



The Business of Joy



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This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) with Rachel Ferdinando, senior vice president and chief marketing officer of Frito-Lay North America, the snack subsidiary of PepsiCo. In this installment, Ferdinando speaks with KK Davey, IRI president of client engagement, and Sheila McCusker, IRI executive vice president and team lead for PepsiCo. Topics span the importance of mission and purpose, better-for-you snacks, direct-to-consumer sales, the importance of insights and data partners, brand activism and advice for future CMOs.

IRI: Mission and Purpose

RF: I'm actually a scientist by training. When we talked about the mission of PepsiCo in creating smiles, the power of the smile really fascinated me. I thought it was really important to understand what's behind the smile and our role in delivering smiles. And smiles, as it turns out, are very good for us emotionally, physically and socially. Medical studies show that smiling can reduce stress and strengthen your immune system. What we learned through the process of thinking about our role in smiles is that smiles are actually delivered through joy. We really believe that we're in the business of joy, and when we create joy, we create a smile in the world, and for us, smiles equals occasions. And every time we deliver an occasion of joy, we deliver a smile. So everything that we do at Frito-Lay ladders back to this.

IRI: Consumption Trends

RF: During the pandemic, we saw that people started to cook more. People started to experiment and utilize recipes more. And we found that our snacks and snacks as a whole were being used more as ingredients, which was fascinating to see. Consumers have started to think more creatively about ingredients and meal preparation and using our products.

For example, we saw online searches for Cheetos recipes jump 192% in April 2020. It's just staggering when you think about it. In response, we started to orientate ourselves to how can we deliver convenient meals. That created the innovation around Cheetos Mac and Cheese, things like the Bon Appé-Cheetos holiday cookbook. These things were very well received by consumers. So we think there's going to be this continued exploration of food as we go forward.

IRI: How to Stay Connected With Consumers

RF: I think it starts with the guiding philosophy. Something that I'm very passionate about is I don't see us in the marketing and brand teams as being just business stewards. We're also icon builders and magic makers. When you have 94% of households that you reach, that's an incredible responsibility around scale. And it's important when you think about that, just how much we impact people's lives every day. When you think about the sheer scale of that. And so we're always thinking about what matters in those moments to consumers and how can we bring a little bit of magic? Which is where that notion of magic makers comes from. It's about having both innovative products and innovative marketing. And so we're always focused on our fans.

What's really going to deliver that joy that I talked about for our fans? So we're always tracking and monitoring what is driving that connection to our products. What do consumers love about us?

IRI: How Innovation is Changing

RF: Innovation is a core part of our identity. We were the No. 1 innovation contributor to the salty snack category. And we think it will be more important in driving growth in the future. We launched more than 60 innovations in 2020, and we're already at more than 70 this year. So we're pretty active in this space. But it's shifting because we need more agility than ever. We have to evolve to innovate in a way that keeps pace with the change. We saw a shift in home, the fact that health and wellness is really accelerated. The fact that consumers want discovery and experience more than ever. That agility to be able to tune into how it's shifting, and the fact that it's accelerated, is something that has to be built into our innovation process moving forward.

IRI: Better-For-You Brands

RF: I think health was already a trend, but it's clearly increased post-pandemic. It's a priority for 91% of Americans. This is no longer something that is for the few. It truly is for the many. And I think that's an important shift that we need to recognize. We're seeing consumers seeking more mindful eating around their snacking, including greater adoption of holistic health practices. People are becoming much more aware of the role food plays in their health. And so we've been investing in learning and understanding more about this. And we really want to make sure that we understand those occasions that go with that mindset and those needs, and in what form they need to be delivered.

We've invested in building a very expansive portfolio now because the needs of the healthy snacking consumer are not necessarily different than the other needs that we see. They want variety. They want great taste and they want function. And so that's driven us to invest in building a portfolio, and it's becoming a growing focus for us. When we look at the data around global health and wellness, the market is growing like 8% CAGR. And so we see huge opportunity for growth. But most importantly, it's delivering against all of those consumer needs that exist across all aspects of snacking.

IRI: Award-Winning "Can't Touch This" Campaign

RF: What we noticed was that in the snacking experience, these [Cheetos] fans would get orange dust on their fingers and therefore can't touch anything. And so we played around with the idea and we found that this Cheetos lover, this passionate fan is always looking for ways to kind of get out of being an adult – to stop adulting and release and have fun and enjoy themselves.

And so we linked those two thoughts together, and that led to this idea that when you have this Cheetle [Cheeto dust] on your hands, you have this superpower that can help you get out of doing things. So that was the genesis for it. And obviously it's taken on an incredible momentum and been hugely successful. And we brought Cheetos back to the Super Bowl for the first time in 11 years. And the rest is history.

IRI: Shifting Media Roles

RF: We lean in heavily from a media perspective into cultural moments, which obviously is going to inform our media mix quite considerably. But I would just say that we continue to think through, within the digital space, the fact that we've got Gen Z, millennials and even now Alpha consumers live on innovative platforms; they're early adopters, 70% consuming content on mobile. That's the name of the game. We've got to be in places like school social media platforms, streaming audio, podcasting,

gaming. There's just so many aspects to those consumers who generally enjoy snacking quite a bit. It's really important that we understand where they are and how we are connecting with them in those spaces and driving our media investment to be aligned with that.

IRI: Technology, Analytics and Insights

RF: Technology is becoming the vehicle through which we can propel and accelerate a deeper understanding of the consumer and the insights. And IRI is a pivotal part of that. As we develop these technologies to fuel our analytics, we have to be able to link that very strongly to our partners. And I think one of the things that we're really proud of in the IRI relationship is just how much we've been partnering to create connectivity between the data that's provided and then fueling that into much more real-time, deeper insights that fuel the business. And it's a pivotal partnership that enables us to do that really effectively.

IRI: Social Responsibility

RF: I believe that truly iconic brands have purpose at their core and that should inform what they do. And I talked about our purpose around Frito-Lay being about joy. But the interesting thing is I think purpose is a very wildly overused term and sometimes it's even misused. Because for us, it's how we operate. It's the source of the ideation of what we do. And you can't live your purpose when it's convenient or a few times a year. It isn't about donations, and philanthropy doesn't give you a philosophy. So for us, it's about authentically enhancing someone's life. It isn't a statement, it's a behavior. And so we think about living and breathing that to help this kind of real magic occur in people's lives.

IRI: Advice to Future CMOs

RF: I think it's never been more complex or broader in terms of skill sets needed. I'm talking to someone out there who's thinking about a career in marketing and aspires to be a CMO, it's critical now more than ever that early on in your career, you get as many of those core competencies and skill sets under your belt as you can. Because this breadth really pays back later, but it does require an investment of time, which for some, may not be palatable.

But certainly, one of the things I did in my career as marketing evolved was to continue to broaden and understand the breadth of the power of what this can do for growth on the business. And once you've done that and you've got that breadth, I think it's really important to find your philosophy. What have you learned from all those experiences that defines how you think about leveraging the marketing craft to drive sustainable, profitable growth? Find that philosophy because it's going to help you chart your course to being a CMO. 

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