

Campbell's Turns to Organic Soup to Boost Struggling Sales

Associated Press

NEW YORK (AP) — Cans of condensed soup aren't exactly at the forefront of food trends. So Campbell is turning to organic varieties that come in rectangular cartons to help boost its struggling soup sales.

Campbell Soup Co., based in Camden, New Jersey, said Monday it will roll out its first organic ready-to-eat soups under the Campbell brand in January, when soup sales typically tend to rise as temperatures drop. It's one of many moves the 145-year-old company is planning in hopes of driving sales in its flagship unit, which has suffered amid the proliferation of competing brands and the ready-to-eat soups sold in the hot food areas of supermarkets and elsewhere.

Part of the problem is that the image of canned foods has suffered as people shift toward foods they feel are fresh or natural. In hopes of addressing that perception, Campbell has also been revamping recipes to improve taste and in late 2012 rolled out a line of "Go" soups that come in pouches and can be microwaved in a few minutes.

The pouches were designed to court millennials and come in flavors like Moroccan Style Chicken and Spicy Chorizo. But in May, Campbell conceded that it failed to boost sales during its fiscal third quarter despite increasing the frequency of its promotions. Total sales fell short of Wall Street expectations and the company cut its forecast for the year.

On Monday, the company said it also expects sales and earnings per share for its fiscal 2015 to fall short of its long-term expectations.

It also noted that it may need to "continue reshaping its portfolio" to achieve its long-term goals. Since CEO Denise Morrison took over in 2011, the company has acquired Plum Organics and premium Bolthouse Farm juices, which have fresher images and are expected to grow at a faster rate than Campbell's core business, which also includes Pepperidge Farm.

Still, Campbell is under pressure to deliver better results in its U.S. soup unit, which accounts for \$2.6 billion in annual sales. In its last fiscal year, Campbell's total sales were \$8.05 billion.

In remarks at Campbell's annual investor meeting Monday, Morrison noted that food and beverage makers need to adapt to the "profound transformation" in the way people are eating. In particular, she noted that people are demanding greater transparency about their food

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"They want to know what ingredients are used in their food and where they come from," she said.

Looking ahead, Ed Carolan, president Campbell's U.S. retail unit, noted that the two growth areas were in "indulgent" soups like its Slow Kettle line, and the organic segment.

A representative for Campbell said prices for the organic soups will be revealed closer to their launch this winter. They will come in six flavors — Chicken Noodle, Chicken Tortilla, Creamy Butternut Squash, Garden Vegetable, Lentil and Tomato & Basil.

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