

City of Philadelphia Healthy Vending Policy: Impact on sales and revenue

June 2014

Background

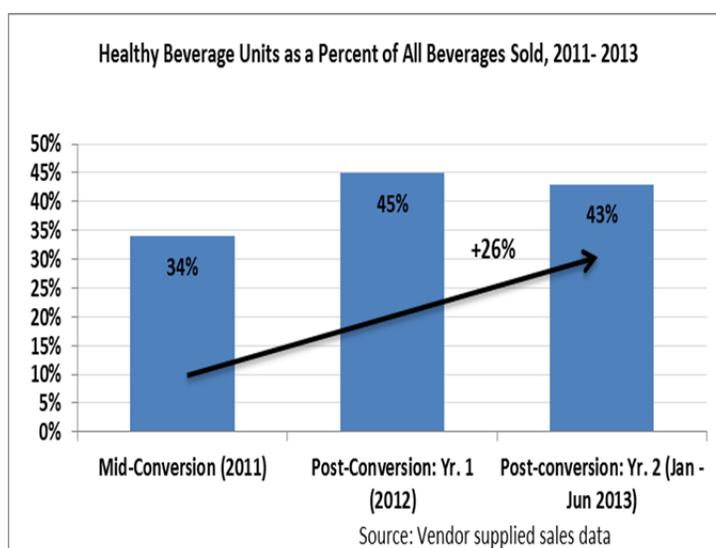
In January 2011, the City of Philadelphia adopted [healthy vending standards](#) to align with the work of [Get Healthy Philly](#) – an initiative designed to increase healthy eating, active living, and smoke-free lifestyles through policy, systems, and environmental change. The standards impacted 300 machines and required: 1) two-thirds of items to meet healthy nutrition standards, 2) smaller portion sizes for sugary drinks, 3) prominent placement of healthy items, 4) competitive pricing of healthy items, and 5) calorie labeling on machines. Philadelphia’s standards also contractually required vendors to supply quarterly sales data. Using these vendor-supplied data¹ and commission data provided by the City of Philadelphia Accounting Bureau, this brief presents trends in sales and revenue as they relate to implementation of healthy vending standards.

**As more data become available, this brief will be updated.*

Beverages

- The healthy standards were implemented during 2011 for all beverage machines. Complete pre-implementation data from 2010 were not available, so most analyses use the mid-conversion year (2011) as baseline. This likely leads to underestimation of the impact of the standards.
- The total number of healthy beverage units sold increased by 22% and water units sold increased by 29% from 2011 to 2013 (Table 1).
- Of total beverages sold, the proportion of healthy beverages increased from 34% in 2011 to 43% in 2013 (Figure 1).
- The total number of beverage units sold decreased by 12% from pre- to post-implementation. Total beverage revenue decreased by 29%. Of note, with portion size reductions, there was also a decrease in price per beverage, which would impact total revenue (Table 1).

Figure 1



Snacks

- The healthy standards were implemented during 2012 for all snack machines. The average price for healthy and unhealthy snacks was the same: \$0.92 (not shown).
- Of total snacks sold, the proportion of healthy snacks sold increased from 8% to 40%—representing a 400% relative increase (Figure 2). The total number of healthy snacks sold grew 310% from 60,633 to 248,485 (Table 2).
- The total snacks sold decreased 21%, while the annual snack revenue decreased 15% (Table 2). Revenue from healthy snacks sold increased 311% (Table 2).

Figure 2

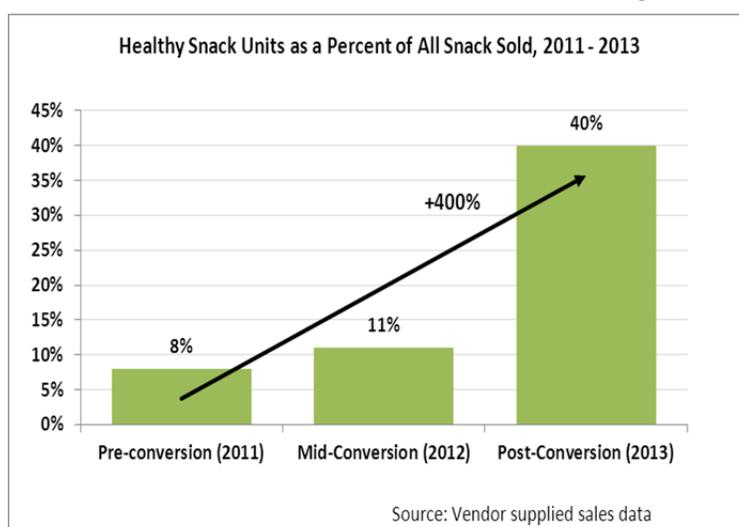


Table 1: Annual Beverage Units Sold & Revenue, 2010 – 2013

	Pre-conversion 2010 (N=133)	Mid-conversion 2011 (N=134)	Post-conversion - Year 1 2012 (N=121)	Post-conversion Year 2 ² 2013 (N=119)	% Δ pre to post- conversion
# total units sold	338,892	308,230	309,198	298,210	-12% ³
# healthy units	N/A	104,702	137,890	128,190	+22% ⁴
% healthy units	N/A	34%	45%	43%	+26% ⁵
# water units sold	N/A	38,437	47,582	49,496	+29% ⁶
\$ total beverage revenue ^{7,8}	\$846,885 (N=228)	\$761,305 (N=226)	\$597,375 (N=207)	N/A	-29%

Table 2: Annual Snack Units Sold & Revenue, 2011 – 2013

	Pre-conversion 2011 (N=133)	Mid-Conversion 2012 (N=131)	Post-Conversion 2013 (N=128)	% Δ pre to post- conversion
# total units sold	774,687	731,093	614,764	-21%
# healthy units sold	60,633	79,965	248,485	+310%
% healthy units	7.8%	10.9%	40.4%	+417%
\$ total revenue	\$746,095	\$732,873	\$635,598	-15%
\$ healthy revenue	\$55,829	\$77,686	\$229,575	+311%
% healthy revenue	7.5%	10.6%	36.1%	+383%

¹ The City of Philadelphia contracted vendor supplied beverage and snack data that included the number of units sold for approximately 130 beverage machines and the number of units sold and the revenue generated for 130 snack machines. The vendor sub-contracted 100 of its beverage machines to a third-party vendor for which sales data were not provided.

² The vendor supplied data for only January – June 2013; therefore, we estimated the units sold for July – December by doubling the previous six months.

³ Baseline is 2010

⁴ Baseline is 2011

⁵ Baseline is 2011

⁶ Baseline is 2011

⁷ Vending sales & commission data provided by the City of Philadelphia Accounting Bureau.

⁸ Healthy beverage revenue unavailable; total beverage revenue estimated for December 2012 using data from November 2012.