



Mark Clouse, CNBC "Mad Money"
June 15, 2020

Jim Cramer, Mad Money: Not long ago it looked like the package food trade was over. All over the country people stopped stockpiling and investors lost their taste for the pantry stocks. With this spike in COVID cases in the sunbelt, is it time to circle back to the packaged food stocks and has anybody really left them to begin with? Take Campbell's Soup, earlier this month, these guys reported a phenomenal quarter, a big top and bottom line beat. Management raising full year earnings guidance substantially – Wall Street's response, "ehh". Campbell's stock actually fell 6% that day and has been trading sideways ever since because of the rotation of recovery stocks. But that rotation ended last week! Is it time to come back? Let's check in with Mark Clouse, the President and CEO of Campbell Soup to get a better sense of how his company is doing and where it's headed. Welcome back to "Mad Money".

Mark Clouse, Campbell: Thanks, Jim good to be here.

Cramer: Alright Mark, I have here in my hand some data. It's called IRI, it is tamper-proof data, and it shows U.S. Dollar consumption and it looks like, this is from June 7th, this is not some one time only pantry spike. These companies -- Pepperidge Farm cookies, Snyder's of Hanover, Cape Cod, Kettle – these are all up, Campbell's Soup, up 20%. This is not the kind of stuff that tells me it is over.

Clouse: No, I think you're right, Jim. I think, and even if you go deeper down that list, you're going to see some soup numbers that are right around 20% and that is the first week of June, traditionally perhaps not the time where you're seeing that kind of growth. But I think the reality is that even though we may be seeing some recovery, and people returning to a little bit more normality, I think the behaviors that were built in this last several months have the real potential to continue to provide a catalyst for improved results. Even if the top line's slow a bit or the end market results slow a bit, I think the elevated overall demand is going to continue to provide opportunity for a company like ours to continue to connect and meet the needs of consumers.

Cramer: Yeah, I mean, Mark, I think a lot of people discovered that it wasn't just -- that your soups weren't just filled with preservatives and then a lot of other people like my wife discovered you could take the Cream of Chicken and make a casserole out of it. That this stuff was ripe for cooking things that you wanted to cook, not just what you wanted to heat up.

Clouse: Right, I think two big trends that you're seeing, not unlike your wife, her discovery is that, you know, soup plays a very important role in what we call "quick scratch cooking". This is taking a couple of simple ingredients, putting them together, and making a meal that you feel good about serving your family and I'm very grateful for all the work that we did on returning focus to the core business before the virus and the crisis hit, it gave us a great foundation to build off of as it related to strong quality messages on our products and also this orientation to usage.

I think the other component of what has been occurring is a lot more in-home lunch consumption too. And if you think about the role of soup, whether tomato soup or chicken noodle, as it relates to a quick meal, you feel better about what you're getting and even in a moment like this where it is a little warmer outside, it is a pretty simple and convenient way to meet more of those in-home needs.

Cramer: Are the people in the regions that are unfortunately now suffering through a new wave in the South, is it a stock up right there again?

Clouse: Well, that's not exactly what we're seeing, although I do think we have to be prepared in a variety of different scenarios and I think for us we are trying to appropriately gauge how demand is ebbing and flowing, but if we're going to err, we want to try to err on the side of having availability. You know, little bit of lessons learned from that first push, so although we haven't seen a dramatic shift back into that early pantry loading, we are trying to do the best we can to be ready for whatever that may -- whatever may unfold here in the next couple of months.



Cramer: So I was asking around to people saying, who do you think makes Kettle Chips, who do you think makes Cape Cod chips? People said, “well, some guy, at Kettle and some guy at Cape Cod.” Those brands have been around. They don't know it is yours. Do you not want them to know, or is that the best way it should be?

Clouse: You know, it is okay if they don't know. What they need to know is how great of a product and equity and quality that is in those products and if they happen to know, they're from Pepperidge Farm and Campbell's, that's great, but if they don't, the relationship that we're really building is between that brand and those consumers.

Cramer: Hard pretzels, it was -- I understand your predecessor, two predecessors ago, hard pretzels are king, and Hanover owns the aisle. I know you had to pay too much, but you've deleveraged to the point that it is no longer crazy.

Clouse: I think we feel good about the addition of that Snyder's Lance portfolio to our snacks business, and although we may have seen some change in dynamics for where consumer demand has been in the last few months, the one trend that I think is going to continue to move right through it is snacking and if you look at our portfolio on snacking now, we feel great about how differentiated it is. We play in a lot of major categories, but we also play with some very differentiated brands. So we may be in crackers, but we focus on “better for you” kids crackers with Goldfish. Even in big categories like pretzels, we've got a lot of innovation and opportunity to continue to build in as that leader. So that combination of leading positions, being an advantage, segments within large categories, I think sets us up really well to continue to see that trend to progress and as we have been investing back behind the business and driving innovation again, even in this moment of unusual circumstances, I'm feeling great about the response and I think that will continue.

Cramer: I think you should. We had Mondelez on, I like Mondelez very much. That's a snacking company. What they said is, “listen, we're a snacking company, don't lump us in with the pantry.” You're a snacking company and I snack more on your stuff than I snack on their stuff because I – I'm a big anti-candy guy you know what I mean?

Clouse: Yeah. Well, you know, I think the great news is there are a couple of underlying trends like snacking and “better for you,” I know a lot of discussion of movement to comfort as we were navigating the crisis and I do think we're seeing that hold a little bit longer, but there is no question that consumers are going to continue to be health conscious. That means transparent ingredient lines, products that bring some permissibility, especially to the snacking occasion and we just have a really nice lineup to be able to meet those needs. And as you know, it is 50% of our portfolio now. And so, you know, as we focus this business, I think we really are in a good position to bring an advantaged proposition to market both for consumers and for investors.

Cramer: I totally agree with you. Totally. That's why it was a real break when the stock went down for new people to buy. Mark Clouse, great to see you, sir.

Clouse: Thank you, Jim.

Cramer: This is not the same Campbell's Soup. You can own this stock, they're doing so many things right and they're going to continue to do things right. It is not just pantry stocking anymore.

Source: <https://www.cnbc.com/video/2020/06/15/campbell-soup-ceo-sees-unusually-high-june-sales.html>

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