

Meal deals could undo the benefits of the sugar tax

February 9 2018, by Carol Williams



Credit: AI-generated image ([disclaimer](#))

From April, the UK government's sugar tax will make 500ml bottles of high-sugar drinks cost an extra 14p, and two litre bottles an extra 58p. The higher price is intended to steer people towards choosing lower-sugar drinks. But promotions, such as "meal deals", could make the sugar tax meaningless by negating the price difference.

The [sugar](#) tax will apply to fizzy drinks, squashes and [juice drinks](#) with more than 5g or 8g of sugar per 100ml, adding 22p and 29p per litre respectively to the price, including VAT. Places that have already got a sugar tax, such as [Mexico and Berkley, California](#), have found that the higher price does make people drink less. But Public Health England's (PHE) approach is slightly different because it has set two levels of tax and given manufacturers plenty of time to lower the [sugar content](#) of their drinks to be below the sugar tax thresholds.

Since the sugar tax was announced in April 2016, manufacturers have been steadily altering their recipes, (known as "reformulation") to have 20-50% less sugar. This has been so successful that forecasts of how much money the sugar tax will generate in the first year have shrunk from [£520m to £385m](#), and may be even lower. The UK's approach is being [held up worldwide](#) as a shining example of how to get manufacturers to make food healthier.

Much of this reformulation has been hidden, with no clear message to consumers that the product has changed. But while some drinks producers, such as [Tesco](#) and [Lucozade Ribena Suntory](#), have reduced sugar across their entire range, others have taken a different approach.

[Coca-Cola](#) and [Britvic](#) (the licensed bottler of Pepsi in the UK) have lowered the sugar in most of their drinks, but kept Coca-Cola Classic and Pepsi unchanged. These full-sugar versions contain around 53g sugar per 500ml bottle (around 14 sugar cubes), so there will be a 14p sugar tax to pay.



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Passing the can

The drinks industry says the size and scale of the sugar-tax bill is too much for them to absorb, so they will pass the cost on to retailers. Retailers are likely to do the same and pass the cost onto consumers. This is what PHE intended; high-sugar drinks should cost more to make them less attractive to buy. But the tax may have an unintended consequence on drinks purchased in meal deals, which typically include a sandwich, a snack and a drink.

Young people are the biggest consumers of sugar-sweetened drinks and have been a key target of [PHE's sugar-reduction strategy](#). Meal deals are popular and widely available in student environments, from on-campus supermarkets, students union shops and express supermarkets.

Our research with students (aged 16-19 and 19-24) found that they decided what to buy in a meal deal based on price and "getting a bargain". Students tend to choose the most expensive drink in order to maximise the cost benefit of the deal, even though they are often aware of the health aspects.

When the sugar tax comes into force and full-sugar drinks cost more, this may create a perverse incentive because choosing the more expensive drink will increase the relative discount/cost effectiveness achieved by buying a meal deal.

The UK has more special offers and price promotions on food and drinks than anywhere else in Europe and [PHE has set "reducing and rebalancing"](#) price promotions in its sights for future action. In the meantime, the drinks industry is doing its bit, lowering sugar but retaining choice.

Now it is over to retailers and other drinks outlets to act in the spirit of the sugar tax by passing the higher price on to consumers and keeping a price difference between high- and low-sugar drinks.

For meal deals, there are three options: add the sugar tax to the price of the meal deal when a full-sugar drink is chosen, take sugary drinks that are taxed out of the meal [deal](#), or do nothing and risk encouraging people to choose the full-sugar version, undermining everything PHE is trying to achieve.

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