

UNDERSTANDING THE CRITICAL NEEDS OF TODAY'S MODERN CONSUMER TO CREATE INNOVATIVE PRODUCTS AND PACKAGING

Q&A with Craig Stephen Slavtcheff Global Vice President - R&D, Snacks and International, Campbell Soup Company





Today's consumer is more likely to snack throughout the day rather than eat three set meals. They value low-prep, buy-on-the-go products and demand new retail and vending formats that meet their wellness agenda of freshness, nutrition, and sustainability. Snacking companies are therefore spending more on product and packaging innovation to bring their brands to life and appeal to these consumers.

In addition to overseeing Campbell's R&D for soup, sauce and beverages in its international markets, Craig Stephen Slavtcheff leads research and development for some of the world's best-known snack brands, including *Pepperidge Farm, Arnott's, Royal Dansk, Kjeldsens, Snyder-Lance, Kettle Brand* and *Cape Cod,* among others.

To better understand what's on the horizon in the snack market, we spoke with Slavtcheff about the critical needs of today's modern consumer, packaging and product innovation, and how to improve the shopping experience.

OVERVIEW

- How are you restructuring your product portfolio to meet consumer demands?
- How can packaging formats assist in transforming the consumer experience?
- How does a large organization, like Campbell, rapidly turn customer input into product innovation?
- What technology or supply chain barriers exist in translating consumer wants and needs into products that can be commercialized?
- In what ways is Campbell incorporating digital and e-commerce trends into its product and packaging innovation strategy?



What key trends and drivers are changing your customers' world?

The impact and influence of millennials is causing a seismic shift in the consumer world. First, they are the original digital natives. They grew up in a world where they are connected to information and commerce anytime, anywhere. This hyper-connectivity has had a significant impact on their brand preferences and shopping patterns. However, of critical importance to Campbell, today's millennials have different views on health and well-being. They exercise more and eat smarter than previous generations, and they're willing to pay for items that help them achieve their health goals, including food and snacks.

How are you restructuring your product portfolio to meet consumer demands?

At Campbell, portfolio and innovation decisions are guided by two key consumer demand areas: Real Food and Health & Well-being. Our Real Food design criteria instruct all of our design efforts, whether it is for a renovation of an existing product, or innovation, using ingredients that are both recognizable and desirable. Secondly, we focus our innovation designs through the lens of delivering against health and well-being credentials. These include products that are packaged fresh, plant-based, organic and that encourage healthy, purposeful snacking.

How can packaging formats assist in transforming the consumer experience?

Brands, at their core, are about consumer intimacy. Today's consumers are demanding—they expect brands to perform according to their promise, to be aligned with their values, and, when a brand is performing at its best, to anticipate

and deliver against their unarticulated needs. These are measures of consumer intimacy, and with most brands, packaging is the first point of physical connection with the consumer.

Every package design element needs to work hard to support the brand and consumer intimacy. These elements represent the physical manifestation of the brand's insight into their consumer. They need to fit, work, deliver, excite and, ultimately, tee up the anticipation of the brand promise. Food packaging takes this to another level since the package often delivers food directly to a consumer's mouth. With food packaging, trust and engagement with the personification of a brand's packaging is probably at its peak versus other categories—creating a tremendous design challenge, especially when you layer on the need to deliver cost, safety, supply chain suitability and sustainability.

What channels are used for customer listening activities and to spot trends?

In addition to traditional marketing research activities, each year Campbell listens to our consumers. We talk with them, shop with them, prepare food and share meals with them. We are obsessed with our consumer connections, and are constantly listening to and learning from them.

How does a large organization, like Campbell, rapidly turn customer input into product and packaging innovation?

Campbell has many proprietary techniques that translate insights into design criteria for both food and packaging design. These processes feed into a design brief that clearly articulates how to deliver against the opportunity.





What technology or supply chain barriers exist in translating consumers wants and needs into products you can commercialize?

All food companies face similar barriers. If you step back and look at the past 80+ years of food and process science and packaging design in the food industry, everything was developed to deliver against four basic needs of the consumers: available, affordable, safe and delicious. Let's unpack availability. The first expansion was geographic, since not everything grows everywhere. The second expansion was seasonal, since not everything grows year-round. And the latest expansion is being omni-present through channel expansion, including C-store, center store retail, value channel and e-Commerce. During each of these expansions, packaging played an enormously important role, and even more so in the latest expansion.

How does Campbell address these barriers?

Campbell invests internally and with external partners in technology and resources that enable us to lead in these expansions. For example, we were the first company to bring the microwavable bowl for soup to the market.

In what ways is Campbell Soup Company incorporating digital and e-commerce trends into its product and packaging innovation strategy?

Both digital and e-Commerce figure prominently into our

R&D strategy, and we have dedicated teams and resources directed against them. Our e-Commerce work is starting to pay off. For example, *Goldfish* products are consistently among the top five snacks sold on Amazon.

What is the "Open Innovation" program at Campbell Soup Company?

Through our Open Innovation process, we invite external partners to collaborate with us and openly welcome their ideas.

It is one of the many ways we seek to source innovation at Campbell and accelerate the delivery of meaningful, differentiated solutions through an open marketplace of ideas and technical solutions. As in all problem-solving scenarios, the smarter the people you have working on it, the better and faster the solution. We take this approach for our innovation solutioning, including an ideation process where we work and collaborate with chefs, key technology partners and suppliers, customers and our consumers.

How does Campbell Soup Company partner with product and packaging suppliers to complement R&D?

We take the word "partner" seriously, and as a result, our product and packaging suppliers are a vital part of our R&D ecosystem. Over the past three-to-five years, Campbell has undergone a seismic shift in our approach to product and packaging supplier partnerships.



We are not all the way to "bright" yet, but through collaborative ideation and focused teamwork, we have had tremendous mutual success in a number of areas.

How does Campbell Soup Company communicate product and packaging ideas to help further propel open innovation?

Through trial and error, we've discovered that the critical step is to share our latest insights and design targets with our key technology partners. Without that collaborative partner connection, we would never be in lock-step in our design approach, and both sides would burn fuel trying to understand from where the other party is coming.

Craig Stephen Slavtcheff, Global VP, R&D, Snacks and International, at Campbell Soup Company will be on-site as Chair of this year's <u>American Packaging Summit</u>. Slavtcheff will be joined by David Porter, Director, Packaging Strategy, Innovation, e-Commerce, at Campbell Soup Company, who will be giving a talk on "Creating a Unified Packaging Strategy that Meets the Evolving Needs of Customers and Retail."

Want more insight into Campbell Soup Company's product and packaging innovation strategy?

Join us at the American Packaging Summit.



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