Creating and Developing foods for the demanding consumers

Chor-San Khoo, PhD
Campbell Soup Company
Go Global: Food Processing and Safety
Honolulu, Hawaii
February 26-27, 08
Wellness is a Big Growth Market Globally

Estimated as over $200+ billion global market, and growing double digits.

Wellness is a mega trend, growing globally.
In the next 10 years we will expect revolutionary changes in the way wellness foods are developed, marketed, sold, communicated, regulated and reimbursed!

This is because.......
Trends are converging creating mega trends!

**Science environment**
- Rising medical cost
- Advances in medical research & diagnoses
  - Human genome/ gene therapy
  - Chronic disease etiology
  - Molecular mechanism/gene therapy
  - Genomic research and markers in plants research
  - Food pathogens
  - Food technologies & safety
  - Global warming
  - Conflicting health policies

**Regulatory environment**
- Increasing federal and states regulations
- Food safety and security
- Law suits
- Environmental pollutions

**Consumer environment**
- Women in the workforce
- Sedentary lifestyle
- Western dietary eat-style
- Food price value & performance
- Time pressures and stress
- Convenience and portability
- Changing ethnicity
- Bolder food experience and flavor
- Instant news flash, information overload
- Global travel..global flavor experiences & expectations
- Concerns about food safety
- Law suits
- Global warming, energy and water concerns
- Health problems-obesity, diabetes
- Aging of the population...........>
Four Macro Trends Driving Consumers Wellness Choice Today

Macro Trends

- Aging population
- Obesity & its Consequences
- Nutritional individualization

Nutrition and Health

- Overweight
- Concerned about Wellbeing
- Weary

QUALITY

- Rising expectations
- Taste exploration
- Food as a way to indulge
- Want higher quality experiences

CONVENIENCE

- Time-challenged lifestyles
- Limited cooking skills
- Snacking & grazing as meals

Source: CSC Custom Research
What is driving Wellness? Aging Population

We’re getting older

- Living longer than ever before
- Concern about quality of life years
- Focus on positive nutrition & prevention

Global phenomenon

Aware that what we eat, drink, do, today may have impact later on in life
## Our Planet Is Aging!

### 65+ Population Growth Globally

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>440M</td>
<td>7.0%</td>
</tr>
<tr>
<td>2020</td>
<td>744M</td>
<td>9.5%</td>
</tr>
<tr>
<td>2050</td>
<td>1500M</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

### Projected % Change in US Population

- **2000-2050**
- **U.S. Census Bureau, 2004**
We are Staying Older Longer

Childhood 0-17

Early Adulthood 18-34

Middle Adulthood 35-49

Later Adulthood 50+

17 yrs 16 yrs 14 yrs

35 yrs
Consumer Trends

We’re getting fatter
Obesity - An Emerging Global Pandemic, over 1 billion overweight and obese = underweight.
Childhood overweight & obesity is growing (155 million)

- Developing Countries
  - Highest rate: Middle East, N. Africa, Latin America
- U.S. 31% → 50% by 2010: 10% Infants & Toddlers
- Europe: 1 in 5 children
- Japan: obese kids tripled last 10 years to 10%
- Thailand 16% 6-12 years
- China 5-10% Youth; 1 in 10 preschoolers
- Mexico > US in 2007

EU Platform on Diet Physical Activity & Health 2005
Children, Adolescents & Obesity, World Heart Fed. 2005
Children are Getting Heavier Younger, and Staying Heavier Longer in Their Life Span!

- **Childhood** 1-3: 3 yrs
- **Early Childhood** 4-9: 5 yrs
- **Teenagers** 10-17: 7 yrs
- **Adulthood** 18+: 67 yrs

20% 70%
Consequence of Obesity in Children is Quite Broad

<table>
<thead>
<tr>
<th>Physical Health</th>
<th>Social Health</th>
<th>Emotional Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Type 2 Diabetes</td>
<td>• Stigma</td>
<td>• Poor body image</td>
</tr>
<tr>
<td>• Glucose Intolerance and insulin resistance</td>
<td>• Negative stereotyping</td>
<td>• Depression</td>
</tr>
<tr>
<td>• High Blood Pressure</td>
<td>• Discrimination</td>
<td>• Low self esteem</td>
</tr>
<tr>
<td>• Abnormal blood cholesterol</td>
<td>• Teasing and bullying</td>
<td></td>
</tr>
<tr>
<td>• Metabolic syndrome</td>
<td>• Social marginalization</td>
<td></td>
</tr>
<tr>
<td>• Asthma</td>
<td>• Lower academic achievement</td>
<td></td>
</tr>
<tr>
<td>• Fatty liver disease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gallstones</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Sleep Apnea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Menstrual Problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Muscle and joint problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Balance difficulties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Shaping America’s Youth Memphis Town Hall Meeting Participant Guide, Sept. 2005
Obesity is the Cross Point of Multiple Diseases

- Diabetes Type 2
- Obesity
- Cancer
- Coronary heart disease
- High Blood Pressure
We are a Planet in Crisis

We are getting older...
We are staying older longer ...
We are getting less active...
We are getting fatter...
We are getting more health problems...

............... This is a growing global phenomenon

Our Children are getting less active
They are getting bigger...
They are getting heavier earlier...
They are staying heavier longer ...
They are getting more health problems...
They may not live as long as their parents......

............... This is a growing global phenomenon
## Interest in Selecting Nutrition/Healthy Foods is Global Behavior

<table>
<thead>
<tr>
<th>Select foods for healthful reasons</th>
<th>USA (69%)</th>
<th>W. Europe (49%)</th>
<th>Australia (73%)</th>
<th>India (84%)</th>
<th>Latin America (63%)</th>
<th>China (78%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>10%</td>
<td>13%</td>
<td>23%</td>
<td>62%</td>
<td>35%</td>
<td>23%</td>
</tr>
<tr>
<td>Usually</td>
<td>59%</td>
<td>36%</td>
<td>51%</td>
<td>22%</td>
<td>28%</td>
<td>55%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>25%</td>
<td>32%</td>
<td>23%</td>
<td>14%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Rarely/Never</td>
<td>6%</td>
<td>19%</td>
<td>3%</td>
<td>1%</td>
<td>16%</td>
<td>2%</td>
</tr>
</tbody>
</table>
# Top Global Health Concerns

**Heart Disease & Cancer Top Concerns**

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>South America</th>
<th>North Europe</th>
<th>South Europe</th>
<th>China/India</th>
<th>Eastern Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart disease, 57%</td>
<td></td>
<td>Heart disease, 68%</td>
<td>Cancer, 47%</td>
<td>Cancer, 53%</td>
<td>Heart disease, 52%</td>
<td>Tiredness, 22%</td>
</tr>
<tr>
<td>Dental cavities, 57%</td>
<td>Cancer, 68%</td>
<td>Heart disease, 38%</td>
<td>Heart disease, 45%</td>
<td>Hypertension, 50%</td>
<td>Heart disease, 20%</td>
<td></td>
</tr>
<tr>
<td>Anemia, 57%</td>
<td>Hypertension, 60%</td>
<td>Eye health, 34%</td>
<td>Alzheimer’s, 37%</td>
<td>Cancer, 49%</td>
<td>Eye health, 19%</td>
<td></td>
</tr>
<tr>
<td>Cancer, 55%</td>
<td>Diabetes, 58%</td>
<td>Tiredness, 32%</td>
<td>Hypertension, 36%</td>
<td>Food allergies, 49%</td>
<td>Gastrointestinal problems, 19%</td>
<td></td>
</tr>
<tr>
<td>Tiredness, 49%</td>
<td>High cholesterol, 57%</td>
<td>Alzheimer’s, 31%</td>
<td>Tiredness, 35%</td>
<td>Diabetes, 45%</td>
<td>Hypertension, 17%</td>
<td></td>
</tr>
</tbody>
</table>

*Extremely/very concerned about*

HealthFocus International, 2006
Articulating concerns into Benefits of Food Products

<table>
<thead>
<tr>
<th>Extremely/very interested in food/drink with the following benefit:</th>
<th>North America*</th>
<th>South America</th>
<th>North Europe</th>
<th>South Europe</th>
<th>China/ India</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy heart and circulatory system</td>
<td>84% 1</td>
<td>71% 2</td>
<td>44% 1</td>
<td>41% 1</td>
<td>77%</td>
<td>50% 1</td>
</tr>
<tr>
<td>Healthy and strong bones</td>
<td>82% 2</td>
<td>72% 1</td>
<td>40% 3</td>
<td>38% 2</td>
<td>86% 2</td>
<td>48% 2</td>
</tr>
<tr>
<td>Healthy and flexible joints</td>
<td>75%</td>
<td>72% 1</td>
<td>40% 3</td>
<td>38% 2</td>
<td>82% 4</td>
<td>48% 3</td>
</tr>
<tr>
<td>A fit, active body</td>
<td>72%</td>
<td>62%</td>
<td>43% 2</td>
<td>37% 4</td>
<td>39%</td>
<td>85% 3</td>
</tr>
<tr>
<td>Healthier hair, skin and teeth</td>
<td>78% 5</td>
<td>68% 5</td>
<td>38% 5</td>
<td>33%</td>
<td>46% 5</td>
<td>81% 5</td>
</tr>
<tr>
<td>Healthy cholesterol levels</td>
<td>79% 4</td>
<td>66%</td>
<td>34%</td>
<td>33%</td>
<td>46% 5</td>
<td>70%</td>
</tr>
<tr>
<td>Improved memory</td>
<td>72%</td>
<td>59%</td>
<td>35%</td>
<td>36% 5</td>
<td>40%</td>
<td>80%</td>
</tr>
<tr>
<td>Improved physical energy</td>
<td>73%</td>
<td>64%</td>
<td>NA</td>
<td>33%</td>
<td>37%</td>
<td>81% 5</td>
</tr>
<tr>
<td>Improved alertness and concentration</td>
<td>68%</td>
<td>56%</td>
<td>32%</td>
<td>31%</td>
<td>37%</td>
<td>77%</td>
</tr>
</tbody>
</table>
Consumer definition of wellness is changing. Wellness means different thing to different consumers. Seek holistic definition, not disease reduction alone

- Nourishing the mind, body and spirit
- It's tied to daily health, physical activity, vitality and nutrition
- It extends to personal relationship, spiritual life
- It's about Balance, Moderation and Feeling in control
- It's about living longer and better!

Linda Gilbert, 2005
Consumer Wellness Goals are Changing

- Celebration of life
- Self-esteem
- Balance
- Peace of mind
- Happiness
- Energy and vitality
- Control
Benefit equation changing.
Consumers are individualizing needs.

Health Focus identify 7 universal benefits.
Campbell’s story: Reformulating for Growth.

Journey into Wellness
our
mission

Together we will
build the world’s most
extraordinary food company
by nourishing people’s lives
everywhere, every day
our mission

Together we will build the world’s most extraordinary food company by nourishing people’s lives everywhere, every day.

our strategies

1. Expand our icon brands within simple meals and baked snacks
2. Trade consumers up to higher levels of satisfaction centering on convenience, wellness, and quality
3. Make our products more broadly available in existing and new markets
4. Increase margins by improving price realization and company-wide productivity
5. Improve overall organizational diversity, engagement, excellence, and agility
Wellness: Our working definition

“Consumers’ proactive management of their health and overall well-being with the goal of maximizing both quality and length of life”

(1) Emotional well-being
(2) Mental functioning, capability, alertness
Critical “Must Do” to Drive Growth in Wellness

• We measure our product portfolio against global competitors
• Listening & evaluating carefully what consumers say and want---cut through the clutters
• Use Technology and product design to drive reformulation without compromising taste or quality
• Build intrinsic nutritional value--Add positives and Reduce negatives
• Support Science and research on taste mechanism and health benefits.
• Use National public health guidelines as yardstick to measure progress success
• Centralize and synchronize messaging and communication to consumers, professionals and customers
• Alliance with influencers
• Innovate at Point of sale to make purchase easy
Critical “Must Do” to Drive Growth in Wellness

- We measure our product portfolio against global competitors

We were encourage by how wall street sees our potential
Wall Street has Commented Favorably on the Overall Strength of Our Portfolio vs. Competitors

% of Business in “Healthy” product categories

- Danone: 80%
- Nestle: 74%
- H.J. Heinz: 68%
- Sara Lee: 66%
- General Mills: 65%
- Kellogg: 62%
- Kraft: 49%

Source: J.P. Morgan European Equity Research 04/16/03
Critical “Must Do” to Drive Growth in Wellness

• We measure our product portfolio against global competitors

• *Listening & evaluating carefully what consumers say and want---cut through the clutters and assess real market value!*
Identify Consumer Wants and Don’ts

What Consumers want More Of:

- Fresh foods
- Vegetables and Fruits
- Whole Grains and Fiber
- Water
- Olive oil and Nuts
- Fish and Poultry
- Broccoli, Tomatoes, Oranges
- Spinach, Dark Leafy Greens
- Omega 3
- Calcium
- Vitamins C and E

Health Focus 2006; Sloan trends 2006; NPD 2006
### Identify Consumer Wants and Don’ts

<table>
<thead>
<tr>
<th>What US Consumers want <strong>More Of:</strong></th>
<th>What US Consumers want <strong>Less of:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh foods</td>
<td>Foods containing additives and preservatives</td>
</tr>
<tr>
<td>Vegetables and Fruits</td>
<td>Sugar</td>
</tr>
<tr>
<td>Whole Grains and Fiber</td>
<td>Salt and sodium</td>
</tr>
<tr>
<td>Water</td>
<td>Highly processed foods</td>
</tr>
<tr>
<td>Olive oil and Nuts</td>
<td>Saturated fats, Trans fats</td>
</tr>
<tr>
<td>Fish and Poultry</td>
<td>Artificial ingredients</td>
</tr>
<tr>
<td>Broccoli, Tomatoes, Oranges</td>
<td>Fat</td>
</tr>
<tr>
<td>Spinach, Dark Leafy Greens</td>
<td>Processed ingredients</td>
</tr>
<tr>
<td>Omega 3</td>
<td>Environmental pollutants</td>
</tr>
<tr>
<td>Calcium</td>
<td></td>
</tr>
<tr>
<td>Vitamins C and E</td>
<td></td>
</tr>
<tr>
<td>Portion control/portability</td>
<td></td>
</tr>
<tr>
<td>Natural and simple label</td>
<td></td>
</tr>
</tbody>
</table>
Ingredients Parents Are Monitoring In Their Child’s Diet in US

(Q.1 - % U.S parents who are currently monitoring the following ingredients in their child’s diet)

Sugar: 53%
Salt/sodium: 33%
Artificial ingredients: 31%
Total fat: 28%
Trans-fats: 25%
Whole grains: 24%
Calories: 19%
Protein: 18%
Cholesterol: 17%
Fiber: 17%

Source: Kids Omnibus, 2006
© The Natural Marketing Institute, 2006
Common Global Dietary “Do-Nots”

Sugar, salt/sodium, processed foods, and sweet and salty snacks top the list of foods shoppers in Western Europe are actively decreasing their use of.

<table>
<thead>
<tr>
<th>Western Europe</th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar, 34%</td>
<td>Sugar, 32%</td>
<td>Sweet snacks, 29%</td>
<td>Sugar, 38%</td>
<td>Salt/Sodium, 40%</td>
</tr>
<tr>
<td>Salty snacks, 30%</td>
<td>Processed foods, 25%</td>
<td>Sugar, 29%</td>
<td>Sweet snacks, 34%</td>
<td>Sugar, 38%</td>
</tr>
<tr>
<td>Sweet snacks, 29%</td>
<td>Sweet snacks, 24%</td>
<td>Salty snacks, 27%</td>
<td>Salty snacks, 31%</td>
<td>Salty snacks, 37%</td>
</tr>
<tr>
<td>Salt/sodium, 26%</td>
<td>Salty snacks, 24%</td>
<td>Processed foods, 22%</td>
<td>Salt/Sodium, 22%</td>
<td>Processed foods, 33%</td>
</tr>
<tr>
<td>Processed foods, 24%</td>
<td>Salt/Sodium, 23%</td>
<td>Beef, 22%</td>
<td>Butter, 20%</td>
<td>Sweet snacks, 32%</td>
</tr>
</tbody>
</table>

Decreased in use over the past two years:
Translate consumers likes and dislikes in context and business opportunities

- Want more vegetables, but not getting it. Why?
- Barriers to increasing vegetable intakes.
  The 5 Ps, the size of the gap, the opportunity!
Barriers To Increased Vegetable Consumption

Consumers also report conflicting and unclear health messages as a barrier

Despite Benefits, We’re Not Getting Vegetables

Percent of In-Home Dinner Meals Including Vegetables

Source: The NPD Group's National Eating Trends® Service

Global Gap In Consumer Vegetable Consumption

**Recommended Vegetable Intake**

- 2.9 Cups/Day

**Average Daily Vegetable Consumption**

- 1.6 Cups/Day

**Short-Fall In Vegetable Consumption**

- 1.3 Cups/Day

An Annual Gap Of 142 Billion Cups -Or- 285 Billion Servings Of Vegetables


Overall average adult men and women 19 years+
Translate consumers likes and dislikes in context and business opportunities

- Want more vegetables, but not getting it. Why?
- Barriers to increasing vegetable intakes.
  The 5 Ps, the gap, the opportunity!
- Concerns about sugar, salt, calories
- Medical science linking these to diseases and health. These drive consumer benefit expectations
## Target Today’s Health Concerns

<table>
<thead>
<tr>
<th>Extremely / Very Concerned</th>
<th>2002</th>
<th>2004</th>
<th>2006</th>
<th>Chg ‘04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart Disease</td>
<td>58%</td>
<td>55%</td>
<td>58%</td>
<td>+ 3 pts</td>
</tr>
<tr>
<td>Cancer</td>
<td>58%</td>
<td>53%</td>
<td>57%</td>
<td>+ 4 pts</td>
</tr>
<tr>
<td>Tiredness / lack of energy</td>
<td>50%</td>
<td>47%</td>
<td>50%</td>
<td>+ 3 pts</td>
</tr>
<tr>
<td>Eye Health</td>
<td>47%</td>
<td>44%</td>
<td>48%</td>
<td>+ 4 pts</td>
</tr>
<tr>
<td>Stress</td>
<td>44%</td>
<td>45%</td>
<td>47%</td>
<td>+ 3 pts</td>
</tr>
<tr>
<td>High Cholesterol</td>
<td>41%</td>
<td>42%</td>
<td>46%</td>
<td>+ 5 pts</td>
</tr>
<tr>
<td>Arthritis</td>
<td>46%</td>
<td>41%</td>
<td>47%</td>
<td>+ 6 pts</td>
</tr>
<tr>
<td>Hypertension/high blood pressure</td>
<td>40%</td>
<td>40%</td>
<td>45%</td>
<td>+ 5 pts</td>
</tr>
<tr>
<td>Lack of mental sharpness/focus</td>
<td>41%</td>
<td>37%</td>
<td>43%</td>
<td>+ 5 pts</td>
</tr>
<tr>
<td>Diabetes</td>
<td>37%</td>
<td>36%</td>
<td>43%</td>
<td>+ 5 pts</td>
</tr>
<tr>
<td>Depression</td>
<td>37%</td>
<td>32%</td>
<td>40%</td>
<td>+ 8 pts</td>
</tr>
</tbody>
</table>

Source: HealthFocus International, 2007
Searching For Quick Solutions In ‘Functional’ Foods

Functional Foods & Beverages*

* Defined As: Offering Health & Disease Prevention Beyond Basic Nutrition

Source: IRI Times & Trends, 2007
Critical “Must Do” to Drive Growth in Wellness

• We measure our product portfolio against global competitors

• Listening & evaluating carefully what consumers say and want---cut through the clutters

• Use Technology and product design to drive formulation without compromising taste or quality
A New Paradigm is Unfolding – It’s no longer a tradeoff between nutrition and taste.
Great taste is imperative for survival in the U.S. marketplace

Importance of factors in food selection by grocery store shoppers

Source: Consumer Attitudes in the Supermarket, FMI (2000)
## Top Brand Influences

### Taste trails price in Europe

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price, 52%</td>
<td>Price, 53%</td>
<td>Price, 41%</td>
<td>Price, 35%</td>
<td></td>
</tr>
<tr>
<td>Grown without pesticides, 45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has better taste, 38%</td>
<td></td>
<td>Has better taste, 33%</td>
<td>Has better taste, 29%</td>
<td></td>
</tr>
<tr>
<td>Grown without pesticides, 41%</td>
<td>Has better taste, 41%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contains only natural ingredients, 32%</td>
<td>No preservatives, 38%</td>
<td>Lower in fat, 24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No preservatives, 31%</td>
<td>Higher in fiber, 29%</td>
<td>Higher in fiber, 22%</td>
<td>Contains only natural ingredients, 24%</td>
<td></td>
</tr>
</tbody>
</table>

**Extremely/very important influence to try a new brand of product:**

HealthFocus® 2005
A New Paradigm is Unfolding – It’s no longer a tradeoff between nutrition and taste

Better Nutrition

Better Taste

Better Nutrition

Better Taste

Holistic Product Design
- Adding Positives
- Remove Negative
- Convenience
- Price

Campbell's
Critical “Must Do” to Drive Growth in Wellness

- We measure our product portfolio against global competitors
- Listening & evaluating carefully what consumers say and want---cut through the clutters
- Use Technology and product design to drive reformulation without compromising taste or quality
- **Build intrinsic product nutritional value**--Add positives and Reduce negatives
Adding Positive Nutrition: Whole Grain Goodness

Products

• Pepperidge Farm launched 36 delicious whole grain breads in retail and schools

• Whole grain bagels, English muffins, croutons and Goldfish®

Communication

• Whole grain options are identified on packages, in

• Whole grain website communicates whole grain benefits, suggestions on how to identify whole grains and includes recipes.

• Link to USDA MyPyramid.com
Adding Positive Nutrition: Vegetable Goodness

- Over 120 Retails and 63 in Food service with ½-1 serving
- Build awareness on sources of vegetables and nutritional in retail and Food Service
  - Soups (68)*
    - V8 and tomato juice (12)**
    - Prego pasta sauce (28)
    - Pace refried beans (3)
    - Campbell beans (2) and canned pasta (13)
- AFH soups & entrée
  - Soups (47) ***
    - Entrees (16)

* 5 w/sodium ≤480 mg,
** 6 w/sodium ≤480 mg
***1 w/sodium ≤480 mg
Communication to Help Consumers Increase Vegetable Intake

- Label
- Advertising
- Website
- Brochures
Enhance Nutritional Profile with Fruit & Vegetable Goodness for those who do not like vegetable taste!

- **Initiative:** Add fruit option to V8 beverage line.
  - In 2005 we introduce V8Fusion™ -- 100% juice
  - 1 serving of vegetables and 1 serving of fruit.
  - Naturally sweet
Reduce Negative without Trade-off in Taste: Trans Fat

- **Initiative:** Reduce or eliminate trans fat where feasible.
- **Progress to date:**
  - ~99% soups trans fat free
  - 100% Goldfish crackers trans fat free
  - 100% Pepperidge Farm breads trans fat free
  - 100% Pepperidge Farm distinctive crackers trans fat free
Reduce Negative without Tradeoff in Taste: Sugar

- **Initiative:** Offer reduced and no sugar added beverages.
  - Sugar content of all V8 Splash® beverage was **reduced by 30%**
  - Diet V8 Splash® is offered in 3 flavors
  - **V8.Fusion™** is 100% juice, naturally sweet, with vegetable and fruit serving
Sugar-Free Godiva Chocolate
Reduce Negatives without Tradeoff in Taste: Salt

• Sodium is the #1 Achilles heel in soups.
• Tremendous consumers and technological hurdles to make great tasting soup
• Consumers will not compromise on taste

.
The Consumer – Challenges/Opportunities

– Consumers equate sodium to salt

– Consumers believe lower sodium products have inferior taste.¹

– Consumers want reduced sodium products to taste as good as current products.²

– Generally won’t accept compromise on taste for health benefit.

– If expectations are not met, purchase interest drops when the products are tested on blind basis.³

– Consumers have no context for sodium levels (i.e.: still think 140 mg is high – triple digit).

– Many salt sparing tools are unfamiliar to consumers e.g sodium guanylate

¹ CSC Internal Data  
² Health Focus 2004  
³ CSC Internal Data
Reduce Negatives without Tradeoff in Taste: Salt

- #1 Achilles heel
- Campbell has a long history of researching to incrementally reduce salt in its products.
- We have been gradually reducing salt level (silent reduction) in our products.
- Our efforts date back 40 years ...
## History of Campbell’s Salt Reduction Efforts

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
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Salt (Sodium) Reduction: Technological Challenges are numerous

- In humans, the **liking for salt is strong**, being both an inborn and acquired behavior.
- The **mechanism for salty taste** in humans is not as well understood unlike sweet. Bulk of research in rodents.
- In food products, **sodium chloride may play multiple and simultaneous key functions**: taste, texture, preservation, nutrition, bitter blocking.
- Sodium chloride has the **most intense and cleanest** salt taste and is the most economical of the salts.
- Potassium, calcium, and other divalent salts are less than 10% the salty intensity of sodium chloride.
- Sodium reduction in products requires a case by case effort because of the multi-faceted role of sodium in salty, bitter, umami and sweet taste.
- Not all sodium salts are created equal on its effect on BP.

Our Sodium Reduction Initiative is multi-approach

Multi-Pronged Approach

• **Product Design**
  – Holistic Product Design
  – Flavor Technology
  – Nutrition
  – Manufacturing Control
  – Consumer insights and validation

• **Research and Technology:**
  – improve technologies on salt sparing ingredients
  – leadership in supporting and advocating for more basic research on understanding taste mechanism

• **Integrated Marketing /sale:**
  • Focus integrated message of TASTE and Benefits in lower sodium options
  • point of sale massive build
    – IQ Maximizer shelving to display Low and Healthy Request Soup options

• **Communication:**
  • Promote responsible nutrition; help to educate professionals, consumers, customers.
    – Education message integrated with marketing program.
    – Promote National Dietary Guidelines goals.
Introducing 31 Great Tasting Better For You Soups

Providing Options:
Sodium Reduced
Sodium & Fat Reduced Options

25% Less Sodium
All Healthy Request® Soup
Reformulated
Healthy Request® Brand
Beyond condensed into
RTS...

3 R&W Icons
All 12 kid
condensed soups

Plus one
new variety

3 New Campbell’s
Select™
Healthy Request®

4 New Campbell’s
Chunky™
Healthy Request®
Winning on taste is the key to reduction.

• 80% of Consumers who tried these soups rated the taste “As Good or Better than the Original”¹

• Made with natural lower sodium sea salt

• All ages

Reformulated ALL varieties of kid condensed soups - now with 25% less sodium
Introducing Healthy Request® Homestyle Chicken Noodle & Reformulated Healthy Request®

Better For You soups that Taste Great!

Key Benefits:

- Campbell’s great taste
- Lower Sodium Natural Sea Salt for great taste & New Approaches to Product Design
- 45% Less Sodium
- 98% Fat Free

Reformulated Healthy Request® Condensed Soups using lower sodium natural sea salt
New Campbell’s Chunky™ Healthy Request®

It Fills You Up Right!®

Loaded with lean beef or white meat chicken, vegetables, & pasta

Key Benefits:

• Soup That Eats Like a Meal®
• Made with Lower Sodium Natural Sea Salt for great taste
• Up to 45% Less Sodium
• 98% Fat Free
• Specifically meets the needs of those looking for a hearty & healthy soup
Introducing Campbell’s Select™ Healthy Request®

“Why Settle When You Can Select?”
Delectable, Chef Inspired Soups

Key Benefits:
• Irresistible Taste experience
• Lower Sodium Natural Sea Salt for great taste & New Approaches to Product Design
• 98% Fat Free
• Up to 45% Less Sodium
Critical “Must Do” to Drive Growth in Wellness

- We measure our product portfolio against global competitors
- Listening & evaluating carefully what consumers say and want---cut through the clutters
- Use Technology and product design to drive reformulation without compromising taste or quality
- Add positives and Reduce negatives
- **Support research on taste mechanism and health benefits.**
Understanding Taste Mechanism begins with understanding taste cells and how they behave at molecular level and interact with the brain. From then can we selectively find the right salt enhancers.
# History of Campbell’s Salt Reduction Efforts

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• Use National public health guidelines as yardstick to measure progress success
We Gauge our Product Portfolio Against the US Dietary Guidelines for Americans and MyPyramid.

- 2005 Dietary Guidelines for Americans
- Released January 2005
- USDA MyPyramid announced April 2005
2005 Dietary Guidelines

Increase Positives

• Make at least half of total grains eaten whole grains.
• Eat recommended amounts of vegetables and choose a variety of vegetables each day.
• Eat recommended amounts of fruit, and choose a variety of fruits each day.

Reduce negatives

• Consume 3 cups of fat-free or low-fat milk or equivalent daily.
• Choose low-fat or lean meats and poultry.
• Choose most fats from sources of mufas and pufas.
• Choose and prepare foods with little added sugars.
• Choose and prepare foods with little salt.

Educate and communicate

• Balance calorie intake with calories expended.
• Engage in regular physical activity.
2005 Dietary Guidelines Key Concepts: Campbell’s progress

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- **Centralize and synchronize messaging and communication to consumers, professionals and customers**
Communication

In 2004, we launched the Campbell’s Center for Nutrition and Wellness (CCNW) to communicate wellness food solutions.
• **Vision**

• “Help consumers **taste** and **live** the best of life!”™
Communication

Alliances with influencers are critical to the sustained success of this market

• Health associations (AHA, ADA, AAP, AAFP etc) alliances are important for credibility and for target positioning

• Association logos, government approved statement are easy for consumers to retrofit into daily lifestyle

• Work with consumer activists to find common consumer causes.
AHA Certification and Partnership

• About 50 products in with AHA Heart Check mark

• Major sponsor of “Go Red For Women”, a premier American Heart Association campaign

• Primary benefit message Heart Disease #1 killer of Women

• Shared AHA goal--Reduce by 25% by 2010.
Campbell Received Significant Press on its Lower Sodium Initiative, Over 100 Million Impressions and Building

Media from across the U.S. and Canada covered Campbell’s sodium reduction announcement
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• Centralize and synchronize messaging and communication to consumers, professionals and customers
• Innovate at Point of sale to make purchase easy
Strong grounds for optimism about growth prospects for Campbell’s lower sodium soups

8. Benefit from roll out of iQ Shelf Maximizer
   – Growth potential is clear
     • Cups and bowls in 2000 stores
     • RTS in 1,000 stores
     • Condensed soup in nearly 16,000 stores

Determined to expand presence comparable to the levels we have achieved in condensed soup
Our Wellness Journey is Continuing

• Our wellness efforts continue to evolve. Today our wellness product sale exceed 600 million

• We gauge our nutrition improvement progress against a tough yardsticks--the Dietary Guidelines--as the basis for healthier lifestyle.

• Our strategies are multi-prong. We continue to invest in research and technologies to drive competitive insulation and differentiations

• We invest in basic research, and forge strategic partnership with influencers

• We have POS innovation

• We follow the Golden rules for product success defined by the consumers – Taste, Convenience, Quality, Value and Trusted Brand

• We have global wellness strategy but local execution
Keys to Success in wellness growth

- Remember Taste Is King… and Pleasure Is Queen
- Give Reinforcement/Credit for what consumers are already doing right.
- Identify and Remove the Barriers to healthy choices
- Be a Solution Developer more than a Product Developer
- Be a designer and not a developer
- Keep it Simple and Make it Familiar
- Make it “Right for me” and “Right for my family”
- Deliver Positive Nutrition with little or no downsides
- Leverage the power of your brand
- Make it affordable,
- Make it easy to find in the store
Conclusion

• Wellness is top of mind with consumers and Campbell’s. It represents our fastest growth area.

• The challenge is delivering against consumers expectations for taste + multiple wellness benefits. Holistic design and communications.

• Campbell’s technical, marketing, sales expertise has begin the journey to ‘crack’ the code

• Campbell’s is positioned to better meet consumer’s health needs today and into the future

• On road to fulfill our corporate mission.
our
mission
Together we will build the world’s most extraordinary food company by nourishing people’s lives everywhere, every day