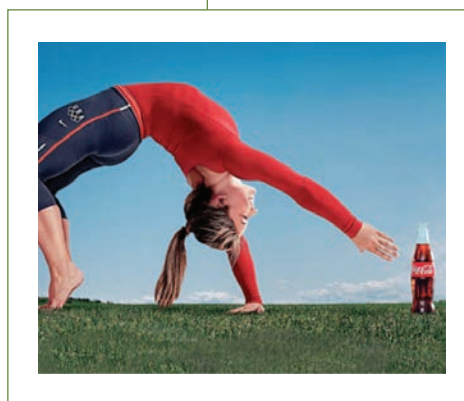
In the heavily ethnic California cities of Richmond and El Monte, where soda taxes were on the ballot in November 2012, the ABA again created an Astroturf group, the Community Coalition Against Beverage Taxes. The coalition’s website domain was listed under Goddard Claussen Public Affairs, the same firm that the industry hired to fight the tax in New York State. Some have accused the beverage industry of using race-baiting as a tactic to defeat the measures, exploiting existing racial tensions within the communities to divide potential supporters.⁶⁸ The NAACP’s Richmond chapter signed on as a member of the coalition, and the ABA hired African-American and Latino community members as canvassers to oppose soda taxes. According to news reports, the coalition spent a combined \$3.5 million to defeat the two tax proposals, about 33 times what health advocates spent in favor of the ballot initiatives.⁶⁹

Using Philanthropy to Downplay Soda’s Role in the Obesity Epidemic; Public Relations Masquerading as Public Health

To help oppose measures aimed at reducing sugar-drink consumption, the industry attempts to deflect attention from the role that their products play in obesity by drawing attention to the need for increased physical activity. While Americans would certainly benefit from more physical activity, the industry emphasizes fitness to put the onus for increased body weight on the



The homepage of New Yorkers Against Unfair Taxes



individual and not on them. Beverage companies have combined their PR campaigns with philanthropy in the area of fitness to portray themselves as part of the solution to the obesity epidemic rather than part of the problem and to encourage people to think that they can simply offset sugar-drink over-consumption by exercising.

The Coca-Cola Company's domestic health-and-wellness giving revolves around "active, healthy living" initiatives that focus largely on exercise. Dr Pepper Snapple Group's health and wellness philanthropy also revolves around physical activity by building playgrounds through a partnership with the KaBOOM! organization. Coca-Cola regularly issues press releases trumpeting its latest generosity in the field of physical activity and fitness. In a 2012 statement, the company asserted "Coca-Cola Wants America to be Fit!" and touted a list of grants to, and partnerships with, respected fitness organizations such as the College of Sports Medicine and the National Foundation for Governors' Fitness Councils.⁷⁰

Coca-Cola CEO Muhtar Kent's comments to *The Wall Street Journal* in response to growing efforts to curb soda consumption unmasked industry's strategy: "[Obesity] is an important, complicated societal issue that we all have to work together to provide a solution. That's why we are working with government, business and civil society to have active lifestyle programs in every country we operate by 2015."⁷¹ In other words: the problem is complex (implying that opponents of sugar drinks are looking for unrealistic quick fixes); The Coca-Cola Company is part of the solution and not part of the problem; and an "active lifestyle," not reducing consumption of sugar drinks, is the solution to the obesity epidemic. Similarly, in 2010 ABA urged that the new edition of the Dietary Guidelines for Americans should emphasize physical activity and "proper hydration," not drinking less soda.⁷²



Associating a brand with athletics and popular athletes is another way that beverage companies connect their brands and products to "active, healthy lifestyles" and American ideals of physical fitness. Coca-Cola has been the Olympics' oldest corporate supporter. The company's recent Olympics marketing reveals its conflation of product promotion and "health" advocacy. In 2012 the company unveiled what it called the Coca-Cola "Eight-Pack" of Athletes—young, attractive, physically fit men and women. According to Coke, the elite athletes would "serve as Coca-Cola 'Ambassadors of Active Living'

to help encourage and inspire people to lead active, balanced lives.”⁷³ In reality, the talented athletes are just one part of Coke’s enormous marketing effort designed to improve its sagging corporate image and sell as much of its high-calorie sugar water as possible.

As part of the promotion, Coke specifically targeted African Americans by offering schools in minority communities a chance to win a field day with Olympian track star and “Eight Pack” member David Oliver. Coke’s promotional materials proclaim that “[i]n the true spirit of the Olympics, ‘On the Go with D.O.’ is designed to inspire African Americans to get physically active with their families.”⁷⁴



Coke conducts similar marketing-posing-as-philanthropy events in conjunction with professional sports leagues. For example, Coke teams with the Washington Nationals baseball franchise in a “Get the Ball Rolling” program that hosts baseball clinics for underserved youth. The clinics nurture young baseball fans and—Coke hopes—future life-long drinkers of Coca-Cola products.

Marketing Partnerships with Cities May Divert Health Policies

In the 1990s, soft-drink companies marketed sugar drinks by signing exclusive marketing deals with school systems. After parents and health officials protested, the companies “voluntarily” shifted their product mix in schools away from full-calorie soft drinks to sports drinks, juice, and water, and looked for ways to cozy up to local governments.

Increasingly, soft drink companies have been partnering with cities and states, pledging large sums of money in return for the title of “Official Soft Drink.” In 2012, Miami Beach announced a 10-year, \$7 million, cross-branding sponsorship agreement with Coca-Cola.⁷⁵

According to Miami’s *SunPost Weekly*, “vending machines at parks and other public areas will sell Coca-Cola’s soft drinks exclusively, as will the concessionaires at the Fillmore, the Miami Beach Convention Center, and other Miami Beach locations.”⁷⁶ Linda Mooney of the *SunPost Weekly* recalls, “It was interesting to watch a city so focused on promoting a healthy image agree to such a partnership, publicly.”⁷⁷ City officials in Ocean City, Maryland, signed a similar 5-year deal with Coca-Cola



in early 2012 at an estimated annual value of about \$286,000, and in April 2012, Dayton, Ohio, joined the bandwagon, signing a five-year sponsorship deal for \$100,000.⁷⁸

While some cities were proposing taxes on soda and banning sugar drinks from government property, in 2012 the American Beverage Association went to Chicago and San Antonio with millions of dollars in prize money for a personal responsibility-driven wellness campaign. The two cities are now competing for a \$5 million grant from the American Beverage Association in a contest that will measure and compare the health of both cities' workforces. When asked whether the competition and grant was simply another payoff to avoid measures like a sugar-drink tax, Chicago Mayor Rahm Emmanuel repeated a common beverage-industry refrain, "I believe firmly in personal responsibility. I believe in competition, and I believe in cash rewards for people that actually make progress in managing their health care."⁷⁹ The industry has already gotten much more than \$5 million worth of favorable publicity from the grant.

Not content with deals with individual cities, the ABA also approached the U.S. Conference of Mayors (USCM) with an attractive grant-making partnership. In June 2011, the USCM and ABA announced a three-year, \$3 million, anti-obesity contest to fund innovative projects in several cities across the country. The program funded small, medium, and large cities to implement projects aimed at increasing physical activity and promoting healthy diet choices.

Under the program rules, cities that accepted grants were obligated to host a promotional press event at which they, alongside the ABA, would publicly announce their awards. USCM CEO Tom Cochran gushed about the new corporate partnership, saying: "We are extremely grateful for this partnership with the American Beverage Association.... At a time when communities are in need of additional funding, this support will produce tangible benefits for thousands of families."⁸⁰

The grants appear to be an attempt by the beverage industry to blunt budding local efforts to reduce soda consumption through such interventions as taxes, removing sugar drinks from government property, and education campaigns. Industry's impetus for this partnership, indeed, may have been sparked by a 2008 USCM resolution that supported using revenue from a sugar-drink tax to fund obesity prevention measures.⁸¹

Language from the USCM press release announcing the partnership program with the soda industry steers the organization and its members

in another direction, and likely away from soda taxes. The USCM release signals industry's intention "to demonstrate its commitment to effectively and efficiently implement *better way solutions* to the societal challenge of obesity [emphasis added]."⁸² The six winning programs focus mostly on increasing access to fruits and vegetables in low-income communities, which, while beneficial, has not been shown to significantly reduce obesity.^{83,84} USCM's partnership with industry and the money provided to the winning cities could make it even more difficult for local governments to pursue policy measures that the soda industry opposes.

At a time when cities small and large are struggling with budget deficits, corporate giving can help keep city programs afloat. But those sponsorships also blur the line between public-spirited governance and the pursuit of corporate objectives. They create conflicts of interest that could stymie the progress of future health initiatives. Notably, soda taxes in most places could provide substantially more funds than industry's grants typically do.

At least one local government has spurned industry money and the conflicts of interest that come with it. In 2010, Philadelphia Mayor Michael A. Nutter rejected an industry offer that would have threatened his efforts to impose a tax on sugar drinks. As a response to the 57 percent rate of childhood obesity and overweight in Philadelphia and a major budget shortfall, the mayor had proposed a two-cent-per-ounce excise tax on sugar drinks, with significant revenue from the tax dedicated to obesity prevention and treatment in under-served communities.⁸⁵ If adopted, Philadelphia's tax would have been by far the highest in the nation.

The beverage industry went into overdrive to crush that initiative. In addition to lobbying, organizing, and advertising to oppose the soda tax, the industry offered \$10 million over two years to the Children's Hospital of Philadelphia (CHOP) to fund research on childhood obesity and a city-wide anti-obesity program, if the tax proposal was dropped.

The owner of Pepsi and other bottling companies in Philadelphia and elsewhere, Harold Honickman, proposed channeling the \$10 million to CHOP through The Pew Charitable Trusts as a "goodwill gesture donation." Pew rejected the offer. Pew president Rebecca Rimel said that because "the proposed tax on sugary drinks is an active issue before the City Council, it is inappropriate for The Pew Charitable Trusts to comment or play a role."⁸⁶ Aware of the conflict of interest that the money would produce and unwilling to abandon his health-promoting

"Accepting money from the beverage industry to fight obesity would be like taking money from the NRA to fight gun violence or from the tobacco industry for smoking cessations."

tax proposal, Mayor Nutter rejected an offer from CHOP to fund an anti-obesity program through the city health centers because the money would have come from the beverage-industry grant. The Mayor explained: “It seems to me that accepting money from the beverage industry to fight obesity would be like taking money from the NRA to fight gun violence or from the tobacco industry for smoking cessations, I mean, it’s ludicrous.”⁸⁷



Philadelphia Mayor, Michael A. Nutter

Health advocates praised Mayor Nutter’s tenacity in the face of beverage-industry pressure, while others decried the decision as a wrong choice for Philadelphia in times of economic hardship. Despite Mayor Nutter’s efforts, the Philadelphia City Council rejected the soda tax proposal. Not surprisingly, the soft-drink industry had made generous campaign contributions to Philadelphia City Council candidates, some \$95,000 in 2010 alone.⁸⁸ Perhaps to celebrate the demise of the tax bill or to inoculate against a future tax proposal, in 2011 the beverage industry funneled a \$10 million donation to CHOP by creating a new non-profit organization, the Foundation for a Healthy America.

CHOP’s Chief Executive Officer, Dr. Steven M. Altschuler, defended the decision to accept support from an industry that helps fuel some of the problems that CHOP treats: “At a time when obtaining research funding is becoming more challenging, this support will produce tangible benefits for thousands of children in our region and beyond.”⁸⁹ The industry donation doesn’t come close to the revenues that could have been generated from a soda tax—year after year. The tax would have raised \$77 million annually, with \$20 million of the revenue earmarked for obesity prevention programs.⁹⁰

Strategic Philanthropy Extends Beyond the Public Health Field: Corporate Green Delays the Grand Canyon from Going Green

Beverage companies use corporate philanthropy to cultivate goodwill and influence policies when it suits their business objectives. Along with health and nutrition, environmental initiatives are one of the industry's top three priority areas. A focus on environmental protection makes sense because beverage producers have come under fire for being major polluters, contributing millions of tons of plastic and aluminum to the waste stream and threatening water supplies where their bottling plants are located.

In 2011, Coca-Cola weighed in on a soon-to-be-enacted litter-reduction measure to ban the sale of disposable bottles of water in the Grand Canyon National Park, replacing them with water filling stations throughout the park. The bottles account for 30 percent of the park's waste stream, according to park officials. Coca-Cola sells its Dasani bottled water in the park and has long been a supporter of the National Park System, having donated over \$14 million in the last 40 years. Two weeks before the ban was to go into effect, Coke intervened with top officials of the National Park Foundation, the official charity that raises funds for National Parks, expressing concerns about the proposed ban, which would have put a dent in sales of Dasani water. After hearing from the company and the foundation, the National Park Service suddenly postponed the decision indefinitely, while "gathering more information."

Although Coke representatives maintain that they never threatened to revoke financial support if the park went ahead with the ban, the concerns of a major funder appear to have at least gotten the attention of park officials. Grand Canyon Superintendent Steve Martin, who designed the ban, said that the project had already received the approval of the regional office and that officials at the national level had been briefed about the project a year earlier. Martin told *The Huffington Post* in November 2011 that "the paper record is there for how widespread the understanding of what we were doing was, and the approvals. That's what makes [the decision to delay the ban] so extraordinary. Right as we're moving to the finish line on a really excellent program, because of Coke's influence, it was scuttled."⁹¹ Fortunately, after an uproar from environmentalists, the plastic-bottle ban went into effect in March 2012.



The Grand Canyon, free of plastic water bottles

“Philanthro-marketing”: Using Philanthropy to Improve Brand Images and Increase Sales

In addition to direct contributions, beverage companies give money to non-profit groups through high-profile campaigns that combine philanthropy and marketing. Though these campaigns contribute money to worthy causes, their main purpose is to generate goodwill and brand loyalty among consumers and increase sales. Public relations professionals refer to these hybrid strategies as cause-related marketing (CRM), and American companies now spend over \$1 billion a year to reap the benefits of CRM.⁹²



Coca-Cola Chief Procurement Officer Ron Lewis explains, “When consumers see a brand that’s associated with a good cause they will switch 62% of the time [other things being equal].”⁹³ Donations to civic causes can also generate large amounts of “earned media”—free publicity for the brand in the form of generally favorable media coverage. Examples of some of the most popular corporate giving programs in the soda industry shed light on companies’ mixed motives for their philanthropy and their propensity to heavily target communities of color.

“My Coke Rewards” Program Fuels Coke Profits

Coca-Cola began its My Coke Rewards program in 2006 as part of its CRM campaign, Live Positively. In the program, when consumers

purchase certain Coke products, they earn points to trade in for personal prizes or to donate to a school or to charities. While the program does provide schools and charities with funds or goods, the central goal of the campaign is to generate goodwill and publicity for the Coca-Cola Company that will result in increased sales and brand loyalty. Despite the availability of reward points for diet beverages and water, 60 percent of the eligible products under My Coke Rewards are full-calorie sugary beverages.

The benefits that Coca-Cola receives from the promotion come at a relatively low cost. For example, to collect enough points to donate a large set of 240

My Coke Rewards: Good Deed or Great Marketing?



=

824
Bottles
of Coke
Products

colored pencils, a consumer would have to buy 824 bottles of Coke.⁹⁴ Likewise, the Coke Rewards program gives only \$1 for every 70 points (23 bottles) collected for charities like the USO, World Wildlife Fund, and Hispanic Scholarship Fund.

FICO, the vendor that created the Coke Rewards web platform, boasts: "...the [Coke Rewards] program keeps consumers engaged with Coca-Cola brands longer and ultimately increases the consumption of its beverages."⁹⁵ The Rewards program collects huge amounts of personal data from participants, allowing Coke to refine its marketing efforts and drum up even more sales.

Coca-Cola also harnesses the My Coke Rewards program to burnish its reputation among minority communities and appeal to urban youth through its Sprite Spark Parks campaign. Based on votes from Sprite consumers, each year the initiative gives 25 schools grants to refurbish urban play areas. Individuals must purchase Sprite products to obtain product codes and register with My Coke Rewards in order to vote.

The Spark Parks promotion targets urban minority communities through its promotional materials and choice of celebrity endorsers, who include long-standing Sprite pitchmen NBA all-star LeBron James and hip-hop moguls Jay Z and Drew. Those stars have enormous appeal among minority youths.

Promo Magazine describes the campaign as a clever marketing strategy to reach local communities, explaining, "The winning schools get updated play spaces, and Sprite gets a brand billboard on each project—a hometown version of putting your brand name on a sports stadium."⁹⁶

Coke promotes the Spark Parks campaign by, among other tactics, targeting "mommy bloggers," whose audiences of mothers the company considers to be the key to household purchases—especially among African-American families. A 10-minute web search revealed more than a dozen Spark Parks posts on different mommy blogger websites, all with strikingly similar language, suggesting that the Coca-Cola Company had supplied the writers with a template.

"The winning schools get updated play spaces, and Sprite gets a brand billboard on each project—a hometown version of putting your brand name on a sports stadium."



LeBron James in an advertisement for the Sprite Spark Parks campaign



Pepsi Refresh: A Marketing Campaign in Philanthropist's Clothing

The Pepsi Refresh project is PepsiCo's counterpart to Coca-Cola's Live Positively campaign and My Coke Rewards program, providing grants from \$5,000 to \$50,000 to organizations that receive the most votes through the company's website. Unlike Pepsi's other grant-giving efforts, funding for the Pepsi Refresh campaign is completely separate from the company's philanthropic arm, the Pepsi Foundation. Instead, the campaign began by using \$20 million that had originally been budgeted for marketing at the 2009 Super Bowl—a daring move, considering the company's 23-year tradition of advertising during the Super Bowl.⁹⁷ Shiv Singh, Global Head of Digital for PepsiCo Beverages America, acknowledged to *The New York Times*, “This was not a corporate philanthropy effort.... It was designed to drive brand health.”⁹⁸

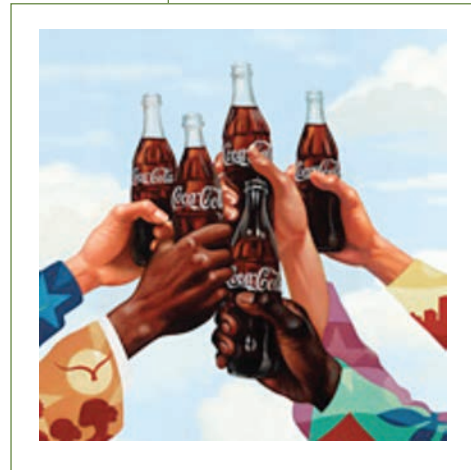
To date, the program has successfully driven consumer interest in the brand, according to Pepsi executives. As organizations vied for the Refresh grants, the program drove huge numbers of individuals to Pepsi's website and Facebook pages, tapping in to the ever-growing power of social media. In its first run, the Refresh project registered 77 million votes, with over 14 million of the votes cast through Facebook. As a result, Pepsi's Facebook fan page increased its fan count eleven-fold during 2009. The company's Facebook page had over 9 million likes as of February 2013 (though fewer than Coke's 60 million).

According to Ana Maria Irazabal, Marketing Director for Brand Pepsi in the United States, the program has been successful at reaching millennials, the 18- to 30-year-old group that Pepsi considers a key target demographic. Irazabal boasts that as a result of the Pepsi Refresh program, “intent to purchase among millennials was exceptional.”⁹⁹ To further stimulate purchases, PepsiCo incorporated a customer loyalty element into the 2011 project cycle, allowing individuals to redeem codes printed on specially-marked Pepsi products to cast “power votes” that magnify the value of their votes by up to 100 additional votes per code.

Targeting Minorities through Cause-Related Marketing

As a growing segment of the U.S. population and major consumers of sugar drinks, African Americans and Latinos are seen as key demographic groups by the beverage industry.¹⁰⁰ As Bea Perez, Coca-Cola's Chief Marketing Officer explained: “We know that 86 percent of the growth

through 2020 for Coca-Cola's youth-target market will come from multicultural consumers, especially Hispanic, and focusing on this segment is critical to the company's future growth."¹⁰¹ According to Seth Freeman, Senior Brand Manager in Coke's African-American Marketing division, "African-American teens not only spend [20 percent] more per month than the average teen, but exert far-reaching influence on mainstream cultural trends."¹⁰² As a result, Big Soda is working hard to expand the consumption of its products among minority groups, sometimes using CRM as a tool.



Both Coca-Cola and PepsiCo now have dedicated marketing divisions that target Latino and African-American communities year-round. As Katie Bayne, Chief Marketing Officer of Coca-Cola North America, explained, "Our multicultural plans are now 12-month plans. It is no longer Hispanic [H]eritage [M]onth followed by Cinco de Mayo."¹⁰³ A former soft drink executive described the industry's marketing efforts in communities of color this way: "Soft drink companies have literally surrounded minority consumers from a very young age and throughout their lives and lifestyles with multiple forms of marketing— vending machines, donations to church groups, sports marketing, and targeted advertising on radio and TV—with the ultimate goal of '360 degree' marketing."¹⁰⁴ A study by the Yale Rudd Center for Food Policy and Obesity found that black children and teens saw 80 to 90 percent more ads for sugar drinks than their white peers, and Latino teens were exposed to 99 percent more ads in 2010 than they were in 2008.¹⁰⁵

Big Soda markets heavily in communities of color despite higher rates of obesity in those populations compared to whites, further perpetuating health disparities. The following represent just a few examples of CRM campaigns run by beverage companies to increase sugar-drink consumption by African Americans and Latinos.

Coca-Cola has courted Latino consumers through its Destapa tu Felicidad (Open Happiness) campaign. In 2009, the company announced its goal of "helping Hispanics fulfill their dream of learning English" by providing individuals with educational DVDs. But to get access to the series, as with many of Coke's philanthropic promotions, consumers had to collect 700 My Coke Rewards points, over 230

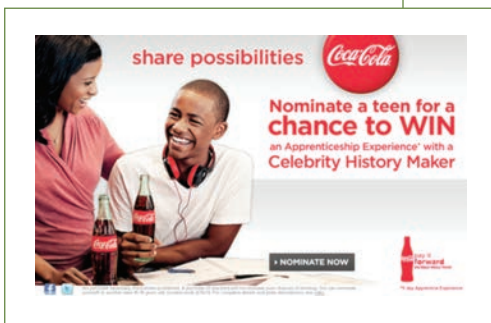


Coke customers can redeem purchases for an English language tutorial DVD.

bottles of Coke products, for each of the 12 educational volumes.¹⁰⁶

Reinaldo Padua, assistant vice president of Latino marketing at Coca-Cola North America, explained the company's motive behind the campaign. "We measure the success of this program in how it builds loyalty for the brand. How is it driving sales volume in stores and activation of the promotion?"¹⁰⁷ Padua said the program was proving to be a success at increasing brand loyalty, although efforts to measure its success in helping consumers learn English were apparently not part of the program evaluation.

For its part, PepsiCo launched La Promesa de PepsiCo (The Promise of PepsiCo), which focuses on "helping Latinos and their families achieve the American dream by supporting education, developing healthier products, promoting active lifestyles and caring for the environment."¹⁰⁸



Coca-Cola's Katie Bayne has explained the company's plans to court African-American consumers through CRM: "We're really focusing on moms.... [We're] celebrating the historically black colleges and universities, Black History Month, and connecting over music."¹⁰⁹ One example of Coke's appeal to African Americans is the company's Pay It Forward sweepstakes that focuses on African-American teens. Tying into Black History Month, the campaign offers black teens a chance to win "apprentice experiences" with successful African-American celebrities, including Essence president Michelle Ebanks and musician Ne-Yo. Similar to Coke's other CRM campaigns, entering the sweepstakes requires registration with My Coke Rewards. "By drinking and supporting Coca-Cola, our consumers make it possible for us to pay it forward with this one-of-a-kind opportunity," said Kimberly Paige, assistant VP of African-American Marketing Group for Coca-Cola North America.¹¹⁰

In another CRM initiative designed to appeal to African-American consumers, Coke has sponsored the Essence Music Festival, the largest "African-American music and empowerment event in the country," according to the company. In addition to linking its brand to the festival, Coca-Cola uses the event as an opportunity to announce grants to non-profit organizations in New Orleans, where the event is held. At the 2011 event, Coca-Cola announced \$15,000 grants to two non-profits and \$125,000 in scholarships. The 2012 festival even adopted the Coca-Cola Company's iconic advertising slogan, "Open Happiness," as its theme.¹¹¹



Undoubtedly, stimulating people to give to worthy causes and providing organizations with much-needed funding represent a positive role that corporations can play in our society. Without such support many organizations would be struggling even more than they are now to fulfill their missions. Although programs like My Coke Rewards and Pepsi Refresh provide benefits to the recipient charities, it is the consumer who ultimately stands to lose through the additional encouragement of poor eating choices and increased calorie consumption.

That is especially true for communities of color that suffer disproportionately from obesity-related diseases. Maya Rockey Moore, president and CEO of Global Policy Solutions, recognizes the dilemma faced by many minority organizations that use industry money for much-needed programs. She writes, “I’m not suggesting that we break up with these companies. But the time has come for us to ask if we love their products more than we love ourselves. Do we love the products more than we love our children—who are projected to be the first generation to live sicker and shorter lives than their parents because of obesity and related illnesses?”¹¹² Rockey Moore offers the following entreaty to minority organizations involved with sugar-drink companies: “...we need to develop a different relationship—one that goes beyond cultural pride and financial support to a relationship that fundamentally respects the value of human life.”¹¹³

Conclusion

It should come as no surprise that the soft-drink industry pursues its own self-interest in constructing giving strategies. Part of the industry’s plan for success includes the creation of an image as a generous benefactor of the public good. Substantial resources go into trying to hide the known public health harms and the costs related to excess soda consumption behind a façade of good corporate citizenship. In the exchange, even highly respected non-profit organizations risk losing their independence and credibility.

Years ago health advocates began to question the tobacco industry’s generous contributions to popular social welfare (and other) causes, including those representing the interests of minority communities. Despite the clear need for such support, many groups recognized the potential for conflicts of interest between cigarette-company largesse and the public health and gradually reduced their dependency on funds that often came with political and policy strings attached.

As was the case in the fight against tobacco, improving the prospects for new public health policies to reduce consumption of sugar drinks calls for, in part, a growing awareness of the soda industry's philanthropic strategies and an effort to reorient grant-seeking in other directions. Health groups, child-welfare organizations, advocates for low-income and minority communities, hospitals, and all levels of government should consider whether ties with industry serve the best interests of their constituencies or reinforce practices and policies that foster ill-health and poverty.

Given the parallels between beverage-industry philanthropic strategies and those employed by the tobacco industry, organizations can look to the model guidelines developed by the Campaign for Tobacco Free Kids for suggestions for evaluating proposed partnerships with corporate sponsors (see excerpt of the guidelines in Appendix C). We encourage organizations to discuss internally the trade-offs that inevitably come with soda-industry money.

APPENDIX A: Partial List of Health and Minority Organizations with Ties to the Beverage Industry¹¹⁴

1. **100 Black Men of America:** Coca-Cola listed as a partner & Sponsor; \$150,000 grant for fitness and health programming in 2012
2. **Academy of Nutrition and Dietetics:** Lists Coca-Cola as a “Partner” and PepsiCo as a “premier sponsor” in 2012
3. **American Academy of Family Physicians:** Coke gave \$600,000 to build a health website in 2009
4. **American Academy of Pediatrics:** Coca-Cola is listed as a corporate sponsor
5. **American Academy of Pediatric Dentistry:** Coke gave a \$1 million unrestricted grant in 2003
6. **American Cancer Society:** Coke is supporting its Choose You campaign aimed at women’s lifestyle choices to prevent cancer
7. **American College of Cardiology:** Coke listed as a partner for its CardioSource National Care Initiative
8. **American College of Sports Medicine:** Coca-Cola and Gatorade Sports Science Institute listed as corporate sponsors
9. **American Diabetes Association:** Coca-Cola gave \$125,000 for obesity prevention work in 2012
10. **Children’s Hospital of Philadelphia:** Coca-Cola gave a \$10 million grant in 2011
11. **Congressional Hispanic Caucus Institute:** Received support from PepsiCo for their Summer Congressional Internship Program for the last 10 years
12. **Hispanic Scholarship Fund:** Has \$20 million non-cash commitment with Coca-Cola for marketing; received \$250,000 cash in 2010
13. **LaPlaza De Cultura:** Received a \$1million, 3-year grant from PepsiCo in 2011
14. **Latin American Association:** A Coca-Cola executive Carlos Pagoaga, sits on the Board of Advisors. Coca-Cola gave \$50,000–\$90,000 in 2007
15. **League of United Latin American Citizens:** PepsiCo listed as a funder
16. **Morehouse College:** Coca-Cola gave a \$1.2 million grant in 2012
17. **NAACP:** Coca-Cola gave \$100,000 in 2010
18. **NALEO:** Coca-Cola and Pepsi sponsored portions of its 2012 annual conference and 2011 gala.
19. **National Action Network:** Coca-Cola is listed as a corporate sponsor
20. **National Association of Hispanic Journalists:** PepsiCo Contributed \$50,000 for Scholarships and Internships in 2011

21. **National Association of Hispanic Nurses:** Coca-Cola listed as a corporate sponsor; Gave \$150,000 in 2011 for childhood obesity program, Muéveted
22. **National Black Arts Festival:** Coca-Cola is listed as a corporate sponsor
23. **National Coalition of 100 Black Women:** Coca-Cola gave the Atlanta chapter \$50,000 in 2010
24. **National Council of La Raza:** Coca-Cola and PepsiCo on board of advisors; both companies give at least \$5,000 a year
25. **National Hispana Leadership Institute:** Coca-Cola gave \$25,000 in 2010
26. **National Urban League:** Coca-Cola & PepsiCo sponsor its annual conference
27. **Preventative Cardiovascular Nurses Association:** Coca-Cola gave an educational grant in 2011 for continuing education coursework on inactivity; Coca-Cola listed as a silver level supporter
28. **Thurgood Marshall Scholarship (for historically black colleges):** Coca-Cola gave \$50,000 in 2010
29. **United Negro College Fund:** Coca-Cola and Pepsi both gave \$50,000 to \$99,000 in 2011
30. **United States Hispanic Chamber of Commerce:** Coca-Cola is listed as a corporate partner; Coca-Cola sponsors its national TV show, Hispanics Today

APPENDIX B: Minority Groups that Support ABA's Americans Against Food Taxes^{115,116}

- ASPIRA Association: PepsiCo Foundation listed as a funder.
- Caribbean American Chamber of Commerce and Industry: Coca-Cola is listed as a corporate partner
- Cuban American National Council: Coca-Cola and PepsiCo listed as Sponsors
- Georgia Hispanic Chamber of Commerce: Coca-Cola sponsored the 2008 Annual Hispanic Caucus Breakfast; Board member Rene Diaz on the Coca-Cola Hispanic Advisory Council since 2007.
- Hispanic Alliance for Prosperity: Coca-Cola listed as a Corporate Board Member.
- Hispanic Association of Colleges and Universities: Coca-Cola listed as a sponsor; Coca-Cola VP of Latino Affairs is a member of the Corporate and Philanthropic Council.
- Hispanic Federation: Coca-Cola listed as a funder.
- Hispanic Media Council: Relationship to industry unknown
- Latin Chamber of Commerce: Relationship to industry unknown
- The Latino Coalition: American Beverage Association and Coca-Cola listed as corporate partners
- Latino Council on the Media: Relationship to industry unknown
- League of United Latin American Citizens: Coca-Cola & PepsiCo on Corporate Alliance Advisory board; supported 2011 National Legislative Conference & Awards Gala
- MANA a National Latina Organization: Coca-Cola donated at least \$50,000 to be part of their Corporate Partnership Council; Coca-Cola a member of the Advisory Council
- NAACP Chicago Westside Branch: Coca-Cola and PepsiCo contribute to national NAACP
- NAACP Milwaukee Branch: Coca-Cola and PepsiCo contribute to national NAACP
- NAACP New York State Conference: Coca-Cola and PepsiCo contribute to national NAACP
- National Association of Hispanic Publications: Coca-Cola and PepsiCo listed as funders
- National Hispana Leadership Institute: PepsiCo gave \$25,000 every year between 2003 and 2008

- National Hispanic Medical Association: Received up to \$10,000 from Coca-Cola in 2009
- National Hispanic Caucus of State Legislators: Coca-Cola and PepsiCo sponsored their summit in 2009; Coca-Cola supported 2010 and 2011 summits; Coca-Cola on the Board of Advisers/Members
- National Hispanic Foundation for the Arts: Coca-Cola listed as a sponsor
- National Latino Education Institute (Chicago): Relationship to industry unknown
- National Puerto Rican Coalition: Received \$50,000 in 2008 from the PepsiCo Foundation
- U.S. Hispanic Chamber of Commerce: Coca-Cola and PepsiCo are corporate sponsors
- U.S. Hispanic Leadership Institute: Coca-Cola and PepsiCo listed as corporate sponsors

APPENDIX C: Excerpt from “MODEL GUIDELINES FOR NONPROFITS EVALUATING PROPOSED RELATIONSHIPS WITH OTHER ORGANIZATIONS”

By the Campaign for Tobacco Free Kids¹¹⁷

A nonprofit’s reputation for integrity, credibility, social responsibility and accountability is its greatest asset. As relationships between governmental agencies, nonprofit organizations and for-profit organizations grow in number and complexity, it is important for non-profit organizations to have clear policies and procedures in place to ensure that the relationships and agreements they enter into and contributions they accept are ethical, promote the mission of the organization, do not involve conflicts of interest, and do not promote activities, organizations or interests that conflict with the organization’s goals.

These guidelines are intended to address the most common practical and ethical concerns raised by relationships with and contributions from other organizations. They are general in nature and not intended to address every situation. They reflect the conclusion that ethical issues can be raised by the nature of a partner or contributor as well as by the activity carried out through the partnership or as result of the contribution. By adapting these guidelines to their own situation, nonprofit organizations can minimize the risk that they will inadvertently enter into relationships that could be publicly embarrassing, internally divisive and counterproductive to organizational goals.

These guidelines are drawn from a review of the literature on this subject. They are intended to help in evaluating a variety of relationships, including giving or receiving financial or in-kind contributions; cosponsoring meetings, programmatic activities, conferences or other events; collaborating or partnering in research, publications and similar projects; and permitting the use of a nonprofit’s name or endorsement in cause-related marketing or similar agreements.

Considerations in Evaluating a Proposed Relationship

Fundamental questions to ask before entering a relationship include:

- Does the proposed activity and/or the proposed relationship promote the mission and values of our organization?
- Will the relationship promote or enhance activities or organizations whose goals are inconsistent with the mission and values of our organization?
- Will the relationship maintain our organization’s reputation for objectivity, independence, integrity, credibility, social responsibility and accountability?
- Answering these questions involves considering the reputation of the

proposed partner, the partner's goals, the subject area of the relationship, the partner's role, and the potential positive and negative consequences of the relationship. It is also useful to assess the organization's evaluation process to ensure that the right questions will be asked and answered before commitments are made.

For the full model guidelines, visit:

<http://www.tobaccofreekids.org/research/factsheets/pdf/0151.pdf>

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