

# Polystyrene Ban Impact Study: Business Segment



Prepared for:  
Office of the City Auditor: Project #5629  
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# Background, Objectives and Methodology

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The Office of the City Auditor requested a comprehensive study with a random sample of restaurants and food service businesses in the City and County of Honolulu to gather insight concerning City Council Resolution 18-35, CD1.

The overall objective of the research was to obtain business owner and operator opinions on the financial and non-financial impact of a proposed island-wide ban on single-use plastic bags and single-use food service containers.

OmniTrak conducted the survey utilizing a multi-mode methodology. OmniTrak purchased a random sample of food service businesses, in the relevant categories, from a professional sample firm. All respondents were screened as:

- Restaurants and food service businesses in the City and County of Honolulu

The response returns by mode of methodology is below:

Mode Type	
Phone	130
Mail	10
Online	2
<b>Total</b>	<b>142</b>



## Key Takeaways: What's the Big Idea?

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- 1 Restaurants want to do what is best for the environment. 95% of respondents said that they believe waste and litter is an environmental problem for our streams and ocean, and 98% of respondents stated that they would be willing to do more if they knew it would be green and protect the ocean.
- 2 A majority (56%) of respondents stated that they would support (i.e., rating of 6-10 on a 10-point scale) a bill that banned the use of single-use polystyrene food containers, while about 40% of respondents stated that they would oppose (1-5) such a ban. Larger restaurants, restaurants with 50 employees or more, were statistically more likely to support the ban compared to restaurants with less than 50 employees. This could suggest that smaller companies are uncertain how a polystyrene food container ban would affect their business. A majority of respondents (55%) said that the ban would not affect their business.
- 3 A majority of respondents (51%) said that they have already transitioned over to compostable or other types of containers. Larger businesses (more than 50 employees), were statistically more likely to have already transitioned to compostable containers compared to smaller companies (1-10 employees). This suggests that should a polystyrene ban take effect, more small businesses (i.e. 1-10 employees) than larger business (i.e. 50+ employees) would have to transition to compostable containers.



## Key Takeaways: What's the Big Idea?

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- 4 Of the respondents who said that they have not transitioned to compostable containers, a majority (59%) said they did not know what the cost would be. This suggests that businesses don't know and may not have thought about the cost of transitioning to compostable or eco-friendly containers. If businesses were provided with a resource on the types of acceptable containers, their cost, and where to find them, they might be able to make a more informed decision about transitioning.
- 5 In response to increased costs, a majority of respondents (76%) said that they increased prices to their customers. If there was a cost increase associated with the polystyrene ban, respondents stated that they would probably increase prices and/or charge for containers to offset the increased cost. This suggests that if there is a cost increase associated with the polystyrene ban, prices to local consumers may rise.

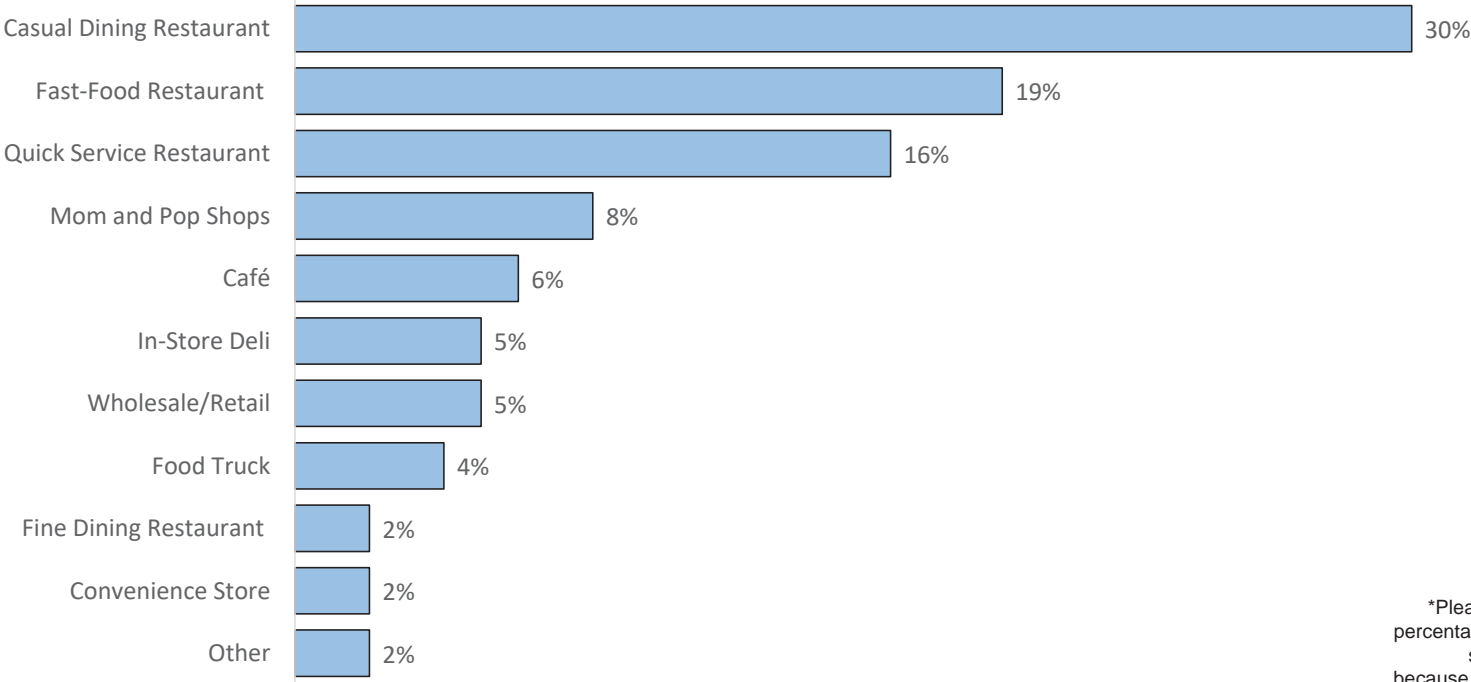




# Business: Key Insights

# Business Type Distribution

The most common type of responding restaurant was *Casual Dining Restaurants* (30%). This was followed by *Fast-Food Restaurants* (19%) *Quick Service Restaurants* (16%) and *Mom and Pop Shops* (8%).



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 \*Please note that percentages may not sum to 100% because of rounding.

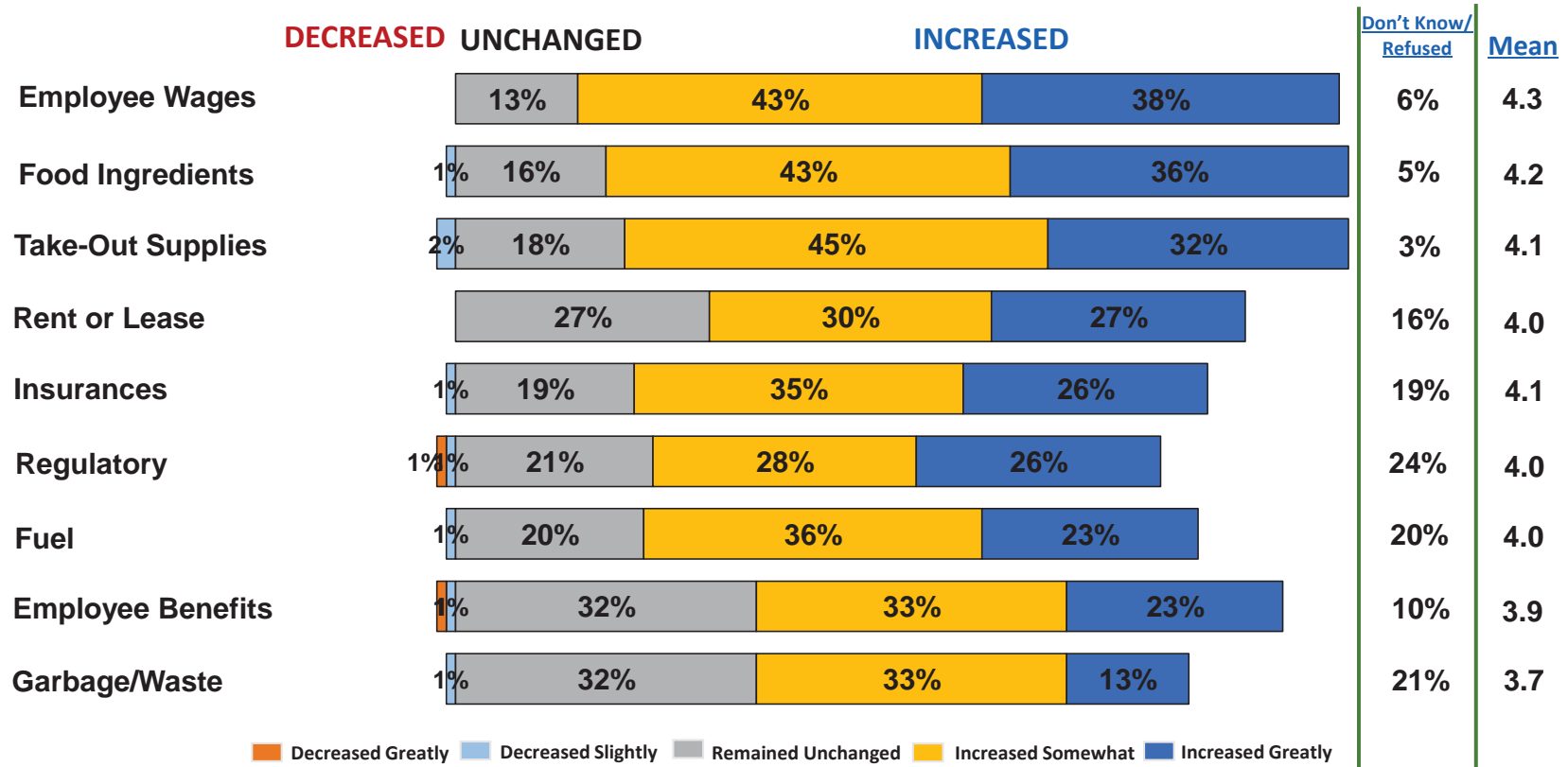


Q3. How would you describe your business? Would you say?



# Changes In Operating Costs

Respondents were most likely to list *Employee Wages* as the expense that increased greatly over the past two years. Overall, the cost of operating a business increased over the past two years.



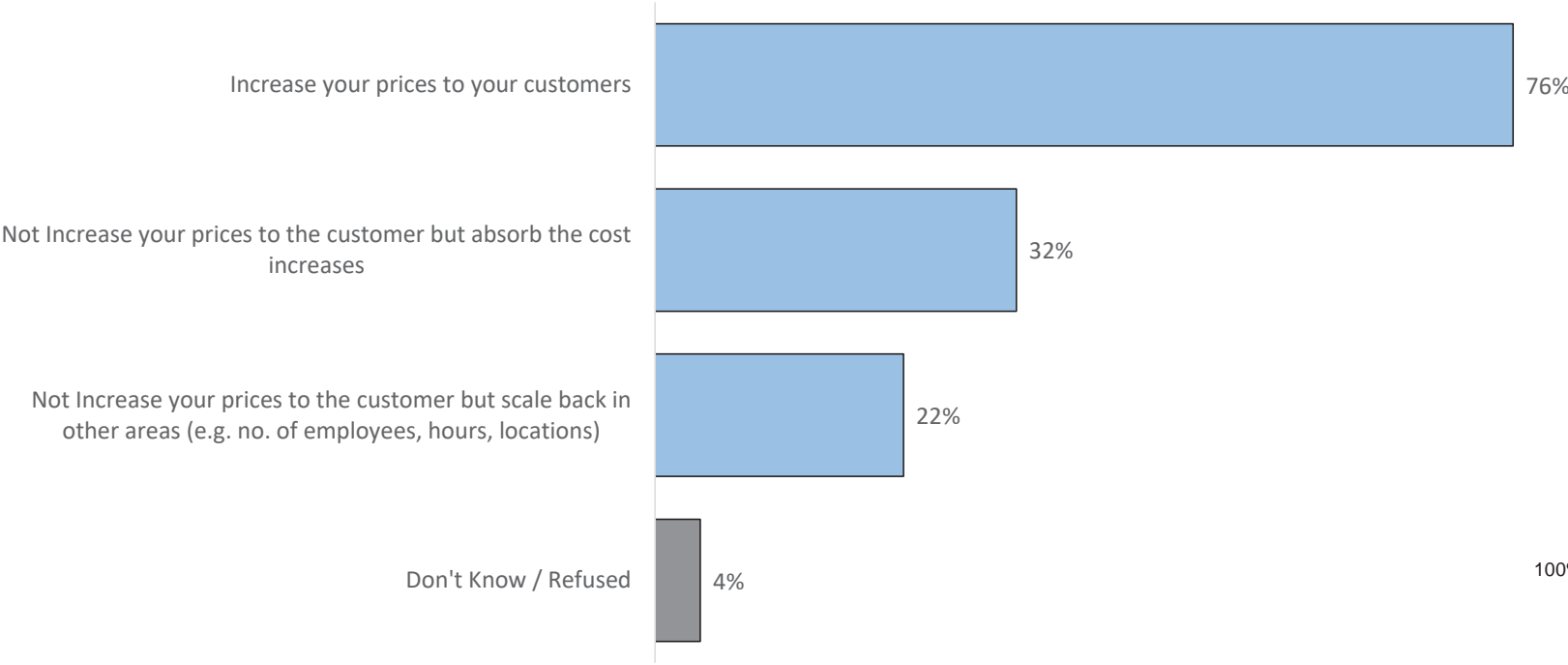
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Q5. Considering the cost of operating your business over the past two years, have costs in the area of [INSERT] Increased Greatly (5), Increased Slightly (4), Remained Unchanged (3), Decreased Slightly (2) or Decreased Greatly (1)?

# Business Response to Increased Prices

In response to increased costs, a majority of respondents (76%) said that they **Increased Prices** to their customers. Respondents also said that they did not increase the cost to customers, but **Absorbed the Cost** (32%) and did not increase the cost to customers, but **Scaled Back** (22%).



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 \*Please note that percentages will not sum to 100% because multiple responses are allowed.



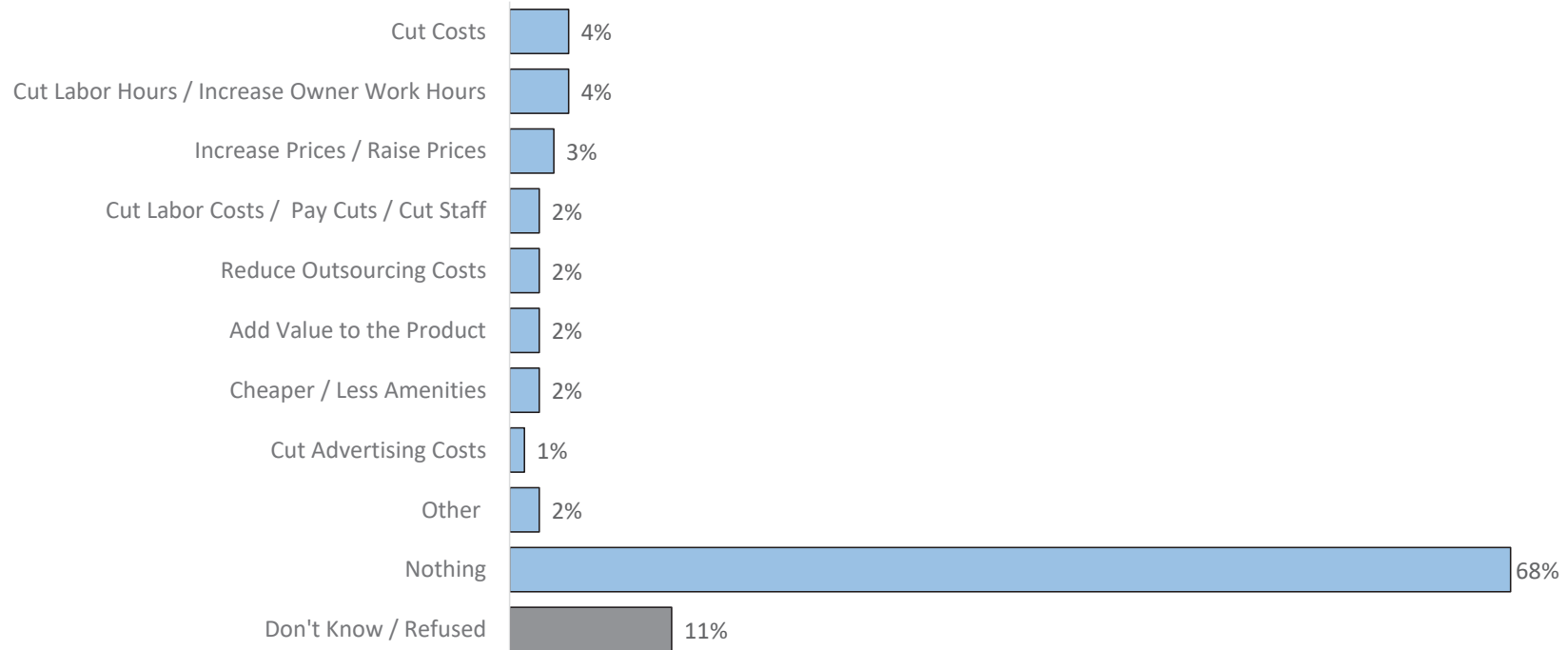
Q6. In response to increased costs that have affected your business, did you? [MULTIPLE RESPONSES ALLOWED]





## Additional Business Response to Increased Prices

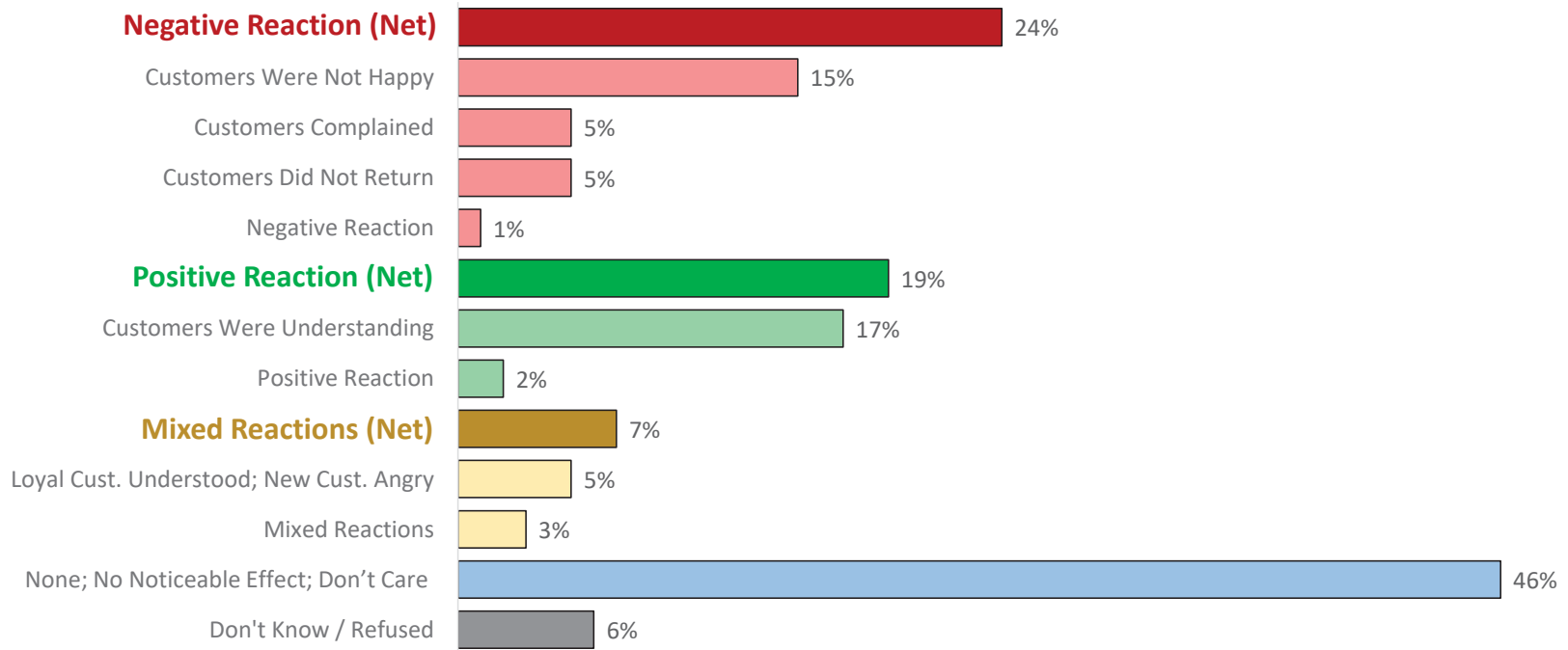
Beyond passing along price increases to customers, absorbing cost increases and/or scaling back operations, most businesses took no further actions. However, a small number of respondents said that they **Cut Costs** (4%), **Cut Worker Hours** (4%), **Increased Prices** (3%), **Cut Staff and Their Pay** (2%) and **Reduced Outsourcing Costs** (2%).



Base: 142  
 \*Please note that percentages may not sum to 100% because multiple response were allowed.

# Customer Response to Increased Prices

Among those who said they increased prices to their customers, 46% said that their customers had **No Reaction** to increased prices. About a quarter (24%) said customers had a **Negative Reaction** and about 1 in 5 (19%) said that customers were understanding or had a **Positive Reaction** to increased prices.



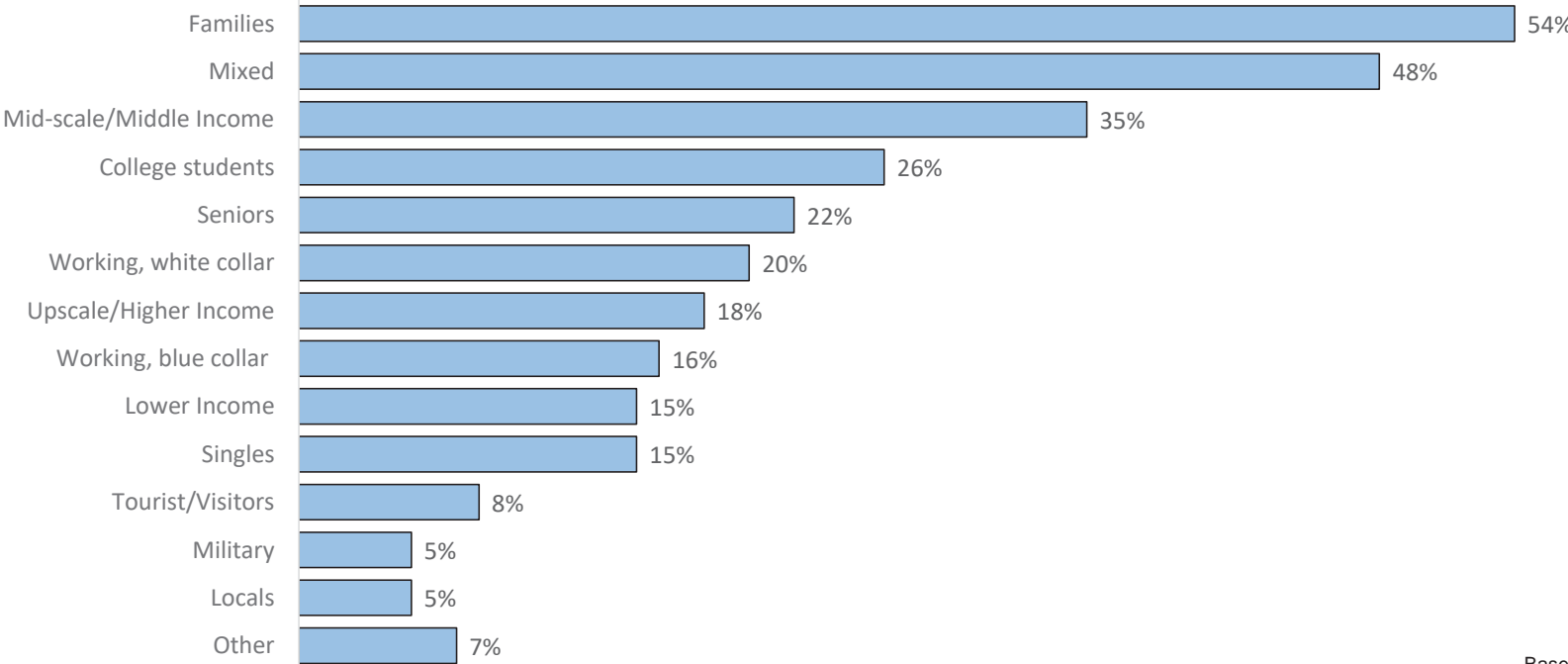
Q8. How do your customers react to higher prices? [MULTIPLE RESPONSES ALLOWED]

Base: 108  
 \*Please note that NET percentages may not sum properly due to rounding and overall percentages will not sum to 100% because multiple responses were allowed.



# Business Clientele

A majority of respondents (54%) listed their core clientele as **Families**. This was followed by **Mixed** (48%), **Mid-Income** (35%), **College Students** (26%) and **Seniors** (22%).



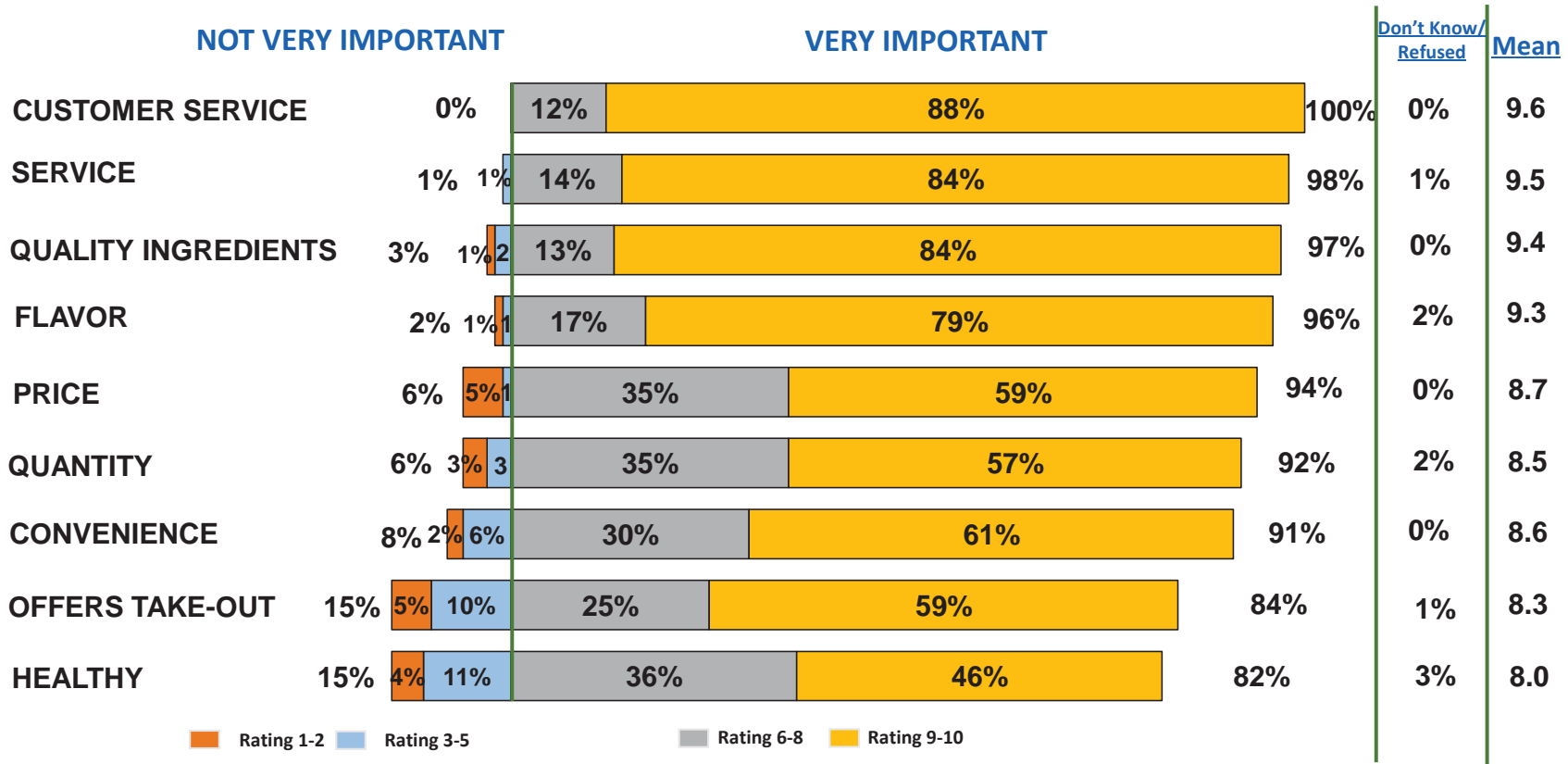
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 \*Please note that percentages may not sum to 100% because multiple responses were allowed.



Q9. How would you describe your core clientele? Describe the type of customers who frequent your business.  
**[MULTIPLE RESPONSES ALLOWED]**

# Most Important Attributes to Customer Base

Respondents listed *Customer Service* (100%) and *Service* (98%) as most important attributes to their customer base when they consider where to dine. *Offers Take-Out* (84%) and *Healthy Options* (82%) were seen as the least important attributes.



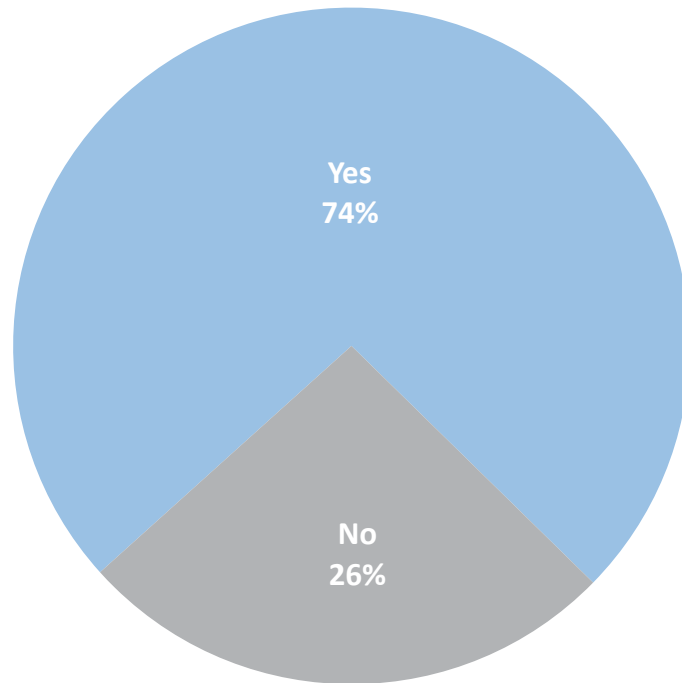
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Q10. I'm going to read you a list of attributes and using a scale of 1 to 10 with 10 being Extremely Important and 1 being Not Important at All, and ask you to tell me how important each is to your core customer base when considering where to dine? First.....

## Awareness of City Council’s Polystyrene Ban

About 3 in 4 (74%) of respondents stated that they were aware of the City Council’s proposed ban on polystyrene foam “take-out” containers. **Food Truck** (100%) and **Fine Dining Restaurants** (100%) are statistically more likely to have heard about the proposed ban compared to other types of food service businesses.

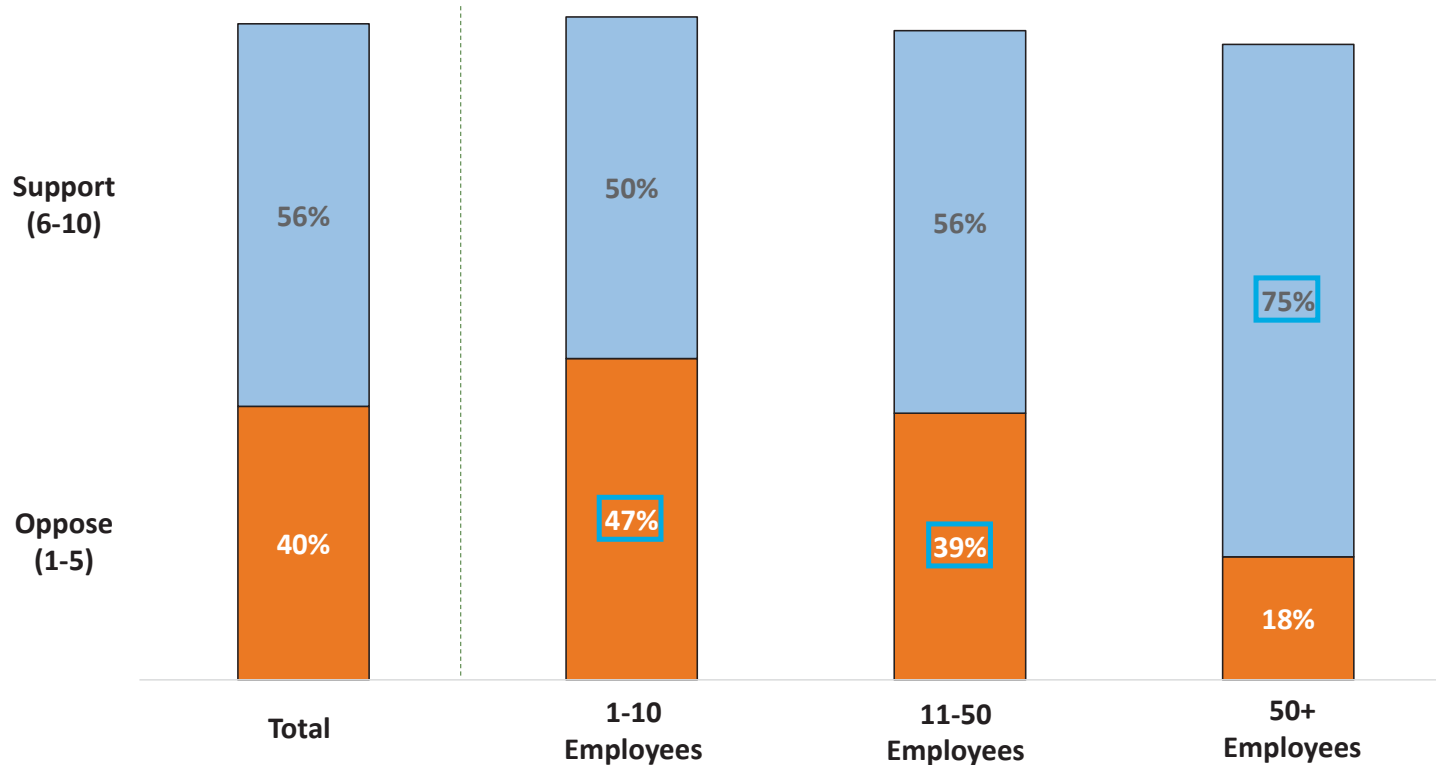


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\*Please note that percentages may not sum to 100% because of rounding.



# Support for City Council’s Polystyrene Ban

More than half (56%) of respondents stated that they would **Support (6-10)** a Bill that banned the use of single-use polystyrene food containers, while 40% of respondents stated that they would **Oppose (1-5)** such a ban. Larger restaurants, restaurants with 50 employees or more, were statistically more likely to support the ban.

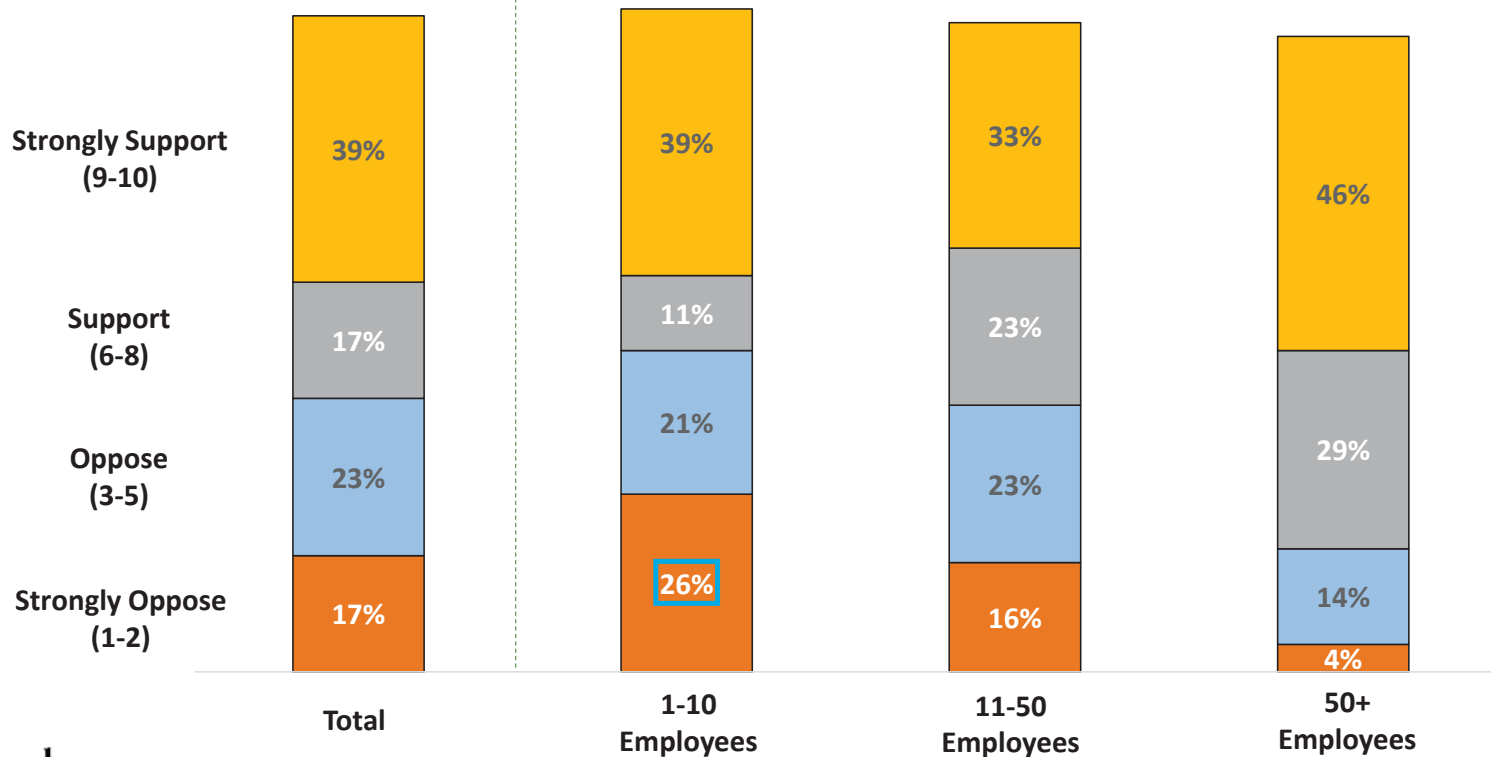


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 \*Please note that percentages may not sum to 100% because of rounding and don't know/refused are not included. Blue boxes indicate statistical significance.



# Support for City Council’s Polystyrene Ban

Roughly 2 in 5 (39%) of respondents stated that they would **Strongly Support (9-10)** a Bill that banned the use of single-use polystyrene food containers, 17% of respondents stated that they would **Strongly Oppose (1-2)** such a ban. Smaller restaurants, restaurants with less than 10 employees, were statistically more likely to Strongly Oppose the ban.



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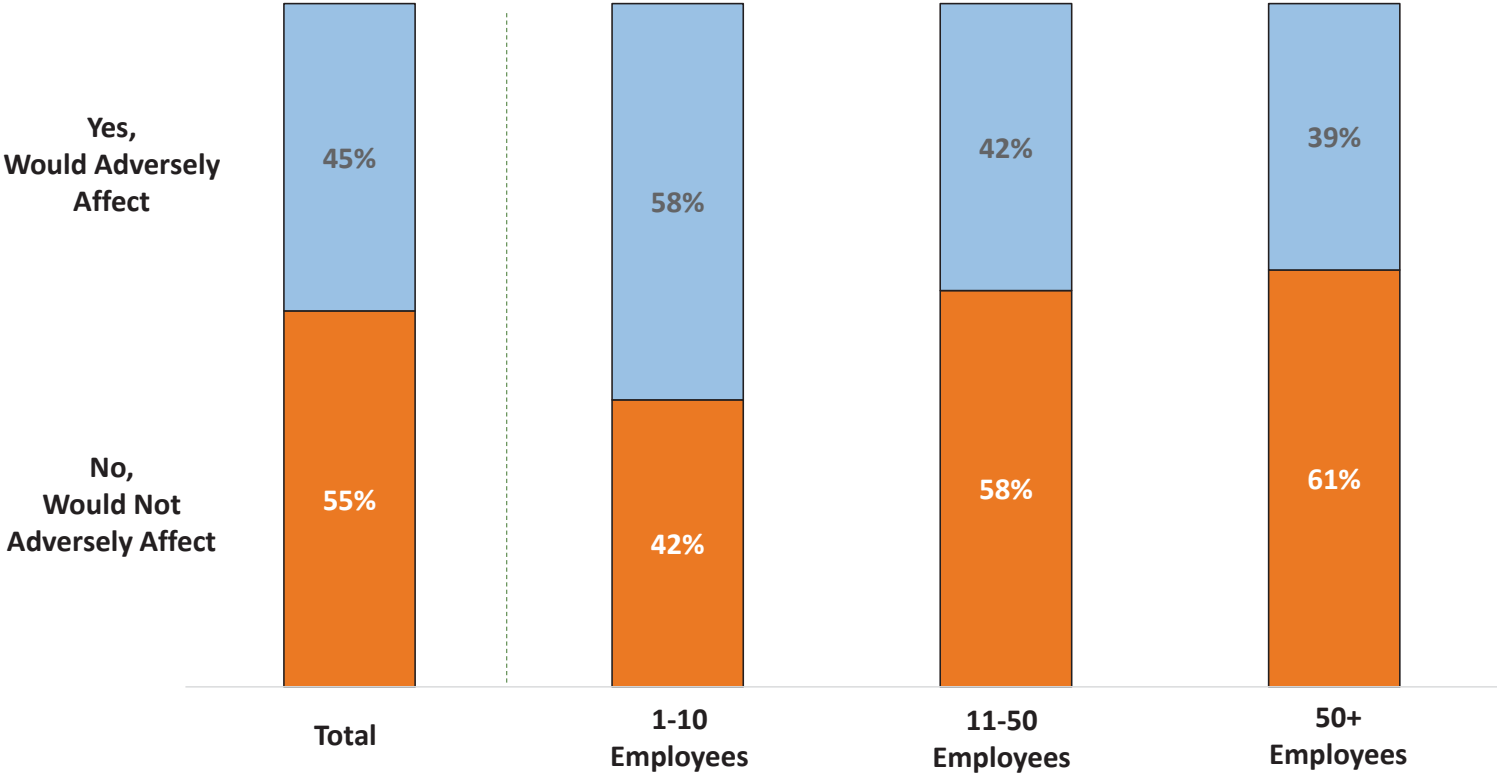


Q12. On a scale from 10 to 1 with 10 being Strongly Support and 1 being Strongly Oppose, how much would you support a Bill that banned the use of single-use polystyrene food containers by fast food or quick service restaurants, in-market delis counters, food trucks and others?



# Polystyrene Ban's Effects on Business

A majority (55%) of respondents stated that a polystyrene ban would not adversely affect their business. Smaller businesses were directionally more likely to indicate that a polystyrene ban would adversely affect their business compared to larger businesses.



Base: 142  
 \*Please note that percentages may not sum to 100% because of rounding and don't know/refused are not included. Blue boxes indicate statistical significance.



Q13. Do you think such a ban would adversely affect your current business?

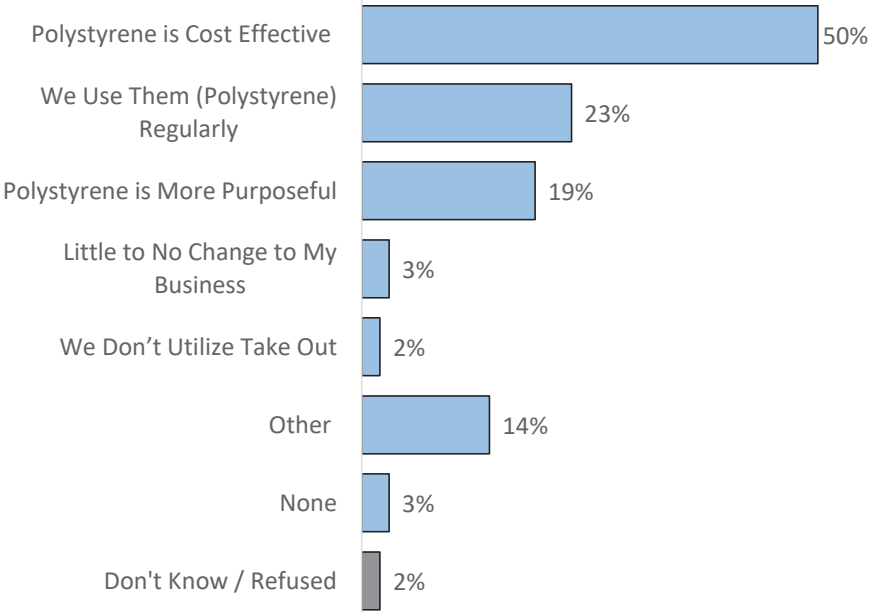




# Reasons Behind Ban Sentiment

The top reasons cited for the ban having an effect were: *Polystyrene is Cost Effective* (50%) and *We Use Them (Polystyrene) Regularly* (23%). The top reasons cited for the ban not having an effect were: *We Don't Use Polystyrene* (47%) and *We Use Paper/Cardboard Containers* (23%).

## Yes, Would Adversely Affect

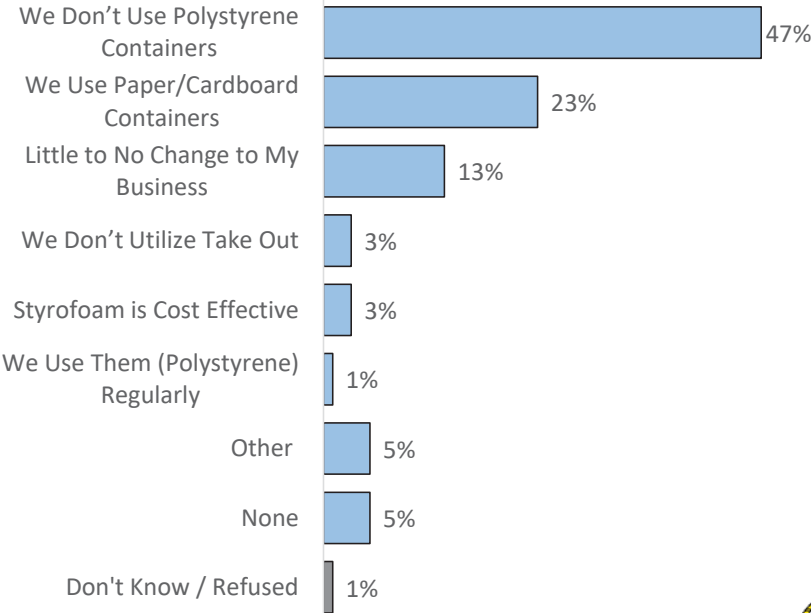


Base: 64



Q14. Why do you feel that way? [MULTIPLE RESPONSES ALLOWED]

## No, Would Not Adversely Affect



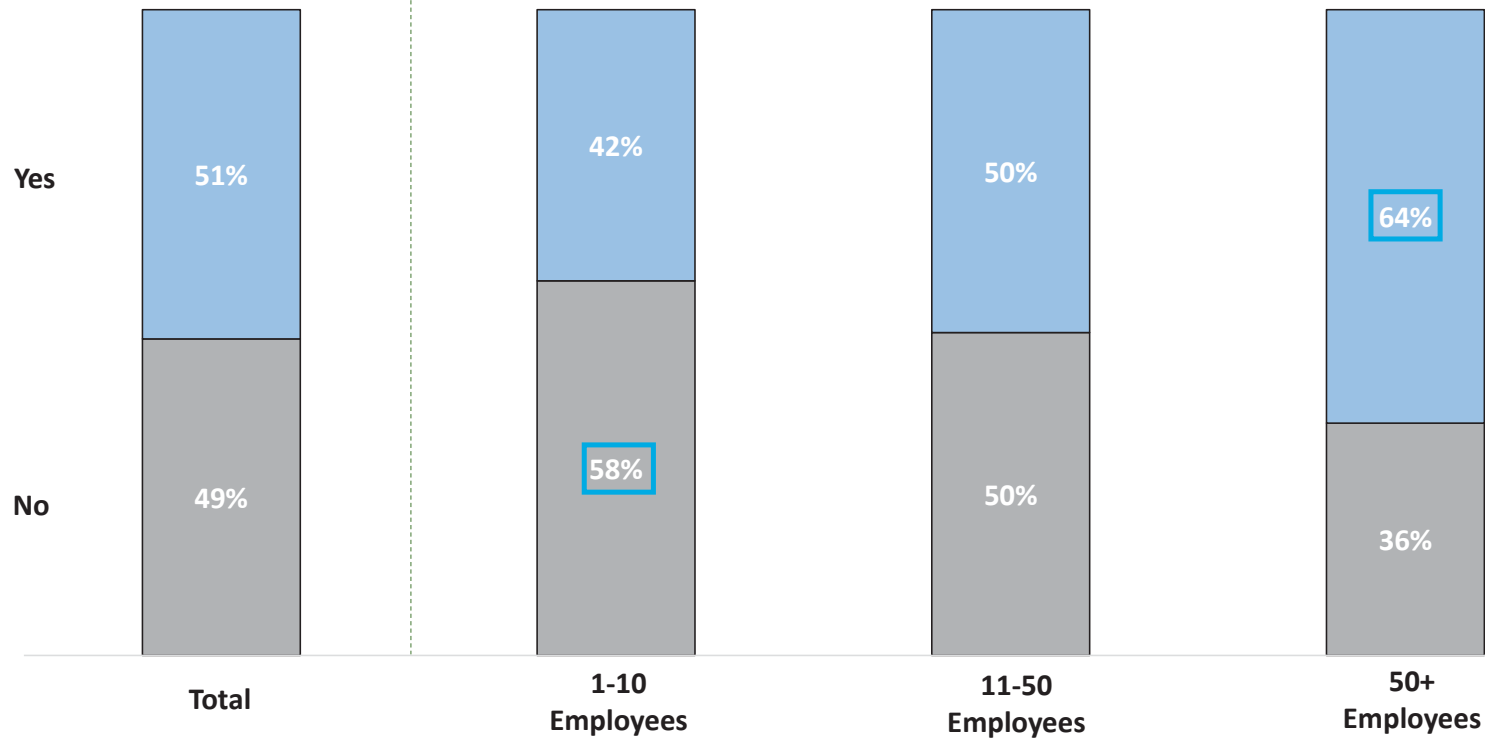
Base: 78

\*Please note that percentages will not sum to 100% because multiple responses are allowed.



## Transitioning to Non-Polystyrene Containers

Just over half of respondents (51%) said that *they have already transitioned* over to compostable or other types of containers. Larger companies (more than 50 employees) (64%), were statistically more likely to have already transitioned to compostable containers compared to smaller companies (1-10 employees) (42%).



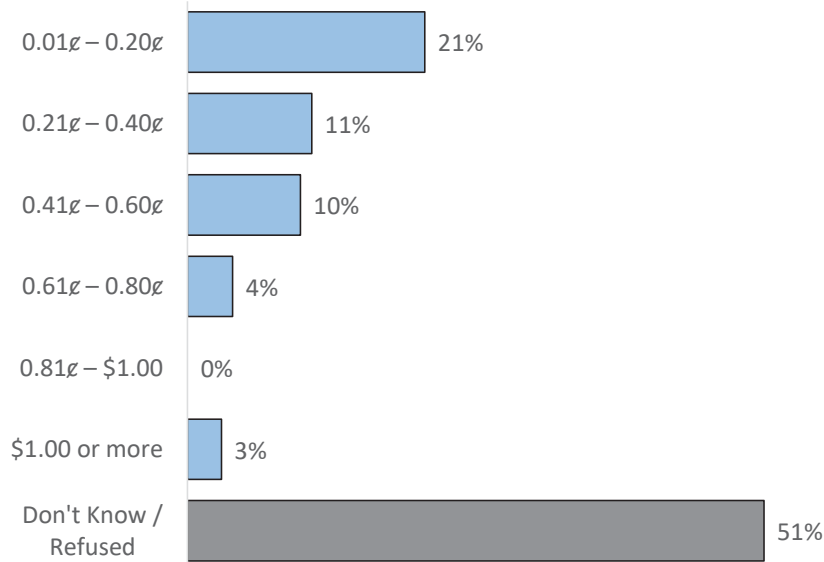
Base: 142  
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## Cost of Transitioning to Non-Polystyrene Containers

Of those who said that have already transitioned over to compostable or other types of containers, a majority (51%) said they **did not know** what the cost was, and a fifth (21%) said it cost between **0.01¢ and 0.20¢**.

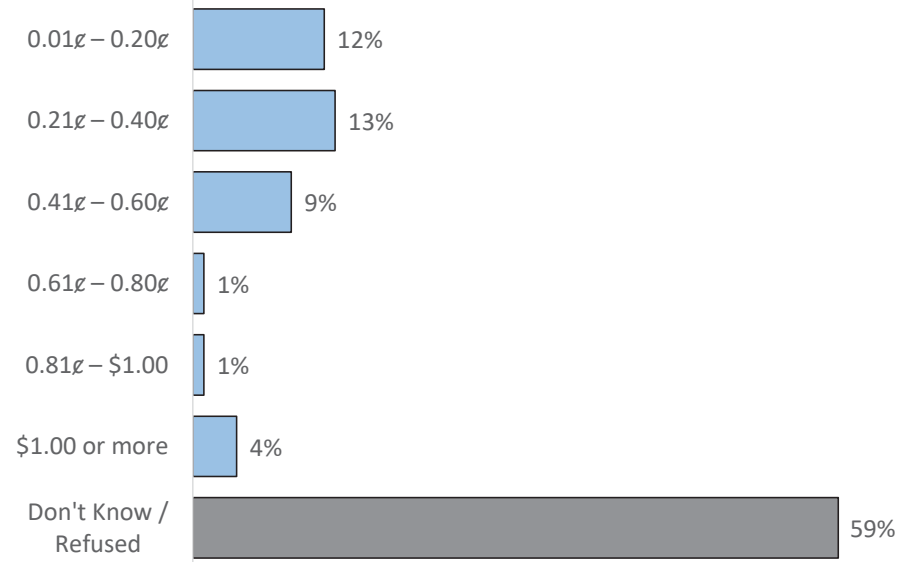
Of those who said that they have not transitioned, 59% said they **did not know** what the cost would be, and 13% said it would be between **0.21¢ – 0.40¢** while 12% said it would be between **0.01¢ – 0.20¢**.

**Price Difference: Already Transitioned**



Base: 72

**Price Difference: Have Not Transitioned**



Base: 69

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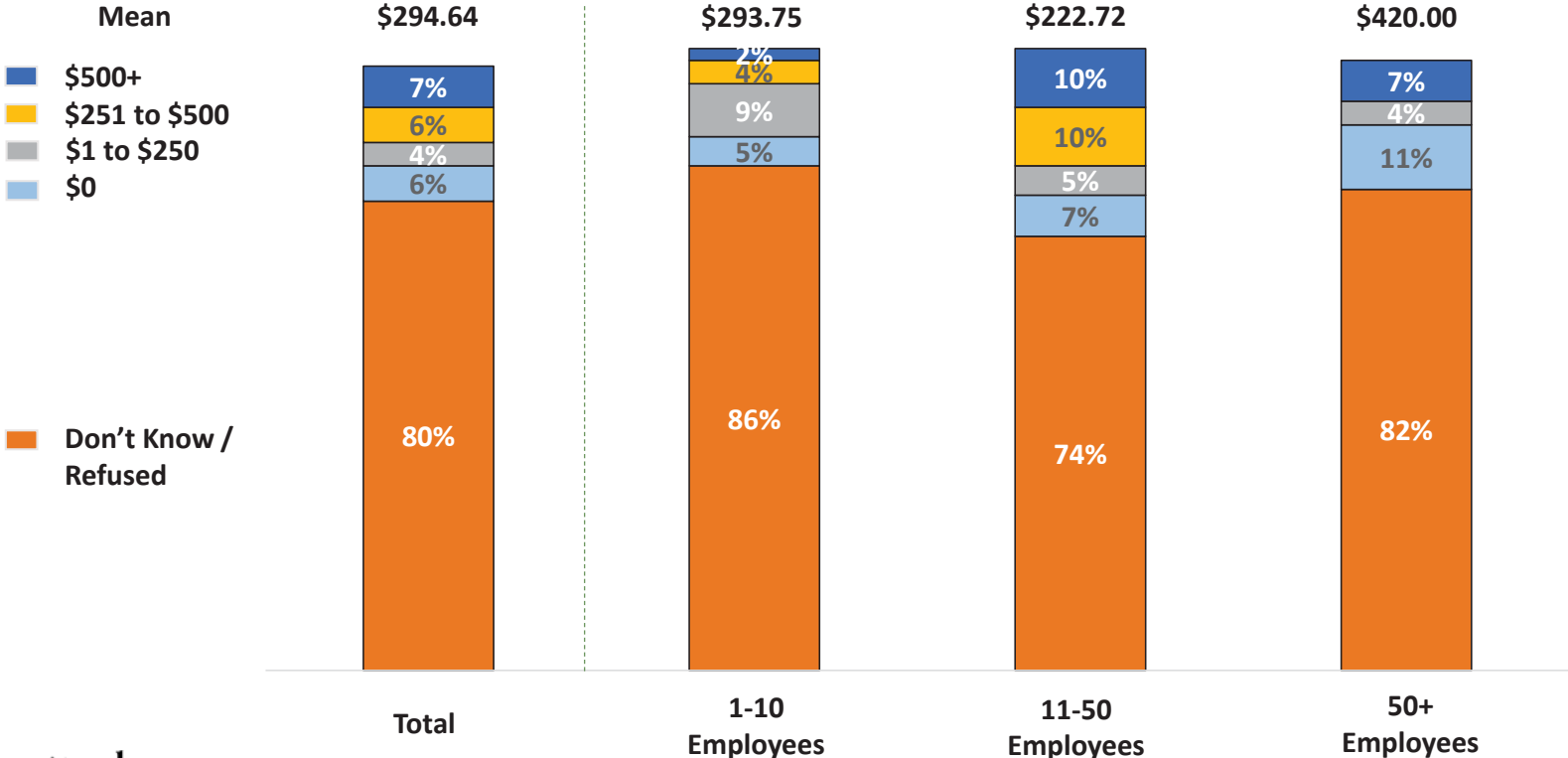
Q15a. On average, what was the price difference per container when you converted?

Q15b. On average, what do you think the price difference per container will be when you convert to compostable or other kinds of plastic containers?



# Estimated Monthly Cost to Business of the Polystyrene Ban

Respondents said that on average, they expect the estimated monthly cost of the polystyrene ban to their business to be \$294.64. It's important to note that 80% of respondents said that they *don't know* what the monthly cost of the polystyrene ban would be on their business; this is especially true among small businesses, those with 1-10 employees, where 86% of them said they don't know what the monthly cost would be.



Base: 141  
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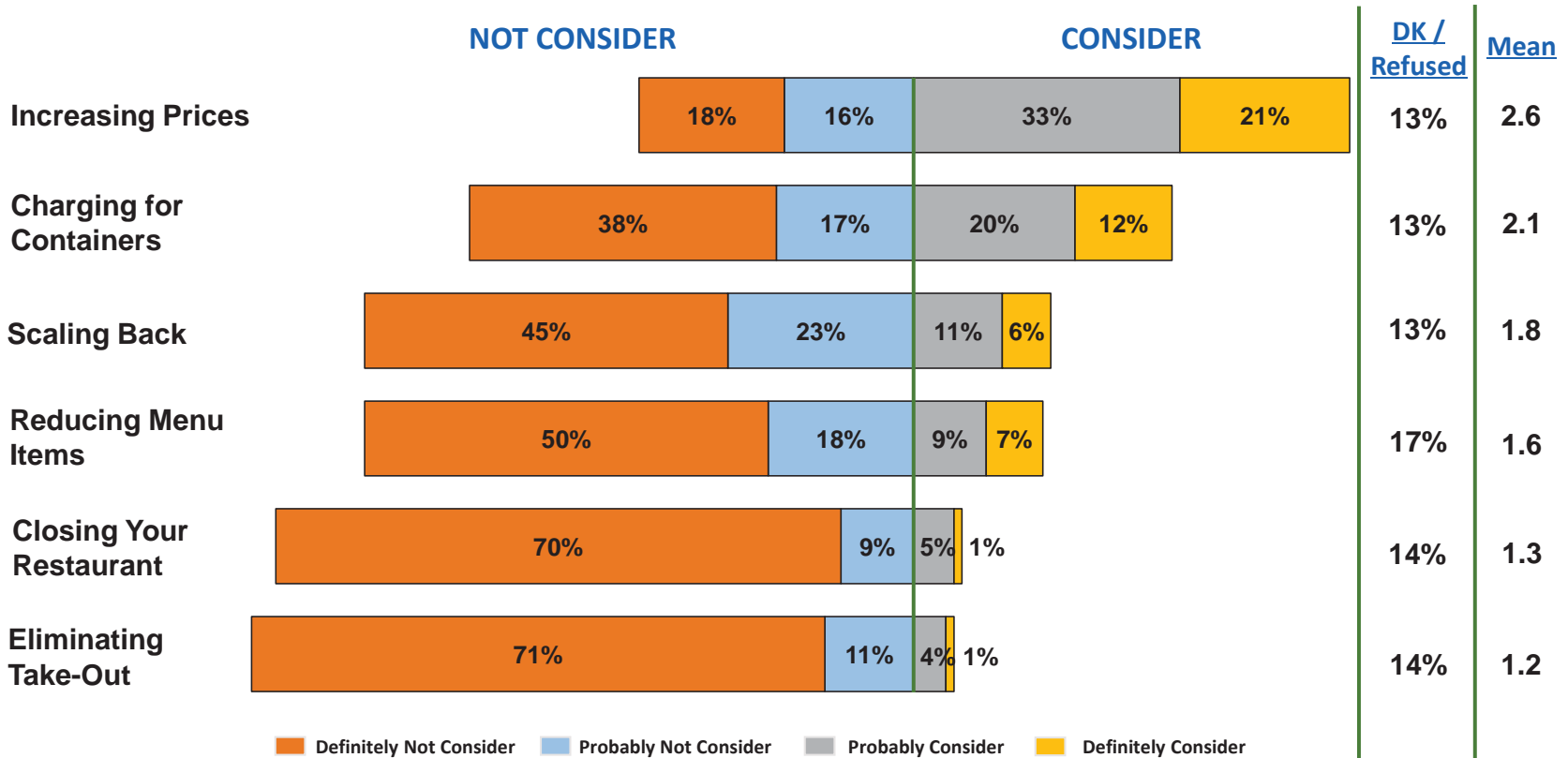


Q16. What do you believe will be the estimated monthly cost to your business?



# Business Response to Increased Operating Costs

*Increasing Prices* and *Charging for Containers* were the most considered responses by respondents when considering how to offset increased cost. *Closing their Restaurant* and *Eliminating Take-Out* were the least considered actions.



Base: 141  
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Q17. In an effort to offset increased costs associated with switching away from polystyrene foam, would you Definitely Consider, Probably Consider, Probably Not Consider or Definitely Not Consider....?



# Polystyrene Ban's Effects on Menu Prices

A vast majority (70%) of respondents stated that they *did not know* the average take-out container cost increase that would need to occur before they increased their menu prices. Eleven percent of respondents stated that it would have to cost *more than a \$1.00*, while nine percent said it would have to take a price increase of between *0.01¢ and 0.20¢*.



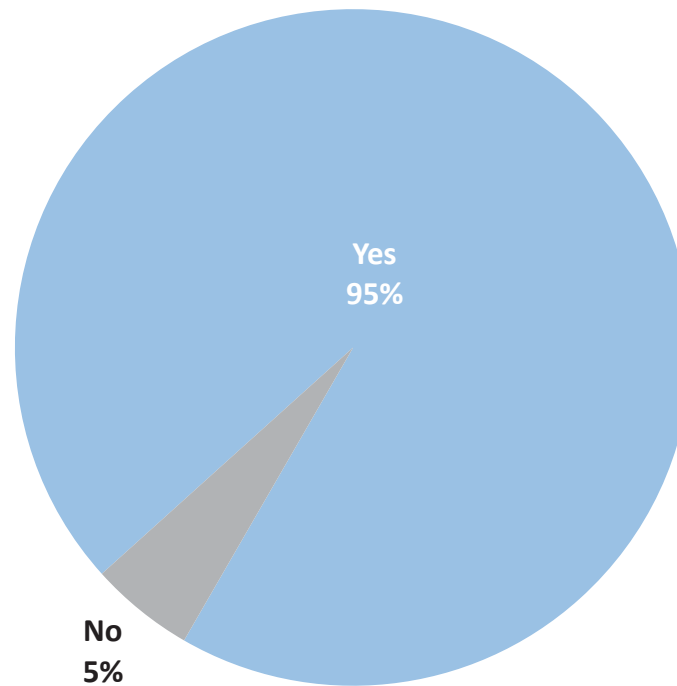
Base: 141  
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Q18. How much must the average take-out container cost increase before you increase menu prices?

## Business Opinions on Litter

A vast majority (95%) of respondents said that they believe that waste and litter is an environmental problem for our streams and oceans.



Q19. Do you believe that waste and litter is an environmental problem for our streams and ocean?

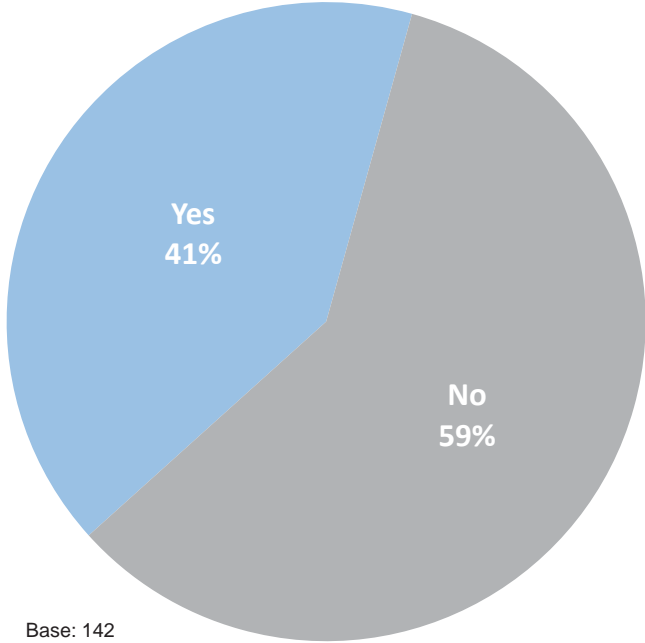
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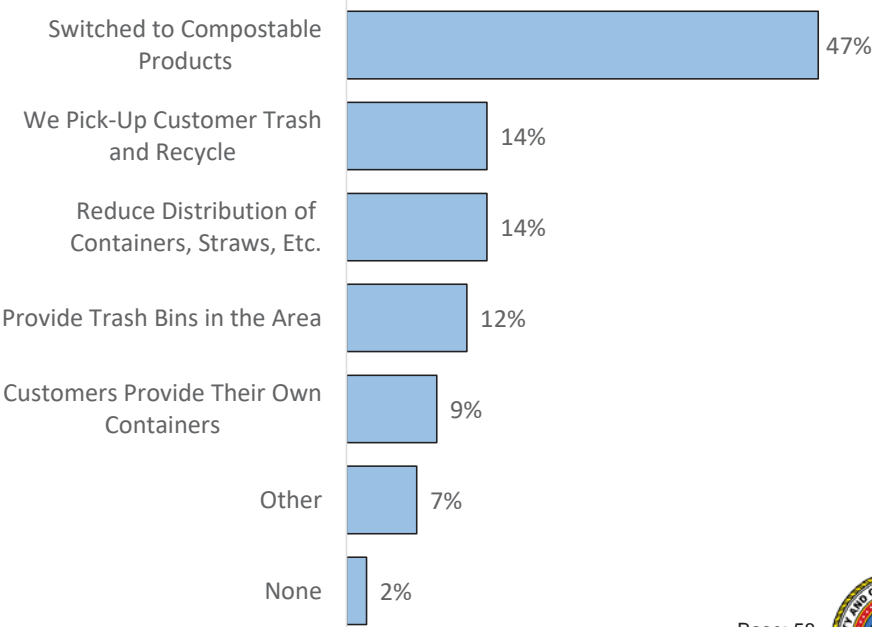
# Business Response to Litter

A majority of respondents (59%) said that they have not taken any actions to help avoid their take-out containers from becoming litter. Of those respondents that had taken action, the most popular actions were: **Switching To Compostable Products** (47%), **Picking-up Customer Trash and Recycle** (14%) and **Reducing the Distribution of Containers and Straws** (14%).

**Took Action to Avoid Container Litter**



**Specific Actions Taken**



Q20. Has your business taken any action to help avoid your take-out containers becoming litter?  
 Q21. What specific actions have you taken? **[MULTIPLE RESPONSES ALLOWED]**

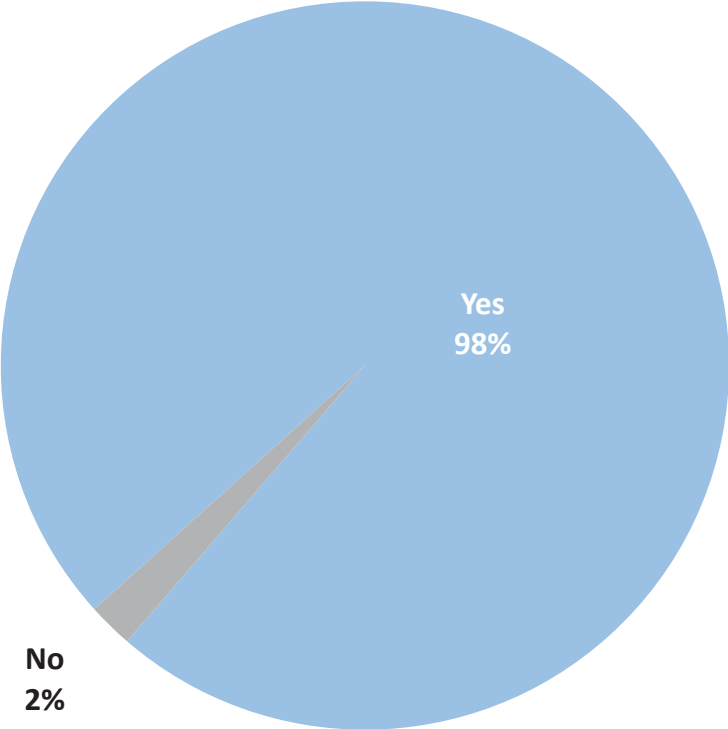
\*Please note that percentages may not sum to 100% because multiple responses are allowed..





# Business Response to Being Green

Practically all (98%) of respondents stated that they would be willing to do more if they knew it would be green and protect the ocean.



Base: 141  
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## Profile of Responding Businesses

	Total
<b>NUMBER OF EMPLOYEES</b>	
1 – 5	22%
6 – 10	18%
11 – 20	15%
21 – 50	15%
51+	20%
Average	50.8
Don't Know/Refused	10%
<b>ANNUAL REVENUE</b>	
Less than \$500,000	19%
\$500,000 to \$1 Million	14%
\$1 Million to \$3 Million	11%
\$3 Million to \$5 Million	6%
Over \$5 Million	8%
Don't Know	29%
Refused	13%

	Total
<b>YEARS OF OPERATION</b>	
Less than 5 years	19%
6 to 10 yrs.	21%
11 to 15 yrs.	8%
16 to 25 yrs.	23%
25+ yrs.	22%
Average	19.1
Don't Know/Refused	6%
<b>NUMBER OF LOCATIONS IN HAWAII</b>	
1	58%
2	11%
3	9%
4 – 5	5%
6 – 10	6%
10+	8%
Don't Know/Refused	2%
Average	4.7

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**Mahalo from the OmniTrak Group!**