



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

U.S. Department of Agriculture
Agricultural Outlook Forum 2004
February 19 & 20, 2004

Pepsico Health and Wellness Case Study:
Capturing Growth at the Intersection

By
Brock Leach



PepsiCo Health and Wellness Case Study:

Capturing Growth at the Intersection

USDA Outlook Forum
February 20, 2004

Major Trends

1. Big Demographic Shifts

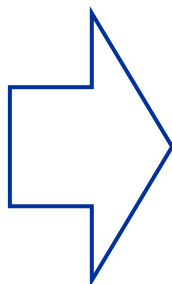
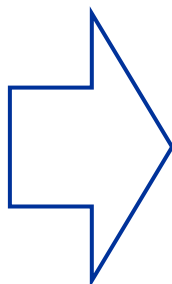
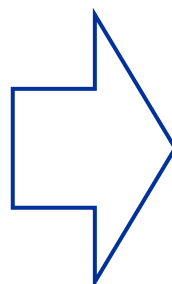
- Both older and younger
- Increasing ethnicity

2. Increasing Time Pressure

- Dual Income Families
- Increasing Work Time

3. Increasing Health Concerns

- Emerging obesity epidemic
- Increasing age-related
- Behavioral shift to prevention



Major New Growth Opportunities

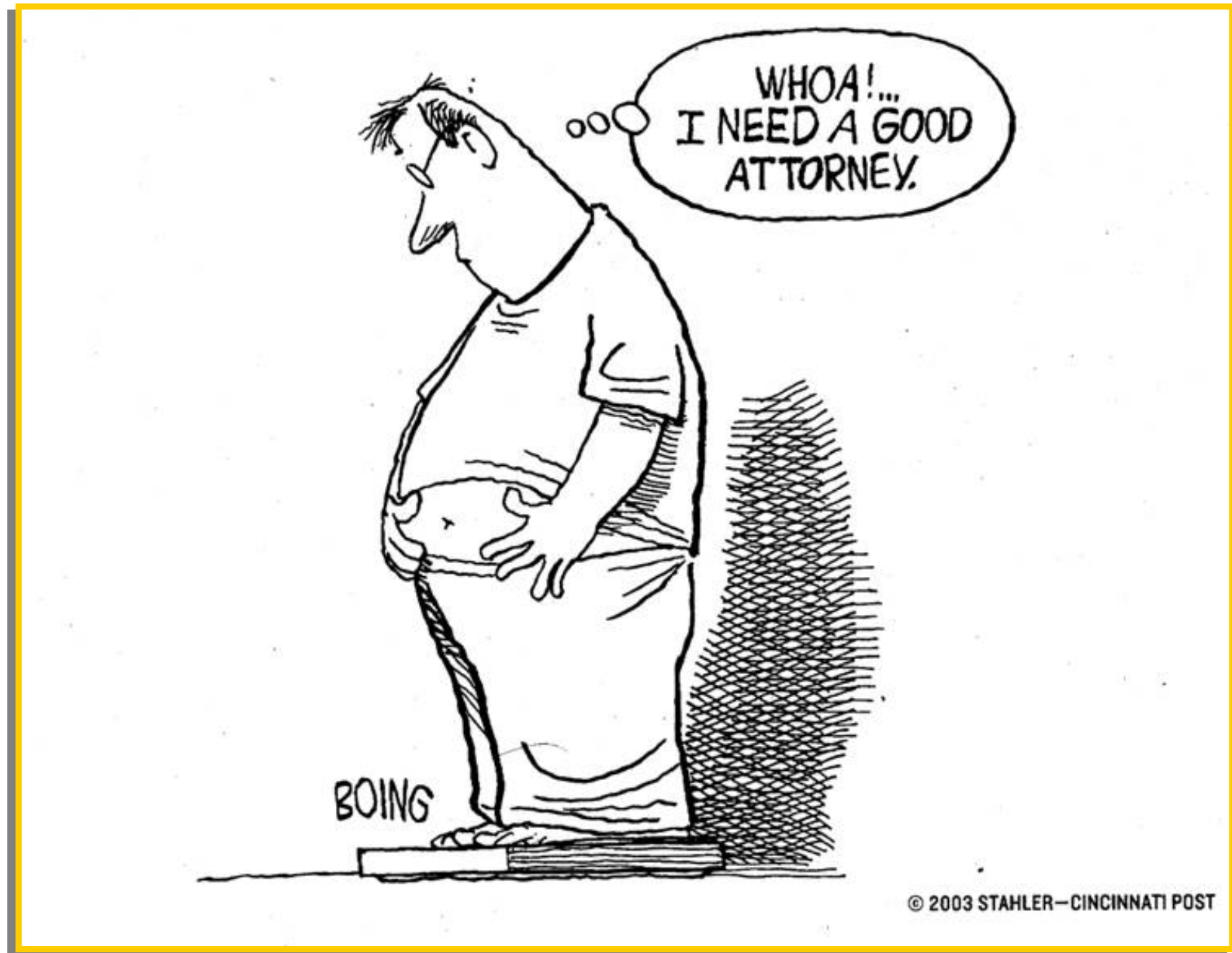
- Life-stage Tailored Products
- More Taste / Experience Variety

- Improved Convenience
- Re-Defined Meals: “Snack Meals”

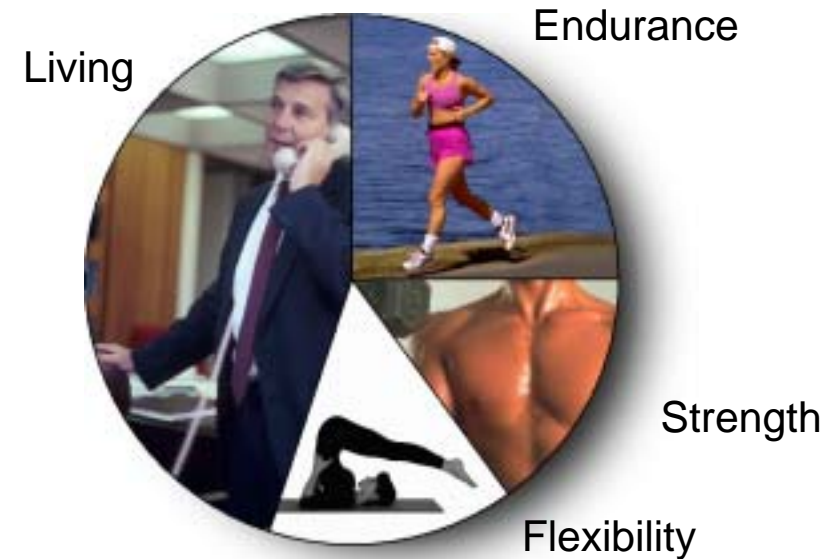
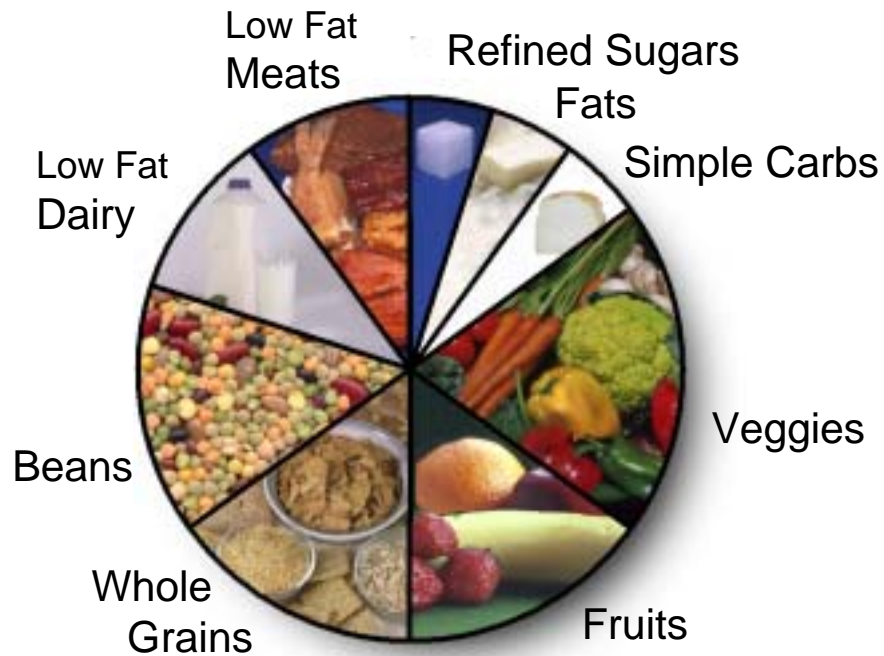
- Growing Demand for Wellness
 - Better-For-You choices
 - Good-For-You nutrition



But What's the Solution to Obesity?



The Big Idea in Wellness: Energy Balance



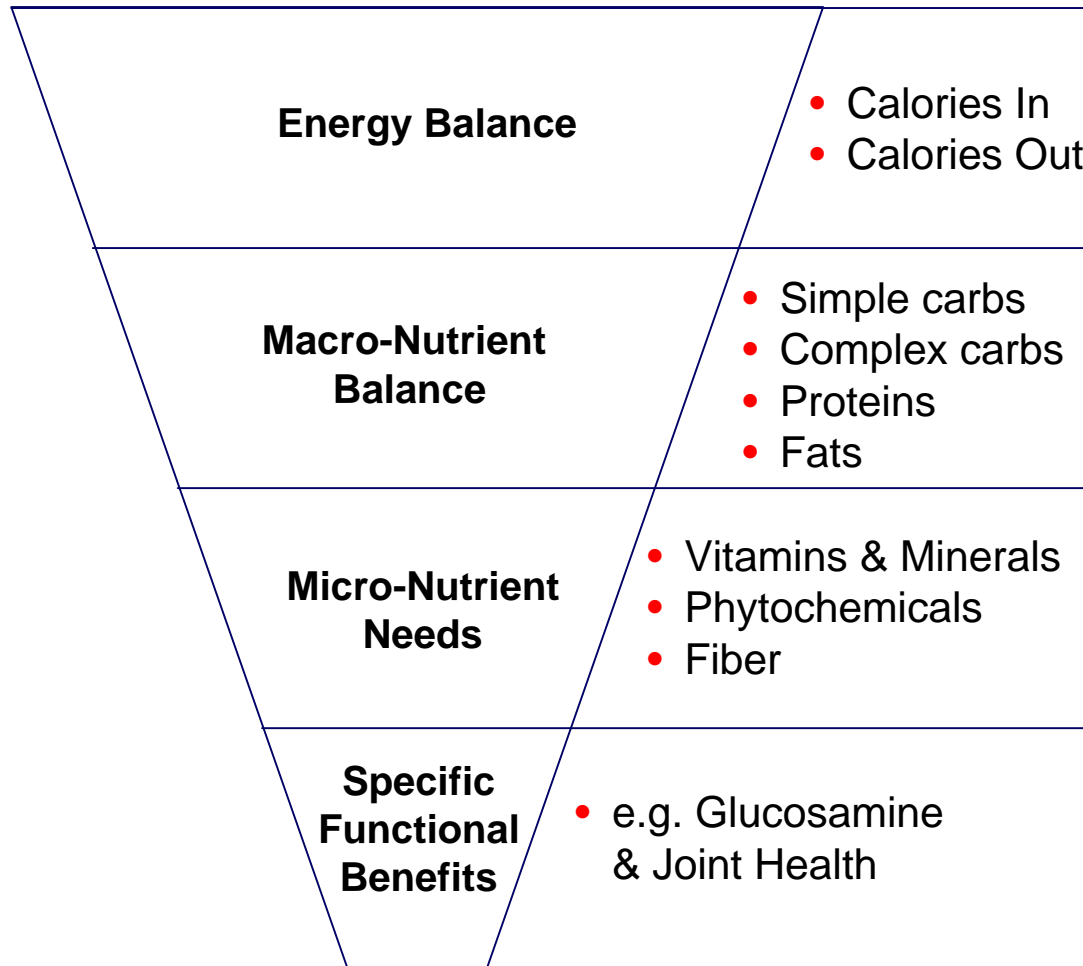
Calories In

Calories Out

**The
Energy
Balance**

The Big Idea In Nutrition: Making it Easier and more Enjoyable

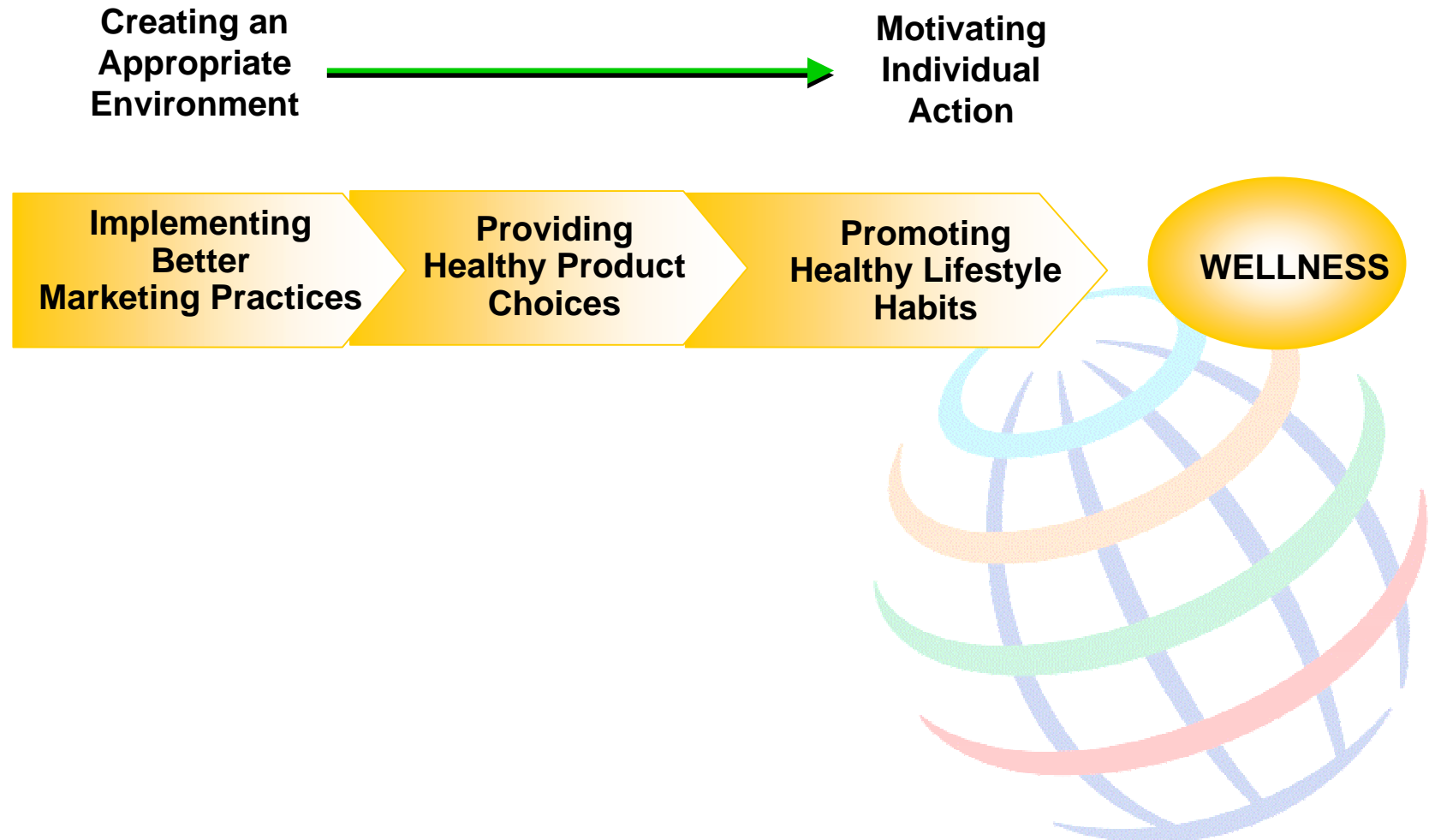
Consumer Knowledge Needs



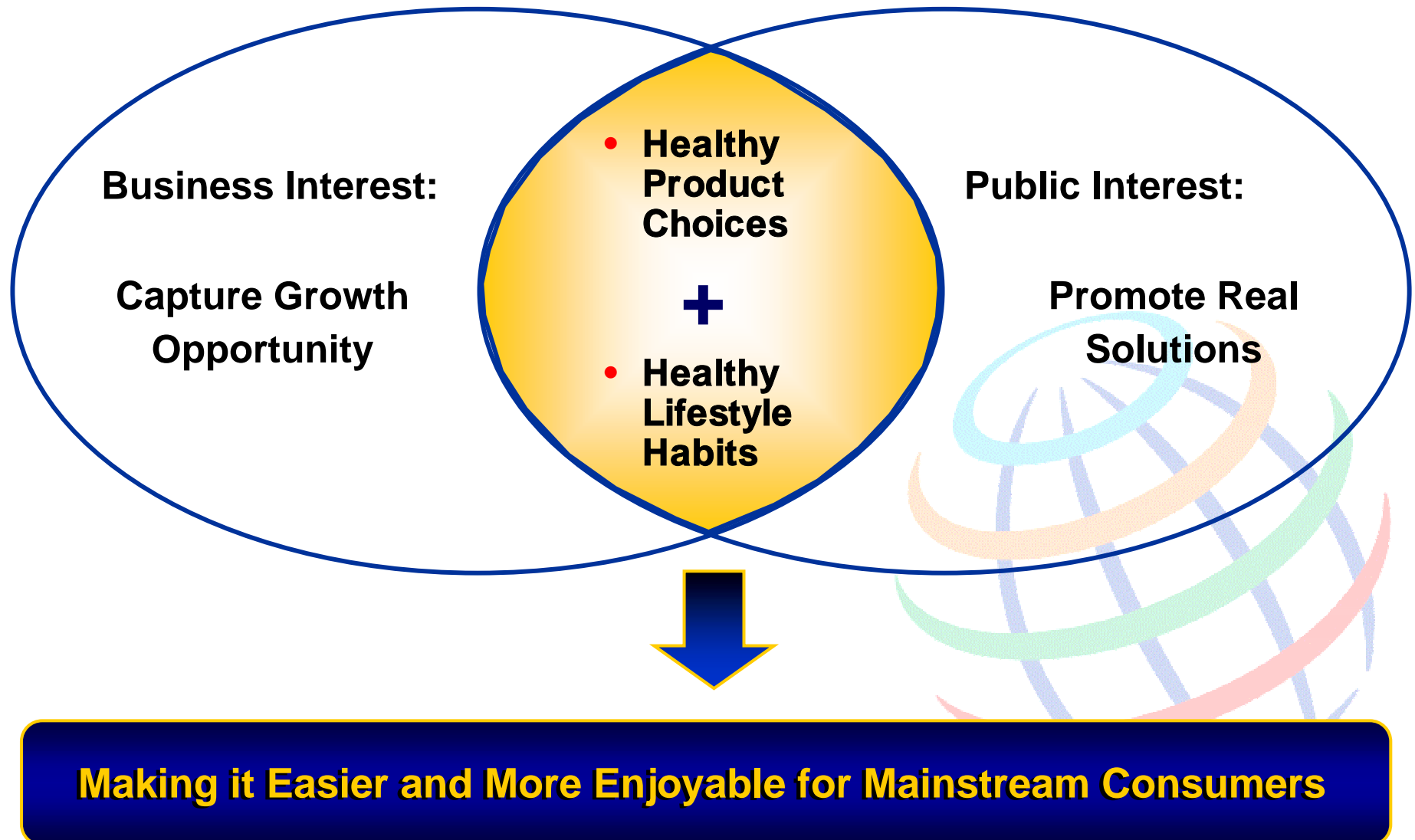
Biggest Consumer Opportunities

- **Easier ways to manage energy balance**
- **Easier ways to replace simple carbs with complex carbs and low fat proteins and healthier fats.**
- **Easier ways to get micro-nutrients through a mix of whole foods & appropriate fortification**

Proposed Solutions

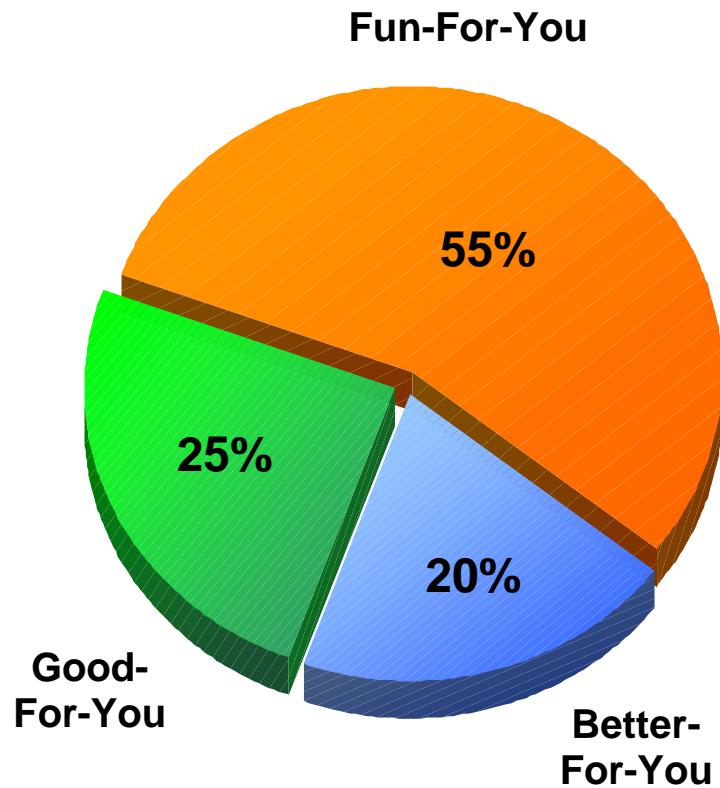


Focus Our Efforts at the Intersection of Business Interest and Public Interest . . .

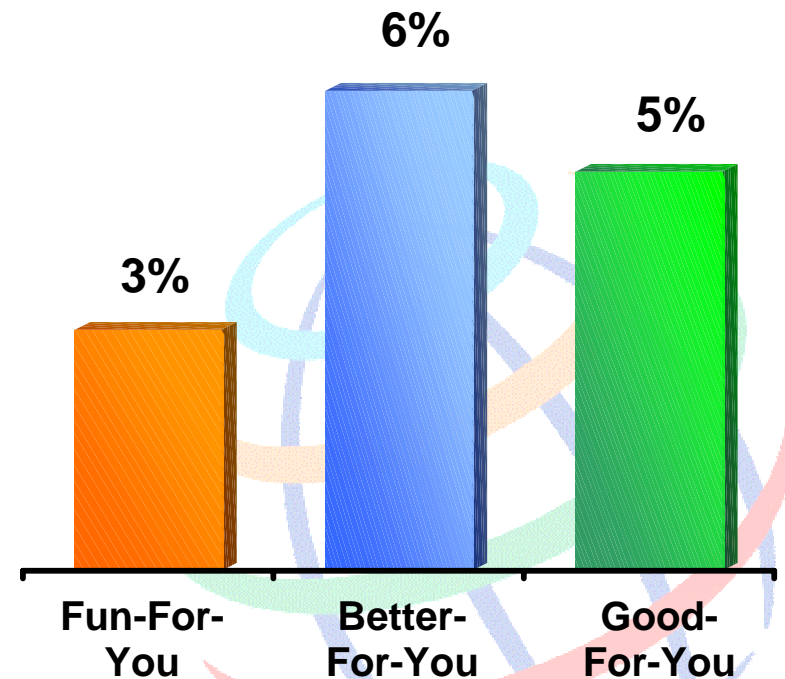


In North America, GFY/BFY Is Almost Half The Business And Growing Faster.

2002 Revenue — PepsiCo North America



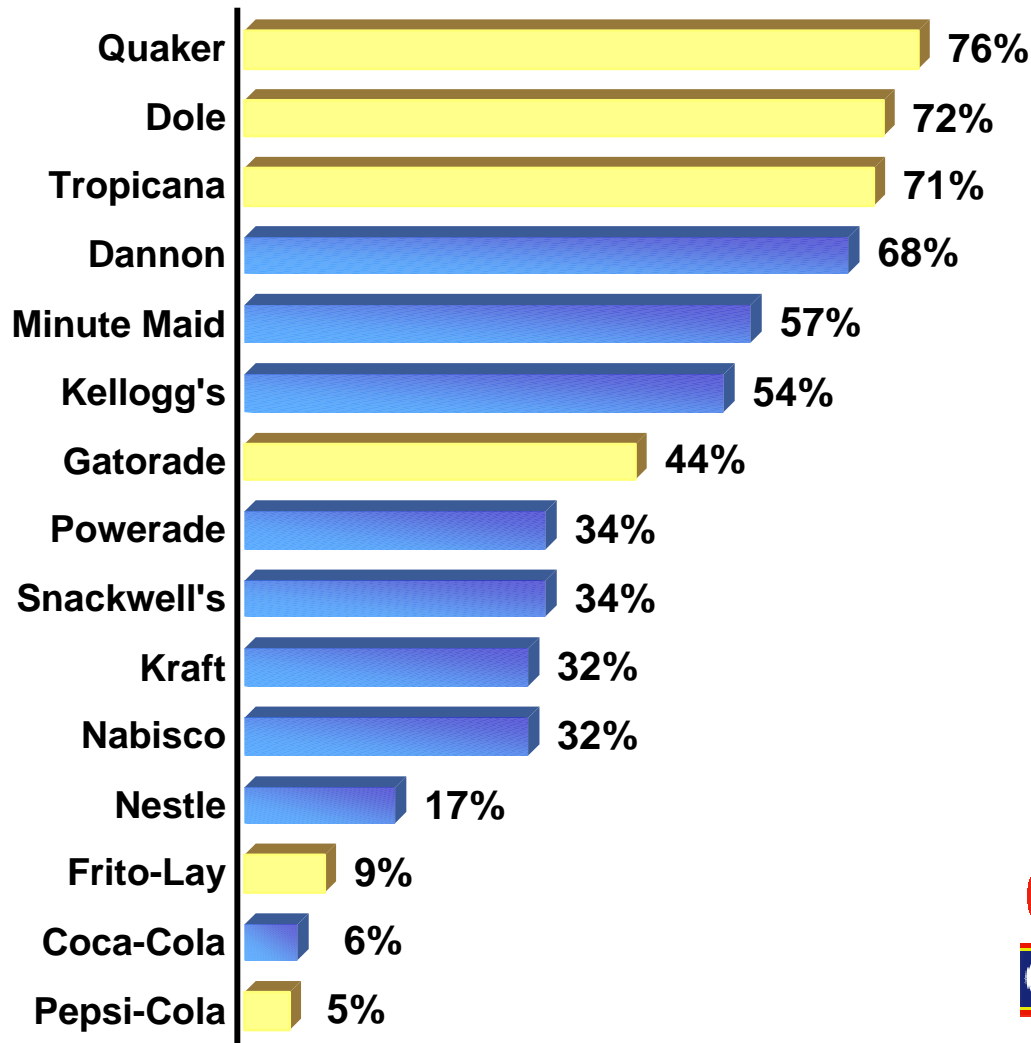
2002 Net Sales Growth vs. YAG



We're Starting From A Very Strong Position

Most Respected Brands in Health

% Consumers Consider Brand Very or Extremely Healthy



+

The Leading Brands in all Healthy Segments



Choices

Habits

1

2

3

4

**Accelerate
BFY / GFY
Product
Development**

**Improve
Healthfulness
of Existing
Products**

**Deliver
Healthy Food
& Bev Solutions
to Schools**

**Promote
Healthy Kids
Lifestyles**

- 50% of 3-Year New Product Revenues
- New Good-For-You Ventures
 - Proteins
 - Whole grains
 - Fruits & vegetables

- Eliminated Trans-Fats at Frito-Lay
 - Completed on core salty snacks
 - New labels in market
- Cooper Smart Snack Labeling
- Establishing Wellward Choices™ Nutrition Standards

- Introducing New Wellward Choices™ in Schools
- Promoting Wellward Choices™ in Schools
 - New Aquafina & Gatorade vending
 - In-School marketing
- Promoting Healthy Breakfast

- Promoting Youth Sports
- Motivating Lifestyle Change: America On The Move™
- Supporting School Decision-Makers: “Health Is Power™”

Big New Healthy Product Introductions This Year in Every Division



Tropicana



Provide Healthy Product Choices



Promote Healthy Lifestyles



Support School Decision-Makers



School Resource Guide



ASFSA Partnership & Interactive Wellness System

What Are Wellward Choices™?



- Consumer reference for BFY/GFY
 - Naturally Nutritious
 - Formulated for Function
 - Reduced and Rewarding
- Based on Credible Nutrition Standards
 - Fat, Saturated fat, Trans-fat
 - Sugar
 - Sodium
- Used as a Connector / Endorser

Snacks

Examples:

Baked! Lays® Original Potato Crisps
 Baked! Ruffles® Originals Potato Crisps
 Baked! Tostitos® Bite Size Tortilla Crisps
 Cheetos Reduced Fat Cheese puffs
 Fritos® Black Bean Dip
 Quaker® Rice Cakes Cheddar
 Quakes® Butter Flavored
 Rold Gold® Honey Braided Twists
 Ruffles Reduced Fat Potato Chips
 WOW! Fat Free Snacks
 Tostitos® Restaurant Style Salsa

Beverages

Examples:

All Gatorade® Products
 Aquafina® Purified Drinking Water
 Diet Pepsi®
 Dole® 100% Juices
 Lipton® Iced Teas
 Propel Fitness Water™
 SoBe® Black Tea 3G™
 SoBe® Synergy™
 Tropicana® 100% Juices
 Tropicana® Smoothies

Foods

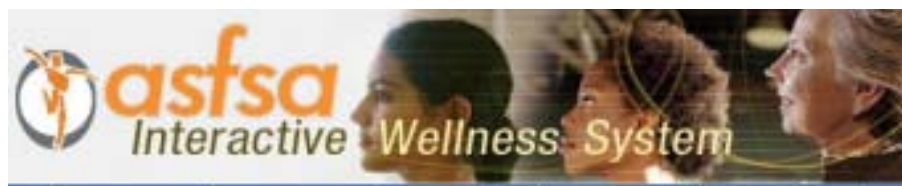
Examples:

Baked Apple Breakfast Squares
 Instant Quaker® Oatmeal
 Kretschmer® Wheat Germ
 Near East® Taboule Wheat Salad Mix
 Quaker Oats Nutrition for Women
 Old Fashioned Oatmeal
 Quaker® Cinnamon Oatmeal Squares
 Quaker® Low Fat 100% Nat. Granola
 Quaker® Oatmeal Express®

What Is America On The Move™?



- Energy balance education & activation:
“Move More, Eat Less”
- A National Movement to help people get started
 - Eating Habits: 100-calorie sustainable change
 - Exercise Habits: 2000+ extra steps
- A “Big Tent” public/private partnership
 - Organization: 501(C)3 affiliated with University of Colorado Health Sciences Center
 - Developers: HHS, CDC, State of Colorado
 - Sponsors: PepsiCo as national presenting sponsor, 4-5 additional corporate sponsors
 - Affiliates: States & Cities
 - Delivery Partners: e.g. AARP, Association of Black Churches, Y of the USA
- An umbrella development resource for programs in schools
 - Elementary schools
 - Middle schools



- Strategic partnership with American School Food Service Association
- PepsiCo "Wellness Day" at National Convention
 - Dr. Cooper keynote speech
 - Dr. Cooper video of ASFSA wellness strategy with PepsiCo leadership
 - Breakouts led by PepsiCo wellness partners
- PepsiCo Health Is Power™ School Resource Guide
- PepsiCo-ASFSA Interactive Wellness System
 - Provided by PepsiCo, a personal wellness resource for American Food Service workers
 - Integrated into ASFSA web site

Enlisting the Best Support

- Dr. Ornish & Preventive Medicine Research Institute
- Dr. Cooper & The Cooper Aerobics Center
- Dr. Jim Hill & America On The Move™
- YMCA Mission Sponsorship
- American School Food Service Administrators
- PepsiCo Blue Ribbon Advisory Council on Health & Wellness





Blue Ribbon Advisory Board on Health & Wellness

S. Ward Casscells, III, M.D.	Professor of Medicine & Cardiology, University of Texas
Kenneth H. Cooper, M.D., M.P.H.	President & Founder, The Cooper Aerobics Center
Antonia Demas, Ph.D.	Director, Food Studies Institute
Ambassador Thomas Foley	Partner, Akin Gump Strauss Hauer & Feld, LLP
Kenneth L. Gladish, Ph.D.	National Executive Director, YMCA of the U.S.A.
George Graham, Ph.D.	Professor of Kinesiology, Pennsylvania State University
David Heber, M.D., Ph.D.	Professor of Medicine & Public Health, UCLA Center for Human Nutrition
James O. Hill, Ph.D.	Professor of Pediatrics & Medicine, University of Colorado Health Sciences Center
Governor James B. Hunt, Jr.	Former Governor of North Carolina (1977-1985; 1993-2001)
David A. Kessler, M.D., J.D.	Dean, School of Medicine, University of California - San Francisco
Susan Love, M.D.	Co-Founder & Senior Partner, Luminari
Dean Ornish, M.D.	Founder & Director, Preventive Medicine Research Institute
Pamela Peeke, M.D.	Assistant Professor of Medicine, University of Maryland



PEPSICO



PepsiCo Health and Wellness Case Study:

Capturing Growth at the Intersection

**USDA Outlook Forum
February 20, 2004**