

Environmental Changes Impacting the Restaurant and Convenience Store Industries



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For the professionals and companies in the restaurant and convenience store industries, how are you adapting to the changing environmental landscape? A lot is at stake with these new developments; Losing customers to more environmentally friendly competitors, balancing escalating compliance costs with cost savings opportunities, and the need for research and development to identify ecofriendly products are large obstacles that come along with the small changes in order to make a difference.

McDonald's, Starbucks, [Souplantation](#), and Ted's Montana represent examples of chain restaurants that are making the transition to "go green."

McDonald's has historically set the trends for the restaurant industry, which gives them an advantage when it comes to impacting the industry's various environmental efforts. McDonald's plans to reach its environmental goals through energy efficient kitchen equipment, LED lighting, sustainable packaging, recycling in restaurants, and investing in sustainable agricultural practices. In 2018, the chain discontinued the use of foam cups and is now committed to having all of its packaging from renewable, recycled, or certified sources by 2025. The first major steps towards its goals will start in 2019, as the chain will replace all foam packaging globally, and replace plastic straws throughout restaurants in the United Kingdom and Ireland. In addition, select McDonald's locations in France, Sweden, Norway, Australia, and the U.S. will begin to test plastic alternatives, and Malaysia will only offer straws to those who request them.

Joining in the efforts, Starbucks focuses on a "green" building initiative, wanting to build all new company-owned stores in order to achieve [LEED](#) certification. The design approach within the stores provides opportunities to meet various environmental goals, including recycling and reducing waste. These efforts have been seen in Starbucks's use of eco-friendly cups, along with a trial run of paper straws in 54 outlets throughout London and Manchester. The road to ecofriendly changes came after a New Jersey Starbucks employee launched a petition urging the company to make a shift from plastic materials. On an annual basis, Starbucks uses more than one billion straws and plans to fully eliminate the use of plastic straws at all locations by 2025.

With environmental awareness spreading throughout the industry, Souplantation achieves its ecofriendly goals with its recycling and composting program, energy efficient ice machines and lighting, and avoiding the use of Styrofoam packaging. In result of its efforts, Souplantation was named the largest green restaurant chain by the [Green Restaurant Association](#).

Likewise, Ted's Montana Grill has made it a priority to evolve into an ecofriendly chain. Locations are equipped with LED lighting, solar power, water efficient appliances in bathrooms, paper straws, bamboo skewers, and the use of a non-paper option that is both recyclable and compostable. The chain has also made efforts outside of the restaurant industry to partner with [Bonneville Environmental Foundation](#) and fund water restoration certificates to offset their annual water usage. Joining several other restaurants, Ted's has now taken part in a recent common action among the industry; the banning of plastic straws.

Banning Plastic Straws

The action taken against plastic straws has now evolved into cities taking the initiative to distance its people away from the use of the straws because of how detrimental they are to our earth. Seattle implemented a ban on disposable plastic straws, spoons, forks, and knives on July 1, 2018. The ban only applies to restaurants and those found in violation will be fined up to \$250. Additionally, Rafael Espinal, a New York City councilman, recently introduced a measure that would ban plastic straws in food and beverage places. The bill would give New York City restaurants and food shops two years to find an alternative to plastic straws. After the two years, the food places would be fined \$100 for each instance in which plastic straws are discovered.

However, the shift from plastic to paper creates cost concerns for restaurants. Sharokina Shams, Vice President of Public Affairs at the state arm of Washington, D.C., discussed how consumers are not aware that with this change, restaurants face a long list of cost increases in wages, workers compensation, payroll taxes, and rent for commercial buildings. "I think it becomes one more cost increase in a long list of other increases that businesses are having to contend with right now," she explained.

Despite the extra costs, Bon Appétit has transitioned its food service company to paper straws in all of its cafes, indicating it doesn't mind the extra cost because it knows it is helping the environment. Their customers have since voiced that they felt that they were contributing something positive to the world by participating, and restaurant owners explain the 25 percent increase in costs by changing to paper straws and 35 percent increase for the environmentally friendly cups and lids will offset each other by their cost effective measures that are already in place.

Many companies are looking into an alternative for the plastic straw, with some ideas including silicone, glass, or metal. The cost difference between paper and plastic straws varies from two to six times the cost. Also implementing alternatives beyond paper, are a small smoothie shop in Malibu looking into bamboo and cardboard straws and [7-Eleven](#) providing its Slurpee customers with the option of purchasing an edible straw for \$0.49. This candy straw is similar to licorice, stiffens when inserted into the cold Slurpee, and is said to outsell 7 all other non-chocolate candies.

One c-store industry expert commented on the holdback that the lack of choices brings, "You would think the beverage industry would be working hard to come up with an alternative material. No plastic straw... huge impact." These small changes are resulting in large strides towards a sustainable environment, but there is still a long way to go for industries to find a way to fully "go green" while still fulfilling consumers' needs.

Are you going to be a leader in this movement or lag behind your competition? Please contact Bill Kohm at bkohm@deandorton.com or your Dean Dorton advisor if you would like to discuss how our risk management services can help you manage through these environmental issues and other risks that impact your business.

Sources

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