



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



FOR MOST OF HUMAN HISTORY, housework was done in the same manner. Think of poor Mrs. Thuk, hauling all the Thuk family saber tooth tiger furs, leopard loincloths & perizomas down to the river to beat with a rock, while our good friend Thuk was out hunting & gathering. Some 15,000 years later, at the turn of the 20th century, women were still beating the family's clothes, not with a rock in the river, but on a washboard in a wash tub, while the men of America, in what was primarily an agricultural society, worked the farm & hunted for food. But Edison, Westinghouse, Tesla, Brush, de Forrest, Murray & other pioneers of electricity changed that, ushering in the age of convenience.

CONVENIENCE REVERT: The early 20th century ushered in the age of household convenience. The Industrial Revolution had done little for housework, with the exception of Elias Howe's sewing machine, which was improved upon by Isaac Singer for home use. *Singer Sewing Machine Company* grew into one of the first multinational corporations. In 1889, Singer introduced an electric sewing machine. But it was after the turn of the century that electric appliances became readily available. The first electric washing machine had a motor that turned the agitator (replacing the river rock) to beat the clothes clean. Yet, soapy water had to be drained from the tub & replaced with clean water perhaps once or twice. Then the clothes were run through a hand cranked wringer to remove the excess water, after which they were hung on the line to dry. *No wonder Monday was wash day!* The early part of the century brought the electric vacuum cleaner, iron, stove, refrigerator, toaster & other inventions that made household chores easier. And of course, the electric light allowed for more flexibility in completing those household tasks. But as Americans became more prosperous, the ladies of the household sought more opportunities: socially, in the workplace & supporting important causes. One household task that remained time consuming was preparing meals, especially for the still large American families of the early part of the 20th century. Canned food such as oysters, meat, fruit, etc., appeared in America in the 1820s, but gained acceptance when Gail Borden introduced canned condensed milk in 1856. It was not until 1930 that Charles Birdseye made frozen foods available to the market. And speaking of markets, shopping became easier in 1916 when *Piggly Wiggly* became the first self-serve grocery; then in 1930 when Michael Cullen, working at *Kroger*, introduced the first massive supermarket, *King Kullen*. In 1922, *Quaker* introduced *Quick Oats*, making breakfast faster & more convenient. The age of instant food began in 1946, when *General Foods* launched *Minute Rice*. The 1950s saw the introduction of the frozen TV dinner & the frozen pizza, first introduced by New York pizzerias to take home & bake. But the true age of instant food began with instant noodles in 1958 & the 1960s brought us instant mash potatoes, oatmeal, pudding, whipped cream, powdered drinks & soup, boil-in-the-bag, *Shake & Bake* & cheese-in-the-can, all designed as time savers for busy moms now working, more active in their children's schools & in society. Today, we wonder about what chemical additives, preservatives & unnatural extracts we placed in our young active bodies, & quite frankly, *really do not want to know*. Yet, in some ways convenience, when it comes to products, has reverted. In an industry that touts itself as clean, organic & natural there are still too many gums, emulsifiers & preservatives; oils, extracts & sugars of dubious origin & construction; & too much salt, sugar & carbs. It has made a trip to the grocery store or a search on an eCommerce site time consuming, needing to search ingredient & nutritional panels to make sure we put real food (meat, dairy, plants, fruits, nuts & seeds) in our bodies - the food that humans have eaten throughout the course of existence. But the convenience revert extends farther than the hunting & gathering of good food - a 45-minute charge instead of a five-minute fill-up; low intensity light bulbs that strain the eyes; shower heads with pressure too low to rinse the soap away; toilets that require two or three flushes, washing machines without agitators that leave clothes dirty & low-energy dryers (just like on last week's *Ted Lasso*) that take 4 hours to dry clothes. On Monday, you will most likely find me at the river - *beating my socks with a rock!*

INDUSTRY NEWS: Berlin's *BFY* snack brand *KoRo* raised €20M from investors including *SevenVentures*, *Associated British Foods*, *Haub Legacy Ventures*, *HV Capital*, *Five Seasons Ventures* & *Partech*. Frozen foods startup *8 Myles* raised \$1.05M in seed funding from *Andreessen Horowitz's a16z Talent x Opportunity Initiative*, *Virginia Venture Partners*, *The Enterprise Center*, *gener8tor's Bronze Valley Investment Accelerator*, *Kompass Ventures* & others. *Growtheum Capital Partners* invested \$100M for 15% stake of Vietnamese dairy maker *International Dairy Products*. Vegan fried chicken brand *VFC* secured €6M led by *Veg Capital*. Germany's *Nosh.bio* raised €3.2M for its fungi alt-protein led by *Earlybird* with participation from *Clear Current Capital* & others. *Danone Manifesto Ventures* took a minority stake in *Imagindairy*. *Chunk Foods* raised \$15M from *Fall Line Capital*,

MITE14 & FootPrint Coalition to launch its fermented meat in USA foodservice. Australian restaurant ordering app *me&u* closed on \$30M led by *Acorn Capital*. Brazil agribusiness marketplace *Arado* raised \$12M led by *Acre Venture* with participation from *Syngenta Group Ventures, Globo Ventures, Maya Capital, Valor Capital & SP Ventures*. *Rastelli Foods Group*, multi-channel meat processor, acquired organic beef, poultry & fish supplier *Greensbury Market*. *Hawaiian Host Group* purchased macadamia nut brand *MacFarms* for \$26M from Australia-based *Health & Plant Protein Group*. *Pangea Natural Foods*, health food product copacker, acquired cold-pressed *Glory Organic Juice Company*. *Burcon NutraScience* acquired *Merit Functional Foods'* assets out of receivership. *Delivery Hero* will pull back from investments after the devaluation of *Gorillas* after acquisition. *Borealis Foods*, a producer of plant-based, ready-to-eat meals, created a \$150M SPAC with *Oxus Acquisition Corp*.

Aldi is expanding locations in Arizona & California. *Yellow Banana*, owner of eight *Save A Lot* locations in the Chicagoland area, will invest \$26.5M into its stores on the South & West Sides of Chicago. *Amazon* may be on the hunt for divested *Kroger & Albertsons* locations. *Bed Bath & Beyond* locations may also be of interest to grocers & c-stores. *Food City* will expand in Alabama. *Kroger* will phase-out mailed circulars. *Sprouts* will use wasted food for farm soil & feed as part of *Ancient Nutrition's* regenerative ag project. *The Wegmans Family Foundation* gave \$1.5M to Niagara University to research food industry innovation & supply chain excellence. A data security breach may have exposed *Albertsons* employee information. *FreshDirect* launched a one-year pilot program to work with emerging businesses to help them grow their brands. *GrubMarket* launched *GrubPay*, a platform that facilitates payments for food wholesalers & distributors. *Instacart's* top selling grocery item has been bananas, having delivered 1M to customers. *Caribou Coffee* will add 300 new locations to its 735 worldwide locations. *Utz Brands*, will cease operations at its manufacturing facility in Birmingham, AL, that makes snacks for the *Golden Flake* brand. *Tyson* will focus on rightsizing with 10% reduction of corporate positions & 15% of senior leadership roles. *Nestlé* set up a joint venture with *PAI Partners* for its European frozen pizza business; the venture will operate two manufacturing facilities. *Post Holdings* will nearly double the size of its *Michael Foods* egg production facility in Norwalk, Iowa. *Kraft Heinz* will expand its European brand *Just Spices* to the USA. *Kroger* will add a 10% upcycled grain bread to the *Simple Truth* line. *Flowers Foods* introduced new products, including Keto offerings, under the *Nature's Own, the Nature's Own Perfectly Crafted & Tastykake* brands. *Lipton* will introduce a hard iced tea. *Bimbo Bakeries* adds *Keto Bagel Thins* to the *Thomas'* brand. *Upside Foods* announced cultivated ground chicken as its second product. *Quorn* mycoprotein is now available as an ingredient after almost 40 years of offering products. *Remilk* obtained Israel's first approval for precision fermented dairy. Israeli. *Mars* is facing a class action suit for alleged discriminatory hiring & training processes. The person in the Arizona governor's office vetoed a bipartisan bill that would have eased restrictions on street food & cottage food entrepreneurs. Industry data shows *Bud Light* has seen a 6% sales decrease in week one & 17% in week 2 from consumer backlash over a controversial marketing campaign. *Stew Leonard Sr.*, founder of the *Stew Leonard's* grocery store chain passed away at age 93.

The UN's FAO surprisingly admits that the consumption of animal source foods including meat, eggs & milk are vital to nutritional well-being & can help to reduce stunting, wasting & overweight amongst children. A partnership between the *Department of Veteran Affairs* & the *Rockefeller Foundation* will test the effectiveness of fresh fruits & vegetables on health; the data could help wider acceptance of food as medicine. Self-checkout accounted for 55% of transactions in 2022, according to shopper insights firm *VideoMining*. From *ChaseDesign*, consumers are shopping at dollar stores mostly for groceries, followed by personal care & home goods; though food shopping is for immediate need & not the primary stock-up stop. *Technomic* reports that the number of Americans who order from restaurants more than once a week dropped from 48% to 46% in 4th QTR 2022. From *Attest*, 80% of consumers believe brands are using inflation as an excuse to hike their prices & 71% are switching brand loyalty. Market researcher *Kantar* said grocery inflation was 17.3% for the UK in April. From *Salsify*, 78% of consumers are looking for discounts or free delivery & 73% are buying less or putting off large purchases to battle inflation. From *Numerator*, a vast majority of consumers are worried about all the aspects of the economy & the impact of inflation. From a survey by *Cleo*, GenZ & millennials (52%) state buying groceries is their biggest worry with 38% worried they will not be able to afford groceries due to inflation in the future. March meat prices rose by 0.9% YOY, well below the overall rate of grocery inflation, while seafood prices rose with steady sales volume, per *Circana* & *210 Analytics*. Ongoing inflation caused organic fresh produce sales in 1st QTR to grow by less than 1% as volume dropped 3.4% per the *Organic Produce Network & Category Partners*. From *Circana*, fresh fruit prices decreased 2.4% in March YOY, but are still higher than in 2021. The USDA reports a down red/winter wheat & flour forecast due to weather.

MARKET NEWS: Markets were higher this week. Home sales fell but prices remained stable. Labor costs rose but personal spending was flat. Consumer sentiment fell.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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