

Campbell follows soup with smorgasbord

Camden, N.J. —AP— The traditional red and white cans of Campbell Soup Co. identify the soup shelves at local supermarkets and give the company one of the best known trademarks in America. Now it hopes diversification will soup up its earnings.

The company has an 80% share of the US soup market and has other brands that are almost as well known, including V-8 juice, Pepperidge Farm baked goods, Franco-American pasta products, Vlasic pickles and Swanson frozen foods.

Financial analysts now say the 111-year-old firm is not performing as strongly as rivals that have diversified into new fields. But a changing corporate outlook is expected to help boost profits.

"Campbell's is in the process of evolutionary changes in its management philosophies and in the direction of its business," says Barry M. Ziegler, an analyst with Kidder Peabody & Co.

"The company realizes that it has to diversify and get into faster-growing businesses to have the overall company grow at a faster rate."

Campbell's net earnings rose by a healthy 12% in fiscal 1980 to \$134.6 million, or \$4.08 a share, and sales increased by 14% to \$2.56 billion. But worldwide unit volume rose by only 3.5%, and analysts say the company's return on equity was less than the food industry average — 15.1% compared to 16% for the industry.

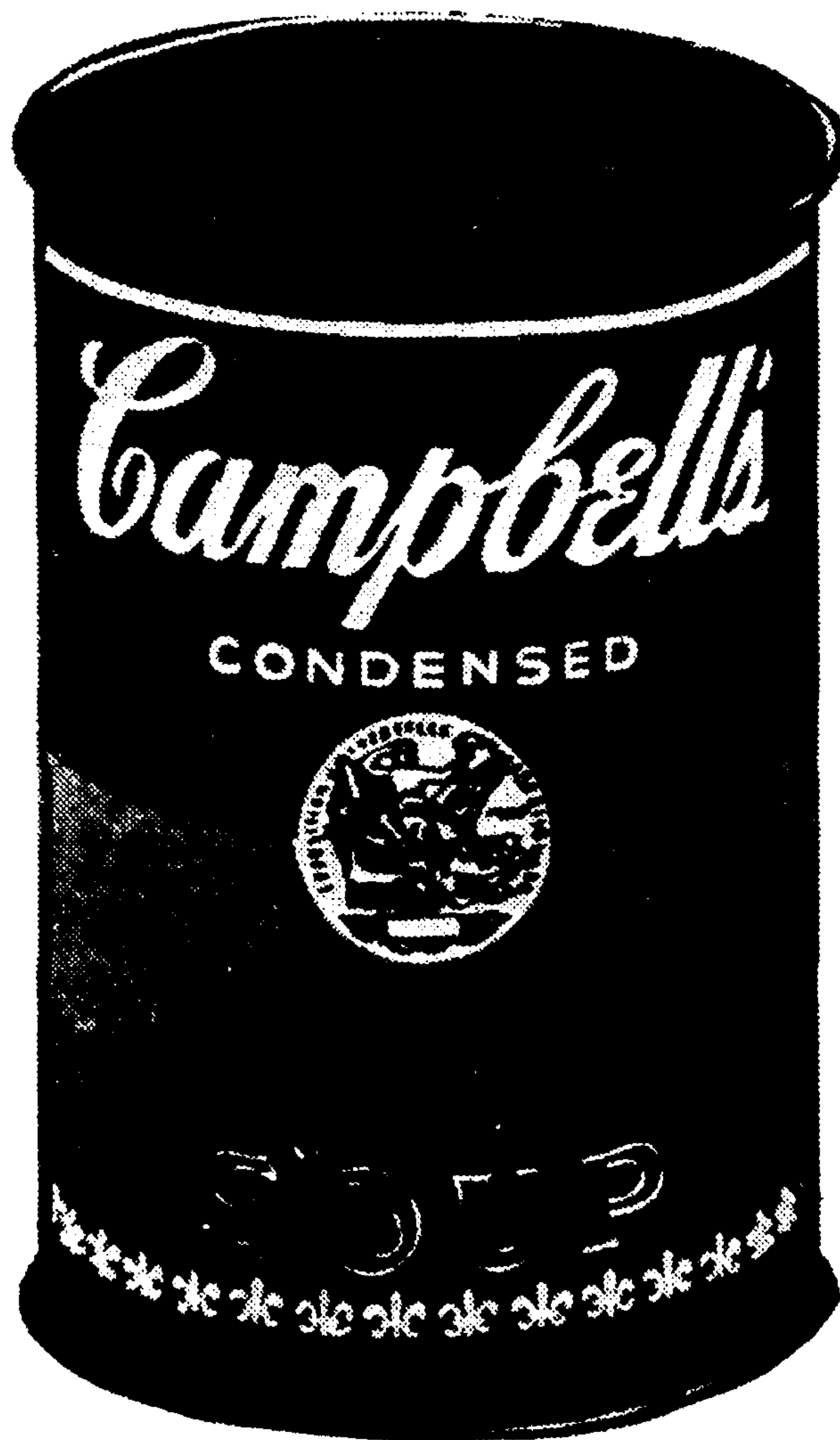
Taking more risks

Among the changes observed so far are the purchase of various companies at home and abroad to position Campbell for future growth opportunities, a revamping of accounting practices and the firm's first entry into the public debt market with a \$100 million note offering.

Management officials also say Campbell plans to expand into non-food products, begin emphasizing development of new products and step up the hiring of outside talent.

"We're going to try to grow with reasonable prudence," says Richard J. Censits, Campbell's vice president of finance. But he adds that "We might be taking a few more risks in the future than we have in the past."

The company's history of cautious growth is



—Courtesy of the Bradley Collection,
Milwaukee Art Museum

Soup can a la pop artist Andy Warhol

not surprising considering its origins as a small canning firm founded in 1869 by Joseph Campbell, a Camden fruit merchant.

Until 1954, the company was family-owned and the chairman of the board continues to be John T. Dorrance Jr., whose family has over-

seen Campbell affairs since 1874 and still holds a sizeable interest.

Today, the far-flung consumer-products enterprise employs 38,000 persons and produces more than 750 products at 80 plants in 20 states and 12 foreign countries.

More than 3,000 of the employees work in New Jersey, about half of them at the firm's international headquarters and research facility here and the rest in the production of soup, juice or cans themselves at a factory in Moorestown, believed to be the third-largest can maker in the world.

Expanding abroad

Changes began in 1972 with the appointment of Harold A. Shaub as president. Shaub retired in December. His successor, R. Gordon McGovern, is a former president of the firm's Pepperidge Farm operation. Insiders say McGovern seems likely to continue Shaub's growth-oriented policies.

Among other projects in past years, the company has launched a fresh mushroom business, a mail-order arm for Pepperidge Farm and the Hanover Trail restaurant chain.

This year, Campbell bought another baked-goods firm, Martino Bakery Inc. in California, which concentrates on institutional markets. Last year, it bought two food operations each in Holland, Germany and Canada and one in Belgium. Campbell is discouraged from acquiring domestic food firms by the threat of federal antitrust action.

The Federal Trade Commission launched an investigation into the impact on competition when Campbell purchased the Vlasic pickle chain in 1978. FTC officials wouldn't discuss the case, but a Campbell spokesman said the probe has been dropped.

As a result of the antitrust threat, Campbell's purchases at home are likely to be supply operations.

"In terms of achieving growth in earnings per share, we're placing substantial emphasis on research and product development and on new marketing efforts," says Censits. "We want to be a company that is noted for our product innovation."