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PRESENTATION

Taposh Bari - *Goldman Sachs - Analyst*

Thank you all for joining us here for the Millennial Moms Panel. For those of you that I haven't met, my name's Taposh Bari. I'm one of the senior analysts at Goldman on the consumer discretionary side. I'm joined on stage by my colleague, Jason English, on the far left who covers food and personal care, on the consumer staples side within research, and we're thrilled to have the opportunity to learn more about what we believe to be a very incredibly relevant and increasingly investable topic, which is millennial moms.

Why do we care so much about millennial moms? Before I introduce you to our distinguished panel, I'd like to frame our discussion this afternoon by listing five important facts that you should be aware of. So the first, the average millennial turns 25 this year. That's quickly approaching the average age of a first time mom, which is around 26. The second point, millennials still, even though there's a lot of talk around millennial, they still represent the minority of parents. There are about 75 million children in the US. Less than half of them were born to millennial parents. We won't be able to say that in a couple of years and we won't be able to say that for about 20 years from that point forward.

When you look at the average age distribution of millennials age 15 to 35, the most populous group of millennials is actually within the age of 20 to 25. So you have this pretty rich pipeline of potential future millennial moms (inaudible). Millennials have already disrupted a lot of categories across the consumer landscape and we're trying to figure out what happens next. So we know they like to shop online. We know they like to share information on social media, they like real food, and ultimately we think there's about \$1 trillion of annual spend at stake as a result.

And finally, demographics aside, there's also a case to be made for a cyclical increase in the number of births, household formation, employment, and just as the economic cycle improves. In 2014, the number of babies grew for the first time in seven years and that number was actually a record high amongst 25 and up -- amongst women that were age 25 and up. So again, we're thrilled to be joined by a panel of executives across three major consumer product companies to better inform us on this topic. Amongst the panel, we have coverage across a pretty diverse range of topics and sectors, consumer goods, retail, ecommerce, media, and food amongst others.

So starting to your left, we have John Frascotti, President of Hasbro Brands. Hasbro is a toy and entertainment company that operates a portfolio of owned and licensed properties. Owned properties include Transformers, (inaudible), My Little Pony, Play-Doh, et cetera. It also has key merchandise licenses for the likes of Marvel, Jurassic World, and of course, Star Wars. And starting next year, Hasbro's going to be making fashion dolls for the Disney princess and Frozen franchises.

In the middle, we have Brian Lynch, who's the President of Carter's. Carter's, along with Oshkosh B'gosh, are two of the best known brands in kid's apparel in the US, in North America. The company is a supplier to major national retailers, but also operates a growing direct to consumer operation through a combination of about 900 owned stores across North America and also multiple ecommerce sites.

And then finally, to the far right, we have Chuck Vila. Chuck is the Head of Consumer Insights at the Campbell Soup Company. While best known for its soups and sauces, Campbell is also parent to millennial favorites like Pepperidge Farms, Goldfish brand, Plum Organics, and the Bolthouse brands as well. So with that, I'm going to pass it over to Jason to get the dialogue going.



Jason English - *Goldman Sachs - Analyst*

Cool. Thank you, Taposh. Great opening salvo there. I would like to turn it to your guys attention now, give you guys the opportunity to talk and give us your own perspective. I would love it if you could just kick us off with a bit of overview of what differences you see with this generation, what the related implications are for your industry, and how your company specifically is responding to both the challenges and opportunities that come with the shift. Let's start with you, John.

John Frascotti - *Hasbro Inc - President*

Okay. Well, thank you. I guess first and foremost, we think of this cohort as actually millennial moms and millennial dads because what we find is that dads want to be much more involved in child rearing than ever before, and they actually control a lot of the purchasing decision in the home. And so when we look at that, we think of it as a sort of cross gender trend. The one probably predominant trend that we study amongst this group is that clearly, they're digital natives and their lives are just defined by their interaction with digital technology.

But both moms and dads who have children are actually striving for balance in their lives, and they're striving for that work/life balance. But they're also striving for that balance between digital and more freeform play. And Hasbro is a company that markets products that are involved primarily in children's play. What we find is that today's millennial parents are somewhat torn between the amount of time their children spend on screen and the amount of time they spend off screen. And so there is a concern and attention around the amount of time that children spend digitally connected, and that impacts our business a lot because we look at certain play experiences that are clearly digitally influenced and have a digital component. But we also look at brands like Play-Doh that are totally freeform and open play.

And the last thing that's really in the forefront of our thinking around millennial moms and dads is that they are very aware of what a company stands for. They clearly use social media. They view social media and use the generated content as more reliable, more trustworthy, and more memorable than traditional media. And they're also willing to reward companies that are good corporate citizens and punish companies that are not good corporate citizens.

So that affects sort of how we behave as a company as well, and it's clearly a group that is just going to have more influence and impact as the years go on. So we spend a lot of time making sure we understand all of those sort of upfront tendencies as well as those under the surface.

Jason English - *Goldman Sachs - Analyst*

Thanks, Brian would love to hear your point of view as well.

Brian Lynch - *Carter's - President*

Thank you. Just to share some things, we've done some research, obviously, at Carter's and Oshkosh. Our primary customer is moms and the millennial mom will be pretty much our sole customer in the not too distant future. So we do spend a lot of time on this. I would say to add onto some of the things that were discussed, she wants to be a good parent. It's really important. Not that all of us didn't want to be, but she's really focused on being a good parent and socially conscious is very important to her as we talked about companies that not only are in the business of making money, but companies that are in the business of giving back and creating products that are trustworthy and companies that do the right thing.

These moms are much more diverse and inclusive. Nearly half of the babies born today are not white, they're not Caucasian. That's different than when some of us, for instance when I grew up. So that's a little bit different. So there -- they do not see color. They do not see diversity the way that some others see it. They see people as equal and think it's important to make sure everybody's treated equally and fairly. And to that, I think they do reward brands that are genuine, that are real, that aren't fake and that don't make false promises and advertise things that aren't true or put products out there that aren't necessarily natural.



Now, all that given she has very high expectations. So she kind of wants everything and she wants value, and we don't look at value just in terms of price but value in terms of kind of benefits over cost. So she does like the latest styles, the current trends and quality, and all those sorts of things, and she wants it at a great price. So she wants all those things and is generally able to discern the difference between just cheap versus quality because it's a compelling price with enough benefits and things that offer her.

She is a shopper. She's certainly a shopper. We have some statistics that 90% of millennial moms, before they get out of bed in the morning hop on their smartphone and start hitting their social media sites, and hopefully start reading some of the emails that we send her every morning about the compelling offers we have. But she does, and I don't know about you folks, I do the same thing. I think most folks do, they reach over to that nightstand and what's going on in the world, what's going on in my emails, what's going on in social media.

So she's generally a shopper. She's always shopping and that creates an environment where it's good that you can get her attention. On the other hand, her attention span is very short. So instead of planning a trip out to shop and say I'm going to go to these four stores, there's a lot of pre-shopping, there's a lot of price comparison, what the compelling offers are. Style, she cares a lot about style. She believes in our business. The way that she chooses the outfits for the children are a direct reflection of her and her ability to put outfits together and be fashionable, or cute, or what have you. And we talked a little bit about the dads. The dads are a lot more involved in the parenting. They tend to be passionate about what their sons are wearing. That's a stereotype, but they do with things like sports and what have you.

But in terms of choosing the outfits and choosing clothing, that really hasn't hit our business that much. Generally, it's still the mom that's making the vast majority of the clothing purchases and she's very deal oriented conscious in that. And we're seeing a lot of the value retailers and discounters, and people that have great value as winning. The other thing I would just mention in terms is easy. She's timed, she's a lot going on. She's working. She is much more productive than maybe a lot of folks were 20 years ago because she's using this technology tool all the time and trying to maximize each and every minute she has in terms of pre-shopping and what have you. And things need to be easy for her.

So if you think about checking out in the store when she's got a crying baby with her, she wants that checkout process to be quick. She doesn't want to wait for a receipt. She hopes that you know who you are. She wants to have things in stock. She doesn't want to be disappointed and in some cases, she hits less stores than she used to before because she's pre-shopped and she's doing more surgical strikes and making sure that she satisfies what she needs. Because in a young child's life, the beauty in our business is every three months for the first two years of a child's life is 100% wardrobe replacement. So every single thing that she buys for that child has to be replaced every three months. So we happen to like that. But that creates some time pressure on her that she's got to be out and shopping all the time, whether it's gotten hot, or it's gotten cold, or the child has grown. That's really important to her.

So I think making the experience more hassle free, integrating channels from ecommerce to in-stores and all the things that we can do for digital, and providing the right tools, knowing that she's bombarded with messaging all the time is something that she expects. And I think the last thing I would just say is trust. I think the trust is really important to her. I brought it up before but I think the kind of genuine, the real, the -- if you think about what's going on in organic food and a lot of the things that are out there, she wants to believe that she's buying something that she can absolutely trust and that's really critical to her.

Jason English - *Goldman Sachs - Analyst*

Perfect closing line on organic food. Let's turn it to food. I know you have a couple of slides.

Chuck Vila - *Campbell Soup - Head of Consumer Insights*

Just a couple of charts. A shameless plug for my company. There you go. Good afternoon, my name is Chuck Vila, Charles Vila. I represent Campbell Soup Company. You're probably familiar with many of the iconic brands, Campbell's, V8, Prego, Pepperidge Farm, Goldfish. But you might not be as familiar with some of our new favorites like Bolthouse Farm and Plum Organics, two really great brands. But all of our brands have one common purpose. They share a common purpose and that is to provide real food that matters for life's moments.



And so we're quite proud of those brands. And I thought maybe I'd just tell you a little bit about what I do at Campbell's. I'm not sure if you ever run across somebody who's in the insights field. It's -- well anyway, it's my job to understand people from all walks of life, including people like yourself. I'm out there all the time trying to understand their aspirations, their hopes and dreams, their challenges, their fears, their frustrations, their outlook on a good life, and their view on food and nutrition. And at Campbell's, we believe that understanding consumers is paramount. It's something we've been doing for 100 plus years and we believe it's the reason why we've been around for this long and been successful for this long.

So what does that mean for in terms of what I do? Well, I interact with consumers every single day in very intimate ways, very intimate settings. So I sometimes go shopping with them. I'll be cooking dinner with them. I'll eat dinner with them in their homes or outside of their homes. I'll even bar hop with them, and their friends, and their family. So that's quite -- so I truly have the best job at Campbell Soup Company, right, next to our CEO, Denise Morrison.

Lately, I've been spending quite a bit of time trying to understand the lives of six modern American families that you see pictured up here. These groups, I believe, will define success or failure for companies over the next 50 years. And millennial generation, there's about 80 million plus millennials out there. They underpin all of these consumer segments here. But the topic today is millennial moms and they are particularly connected to that group up there, single parents. About 84% of single parents today in the US are women. Okay and millennials are a significant part of that group. They're a large and growing number. Single mom households in the state are large and growing. About half of millennial moms today are single moms. Half of millennial moms today are single moms. And we can expect the number to increase rapidly over the next few years and decades.

So consider this statistic here, actually two statistics. In 1960, 4% of single moms had never been married, 4%. By 2011, nearly 45% of single mothers had never been married. And 62% of the women between the ages of 20 and 24 years old who gave birth in 2011 were unmarried. So the bottom line on single mothers, there's a lot of them. There's going to be even more of them, and they are -- they're actually in a very rough financial position. Just see if I can move this. There you go.

If you're a single mom today and you've never been married, you're on average making about \$17,000 a year raising your kids. Now, that's tough. So they're financially under pressure all the time. They're always looking for help from companies and brands like ours, and they're constantly juggling because they're having to do it all and they're reliant on family, and friends, and products, and services to kind of navigate this life that they're in. But despite their economic realities, they are an optimistic crowd. They're optimistic about their future and about their kids' future, and they sacrifice all the time to create a great life for their children.

And they're often characterized as chief worry officer. I think most moms are characterized that way, chief worry officer. But I think single moms are also the chief inspiration officer for their household and for their kids. And when it comes to food and nutrition, Jason, you want to know about that? I'm sure that's why you brought me here. They want to make the right choice for their kids every single day. But it's tough. It's tough with the economic realities. But they will sacrifice to make the right choice. And at Campbell's, we're focused on building a bond with this group of consumers, millennial moms, like we have every generation of moms before them. Our brands, Plum Organics that you see up there, and Pepperidge Farm, and Campbell's condensed soups, they attempt to engage millennial moms on a daily basis with relevant dialogue, and products, and services.

And you might be interested to note that Campbell's products are in 98% of millennial mom households today. So for us, millennial moms are amazing. They truly are. They're amazing. They're smart. They're beautiful. They're full of pride. They're resourceful and they're determined. And like their mothers and their mother's mothers, they're a group to be celebrated and supported, and we try to do that every single day.

Taposh Bari - Goldman Sachs - Analyst

Great. That's a great introduction. So I'd like to start with a question for all three of the panelists just on the idea of kind of isolating for this generation's unique values, right. So there are things like food, right. Millennials like to eat real food but I'm sure Gen Xers and Boomers also like to eat real food, right, and we're all smartphone enabled these days. So as you think about understanding your customer and this unique generation, how do you strip out for kind of some of the technological and economic factors. And is it even that important as you think about isolating for those core values? Maybe John, if you can start.



John Frascotti - *Hasbro Inc - President*

Sure, Taposh. I think one of the values that we see as being predominant in the Goldman Sachs reports, you guys talked about this a lot is this authenticity of this group in valuing brands that are authentic. And I think what's special, not just generational about this group is a lot of them grew up in a time of economic uncertainty and they've also grown up as digital natives. So the combination of going through the great recession in their younger years and being totally locked into social as a source information, leads them to seek out and value brands that are authentic and that are real. They don't necessarily need to be neat and clean, and a great story, but they have to be a real story and an authentic story.

And what they do is they look for those brands that they can be a part of as not only brand advocates, but co-creators. We know that millennials are very active online. When they love a brand, they talk about the brand. Product reviews are so important. They seek out product reviews. But even more than that, they want to be co-creators of the brands as well. And that comes from a sense of empowerment that as you said, their expectations are so high. They really see no boundaries in terms of what they can do and it's no longer about brands telling millennials what the brand stands for. Brands are becoming what the millennials say they stand for.

So the impact of social, the impact of digital, and the impact of growing up during the great recession I think leads to a group of people that are very interested in not only becoming brand advocates but becoming co-creators of the brands.

Taposh Bari - *Goldman Sachs - Analyst*

Brian?

Brian Lynch - *Carter's - President*

I think a couple things to add to that. We talked about them being optimistic. I don't want to lose the fact that they're the most educated folks out there. So they're more educated than the last generation. I think the economy has hit them a little bit more. I mean there's a prediction that maybe they will be less well off than the generation before them. But these are folks who are very productive, very efficient, and by and large much better educated than the last generation that came through. So I think that they do look for value. They do seek things out and they're looking for things that are genuine and real. We've -- they want to be part of the brands that they tend to support and they can be picked off easily. So it's important to make sure that you build a relationship with them.

And I know some things we've done even recently, you'd be amazed at just putting things out there like opportunity for people to share their child's first birthday, something we did a couple weeks ago. 10,000 images hit our website immediately within a few days. So we post stuff of people want to share their kids and how proud they are of them wearing Carter's or Oshkosh product on their first birthday. Things that you wouldn't think that they would do, but they create a relationship with the brand. Now, that's all well and good and we're very happy about that. On the other hand, if things don't go well, they're very quick to go on social media en masse and say very negative things about their experience they had with the brand, which can change the calculus very, very quickly.

The other thing I would say just in terms of -- and with some numbers quoted here, one of the things we're excited about, so I have a 24 year old daughter. The most number of people in the United States right now are people 23 and 24 years old. So we see that as kids are having or folks are having their kids a little bit later in life, they're better educated, we do see -- and we don't know exactly what's going to happen with the birth rate, but one would project that there's going to be significant more births as you go into the next few years, as those folks that are in their early to mid-20s start to go into their later 20s or approach even 30. So you're going to have folks who are educated. They're waiting longer to get married. They should have a higher disposable income. They care very, very much about their children and are having less of them. So the ones that they do have, we would expect that they would spend significantly on those individuals.

So that's something that we take a look at and make sure that we create a relationship with them. And I think the other thing is kind of the testimonials where we have, on our sites, I know you see those on a lot of sites, guys, of folks commenting on a product that they like or they don't. Is it three

stars, four stars, five stars. Those things are very, very powerful and I know even if we shop, or if I shop for a television or something that's important, you take a peek and say what do other people say about this product before you buy it.

And even in apparel, where people are spending \$10 or less on most of the things that we sell, that's a very powerful tool. We can see the clicks of people going through and checking of what other people say, and the probability of them actually transacting on that product goes up exponentially when there's more five star ratings than there are, for instance, four or three star ratings. So she's smart, she does a lot of research. She does it quickly, mostly on her mobile phone and she wants to make educated decisions.

Chuck Vila - *Campbell Soup - Head of Consumer Insights*

So I agree with all of that. We're seeing the same thing in food. I think the one point I'll add to it is they do gravitate to brands that they feel have shared values, they share values in. But they are expecting you to be incredibly transparent with them about your -- in our case, about food and beverages. But it could be any product or service that's being provided. They want to know when it comes to food, they want to know where their food comes from, what's in it or not in it. How is it made. And what does it do for their bodies or their children's bodies at this time.

And so transparency is incredibly important. In fact, we recently launched what we think is an industry leading website, whatsinmyfood.com, to help our consumers understand more about our points of view and to help them, educate them about their food choices. And they're also looking for different types of experiences. Remember, their kids, these are millennials themselves, they grew up on sushi and Mexican, right. I grew up on pizza. It's sushi and Mexican. And so their kids have an equally expansive palette or at least they have the desire for their kids to have that. And so there is a lot more openness, generally, to millennial moms, to millennials generally, but also specifically as it relates to food with millennial moms. So they're looking for authentic experiences. Something -- maybe traditional favorites with a twist, but something different.

Jason English - *Goldman Sachs - Analyst*

As a food analyst, I have this big appetite and hunger to come back harder on that line of questioning but I'm going to be a little bit reserved here and stay higher order first. Because I heard a few things that -- some commonalities between what you guys said. Spending power, important, restricted right now but as households grow this cohort is going to be incredibly critical to capture a fair share of wallet.

I also heard things like establishing awareness of brands is becoming a lot easier through vehicles like social media and establishing credibility of brands is becoming a lot easier through social advocacy, through testimonials, et cetera. A brand you may have never heard of, you can get quick awareness and quick credibility through that.

Effectively, this is bringing down the barriers to establishing brands in the industry, in each of your industries and it sounds like the recipe for fragmentation on a go-forward, especially when you combine it with proliferation of ecomm, the infinite shelf, et cetera, et cetera. How do you fend off against fragmentation, against startups, et cetera, and maintain what you think is your fair share of that growing pie?

John Frascotti - *Hasbro Inc - President*

I think part of it comes from continuing to reinvent and reimagine your brand, and connecting with consumers in an authentic way. And today's millennials, I think they have a general distrust of government, for example. And so one of the things, I think they look for businesses to do, and corporations to do is to be good corporate citizens and to be advocates of social change. So one of the ways to stay relevant for this cohort, even if you're a large brand, is to be very socially active and to be a corporate citizen, and to do those type of things in terms of corporate philanthropy, environmental sustainability, safety of products. Environmental stewardship is incredibly important to this group of people. They believe that their parents have ruined the environment and they need to save the environment.

So it's all those things together. I think generally speaking, I don't think it's as important to millennials how old a brand is or how long it's been around because they are so influenced by social and by what's happening. But I think it is important for them to understand what's behind the brand, what it stands for, and what it's doing.



Brian Lynch - *Carter's - President*

I think I'd add that I think evolution is key. We've got two brands. One is 150 years old, one is 120 years old. And if you just even go back 10, 15 years ago in Carter's, for instance, most of the clothing was pastel pink and pastel blue. Some would say your father's Oldsmobile, for instance, and that product sold really well. As the demographics changed, more children were born with different skin tones and different nationalities. That creates a different level of desire of people to have things like brighter colors or things that look different on different skin tones.

So evolving our company, a lot of it came down to the product, actually involving the style. So the authenticity, and the heritage, and the trust from high quality product that performs day in, day out, that's well priced, all sorts of things. But the style evolved a lot actually and we've had to evolve quite a bit, and we're proud of that. But because you want to appeal to a broader group of folks. So I think the important thing is to evolve, while still having a consistent brand experience, while still making sure that you stay true to your principles and that the things that you're known for decades ago are still -- that the under pillars of the brand are still very critical and ensure you're performing on those each and every day, while you evolve to make sure that you're relevant for what people want today.

And I think that's a tough balance but I think you can do both and the three brands you have up here are brands that have been around for a quite a while and do things probably quite differently than many years ago based on the different ways, whether it's play or whether it's food and state, or whether it's the way that people -- the apparel that people want to adorn their kids with.

Chuck Vila - *Campbell Soup - Head of Consumer Insights*

So in the case of food, one thing that's timeless, even for our parents and for generations today is people want really great tasting food. And today, they want -- millennial moms increasingly want, as you said, a real honest, authentic experience. And it's still got to taste good. It's got to taste really good and so the bar is pretty high for them. And I think in our case, what we have been doing and continue to do is continue to offer not only different types of foods across all of our Campbell's brands, but also enhance the quality of the food that we are providing to our consumers so that we can give them the types of experiences that they want.

Taposh Bari - *Goldman Sachs - Analyst*

I want to make sure that we have an opportunity to let the audience ask a question. If you have a question, feel free to raise your hand and we'll get a microphone over to you. In the meantime, while we poll the audience, I want to ask a question about -- is there a question.

Jason English - *Goldman Sachs - Analyst*

We've got a couple.

Taposh Bari - *Goldman Sachs - Analyst*

Okay.

Jason English - *Goldman Sachs - Analyst*

We can go to yours.

Taposh Bari - *Goldman Sachs - Analyst*

That's okay.



QUESTIONS AND ANSWERS

Unidentified Audience Member

Just some question about segmentation of this group because I heard from one source that says these guys are very well educated. They're waiting longer to have kids. And they have, as a consequence, have higher disposable income. To the other side, I heard, well these guys are strict in terms of cash. The family's fragmented and 45% of the households are basically single moms. So it looks to me that there is one subgroup that's doing very well, it's likely to do very well. It's better educated, it's higher income. And there's another subgroup that has no cash, no money, and is in need of some sort of differentiated (inaudible).

Do you guys differentiate between these two subgroups? Are there two subgroups that need different propositions and should you respond to that?

Chuck Vila - Campbell Soup - Head of Consumer Insights

So yes, if you just take the broadest cohort, which is millennials, right. We can sub segment into millennial moms, but listen, millennials have had a tough go at it after the great recession. Lots of their hopes and their dreams have kind of been dashed. There's a lot of them that are still reliant on assistance, principally from their family. So there is groups, pockets that are doing well and that's wonderful, and then there's lots of them that are doing okay. So there is segments within that, and I think the opportunity when it comes to millennial moms is to understand which group of consumers you're most targeting and how to deliver value to them in the appropriate way, whether they have a little extra cash or whether they don't.

When it comes to food and nutrition, millennial moms will not sacrifice on food and nutrition for their kids and for themselves.

Brian Lynch - Carter's - President

I think we've got some of those same dynamics in apparel. Obviously, a mother's worst nightmare is a cold child. So I can tell you that every time -- it was 93 yesterday in New York, so it hasn't happened yet. But as soon as it gets cold out, I can tell you she goes out very quickly and replaces 100% of the wardrobe for that child because last year's stuff doesn't fit anymore. And she will sacrifice anything on her own to make sure -- I think after food and housing -- that that kid is well dressed and has the clothing that they need.

In terms of segmentation, we do do that. For instance, we use some analogies today in some of the groups we met with. There's children's apparel companies that try to sell \$40 pants. You can buy four of our pants for \$40. So there's a lot less revenue done at that level. So but we do segment. We have one brand for most of the channels we sell into. We have different brands that we sell into, for instance Target and to Walmart, and to the mass retailers, and it's a different value proposition that's needed to sell into those channels of distribution.

So there is different segments and things. On our own ecommerce site, we have some other higher end product that maybe we wouldn't necessarily sell in certain other channels of distribution. So I do think it's important to have what she needs based on the channel that she's in. The key, no matter what the channel is, is value. She has got to see value. And although several of them are strapped today, we do believe given that they're more educated than any other generation, that over time that she's going to want to make sure that she has quality products and that she will spend her disposable income on her children given that she's going to have them. Which we've got 4 million beautiful babies born last year and we do expect that that number is going to go up over the next few years.

Taposh Bari - Goldman Sachs - Analyst

Is there another question in the audience? A question right up here in the front. It's right behind you.



Unidentified Audience Member

I just have a quick question. Brian, you talked about the social media aspect of dealing with the millennial customer and how they're extraordinarily active on social media. Can you get a little bit more detailed in what's happening on social media, what are the millennial's favorite social media channels and how do they use them, and how does that help you with your marketing. Does it actually translate into business? And that you can discern, I know marketing in general can be hard to nail that down. But I'd love to hear a little more detail about the social media aspect of your marketing. And how do you squelch the negativity when it surfaces? What's your approach?

Brian Lynch - Carter's - President

Two responses. Social media, I think where that's become very important for us is to communicate things that if you're sending an email to somebody or you're looking at Windows, or you're looking at a Sunday circular, price has got to be a key part of that message in order to generate a response or traffic. Generally, there's got to be it's a sale, it's a price, it's a deal, it's some sort of promotion. What social media allows us to do, and I think a lot of folks, is to build more of a relationship with the customer. So a sense of style, new product that's out, new collections, what's important for the season, what details are important. Some educational things about new moms, what they need. You need to buy X number of -- you guys know, people think they need a couple outfits. No, you need about six outfits a day for the first few weeks.

So a lot of folks don't know that. So there's lots of things that you can do from a social media standpoint to educate. Moms love Pinterest. They love to pin things that they think are cute and show their girlfriends, which means they're a little cooler and they have a better sense of style, at least so it goes. So I would say that we use -- we have a lot of interaction with them about their children. Again, you would not believe how many people want to put their Halloween costumes from Carter's on their kids and take pictures, and put them all over social media of how happy and proud they are. Or the first day of school, she takes a picture of a kid every year on their first day of school for the first 16 years of that child's life, and wants to catalog that and show that to all her friends, and Facebook, and what have you.

So social media is incredibly powerful. Again, it's a double edged sword. When things are good and people like your product, and you're delivering on your promises, and you have a great relationship whether it's great. When it's not, it can go the other way. We haven't had a lot of those instances, thank goodness. But I think you've got to be genuine and real. Somebody asked me the other day, when you get a bad product review online, you take it down, right. I said no, absolutely not. You can't do that. Otherwise, they're never going to believe the five star ratings if there's no two star ratings or one star ratings. And there's always -- once in a while there's an issue that you don't want to happen. If it does and something has a negative review, usually we'll hop on and comment on it, thank you for the feedback, what have you. But you've got to keep it balanced and show, just like a lot of use a Trip Advisor for instance, if every hotel was five stars we wouldn't believe it.

So I think that's important. But we are spending a lot more time and money on that to engage her prenatal, through the child bearing ages, and as she's communicating with her girlfriends and other moms. There's a significant amount of mommy bloggers out there that are very influential, influencing all sorts of things that she does and that's a real powerful group that we build relationships with and help them think through what's important.

Taposh Bari - Goldman Sachs - Analyst

Great. Thank you, Brian, for that answer, Brian. We've got time for about one more question. I'm just going to wrap it up with this one. I've heard a lot of about authenticity and loyalty, and potential risk of fragmentation given the lower barriers to entry that digital, and ecommerce, and social media present. As you think about -- all three companies represented here, you all sell wholesale. So as you think about, and Carter's also sells directly to the consumer, Hasbro's got some direct exposure online, but as you think about this customer, you're obviously trying to market authentically through that function. But is there a need or a desire to take more control of the actual transaction? So as you collaborate and work with your retail partners, are you trying to kind of have more influence over the shopping experience, over the transaction in order to create a more -- afford you more authentic bond with that customer?



John Frascotti - Hasbro Inc - President

From our perspective, we don't think it's that critical to control the transaction but we do think it's critical to control the relationship, or at least influence the relationship and to be thought leaders for that millennial mom. So just for example, we think one of the central dilemmas that today's millennial parents have is how much time their kids should spend on screen versus off screen. We have all seen [rocket] to a restaurant. You see a family of five. Everybody's sitting there on their device. And we know from our research with millennial parents that they are concerned about really raising disconnected, connected kids. So one of the things we've done is we've partnered with Boston Children's Hospital, it's affiliated with Harvard Medical School and their Center on Media and Children's Health, to really do a study of play and understand the interaction of our oversaturated digital world with play, and the attraction of media and play.

And the question is why would we do something like that. We basically do it so that we can continue to be that trusted source of information for today's millennial mom. As Brian correctly stated, they want to be great parents and by us helping them to be great parents, we don't necessarily control the transaction but we're additive to the relationship and we are a trusted source for a group that's seeking trusted sources.

Brian Lynch - Carter's - President

I would just say that we don't feel a need to control a transaction. We like to be -- have our brands exposed at every place mom wants to shop for young children's apparel. What we do spend a good amount of time on with our wholesale partners is trying to have more control over the brand experience, the brand presence. So whether it's supporting wholesale customers with fixturing, with displays, with advertising for instance, a baby sale and helping them with the collateral on the images. And also, helping them online and making sure that their websites look great. We have spent a good amount of time with ecommerce teams with a lot of our wholesale partners to provide consulting in terms of the graphics, and the images, and the landing pages, and how people search for children's products. So I would say that would be our point.

Chuck Vila - Campbell Soup - Head of Consumer Insights

Ours is the same way. It's not about controlling the purchasing of it as much as the experience and ensuring that you have this direct interaction with the consumer in terms of a dialogue about their life and how our brands can fit into their lives in a meaningful and relevant way.

Taposh Bari - Goldman Sachs - Analyst

Great. Well, we're out of time. Please join me in thanking the panelists up here for a great presentation. Thank you.

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