CASE 6

Campbell: Is the Soup Still Simmering?

Alan B. Eisner
Pace University

Dan Baugher
Pace University

Helaine J. Korn
Baruch College, CUNY

Introduction

Change is stirring at Campbell Soup. Douglas R. Conant is stepping down as the chief executive of Campbell Soup on July 31, 2011 closing the book on a stint that began in January 2001. On deck to take his position is Denise Morrison, who currently heads the company's North American soup business, whose sales fell 5 percent in the last quarter of 2010, as consumers opted for frozen pizza and microwave dinners instead of the comfort of soup. The change at the top for the company received a lukewarm response from investors, who are left wondering what meaningful change will come from this new CEO (Gutierrez, 2010). The company may have missed an opportunity by picking insider Denise Morrison to eventually lead the world's largest soupmaker, instead of bringing in outside talent to revive sales, analysts said. "It is not a surprise to us that Campbell is making a change, given how it has struggled recently," said one analyst. "What is surprising is that Conant will be replaced by the executive who currently heads the business unit that has struggled the most. Putting the head of the soup business in charge of the company doesn't seem to be the way to go when you consider this is the business that appears to have most of the problems" (Boyle, 2010).

In November 2010, Campbell Soup Co. said it will begin moving attention away from reducing salt in its products to focusing more on "taste adventure" as its U.S. soup business has turned cold. Campbell Soup was one of the first large U.S. packaged-food makers to focus heavily on decreasing sodium across its product line. The salt-reduction push was one of the company's biggest initiatives of the past decade. "The company had pursued reducing sodium levels and other nutritional health initiatives partly to prepare for expected nutritional labeling changes in the U.S. But amid the attention on salt-cutting, management focused less on other consumer needs, such as better tastes and exciting varieties," said Mr. Conant. "I think we've addressed the sodium issue in a very satisfactory way. The challenge for us now is to create some taste adventure" (Brat & Ziobro, 2010). This change comes as heavy supermarket promotions of simple meals such as boxed macaroni and cheese have battered Campbell earnings in recent quarters of 2010 (Brat & Ziobro, 2010).

Company Background

Probably known best for its red and white soup cans, The Campbell Soup Company was founded in 1869 by Abram Anderson and Joseph Campbell as a canning and preserving business. Almost 140 years later, Campbell offers a whole lot more than just soup in a can. Today the company, headquartered in Camden, NJ, competitively operates in four segments: U.S. Soup, Sauces, and Beverages; Baking and Snacking; International Soup and Sauces; and Other ("Campbell Soup Co. Profile") (see Figure 1).

In 2010 Campbell's products were sold in 120 countries around the world, and the company had operations in the United States, Canada, Mexico, and Latin America (campbellsoupcompany.com, 2010) (see Figure 2).

The company was pursuing strategies designed to expand the availability of its products in existing markets and to capitalize on opportunities in emerging channels and markets around the globe. As a first step, Campbell Soup Company, synonymous with the all-American kitchen for 125 years, acquired in 1994 Pace Foods Ltd., the world's largest producer of Mexican sauces. Mr. Weise, CFO at that time, said that a major motivation for the purchase was to diversify Campbell, and to extend the Pace brand to other products. In addition, he said, the company saw a strong potential for Pace products internationally. Campbell also saw an overlap with its raw-materials purchasing operations, since peppers, onion and tomatoes were already used in the company's soups, V-8, barbecue sauce and pasta sauces (Collins, 1994). To help reduce some of the price volatility for ingredients, the company used various commodity risk management tools for a number of its ingredients and commodities, such as natural gas, heating oil, wheat, soybean oil, cocoa, aluminum and corn (Annual Report, 2009).

Campbell Soup, a leading food producer in the United States, had a presence in approximately 85 percent of U.S. households ("Investor News (a)"). However, in recent years, the company faced a slowdown in its soups sales as consumers were seeking out more convenient meal options, such as ready meals and dining out. In order to compete more effectively, especially against

Figure 1 Sales by Segment

	(Millions)			% Change	
	2010	2009	2008	2010/ 2009	2009/ 2008
U.S. Soup, Sauces and Beverages	$3,700	$3,784	$3674	(2)	3
Baking and Snacking	1,975	1,846	2,058	7	(10)
International Soup, Sauces and Beverages	1,423	1,357	1,610	5	(16)
North America Foodservice	578	599	656	(4)	(9)
	$7,676	$7,586	$7,998	1	(5)

Source: Annual Report, 2010.

Figure 2 Campbell's Principal Manufacturing Facilities

Inside the U.S.		Outside the U.S.	
California • Dixon (SSB) • Sacramento (SSB) • Stockton (SSB) **Connecticut** • Bloomfield (BS) **Florida** • Lakeland (BS) **Illinois** • Downers Grove (BS) **Michigan** • Marshall (SSB) **New Jersey** • South Plainfield (SSB) • East Brunswick (BS) **North Carolina** • Maxton (SSB)	**Ohio** • Napoleon (SSB/NAFS/ ISSB) • Willard (BS) **Pennsylvania** • Denver (BS) • Downingtown (BS/ NAFS) **South Carolina** • Aiken (BS) **Texas** • Paris (SSB/ ISSB) **Utah** • Richmond (BS) **Washington** • Everett (NAFS) **Wisconsin** • Milwaukee (SSB)	**Australia** • Huntingwood (BS) • Marleston (BS) • Shepparton (ISSB) • Virginia (BS) **Belgium** • Purus (ISSB) **Canada** • Toronto (ISSB/NAFS) **France** • LePontet (ISSB) **Germany** • Luebeck (ISSB)	**Indonesia** • Jawa Barat (BS) **Malaysia** • Selangor Darul Ehsan (ISSB) **Mexico** • Villagran (ISSB) **Netherlands** • Utrecht (ISSB) **Sweden** • Kristianstadt (ISSB)

SSB – U.S. Soup, Sauces and Beverages
BS – Baking and Snacking
ISSB – International Soup, Sauces and Beverages
NAFS – North America Foodservice

Source: Annual Report, 2010.

General Mills' Progresso brand, Campbell had undertaken various efforts to improve the quality and convenience of its products.

In 2006, in just under six years since he came on board as CEO, Conant, 55, had transformed Campbell from a beleaguered old brand rumored to be on the auction block to one of the food industry's best performers. The stock was up 100% since March, 2003, more than double other comparable food companies. The turnaround had been catalyzed by cost-cutting, smart innovations, and a concerted effort to reinvigorate the workforce. "We're hitting our stride a little bit more [than our peers]," said Conant, in his usual understated style ("Lighting a fire under Campbell", 2006).

China and Russia

In addition to improving and expanding its product offerings within the U.S., in September 2007, Campbell launched new products in the emerging markets of China and Russia. Consumption of soup in Russia and

China far exceeded that of the U.S., but in both countries, nearly all of the soup was homemade. With the launch of products tailored to the local tastes, trends, and eating habits, Campbell had the potential of leading the soup commercialization activity in Russia and China. "We have an unrivaled understanding of consumers' soup consumption behavior and innovative technology capabilities within the Simple Meals category. The products we developed are designed to serve as a base for the soups and other meals Russian and Chinese consumers prepare at home" (Annual Report, 2007).

In July 2008, Campbell was planning to increase its overseas product offerings, as well as the number of Russian and Chinese markets their products would be available in. If the company could capture at least 3% of the at-home consumption, said Larry S. McWilliams, president of Campbell's international group, the size of the business would equal that of the U.S. "The numbers blow your hair back," he said (Boyle, 2009). In 2009 Campbell was offering three broth-like products that Russians could use as a base for soups. Campbell was preparing for expansion in Russia based on the recent distribution agreement with Coca-Cola Hellenic. Campbell planned to increase points of distribution and the variety of its "Domashnaya Klassika" line in fiscal 2010. The Russian portfolio would increase from three varieties in 1,500 stores in Moscow in 2009 to 14 varieties in more than 32,000 stores in 100 cities in fiscal 2010 ("Investor News (b)").

For about three years, in both Russia and China, Campbell sent its marketing teams to study the local markets. The main focus was on how Russians and Chinese eat soup, and how can Campbell offer something new. Larry McWilliams, President of Campbell International, said how surprised he was by Russians' love for soup while doing the research. "In Moscow, one lady was telling me very enthusiastically for a half an hour what soups she loves and how she prepares them," said McWilliams in an interview with Vedomosti newspaper. "It felt like I have asked her about her children." As a result Campbell came up with a production line specifically created for the local market, called "Domashnaya Klassika." It is a stock base for soups that contains pieces of mushrooms, beef or chicken. Based on this broth, the main traditional Russian soup recipes can be prepared. Maksim Klyagin, a financial analyst and Finam, stated that Campbell Soup successfully launched its business in Russia. In his opinion, an important contribution to it had a large marketing campaign, successful adaptation of the product line to the traditional Russian kitchen, and the aggressive price policies: Campbell's offer was cheaper than that of its competitors. During its 10 months of operation in Moscow, Russia, Campbell's market share rose to 5-8%. The Company, in the Finam's opinion, was still far from its local producers, such as Mars (Gurmania brand), Unilever (Knorr brand) and DHV-S (Rollton brand), that controlled about 80% of the soup market in Russia (www.rb.ru). While not yet in the ready-to-serve soup category, these soup stocks were a natural entry point into the Russian soup culture.

U.S. Soup Revitalization

In July 2009, Campbell announced additional plans for revitalizing the U.S. soup business ("Investor News (c)"):

- "Campbell's Chunky" soups will undergo the most comprehensive series of enhancements in its 40-year history. The soups will feature "better for you" credentials now with 24 varieties made with lean meat and 30 items containing a full serving of vegetables.
- In the wellness arena, Campbell's iconic tomato soup, which is enjoyed by 25 million Americans at least once a week, will feature the same great taste with a major sodium reduction of 32 percent to 480 mg per serving. Campbell will reposition "Healthy Request" soups in the heart-health space by further reducing the sodium levels to 410 mg per serving and featuring the American Heart Association certification on a redesigned label. Both products will be available in September.
- Building on the successful launch of the "Select Harvest" line, Campbell will add five new Mediterranean-style varieties this fall, including Greek-style Minestrone and Zesty Tomato Bisque.
- Campbell will introduce five new condensed light soups to tap into this fast-growing segment of the category.
- As consumers continue to eat more meals at home, Campbell will increase its emphasis on value with a focus on money-saving meals and in-store merchandising. Campbell plans to enhance its Campbell's Kitchen web site [www.campbellskitchen.com] to help people find and prepare affordable, tasty and easy meals using Campbell's products.

In September 2010, Campbell launched its first-ever umbrella advertising campaign to support all of its U.S. soup brands with the slogan "It's amazing what soup can do," highlighting the convenience and health benefits of canned soup. The new campaign supported Campbell's condensed soup, Campbell's Chunky soup, Campbell's Healthy Request soups, Campbell's Select Harvest soup, as well as soups sold in microwaveable bowls and cups under these brands (News Release, 2010(a)).

Firm Structure and Management

Campbell Soup was controlled by the descendants of John T. Dorrance, the chemist who invented condensed soup more than a century ago. In struggling times, the Dorrance family faced agonizing decisions: Should they sell the Campbell Soup Company, which had been in the family's hands for three generations? Or should they hire new management to revive flagging sales of its chicken noodle and tomato soups and Pepperidge Farm cookies and perhaps become an acquirer itself? The company went public in 1954 when William Murphy was the president and CEO. Campbell is family held as well as publicly held. After CEO David W. Johnson left Campbell in 1998, the company started to weaken and lose customers (Aberson, 2000), until Douglas R. Conant became CEO and transformed Campbell into one of the food industry's best performers.

Douglas R. Conant became CEO and Director of Campbell Soup Co. in January 2001. Mr. Conant entered the Campbell's team with an extensive background in the processed and packaged food industry. He spent ten years with General Mills, Inc., filled top management positions in marketing and strategy at Kraft Foods, and served as President of Nabisco Foods Company. Mr. Conant had worked toward a goal of implementing the Campbell's mission of "building the world's most extraordinary food company by nourishing people's lives everywhere, every day" (Annual Report, 2007). He was confident that the company possessed the people, the products, the capabilities, and the plans in place to actualize that mission.

Under Mr. Conant's direction, Campbell made many reforms through investments in improving product quality, packaging, marketing, and creating a company characterized by innovation. During his tenure the company improved its financial profile, upgraded its supply chain system, developed a more positive relationship with its customers, and enhanced employee engagement. Starting in 2005, Mr. Conant focused on winning in both the marketplace and the workplace. His efforts produced an increase in net sales of $7.1 billion in fiscal 2005 to $7.67 billion in fiscal 2010 (Annual Report, 2010).

The main targets for investment for Mr. Conant, following the divestiture of many other brands, included: Simple Meals, Baked Snacks, and Vegetable-Based Beverages. In 2010, Baking and Snacking sales increased 7% primarily due to currency. Pepperidge Farm sales were comparable to a year ago, as the additional sales from the acquisition of Ecce Panis, Inc. and volume gains were offset by increased promotional spending. Some of the reasons for this growth were the brand's positioning, advertising investments, and some improvements and additions in the distribution system. Mr. Conant also secured an agreement with Coca-Cola North America and Coca-Cola Enterprises Inc. for distribution of the refrigerated single-serve beverages in the U.S. and Canada through the Coca-Cola bottler network (Press Release, 2007). In fiscal 2010, the company continued its focus on delivering superior long-term total shareowner returns by executing against the following seven key strategies (Annual Report, 2010):

- Grow its icon brands within simple meals, baked snacks and healthy beverages;
- Deliver higher levels of consumer satisfaction through superior innovation focused on wellness while providing good value, quality and convenience;
- Make its products more broadly available and relevant in existing and new markets, consumer segments and eating occasions;
- Strengthen its business through outside partnerships and acquisitions;
- Increase margins by improving price realization and company-wide total cost management;
- Improve overall organizational excellence, diversity and engagement; and
- Advance a powerful commitment to sustainability and corporate social responsibility.

Consistent with these strategies, the company had undertaken several portfolio adjustments, including: the divestiture of its luxury chocolate business Godiva for US$850 million to Turkish diversified food company Yildiz; divestiture of its United Kingdom and Ireland businesses to Premier Foods in 2006; and the sale of its ownership interest in Papua New Guinea operations. All these portfolio adjustments intend to better focus Campbell on its competitive advantages of simple meal, baked snack, and vegetable-based beverage businesses in markets with the greatest potential for growth (Annual Report, 2007).

Another major focus for Mr. Conant and the Campbell company was care for the customers' wellness needs, overall product quality, and product convenience. Some of the main considerations regarding wellness with the U.S. market were obesity and high-blood pressure. For example, in fiscal 2011, building on the success of the V8 V-Fusion juice offerings, the company plans to introduce a number of new V8 V-Fusion Plus Tea products.

In the baked snacks category, the company plans to continue upgrading the health credentials of its cracker (or savory biscuit) offerings. Responding to the consumer's value-oriented focus, Campbell's condensed soups will be re-launched with a new contemporary packaging design and an upgrade to the company's gravity-fed shelving system (Annual Report, 2010).

In order to build employee engagement, Campbell provides manager training across the organization. It is just one part of the curriculum at Campbell University, the company's internal employee learning and development program. Exemplary managers have also built strong engagement among their teams through consistent action planning. The company emphasizes employee innovation capabilities, leadership behavior, workplace flexibility and employee wellness.

Challenges Ahead

Conant made many reforms, yet the core soup business is still on a low simmer with slow sales growth overall. In July 2011, Conant is stepping down as the CEO and Denise Morrison will take over his place with the task of trying to reinvigorate sluggish sales in the company's soup category. Morrison joined Campbell in 2003 and served as president of the company's North America soup, sauce and beverages division before taking over as COO in September 2010. In her new role, Morrison says she plans to "accelerate the rate of innovation" at the company. The current executive vice president and COO says that Campbell plans to grow its brands through a combination of more healthy food and beverage offerings, global expansion and the use of technology to woo younger consumers. While "innovation" isn't a term typically associated with the food-processing industry, Morrison says it is key to the company's future success. As an example, she cites Campbell's development of an iPhone application that provides consumers with its Campbell Kitchen recipes. The company's marketing team devised the plan as a way to appeal to technologically savvy, millennial-generation consumers, Morrison says (Katz, 2011).

But analysts have a lukewarm response about Morrison taking over. They are skeptical about a CEO replacement who currently heads the business unit that has struggled the most. They have expressed doubt about whether Morrison is the right choice over some new blood as a CEO replacement.

Industry Overview

In 2010, the U.S. packaged food market experienced moderate value growth, similar to that of the previous year. However, the value growth rate for 2010 was lower than the average for the five-year review period as a whole, which had been driven up by price increases in previous years. Growth in 2010 was driven by consumers preparing more meals at home rather than going out to restaurants in response to a weak economy. Products offering convenience and health benefits such as frozen pizzas, fresh cut fruits, and nuts performed well in 2010 (Euromonitor, 2011).

The providers and consumers of food and nonalcoholic beverages were adapting to a conflicting confluence of economic, sociological, and demographic change. Overall, in a weak economic environment, the underlying demand for food and beverages was holding up relatively well: consumers were less likely to sharply reduce or defer such spending than they were for other products. However, in an effort to cut costs, there had been a shift toward consumers trading down to less expensive products, and toward more eating and cooking at home (Graves & Kwon, 2009).

The U.S. packaged foods market would continue to grow in the future, particularly in the areas of premium, wellness and convenient products. Manufacturers would introduce more restaurant-quality foods in the areas of ready meals and frozen pizzas as well as gourmet varieties of chocolate in the premium sector. In the wellness products sector, functional yogurt, wholegrain breads, and reduced-salt products will be the main focus. Convenient products would continue to expand, following the demand for quick, on-the-go meals ("Global Market Information Database Reports").

With considerable competition in the relatively mature U.S. food market, and limited population growth expected, major food manufacturers were turning to the emerging markets of Eastern Europe and Asia. As countries in these regions increasingly participated in world trade, economies of both regions were growing quickly and consumer incomes had been rising. In addition, the pervasiveness of electronic media, especially Western media, had been making overseas consumers more aware of Western tastes and products. It is expected that the market for processed foods will grow, especially in urban areas, where busy consumers are seeking some of the same features (e.g., convenience, healthier choices, variety, and quality) that were valued in the U.S. The increasing availability of refrigeration and other kinds of storage space in homes would also influence demand for packaged goods in emerging markets. However, for consumers that lack the ability to preserve and keep larger quantities, U.S. companies could look to sell smaller packages, with portions that could be consumed more quickly (Graves & Kwon, 2009) (see Figure 3).

Competition

Campbell operates in the highly competitive food industry and experiences worldwide competition in all of its principal products. The principal areas of competition are brand recognition, quality, price, advertising, promotion, convenience and service (see Figure 4).

Nestlé

Nestlé is the world's #1 food company in terms of sales, the world leader in coffee (Nescafé), one of the world's largest bottled water (Perrier) makers, and a top player in the pet food business (Ralston Purina). Its most well-known global brands include Buitoni, Friskies, Maggi, Nescafé, Nestea, and Nestlé. The company owns Gerber Products, Jenny Craig, about 75% of Alcon Inc. (ophthalmic drugs, contact-lens solutions, and equipment for ocular surgery), and almost 28% of L'Oréal (hoovers.com). In July 2007 it purchased Novartis Medical Nutrition, and in August 2007 it purchased the Gerber business from Sandoz Ltd., with the goal of becoming a nutritional powerhouse. Furthermore, by adding Gerber baby foods to its baby formula business, Nestlé now becomes a major player in the U.S. baby food sector ("Global Market Information Database Reports").

General Mills

General Mills is the U.S. #2 cereal maker behind Kellogg. Its brands include Cheerios, Chex, Total, Kix, and Wheaties. General Mills is also a brand leader in flour (Gold Medal), baking mixes (Betty Crocker, Bisquick), dinner mixes (Hamburger Helper), fruit snacks (Fruit Roll-Ups), grain snacks (Chex Mix, Pop Secret), and yogurt (Colombo, Go-Gurt, and Yoplait). In 2001 it acquired Pillsbury from Diageo and doubled the company's size, making General Mills one of the world's largest food companies (hoovers.com).

Kraft Foods

Kraft Foods is the U.S. #1 food company and #2 in the world behind Nestlé. Its North America unit makes the world's largest cheese brand (Kraft), owns a large share of the cookie and cracker business (Nabisco) and makes the all-American favorite Oreos. Its international business unit offers most of its U.S. brands, plus national favorites, including the Oscar Mayer, Kraft, Philadelphia, Maxwell House, Nabisco, Oreo, Jacobs, Milka, and LU brands that have revenues of at least $1 billion.

Figure 3 World Total and Top 15 U.S. Agricultural Export Destinations, $U.S. (in billions)

Country	FY 2010	Country	FY 2009	Country	FY 2008
World Total	108	World Total	96	World Total	114.9
Canada	16.5	Canada	15.5	Canada	16.2
China	15	Mexico	13.3	Japan	15.1
Mexico	13.9	Japan	11.1	China	13
Japan	11.2	China	11	Mexico	11.1
European Union-27	8.5	European Union-27	7.6	European Union-27	10.6
South Korea	4.9	South Korea	3.8	South Korea	5.5
Taiwan	3.1	Taiwan	2.8	Taiwan	3.5
Hong Kong	2.4	Hong Kong	1.7	Indonesia	2.2
Indonesia	2.1	Indonesia	1.6	Turkey	2.1
Turkey	2	Egypt	1.4	Dominican Republic	1.8
Philippines	1.6	Russia	1.4	Egypt	1.7
Egypt	1.5	Turkey	1.3	Russia	1.7
Vietnam	1.2	Philippines	1.2	Hong Kong	1.5
Thailand	1	Venezuela	1	Thailand	1.4
Venezuela	1	Thailand	0.9	Venezuela	1.1

Source: US Economic Research Service, United States Department of Agriculture, 2010

Figure 4 Campbell's Competitors by Market Capitalization and Summary Financial Ratios

Direct Competitor Comparison	CPB	GIS	HNZ	KFT	Industry
Market Cap:	10.63B	24.58B	16.43B	58.62B	596.93M
Employees:	18,400	33,000	29,600	127,000	1.50K
Qtrly Rev Growth (yoy):	−1.20%	1.60%	1.50%	N/A	10.50%
Revenue (ttm):	7.62B	14.94B	10.54B	49.21B	625.14M
Gross Margin (ttm):	40.53%	39.73%	36.84%	36.38%	30.54%
EBITDA (ttm):	1.56B	3.17B	1.91B	7.99B	67.84M
Operating Margin (ttm):	17.09%	18.08%	15.31%	13.34%	7.35%
Net Income (ttm):	787.00M	1.69B	956.34M	2.47B	N/A
EPS (ttm):	2.33	2.51	2.97	2.40	0.65
P/E (ttm):	14.26	15.33	17.19	13.99	17.54
PEG (5 yr expected):	2.45	2.02	2.45	1.63	1.73
P/S (ttm):	1.39	1.65	1.56	1.19	1.06

CPB = Campbell Soup Co.
GIS = General Mills, Inc.
HNZ = HJ Heinz Co.
KFT = Kraft Foods Inc.
Industry = Processed & Packaged Goods

Source: Yahoo Finance.

Kraft removed itself from the tobacco business and Altria in 2007, and later the same year announced the sale of its Post Cereals business to Ralcorp (hoovers.com).

Heinz Company

H. J. Heinz has thousands of products. Heinz products enjoy #1 or #2 market share in more than 50 countries. One of the world's largest food producers, Heinz produces ketchup, condiments, sauces, frozen foods, beans, pasta meals, infant food and other processed food products. Its flagship product is ketchup, and the company dominates the U.S. ketchup market. Its leading brands include Heinz ketchup, Lea & Perrins sauces, Ore-Ida frozen potatoes, Boston Market, T.G.I. Friday's, and Weight Watchers foods (hoovers.com).

Financials

For fiscal 2010, adjusted net earnings were $767 million compared with $758 million in the prior fiscal year. Adjusted net earnings per share were $2.42 for the current fiscal year compared with $2.05 for the prior fiscal year. Marketing and selling expenses decreased by 2 percent in 2010 from previous year, primarily due to lower advertising and consumer promotion costs and lower marketing expenses (Annual Report, 2010). While advertising increased in the U.S. Soup business, the company reduced marketing expenses in other businesses to fund increased promotional activity (see Figures 5 and 6).

Earnings from U.S. Soup, Sauces and Beverages increased 2% in 2010, primarily due to an improvement in gross margin percentage and lower advertising expenses, partially offset by lower sales. For fiscal 2010, sales in Baking and Snacking increased by 23 percent to $3.22 billion. In regard to International Soup, Sauces and Beverages, sales increased to $1.6 billion from $69 million (Annual Report, 2010).

The company's capital stock is listed and principally traded on the New York Stock Exchange. The company's capital stock is also listed on the SWX Swiss Exchange. On September 15, 2010, there were 26,190 holders of record of the company's capital stock (Annual Report, 2010). Since its lowest dip to US$25 in April 2009, the stock prices have been on a steady pattern of growth over the past two years as of April 2011 (see Figure 8 for stock prices as of April 25, 2011 and stock prices over the previous two years).

With regard to financials, Douglas R. Conant, Campbell's President and Chief Executive Officer, said,

In a challenging year, we delivered strong earnings growth, overcoming softer-than-expected sales, particularly in our

Figure 5 Campbell Balance Sheet

Period Ending	Aug 1, 2010	Aug 2, 2009	Aug 3, 2008
Assets			
Current Assets			
Cash and Cash Equivalents	254,000	51,000	81,000
Net Receivables	512,000	528,000	666,000
Inventory	724,000	824,000	870,000
Other Current Assets	197,000	148,000	76,000
Total Current Assets	**1,687,000**	**1,551,000**	**1,693,000**
Long Term Investments	-	7,000	8,000
Property Plant and Equipment	2,051,000	1,977,000	1,967,000
Goodwill	1,919,000	1,901,000	1,998,000
Intangible Assets	509,000	522,000	605,000
Other Assets	110,000	105,000	183,000
Deferred Long Term Asset Charges	–	24,000	20,000
Total Assets	**6,276,000**	**6,056,000**	**6,474,000**
Liabilities			
Current Liabilities			
Accounts Payable	1,230,000	1,250,000	2,382,000
Short/Current Long Term Debt	835,000	378,000	–
Other Current Liabilities	–	–	21,000
Total Current Liabilities	**2,065,000**	**1,628,000**	**2,403,000**
Long Term Debt	1,945,000	2,246,000	1,713,000
Other Liabilities	1,079,000	1,214,000	536,000
Deferred Long Term Liability Charges	258,000	237,000	504,000
Minority Interest	3,000	3,000	–
Total Liabilities	**5,350,000**	**5,328,000**	**5,156,000**
Stockholders' Equity			
Common Stock	20,000	20,000	20,000
Retained Earnings	8,760,000	8,288,000	7,909,000
Treasury Stock	(7,459,000)	(7,194,000)	(6,812,000)
Capital Surplus	341,000	332,000	337,000
Other Stockholder Equity	(736,000)	(718,000)	(136,000)
Total Stockholder Equity	**926,000**	**728,000**	**1,318,000**
Net Tangible Assets	**(1,502,000)**	**(1,695,000)**	**(1,285,000)**

Source: Yahoo Finance.

U.S. soup business. We had another year of strong cash flow performance, generating more than $1 billion in cash flow from operations. For the year, we expanded gross margins through supply chain productivity improvements and previously announced cost-savings initiatives. By effectively managing our margins in a tough economic environment, we have set the stage for next year and positioned the company for growth through continued innovation, category leading marketing spending and competitive pricing. I am confident that we have the right strategies to drive growth across our strong portfolio of healthy beverages, baked snacks and simple meals. In healthy beverages, we will build on our track record of innovation and continue our effective marketing efforts. In baked snacks, we have a

Figure 6 Campbell Income Statement

Period Ending	Aug 1, 2010	Aug 2, 2009	Aug 3, 2008
Total Revenue	**7,676,000**	**7,586,000**	**7,998,000**
Cost of Revenue	4,526,000	4,558,000	4,827,000
Gross Profit	**3,150,000**	**3,028,000**	**3,171,000**
Operating Expenses			
Research Development	123,000	114,000	115,000
Selling General and Administrative	1,667,000	1,729,000	1,770,000
Non-recurring	12,000	–	175,000
Operating Income or Loss	**1,348,000**	**1,185,000**	**1,111,000**
Income from Continuing Operations			
Total Other Income/ Expenses Net	6,000	4,000	(5,000)
Earnings Before Interest and Taxes	1,354,000	1,189,000	1,106,000
Interest Expense	112,000	110,000	167,000
Income Before Tax	1,242,000	1,079,000	939,000
Income Tax Expense	398,000	347,000	268,000
Net Income From Continuing Ops	844,000	732,000	671,000
Discontinued Operations	–	4,000	494,000
Net Income	**844,000**	**736,000**	**1,165,000**

Source: Yahoo Finance.

Figure 7 Campbell's Key Ratios

Valuation Ratio: CPB		**Per Share Ratio: CPB**	
P/E (TTM)	14.60	Dividend Per Share (TTM)	1.12
Price to CashFlow	7.59	Book Value Per Share	4.45
Price to Sales (TTM)	1.55	EPS Fully Diluted	2.38
Price to Book	13.03	Revenue Per Share	22.38
5 Year Annual Growth: CPB		**Dividends: CPB**	
Net Income	3.26%	Dividend Yield	3.38%
Revenue	0.34%	Dividend Yield - 5 Yr. Avg.	2.64%
Dividend Per Share (TTM)	9.78%	Dividend Per Share (TTM)	1.12
EPS	5.28%	Dividend Payout Ratio	48.29
Profit Margins: CPB		**Financial Strength: CPB**	
Operation Margin	17.86%	Quick Ratio (MRQ)	0.38
Net Profit Margin	10.81%	Current Ratio (MRQ)	0.79
Gross Profit Margin	41.04%	LT Debt to Equity (MRQ)	217.89
		Total Debt to Equity (MRQ)	351.07
Assets: CPB		Return on Equity (ROE) Per Share	76.74
Asset Turnover	1.23	Return on Assets (ROA)	13.60
Inventory Turnover	5.52	Return on Invested Capital (ROIC)	25.54

Source: Retrieved from http://www.dailyfinance.com/financials/campbell-soup-company/cpb/nys/key-ratios

full slate of innovation across our portfolio with exciting new products for Pepperidge Farm and Arnott's. In U.S. soup, we have significant plans to enhance our condensed soups, strengthen our competitiveness in ready-to-serve soups and introduce a new advertising campaign to support the entire U.S. portfolio of 'Campbell's' soup brands and to help drive category growth. (Annual Report, 2010).

Sustainability

Campbell Soup Company had been named to the Dow Jones Sustainability Indexes (DJSI) for the second year in a row in 2010 and to the DJSI World Index for the first time. This independent ranking recognizes the company's strategic and management approach to delivering economic, environmental, and social performance. Launched in 1999, the DJSI tracks the financial performance of leading sustainability-driven companies worldwide. In selecting the top performers in each business sector, DJSI reviews companies on several general and industry-specific topics related to economic, environmental, and social dimensions. These include corporate governance, environmental policy, climate strategy, human capital development, and labor practices. Campbell includes sustainability and corporate social responsibility as one of its seven core business strategies (News Release, 2010(b)).

In 2010, Campbell Soup placed second on *Corporate Responsibility Magazine's* 12th annual 100 Best Corporate Citizens List, regarded as the top corporate responsibility ranking based on publicly available information. Campbell moved up ten places from its ranking from previous year.

CEO Douglas Conant said,

Campbell is committed to advancing our commitment to corporate social responsibility and sustainability. It is gratifying to have Campbell's corporate responsibility practices

Figure 8 Campbell's 2-Year Period Stock Prices – As of April 27, 2011

Source: Yahoo Finance.

and performance be recognized. This honor reflects the effort of thousands of dedicated Campbell people around the world who are absolutely committed to winning in the workplace, marketplace and community. (News Release, 2011).

What's Next?

A new food rating system, the Affordable Nutrition Index (ANI), that analyzes both nutrition and cost value of food, might make it easier for people to find budget-friendly, nutritious foods in today's tough economy. Dark colored vegetables, certain fruits, and vegetable soups were among the most affordable, nutritious foods. "In today's economy, more people are making food choices based solely on cost, so it's important to guide them on ways to get nutritious options without hurting their wallets," said Adam Drewnowski, PhD, professor at University of Washington, "It is important to identify a wide range of affordable, nutritious choices that can help people build a balanced diet that fits their lifestyle and budget" (Anonymous, 2009). Twenty-five Campbell's soups followed closely on the ANI scale, particularly condensed vegetable soup varieties that were lower in sodium, like Campbell's® Healthy Request® condensed vegetable soup, which was certified as heart-healthy by the American Heart Association, and Campbell's® Tomato soup, which underwent a 32 percent reduction in sodium and was one of the top-selling soups in the United States (Investor News(d)).

Even though Campbell's Baking and Snacking and International Soup, Sauces and Beverages segments grew during 2010, the Soup, Sauces and Beverages sales dropped by 2 percent and North American Foodservice sales dropped by almost 4 percent. But when the economic recession ends and the economy improves, will Campbell's name still resonate with American consumers? Will consumers venture back to restaurants or continue to take comfort in soup at home?

REFERENCES

Abelson, R. (2000, July). The first family of soup, feeling the squeeze; Should it sell or try to go it alone? *The New York Times*. Section 3. p1.

Anonymous (2009, October). New affordable nutrition index is first measurement tool to evaluate affordable nutrition. *Supermarket News*. Retrieved from http://supermarketnews.com/company/campbell/archives/1009-nutrition-index/

Boyle, M. (2009, September). Campbell's: Not about to let the soup cool. *BusinessWeek*.

Boyle, M. (2010, September). Campbell CEO pick may be lost chance, analysts say. Retrieved April 18, 2011, from http://www.businessweek.com/news/2010-09-29/campbell-ceo-pick-may-be-lost-chance-analysts-say.html

Brat, I. & Ziobro, P. (2010, November). Campbell to put new focus on taste. Retrieved April 20, 2011 from http://online.wsj.com/article/0,,SB10001424052748704369304575632342839464532,00.html

Campbell Soup Co. (2007). Annual Report

Campbell Soup Co. (2009). Annual Report

Campbell Soup Co. (2010). Annual Report

Campbell Soup Co. Retrieved from http://www.campbellsoupcompany.com/around_the_world.asp

Campbell Soup Co. Profile. Retrieved from http://finance.yahoo.com/q/pr?s=CPB

Collins, G. (1994, November 29). Campbell Soup takes the big plunge into salsa. *The New York Times*, Section D, p1.

Euromonitor International (2011, February). Packaged food in the US. Retrieved April 25, 2011 from http://www.euromonitor.com/packaged-food-in-the-us/report

Global Market Information Database Reports

Graves, T. & Kwon, E.Y. (2009, July). Standard and Poor's Foods and Nonalcoholic Beverages Industry Report

Gutierrez, C. (2010, November). CEO exit no surprise at Campbell Soup, but replacement is. Retrieved April 16, 2011, from http://www.forbes.com/2010/09/29/campbell-soup-conant-markets-equities-morrison.html

Investor News (a). Retrieved from http://investor.shareholder.com/campbell/releasedetail.cfm?ReleaseID=319256

Investor News (b). Retrieved from http://investor.shareholder.com/campbell/releasedetail.cfm?ReleaseID=396590

Investor News (c). Retrieved from http://investor.shareholder.com/campbell/releasedetail.cfm?ReleaseID=396590

Investor News (d). Retrieved from http://investor.shareholder.com/campbell/releasedetail.cfm?ReleaseID=416429

Katz, J. (2011, January). Campbell Soup cooking up a new recipe? Retrieved April 18, 2011 from www.industryweek.com

Lighting a Fire under Campbell (2006, December 4). *BusinessWeek*

News Release (2010(a), September). Campbell launches "It's Amazing What Soup Can Do" Ad campaign to promote Campbell's U.S. soup brands. Retrieved April 22, 2011, from http://investor.campbellsoupcompany.com/phoenix.zhtml?c=88650&p=irolnewsArticle&ID=1467644&highlight=

News Release (2010(b), September). Campbell Soup company named to Dow Jones Sustainability Indexes. Retrieved April 18, 2011 from http://investor.campbellsoupcompany.com/phoenix.zhtml?c=88650&p=irolnewsArticle&ID=1471159&highlight=

News Release (2011, March). Campbell Soup company rises to second on list of 100 best corporate citizens. Retrieved April 18, 2011 from http://investor.campbellsoupcompany.com/phoenix.zhtml?c=88650&p=irolnewsArticle&ID=1535750&highlight=

Press Release (2007, June). The Coca-Cola Company, Campbell Soup Company and Coca-Cola Enterprises sign agreement for distribution of Campbell's beverage portfolio. Retrieved from http://investor.shareholder.com/campbell/releasedetail.cfm?ReleaseID=247903

Retrieved from http://www.hoovers.com

Retrieved from http://www.rb.ru/topstory/business/2008/05/30/203525.html - Translated from Russian