

PROBLEM TO SOLVE

- PepsiCo Foodservice has a tenured and robust vending business but in 2015, we observed that the vending category had been stagnant for decades
- Our research showed that 2/3 of consumers rarely or never used vending²
- The consumer had evolved:
 - The standards and knowledge around what's healthy have increased and consumers were seeking healthier options
 - Constantly on-the-go and strapped for time with busy lifestyles
 - Higher expectations of fresh
- However, vending had not kept pace:
 - Limited product selection offering traditional salty snacks, confections, and carbonated soft drinks
 - Experience was stale with room for improvement
 - Limited freshness cues

THE CHALLENGE

How can we reinvent a legacy business, transform our portfolio, and prove the power of PepsiCo?

APPROACH

- Pulled together a strong cross functional team made up of Marketing, Sales, Insights, Design, Finance, IT, Nutrition, Regulatory, and PR
- Conducted consumer research to identify our target consumer:
 - Tries to eat healthily but sometimes struggles to make healthier choices
 - Rather than looking for nutrition in everything they eat or drink, they try to balance it out across their diet
 - Looking for something simple that makes sense for their on-the-go lifestyle vs. anything fancy, trendy, or expensive
- Built an insights driven portfolio that included snacks and beverages that were lower in calories, saturated fat, and sodium and contained nutrients like 100% whole grains and protein
 - However, we wanted to make sure we didn't compromise on taste. We learned that consumers were actually looking for healthier options - better choices and familiar brands that still tasted great
- Partnered with the PepsiCo Design Team to create a new proposition that delivered on credibility, simplicity, and elevated experience
- Ensured a seamless user experience with features like cashless payment, digital interactive screens, digital library for planogram management, and data reporting through our smart equipment network

EXECUTION PLAN

- Built a robust sales strategy to determine how to get the new vending equipment into market on expedited timeline
- Identified focus channels, determined the addressable opportunity, and defined placement guardrails
- Established a sales team solely dedicated to this initiative and gave each sales person a clear placement target
- Ring-fenced capital to ensure we had the funds to purchase equipment
- Held all the teams responsible for their plan with weekly tracking
- Delivered these reports to the President and CEO



SOLUTION



RESULTS

- Established marketplace leadership as the #1 healthier vending platform with 20,000+ units sold in the first year
- Hello Goodness vending outperformed traditional machines with annual revenue per machine 2X NAMA average³
- Bringing in new users: 60% incremental to existing vending bank³
- In our research, consumers found the Hello Goodness proposition extremely appealing, describing it as modern, innovative and cool, and a great way to get healthier snacks and beverages⁴
- Helped our customers gain a competitive advantage in the marketplace with a healthier vending option
- Received strong media coverage – featured in Businessweek, Vending Times, Food Network, CNBC and Bloomberg

WHAT'S NEXT

- We are committed to expanding Hello Goodness beyond vending and building it as a brand
- Established brand guardrails to ensure that brand communication and execution is consistent across all touchpoints



**Beyond
Convenient**



**There for You in
the Moment**



**Always
Approachable**



**A Beacon
of Trust**

- Creating new merchandising solutions to expand into retail and micro-marts and also into emerging growth channels like e-commerce
- Testing vending globally in markets such as Spain and the UK
- We have placed 40,000+ Hello Goodness units in market to date, helping to convert new users, bring together healthier snacks and beverages across the business and transform our portfolio
- Hello Goodness is an important competitive advantage for PepsiCo, as it is uniquely positioned to deliver 24/7 healthier solutions to benefit the always-on consumer

LEARNINGS

- Have a bold vision
- Stay true to the consumer
- Power of cross functional talent from day one
- Ring-fence resources
- Secure executive sponsorship