From: Michael Goltzman <mgoltzman@coca-cola.com>

Sent time: Thu, 26 May 2016 00:37:12 +0000

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Subject: FW: INFORM: Wired Article on Sugar and TCCC

From: Joanna Price
Sent: Wednesday, May 25, 2016 9:25 AM
To: Global Pac Leadership Team
Subject: INFORM: Wired Article on Sugar and TCCC

FYI

Joanna Price
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From: Amanda Rosseter [mailto:arosseter@coca-cola.com]
Sent: Wednesday, May 25, 2016 9:24 AM
To: Joanna Price >
Cc: Mackenzie Anderson >
Subject: INFORM: Wired Article on Sugar and TCCC

Joanna -
A reporter for Wired reached out to our media line late last night with a series of questions and an immediate deadline, for publication this morning. I responded and explained via email that the questions she asked would need deeper answers than just a quick turnaround (global sugar strategies, stevia patent status, etc.) and while we would like to have a conversation and provide answers, we would not make her Tuesday late deadline. I offered to provide her with a

Company statement early this morning to have a voice in her piece and she agreed. The story, however, posted early this morning without waiting for our input. The story is posted below and focuses on sugar, stevia and the Company's attempts to offer options to consumers with a pessimistic tone. The reporter pulled public quotes from statements made by Jon Woods and Andy McMillin during recent announcements.

We will be reaching out to this reporter to better understand her decision not to include our perspective, and to build her brain around our strategy.

Let me know if you have questions.

Amanda

Sugar's Not Just Bad for You-It's Bad for Coca-Cola's Business
Wired
By: Jennifer Chaussee
25 May 2016
Link: http://www.wired.com/2016/05/sugars-not-just-bad-bad-coca-colas-business/

Now is not a great time to be in the sugar business.

On the health front, Philadelphia is joining the list of cities that want to tax people on sugar-sweetened drinks, and the Food and Drug Administration just approved a new nutrition label that would place more emphasis on calories and added sugars. Meanwhile, sugar has become a volatile commodity: in the past year, prices have tanked over a dozen times before shooting up over 30 percent this month compared to a year ago.

At the center of all this upheaval sits Coca Cola-the largest beverage company in the world thanks to its eponymous sugar-laden soda. Recently, the company said that, due to a severe sugar shortage in Venezuela, it was suspending production of its signature product in the country as its economy teeters on collapse. Clearly, the politics of sugar have become combustible. Bad politics makes for bad business, which is why Coke is heading down a path that sounds unthinkable for a soda maker: it's weaning itself off the sweet stuff.

Not that the $84 billion multinational conglomerate didn't see this moment coming. It's been planning its own gradual separation from sugar for years-long before the FDA's new labels validated public health officials' claims that sugar was a primary culprit for rising obesity rates in the US and abroad. Perhaps no other company in the world is more keenly aware of the rising cost of sugar, both politically and economically, than Coke. And so the company has worked to aggressively expand its brand while working to lower the sugar content of its classic formula.

In Search of a Sweeter Deal

Take, for example, Coke's attempt to save face and money in the UK, where the company vowed to reduce the number of calories in half its beverages to low or none by 2020, mostly through reducing sugar. "In the last three years, we have invested £15 million in reformulation projects to reduce sugar and calorie content and give consumers greater choice," said Jon Woods, general manager for Coke in the UK and Ireland. In Canada, the company said it would lower the amount of sugar in its products, which used to have about 3 grams more than Coke sold in the US, and start selling drinks in smaller cans.

In the US, the company's first attempt to address a rising sugar backlash came way back in 1982 with the release of Diet Coke. The silver-can formula was originally geared toward dieters in the midst of the female-centric diet soda craze started by Tab. Then came Coke Zero-Diet Coke's sexier twin. In subsequent years, as soda sales across the industry slowed, sales of so-called health drinks like Vitaminwater and juices like Odwalla seemed to pick up the slack. Seeing the direction of the market, Coca Cola bought both, along with a portfolio of similar brands in developing markets like Africa and Latin America.

Then came Coca-Cola Life-the sage-green can that represented the company's attempt to capture the ever-elusive millennial consumer market. As venture capitalists funneled money into startups churning out plant-based alternatives to animal products, Life debuted in the US with a fraction as many calories as regular Coke and (most importantly) less sugar. That's thanks to a plant-based sweetener called Stevia, which has spurred a lot of excitement in the company. Coca-Cola has filed for 24 patents related to the herb, according to QSR magazine, a trade publication covering the fast food industry.

"We ultimately want to be leaders in the emerging segment," said Andy McMillin, vice president of Coca-Cola brands in North America at the time of Life's release. "For consumers looking for a reduced-calorie soft drink sweetened with cane sugar and stevia leaf extract, this is a great-tasting option."

So far, Life hasn't been a massive success. You've likely never seen, let alone tried, one of the green cans as sales have dropped off since last year. Still, it fits nicely into Coke's future aspirations. As trouble swirls around sugar, the appeal of buying into the expanding juice and water markets grows, especially as soda sales stagnate. Gone are the days of conglomerates that can capitalize off of one single product so powerful and so addictively sweet that it has a more robust distribution system than life saving medicines. The new era of Coke won't just be about Coke-it'll be about the many brands it can collect in its portfolio. And the more of those brands that don't depend on sugar, the sweeter the deal for Coke.

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