# PepsiCo to remove artificial dyes and revises 2025 forecasts amid economic challenges



PepsiCo is advancing its strategy to remove artificial, petroleum-based food dyes from its product portfolio in the United States amid evolving regulatory pressures, while concurrently adjusting its financial forecasts in response to economic challenges. During the company’s Q1 2025 earnings call, CEO and chairman Ramon Laguarta revealed that more than 60% of PepsiCo’s US food products have already been reformulated to eliminate synthetic dyes, and the firm plans to offer natural colour options across its entire portfolio within the next few years. Iconic snack brands such as Lays and Tostitos are expected to be free of artificial colours by the end of this year.

These changes come in the context of recent announcements from the US Department of Health and Human Services (HHS) and the Food and Drug Administration (FDA), which have outlined plans to phase out petroleum-based food dyes by the end of 2026. However, the agencies have opted for collaboration with food and beverage companies rather than imposing a formal mandate, signalling a preference for a gradual transition. This move aligns with the FDA’s prior decision to rescind authorisation for Red No. 3 and reflects increasing state-level legislative bans on various artificial dyes.

In parallel, PepsiCo is closely monitoring developments related to proposals by states including Arkansas, Idaho, and Indiana to restrict the use of Supplemental Nutrition Assistance Program (SNAP) benefits for purchasing candy and sodas. These measures aim to address public health concerns related to obesity and diabetes. Despite potential impacts on consumer behaviour, PepsiCo anticipates the effect of such SNAP restrictions on its business to be “very limited,” according to Ramon Laguarta.

Beyond regulatory dynamics, PepsiCo is confronting broader economic headwinds. Executive Vice President and Chief Financial Officer Jamie Caulfield highlighted tariff pressures and “subdued performance” driven by weakening consumer confidence. Reflecting this, PepsiCo has downgraded its 2025 core earnings per share guidance to a projected 3% decline, a significant revision from prior expectations of mid-single-digit growth. Caulfield noted, “We probably are not feeling as good about the consumer now as we were a few months ago.”

Addressing challenges within its North American snack division, notably the Frito-Lay business, PepsiCo outlined a three-point turnaround plan focused on product line refreshes, targeted brand investments, and expansion into social eating occasions. Early results indicate progress, particularly in product tiers priced below $2 and multi-pack offerings, which tend to be popular in foodservice settings. Laguarta expressed optimism, stating, “We are optimistic that as we execute the full playbook – including take home eventually later in the year – that is going to keep consumers in the category, and it is going to increase the frequency of consumption of those consumers.”

Analysing financial performance for the first quarter ending 22 March 2025, PepsiCo reported a 1% decline in its North American Food business and a 3% decrease in its North American Beverage segment. These figures continue a downward trend recorded during 2024, where Frito-Lay North America volumes fell by 2.5% and the North American beverage business declined by 3%. Notably, PepsiCo has integrated its Quaker Oats business into the North American food segment reporting for the first time.

Internationally, results were mixed. The Europe, Middle East, and Africa (EMEA) convenient foods and beverages businesses experienced respective declines of 9% and 4%, while Latin America Foods showed a marginal 0.5% decrease. On a more positive note, both Asia Pacific Foods and Latin America Foods segments registered 3% growth.

The company’s shares declined nearly 5% on 24 April amid investor concerns about the potential impact of tariffs and economic uncertainties going forward. As PepsiCo navigates ongoing regulatory changes and market pressures, its strategies to innovate products and restructure certain segments reflect efforts to restore growth in key markets.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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3. <https://www.noahwire.com> - This is the original source of the article, providing detailed insights into PepsiCo's strategies and financial performance amidst regulatory changes and economic challenges.
4. <https://www.fda.gov/food/cfsan-constituent-updates> - This FDA webpage typically provides updates on food safety and regulatory actions, which could include announcements about artificial food dyes.
5. <https://www.hhs.gov/about/news/index.html> - This HHS news page would list press releases and updates on health-related initiatives, including plans to phase out artificial dyes.
6. <https://www.pepsico.com/investor-relations/press-releases> - PepsiCo's investor relations site contains press releases and statements about financial performance and strategic initiatives, including moves to remove artificial dyes and adjust to regulatory changes.
7. <https://news.google.com/rss/articles/CBMisAFBVV95cUxNaFp3YVd2RnlLY3FpcTI5bnllZlhrUkJEQXhLQ052RVBRYVB3dVdsUFQtbE11S0JQN2dCMkxZZ09ORnJ5OHE1amF6TWdNOEdzLUY0Vjd0aF9FRnEtdU8xSk05Z3R3TXFqLUI1RVRoMWxncG5hY3pCTExHV0pkUzBtRmV2SEk0QVB1a2pVSTQtRU44ZzdBcWgyZjZmSE8xNEQ3NWRsYzdrNU1wdFZDTl9sQw?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data