

Empowering Consumers and Employees to Lead Active, Healthy Lifestyles

Steven S Reinemund

Few health issues facing America today generate the same galvanizing concern as obesity. In the course of the last few years, those who work in, and around, the business of healthcare have begun to share an understanding of both the scope of the problem, and the sense of urgency needed to address it.

But the consequences of obesity have moved well beyond the healthcare industry. Whether as a consumer, an employer, a healthcare provider, insurer or policy maker, this critical health issue is shaping everything from how we eat to how we move. And food and beverage companies, in particular, understand their responsibilities for finding solutions. In short, obesity has become everyone's business.

Understandably, everyone wants quick solutions that work. Where America struggles today is in finding effective answers for a complex problem that has been in the making for decades. Not surprisingly, even a daily scan of news media shows there are as many opinions on how to address obesity as there are people and industries to sponsor them.

For PepsiCo, the solution starts with a fundamental belief in energy balance—the balance between calories consumed and calories expended through activity. It's a simple idea in concept, but how it works is as unique to an individual as a set of fingerprints. From the kinds of foods consumers eat to the kind of incentives that can motivate physical activity, the solution ultimately is specific to each of us.

That's why—while there are many different public policy solutions being proposed and implemented—we believe the solutions that will work best are those that meet consumers where they are, providing them with the information, the tools, and the motivation to change.

There are things companies like PepsiCo can do to make sure our marketing practices help consumers clearly understand the choices they're making. For example, PepsiCo launched its Smart Spot symbol in 2004, the first-of-its-kind designation that makes it easier for consumers to identify PepsiCo products that can contribute to healthier lifestyles.

But in addition to making it easier to find these choices, what

consumers really need is a wider range of healthier foods and beverages they really want to eat and drink. And they need those foods and beverages to be marketed in a way that encourages and motivates them to adopt a healthier lifestyle. That's something we definitely know how to do as a company.

With brands like Tropicana, Quaker, Gatorade, Aquafina and Frito-Lay's Baked! products, we're continually expanding our portfolio to offer more foods and beverages that can play a role in healthier lifestyles. And to be transparent, it's not only the right thing to do for consumers; it's the right thing to do for our business.

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In fact, in 2005, our Smart Spot-eligible product revenues grew more than two-and-one-half times faster than the rest of our portfolio, and we're seeing the same growth trends this year. So in essence, PepsiCo's efforts to find solutions are about putting our resources squarely at the intersection of business and public interests.

That includes taking some big steps to improve the healthfulness of our existing products. In 2004, PepsiCo's Frito-Lay

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business was the first food company and the largest-to-date to eliminate trans fats from its products. This action equates to removing 55 million pounds of trans fats from the American diet. In 2006, Frito-Lay made the move to reduce saturated fats in Lay's and Ruffles potato chips by more than 50 percent by switching to NuSun sunflower oil, a heart healthy oil. By converting to NuSun sunflower oil, nearly 60 million pounds of saturated fats are removed annually from the American diet.

We've also partnered with the U.S. beverage industry and government and health officials to find solutions. In partnership with a respected health advocacy organization formed by the American Heart Association, the William J. Clinton Foundation, and Arkansas Governor Mike Huckabee, PepsiCo and other industry members developed a school vending policy in May 2006 aimed at providing lower-calorie and/or nutritious beverages and limiting the availability of soft drinks in schools. Moving forward, we are equally committed to continue working with industry, government, and health officials on snack and food choices in the nation's schools—important work that is taking place in the coming months.

But there's more work to be done in, and for, our schools. To help educate kids about energy balance, PepsiCo and America On The Move—a national on-line program dedicated to helping individuals, families and communities make positive changes to health and quality of life—developed a lesson plan called Balance First. This program already reached three million elementary students in 2004. In 2005, we continued to distribute the lesson plans to elementary schools. And in partnership with Discovery Education, we've distributed the Balance First program to 15,000 middle schools in the United States—virtually every middle school in the nation.

We're also passionate about motivating our own employees to adopt healthier lifestyles. We have to be. Healthy employees are a priority for us—our company's success depends on the day-to-day well-being of our people.

PepsiCo is a very "people-intensive" and people-dependent business. In North America, for example, the majority of our products are manufactured, sold, delivered, and merchandised on store shelves for our retail partners entirely by our own employees. Together, our team produces and delivers more than 500 different products to over 435,000 outlets of every description—supermarkets, mass merchandisers and club stores, gas stations, convenience and drug stores, restaurants and hotels and other food service accounts, and so on. In the

United States alone that requires dawn-to-dusk efforts from 27,000 manufacturing and distribution employees and 22,000 salespeople. They all work together effectively as one incredible business machine.

Keeping those people on the job and in good health isn't a nice-to-do—it's a must-do, and we've been at it for many years. In fact, PepsiCo had one of the nation's first on-site health facilities in the 1960s, and continues to pioneer health benefits decades later that promote healthcare choice for our employees.

Those programs certainly help us manage healthcare costs and provide great tools for employees. But to address today's health needs for our people, we knew we needed to take a quantum leap. Like many employers, we recognized an increasing opportunity to invest in keeping our associates well. So, in 2004, we launched HealthRoads, an innovative health program for PepsiCo employees that's focused on taking action and changing behavior.

Essentially, HealthRoads is a highly accessible, simple, confidential, and personalized health program using an interactive web tool. It's based on the idea of customizing information and programs to each PepsiCo associate, starting with the voluntary and confidential completion of a Health Risk Assessment to identify individual needs.

Every quarter we launch new fitness or nutrition programs to generate added excitement. We have experts who reach out to employees with specific health risks and engage them in developing healthier habits. We provide tools that are integrated with our benefits to help employees make good purchasing decisions. And all of the HealthRoads programs include incentives to provide that little extra boost that many participants need.

Clearly, there isn't a one-size-fits-all solution, nor is there a single initiative that will solve the issue of obesity. If anything, there is more evidence than ever that the only way to make a real difference is by pulling many different levers, tapping the expertise of many partners, and working both sides of the energy balance equation.

There has never been a bigger need, more attention and more consumer knowledge coming together around obesity than there is today. The real opportunity is harnessing our collective resources, and showing consumers the way to healthier habits. We can do that with simple and consistent messages, with products and programs that make improving lifestyles easier, and with marketing that motivates consumers to take charge of their health by capturing their imaginations. **NCMedJ**