



**IRI
Growth
Insights**

C-SUITE
CONVERSATIONS

Campbell's

Campbell Embraces Its Brands' Roles as "Fabric of the Nation"

October 2020

IRI Growth Insights' [C-Suite Conversations](#) feature industry leaders who share their boots-on-the-ground experiences and best practices to ensure our industry thrives. As critical as data and analytics are to the decisions we make every day, and as focused as we are on shopper behavior and changing demand for the products we make and sell, the insights we learn from executives navigating this COVID-19 environment are invaluable. Available as a [videocast](#) and as a [podcast](#), here we feature an edited version of IRI's conversation with Mark Clouse, president and CEO of Campbell Soup Company.

In this episode of IRI Growth Insights C-suite conversations, Clouse talks with IRI President and CEO Andrew Appel about leadership during a pandemic, transformation and what the future looks like for consumer packaged goods. Clouse joined Campbell Soup Co. in January 2019. Prior to that, he was CEO of Pinnacle Foods, as well as chief commercial officer and chief growth officer at Mondelez.



IRI: You have a reputation for walking the halls, getting involved in the details. How has that played out since the pandemic arrived in March?

Mark Clouse: For all of us as leaders, I'm not sure that in the last eight months I haven't learned more about leading than perhaps the previous eight years, given the nature of so many new things and new capabilities leaders have to build.

One of the biggest areas that I think is evolving is in how we engage with our teams. **I DO BELIEVE VERY STRONGLY IN A LEADERSHIP STYLE THAT IS ACCESSIBLE,**

that's part in the weeds, and also just part of the team's work to really make sure that you're playing the right role, you're coaching or guiding on days when it's needed to make decisions rapidly. Being informed allows us to do that quicker than when we're removed from the day-to-day operation.



Mark Clouse, president and CEO of Campbell Soup Co., meets with frontline workers

Now jump into a moment like this and it becomes more important to have that kind of feel for the pulse of the company. But you also are missing a lot of the occasions that you once had to do that. What we've tried to do is engineer, be overt about times when I spend an afternoon having one-on-one conversations with individuals throughout the company who are in different locations or

different functions. It lets me listen and hear how they're doing. Sometimes it's a smaller group pop-in, or even a retirement Zoom party.

The overarching message here is that **WE ALL UNDERSTAND THE IMPORTANCE OF COMMUNICATION**, but when you're navigating a crisis like this, it is absolutely paramount that you figure out how to stay close enough to your organization

to understand what they're going through and be able to make decisions that really help them.

You have to create forums that allow for that engagement. You've got to find a way to create a little bit of space to have a more casual conversation, instead of trying to find it through business reviews or other meetings that are more structured in nature. But I don't know that anybody's got the definitive playbook on this one yet. We are all learning together as we go.

IRI: What concerns you about this pace as you lead the organization?

MC: For all of us as leaders, this complexity is absolutely real. I can feel the ebb and flow of energy – the surge of adrenaline when we're trying to do the right thing to serve our communities and make sure food is available. We're working arm in arm with our retailers to get things done. As that turns into six and seven months, kids going back to school – adding more pressure at home for mom and dad – the economy has put unique pressure on households. And a unique element on top of what we're dealing with and the uncertainty is a lot of political unrest in the country. You add all that up and as leaders,

WE HAVE GOT TO BE OVERTLY MINDFUL that the mental health and wellbeing of our teams has got to be a priority.

It's not easy stuff, but it's something you have to engineer into what you're doing if you're truly taking care of your organization.

This is not low-pressure work. We have consumers and customers with a lot of demands right now and trying to meet those demands is a top priority for us. But as I've said many times, it's that old adage that if I'm not well rested, if my head's not clear, and if I'm not able to focus on the task, odds are I'm not going to bring my best self to the table anyway. As CEOs and leaders, we need to keep talking about this.

IRI: Campbell plays such an important role in America. You've referred to Campbell's brands as "fabric of the nation." What does that mean to you in today's environment?

MC: I think we have a set of products and a portfolio that has played an incredibly relevant role in what we've experienced. Whether it was the initial need for comfort and the return to those things that make us feel safe and give us something to hang onto in difficult moments, to this explosion of new consumer behavior as it relates to in-home eating. Whether that's cooking or providing kids lunch, or mom and dad eating at home and not the office, we are going to deliver things that nourish and provide great variety and great positive experiences.

The role that we play and the uniqueness of our portfolio, on the snacking side or the meal side, has really been in the thick of all of it. It has felt good for the organization to be able to play that role. We continue to be very encouraged that the role can continue beyond the pandemic period.

IRI: How were you thinking about the plans for Campbell pre-pandemic?

MC: I would describe the first chapter of the journey as anchored very much on the idea of focus and fundamentals. This was about retooling the portfolio to really be focused in the places where we believe we had strong rights to win. We had compelling and leading brands and that ended up creating this architecture of two divisions with North American focus – one geography, two divisions, with a well-positioned, differentiated snack business that brought the power of Pepperidge Farm and Snyder's-Lance together. And then a meals and beverage business that may not have been the focus in the past, but was re-emerging as a part of the business that we felt very strongly that we could turn around and improve; initially stabilize, but certainly with the hope of contributing more as time went on.

Focused Strategy Has Served Us Well

1

GEOGRAPHY



2

DIVISIONS



13

CORE CATEGORIES | ~80% of BUSINESS
with Leading Brands in Every Category

Campbell's



Real food. Real results.

Focused Strategy

Within that we created this concept of winning in soup, which was really about reframing soup. Taking soup from a business where we were probably a little more focused on cost savings and profit generation to a more balanced approach where profitable growth became a much more ambitious goal for us. If you take a snapshot of right before the pandemic, we felt really good about the progress we had made. We had improved quality on our condensed business, we had returned marketing and support to our meals and beverage business.

One of the advantages we have as a company is that we have 13 categories that are 80% of our revenue. We're not trying to do this in 50 or 60 different segments.

SO WE REALLY ANCHORED DOWN ON GETTING THE BUSINESSES RIGHT. We reframed the story to retailers and rebuilt the relationship on a vision of profitable growth and strategic partnership.

IRI: How did the foundation of growth play into the first couple months of the pandemic?

MC: We had rewired the organization already. We had the time to structure the company, build the team. We had leaders in critical roles within the company and within the divisions, especially as we reset meals and beverage with a new ambition. We had a leadership team across the board that

really was well suited for going after growth. Also, it was the supply chain and the relationships with retailers where we'd had almost a year to really rebuild all of that. And so

OUR CONFIDENCE AS WE STEPPED INTO THE CRISIS WAS SUBSTANTIALLY HIGHER than what it would have been a year earlier.

I am very grateful that we had this opportunity beforehand to really set the table. And I think it has had a material impact on our ability to maximize this moment – making the most of a tough situation. It put us significantly ahead of where we would have been if we were trying to retool at the same time.

IRI: Given the rapid shift in demand, how did you and the organization manage that?

MC: These were businesses that on their best day had been growing 1%, 2% or 3%. Then we had weeks where soup was up 100% in a period of the year that was definitely not our lowest consumption period, but it wasn't necessarily the heart of soup season. We went through a few phases. First and foremost we wanted to make sure that we were maximizing product and that we were able to deliver to our retailers, as well as to our communities. It was a very thoughtful allocation of our maximum capacity. A big part of this story is the heroics of our frontline workers and what they were doing in the plants.

Real food comes from real heroes.

To our employees, partners and their families,
Thank You.
For answering the call.
For going above and beyond.
For making sure there's food on the shelves.
You have America's back.
And we have yours.
#CampbellProud
#TogetherWeCan

Campbell's
Real food that matters for life's moments



In all of the uncertainty that we were experiencing, they were getting up every morning to head to a plant to run food that was in immediate demand – where the cases were leaving the factory as fast as we could make them. Product was going to stores, but also going to food banks in the communities across the continent. That required us to do some things that were immediate, commanding-control moments. We rationalized some SKUs,

we really looked at the math of what would it take to ensure that our plants were not necessarily delivering optimal assortment, but **DELIVERING OPTIMAL QUANTITIES.**



Other unsung heroes, our procurement team was out there finding us three, four, five times the ingredients, the number of cans – all of this had to come together. That was really the hallmark of the first 90 days of what we were experiencing: taking care of one another in safety and wellness across the company; maximizing the amount of product; and getting food quickly and safely from the factory to the stores.

Then we began to really anticipate the future. And that's where we've lived for the last five months, which is truly building muscle in better upfront planning, staging and deployment of our inventory. In fairness, I would say some of those muscles were not muscles that we had built in the past.

This is a very different moment and it requires really different capabilities. We've sought out support where we needed it. We've upweighted our teams and resources against planning. Right now, as we head back into the winter and the soup season, it's really paying dividends because although I can't tell you that we're 100% out of the woods as it relates to capacity challenges, we're much further ahead than we were several months ago. As we go into the important winter months with so much uncertainty around them, I feel good that we're going to be able to meet demand as well as be in a good position to commit to our retail partners and plan with them collaboratively how we want to stage the business going into the winter.

These have not been small bumps or a one-time event.

WHAT OUR TEAM HAS DONE IS CREATE A SUSTAINABLE MODEL OF ACQUIRING THE INGREDIENTS AND MATERIALS THAT WE NEED. It's nothing short of extraordinary.

Our soup business has been up somewhere between 20% and 50%, six or seven months in a row. Think of the number of ingredients that are going into that. The team did an amazing job.

IRI: How does the consumer experience and the shifting culture of American food consumption play out for the organization?

MC: I talk a lot about the pandemic or crisis in phases. First, that early phase of pantry loading, panic buying, had a really high degree of correlation to comfort and the emotion of being in that unknown. That has now, over time, pivoted to the second phase of this. Now we're dealing with the necessity of the environment that we're in – eating many more meals at home, whether that is cooking, preparing or buying food that is prepared. And it's not just dinner and breakfast anymore, it's all three meals a day, including in-between meal snacking happening more in the house. Phase two was really necessity. Now we're moving into the next phase of this. People have been cooking for six or seven months, they're more comfortable and confident in their ability to prepare things that might not have been in the capability set when the journey started. Now many can start to mimic meals and dishes that are more aspirational and that match more of the food they really love. Or, they're just bored with the normal repertoire and are starting to broaden skillsets and capabilities, trying new things.



Now cooking is part of life. And it's a big pastime in a world where we don't have a lot of added things to do in free time, especially as cold weather is coming back. We've learned about shopping online, which is of course another big trend that emerged. People are comfortable with it, the convenience of it and the ability to sit down on a Sunday night and plan for the week.

All of the e-commerce shopping has now become part of the way in which we live. A lot of the insights that we're working on aren't so much identifying the macro trends. Those, to a great degree, are undeniable.

NOW IT'S ABOUT HOW ARE WE GOING TO UNIQUELY POSITION THE COMPANY AND THE PORTFOLIO in a way that makes us more competitive and more capable of winning these new occasions or these broader occasions.

The occasions include a consumer base that we've worked hard to try to connect to – the younger Gen X or older millennials. We really see them as a sweet spot of growth for the future.

We're not spending a lot of time looking at if cooking is a big trend – it is a trend. There's still a lot of debate around how long that will last, but every indicator that I see, every mile marker that I'm watching suggests to me that this is a behavior that will go well into the future. You add a little bit of economic uncertainty on top of it and the benefits of what consumers are seeing or feeling, and to me gives it a very compelling demand for the future.

IRI: How do you proactively shape your role in this and become even more relevant?

MC: There are four big areas that we're focused on. The first area is that now that consumers have our products in their households, they have an experience with us, they're building a relationship, so how do we really understand their needs? Not their immediate pandemic needs, but how do we really understand the needs of these consumers going forward. What type of meal ideas do they want? What is their need for health and wellness? What's the role of plant-based diets and how that fits into what they're doing?

This is now about taking the experience of cooking or in-home prepared meals and refocusing our efforts on the benefits that are occurring within those windows that we can uniquely provide.

One of the things that I love about our hand in this moment is that

we're probably as versatile as any company out there because **SO MUCH OF WHAT WE MAKE IS FOUNDATIONAL TO A WIDE RANGE OF RECIPES OR MEAL IDEAS.**

I buy a frozen meal, that's my meal. I buy a can of cream of mushroom soup and there are a couple hundred recipe ideas that can come from that. We need to have vision into how to think about the benefit of versatility paired with good, simple usage ideas for consumers that are mindful of what's important to them.

We've discovered the power in canned soup, ready-to-eat soup. One of the things that we've built over years and years is how Campbell's Chunky soup is substantial. It's the soup that eats like a meal – that's American vernacular. What we've realized is that if you can underpin that with 16 grams of protein, make it tangible or relevant to a younger household or a younger consumer, it will have a powerful impact.



The second area is marketing; what are the media vehicles we're using? In fiscal fourth quarter, which we just completed, there was a lot of debate about why we would spend money on marketing in a moment of already elevated demand, or even in a moment where you had some supply constraints. The short answer to that is I saw it as a very important opportunity for us to strengthen these relationships with these new households and consumers, and also to learn and begin to build the playbook for what works and what doesn't work as we go into our fiscal 2021; we want to invest money the right way. We got an unbelievable level of learnings from that.

And, not to shortchange this area, but the third is retooling our innovation funnel and making sure that it matches all of the things that we've been learning. The final area – and it's an important one – is our relationships with customers. I don't know that I would describe a period before this that has required a greater level of collaboration and trust than what we're seeing right now. My hope and wish is that we continue that environment, that partnership, as we think about growing these businesses for the future. We're doubling down on those relationships and making sure that we're continuing to partner, even in a world where maybe inventories are back and we're feeling better about supply. So now, what does the shelf aisle of soup for the future look like? Let's work together and build that as the next chapter.

IRI: Because the industry was built for plus or minus 1% to 2% growth, it wasn't an environment or culture that had to react so quickly. How do you create an organization that can move fast enough?

MC: This is what's ultimately going to differentiate companies in many ways going forward. Those that are successful are going to figure out how to navigate in this new world. We're learning all the time. First, even before the pandemic, and certainly as we've gone into the pandemic, is how do we take the multitude of streams of data that we have coming into the company and try to create a way in which that data becomes more usable quicker?

You've done a great job in having the vision to see that for those who can put these pieces together, it's going to be a significant competitive advantage and really something that's in high demand. In the meantime, what we've been working on is to try to figure out how to weave that data

together into an interface; it's our consumer insight engine. It takes our traditional scanner data, our panel data, our social media mining, some of our online universe-oriented data streams, as well as our annual or episodic moments – whether it's a food trends report or things that are coming in sporadically through the course of the year – and we're creating a platform in which our marketers and our R&D teams can interface in a far simpler and quicker way. And we can extract trends.

WE'RE SEEING A LOT OF THE MACRO TRENDS that existed a year ago are now being overlaid with the behaviors that have been shaped by the pandemic.

For example, health and wellness, plant-based, more nutritional density or higher return on my snacking occasions. All of this was there before, but it is now being integrated.

Over time, we're going to find that health and wellness is not just feeling better, but now it's about helping people fight off being sick. We just launched Pacific condensed soups that are plant-based formats and allow you to cook with the organic credential. A year ago, condensed soup wouldn't have been seen as particularly breakthrough. But it's going to be a really big and successful new item for us because it attaches itself to that powerful insight: Cooking behavior is real, but the health and wellness demand is not going away. Here's an item that allows you to really take advantage of that.

IRI: [Have you been satisfied with the learnings from the time period leading up to and during the pandemic?](#)

MC: I'm really proud of the team. I think the key learning for organizations that are trying to do the same thing is you've got to make sure you set up learning models upfront. Before we went into some of that investing, we worked quite closely with our media partners and understood where and what we were doing and how it worked. I just went through the review of the learnings. We had a multitude of different executions in different forums, and we've been trying to crosswalk that to figure out which creative and which kinds of platforms work well. It's a huge help when I get to the soup season that we're walking into now. It's informing all of

the creative decisions, as well as placement, as we go into what will be a more competitive moment.

I think the return on that marketing investment is going to be one that we're really grateful to have going into the season. We weren't spending to promote businesses we knew we couldn't supply, but on businesses like condensed soup where our supply was good, as well as some of our new products or platforms like Pacific in soup and Late July in snacks that were low household penetration.

OUR SNACKS BUSINESS HAS BEEN ANOTHER GROUP OF BRANDS THAT HAVE REALLY BENEFITED from this environment of learning and the period of more in-home consumption.

We're in a lot of mainstream snacking segments, but we elevate the experience for consumers. Whether it's potato chips where we're bringing kettle chips; whether it's pretzels where we've got a lot of different forms, but also pretzel crisps; whether it's tortilla chips that we're bringing organic through Late July or cookies with Farmhouse and Milano, which are certainly upscale, more premium offerings. That is what makes us really unique.

As people are replacing a lot of out-of-the-home social experiences with in-home social experiences, there is a desire to upweight or elevate those experiences. That fits very well with what our portfolio does. Although we've got to navigate some tricky things like Goldfish, where you have a huge away-from-home component usage to now being more bulk in-home usage. That has taken us some time to rewire and think differently about. But many of our snacks and businesses really fit well in this new world.

IRI: [How do you position your organization to play well via e-commerce?](#)

MC: I think e-commerce has been a fascinating journey. I think everybody understood that e-commerce over time would continue to be a bigger part of consumer shopping behavior. But I think there were also some distinct challenges that for many manufacturers – assortment, route to market – provided a lot of questions. In this pandemic period, there has been a dramatic acceleration of demand in this area.

Where we are now is that we have a much clearer understanding because we've navigated where the pressure points and the opportunities are.

WE HAVE MINED VERY CLOSELY THE KEYS TO UNLOCKING SUCCESS and working with our traditional retail partners on their shelf for click & collect,

which has been a big benefactor of this move to online shopping. Here the retail shelf essentially becomes the warehouse for online shopping, which in many ways is quite beneficial to a company like ours, but does require some retooling with the customer to really understand what assortment looks like.

Assortment, in general, is probably still the biggest thing that is taking work and effort. And that's true, by the way, even as we get to the more traditional online grocers. Now, through a lot of great partnership and discussion we're figuring out the right 15 or 20 items and making sure we can keep those in stock. Let's worry a little bit less about trying to mimic the entire assortment and being out of stock on everything and figure out how to really make it work. That's where we've put resources – to really try to understand assortment.

Then there is the marketing. Some of the highest ROI spending we did in the fourth quarter was retail media – partnering with our retailers and doing media together. That was everyone from our traditional retailers to third-party shoppers like Instacart, where they are very data rich and there is a lot of opportunity to learn together. We've seen great success in those areas.

We've got a lot of really exciting stuff coming as we go into the holidays, driven by what we learned in the summer. And now we're putting it into place in the moment that matters most. Think about the potential for 50 million less travelers over the holiday season this year. How many more first-time Thanksgiving cooks there are going to be out there that are trying to make sure that they make a great experience, probably at a time where it's never been more important to have a great Thanksgiving family meal.

That focused and collaborative kind of marketing and media is something that's really exciting. We've learned a lot about what's worked and what's not worked so that we can really be effective going forward. I think we were all a little surprised when we began to get data that really helps us see what's happening. That's another big change for me – we have the data to inform decision making.

Overall, what we've learned is that we're doing well – we can always do better – but we did double our business in e-commerce in fiscal 2020 and held share or grew share in a lot of places where you might think small niche brands were playing. A couple of our big, heavy hitters in the portfolio did quite well.

IRI: Today you have both insight on a broader set of occasions and more media placement options – you mentioned retail and addressable. You can have different themes for different audiences that didn't exist five years ago. How does Campbell approach the future of marketing and stay true its core mission?

MC: Five years ago, you would have said that's fragmented marketing and it's not focused enough. But this does not alleviate you from understanding your core brand proposition. The risk is trying to become everything to everyone. You have to start with the true north of the brand and the core equity. But the manifestation of that equity to build relevance with different consumers may come through in different messages.

If you are a long-time Campbell Soup core user, you see tomato soup and grilled cheese sandwich on a table and that's a powerful motivation; you back it up with the "Golden Girls" theme song, "Thank you for bring a friend," and that worked incredibly well. A millennial, you help them understand there are six tomatoes in every can. They may have felt that canned is not good food, but six tomatoes, that gives them permission. They try it and love it. It's the same core equity of the goodness of what's in Campbell's Tomato Soup but executed and targeted in two different ways to two different people. That's okay. We're embracing fully that that is the future of marketing. And the beauty of the new media vehicles is it really enables us to execute that in an efficient way.

IRI: Now that you have a unique view of occasions and evolving consumer needs, you have the ability to create local consumer messages and bring that to retail partners. How have you been able to build platforms and relationships around a shopping-based model?

MC: Imagine the ability to integrate what we're doing with retailers on click & collect with weather patterns as we go into the winter. I'm not talking about blizzards, but let's just imagine that a cold spell is coming through next week. We're advertising chicken noodle soup, the warmth and the equity of that as you're seeing cold weather coming. Let's have chicken noodle soup – we'd love that for lunch at home, and for my kids who are home. Let's pick up a few cans, or better yet, soup is just one click away. I can see the ad and actually

One of the things that has really surprised me through the pandemic and even before it is how prevalent Chunky soup is with younger gamers. **THE PREVALENCE OF CHUNKY AMONG THE GAMING COMMUNITY IS A VERY INTERESTING INSIGHT.** We've embraced it with a relationship with Madden NFL – it's the largest branded relationship with Madden yet. It's an integrated model to market for a contained audience, and the engagement is impressive.

click through to the product to put it right on my shopping list. For those that can get the tools right on that, it can be quite powerful and very collaborative with our customers.

If we can maintain some of the muscles we've been building on supply chain and deployment, I can take that same situation and now almost seamlessly, we're putting 10-times the cases in that geography of chicken noodle soup in anticipation of cold weather. It happens from insight to execution to supply – that is the future of what food is going to look like. Doing it in a way in which the world of data, the retailer and the manufacturer becomes almost seamless to our consumers is really where I think we're headed. What the pandemic has essentially done is taken the trend in e-commerce that was already moving and put a foot in its back and shoved it forward several years. The companies that are nimble enough and adaptive enough to embrace that and get there the fastest are the ones that are going to differentiate themselves in performance over time.

IRI: How challenging is being an adaptive organization?

MC: We're only 151 years old! There's no chance we're set in our ways at all.

Being adaptive is absolutely a challenge. But we're demonstrating a lot of flexibility.

I think **WE'RE EMBRACING THE NEW WORLD** and it's giving us permission to do things differently.

And so the case for change at Campbell Soup Co. has been pretty compelling and not a particularly hard one to make. That is hopefully why you see us showing up differently. We're making progress, though there's still a lot to do as we go forward and a lot of opportunities to continue to grow together. So by no means is the mission complete, but I do feel good about the progress we're making. 

Let's continue the conversation. We invite C-Suite leaders to share their perspectives on the changing CPG retail demand curve in an upcoming episode of Growth Insights. Please contact your IRI representative or [email us](#).

About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. IRIworldwide.com

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