OCTOBER 11, 2023

State of the Beverage Industry

Opportunities to drive savings & increase efficiencies in a non-clinical category.

Target Audience: Supply Chain Teams

enliven
BEVERAGE DEAL EXPERTS

Learning Objectives for Supply Chain Teams

1. Describe the channels where beverage spend typically occurs within a healthcare system
2. Recognize recent beverage trends and consumer preferences
3. Examine the benefits and barriers of choosing to enter a purchasing agreement with one supplier
4. Evaluate if partnering with a beverage company would be a good fit for your organization
5. Case Study: Quorum Health / Ovation Healthcare

NOTE: There is no Continuing Education (CE) associated with this webinar.

Who is Enliven?

Singular Focus: Negotiating & Managing Pouring Rights Programs with Coca-Cola, PepsiCo and Keurig Dr. Pepper

Negotiated **$1 Billion+** of beverage contract savings across a variety of industries

Represented over 1,000 hospitals

Heather Neisen

DIRECTOR OF ACCOUNT MANAGEMENT

- 7+ years managing beverage partnerships with main focus on healthcare accounts
- Currently manages 27 clients at Enliven

HealthTrust Agreement

- Contract #39956; Category: Pouring Rights
- Only HealthTrust approved pouring rights consultant

Two different pricing options available

- Check our contract package on the HealthTrust Member Portal for more details

Case Study:

Ovation Healthcare

ELEVATE

SUPPLY & EXPENSE MANAGEMENT SOLUTIONS

Kim Milliken

DIRECTOR, STRATEGIC SOURCING

Ovation Healthcare

Learning Objective 1

Describe the channels where beverage spend typically occurs within a healthcare system

Beverages in Healthcare

Common Terminology

- **Cases/Gallons** – The unit of measure used to talk about the volume of beverage product purchased
- **CSD** – Carbonated soft drink
- **FTN** – Fountain
- **FSV** – Full-service vending

Data Points Used to Benchmark Performance or Opportunity

- Licensed bed count
- Census data
- Adjusted patient day
- Beverage spend

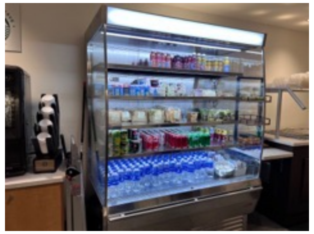
Healthcare Specific Consideration

- **Dietary restrictions** - limited water for heart patients, no caffeine, no sugar
- **Nutritional guidelines** – low or no sugar at retail
- **Behavioral Health facilities** – no aluminum cans, juice only on fountain
- **Sustainability guidelines** – few or no single use plastics
- **Discounted products** at retail for employees
- **Free product** within EMS lounges, physician's areas

Where are the beverages?

- Cafeterias
- Gift Shops
- Leased Spaces – Coffee Shops, Branded Operations
- Patient Feeding
- Catering
- Emergency Water
- Micromarkets
- Vending
- Administrative Offices

Retail	Fountain	Patient Tray	Vending	Micro Market
				

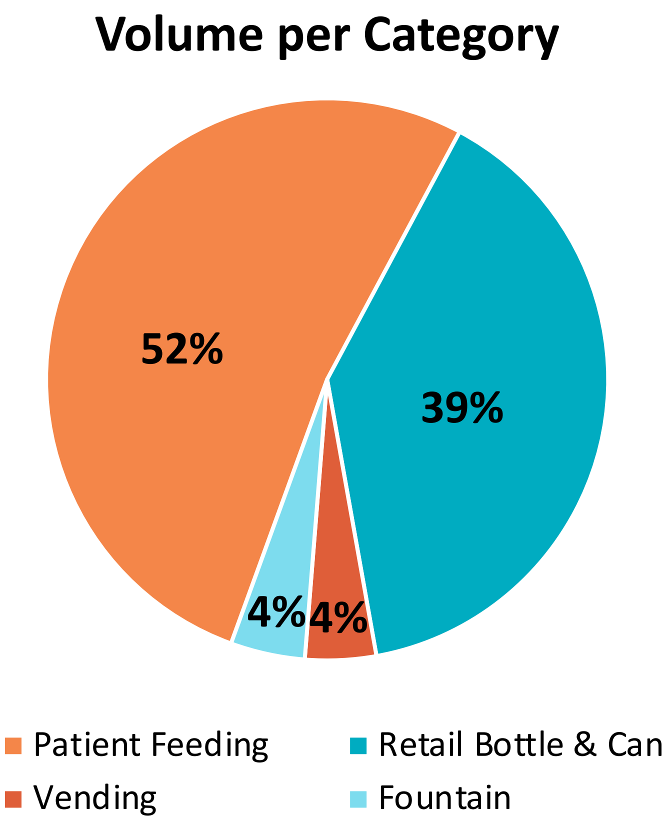


Patient Feeding Accounts for More than Half of All Beverage Volume

624

servings

Average patient feeding volume per licensed bed per year



Learning Objective 2

Recognize recent beverage trends and consumer preferences

Annual Price Increases

If you don't have price protection your costs are much higher than they could be

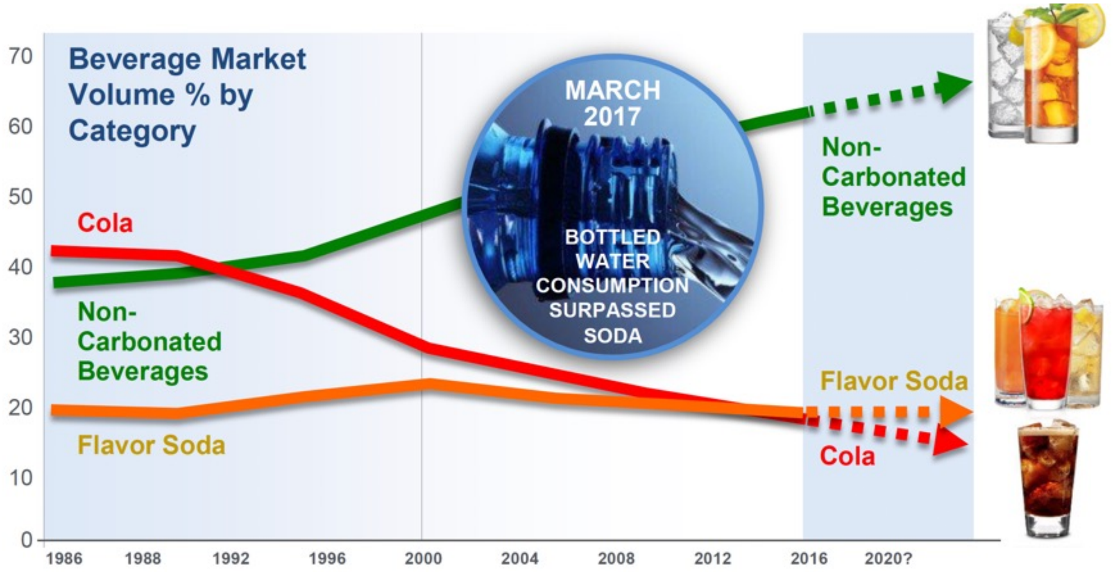
- All suppliers take annual price increases on their products; no fixed pricing in this industry
- Beverage companies do not provide price increase protection unless they have a committed partner
- Price caps are getting higher; beverage companies cite rising costs of labor & commodities (high fructose corn syrup, aluminum, plastic resin)

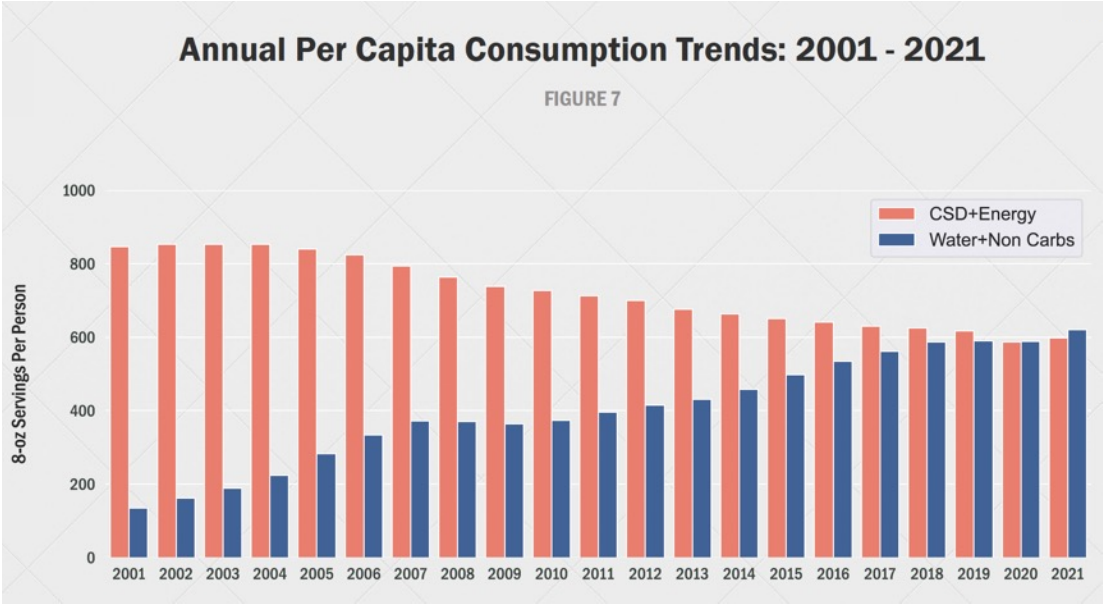
5.69%

Average Annual Price Increase Over Last 5 Years

Changing Consumer Preferences

Shift in consumption from colas to water & non-carbs



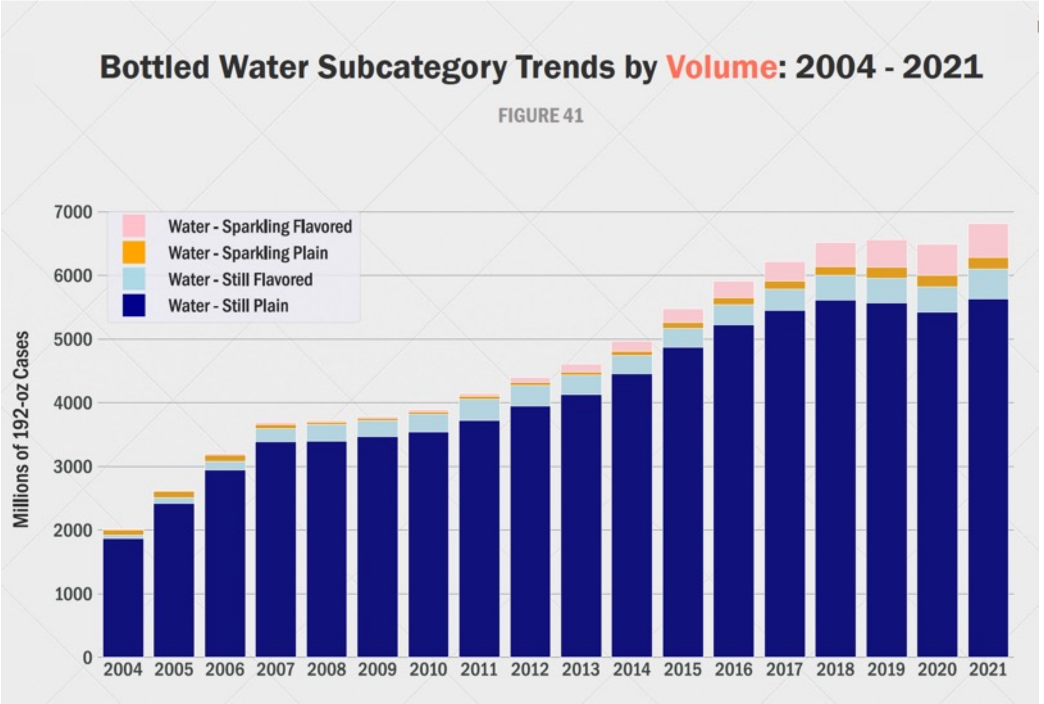


Source: Beverage Digest Fact Book

Changing Consumer Preferences

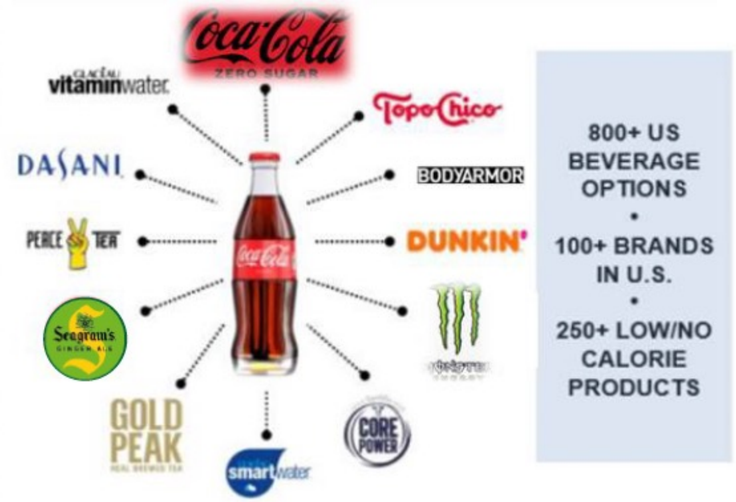
Consumers looking for low or zero-sugar carbonated drinks

Sparkling water continues to grow year over year



Source: https://www.bevindustry.com/articles/95943-2023-state-of-the-beverage-industry-consumers-call-for-low-or-zero-sugar-carbonated-soft-drinks?oly_enc_id=9662E5978223A9D
Beverage Digest Fact Book

Coca-Cola

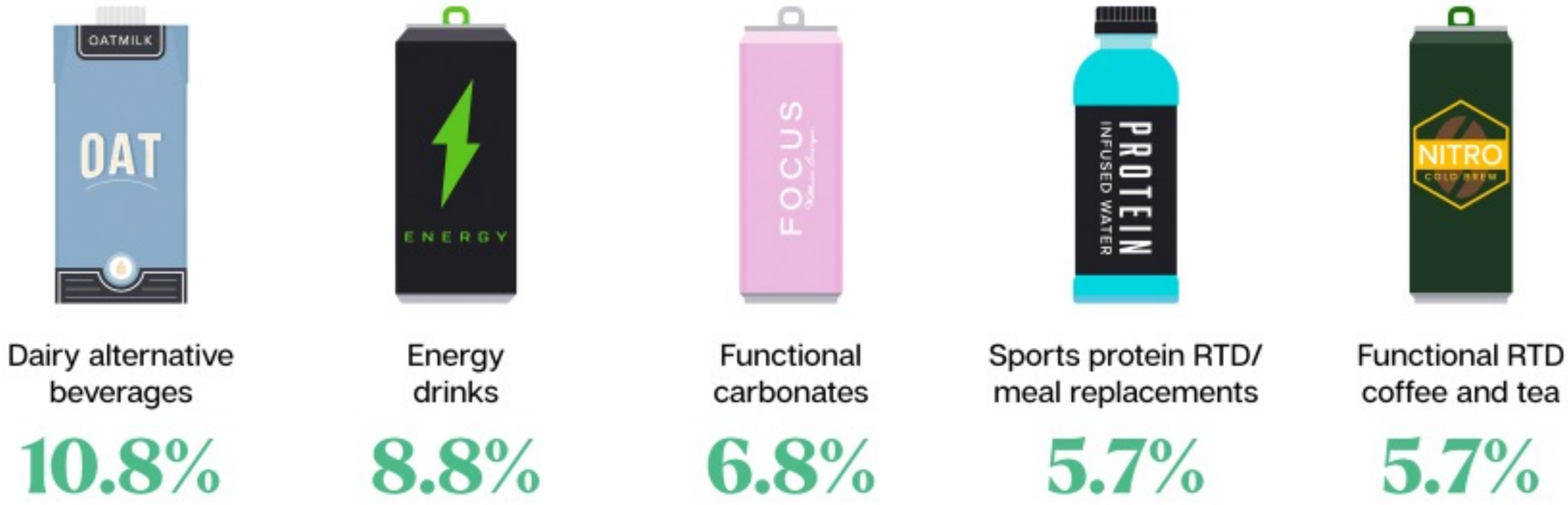


It's Not a "Cola" War Anymore

PepsiCo

Functional Beverages Projected to Grow at a Compound Annual Growth Rate of 10.49%

Fastest-Growing Segments



(based on forecast CAGR through 2025)

Source: https://foodinstitute.com/focus/functional-beverage-market-percolating/

Investing in Direct Partnerships to Drive Brand Awareness

NATIONAL

REGIONAL

Learning Objective 3

Examine the benefits and barriers of choosing to enter a purchasing agreement with one supplier

Key Benefits of Pouring Rights

Lowered Beverage Dead Net Pricing
Best-in-class pricing with price increase caps

New Non-Clinical Revenue
New sponsorship payments and allowances to grow non-clinical revenue with no capital costs or operational expenses

Improve Employee & Patient Satisfaction Scores
Engaging programs and amenities – including giveaways, celebrity appearances and new products

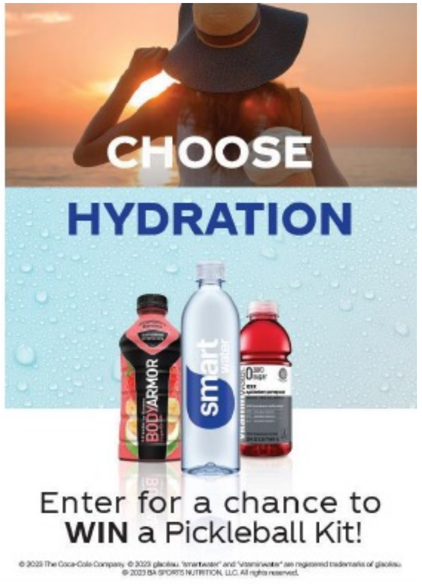
Increased Beverage Sales
Demonstrated growth through experiential marketing activations, merchandizing and promotions

Social Benefits
Fund sustainability initiatives and promote healthy beverages

Benefits

Financial:
Invoice savings and additional rebates, funding, service-level guarantees, and price protection are a baseline

Non-Financial:
Events, investments, marketing, co-branding, and engagement are above and beyond



Barriers

Perceived consumer preferences (“but my Diet Coke!”)
- Truth: guests and staff have access to more categories and choices with a beverage partnership

Assumed decline in retail sales
- Truth: retail beverage sales nearly always increase after partnering with a beverage company

Cafeteria operator runs all food & beverage operations
- Truth: you can work with your cafeteria operator to still receive the benefits of a direct beverage partnership

Difficult to understand the full scope of beverage spend due to the amount of data collection needed
- Truth: Enliven can help you collect and analyze the data

Not sure it’s worth the change management
- Truth: you can evaluate the financial impact before making a decision

Assumed decline or barrier in service and delivery
- Truth: You receive higher priority because of a direct beverage partnership and Enliven can help ensure service standards are included in your contract

Learning Objective 4

Evaluate if partnering with a beverage company would be a good fit for your organization

Opportunity Analysis Provided at No Charge to HealthTrust Members

Scope of Partnership:

- Best value achieved when a healthcare system grants exclusivity to one beverage provider for all channels of business
- RFPs are customizable – can remove vending, can include limited carve-outs if necessary

Discovery:

- Cafeteria operator terms (“who pays the bills”)
- Vending & gift shops operators
- Volume or spend on beverages for 12 months (the more detail the better)
- Key initiatives or projects that could be funded by these initiatives

Case Study:

Ovation Healthcare

ELEVATE

SUPPLY & EXPENSE MANAGEMENT SOLUTIONS

Kim Milliken

DIRECTOR, STRATEGIC SOURCING

Ovation Healthcare

Heather Neisen
DIRECTOR OF ACCOUNT MANAGEMENT
heather@enlivenpartnership.com
615.761.8145

Q & A

Sign up for our 5-part video series: "The 5 Principles You Need to Learn Before Entering into a Beverage Negotiation"

enlivenllc.com/healthtrust

enliven
BEVERAGE DEAL EXPERTS

Thank You!

enliven
BEVERAGE DEAL EXPERTS