The Third Dinner Meeting of the 2019-2020 Program Year was held on February 10 at The Palmer House Hilton Hotel, featuring Mondelēz International Chairman and CEO Dirk Van de Put. As is tradition for the third dinner meeting, members of the Chicago Consular Corps were recognized at the dinner as well as the Club’s new members.

After Mr. Van de Put provided brief remarks, he joined Club Chair Debra A. Cafaro for a seated Q&A. Below are excerpts from the evening:

**On the company’s background…**

“We have a long history that stretches back many years and we have an established portfolio of brands. Some of our brands like Cadbury are more than 100 years old. You must know several of our brands here in the U.S., Oreo, Ritz in Europe, Cadbury, Milka. They’ve been around for a long time. Over the years, as we grew, we have acquired many local brands. So as you travel the world, a lot of the locally known brands are also ours. These brands are what we call taste of the nation. […] Despite our history and our strong roots, we are still very young as a company. In fact, we are seven years, five months and 10 days old today. In October 2012, we spun off our former North American grocery division called Kraft Foods to become Mondelēz International, a high-growth global snacks business.”

**On Mondelēz in the global food industry today…**

“Every single day, 125 million consumers around the world enjoy our biscuits. For Americans, I was told a biscuit is a cookie. So to that perspective, it’s about filling up Soldier Field 2,032 times every day. And I’m not even talking about our chocolate, gum or candy consumption around the world. As we begin a new decade, it’s a fascinating time to be in the global food industry. There is an ever-changing set of opportunities and challenges facing our business and our industry. As you probably know, consumption patterns differ from one country to another based on local culture, customs, preferences, taste and availability of resources. That is getting stronger and stronger these days. Local and national pride is becoming really important even in food. You probably also know that GDP growth or rapid urbanization and rising income levels are leading to a growing middle class around the world. That is increasing the consumption of snacks and convenience foods. This rapid change is particularly noticeable in emerging markets like Brazil, China, India, Mexico and Russia. For us, emerging markets represent 37 percent of our business and growing.”

**On the ways consumer preferences are impacting Mondelēz …**

“Consumers are evolving very fast in the way they make decisions about what and when they eat, and also where and how they buy. All this has created massive disruption in our industry. For instance, in our own business, we’ve seen more consumers making purchase online and now our e-commerce sales around the world out of the 26 billion are approaching one billion. In China, already 15 percent of our sales are
all through online sales. Partners like Alibaba and JD.com in China or Google and Amazon here in the
United States have become critical for our business.

Another way that things are changing is the way people access information about food. There is a
proliferation of media, traditional and social. There are many more ways to communicate with consumers
which shapes our communication and our ways of working and also has significantly increased the cost of
advertising. There’s also a democratization of influence taking place. And this is influencing who
consumers trust and who they get their information from. In the old days, we would just put out a TV
advertising, these days we need to collaborate with an array of mega, macro and micro influencers on
social media. So we must connect with our consumers in new and more personal ways.

Another big disruption in our industry is the consumer interest in what's going on with the environment.
You've all seen and heard the stories about plastics, the discussion around palm oil, food waste and so on.
That’s very heavy on today's consumers minds.

Another big disruptor is health and wellness. Eating right is a much bigger concern today than it was 10
years ago. As a consequence of all this, our relationship with food and our expectations of brands are
changing, particularly for millennials and generation Z. Food has become increasingly a proxy of their
values. What and how you eat has become a reflection of who you are.”

On Mondelēz International’s presence in Chicago, in Illinois and the Midwest…

“While the new office in Fulton Market will house about 350 of our headquarters employees, we do have a
much bigger footprint in and around Chicago just beyond our headquarters. Every Triscuit that's sold in
the United States is produced in Naperville, Illinois. Triscuits are made with only three ingredients;
wheat, oil and salt. We source all our wheat for Triscuits from five family farms in Michigan. In only
about eight hours when the wheat arrives to the factory, we have freshly baked Triscuits. […] We also
have another bakery on Kedzie with more than 600 passionate makers and bakers. They are producing
24/7 Nabisco cookies and crackers. One of the brands that we make there is Belvita, the morning snack
that gives you lasting energy. Finally, if you are ever out near Rockford, Illinois, stop by our gum plant
and ask them for a pack of Trident, our chewing gum. Since 2012, we've invested over half a billion
dollars in our plants in the United States, and that includes of course our factories here in Chicago.”

On the global state of snacking study recently conducted by Mondelēz …

“Today, six of 10 adults around the world prefers to eat small little meals during the day versus larger
meals. For millennials, that has jumped to seven out of 10 that prefer to eat these little bites. In fact,
snacking has become so integral on the way we eat that 61 percent of us say that they cannot imagine
their life without having daily snacks. And a third of us rather give up social media than to miss out on
their daily snack. Oreo over Twitter.”

On the changes the company has made since its strategic overhaul in 2018…

“You all know the saying that culture eats strategy for breakfast, and everyone in this room has likely
heard about the discussion around the purpose for companies. At Mondelēz, our new purpose is
completely linked to our people, our planet, and our profits. I believe strongly that the depth, the power
and the importance of purpose to an organization cannot be overstated. While we launched our new
corporate strategy in 2018, we anchored our plans and our ambitions in a unique purpose for Mondelēz to
empower people to snack right. […] We encourage mindful snacking habits, which means that we want
consumers to savor every bite and experience with more satisfaction what they're eating, and basically,
control how much they are eating because this helps to avoid overindulgence. We've committed that by
2025, 20 percent of our portfolio will come from portion-control snacks, i.e., snacks that offer less than 200 calories, and 100 percent of our products will have mindful snacking messaging on the pack.”

On his leadership philosophy at Mondelēz …

“I'm a big believer in decentralization, in giving local teams the power, empower them and the possibilities to make the right decision for the consumer locally. I do realize it's not the same in every business, but in food where it's largely about local tastes and local cultures, you really need to make sure that your local teams can make the right thing happen. I think with that mindset, which I strongly believe in, that's what I try to push in on Mondelēz. I always say we turned the pyramid upside down, we were very centralized and now we're very decentralized as a company. I think that was the story I brought with me in previous companies and when our board heard that, I think they believed that that could make a real change for the company.”

On challenges faced in emerging markets like India and China…

“In India and China, there's a number of factors playing a role. First of all, continuously more and more consumers are becoming economically active. They're entering sort of the trade. So that increases the consumption. Then they are discovering prepared foods snacks while they would traditionally do much more home cooking and so on. So that is causing an acceleration. Then for us, a big part is distribution. We are already in 1.5 million stores in India but we need to get to three, four million stores. We are running a massive distribution operation to get Cadbury chocolate in every single store in India.”

On the challenges faced in the United States…

“In the US, there's a massive shift happening from traditional supermarkets to online convenience, the green channel. So you need to change your whole supply chain, also your packages, your prices to adapt to those channels. That's one of the big areas we can grow. Here [we] grow through adapting our marketing approach much more. I was talking about the purpose of the brands. Oreo is a brand, it's the number one food brand for millennials and generation Z in the US. It needs to be constantly Instagram-able, if I can say it like that. So we need to do every month something that they want to take a picture of and send to their friends and show that they have it or they were the first or they have experienced it. It's a different way of marketing the brand. Then we need to do a number of things in the background like the recyclability of our packaging and so on.”

On the reasons behind the Mondelēz headquarters move to Chicago…

“No, it was self-initiated for two big reasons. The first reason is that, as I was explaining, the consumer is really changing. You probably have all seen it. Millennials and generation Z are fundamentally different from the generations before. The way they look at food, the way they look at brands. […] We are a company that needs to understand consumers in depth and sitting in Deerfield and watching a car park is not exactly going to help us. […] Being in Fulton Market, you go out, you see today's consumer. What they think, what they eat, what they're interested in. I think it's very important for us. The second reason is that we're young, but we're also old. We used to be part of, or we were joined with Kraft, one of the oldest food companies in the U.S. that brings with it, a certain culture, a certain way of doing things. I don't know if I'm allowed to say, but a bit-stale, a little bit bureaucratic. In today's world, speed is everything. We want give a little bit of a jolt to the company culture around the world, but you have to start in the headquarters.”

On whether he considers Chicago a global center for food innovation and manufacturing…
“I think, seeing the whole history of the city going back to last century, the whole agriculture that was surrounding the Midwest and the role that Chicago played, and that runs through the city. More recently, I would say there is this culture of food, the restaurants here in Chicago are to my opinion, the best you can find in the U.S. It’s really ingrained in what young people want to do and you can feel it. On top, it helps to have several major multi-national food companies headquartered here which leads to a pool of talent, a pool of suppliers that are all here in the city. So, Chicago really is a Mecca for the food industry.”

On the changing nature of competition within the industry…

“I would say the supply chain has become accessible for many people. If I know how to make a good cookie in my kitchen, I go to the farmer's market, it starts to sell […] if that starts to move, now I need to produce more. I can find very easily these days, somebody that can do that for me at a reasonable cost. I get on social media and before you know it, I got a little business going. And there's a lot of people that are doing that these days. In a way, food has become sexy for millennials and for generation Z. There's a lot of start-ups in food. So how do you compete with that? They take huge chunks of the market. The way we look at it, is try to invest in the ones that we think that have a lot of promise early on, take a minority share in them and then accompany them as they grow […] For us at our size, a company that reaches $10 or $20 million in sale is really not important. We need, $100, $200, $300 million. Over all those smaller companies, there's only a few that will get there. You try to understand what has the potential to become really big.”

On whether the company has a responsibility to the consumer in supporting healthier snacking…

“Contrary to belief, we are interested to make sure that consumers eat the right way. It's our belief that indulgent snacking can be part of a balanced diet. But we're much better served as an industry and as a company with consumers that are mindful about that and that understand it, versus having an obesity epidemic that will lead to taxation, all types of issues. That is not good for us. We have all the interest in the world to help educate consumers, particularly children on how to eat the right way and understand how certain indulgences can be part of that, but in moderation.”

On the company’s goal to have 100 percent recyclable packaging by 2025…

“In our case, it's relatively straight forward. We are already at 92 percent. It's a particular product with a particular packaging – it's called Tang, the powdered beverage, which we are not the ones that sells it in US, but in the rest of the world, it's ours. It needs to be protected in a certain way and it's a material that doesn't really allow itself to be recycled, but we're working on a technology. So it's a technology breakthrough that we need to make that happen. […] In the recycling, you have to think of two things, is the packaging recyclable? And is the infrastructure available in every city around the world to really recycle? The bigger problem is in the second part. Many cities are not in a position that they are able to recycle the different parts of the waste stream. And in our plastics, wrappers as well, that is the biggest issue. Most cities do not have the installation to do so.”

On how he went from a veterinary degree to business…

“I was scientifically-oriented, medically-oriented. And when we started the pirate radio [at college], it was the first time that I really was confronted with working with people, it was a mini-business doing strange concerts. And in the end, it became a legalized business, and we had employees, we advertised, and became a mini enterprise. That opened my eyes, I said, ‘This is a lot of fun. This is different from working with cows and horses.’ And so Mars was looking for a veterinarian who could be the head of their PR department. There was only had one veterinarian in Belgian who had done a little bit of radio, so
I was the only one that they really could go to. That’s how I ended up in business and I never looked back basically.”