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BUSINESS

Soda Producers Set Goals on Cutting U.S. Beverage Calories

Companies Pledge to Market Water, Smaller Sizes, Diet Drinks; Pledge 20% Calorie Cut by 2025

By MIKE ESTERL

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Smaller containers, such as these mini cans, shown next to full-size cans, would be part of the calorie-cutting effort, as would heavier promotion of low-cal drinks. *Reuters*

Coca-Cola Co. , PepsiCo Inc. and Dr Pepper Snapple Group Inc. will work to cut beverage calories in the American diet 20% by 2025 through promoting bottled water, low-calorie drinks and smaller portions.

The pledge marks a rare commitment by beverage makers in the fight against obesity at a time when the industry is under increasing scrutiny of its products. Drink-makers opposed a cap on sugary drink portions in New York City, and are trying to stop a new tax on sugary drinks that San Francisco residents will vote on in November.

Under the voluntary agreement announced Tuesday, the companies said they would market and distribute their drinks in a way that should help steer consumers to smaller portions and zero- or low-calorie drinks. They also have committed to providing calorie counts on more than 3 million vending machines, self-serve fountain dispensers and retail coolers in stores, restaurants and other points of sale.

Americans already have scaled back on soda as consumers get more health conscious about diseases like diabetes, eroding the industry's bottom line. U.S. per capita soda consumption has fallen since peaking in 1998 and calories from soda contracted 23% between 2000 and 2013, industry tracker Beverage Digest estimates.

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The move is an implicit acknowledgment by the soda industry that longtime staples like Coke, Pepsi-Cola and Dr Pepper have played a role in rising obesity rates.

Atlanta-based Coke has said in the past that Americans should exercise more, not drink less sugary soda.

The agreement announced Tuesday was struck between the American Beverage Association and the Alliance for a Healthier Generation, founded by the American Heart Association and the Clinton Foundation to improve the health of children. "This is a continuation of our desire to be part of the solution," said American Beverage Association President Susan Neely in a telephone interview.

Former President Bill Clinton issued a statement saying the stepped-up commitments "can be a critical step in our ongoing fight against obesity."

About a third of adults and nearly one-fifth of children in the U.S. qualify as obese, according to the Centers for Disease Control and Prevention.

Americans consume roughly 20 teaspoons of sugar a day, according to the American Heart Association, which is about twice the amount considered healthy. The government estimates about a third of added sugars in the American diet comes from soda, energy drinks and sports drinks. Pre-measured bottles and cans of soda accounted for about 75% of U.S. sales in 2013, while fountain drinks made up the rest, according to Beverage Digest, which tracks sales.

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The Center for Science in the Public Interest, a longtime soda industry critic, called the move "welcome news" but said the goal could be achieved much faster with taxes on soda and warning labels. "We need much bigger and

faster reductions to adequately protect the public's health," the group said.

The companies won't be penalized if they can't keep their promise, but the pledge's results will be tracked by an independent third party, the Alliance for a Healthier Generation said. The organization's pact with companies to stop selling soda in U.S. schools helped curb calories consumed from beverages at schools by 90% between 2004 and 2010, according to an independent analysis published in the American Journal of Public Health.

The drink-makers have diversified aggressively in recent years into zero-calorie beverages and bottled water. But cheap private-label brands of bottled water and eco-friendly refillable bottles outfitted with

filters pose a challenge to growing sales. Complicating matters, Americans are increasingly shunning diet soda amid health concerns over artificial sweeteners like aspartame.

A new study published last week in the journal *Nature* suggested artificial sweeteners in diet drinks and foods can raise the blood sugar level instead of reducing it. Soda companies are now marketing lower-calorie drinks made with natural sweeteners to try and win back consumers. Coke began a U.S. rollout last month of Coca-Cola Life, a mid-calorie version of its namesake soda that is sweetened with a blend of sugar and stevia plant extract.

Soda's share of U.S. beverage consumption peaked at 29.6% in 1998 but was still 23.1% last year, estimates Beverage Digest. Bottled water, milk and juice represented just 12.1%, 9.8% and 3.8% of liquid intake last year, respectively, according to the industry tracker.

U.S. soda volumes fell 3% last year but Diet Coke and Diet Pepsi both plunged nearly 7%, according to Beverage Digest.

As part of a 2006 pact brokered by the Alliance for a Healthier Generation, beverage companies agreed to sell only bottled water, low-fat milk and 100% fruit juice in elementary and middle schools. At the time, drink-makers also agreed to restrict soda sales in high schools to diet versions.

The Obama administration earlier this year proposed nutrition rules that would ban logos for sugary sodas like Coke, Pepsi-Cola and Dr Pepper inside schools.

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