**Sense-making and root cause analysis**

### Distribution description

<table>
<thead>
<tr>
<th>Traditional Channel (mom &amp; pop shops)</th>
<th>Modern Channel (convenience stores)</th>
<th>On-Trade (restaurants &amp; bars)</th>
</tr>
</thead>
</table>

- Glass is competing against cans in traditional and modern channels
- Most bottles marketed as one-way 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

### Findings

**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 an OWG bottle to the low socioeconomic market, which has a high return rate for RGBs of other beer brands

**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.

### Recommendations

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

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

**Evaluate viability of changing Barrilito from an OWB to a RGB**

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

**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**

**Perform cost/benefit analysis on the standardization of RGBs into ‘pool bottles’ (Germany case study).**

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

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

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

### Next Steps/Proposed Pilots

- 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 (3060% higher margins)

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**Problem Statement**

The Mexican ABI market is segmented into three distribution channels, where the main competition for RGBs are cans. To successfully increase RGBs' share, ABI needs to:

1. Incentivize the return of RGBs
2. Incentivize customer purchase of RGBs, and
3. Collect, report, and share internal data.

**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 one-way glass (OWG)

**Average emission intensity (kgCO2e/hl)**

<table>
<thead>
<tr>
<th>Container</th>
<th>Emission Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWG</td>
<td>32.1</td>
</tr>
<tr>
<td>Can</td>
<td>8.8</td>
</tr>
<tr>
<td>PET</td>
<td>4.6</td>
</tr>
<tr>
<td>RB</td>
<td>1.6</td>
</tr>
<tr>
<td>Keg</td>
<td>37.2</td>
</tr>
</tbody>
</table>

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

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**Obstacles for improvement:**

1. Any Global Packaging & Sustainability project inside ABI 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.

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**Distribution description**

- **Traditional Channel (mom & pop shops):**
  - Marketed as one-way containers (OWG).
  - Low socioeconomic market.
- **Modern Channel (convenience stores):**
  - Barrilito is sold as an OWG bottle.
  - High return rate.
- **On-Trade (restaurants & bars):**
  - Barrilito is sold as an OWG bottle.
  - High return rate.

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**Findings**

- **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 an OWG bottle to the low socioeconomic market, which has a high return rate for RGBs of other beer brands.

- **Increase Return of Glass Bottles**
  - Lobby key government leaders (both regional and national) to cultivate support for RGBs legislation.
  - 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.
  - Perform cost/benefit analysis on the standardization of RGBs into ‘pool bottles’ (Germany case study).
  - Create test pool bottle tactic in a small Mexican sample market. Two pool bottles should be produced. Collect data.
  - Designate brewery leads to work with government leaders to develop an easy system for RGB return that provides multiple options for consumer ease.
  - Install global vending machines at selected mom & pop shops/convenience stores. Collect data, analyze and use it to push for more government legislation.

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**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 ABI could incentivize consumers to return RGBs.