

Increasing Returnable Glass Bottles (RGBs) share in Mexico



Problem Statement

Current State: ABInBev's (ABI) global RGB rates are declining at a rate of 1.4% annually, which runs counter to their 2025 sustainability goals to *increase* RGBs rates in Mexico and 6 other key markets.

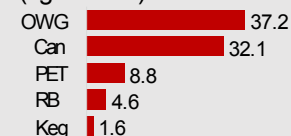
Desired State: Improve corporate strategy in Mexico to **increase RGBs by at least 5%** of its total volume.

Why is this important to the organization?

Internal: Commitment to securing 100% of their products in packaging that will be returnable or made from majority-recycled content by 2025

External: RGBs advantages: (1) 30%-50% higher margins, (2) 8x less carbon intensity than oneway glass (OWG)

Average emission intensity (kgCO₂e/hl)



Sense-making and root cause analysis

Distribution description

Traditional Channel
(mom & pop shops)

Modern Channel
(convenience stores)

On-Trade
(restaurants & bars)



- Glass is competing against cans in traditional and modern channels
- Most bottles marketed as oneway for the modern channel are actually RGBs, and could be reused if consumers returned them
- On-trade market contracts are a successful best practice that can be replicated in other markets

How to fulfill the RGB goal?

To successfully increase RGBs share, ABI needs to:

- (A) Incentivize customer purchase of RGBs, and
- (B) Incentivize the return of RGBs

Approach: We successfully **surveyed 308 beer drinkers**, interviewed key ABI stakeholders and conducted external market research to understand consumer preferences related to RGBs and analyze how ABInBev could incentivize consumers to return RGBs.

Obstacles for improvement: (1) Any Global Packaging & Sustainability project inside ABInBev needs access to relevant information (sales, cost, market distribution, etc.) from multiple teams. Alignment among HQ and the Mexican teams needs to be more explicit and formalized. (2) An improved strategy to collect, report and share internal data is essential for success.

Findings

Recommendations

Next Steps/Proposed Pilots

Increase RGB Bottle Consumption

■ Survey indicates the main reason **people select a container is because it's the only one available at the store**

■ **65% of people surveyed indicated taste is a high priority factor** when choosing which container to buy

■ **Barrilito is sold as a OWG bottle** to the low socioeconomic market, which has a high return rate for RGBs of other beer brands

■ Increase share of RGBs placed in stores, e.g. Send 45% cans and give the additional 5% in RGBs

■ Marketing efforts to push 'beer tastes better from a glass container' (Ads and articles in mainstream & social media)

■ Evaluate viability of changing Barrilito from a OWB to a RGB

■ Increase of RGB share in selected key regions and stores. Monitor impact in sales with and without extra RGBs.

■ Create advertisement on specific geographies and do A/B testing from regions with and without ads

■ Generate business case comparing costs (changes needed to bottle design, manufacturing, cleaning process) and benefits (3050% higher margins)

Increase Return of Glass Bottles

■ Interviews with the European market reveal that **the most important step** in creating a sustainable RGB movement **is the passage of returnable laws**

■ Secondary research indicates that **increasing convenience and feasibility for breweries** can promote returns.

■ Survey reveals that **increasing convenience for consumers with RGB returns** can increase compliance.

■ Lobby key government leaders (both regional and national) to cultivate support for RGBs legislation

■ Perform cost/benefit analysis on the standardization of RGBs into 'pool bottles' (Germany case study).

■ Designate brewery leads to work with government leaders to develop an easy system for RGB return that provides multiple options for consumer ease.

■ Pick one local region for pilot legislation where there is a lower income population motivated to return RGBs to track return rates before/after bill passage

■ Create test pool bottle tactic in a small Mexican sample market. Two pool bottles should be produced. Collect data.

■ Install global vending machines at selected mom & pop shops/convenience stores. Collect data, analyze and use it to push for more government legislation.



Marimer Guevara
MBA 2019



Sandra Corrales
MBA 2019



Jennifer RizzoChoi
EMBA 2019



Natalia Pineda
SF 2018