



PEPSICO REFORMULATION CASE STUDY



PEPSICO

WHO:

The Smith's Snackfood Company is PepsiCo's Australian snacks division. Smith's chips were first manufactured in Australia in 1931 and today, PepsiCo Australia & New Zealand employs 2,500+ Australians & New Zealanders and encompasses four business units – The Smith's Snackfood

Company, The Quaker Oats Company, PepsiCo Beverages and Bluebird Foods New Zealand.

Product range: Product reformulations have crossed all snack brands: Smith's, Red Rock Deli, Parker's Pretzels, Grain Waves, Cool Pak, Sakata, Nobby's, Twisties, and Doritos.

COMMITMENT TO FOOD & NUTRITION:

PepsiCo is committed to playing a responsible and supportive role in the health and wellbeing of Australians & New Zealanders. We recognise our responsibility and will continue to do our part to make a meaningful and lasting difference.

PepsiCo's commitment to health and wellbeing was formalised in 2006 when it announced a global commitment called "Performance with Purpose" (PWP) with specific and time-bound goals across focus areas of Products, Planet

and People. One of the product goals is to reduce the sodium of all global PepsiCo foods by 25% by 2025.

In 2016, specific nutrient targets were developed for sodium, saturated fat and sugar along with the goal to include more positive nutrition to balance the product portfolio. The sodium target is for at least 75% of all global foods not to exceed 1.30mg sodium per calorie.

COMMITMENT TO SALT REDUCTION:

In May 2007, Smith's committed to reducing the sodium contribution to the food supply by 5% per year for five years. This goal was consistent with the salt advocacy group AWASH (Australian Division of World Action on Salt and Health) target for industry to reduce salt in processed foods by 25% in five years.

Our commitment was to AWASH but later included participation and agreement with the Federal Government's Food and Health Dialogue.

PROGRESS SO FAR WITH SALT REDUCTION:

Products across all brands have been reformulated following PepsiCo's sodium reduction commitment, with the percentage in reductions achieved varying based on consumer acceptability.

Since 2007, over 50 snack products were reformulated, with reductions ranging from 2% to 48% and as a result,

204 tonnes of salt (81.6 tonnes sodium) were removed from the Australian food supply by September 2012. In particular, Smith's not only met the target to reach the five-year goal of 25% reduction overall but also implemented sodium limits for all future product development.

BEST APPROACH TO SALT REDUCTION:

Our sodium reduction strategy has involved reducing sodium incrementally over time, as well as replacing seasonings and modifying formulations to reduce the sodium content.

It is easier to design new products for reduced sodium than reformulate existing iconic products where consumers are sensitive to change, and business risk is elevated. Taking advantage of this understanding, nutrient guardrails were implemented for new product development and a stepwise

approach was taken for reformulation of existing products, which both reduced the risk of negative consumer response and allowed time for technology improvement to facilitate subsequent reductions.

Close collaboration with seasoning suppliers and investment in an in depth and ongoing understanding of the technical options available globally allowed additional cost to be managed to sustainable levels.

KEY LEARNINGS:

Our commitment is to customers and enabling sodium reductions without compromise to taste.

Some of the challenges included inability to reduce sodium easily where sodium serves a functional property in the product (e.g. sodium bicarbonate), and taste barriers to salt replacers.

Addressing these issues also required significant investment from PepsiCo from a finance and resource perspective.

Cross functional business alignment and support are key when making changes across an entire portfolio of products and top down commitment for Performance with Purpose has been a great enabler for critical investments in technology and capability.

This commitment is perfectly summarized by Wendy Jeffrey, PepsiCo Senior Nutrition Scientist, who says,

“As a company, PepsiCo is committed to supporting a healthier food supply and is constantly striving to improve the nutrient profile of our products, both reducing the negatives as well as including more positive nutrients such as wholegrains.”

CONTACT

For more information, please visit pepsico.com.au/purpose/human

