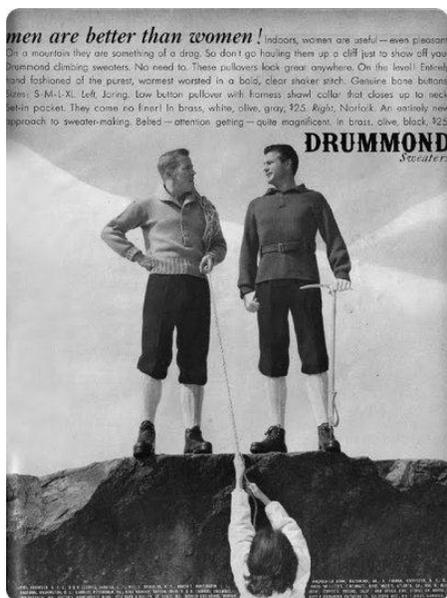


Sports Business Journal Game Changers Conference
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September 10, 2013

Thank you Jenny [Storms] for that introduction. If you don't know, Jenny used to be a competitive skier. She once said that Picabo Street "skied her off the mountain." So I'd like to personally thank Picabo for that—because I don't know what PepsiCo would do if she were on the slopes instead of working with us.

I'd also like to thank the *Sports Business Journal* for organizing this inaugural conference. I'm seeing a lot of friends, colleagues and partners in the room today. I'm so glad we've all been able to come together and talk about the role of women in sports—an issue that's important to me on both a professional and personal level.

When I got the invitation to speak here, my mind instantly turned to an old ad from 1959, that a friend, of course, a much, much older friend of mine showed me. The Drummond Sweater Company ran this ad in *Esquire* magazine.



As you can see, it featured two strapping gentleman on top of a mountain, proudly wearing a new line of climbing sweaters—and a woman, grasping a rope, struggling to join them at the summit. The copy here reads, "Men are better than women! Indoors, women are useful—even pleasant. On mountains they are something of a drag!"

That was only 54 years ago. Yes, times have changed—belted sweaters for men and attitudes like that towards women have gone out of style, and women have never been more active in sports. But when it comes to how sports are presented, marketed, and sold to women, we all have more evolving to do.

Today, I want to talk about the extraordinary business opportunity we have in front of us. Women are more involved in sports than ever before—whether as athletes, fans, or consumers—and those numbers are going nowhere but up.

Then, I'll take a look at what has traditionally been problematic in our collective approach to engaging women through sports—why in many instances, we haven't truly captured the hearts of female consumers.

Finally, I'd like to examine what we still have to do to more fully engage women. While we're making progress, we've got a long way to go to embrace women through sports in a holistic, rather than superficial way—and there's a huge economic value in doing just that.

In my view, the key lies, as it does with other powerful consumer groups, in taking the time to understand the specific needs and desires of women. Women, not as a monolithic bloc, but as fans, coaches, athletes—and designing for those specific needs.

When you do that, these products and services, combined with an authentic messaging strategy, will result in an absolute transformation of a market that has, for too long, been underserved.

I think this authentic approach holds the power to unlock a fantastic growth opportunity for all of us, and increased satisfaction for our female sports consumers.

But first, let's talk about the size of the prize here. According to a recent Harvard Business Review blog, globally, women control \$20 trillion in consumer spending and represent a growth market more than twice as big as China and India combined. And sports are holding their own when it comes to commanding share of that growing female market.

We all know that women's interest in sports has been increasing at an unbelievable rate over the past four decades. And it's not just the Williams sisters or the WNBA—it's everything.

This is a sports conference after all, so let me back up this statement with some stats.

Female participation in sports has increased ten-fold over the last forty years. More girls play soccer now than played all sports forty years ago.

Across the spectrum, there is near parity for total athletic participation. Of all U.S. adults who regularly engage in recreational sports, nearly half are women. And female participation is climbing at a faster clip than men.

Women are not only playing more sports, they're also increasingly participating as fans.

The number of women watching the Super Bowl from 2000 to 2011 went up by more than 34%. And it's not just the big game women are watching. Over the course of last year's NFL season, there were 80 million female fans!

Women's fandom stretches across different sports—for example, 36% of NASCAR and hockey fans are female, and it's 43% for baseball.

Along with watching from the comfort of their own home, they're showing their true colors at the stadium. In a survey, 40% of people interested in purchasing season tickets were women.

They're also actively joining the conversation about sports. Among the major U.S. sports leagues, women make up 36% of Twitter followers and 43% of Facebook fans.

Of course, women are huge sports consumers too.

Half of the shoppers on the NBA's online store are women. And the NFL says that women's jerseys are the league's fastest-growing consumer business. Across eight major U.S. leagues, women spent nearly \$1.3 billion more on sports logo apparel in 2012 than they did the year prior.

And it's no wonder that women are buying! I love all the options that are available now. Celebrities Alyssa Milano and Kristin Cavallari are designing sports apparel for style-conscious Millennials. Online, you can get everything Yankees—from a bathing suit to a pair of furry boots. NHL-licensed women's merchandise is now available at Nordstrom's, Saks Fifth Avenue and Bloomingdales! And just last week, Cover Girl got into the game, announcing team-inspired nail looks for all 32 NFL teams.

What if we took what we've learned from sports apparel sales—where women are at the forefront, not an afterthought—and extrapolated it to how we approach a wide range of athletic goods, services and experiences? What is the new economic reality that we could create?

There's no doubt about it: women are invested in sports, and they're making the purchases to show it. But are sports—and those of us in businesses adjacent to sports—invested enough in women?

The women in this room and those who are being honored as Game Changers are part of a generation of trailblazers when it comes to women's sports. But we still have a lot of work to do when it comes to female representation at the highest levels of sports and sports business.

Right now, women are 44% of head coaches...of women's teams! Women make up only 17% of athletic directors at colleges and universities. Across the major sports leagues, there are zero female GMs. It's a dismal state for women as assistant coaches, ADs, team presidents and senior executives of leagues. Female refs and umps are viewed as a novelty.

Of course this is not unique to the sports world. This lack of women in leadership positions is a problem that can be found across business. Women hold only 21% of senior management roles in companies globally.

But in a 2011 survey, 54% of respondents believed that women face more challenges achieving success in the business of sports compared to other industries.

Why does this matter?

While I respect my male colleagues, I think the group that can best provide women with the holistic and meaningful experiences they want, is women. That recent Harvard Business Review blog pinpointed the opportunity.

Most companies target women as end users, but few are effectively utilizing female employees when it comes to innovating for female consumers. When women are empowered in the design and innovation process, the likelihood of success in the marketplace improves by 144%!

Think about what a shift this is from the way we have historically created products and services in the world of sports. I think we can safely say that when we've looked to reach consumers through sports, we've viewed it through a man's perspective. And collectively, we've done an incredible job of catering to men's every need and want as part of their experience. Every angle is covered: how they like to watch games, how they talk about sports with their friends, how they want to receive their sports news, and of course, what they want to eat and drink as athletes and spectators.

When it comes to women, there has been a tendency to define women in sports in the context of their relationships—they watch games because their husbands watch. They're interested because their kids play a sport. They buy tickets to a sporting event because it's a way to spend time with family. Those relationships may be real, but they are not all-encompassing.

And because of this, we haven't given them an authentic experience. Too often, in very simple terms, we have been "pinking and shrinking" the man's experience to fit a woman.

So the incredible growth opportunity for us is to go through the same rigorous, 360-degree process from the female perspective. We need to understand women as they are—as players, coaches, captains, athletes. They're fans—casual and diehard. They drop off their children at practice, and they join their own weekend league. They pick up clothes, and play pick-up games.

All of these groups require a different product, and different messaging. Women don't all share the same relationship with sports. We need to authentically engage all sorts of women who participate in sports—rather than view them as one monolithic bloc.

We've known for years that when dealing with a powerful consumer segment—like Hispanics, or Millennials—we have to approach them authentically. Merely translating an English language ad to Spanish and airing it during a soccer game doesn't work—neither does just coming up with some hip new Twitter hashtag.

What works is creating products and campaigns for consumer segments that connect with them on a personal level. That happens when we've gone out of our way to understand their needs and desires, and designed specifically for those.

Designing and innovating for those different segments requires the involvement of every part of your business.

At PepsiCo that includes strategy, R&D, packaging, marketing, digital—all aligned toward a common goal of meeting the distinct needs of the defined consumer group. Let me give you an example of how we did this to build one of the world’s strongest sports brands—Gatorade.

This is a brand that has always been, from the moment of its conception, about fueling athletes. It was developed in 1965 at the University of Florida as a response to the dehydration problem that was impacting its football team’s performance. I’m sure many of you know the rest of the story—after the Gators began drinking this new beverage they called “Gator-ade,” the team began to win, showing an ability to outlast their opponents on hot Saturday afternoons—and that’s how the drink got it’s now famous name: Gatorade.

And over the years, through our Gatorade Sports Science Institute, we’ve gained incredible insights into athletes, providing them with new options based on our greater understanding of what they need to perform.

A few years ago, we decided to take a fresh look at what Gatorade was all about—fueling the athlete—and at what it was that made an athlete tick throughout the stages of competition.

We were maniacal in our research, interviewing athletes, scientifically studying them, carefully watching their tendencies. And we came away with a deep understanding of exactly what it was they needed to fuel their performance.

It was those insights that led to the development of Gatorade’s G Series. We realized that an athlete before her warm-up, is different from an athlete during the game, which is different from an athlete when she’s done playing—and has different physiological needs during those phases.

So we didn’t develop one product, we created three—Prime, Perform and Recover, to fuel the body at all stages of performance.

The G Series meets the needs of women—as it does for men—because it meets their needs as athletes. No pinking and shrinking. No assumptions based off antiquated evidence. Just good design and development that focuses on wants and needs.

And once we develop that offering—we have to execute on it. For PepsiCo, this means marketing and retail. I believe that execution is an area that my company, as well as the sports business community, have made tremendous strides in.

When it comes to reaching women in sports in a powerful and authentic way, I see a transition away from Drummond Sweater ads, towards a marketing strategy grounded in attitudinal and behavioral understanding—one that values an authentic message.

Let’s take a look at how we speak specifically to women—an important consumer group for our Gatorade brand. http://www.youtube.com/watch?v=263Dfl4Gx54&feature=c4-overview-vl&list=PLYHB_K45JmFp_YbpngWB2x9Wxmr1cxVzd

What's important about this ad is not that Abby Wambach is a woman, but that she is an athlete—just like Peyton Manning or Kevin Durant. We see her talent, her drive, and her ferocious competitive spirit. This ad is an acknowledgement that women have—and indeed, thrive on—these characteristics.

And when women see this spot, they see Abby as an athlete—and that's why they connect with her.

Good marketers throughout the industry are using this thinking. Oakley has an entire campaign for performance wear that speaks to women as athletes—not in stereotypical roles as wives and mothers.



There are also some ads from Bud Light that I think communicate exceptionally well to female fans. Not as loving their husbands' sports, but as passionate, hard-core fans themselves.

<http://www.youtube.com/watch?v=8YBGtoFYPe0>

Again—there is no mention of female fans being “different.” They're right alongside the men, crossing their fingers and holding their lucky charms.

Anheuser-Busch understands that: 1. Women prefer light beer. 2. Women do a good deal of shopping for the party. 3. And most importantly, women are real fans too.

But marketing can only achieve so much. Purchasing decisions are often made on the ground, in the store, and there are things that can be done to improve that retail experience, with a deep understanding of your consumers' specific needs.

I'll give you an example. For the July 4th holiday, we created displays inside grocery stores that featured a wide variety of party essentials: PepsiCo's beverages and snacks alongside beer, charcoal and hot dogs.

It doesn't matter if it's the 4th of July or the Super Bowl—shoppers, women and men both—don't want to spend their time running up and down the aisles. They want to be home with their families or watching the pre-game coverage. So we handed them the whole party just a few steps from the front door!

The displays were a smash hit because they spoke to the specific wants and needs of shoppers for that occasion.

I know not everyone here is in the food and beverage industry—but I do believe that most of you are in the retail business. You're just selling other products, tickets and experiences instead of Doritos and Pepsi.

I've seen some wonderful examples of sports teams making changes to suit the needs of women without sacrificing the authentic game experience they crave.

Stadium entrances are featuring drop-off areas, so one parent can stay with the children, while the other parks the car. There are stadiums with family seating areas that have swinging gates at the end of the patio so a toddler can't fall down the stairs. There are higher-quality, healthier food options; and venues like new Yankee Stadium and Citi Field feature enough facilities for women to cut down the wait time.

Eight NFL teams now have female-affinity clubs which create communities for fans to share their love of the game. This isn't just a one-off or a "football 101" education for women—it's special events, social networking, and enhanced game experiences that speak to the desires of women while still treating them as the true football fans they are. I think this is a fantastic idea, and I don't think it'll be long before this is a standard approach with all the teams, not just in the NFL, but for all sports.

It all comes down to the classic piece of business advice—know your customer. When you cater to them—and provide them with the unadulterated experience they ask for—they are yours forever.

So as professionals in the field of sports, knowing women make up almost half of our fan base, in many cases account for more than half of the purchasing decisions, and spend almost as much time on the field, track or court, let's challenge ourselves.

Are we spending adequate time and energy trying to understand their specific needs?
And are we designing our products and experiences to meet them?

I know in PepsiCo's case, we need to do a lot more on this. I didn't come here to present PepsiCo as the answer, but rather to call on all of us to start asking the right questions, and working toward the answers—for women, and, through them, for our businesses.

I am convinced women are a tremendous growth opportunity for all of us. It's just up to us to tap into it.

I think you'll agree that what makes sports special is the story. Every pitch, every game, every season is a story. It's the stuff of literature. We love sports because we love these stories. So let me end with a story of my own.

When I came to America in 1978, I was a huge sports fan—the problem was, my sport was cricket. Shockingly enough, no one wanted to talk cricket with me!

At that time, the Yankees were in the middle of an historic run to the World Series led by Bucky Dent. Members of Red Sox Nation, you may know him by a slightly less polite name. So I became a walking, talking baseball encyclopedia. I became a real Yankees fan. A hard-core, genuine Yankees fan!

And as the years have gone on, I've also become a huge fan of America's most popular sport—football. And when I talk football with my friends, I don't talk about Tom Brady's hair. I talk about how he handles the blitz, or how he runs his offense. I talk as a fan.

I don't want pink jerseys, and I don't want dumbed-down content. I want to be treated as a real fan—because I am proud to be one.

Progress starts with conversations like ours today. The sports industry has made tremendous strides already—but I know we can do more. We've gone far beyond ridiculous sweater ads. But we're not there yet.

There's a litany of sports metaphors that I could use to describe the situation—we're at the goal line, it's the bottom of the ninth with the bases loaded, there's time on the clock for one last shot—but I'd rather just say this:

The solution is simple. Speak to women. Do it authentically. Give them the real sports experience they want. They will respond.

And if you want to win the game, you need your whole team behind you, not just half of it.

Thank you.