Indra Nooyi, the C.E.O. of PepsiCo, says it must be a “good company” in a moral sense.
vending machines at work. PepsiCo’s snacks are also deeply embedded in our social rituals and national institutions. (At the climactic moment of the national college-football championship game, in January, when Auburn was about to kick the winning field goal, the sportscaster Brent Musberger yelped, “This is for all the Tostitos!”) If grazing on snacks throughout the day eventually comes to replace eating regular meals—a situation that already exists in some households—we’ll have PepsiCo to thank.

PepsiCo is also an empire of mind share. Pepsi is the second-most-recognized beverage brand in the world, after Coke, and eighteen of PepsiCo’s other brands, which include Tropicana, Gatorade, and Quaker Oats, are billion-dollar businesses in their own right. In 2010, the company spent $3.4 billion marketing and advertising its brands. They represent a kind of promise to its customers—a guarantee that the drinks and snacks are safe, and that the taste of them, that irresistible combination of flavors, will be the same every time. But in another sense the brands are abstractions. The taste is the rootstock onto which PepsiCo grafts desires (“aspirations,” as they say in the branding business) that have nothing to do with the products themselves. This duality in PepsiCo’s products—part sensory, part aspirational—extends throughout the company’s culture and its mission, as defined by Indra Nooyi, who has been its C.E.O. since October, 2006. It is not enough to make things that taste good, she says. PepsiCo must also be “the good company.” It must aspire to higher values than the day-to-day business of making and selling soft drinks and snacks. Nooyi calls this “performance with purpose.” The phrase is on the screen savers that pop up on idle computers around headquarters.

And yet, for all its riches, its vast reach, and its sense of high purpose, the PepsiCo empire is built on shifting sands. Over the course of the past half century, during which PepsiCo’s revenues have increased more than a hundredfold, a public-health crisis has been steadily growing along with it. People are getting fatter. In the nineteen-eighties, rates of obesity started to rise sharply in the U.S. and around the world. By the nineteen-nineties, obesity reached epidemic proportions. One study cited by federal health officials estimates that, in 2008, obesity cost the U.S. a hundred and forty-seven billion dollars in health-care charges and resulted in about three hundred thousand deaths.

Many studies point to the ubiquity of high-calorie, low-cost processed foods and drinks as one of the major drivers of this condition. Snacks, in particular, play a role in childhood obesity, which is growing even faster than obesity in adults. Americans consume about fifty gallons of soda a year, more than four times the average per-capita consumption sixty years ago. Americans also ingest about thirty-four hundred milligrams of sodium per day, twice the recommended amount; sodium has long been linked to high blood pressure. And the oils and fats used in some fried potato and corn chips elevate cholesterol and can cause heart disease. In other words, that great taste promised by PepsiCo’s brands, which relies heavily on sugar, salt, and fat, appears to be making some people
sick, and its most devoted fans, the “heavy users,” as they’re known in the food industry, could be among the worst afflicted. Cutting short the lives of your best customers isn’t much of a strategy for long-term success.

Nooyi, who is fifty-five, is the first woman to lead the company, the first C.E.O. to come from outside the U.S. (she was born and raised in Madras), the first vegetarian, and the first Hindu. She has, on occasion, worn saris to work, and she keeps an image of Ganesh, the elephant-headed deity of good fortune, in her office. She has been known to hum aloud as she works (she says she has music running through her head all day) and to sing in the hallways—Beatles, Herman’s Hermits, the Everly Brothers. Her sister, the singer Chandrika Tandon, was nominated for a 2011 Grammy Award in the Contemporary World Music category. Nooyi is tall, slim, poised, and looks well rested in spite of the fact that she says she works twenty hours a day, seven days a week. If she sleeps more than four hours, “I feel like I’m wasting time,” she told me.

I met Nooyi in her office, which is in the corner of the executive wing of PepsiCo headquarters, on “4.3”—building four, floor three. She was dressed in stylish business clothes—black patent-leather high heels, a knee-length, copper-colored dress, and a short-waisted black jacket—and looked more like a media executive than a food-industry chieftain. The third story is cantilevered out over the two floors below it, so that it felt as if we were floating in space. Outside the window is a monumental steel sculpture by Arnaldo Pomodoro called “Triad,” the tallest of the sculptures on the grounds: three steel columns, which look like ceremonial pillars from ancient Rome, appear to be bursting apart at the middle, revealing a mathematical grid inside, as though an empire were being destroyed from within by the forces of modernity. Inside, the air carried a slightly herbal aroma.

Nooyi has never run one of PepsiCo’s divisions, and she hasn’t managed any of its brands. She isn’t a salesperson, like many of her predecessors. Since coming to PepsiCo, in 1994, at the age of thirty-eight, having worked for Motorola and the Swiss company Asea Brown Boveri, Nooyi has been in charge of PepsiCo’s long-term corporate strategy. Unlike people in operations and sales, who have to worry solely about meeting quarterly-earnings targets and expanding existing markets, a corporate strategist must position the company for markets that don’t yet exist, and may not for another twenty years. To do the job well requires vision, the communications skills to articulate that vision, and the ability to make people believe in the vision. Nooyi has a seer’s light in her eyes when she talks about the company she wants PepsiCo to be: “the defining food and beverage company of the world.”

Her long-term strategy is to make PepsiCo’s “nutrition business” a much larger part of the company’s portfolio than it is today. She wants to increase what she calls its “good for you” products—snacks and drinks made of grains, fruit, nuts, vegetables, and dairy—from the ten-billion-dollar business it is now into a thirty-billion-dollar business by 2020. “With the aging population,” she said, “and with everyone’s focus on health, products that are nutritiously good, or
nutritionally better than anything else out there, are a huge opportunity. These categories are growing several times faster than anything else.” She added, “Affordability and accessibility is something we know how to do very well. What if we were to add to this a third word that says ‘authentic products’? ‘Scientifically advantaged products’?”

Wait. Authentic? Or scientifically advantaged?

“Authentic. But these days, if they’re authentic, you’ve got to have them be scientifically advantaged.” She added, “I’m providing the same great taste—that’s the common denominator—so you don’t have to make a choice between health and taste. We can bring the best of our normal products, our life-style products, and make them affordable and available because of our scale, but then we bring you nutrition credentials as well.”

PepsiCo’s “good for you” products might not always be that good for you in a nutritional sense—many are loaded with sugar—but they are better for you than the “better for you” part of the portfolio, which is, in turn, healthier than the “fun for you” part of PepsiCo’s business, which is by far the largest part—the soda and the chips. Just as PepsiCo creates its products out of whole foods, which are broken down into components and then, through processing, reassembled into drinks and snacks, so Nooyi has a tendency to lift words from their natural context and repurpose them to suit the needs of PepsiCo.

Although Nooyi stops short of accepting culpability for the obesity crisis—she thinks sedentary life styles, not energy-dense processed foods, are the main culprit—she agrees that PepsiCo has a responsibility to do something about the problem. “Large companies are powerful—they can play a big role—so we need to work with governments to provide solutions,” she said. But she doesn’t see the point in blaming food companies. “The real challenge is, instead of sitting down and figuring out who is responsible, specifically, why don’t we say we need to be part of the solution?”

But isn’t the problem that people eat too much? And wouldn’t the best solution be to eat less? Since that would cut into the company’s bottom line, it’s hard to believe that PepsiCo is going to be leading the fight in the public-health realm.

“It’s not a question of selling less,” Nooyi responded. “It’s a question of selling the right stuff.”

As a long-term business strategy, Nooyi’s plan makes sense. One day, decades from now, people may look back on our reckless consumption of soft drinks and chips in the same way that we today look back at a three-pack-a-day smoking habit. In the U.S., the soft-drink and chip markets, while enormous, are no longer growing. And although almost half of PepsiCo’s business is overseas (thirty per cent of it in developing countries), foreign markets eventually tend to follow U.S. trends. The markets of the future may well be in “packaged nutrition”—in enriched products like PepsiCo’s SoBe Lifewater, which contains vitamins, and in its pricey Naked line of fruit juices and smoothies, which contain antioxidants. Another growing category is “functional” foods and
beverages, like varieties of the sports drink Gatorade, which PepsiCo markets for specific physiological or metabolic attributes. (Thanks to Gatorade’s new “fit series,” you can drink G1 Prime before you work out, G2 Perform during your workout, and G3 Recover when you’re cooling down.) Nooyi talks about making functional foods for different life stages—snacks for teens, snacks for pregnant women, snacks for seniors. (It sounds to me like specially formulated pet food for puppies and older dogs.) In the distant future—in the era of “personalized nutrition” that some of the scientists I met around PepsiCo foretold—snacks may evolve into delivery vehicles for a broad array of quasi-medical benefits. You can now go into a pharmacy and have your foot mapped by a Dr. Scholl’s Custom Fit Orthotics machine, which will then recommend the right Dr. Scholl’s products for you; in the future, you may be able to go into a convenience store, exhale into a machine that checks your metabolism, and find out which snacks you need to keep your Krebs cycle running smoothly.

For the present, however, and for some years to come, PepsiCo will be selling soft drinks and chips. Pepsi, Lay’s, and Mountain Dew together accounted for more than thirty billion dollars in sales in 2010, and, because PepsiCo can make these products cheaply, its profit margins are huge. Nooyi wanted me to see for myself how her company is going about scientifically advantaging its products, which is part of the “journey,” as she likes to say, to the PepsiCo of the future. This involves re-engineering the composition of its “fun for you” products—the sodas and the chips—to make them “better for you” by reducing the amount of sugar, salt, and saturated fat they contain. To do that, Nooyi has hired prominent scientists, built state-of-the-art laboratories, and significantly expanded the company’s research-and-development capabilities.

My journey began in a potato-chip factory in Irving, Texas, outside Dallas, where PepsiCo is working on innovations in sodium reduction. As described to me by Mehmood Khan, an endocrinologist formerly with the Mayo Clinic, whom Nooyi brought in to lead the company’s research efforts, the scientific challenge was to see whether the company could make a lower-sodium chip that tasted just as salty as a regular chip. “What we discovered is that people actually taste only about twenty to twenty-five per cent of the salt we put on our chips,” Khan told me. “They swallow the rest of it without tasting it.” But reducing the amount of salt changed what flavorists call “the taste curve”—that sudden spike of saltiness on the tongue, followed by a tingling around the sides of the mouth. “So we wondered, was there a different kind of salt crystal that would produce the same taste curve but with less salt?” Khan said. Their research was complicated by the fact that of the five primary taste sensations—salty, sweet, sour, bitter, and umami—the taste of salt is the least understood. “We don’t know the molecular structure of the salt receptors, and we don’t really understand the mechanism by which salt works,” Khan went on. Nevertheless, collaborating with crystal technologists in Munich, PepsiCo was able to develop “15 micron salt,” a new kind of salt that produces the same taste curve as the salt the company has been using—a
pyramid-shaped crystal known as Alberger salt—but contains twenty-five to forty per cent less sodium. PepsiCo first used the new salt on its Walker brand of chips, which it sells in the U.K. By the end of 2012, 15 micron salt will be flavoring many of the Lay’s plain chips made in the U.S.

Brian Schroeder, the manager of the Irving production facility, led me on a tour of the plant. We started outside, where the trucks with containers full of potatoes back up to the factory. Breeders for PepsiCo developed the potatoes, in Rhinelander, Wisconsin, to be the best for chipping—thin-skinned, round, and solid, with good color and flavor. An elevated conveyor carries the potatoes into the noisy and dimly lit plant, which smells of wet vegetables and cooking oil. They pass through peelers and hit the rotary slicers—metal cylinders with sharpened blades around the edges. The spinning of the cylinders forces the chips to the sides, where the blades slice them one twentieth of an inch thick. The slices are washed and dried, and then plunged into the fryer, which is a big metal trough containing a briskly moving stream of boiling oil. The oil drives the water out of the slices and turns the starch in the potatoes crisp. The key to crunch is the rapid transfer of heat, and that’s why most chips are fried, rather than baked. (Lay’s does make baked potato chips, but not from actual potato slices. Baked chips are fabricated from potato flakes that are shaped into chips after baking; they lack the crispness of fried chips.) At Irving, the chips are fried in sunflower oil, which the company switched to in 2006, when it stopped using trans fats. PepsiCo contracts directly with the farmers who grow the sunflowers, thereby eliminating the middlemen. Through Agrofinanzas, a Mexican financial institution, it also offers the farmers micro-loans and other kinds of financial assistance.

After five seconds in the oil, the fried chips emerge onto a conveyor belt, where high-speed cameras inspect them. If a camera detects a blemish on a chip, it sends a signal to one of the airhoses under the conveyor, and a jet of air blows the chip off onto the floor. Salt is sprinkled onto the remaining chips from overhead receptacles. Because the new salt is lighter and finer than the old salt and tends to blow around, Schroeder said, shouting over the din, the engineers were in the process of changing the size of the apertures in the salt receptacles to insure a more even flow.

Schroeder invited me to taste the potato chips (“P.C.s”) as they emerged from their salt shower. They were still warm, perfectly crunchy, and had a shimmer of oil on the surface. For some reason, the taste reminded me of the chips my mother sometimes packed in my lunchbox when I was a little kid.

Later that day, I got to try the new salt at Frito-Lay headquarters, in nearby Plano, Texas. First, I spoke to Dr. Greg Yep, an organic chemist and PepsiCo’s senior vice-president of long-term research, who is in charge of the scientific work being done on the core ingredients. “In a lot of foods, you don’t actually taste the salt,” Yep said, pointing out that there’s as much salt in one slice of white bread as there is in a small bag of Lay’s—about two hundred milligrams. Pasta, cold cuts, prepared dinners, canned soups, bacon, cheese, and soy sauce all rank ahead of potato chips as
sodium sources in our diets. (There are nearly a thousand milligrams of sodium in a tablespoon of soy sauce.) “But with our chips the salt is a big part of the taste, so we have to be very careful, when we’re reformulating the recipe, not to change the taste,” Yep said.

There were four white bags of plain Lay’s chips on the table, each with a different kind of salt. The first bag had the Alberger salt, the second the new 15 micron salt, the third pretzel salt, and the fourth another new crystal that Pepsi has been working on. I tried the Alberger, felt the spike and the tingling, and tried to picture the taste curve in my mind. Then I kept that image in my head as I tasted the 15 micron salt. I tried to be scientific about it, but I kept thinking about those potato chips my mother put into my lunchbox.

A few days later, I met Greg Yep again, this time at PepsiCo’s new research lab in Hawthorne, New York, to hear about the company’s work in sugar reduction. He wanted me to see for myself PepsiCo’s newest crusader—a robot that the company’s scientists have fitted with human taste buds—in the quest for the holy grail, a natural, zero-calorie sweetener that tastes exactly like sugar. PepsiCo scientists grew cultured cells, injected the genetic sequences of the four known taste receptors (leaving out salt) into them, and then hardwired the cells to a computer.

The robot’s job is to taste the samples that PepsiCo’s network of “trekkers” collect from around the world. “Wherever a Pepsi can get to, our people can get to,” Yep said excitedly. “We go into local villages, street markets, wherever, and we ask people, ‘Hey, how’d you make this taste sweet? Did you put sugar in it, or something else?’ We collect samples of everything—fruits, plants, roots, even bugs. Might be beetles—they have a nutty flavor. Might be bee larvae. Might be a certain variety of chili pepper which has a sweetness in the stem. Some samples are shipped back here to the lab, prepared as assays, and we feed everything to the robot.” He added, “Before the robot, we had people tasting all those things, and it took forever, and some of the tastes were pretty unpleasant, as you can imagine, and sometimes dangerous. But now the robot tells us what we’ve got.” When the robot tastes something humans might like, he explained, the computer scores it as a hit. “Out of a hundred thousand assays, we get maybe four hits.”

The robot was encased inside a clear glass box, about fifteen feet square. It had a movable mechanical arm with a slender proboscis-like pipette at the tip. The arm would stop over a tray of assays, and the pipette would slide into a sample, “taste” it, and then the arm would move to the next tray. It can sample about forty thousand assays a day. We watched it work for several minutes, but it didn’t turn up anything tasty.

The samples that are approved by the robot are further refined and analyzed and, eventually, incorporated into test batches of drinks and snacks that are presented to human tasters. But this is not merely a question of deciding what tastes good, or comparing one kind of taste with another; PepsiCo is also trying to understand how product descriptions like “healthy” or “good for you” might affect the way things taste. The company has conducted fMRI studies to test the hypothesis
that calling a product “healthy” may lower taste expectations in the brain. In one study, a forty-calorie beverage was described as a “treat” to people just before they tasted it, and then the same beverage was called “healthy” and offered to the tasters again. The tests showed that people who scored high in reward sensitivity—i.e., those who are easily satisfied—found the beverage labelled “treat” to be more satisfying, while the people who scored low in reward sensitivity found the “healthy” beverage to be more satisfying. Since low-reward sensitivity is believed by some researchers to be a factor in obesity—low-reward people need to eat more than high-reward people to achieve the same level of satisfaction, or “bliss point”—PepsiCo’s study suggests that the word “healthy” would appeal more to people with unhealthy eating habits. But that could be because unhealthy people only aspire to be healthy; they don’t actually eat healthy food.

The taste tests at the Hawthorne lab take place both in small “sip and spit” rooms, which resemble the workstations in a dentist’s office, and in a large conference room that has been fitted with a one-way mirror and concealed cameras. The reason for the cameras, Yep explained, is that “what people say about the way something tastes is a lot of times not what they really are thinking.” The consumer may say he prefers the all-natural, lower-sodium, lower-calorie product, but in fact he really likes the one he’s used to, the one made with artificial ingredients and loaded with sugar and salt. “So these cameras feed the video into facial-interpretation software,” Yep said. “The software can tell if they are lying.”

The overriding impression I carried away from my Hawthorne visit was that, although it all comes back to taste at PepsiCo, the physical sensation of tasting has been so thoroughly mediated by advertising and packaging that no one knows anymore where the physiological experience ends and the aspirational experience begins. It’s hard to guarantee the “same great taste” in a scientifically advantaged product when no one is sure just what that taste is.

As part of PepsiCo’s commitment to being “the good company,” the corporation wants to play a leading role in public-health issues, and particularly in the battle against obesity. Some people think this is ludicrous. Marion Nestle, the author of “Food Politics” and a professor of food studies at N.Y.U., told me, “The best thing Pepsi could do for worldwide obesity would be to go out of business.” Others, like Michele Simon, a public-health lawyer and the author of “Appetite for Profit,” think PepsiCo is trying to co-opt people who work on food issues in the public sector by sponsoring research and fellowships and by hiring former public officials as consultants and full-time employees. (David Kessler, the former head of the Food and Drug Administration, was a PepsiCo consultant, and George Mensah, who led efforts in addressing obesity at the Center for Disease Control and Prevention, now leads PepsiCo’s research in obesity, nutrition, and health.) On the other hand, many people think that worldwide obesity is too large an issue for governments and public-health institutions like the World Health Organization to solve, and that big food companies have to help. In January, Michelle Obama, who founded the White House’s Let’s Move campaign,
stood next to executives from Walmart to help promote public-private partnerships in fighting obesity. (Walmart pledged to eliminate trans fats from its products by 2015 and to pressure its suppliers to reduce the sugar, salt, and fat in processed foods across the industry.)

No one I met at PepsiCo better represents the complicated relationship between private food companies and public health than Derek Yach, the company’s director of global-health policy. Yach, who is fifty-five, is an affable and smooth-talking South African epidemiologist whose specialty is non-communicable diseases. He made his name at the W.H.O., where, as the cabinet director under the director-general, Gro Harlem Brundtland, he was the architect of the Framework Convention on Tobacco Control, a landmark in public-health policy, which imposed strict limits on how tobacco companies sell their products around the world.

By the time the convention was adopted, in early 2003, Yach and Brundtland had turned their attention to the food industry. Some within the W.H.O. wanted to use the tobacco convention as a blueprint for dealing with Big Food—to represent the companies as moral pariahs and impose regulations on them, rather than try to negotiate. But others, Yach among them, thought the tactics that had worked with the tobacco companies would fail if tried on the food industry. “We were able to paint the tobacco companies as morally untouchable,” he told me. “They sold one product, and it wasn’t good for you—there’s no way to make a healthy cigarette. But you can make healthy food.”

Yach was on the W.H.O. committee that, in 2002, produced a draft of new dietary guidelines, which was circulated for comment among the United Nations’ hundred and ninety-two member states. Among the recommendations were calls to limit added sugar to ten per cent of the total calorie intake and to limit daily salt intake to five grams per day. These were relatively modest proposals, but the food industry didn’t like them. “The fact that the report talked about eating less and drinking less soda was seen as anti-business,” Yach told me. During the debate over the draft, an industry executive told Yach, “The food industry is a trillion-dollar industry, and you better not mess with us.” The sugar industry lobbyed senators to write to Tommy Thompson, the Secretary of Health and Human Services under President George W. Bush, to remove the limit on sugar. In the final draft of the guidelines, approved in 2004, there were no target goals given for restrictions on sugar or salt intake.

The following year, Yach was removed from his stately office on the sixth floor of the W.H.O. headquarters, in Geneva, and installed in an obscure office on the ground floor. In an interview in 2004, he suggested that the food industry played a role in his demise. He left the organization that year, and joined the Yale School of Medicine, where he was the head of the global-health division. But he found the academic environment unsatisfying and moved on to the Rockefeller Foundation, where he was put in charge of crafting a global-health plan. It was there, in 2006, that he got a call from the office of Indra Nooyi, inviting him to lunch at PepsiCo headquarters in Purchase.

“We had salmon,” he told me. “And it was very good salmon, too, and before I was halfway
through it she had offered me a job.”

What did she say?

“She said, ‘I want you to do exactly what you were doing at the W.H.O., and do it here for us at PepsiCo.’” The guidelines on sugar and salt reduction that Yach had tried to push through at the W.H.O. would be a starting point, but Nooyi wanted to go beyond that. Yach would not have to go to member states for approval of these guidelines, and although there was a culture within PepsiCo that would resist change (“We make great-tasting treats that people love—what’s wrong with that?” was how Yach characterized this attitude), there would be no need to build consensus within the organization, which was, after all, not a democratic institution but an autocracy. As George Mensah put it to me, “At the C.D.C., not only do you need a director to sign off on your proposals—you need congressional approval and a budget. Here, once you’ve convinced management that something is a smart business decision, they make the resources available to get something done.”

Nooyi gave Yach a couple of days to think about her offer.

Did he consult with colleagues?

“I asked my mother what she thought.” Yach paused. “She said, ‘How could you possibly work for the company that sells that junk food?’ ”

Many in the world of public health were shocked when Yach took the job. *Public Health Nutrition*, a scientific journal, invited Yach to explain his motives, which he did in an editorial, stressing the need for collaboration between the public and private sectors in addressing food-related health issues. The journal also invited editorial commentary. Ricardo Uauy, of the International Union of Nutritional Sciences, was inclined to believe Yach’s intentions, while Kaare R. Norum, a professor emeritus in the department of nutrition at the University of Oslo, was not. He wrote, “There is a basic conflict in working within the snack food sector, since branding snacks as ‘healthy’ only diverts attention from the real issues. In my view it is the culture of snacking—the consumption of superfluous calories between, or perhaps instead of healthy main meals—which is an unhealthy practice in itself.”

But, at least from the point of view of setting dietary guidelines, Yach has been much more successful at PepsiCo than he was at the W.H.O. The company’s proposals to cut the amount of salt and sugar in its products by twenty-five per cent by 2015 are comparable to the guidelines that Yach failed to get enacted at the W.H.O. Of course, they apply only to PepsiCo’s products, and people who want the extra salt and sugar can find it elsewhere. Still, PepsiCo’s consumer base is enormous—by some estimates, three billion people eat or drink one or another of its products in the course of a year.

Of all the challenges that PepsiCo faces on its journey to health and wellness, perhaps the greatest is how to bring the main brand along with it. Through its advertising, Pepsi-Cola has been associated with many aspirations over the years—most famously, in the nineteen-sixties it was
the drink of the Pepsi Generation, the countercultural alternative to the establishmentarians who drank Coke—but a healthful diet isn’t one of them. Caleb Bradham, the North Carolina pharmacist who invented the drink, in 1893, promoted it as a digestive aid—it supposedly stimulated the release of pepsin, an enzyme used in digestion—but, as with many other tonics, potions, and elixirs produced by the medicine men of that era, Pepsi’s medicinal claims were pure hokum. Nevertheless, to bring the flagship brand more in line with PepsiCo’s “performance with purpose” agenda, the drink has to do more than just taste good. And because Pepsi can’t be described as good for you, even within Nooyi’s generous definition of that phrase, the brand has to be good in some other way.

In 2010, the company launched the Pepsi Refresh Project, its main marketing campaign for the brand. PepsiCo promised to give away twenty million dollars, in amounts ranging from five thousand to two hundred and fifty thousand dollars, to people with “refreshing ideas that change the world.” The winning projects were those which received the most votes on the Pepsi Refresh Web site. In part, the strategy was to use social media to promote the image of PepsiCo as the good company, and, it was hoped, to colonize some part of the digital generation as the next Pepsi Generation. But PepsiCo also spent heavily on TV advertising, aiming the Pepsi Refresh Project at its traditional customer base.

In its first year, the Refresh campaign garnered more than eighty million votes, got three and a half million “likes” on Pepsi’s Facebook page, and drew some sixty thousand Twitter followers. It was heartening to see so many worthy projects get funded—homeless shelters, school playgrounds, education programs for teen-age mothers—and maybe you thought better of PepsiCo for it. But the campaign didn’t sell Pepsi. In 2010, the number of cases of blue-can Pepsi that were sold declined by 4.8 per cent from the previous year. During the same period, PepsiCo also lost 2.6 per cent of the over-all carbonated-drink market. More disastrous, on a symbolic level, regular Pepsi fell behind Diet Coke in sales—a Battle of Bosworth Field-like event in the war of the colas. It appears that hearing about all the good things PepsiCo is doing to help make the world a better place doesn’t tempt you to down a Pepsi. (The Wall Street Journal reported that many of the voters and grant winners didn’t buy soda at all.) John Sicher, the editor and publisher of Beverage Digest, told me, “What Pepsi didn’t do with Refresh was sell the brand intrinsics—the things that make you want to drink it.” There were no closeups of the caramel-colored liquid as it bubbled from the can, an image that somehow conveys the taste of the sugar coating the inside of your mouth as you take that first delicious sip. Coke’s campaign, on the other hand, focussed heavily on intrinsics, presenting Coke as a pleasurable indulgence, and not as a means to any higher good.

The failure of the Refresh campaign is one of several setbacks that Nooyi has experienced lately. Rising energy and commodity prices have made many of PepsiCo’s products more expensive to produce, shrinking the company’s profit margins. Nooyi had to cut the 2011 earnings forecast
from double-digit growth to seven or eight per cent, and when she was asked about this in a conference call with investment analysts, in February, she sounded testy in her replies. Some influential analysts have begun to question whether Nooyi’s focus on nutrition is the best thing for the company. “They have to realize that at their core they are a sugary, fatty cola company, and people like that,” Ali Dibadj, an analyst with Sanford Bernstein, told the Financial Times in March.

When I asked Nooyi about the notion that Pepsi should stick to what it does well, and not get distracted by the nutrition business, she said, “We want this company to be successful for decades going into the future. What we don’t want is a Road Runner type of company—the coyote runs, falls into a ditch, picks himself up, goes splat again. Companies can’t be that way. Companies have to be on a glide path that allows us to perform at a reasonable level for a long time. The only way you do it is you look around the bend constantly and say ‘What’s coming?’ and then retool the company for the new reality.”

She cited a comment that, she said, “haunts me forever,” made by Charles Prince, the C.E.O. of CitiGroup, in July, 2007, on the eve of the financial crisis that his company helped bring about. “He said, ‘As long as the music is playing, we have to keep dancing.’ To me, that is symptomatic of what people want corporations to do, but it’s also symptomatic of what C.E.O.s should not be doing. You don’t dance like a dervish to the old music but think about different dances you have to learn for different genres of music.” She added, “What I don’t like is when people say, ‘Give us even more top-tier performance, because we’d rather have that last couple of dollars, rather than you investing to make sure this company stays successful.’” In response to her critics, she said, “When we become C.E.O.s, they give us C.E.O. pills, and that allows us to remain strong in the face of all of this criticism.”

My journey into the brave new PepsiCo ended on a cold but brilliantly sunny spring day when Nooyi invited me to the Purchase campus to taste some of the company’s new products. Some were experimental colas, and others were a whole new category of “drinkified” snacks and “snackified” drinks, such as Tropolis, the squeezable juice packs that the company is currently testing in the Midwest. Before the formal tasting, we sat in the C.E.O.’s office and talked about some of the new products we were about to try.

“Let’s say you give a kid a carrot,” Nooyi explained. “And he says, ‘I don’t want to eat a carrot.’ But you say, ‘I tell you what, I’ll give it to you in a wonderful drinkable form that’s still as close to the carrot as possible.’ All of a sudden, what have I done? I’ve drinkified the snack! Or I take a fruit juice and give it to you in a wonderful squeezable form, which is Tropolis. What have I done now? I’ve snackified the drink. So there’s this new convergence area coming up, which is going to be a glorious area. If you don’t want to eat oatmeal, tell you what—we’ll give it to you in a drinkable form, with a little bit of fruit. We can even give you a little bit of crunch. You can drink it on the go, and it tastes great. And, guess what, we’ve just sneaked oatmeal into you.”
We went down the hall to a conference room where Jonathan McIntyre, a biochemist who came to PepsiCo from DuPont, and several staff members had set up the tasting. The first phase was a “triangle tasting” of three experimental mid-calorie colas that PepsiCo has been tinkering with, which contain about half the sugar of blue-can Pepsi. In front of us were three trays, each bearing three small sampling cups filled with cola, and some salted crackers, a water glass, and a spit glass. The contest between Nooyi and me, on which we would be scored, was, in each round of tasting, to pick out the experimental cola from two regular Pepsis.

Nooyi is renowned for her Pepsi palate. She has said she knows the difference between Pepsi and Coke by smell alone. She beat me in the first round (I misunderstood the rules—long story) and we both guessed the experimental cola in the second round, so I still had a chance to tie going into the decisive third round.

The final experimental cola was the scientifically advantaged product that PepsiCo will begin selling within the next six months (its name is still secret)—a cola that is supposed to taste like regular Pepsi but that has sixty per cent less sugar. I heard it described around headquarters as “a very big deal.” It uses “flavor enhancers”—biotech products that are not sweet themselves but increase the intensity of sweeteners, to re-create a full-sugar taste.

We tasted the colas one at a time, and when we finished McIntyre asked me to guess first. I thought Cola 2 tasted different from the others. Nooyi said she thought Colas 2 and 3 tasted exactly the same; Cola 1 was different.

We were both wrong. Cola 3 was the cola that has sixty per cent less sugar. Nooyi professed amazement—“Colas 2 and 3 tasted identical to me!” she exclaimed. “Identical!” But I suspected that she may have lost on purpose, in order to let the product win. Where was that facial-interpretation software when you needed it?

We moved on to the snackified and drinkified items. First was a “drinkable oats” beverage, which will launch in Mexico and Brazil this fall, under the Quaker Oats brand, and is expected to make its way to the States in the near future. It contains eight grams of oats per serving, eight grams of protein from skim milk, fruit juice, and sugar. I couldn’t taste the oatmeal that Nooyi was sneaking into me, but maybe that was the slightly chalky texture I didn’t like. Next were chilled vegetable soups, which PepsiCo currently markets in Europe under its Alvalle brand. There were several different kinds of gazpacho, all of which tasted delicious to me, like soup smoothies. “Talk about convenience,” Nooyi said. “You don’t have to worry about heating it or microwaving it. And what if we gave this to you in a very aspirational container, with a spoon made out of whole grain to eat it with?” She opened her eyes very wide, and the seer light came out of them.

“I’ve seen her light up on that one,” McIntyre said.

“I don’t light up—I’ll kick your ass on that one,” Nooyi said, with a laugh.

“I’m just saying it excites you!” McIntyre replied, a little nervously.
“Why aren’t these soups available in the States?” I asked.

“The American consumer has to be trained,” Nooyi said. “We have to train Americans that gazpacho is a great, close-to-nature soup.”

“Cold soups are a difficult concept for many Americans,” McIntyre said. “We’ll put them on a journey. We’ll stretch them a little bit, and before you know it they’ll go to the gazpacho. But we may have to start them with something a little bit closer and move them along as we go.”

“And make it aspirational,” Nooyi said. “We have to find spokespeople for these products who are aspirational, like what Britney Spears or Michael Jackson did for Pepsi, or like a Michael Jordan for Gatorade, except they would say, ‘But I started my day with this.’ ”

Finally, we sampled the coconut water that PepsiCo began selling last year in the U.S., under its Naked brand, made from Brazilian green coconuts. It was sweet, but not as sweet as Naked’s Mighty Mango, which I have come to crave in the morning.

“It’s not in my local deli yet,” I said.

“It will be tomorrow,” one of the staff members said.

And, sure enough, there it was. ♦

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