

The British Soft Drink Association's response to the Competition and Market Authority's consultation on price transparency guidance

1. Executive summary

The British Soft Drink Association (BSDA) welcomes the opportunity to respond to the Competition and Market Authority's (CMA) consultation on price transparency guidance. We support measures that enhance consumer clarity and regulatory consistency across markets. The draft guidance may create uncertainty for products within the scope of the Deposit Return Scheme (DRS). The Government has indicated its intention that deposits should be excluded from definitions of drip pricing, and it will be important that the CMA's guidance takes this into account to avoid confusion for consumers and unnecessary complexity for businesses.

2. Background

The BSDA represents UK producers of soft drinks, including carbonated, still and dilutable drinks, fruit juices and bottled waters. Our membership includes the majority of Britain's soft drinks manufacturers as well as franchisors, importers and suppliers to the UK soft drinks industry. Operating at over 70 sites across the country, from household names to great British brands, our industry contributes £5.6 billion to GDP, directly employs nearly 17,000 people in high skilled, high paid work, and supports more than 56,000 jobs across the wider economy.

3. Consultation response

The BSDA will only be responding to questions 1–4 of the consultation, as these areas are most relevant to the soft drinks industry. The remaining questions fall outside the scope of our membership's activities.

3.1. Do you have any comments on the structure or clarity of the Draft Guidance?

No.

3.2. Do you have any comments about what an invitation to purchase is (Chapter 2)?

No, the BSDA agrees with the definition of an invitation to purchase.

3.3. Do you have any comments about what needs to be included in an invitation to purchase (Chapter 3)? Is the guidance on when the presentation of prices might be misleading clear? Are there topics covered in this section that would benefit from further guidance?

The Government's 2024 response to the consultation 'Smarter Regulation: Improving consumer price transparency and product information for consumers' confirmed its belief that for items in scope of a Deposit Return Scheme (DRS), "the selling price displayed excludes the deposit, while the deposit is clearly displayed separately, and the unit price is calculated excluding the deposit".

It is vital that the displayed unit price should be calculated exclusive of the deposit to provide consumers with an accurate sense of value. In practical terms, this means that the unit price in pence per millilitre should be based solely on the cost of the beverage, enabling consumers to

make informed choices about their purchases without the added complication of the deposit cost, which must remain a separate entity to the drink itself.

This is particularly important in the context of Price Marked Packs (PMP), where labelling constraints mean there is often little to no space to display the deposit and the total price alongside the selling price. This challenge is compounded by the fact that, at present, glass drinks containers only fall within the scope of DRS in Wales. Due to supply chain and distribution complexities, producers do not have oversight of the nation in which a product will be placed on market. For this reason, costs shown on PMP's must remain exclusive of the deposit. The responsibility for communicating the additional cost of the deposit should lie at the point of sale. This is due to:

- **Consumer Clarity:** PMPs are a straightforward way for consumers to understand the cost of the product they are purchasing. Including the deposit cost on the PMP could create confusion, as consumers might assume the deposit is a non-recoverable cost.
- **Logistical Consistency:** If the deposit cost is included in the PMP, it could create complications, especially for products that cross borders where DRS regimes and deposit levels may differ.
- **Effective DRS Participation:** Explicitly displaying the deposit cost at the point of sale will not only fulfil the objective of consumer awareness but also foster active participation in DRS by making it clear that the deposit is recoverable upon the return of the container.
- **Regulatory Alignment:** Keeping the deposit separate aligns better with the core regulatory intent of DRS, which is to encourage recycling as a behaviour distinct from product purchase.
- **Adaptability in Inflationary Environments:** In an inflationary environment, there is a chance that operators may need to adjust the deposit amount. If the deposit amount is displayed via point-of-sale material, changes can be implemented quickly and at a minimal cost, thereby making it an efficient solution for all parties involved.

The BSDA therefore strongly agrees with the Government's intention to exempt items in scope of DRS from including the deposit in the displayed price on packaging. Instead, the cost of the deposit should be distinctly separated from the cost of the drink and displayed conspicuously at the point of sale. Transparent and unambiguous labelling is essential for both consumer transparency and the successful uptake of DRS initiatives. By clearly indicating that the deposit is an extra, refundable charge, we can better encourage consumer participation in recycling schemes. We therefore urge the CMA to ensure its guidance holds true to the Government's intention of an exemption for items in scope of DRS.

3.4. Do you have any comments about the core principles for what the 'total price' must include and what businesses need to do if it is not reasonably possible to calculate it (Chapter 4)? Are there topics covered in this section that would benefit from further guidance?

Please see the BSDA's response to question 3.3.