



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!!!!”



Long before the days of 24-hour everything – *news, sports, banking, shopping, etc.* – there was a time when stores were closed on Sundays & TV news aired just for one half hour a night! There were no *24/7 reality stars* (famous for being a *reality star*) or You Tube stars famous for stupid stunts! There was, *believe it or not Mr. Ripley*, only one nationally televised NFL & MLB game a week! But once a week for 90 minutes on Saturday afternoon, the *Wide World of Sports* brought us competitions of all kinds from across the globe! We saw the *Thrill of Victory*, the infamous *Agony of Defeat* & no one even knew poor Vinko Bogatoj’s name!

Competition: Competition is just part of human nature! This is true for all in nature, as Ovid remarked, “*A horse never runs so fast as when he has other horses to catch up & outpace.*” As little kids we raced each other to the corner store *just to get there first.* We peddled our bikes as fast as possible to get to the sandlot before our best buddy, just to compete again our own Elysian Fields. We compete everywhere; in school, in romance, in politics, between nations & of course, in business. And in each case, we compete to win! President John F. Kennedy said, “*We want to be first; not first if, not first but; but first!*” In business, Edward Deming, Herbert Hoover, Andrew Carnegie & many others believe competition is good as it lowers costs, drives down price, improves quality, expands markets & satisfies consumers! Others though follow the mantra of *bury the competition.* The phrase “*All’s fair in love & war*” dates from the 16th century, a mid-20th century classic tells us, “*It’s still the same old story, a fight for love & glory,*” & Louie ‘*The Lip*’ Durocher, one of the sports world’s fiercest competitors, is credited with the adage, “*Nice guys finish last!*” It is true that our greatest competitor should be ourselves; to do better, be wiser, compete harder, learn from our effort & be a good sport when we lose. This week, due to intense competition, meal-kit company *Chef’d* has apparently ceased operations while its investors decide its fate. But losing in competition can have a happy ending! Living quietly in Slovenia in 1981, nice guy Mr. Bogatoj was invited to the *Wide World of Sports* 20th anniversary celebration. Not realizing he had become a TV sports icon, he was surprised not just at the invite, but that he received the loudest applause & that the era’s greatest sports icons wanted *his* autograph!

Industry News: *B&G Foods* (parent of *Cream of Wheat*) will acquire the *McCann’s* brand of premium Irish oatmeal from *TreeHouse Foods* for \$32M in cash. *Matcha Bar* announced an \$8M investment from celebrities DJ Diplo, NFL MVP Von Miller, popstar Billie Eilish, actor Ansel Elgort & Drake, who previously invested. Chocolate maker *Little Secrets* raised funds from *Sunrise Strategic Partners* & hired *Nestlé* veteran Jeremy Vandervoet as CEO.

In an effort to compete, *Postmates* has expanded to almost 400 cities, delivering from about 250K merchants. *Instacart* & *Postmates* will pilot a combined delivery service during peak hours in San

Francisco. *Instacart* will hand off some of the deliveries to *Postmates* at crunch times. *Target* will partner with *Shipt* in the NYC area & *Shipt* will hire 2K workers to shop & deliver. *IHOP* will partner with *DoorDash* for delivery. *Sun Basket* will offer 20-minute healthy meal-kits prepared in one pan, some ready for the grill. *FreshDirect* will open a new 400K sqft. distribution center in the South Bronx to expand its e-commerce grocery delivery.

For *Albertsons* 1st QTR, the grocer posted a 1% revenue increase with a \$17.7M net loss, much better than a year ago, with a 5.7% increase in EBITDA & a better than 100% gain in ecommerce sales. *Unilever's* 2nd QTR growth was less than expected due to strikes in Brazil & sluggish USA sales. *Kroger* will not implement its plan for 90-day payment to produce suppliers, which was set to go into effect August 1. *Kroger* is introducing a free app allowing users to track the scores of products' nutritional and/or health attributes based on nationally recognized dietary guidelines, further enhanced by *Kroger* registered dietitians. The app is called *OptUP* & even tracks purchases made over several weeks. *General Mills* may divest smaller brands & look to additional innovation to drive revenue. *Walmart* will partner with *Microsoft* to develop the retailer's consumer-facing & business operations cloud solutions, in a 5-year agreement. *Southeastern Grocers* launched a new loyalty program with savings in the store & at the fuel pump. *Fast Company* reports that Israeli-based *Trigo Vision* has \$7M in funding to develop a more expanded technology to compete with *Amazon Go*. *One Click Retail* reports that *Amazon* now has 18% of USA on-line grocery sales, with sales growing 40% in 2nd QTR. *McDonald's* removed salads from 3K store in 14 states due to parasites causing intestinal illness.

FMI & *IRA* reported that grocers had a lower share of the growing private label sector, falling slightly in sales. Grocers took in \$68B of a \$138B sector as mass merchandisers' private label share increased. Per the *National Association of Convenience Stores*, healthy snacking & protein sales helped 79% of C-stores increase sales through June. According to *Wells Fargo*, C-stores saw a 4.2% increase in 2nd QTR non-alcoholic beverage sales. *Mintel* reports that 61% of 11 to 17-year-olds ask their parents to purchase specific food brands. Also, older teens shy away from sweetened carbonated sodas & junk food due to concern for their health. According to *Mercaris*, prices for organic corn, hard red spring wheat & winter wheat were lower in May & June while prices for organic soft red winter wheat, durum & soybeans rose. The State of California Court of Appeal ruled that under California's Proposition 65, *General Mills*, *Kellogg* & *Post* do not need to display a cancer & reproductive warning for acrylamide on their packaging.

Market News: Markets bounced on the usual news: earnings, interest rates & tariffs. Initial jobless claims for the week (207K) fell to its lowest level since December, 1969.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenjo*

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