



Consumer Biz Buzz

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Thanksgiving 2018

Consumer Biz Buzz

News That Makes Teeth Whiter, Clothes Brighter,
and Life Just Plain Better

TRANSACTION NEWS

Pass it around the table . . . and enjoy seconds!

- **Tyson** is paying \$2.5 billion for **Keystone Foods**, a foodservice protein supplier. Most notably, they provide chicken nuggets to McDonald's.
- **PepsiCo** is buying **SodaStream** for \$3.2 billion. That represents a 32% premium on the Israeli company's stock price.
- **Constellation Brands** paid \$4 billion for another 28% of **Canopy Growth**, a Canadian maker of cannabis products. It is the biggest investment ever in that emerging sector.
- **Coca-Cola** bought **Moxie**, the small soda brand based in New Hampshire. It has a passionate regional following, and is even the official state beverage of Maine.
- On a bigger scale, **Coca-Cola** bought Costa, a UK coffee shop chain. They are #2 in the world with almost 4,000 outlets, and it is Coke's first venture into retail.
- Finally, **Coca-Cola** also bought **Organic & Raw Trading**. The Australian company makes the *MOJO* brand of kombucha.
- Meanwhile, **PepsiCo** bought **Health Warrior**, a maker of nutrition bars based on chia and other seeds and nuts. It will be the first emerging brand in The HIVE, PepsiCo's innovation group. **VMG** is the happy seller.
- **J&J** is paying \$2.1 billion for the remaining 80% of **Ci:z Holdings**, a Japanese maker of skin care products sold through spas and dermatologists. And no, we do not know how to pronounce Ci:z either.
- **Mars** is selling their drinks business to **Lavazza**, the Italian coffee company, for a reported \$650 million. The business is mostly *Klix* vending machines and *Flavia* single-serve coffee makers for offices.
- **Kraft Heinz** is selling their Canadian natural cheese business to **Parmalat**. The price of about \$1.2 billion includes the *Cracker Barrel* brand.
- **Hershey** paid \$420 million for *Pirate's Booty*, buying it from **B&G Foods**. It will be combined with their **Amplify** snack business (*Skinny Pop*, etc.) in Austin.
- **Craft Brew Alliance** added to their craft beer portfolio by acquiring **Cisco Brewers** of Nantucket, **Appalachian Mountain Brewery** of North Carolina, and **Wynwood Brewing** of Miami.

Private equity firms are ultimately in the business of selling companies:

- **PitchBook** notes the first half of 2018 had **16% more middle market deals** than a year ago. Their total value was up a more modest 5%.
- **Kainos Capital** sold **SlimFast** to **Glanbia** in a deal valued at \$350 million. They bought the business in 2014 from **Unilever**.
- **Yeti**, the wildly successful maker of premium coolers and mugs, went public. The IPO fell short of expectations, but it was still a home run for **Cortec Group**.

TRANSACTION NEWS...CONTINUED

- **Swander Pace Capital** sold **Recochem**, a contract manufacturer of household products and other fluids, to **HIG Capital**.
- **Sherbrooke Capital** sold **Ciao Bella** to **High Road Ice Cream**.

Other private equity firms started the buying cycle anew:

- **Berkshire Partners** bought **RockTape** to add it to **Implus**, a maker of fitness brands such as *Spenco* and *Harbinger*.
- **Peak Rock Capital** bought three food companies. First was **TNT Crust**, a maker of pizza crusts for foodservice and retail, from **Tyson**. Second was **Louisiana Fish Fry**, a maker of Cajun-style seasonings and other products. Third was **Pretzels, Inc.** They make, well, pretzels.
- **Thomas H. Lee** invested in **8th Avenue Food & Provisions**, the private label spinoff from **Post Holdings**.
- **Advent** decided not to sell **Noosa Yoghurt**, merging it instead into portfolio company **Sovos Brands**. Noosa makes Australian-style yogurt.
- **Swander Pace Capital** bought **Fine Choice Foods**. The maker of Asian-inspired appetizers will be combined with portfolio company **Passport Food Group**.
- **Swander Pace** also bought **Bäckerhaus Veit**, a Canadian maker of artisan baked goods.
- **JW Childs** bought **Planet Dog**, a maker of dog toys, to merge it with portfolio company **Outward Hound**. This is their third add-on acquisition in the past year.
- **Wind Point Partners** bought the salsa business of **Sabra**. It will be combined with their portfolio company **Stir-Pacific Foods**, a contract manufacturer.
- **Palladium Equity** bought **Sanders Chocolate** to combine it with **Kar's Nuts**. Both are based in Detroit.
- **AUA** bought **Desi Natural Dahi**, a milk and yogurt distributor, to combine it with **Raymundos Food Group**.
- **AUA** also bought **Joey's Fine Foods**, a sweet snacks maker, to combine it with **Indulge Desserts**.
- **Yellow Wood Partners** bought **Paris Presents**, a cosmetic and bath accessories company, from **EagleTree Capital**. They merged it with **Freeman Beauty**.

- **Platinum Equity** bought **Jostens** from **Newell Brands** for \$1.3 billion. They are the leader in class rings and yearbooks, which are still a thing.
- Meanwhile, **Sycamore Partners** bought **Pure Fishing**, the leader in fishing gear, from **Newell** for about \$1.3 billion.

Among earlier stage companies:

- **Kraft Heinz** launched a \$100 million fund to do VC deals in the food industry. It is called **Evolv Ventures**.
- Likewise, **PepsiCo** launched a North American incubator called **Nutrition Greenhouse**. A version in Europe has already backed eight start-ups.
- **Yumbe**, a home delivery service for kids' meals, raised Series A funding of \$7 million. Investors include **Danone's** venture group.
- **Kite Hill** raised \$40 million from **301 Inc.** (the **General Mills** venture fund) and **CAVU Venture Partners**. They make plant-based dairy alternatives.
- Overall, VC firms are on track to invest **\$100 billion this year** in the US. For the perspective-impaired, that is a 1 followed by 11 zeros.

You may have seen the "For Sale" signs:

- **Campbell Soup** wants to sell their international and fresh food businesses. The combined revenue is \$2.1 billion.
- **Nestlé** is exploring options for their \$2.8 billion skin health division. The brands include *Cetaphil* and *Proactiv*.
- **Kellogg** wants to sell their cookie and fruit snack businesses. The big brands are *Keebler* and *Famous Amos*.
- Several big CPG companies, including **Unilever**, are reportedly preparing \$1 billion bids for **Weimeizi**, a Chinese maker of toothpaste and toothbrushes.



COURTROOMS AND BUREAUCRACY

We have friends who are lawyers. And better friends who are former lawyers.

- **P&G** wants to trademark WTF, LOL, NBD, and FML for use on various household products. We are ROLF.
- **Coca-Cola** and **Monster** are headed toward arbitration. The issue is whether launching *Coke Energy* and *Coke Energy No Sugar* would violate an agreement from their investment and distribution deal.
- **Beyoncé** lost a trademark suit against **Feyoncé**, a maker of apparel and giftwear for brides-to-be. Say it out loud and you'll understand the brides-to-be part.
- **StarKist** agreed to plead guilty to price-fixing charges. They may be fined up to \$100 million for actions from 2011 to 2013.
- **Frito-Lay** sued **Snack It Forward**, saying their *Peatos* brand infringes on *Cheetos*. They are orange-colored snacks made from peas and lentils ... and we think the suit is a stretch.
- A California judge reduced the punitive damages by \$200 million, but upheld the jury's verdict that glyphosate in **Bayer's Roundup** caused a plaintiff's cancer. There are now lawsuits from 9,300 plaintiffs pending.
- The Supreme Court rejected appeals from **Sherwin-Williams** and **Conagra Brands**, who have been told to pay \$400 million for lead paint remediation in California. The scary precedent is they are being held liable for **ads created 114 years ago**, long before the health hazards were known.



EXPANDING AND CONTRACTING

As always, we prefer the former.

- **PepsiCo** will close up to six plants and eliminate about 3,300 jobs globally. They plan to use the savings to revitalize their North American beverage business.
- **P&G** and **Kellogg** both announced more streamlined organizational structures. The latter specified they will cut 90 jobs in North America.
- **Hasbro** is planning layoffs that will cut an unspecified number of jobs. It is reportedly something under 10% of their total.
- **Avon** is selling their office in suburban New York and will cut about 100 jobs. This is the Avon based in London, not the US company now known as **New Avon**.

PEOPLE NEWS

Time to update your list for holiday cards.

CEOs

- **Pierre Laubies** joined **Coty** as CEO. He was at coffee company **Jacobs Douwe Egberts, Mars, and Campbell Soup**.
- **John Cowles** joined **TruGreen**, the lawn care company, as CEO. He was at **FXI, Kraft, Campbell Soup, and George Weston**.
- **Bart Adlam** joined **Chef's Cut**, the jerky company, as CEO. He was at **Siggi's, Post Holdings, and Dannon**.
- **Trevor Bynum** joined **Welch's** as CEO. He was at **Schwan's, WhiteWave, and General Mills**.
- **Scott Almquist** joined **Finally Light Bulbs**, an early stage maker of better light bulbs, as CEO. His CPG work includes **Sun Products, Evenflo, and P&G**.
- **Robert Mortati** joined **Harvest Hill Beverages** as CEO, coming from **Apple & Eve and Kraft**. He succeeds **John LeBoutillier**, who is joining **Brynwood Partners**, the firm that owns Harvest Hill.
- **Dave Allen** joined **Igloo Products** as CEO. He was at **Vista Outdoor, Coleman, Alberto-Culver, and Unilever**.
- **Steve Van Tassel** joined **YumEarth**, the #1 organic candy company, as CEO. His experience includes **Weetabix, Post Holdings, and Kraft/Nabisco**.
- **Rich Krause** joined **Capital Brands**, the makers of **NutriBullet** and other kitchen appliances, as CEO. He was most recently at **Confluence Watersports**.
- **Scott McNair** joined **TNT Crust** as CEO. His experience includes **MaMa Rosa's Pizza, Schwan, Tyson, and Conagra**.
- **Carlos Altschul** joined **Siggi's**, the Icelandic-style yogurt now owned by **Lactalis**, as CEO. He was at **Stonyfield Farm and Danone**.
- **Craig Hope** joined **Diamond Foods** as CEO. His career includes **Country Fresh, JTM Foods, Earthbound Farm, Nabisco/Kraft, and Gallo**.
- **Mike Forbes** joined **Alter Eco**, the natural chocolate company, as CEO. He was at **California Olive Ranch and General Mills**.
- **Matt Cooper** became CEO of the US business at **Nutkao**, an Italian maker of hazelnut spreads. He was at **Cemoui**, the French chocolate company, and earlier at **Heinz and Nabisco**.
- **Brian Demos** joined **Carolina Beverage Group**, a contract packer owned by **Brynwood**, as CEO. He was at **TreeHouse Foods, Little Lady Foods, and Conagra**.

COTY



TRUGREEN

finally

Capital Brands



YUM EARTH

alter
eco

Nutkao
USA Inc.

siggi's



A number of moves failed to utilize a highly-skilled executive recruiter. Or our competitors:

- **Tyson** named **Noel White** as CEO. The 17-year veteran has overseen chicken, beef, and pork processing.
- **Constellation Brands** named **Bill Newlands** as CEO, effective next March. He will be the first non-family CEO.
- **Kimberly-Clark** promoted **Michael Hsu** from COO to CEO. He succeeds **Tom Falk**, who is stepping up to executive chairman.
- **Unilever** named **Matthew McCarthy** as CEO of **Ben & Jerry's**. He was at the parent company for 21 years.
- **Nestle Purina** named **Tim Simonds** as CEO of **Merrick Natural Petworks**. He succeeds **Greg Shearson**, who successfully took the business from PE ownership to corporate.
- **Beiersdorf** named **Stefan De Loecker** as CEO. He joined in 2012.
- **IRI** named **Jeff Ansell** as chairman. He is a CPG guy from **Sun Products, Pinnacle Foods, and P&G**.

PRESIDENTS AND GMs

- **Joe Ens** joined Taylor Communications as executive GM of the \$2.5 billion company. He was at **General Mills**.
- **Mike Ferry** joined **CAVU Ventures** as their first operating partner. He was at **WhiteWave**, **Abbott Nutrition**, **Campbell Soup**, and **P&G**.
- **TJ Rooney** joined **Loacker**, an Italian maker of wafers, as president of the US business. He was at **Mondelez**.
- **Scott Kirk** joined **Yellow Wood Partners** as an operating partner. His PE-backed work includes **High Ridge Brands**, **Utrecht Art Supplies**, and **Lincoln Snacks**.
- **Deborah Ellinger** joined **Boston Consulting Group** as a senior advisor. Her background includes **Wellness Pet Food**.

Other moves failed to support the vital headhunter sector of our economy:

- **P&G** gave **Jon Moeller** the added title of COO. He will continue as CFO.
- **Mattel** named **Soren Laursen** as executive director, a part-time role overseeing Europe. He is a board member and was previously at **Lego**.
- **Kraft Heinz** named **Nina Barton** as president of the Canadian business. She continues to run the global online business.

SALES AND MARKETING

- **Rebecca Messina** is joining Uber as their first CMO. She was at **Beam Suntory** and **Coca-Cola**.
- **Marcel Nahm** joined **Auntie Ann's** as CMO. He was at **Hershey**, **Cadbury Schweppes**, and **Anheuser-Busch**.
- **Craig Musgrove** and **Joe DePetrillo** joined **Borden Dairy** as chief sales officer and CMO, respectively. Craig was at **Frito-Lay**; Joe was at **Earthbound Farms**.
- **Linda Lee** joined **Chef's Cut Jerky** as CMO. She was at **Stonyfield Farm**, **Mondelez**, and **Cadbury**.
- **Evelyn Wang** joined **Milani Cosmetics** as CMO. She was at **Wet N Wild** and **L'Oreal**.
- **Lora Van Velsor** is joining **Manna Pro**, a pet products company as CMO. She was at **Sun Products**, **Pinnacle Foods**, **Wrigley**, and **Kraft**.

- **Coty** named **Andrew Stanleick** as SVP of consumer beauty in North America. He was running the business in Europe.
- **L'Oreal** named **Elisabeth Araujo** as COO of IT Cosmetics, **Isabel Malbois** as president of Urban Decay, and **Cathy Chi Thurber** as GM of Clarisonic.
- **Coca-Cola** promoted **Brian Smith** to president and COO. The 21-year veteran ran the EMEA region, where he is succeeded by **Nikos Koumettis**.
- Meanwhile, **Coke** named **Jennifer Mann** to run their ventures group, which oversees **Costa Coffee** and the **Monster Beverage** investment. She was the head of HR.
- **Spectrum Brands** promoted **Randy Lewis** to COO. A 13-year veteran, he was running the consumer products group.
- **Mondelez** promoted **Vinzenz Gruber** to president of Europe. He replaces the retiring **Hubert Weber**.
- **Conagra Brands** named **Tom McGough** and **Darren Serrao** to co-COO roles. McGough ran the operating segments and Serrao was the chief growth officer.

Yada yada about promotions from within:

- **Hormel** named **Natosha Walsh** as SVP of sales. She succeeds **Kurt Mueller**, who is retiring after 39 years at the company.
- **Mattel** named **Steve Totzke** as global chief commercial officer. Previously he held that role for North America.

OTHER FUNCTIONS

- **Joe Vanderstelt** and **Jamie Head** joined **Ocean Spray** as CFO and CIO, respectively. Vanderstelt was at **Craft Brewer Alliance** and **MillerCoors**; Head was at **GlaxoSmithCline** and **Mars**.
- **Scott Anthony** joined **Coca-Cola Consolidated**, the biggest *Coke* bottler, as CFO. He was at **Ventura Foods** and **Coca-Cola Enterprises**.
- **Greg Gould** joined **New Age Beverages** as CFO. He was at Therapure and other biotech companies.
- **Eric Lallart** and **Robin Ynes** joined natural chocolate maker **Alter Eco**. Lallart will run operations and Ynes will run finance.

- **Adam Devine** is joining **Diageo** as Chief Party Officer for *Captain Morgan*. You may know the comedian as the male nanny (and Haley's ex-boyfriend) on "Modern Family."

Enough with the internal moves!

- **Coca-Cola** named **John Murphy** to be CFO as **Kathy Waller** retires. He ran Asia Pacific, where **Manuel Arroyo** succeeds him.
- **Campbell Soup** named **Craig Slavtcheff** as VP of R&D. He has been at the company six years.
- **Tupperware** named **Nick Poucher** as SVP of business transformation. He was the controller.

BOARD OF DIRECTORS

- **Adriana Cisneros**, **Roger Lynch**, and **Judy Olian** joined **Mattel's** board. Cisneros runs a media company focused on Latin America, Lynch is the CEO of streaming music company Pandora, and Olian is the president of Quinnipiac University.
- **Jennifer Daniels** joined the board of **Constellation Brands**. She is the chief legal officer at **Colgate-Palmolive**.
- **DeDe Priest** joined the **Freshpet** board. She was most recently at Walmart as the GMM of fresh food.
- **Kathy Waller** and **Ned Segal** joined the board of **Beyond Meat**. She is **Coca-Cola's** retiring CFO; he is the CFO of Twitter.
- **Irwin Simon** joined the board of Barnes & Noble. He is the founder and CEO of **Hain Celestial**.
- **Sheri McCoy** joined the **Kimberly-Clark** board. She was the CEO of **Avon** after a long career at **J&J**.
- **Jean Spence** joined the board of **TreeHouse Foods**. Most recently she led R&D for **Mondelez**.
- **Sherianne James** joined the **Spectrum Brands** board. She is the CMO of **Essilor**, the optical lens company.
- **Denise Clark** joined the board of Caesars Entertainment. She is the retired CIO of **Estée Lauder**.
- **Laura Flanagan** joined **Callaway Golf's** board. She is the CEO of **Foster Farms**.
- **Diane Neal** joined the board of **General Mills**. She is the retired CEO of Sur La Table.

OBITUARIES

- **Bill Coors** died at 102. The grandson of **Adolph Coors** introduced the recyclable aluminum can, and he transformed **Coors** from a regional brewery into the #3 player in the US.
- **Tom Delaney** died at 70. His eponymous newsletter, *The Delaney Report*, was much loved by marketers everywhere.
- **Will Vinton** died at 70. He developed Claymation filmmaking, most notably for the **California Raisins** and their "Heard It Through the Grapevine" campaign.
- **Stan Lee** died at 95. While not a CPG guy exactly, he had a huge impact on popular culture by creating the Marvel universe of superheroes.
- **Dorcas Reilly** died at 92. She worked in the **Campbell Soup** test kitchen, where she invented the classic green bean casserole recipe in 1955. Are you among the 20 million who enjoy it every Thanksgiving?
- **Rich DeVos** died at 92. He founded **Amway**, the direct sales leader, and he later owned the Orlando Magic of the NBA.
- **Dave Pickerell** died at 62. He was the master distiller who helped put **Maker's Mark** on the map, and he has been called the Johnny Appleseed of American whiskey.
- **Tom Jago** died at 93. The long-time liquor executive helped create *Baileys Irish Cream* and made it the world's #1 liqueur.

MARKETING AND STRATEGY

Some of this stuff may actually work.

- **P&G** is shrinking their structure from 10 to six business units. The unit heads will also have go-to-market responsibilities that were previously held by region heads.
- **Mattel** created a division called Mattel Films to create movies based on the company's brands. They hired award-winning producer **Robbie Brenner**, but who will they get to play Barbie?
- Rapper **50 Cent** has launched a champagne called *Le Chemin du Roi* ("the king's path"). Each bottle has a gold-plated emblem and is "for winners only" ... or for those with \$1,000 to spend.



- **Perdue** is launching *Simply Smart Organics*, which will cost about half as much as other organic chicken brands.



- **Native Deodorant** is the latest online-only brand to enter the bricks-and-mortar world. The natural products are now at Target, about a year after **P&G** bought the brand.



- **Jimmy Buffett** licensed his *Coral Reefer* brand to **Surterra Holdings** for use on cannabis products. (Coral Reefer, get it?) The startup company is chaired by **Beau Wrigley**, former CEO of his family's gum and candy company.



- In a victory for animal rights activists, **Mondelez** changed the packaging of *Barnum's Animals* so the lion and other animals are not in cages. To be honest, we never realized that is what it showed.
- Certified B Corporations are for-profit firms meeting environmental and social standards, such as **Ben & Jerry's** and **Seventh Generation**. The 2,600 companies have launched a "Vote Every Day" marketing campaign encouraging people to make statements with their wallets.
- In case you missed it, nonalcoholic **sparkling water surpassed fruit juice** in US sales this past year. The final score was \$2.7 billion to \$2.5 billion.
- In the negative marketing department, Ireland passed a bill requiring **tobacco-style health warnings on alcohol**. As a fun fact, Ireland is second (only to Austria) in binge drinking.



- Speaking of tobacco, flavored e-cigarettes are under fire because of underage use. The FDA's planned crackdown will get them out of c-stores and gas stations. In response, market leader **Juul** is quitting social media and will sell their flavored products online only. **Altria** is discontinuing their products entirely.
- In related news, the **FDA plans to ban menthol cigarettes** (*Newport*, etc.) in a year or so. It is because they are especially harmful and hard to quit.

IN CLOSING

A few last things between turkey and the first football game.

- Surely it will not come to this, but a startup called **Endless West** is trying to make artificial whiskey (and then wine) in a lab. The big question is why, but they claim the new process will use less land and water.

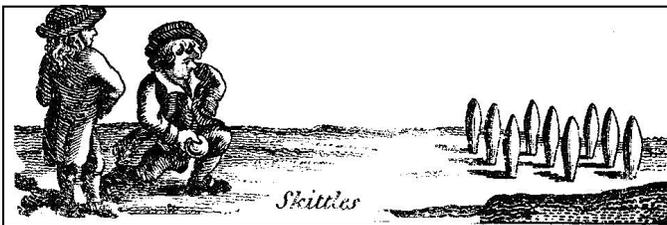


- **Canopy Growth**, the cannabis company, is now publicly traded on the Toronto exchange. Their appropriate stock symbol? **WEED**.

- **George Clooney** was the highest-paid actor over the past year, earning \$239 million despite appearing in no movies. He made his money the old-fashioned way: he sold **Casmigos** tequila company to **Diageo**.
- Be careful with social media! A senior executive had to leave **Campbell Soup** after tweeting comments supporting a conspiracy theory. His tweets led to boycott threats.
- Color all of us hopeful. The Conference Board says **consumer confidence has reached its highest level** since 2000. That tends to translate to higher spending.



- If you want to win a trivia contest, know that **Skittles** is the name of a fruit-flavored candy and the name of a European lawn game. It originated in the 1700s and looks a little like bowling on grass.



- Color us disappointed too. There is now a **four-glass limit** on the kegs of free beer at WeWork locations. It applies only to New York locations ... so far.
- And if you want to know what to do after Thanksgiving, **you should shop**. Last year, nearly 100 million people shopped brick-and-mortar stores on Black Friday, and online sales rose 18%. Or you could stay home and pay to watch Phil versus Tiger.

