



PEPSICO X OZEMPIC

ADAPTING TO A CHANGING MARKET

**SLIM CONSULTING'S STRATEGIC
ASSESSMENT AND RECOMMENDATIONS**

MKT 370



THE **SLIM** CONSULTING TEAM

Sydney Dwyer



S

Lauren Garces



L

Ian Shutt



I

Marycarmen Hernandez



M



The Task At Hand

Our Task

Pepsico has asked SLIM Consulting for an assessment of the threats to Pepsico from the gaining popularity of Ozempic adoption in the United States. We have assessed the situation and are ready to provide our insights on the threats to Pepsico, and what they should proactively be doing to improve their products.



The Problem As We See It

The Problem

- ~**13%** of American adults have used GLP-1 medications like Ozempic or Wegovy at some point <https://www.npr.org/sections/health-shots/2023/08/28/1194526119/ozempic-wegovy-drinking-alcohol-cravings-semaglutide>
- Currently, about **6%** of American adults are using these meds --> 15 million people
- Use of the drugs has increased 40-fold between 2017 and 2021

<https://www.cnn.com/2024/05/10/health/ozempic-glp-1-survey-kff/index.html>

<https://medicine.iu.edu/blogs/bioethics/on-the-increase-in-use-of-glp-1s>

We believe the increasing use of GLP-1 medications **poses a threat to Pepsico**, however, there's an **overarching trend** here that Pepsico should set its sights on.

- Around **50% of Americans** claim to be actively trying to eat more healthily (source) and 43% say they are snacking less in general

<https://www.weforum.org/stories/2023/03/health-food-us/>

Americans are shifting towards healthier lifestyles, whether or not they use weight loss drugs to do so, and this change affects Pepsico's products.



PEPSICO X OZEMPIC

Relevance & Scope

What is Ozempic?

- prescription medication designed for Type II diabetes management
- gained attention for its weight loss effects
- mimics hormone (GLP-1) that regulates blood sugar and appetite
- leads to reduced food intake & slower gastric emptying

Why does this matter to PepsiCo?

- Ozempic users report reduced cravings for sugary & ultra-processed foods
- major popularity among non-diabetic users
- celebrity usage & social media trending has increased mainstream awareness
- reinforcement of quick-fix diet culture mentality
- potential long-term health effects



Problem & Landscape

Current Landscape

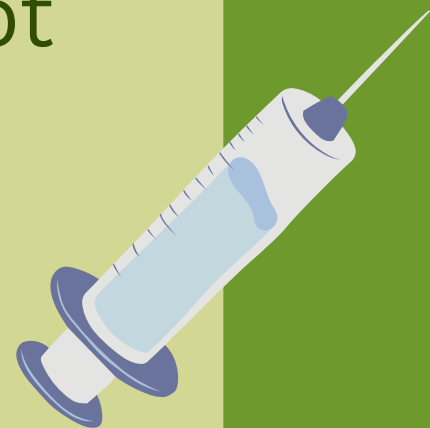
- Facing the **effects of inflation** and its impact on consumers
- Creating solutions for consumers in those moments of the day where they're looking for a 200 to 300 calorie solutions

Political Landscape

- Potential Impacts of **RFK Jr** appointed as the US Secretary of Health and Human Services.
- **FDA ban on Red No.3**
 - Manufacturers have until January, 2027 to reformulate their products
 - 8 remaining approved food dyes under FDA
- Limit ultra-processed foods
- **Nutrition labeling reform**



- Superbowl ad receives backlash for **deceptive marketing**
- The ad faced **criticism** for being misleading and for perpetuating **stigma around obesity**
- Offers a solution that **still involves drugs** that are not regulated by the FDA
- Pride themselves as the **“affordable weightloss drug”**
- The Hers app jumped to **#2 in the Health & Wellness category** on the Apple Store.



hims & hers

Superbowl Ad Backlash

“Sick and Stuck”

"Junk food giants, diet industry's quick fixes, Big Pharma's price-gouging, and regulations that favor special interests have created a system that leaves us with limited options, skyrocketing costs, and a cycle of failure."

hims & hers



PEPSICO X OZEMPIC

OZEMPIC: Wonder-Drug?

- Early studies show it to curb cravings for alcohol
- Similar findings have been seen with animal subjects

NPR:

She and other scientists have published nearly a dozen studies showing how these drugs stop binge drinking in rats or mice, prevent relapse in "addicted" animals, and overall decrease their consumption of alcohol. "So we see a reduction by over 50%, which is quite dramatic," Jerlhag says.

Other studies in animals have also found that GLP-1 drugs reduce the consumption of nicotine, opioids, as well as psychostimulants, such as cocaine and methamphetamine.

<https://www.npr.org/sections/health-shots/2023/08/28/1194526119/ozempic-wegovy-drinking-alcohol-cravings-semaglutide>



PEPSICO X OZEMPIC

What are users saying?

When asked on Reddit, many GLP-1 users have noted it's immense impact on driving weight loss, especially when nothing else was working for them.

Though users recognize the drug is not for everyone, specifically citing its side effects, it's been a “game changer” for others.





r/loseit • 1 yr. ago
RemoveContent7330



Honest Ozempic reviews. Does it really work or is it just a fad? I'm still on the fence.

<https://www.npr.org/sections/health-shots/2023/08/28/1194526119/ozempic-wegovy-drinking-alcohol-cravings-semaglutide>

One user posted on r/loseit, a forum meant for people trying to lose weight, asking for honest reviews from Ozempic users detailing their experiences



PEPSICO X OZEMPIC



peach0pear • 1y ago

I didn't take Ozempic, but I did take Mounjaro for just over a year. I lost 77 lbs, and it felt easy to me. It felt like I finally had a shot at real weight loss.

I've tried WeightWatchers and calorie counting before but they both led to me constantly thinking about food or points or calories, every moment I wasn't focused on something else. When I was on Mounjaro I felt like I could just be a normal person. I'd eat something and stop when I felt full. I didn't have my mind always wanting a snack or treat or something else.

It has saved my life

This medication changes that for me entirely. Whatever dopamine hit I normally get from food just doesn't happen while I'm taking this stuff for some reason. When I'm moderately full I literally cannot eat more whereas when not on the medication I could literally eat another meal even when already full.

Make no mistake the drugs themselves are gamechangers, but only if you're *also* willing to put in the effort outside of the semaglutide.

60 pounds gone. Easier than brushing my teeth. I have never felt better. A1C, cholesterol, everything perfect now. Goodbye sleep apnea too.

It's not a fad. It is a game changer.



PEPSICO X OZEMPIC



stephg78240 • 1y ago

I couldn't take it. I tried for three weeks but it was the worst feeling, moreso than any stomach bug. I couldn't eat more than yogurt without feeling nauseated or indigestion. I had no energy to do things I normally did. It also affects the pleasure center of the brain.

I get the impression that I was in the minority, but, it was profoundly unhelpful for me. It gave me a terribly upset stomach, basically all the time. I had acid reflux every night and during quite a lot of the day. I ate about a dozen Tums a day to try to keep that under control. It did help my blood sugar a little bit (I was prescribed it because of type 2 diabetes). My weight dropped about 2%.

But let's not ignore the **negative responses**



Nelliell • 1y ago

I was on Wegovy for a little over a year. About 8 months in I started having adverse reactions to it. I ended up having to stop taking it because of the reaction and gained the weight back. I guess that's common when it is stopped. Doing traditional CICO now. It may be a magic bullet for some but in the end all it gave me was debilitating pain that caused me to faint and fall off the toilet.



PEPSICO X OZEMPIC

Interviews w/ Ozempic Users

“I was sick the entire month I was taking it. I was tired of it, so I stopped.”

“I can’t be the only one feeling this way.”

“I wish celebrities were more transparent with their everyday struggles with Ozempic side effects.”



Survey: Social Impact of Ozempic

- We interviewed **36 individuals** who are not taking any GLP-1 medications, to gain insights on how the conversation surrounding Ozempic and weight loss has impacted their own health habits.

80%

of respondents are familiar with Ozempic

75%

of respondents primarily learned about Ozempic through digital media (social media/tv ads)

only
31%

say that Ozempic has influenced them to improve their eating/snacking habits to be “healthier”



PepsiCo's Response: Q4 2024 Earnings Call



PepsiCo, Inc.(PEP-US), Q4 2024 Earnings Call

Robert Moskow

Analyst, TD Cowen



Hi. Thank you for the question. I was curious when you went through the list of factors impacting the slowdown in salty snacks, there's no mention of increased GLP usage. And there's a pretty detailed study by Numerator Cornell showing that salty snacks was a category that was probably most impacted by GLP usage. Would you agree with that assessment? Or do you think it overstates the impact?

Investors are aware of GLP-1 and are worried of the impact on PepsiCo's salty snack sales



PEPSICO X OZEMPIC

Ramon L. Laguarda

Chairman & Chief Executive Officer, PepsiCo, Inc.

A

Now on salty, listen, I think we continue to study GLP, obviously, with a lot of detail. And at this point, we see that because of the lower levels of adoption and people coming in and out of the treatment, we see very little impact in our business and in our category, at this point.

However, as I said earlier, I think there's a higher level of awareness, in general, of American consumers towards health and wellness. And this is driven by potentially all the conversation around obesity drugs, but also other conversations that are happening around the space on health and wellness.

So I think, yes, there is a health and wellness higher level of awareness by consumers, and that's driving some behaviors that we're addressing through the strategies that I talked earlier. The most important being portion control. I think portion control is a highly strategic strategy that we've been implementing for many years. But also long-term evolution of our portfolio with lower sodium, lower fat, lower sugar, positive ingredients, plant-based protein, whole grains. All those are kind of a strategic adjustment and evolution of our portfolio that we've been making for many years.

We're accelerating to be able to offer consumers all different options for the multiple occasions that they interact with our category. So again, we haven't seen a direct impact of GLP, but we're seeing more conversation in social media about health and wellness in general. And obviously, that's impacting consumption of food and consumption of beverages and we're very well positioned with our broad portfolio to cater to all these new realities.



Takeaways:

- Investors are aware and worried about GLP drugs
- PepsiCo has noticed trends of health and wellness in consumers, potentially driven by talk of obesity drugs
- Have yet to see a direct impact of GLP-1 drugs on sales, potentially due to low adoption rate so far
- Believe themselves and their products to be well-positioned in the market going forward
- Will continue to invest in lower-portion, healthier snacks



Our Solution

Our solution is simple. To keep PepsiCo in the game as Ozempic users turn towards craving produce over chips and Americans shift towards healthier lifestyles in general, we recommend that PepsiCo start a snack subscription box service.

Introducing....



Pep Pack

PepPack is exactly what it sounds like, a mix of **healthy PepsiCo products** with **whole foods, fresh produce, and seasonal offerings** just for you to create elevated, delicious, portion-controlled snacks.



PEPSICO X OZEMPIC

The Subscription Box Market

The global **snack subscription market** was valued at approximately US **\$127.4 billion in 2024**.

It is expected to grow substantially over the next decade, Projected to reach **\$212.2 billion by 2034**, with a Compound Annual Growth Rate (CAGR) of **5.8%**

\$212.2B
2034

The broader **subscription box economy** is expected to reach **\$1.5 trillion by 2025**.

\$127.4B
2024

https://www.prophecymarketinsights.com/market_insight/snack-subscription-market-5231/market-size
<https://www.triplewhale.com/blog/start-subscription-company>



PEPSICO X OZEMPIC

Why This Makes Sense

Our original case article from the NY Times found that GLP-1 users experience a newfound preference for fresh fruits and vegetables, gravitating towards whole foods they previously ignored. "Many describe an unexpected shift in taste, finding joy in the crispness of a cucumber or the sweetness of a ripe peach."

On top of this, "Some say that heavily processed foods, once a source of comfort, now seem unappetizing or even repulsive." This presents the perfect opportunity for PepsiCo to push its healthy options, show how they can be combined with whole foods that Ozempic users and health nuts love, and tap into a new market.

Seem Strange? Take a look

- The same company that owns **Cinnabon** bought the **Atkins diet**
- General Mills owns **Lucky Charms** as well as **Farmhouse Culture and No Cow**
- **Coca-Cola** acquired **Suja**, an organic cold-pressed juice brand



Survey: Interest in

- The same 36 individuals who are not taking any GLP-1 medications answered questions at the end of our initial survey regarding their interest in our PepPack solution:

58%

of respondents are interested in our solution

97%

of respondents primarily would be willing to pay up to \$29 for our monthly subscription

72%

of respondents communicated preference for protein-rich snacks and "healthier" salty snack alternatives



Demand Estimate for Pep Pack

- **Chosen base number: 22.5 million households in the US using mealkit services in 2024**
 - a reasonable base as these customers have already shown willingness to receive food subscription boxes
- **Assumption: Interest rate of 25%**
 - Competitive market with many existing healthy snack boxes
 - But higher brand recognition from PepsiCo favors adoption
 - Target includes both GLP-1 users and health-conscious consumers
 - ****interest rate increases 1% each year as health awareness increases**
- **Assumption: Conversion rate of 15%**
 - Lower price point barrier & familiar product category (snacks/food)
 - Strong existing distribution network & PepsiCo brand trust
- **CAGR = 5.8% (represents growth in base market each year)**



Demand Estimate for

2025

**23.8 million
mealkit users in US**

x

25% interest rate

x

**15% conversion
rate**

=

**0.89 million
subscriptions**

2026

**25.2 million
mealkit users in US**

x

26% interest rate

x

**15% conversion
rate**

=

**0.98 million
subscriptions**

2027

**26.7 million
mealkit users in US**

x

27% interest rate

x

**15% conversion
rate**

=

**1.08 million
subscriptions**

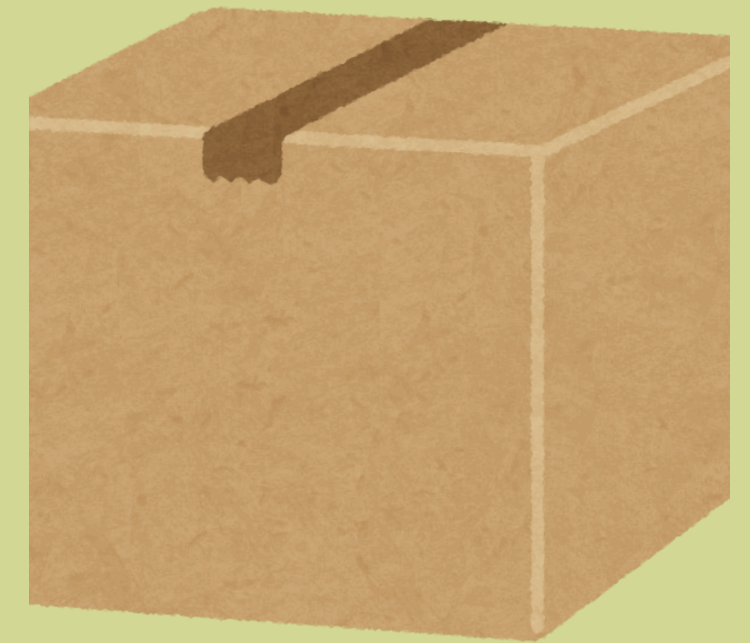
Demand Estimate for **Pep Pack**

- **Confidence Level: Medium, but fairly optimistic:**
 - Clear, trackable market of mealkit subscribers in base number
 - Neglects potential customers outside of current mealkit users
 - High interest rate aligns with strong brand recognition, but relies completely on translating this to a new product category (subscriptions)
 - Conversion rate pros: lower price point (increased adoption rate) and a well-established distribution network
 - Could be too optimistic considering saturated snack market and various industry shifts to subscription services
 - Conservative elements balance against optimistic assumptions



Risks and Considered Limitations

- **Snack and produce packaging**
 - Fresh produce requires different storage conditions
 - Co-packers that handle fresh food could delay rollouts and increase operational complexity
- **FDA regulations**
 - Potential changes within FDA
 - Fresh foods require stricter regulations
- **Brand perception**
 - Skepticism about its authenticity in the fresh food space



WHAT WE LEARNED

Why PepsiCo should care about the impact of Ozempic:

- GLP-1 users report reduced cravings for PepsiCo's core products, directly threatening revenue from these high-margin categories
- Potentially 7-10 million Ozempic users by 2025, a significant portion of PepsiCo's customer base
- Shifts in taste preferences toward whole foods and fresh produce, away from processed snacks
- Nestle & Kraft are already developing strategies to adapt to GLP-1 impacts, risking PepsiCo's market position if they don't respond

SLIM Consulting's Proposed Solution:

- A PepsiCo brand snack subscription box service, aimed to offer healthy PepsiCo products with fresh and whole foods to combine and make the perfect “healthy snack”
- Whole foods, fresh produce, portion-controlled & seasonal offerings



THE **SLIM** CONSULTING TEAM

THANK YOU!

Any Questions?



PEPSICO X OZEMPIC

