



ALL EARS!!

*The Litchfield Fund
Weekly Newsletter*

“We just don’t hear it on the street, we have our ears spread across all the fields!!!!”



Litchfield

In a flash! In an instant! In a New York Minute! Let’s face it, everything does happen faster in New York City! A *New York Minute* can actually be measured! It is the length of time between a traffic light turning green & the first horn honk, according to Johnny Carson! But in a *New York Minute*, stars rise to the heavens & fall back to earth! Careers spark like fireworks & burn out just as fast. Fortunes are made & lost in a moment. A great marketing campaign can put a product in lights on Times Square but a small mistake can make it disappear. For as Don Henley said, “In a *New York Minute*, everything can change!”

In a New Coke Moment: When thinking of great marketing failures, *New Coke* always comes to mind. Changing the taste of a drink steeped in the lore of America for 100 years to improve sagging sales seems *silly* in hindsight! *Coca-Cola* was there for teenagers’ first dates, at the gas station on a hot day for the *Pause That Refreshes*, in the theater watching a movie or on the front porch swing on a summer evening. Most importantly, it has been the taste of home for millions of GIs overseas! After hearing customer complaints about subdued colors & taste differences, *General Mills*, having its *New Coke* moment, will bring back *Classic Trix* with artificial colors. We may just be *Silly Rabbits*, but if ‘*Trix are for kids*’, there should be no artificial ingredients!

Partnership Brands in the News: Our **Litchfield Fund** partners were in the media again this week! Read Elaine Watson’s article on *Harvest Soul* from *Food Navigator*: [Harvest Soul tells a fiber story!](#)

Industry News: *ConAgra* will acquire *Angie’s Artisan Treats* (*Angie’s Boomchickapop* ready-to-eat popcorn) from *TPG Growth* for an undisclosed amount. Reported as a possibility last week, meal kit *Plated* (\$100M in sales) was purchased by *Albertsons* for an undisclosed amount. *Capital World Investors* has exited their investment (13%) in *Blue Apron*. With its cereal segment continuing to struggle, *Post Holdings* will purchase *Bob Evans* for \$1.5B (\$77 per share) to expand its offerings. *Post* will combine its egg, potato & cheese segments into *Bob Evans*. With a patented sugar reduction technology, Israel’s *DouxMattox* has raised \$8.1M for expansion. *Dole*, considering an IPO or private sale, continues to reduce operational cost with more layoffs in California. In a company report, *Unilever* stated that Big Food & start-up partnerships are a strategic imperative. Finally addressing a variety of antitrust concerns, *Walgreens’* deal for *Rite Aid* was completed for \$4.4B. *Walgreens* will take 1,932 stores, primarily located in the Northeast & South, while *Rite Aid* will retain 2,600 stores. Per *AgFunder*, AgTech investment grew 6% to \$4.4B in the first half of 2017 as compared to 2016, though the overall number of deals fell.

The continued struggles of yogurt & cereal for *General Mills* impacted the company’s 1st QTR with sales falling 4% & net earnings down 1%. Leadership did feel sales trends were positive &

momentum would carry forward. *Tyson* put its plans on hold for a \$320M facility in Leavenworth County, KS as county commissioners pulled support for the economically positive project after protests. *Tyson* will likely seek other locations. *Walmart* will build a new corporate campus for its Bentonville, AR headquarters to help drive efficiencies. To improve efficiency, it is reported that *Whole Foods* will further centralize buying operations & bar brand representatives from in-store promotions. This could impact emerging brands that require promotion to gain traction & fledgling local products. *Kroger* announced an ambitious plan to eliminate food waste (which studies show can be as much as 10% of food on the shelf) in its stores by 2025 & fight hunger in the communities it serves. Looking for more protein product innovation other than meat, *Hormel*, whose recent acquisitions include *Justin's* & *Muscle Milk*, wants 15% of 2020 net sales to come from products developed during the previous five years. *Food Dive* reported that while *Amazon* has just a small sliver of the snack market, they are seeing 42% year over year growth. The healthy meat, granola bar & fruit snacks segments are experiencing substantial growth.

NatureBox will offer its most popular cookies, bars & nuts items in single-serve, on-the-go, convenient packaging. *Lundberg Family Farms* launched *Organic Grainspirations*® arancini appetizers in three new frozen SKUs. *Kraft Heinz* will introduce four no sugar added juice lines for *Capri Sun*, including an organic offering. *Campbell Soup's Bolthouse Farms* will enter a new segment with four SKUs of pea-protein non-dairy milk. Fulfilling its pledge to use non-GMO ingredients in its flagship brands, *DanoneWave* announced that its whole milk *Dannon* yogurts & *Danimal* smoothies will now be non-GMO certified. *McDonald's* will replace its current *Happy Meals'* beverages with organic, lower-sugar apple juice made by *Honest Tea*.

Per *The Good Food Institute* & the *Plant Based Foods Association*, the plant-based food segment is over \$3B in sales & increasing at 3.1% annually, with plant-based dairy growing at 20% (\$700M in annual sales). A *Morgan Stanley* report shows that 84% of people prefer to see & select their groceries, unchanged from previous reports, & that dissatisfaction with on-line shopping rose to 27% from 17%. The number of retailers offering grocery delivery is now 51%, more than 3 times last year, with 65% willing to offer same-day service within the next 12 months, per *Boston Retail Partners' 2017 Digital Commerce Benchmark Survey*. *Organic Valley* & *Maple Hill Creamery* announced a new third-party organic grass-fed certification. The standards created include cows having no grain in their diet & grazing 150 days a year on grass.

Market News: The markets hit records during the week with the DOW & S&P settling in above the previous week's high. The Nasdaq was down just 0.3%. *Apple Watch* connectivity issues, the FED indicating a likely year end interest rate hike & geopolitical concerns created some drag.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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