



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



PLAYWRIGHT AND SCREENWRITER Lillian Hellman's credits include *The Little Foxes*, *The Autumn Garden*, *The Children's Hour*, *Toys in the Attic*, *Watch on the Rhine*, *Dead End* & many others. Despite many awards, her life, works & relationships were controversial. She was blacklisted in the 1950s for her 1930s participation in the communist party. She had a lifelong romantic relationship with blacklisted author (& a **LITCHFIELD FUND** favorite) Dashiell Hammett. Her personal relationships were complex, she was often accused of lying about past events. Yet she understood how to *forge relationships*, commenting, "People change & forget to tell each other."

FORGING AHEAD: Forging relationships is an important part of life, love & business. It is easy to build relationships when we are young. We see friends & people every day in school & socially. But as we move to the working world, business & personal relationships become different & can be, for many reasons, problematic. With our busy & hectic lives, relationships are moving on-line to social media, are often more impersonal & fraught with their own difficulties & issues. Yet, building *real life* personal relationships remain important to our individual & professional growth. Actor Ben Stein pointed this out saying, "Personal relationships are the fertile soil from which all advancement, all success, all achievement in real life grows." An entrepreneur developing a personal relationship with potential investors is incredibly difficult. Entrepreneurs should heed Ms. Hellman's advice, keeping potential investors well informed as to their company's growth & change. But entrepreneurs must understand the potential investor's motivation, which author Nicholas Sparks seems to have described in his novel, *The Last Song*, "I mean, if the relationship can't survive the long term, why on earth would it be worth my time & energy for the short term?" Often, entrepreneurs don't seek to build those relationships until they are ready to raise money, which is much too late! It is understandable, there is so much for an entrepreneur to do to move a business forward & only so much time. But creating familiarity & trust with an investor requires time & effort. Educator Barbara M. White said, "Building trust is a process. Trust results from consistent & predictable interaction over time." *Guerilla Marketing* author Jay Conrad Levinson, who helped develop many famous marketing icons (*Marlboro Man*, *Pillsbury Doughboy*, *Tony the Tiger*, *Morris the Cat*, *Jolly Green Giant*, *Allstate's good hands*, *United's friendly skies* & *Sears' Diehard battery*) said, "Consistency breeds familiarity, familiarity breeds confidence & confidence breeds sales." So in this new year, entrepreneurs should think about how they will *consistently* hit their objectives, *market* their successes, build *trust & familiarity* with interested investors to make the *sale* -- that much needed investment!

INDUSTRY NEWS: *OWYN*, plant-based beverages, raised \$7.5M led by *Powerplant Ventures*. Already a minority stakeholder, *Coca-Cola* has purchased full control of dairy producer *fairlife*. *Yum! Brands* will acquire *The Habit Burger Grill*, for approximately \$375M in cash. *Grupo Bimbo's* USA unit, *Bimbo Bakeries*, acquired *Lender's Bagels* from *Conagra* for an undisclosed amount. *Babylon Micro-Farms*, claiming its 15 sq. ft. micro-farm has the output of a 2K sq. ft. outdoor farm, raised \$2.3M led by *CIT GAP Funds* & *Plug & Play Ventures*. *GrubMarket* acquired NorCal delivery companies *Eating with the Seasons* & *EJ Food Distributor*. *Save A Lot* received \$138M from current lenders to shore up its business operations. *Fairway Market* may file for Chapter 11 bankruptcy for the second time in the last 3.5 years. *Borden Dairy* filed chapter 11 bankruptcy in an attempt to return to a more normal course of business.

Albertsons closed a strong 3rd QTR with 2.7% same store sales growth, in-line earnings & a 1.9% revenue increase. *Lamb Weston* had a 12% rise in sales in 2nd QTR & an 18% increase in income. *Cargill* reported strong 2nd QTR results with a 19% increase in adjusted earnings on 4% revenue growth. *Constellation Brands* posted 3rd QTR results that beat estimates despite a \$71.1M loss on its *Canopy Growth* investment.

Brookshire Grocery & Weis Markets have signed on to use *Mercatus' AisleOne* platform which personalizes customer shopping experiences. *Lowes* will use *Radius Networks' FlyBuy* curbside pickup technology which alerts the retailers as the customer approaches. *H-E-B* was ranked as America's favorite grocer in *dunnhumby's Retailer Preference Index*, passing *Trader Joe's*, *Amazon & Costco*. *Giant Foods* will invest \$114M in new stores, remodels & a new eCommerce distribution center in Pennsylvania. *Ahold Delhaize* has plans to open an integrated almost 1M sq. ft. distribution center in Connecticut & move away from using *C&S Wholesale Grocers*. *Sprouts Farmers Market* will partner with *Whole30* to offer customers a *Whole30* shopping list. *Laird Superfood*, a **LITCHFIELD FUND** favorite, will offer *Laird Superfood Hot Chocolate with Functional Mushrooms*. *Fresh Thyme* has added another 99 CBD products; bringing its CBD offerings to more than 250. *Google* cafeteria workers in NorCal will unionize. *Perdue* has launched a direct to consumer eCommerce platform. The 9th U.S. Circuit Court ruled the word 'diet' in *Diet Dr Pepper* is not a weight loss promise, perhaps deterring future such claim-based lawsuits.

Per *Mintel*, 40% of Americans want to add plant-based foods into their diet with 50% wanting restaurants to offer more plant-based protein options. Per *Grand View Research*, the global seaweed market (\$11.1B in 2016 sales) is expected to grow at a rate of 8.9% from 2018 to 2024. A study in *The New England Journal of Medicine* points to the many health advantages of intermittent fasting, that is, eating all meals in a 6 to 8 hour time window & fasting for 16 to 18 hours a day. Prepared food sales rose 11%, according to *Technomic*. Two-thirds of retail consumers purchased prepared food items at least three times a month. The study shows 73% take their purchases with them; 47% consume their purchase immediately. A 70% increase in better-for-you foods, including fruit, vegetables, nuts, health bars & yogurt, drove 2019 C-store sales higher for the 17th consecutive year, according to the *National Association of Convenience Stores*. Despite various pressures, USA full-service restaurants hit \$285.3B in 2019 sales, up 3.8%. The quick service segment grew 3.2% to \$246.7B. *The National Restaurant Association* projects a sales increase of 3.6%. *Nielsen* projects that USA hemp-based CBD sales could be \$2.25B to \$2.75B in 2020. Per *NPD*, coffee is driving sales at donut shops, perhaps explaining *Dunkin'* dropping donuts from its name. In data from *Beer Canada*, beer sales fell 3.9% last year in the first year of legalized marijuana sales. Per researchers, an incurable & deadly fungal disease called *Verticillium Wilt* is attacking peppermint crops, latching onto their roots & stems, blocking the flow of nutrients & water & infecting even dormant soil. Organic food-grade corn & soybeans prices rose in the 4th QTR while durum wheat declined, per *Mercaris*.

PARTNERSHIP UPDATE: Watch Alex Bayer, founder of *Genius Juice*, share his organic coconut smoothies with the sharks on *Shark Tank*, Sunday, January 19th on ABC!

MARKET NEWS: Markets reached record highs, the Dow passing 29K, on positive geopolitical outcomes. The economy added 202K private sector jobs in December, well surpassing the expert estimates of 160K, per *ADP*. November private sector job increases were revised upward, almost doubling! Jobless claims fell more than the expert predictions. The unemployment rate held constant at 3.5% & wages rose 2.9%.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

V6issue30.01.11.20

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