

Campbell Closing Plants As Soup Consumption Falls

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NEW YORK (AP) — Campbell Soup Co. is closing two U.S. plants and cutting more than 700 jobs as it looks to trim costs amid declining consumption of its canned soups.

The world's largest soup maker said Thursday that it will close a plant in Sacramento, Calif., that has about 700 full-time workers. The plant, which makes soups, sauces and beverages, was built in 1947 and is the company's oldest in the country. That also means it has the highest production costs of Campbell's four U.S. soup plants.

Campbell also plans to shutter a spice plant in South Plainfield, N.J. that has 27 employees. Production will be shifted to the company's other spice plant in Milwaukee.

Employees at the two closing plants were notified that there would be a meeting at 6 a.m. local time Thursday; about 400 workers showed up in California, where they were told of the closure.

"It's always difficult, even when there's a business case that is compelling," said Anthony Sanzio, a Campbell spokesman. "You're dealing with people, and this is going to impact 700 employees who've worked together closely for many years."

CEO Denise Morrison, who was been on the job for about a year, was not present at the meeting.

The announcement comes as Campbell looks to freshen up its image with dozens of new soup flavors and sauces intended to lure younger consumers. Many of the new products come in pouches designed to convey a fresher feel, rather than the iconic steel cans that have long defined the company.

Those new pouches are manufactured with another party and are not made at Campbell's soup plants.

Although Campbell makes other products such as Pepperidge Farm baked goods and V8 vegetable juices, soups account for half its revenue. And the Camden, N.J.-based company has struggled to fix the soup unit.

Over the past decade, overall canned soup consumption is down 13 percent, according to the research firm Euromonitor International, as fresh soups have become more widely available at supermarkets and restaurants. Campbell's share of the market has also declined to 53 percent, down from 67 percent a decade

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To expand into products with more growth potential, Campbell this summer purchased Bolthouse Farms in a \$1.55 billion cash deal. The company says the move will help it stake a claim in the fresh packaged food category, which is growing at a faster clip than the broader packaged food market.

Campbell Soup has about 19,900 employees globally. The company said the California plant is expected to close by July 2013 and the New Jersey plant by March 2013.

The company expects the closings to result in about \$115 million in pre-tax costs. Its actions will also require about \$27 million in capital spending.

Annual savings are predicted to be about \$30 million starting in fiscal 2016.

Shares of Campbell fell 11 cents to close at \$34.75 Thursday.

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