

The Straw Ban Tsunami – An Unanticipated ESG/Sustainability Catalyst?

By Pamela Styles, Principal, Next Level Investor Relations LLC

Who would have guessed, but the big rage this summer is municipality bans of plastic straws and accumulating announcements of corporate conversion to paper (or other) straws have made headlines overnight!

In the limited space of this article, I thought it could be of interest to explore what this sensation might mean for companies' ESG/Sustainability policy, leadership, competitive and communications strategy.

Background

Historians document that straws have been around for 5,000 years. ⁽¹⁾ The paper straw was patented in 1888 and was most commonly used until plastic straws entered the market in 1960. ⁽²⁾ If one major U.S. media outlet is correct, the genesis of today's plastic straw ban frenzy dates back to 2011, when a 9-year old boy started a plastic waste awareness campaign by focusing on straws, titled "Be Straw Free". ⁽³⁾ Dozens of cities and municipalities, and a few states mostly along the coasts now ban or are in the process of banning plastic straws. ⁽⁴⁾ Scores of companies are making public statements of their intent to eliminate plastic straws, immediately or within a few years. ⁽⁵⁾

Having directly experienced another wholesale ban that worked its way across our country, namely the state-by-state elimination of phosphate detergent additives that got into full swing by the 80's, my instinct about a wholesale plastic straw-ban is to remain wary as to systemic cost, multiple-sector impacts and other unintended consequences. ^{(6) (7)} That said, it is important to look at the current efforts to ban plastic straws in contemporary ESG/Sustainability context.

Alpha Sense

I used Alpha Sense to get a sense of how many sectors and industries might be impacted, searching both on plastic and paper straws, as the latter is a primary alternative to plastic.

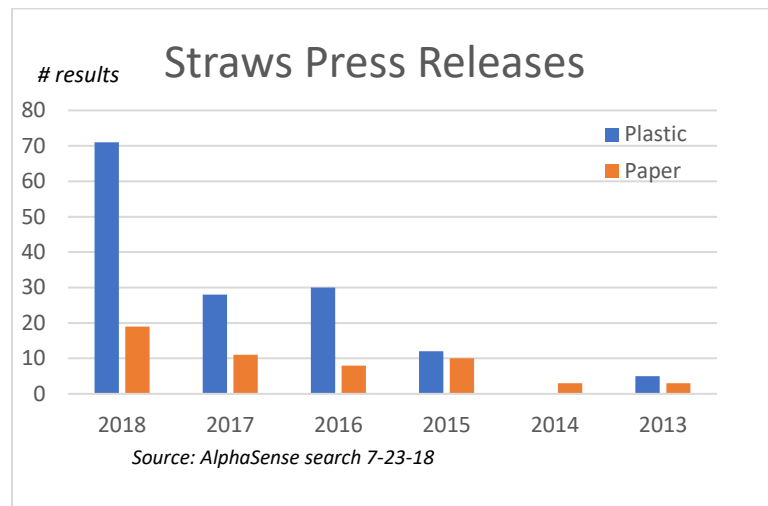
- ✓ The subject of plastic straws came up across 294 companies in 11 sectors on general search and 28 companies in 8 sectors when filtered for company press releases, compared with 127 companies in 10 sectors and 11 companies in 6 sectors, respectively, for paper straws.

General Search Top 5 Sectors Results

<u>Plastic Straws (# results)</u>	<u>Paper Straws (# results)</u>
Consumer Discretionary (89)	Materials (109)
Materials (47)	Consumer Discretionary (39)
Consumer Staples (27)	Energy (36) *
Industrials (24)	Consumer Staples (21)
Health Care (10)	Industrials (11)

**Only (1) result in the plastic straws search. Paper straws require more energy ⁽⁸⁾*

- ✓ The trend in number of company press releases, related to straws, shows a dramatic increase 2018 YTD. Thus, suggesting corporate impacts and responses are just beginning.



- ✓ Starbucks and McDonalds were the only publicly traded U.S. companies found through Alpha Sense to have had shareholder proposals related to plastic straws in annual proxy filings 2018 year-to-date, when I filtered the search for proxy statements only.

Sectors

Consumer Discretionary sub-sector companies in Food and Beverage, Lodging and Leisure, and Travel are clearly trying to turn elimination of plastic straws into a competitive public relations opportunity:

- Food and Beverage examples:
 - Starbucks' [\$SBUX] goal is to eliminate use of plastic straws in its stores by 2020, eliminating use of 1 billion plastic straws per year ⁽⁹⁾
 - A&W Canada [\$AW] has advertised it will be the first restaurant chain in North America to eliminate plastic straws (or 82 million straws per year.) ⁽¹⁰⁾
- Lodging and Leisure examples:
 - Marriott [\$MAR] just announced it will eliminate plastic straws and stirrers by July 2019 across its 6,500 locations, eliminating use of 1 billion plastic straws per year and a quarter billion of plastic stirrers. ^{(11) (12)}
 - Hilton Hotels [\$HLT] plans to eliminate use of 5 million plastic straws per year by the end of 2018. ⁽¹³⁾
- Travel examples:
 - Royal Caribbean Cruises [\$RCL] plans to eliminate plastic straws on all its ships by 2020. ^{(5) (14)}
 - American Airlines [\$AAL] plans to eliminate its plastic straws use by November. ^{(5) (15) (16)}

Manufacturers' facilities equipment conversion and investment capital may have to step up quickly to meet the shifting demand for large scale alternative straws manufacturing capacity.

Reality Check

Plastic straws appear to be a relatively small contributor to global plastic waste, but the process of eliminating their use could have large implications across multiple sectors in the B2B supply chain. ⁽¹⁷⁾

There are many more sides to the straw-ban tsunami than I can possibly cover in one short article. For example,

- While McDonalds [MCD] just announced it will eliminate plastic straws in all of its UK and Ireland restaurants, it is resisting these efforts in the United States; company shareholders just voted in support of management's position in May. McDonald's uses 95 million straws each day. ^{(18) (19)}
- Disability groups are voicing concern about the elimination of plastic straws in restaurants and cafes, as many disabled persons cannot drink from standard cups. ⁽²⁰⁾
- Others question whether the straw-ban tsunami is a costly distraction away from a higher impact environmental priority, citing that 10 rivers in Asia and Africa have been found by researchers to be responsible for 88 percent of the plastic debris found in the world's oceans and that paper is more energy-intensive than plastic to produce. ⁽⁸⁾

While front-line consumer companies are making promises, do the millions and billions of straws numbers add up? How much overlap and conflation may be going on in public relations communications? Will it be possible for the supply chain to meet the demands for non-plastic straws in the near term? Is every company in the B2B supply chain prepared in its own ESG/Sustainability disclosure and capacity to respond to related inquiry and questionnaires?

Final Word

Where is all this going? It is hard to predict. If nothing else, the current straw-ban tsunami should be a wake-up call for the attention of most every corporate Board and executive leadership team. Make sure you are actively bringing your company's ESG/Sustainability visioning, comprehensive strategy, policies, and operations coordination up to date with the times.

Sources

In the course of compiling sources for this article, it became obvious that there are a lot of big numbers being floated about in terms of numbers of plastic straws used, plastic waste environmental and other impacts, the veracity of which I cannot confirm. Readers should not use this article, in part or whole, to justify any business decision.

- (1) Why the World is Hating on Plastic Straws Right Now – July 12, 2018 - <https://www.eater.com/2018/7/12/17555880/plastic-straws-environment-pollution-banned-alternatives-ocean-sea-turtle-viral-video>
- (2) Why are Plastic Straws Creating Such a Stir – December 7, 2017 - <http://lollicupusa.com/why-are-plastic-straws-creating-such-a-stir/>
- (3) That Anti-Straw Movement? – July 18, 2018 - <https://www.usatoday.com/story/news/2018/07/18/anti-straw-movement-based-unverified-statistic-500-million-day/750563002/>
- (4) Cities and States Mull Straw Bans - July 10, 2018 - <https://abcnews.go.com/Politics/cities-states-mull-straw-ban/story?id=56455746>
- (5) Here's every big company that says its banning plastic straws – July 11, 2018 <https://finance.yahoo.com/news/heres-every-big-company-says-banning-plastic-straws-130558231.html>
- (6) Phosphates in Detergent - https://en.wikipedia.org/wiki/Phosphates_in_detergent
- (7) Dishes Still Dirty? Blame Phosphate-Free Detergents – December 15, 2010 <https://www.npr.org/2010/12/15/132072122/it-s-not-your-fault-your-dishes-are-still-dirty>
- (8) Plastic straw bans ripped as all pain, no gain – 'Symbolic' gesture harmful to disabled, by Valerie Richardson, The Washington Times – July 13, 2018
- (9) Straws are out, lids are in: Starbucks announces environmental milestone – July 9, 2018 <https://news.starbucks.com/news/starbucks-announces-environmental-milestone>

- (10) A&W Canada to eliminate plastic straws from all restaurants – June 8, 2018
<https://www.cbc.ca/news/canada/british-columbia/a-w-canada-to-eliminate-plastic-straws-from-all-restaurants-1.4698272>
- (11) Marriott Follows Starbucks in Dropping Plastic Straws – July 18, 2018
<https://www.npr.org/2018/07/18/630082148/marriott-follows-starbucks-in-dropping-plastic-straws>
- (12) <http://news.marriott.com/2018/07/marriott-international-to-remove-plastic-straws-worldwide-by-july-2019/>
- (13) Hilton Calls Time on Plastic Straws – May 23, 2018
<http://newsroom.hilton.com/index.cfm/news/hilton-calls-time-on-plastic-straws>
- (14) Royal Caribbean to Eliminate Plastic Straws by the End of 2018 – June 8, 2018
<https://presscenter.rclcorporate.com/press-release/18/royal-caribbean-to-eliminate-plastic-straws-by-end-of-2018/>
- (15) American Airlines Lays Down the Straw – July 10, 2018
<http://news.aa.com/news/news-details/2018/American-Airlines-Lays-Down-the-Straw/default.aspx>
- (16) American Airlines Joins Straws Elimination Brigade – July 10, 2018
<https://pointmetotheplane.boardingarea.com/2018/07/10/american-airlines-joins-straw-elimination-brigade/>
- (17) Plastic Straws Aren't the Problem – June 7, 2018
<https://www.bloomberg.com/view/articles/2018-06-07/plastic-straws-aren-t-the-problem>
- (18) McDonald's Announces Rollout of Paper Straws in the UK and Ireland and New Trials in Commitment to Find Solutions for Plastic Straws Globally – June 15, 2018
<http://news.mcdonalds.com/news-releases/news-release-details/rollout-paper-straws-uk-ireland-new-commitment>
- (19) Why McDonalds Won't Ban Plastic Straws – May 24, 2018
<https://www.cbsnews.com/news/why-mcdonalds-wont-ban-plastic-straws/>
- (20) Disability rights groups question Starbucks' straw ban – July 16, 2018 -
<https://nypost.com/2018/07/16/disability-rights-groups-question-starbucks-straw-ban/>

Pamela Styles is principal of [Next Level Investor Relations LLC](#), a strategic consultancy with dual Investor Relations and ESG / Sustainability specialties.