



# 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**

**The Greek word for art, craft & skill** is *techne*. The term technology came into use in the mid-19<sup>th</sup> century. From then onto the mid-20<sup>th</sup> century, especially after the use of the atomic bomb, scientists, politicians, military leaders & authors were worried that technology would be the downfall of our society & civilization. From Thoreau, Marx & Verne to Einstein, Bradley, JFK, Asimov, Orwell, Huxley & Clarke, they all felt technology could lead to idleness, ignorance, isolation, death & destruction. Perhaps JFK summed up these fears best when he said, “*Life is extinct on other planets because their scientists were more advanced than ours.*”

**Idleness & Ignorance:** The 17<sup>th</sup> century, before Eli Whitney invented the cotton gin & the advent of the *Industrial Revolution*, was the *Age of Enlightenment*. Perhaps no figure better embodied the American *Age of Enlightenment* than Benjamin Franklin! Dr. Franklin was an inventor, writer, philosopher, publisher, businessman, philanthropist, politician, statesman & most importantly, *American Patriot!* His accomplishments are too vast to mention in this short thesis, from inventing swim fins as a boy, then the Franklin Stove & the lightning rod, opening the first lending library, being the first Postmaster General & one of only six men who signed both the *Declaration of Independence* & the *Constitution*. Dr. Franklin was very concerned about those lacking individual industriousness & education, a concern shared by those who saw a downside to technological advancement. A few thoughts Benjamin Franklin had on the subject:

*The problem with doing nothing is not knowing when you're finished.*

*Lose no time; be always employed in something useful.*

*Lost time is never found again.*

*Common sense without education, is better than education without common sense.*

*We are all born ignorant, but one must work hard to remain stupid.*

*Being ignorant is not so much a shame, as is being unwilling to learn.*

*The person who knows how will always have a job, but the person who knows why will always be the boss.*

And Benjamin Franklin wisely anticipated technological advancements & the impact on society & civilization, writing, “*The rapid progress of the sciences makes me sorry... I was born so soon. Imagine the power that man will have over matter, a few hundred years from now. We may learn how to remove gravity from large masses & float them over great distances. Agriculture will double its produce with less labor. All diseases will surely be cured...even old age. If only the moral sciences could be improved as well. Perhaps men would cease to be wolves to one another & human beings could learn to be human.*”

**Industry News:** *Jyve*, merchandising, packing & delivery, completed \$35M in funding from *SignalFire*, *Crosscut Ventures*, *Ridge Ventures* & *New Enterprise Associates*. *Bevi*, smart customized beverage dispensing systems, has raised \$35M led by *Bessemer Venture Partners*, with *Horizon Ventures* & *Trinity Ventures* involved. *Recode* reports that *BlackRock Capital*, *Tiger Global* & other current investors have added an additional \$100M into *Postmates*, giving the company a \$1.85B valuation ahead of its planned IPO. *Zest Tea*, high-caffeine tea beverages, received \$1M in a funding round led by Maryland-based *Momentum Fund* & *Lord Baltimore Fund*. Food waste reseller of high quality, overstocked, produce, *FoodMaven*, finished a \$10M round

with *Tao Capital Partners* & the Walton Family. There are reports that *Hostess Brands*, *B&G Foods* & *Ferrero* have made bids for *Kellogg's* cookie & snack brands, likely in excess of \$1.5B. *The Farmer's Dog*, a fresh & personalized dog meal subscription service, raised \$39M led by *Insight Venture Partners* with *Shasta Ventures* & *Forerunner Ventures* participating.

*Ahold Delhaize* reported a 4<sup>th</sup> QTR 3% sales increase with a 2.6% sales increase in the USA. Same-store sales in the USA grew 2.7% & ecommerce grew 12.1%. *McCormick* saw net income rise 21.6% in its 4<sup>th</sup> QTR on flat sales but provided a tepid 2019 forecast. *Starbucks* beat analyst estimates in its 1<sup>st</sup> QTR for both net income & revenue. Bay Area food delivery *Munchery* shut down after 9 years & \$125M in venture funding. *TreeHouse Foods* continues to restructure, closing its St. Louis offices & consolidating into its Illinois office. As part of *Kroger's Zero Hunger Zero Waste* initiative (launched in 2017), *Kroger* is planning to offer a \$1M prize to the company with the best waste elimination idea. *Giant Foods* will do a podcast, *Nutrition Made Easy!*, presented by its dietitians & nutritionists. *Target* will accept contactless payments at 1,850 USA locations, including *Apple Pay*, *Google Pay*, *Samsung Pay* as well as *Visa* & *Mastercard* contactless cards. *Hy-Vee* will offer *Apple Pay* at 245 stores. *Amazon* is launching an autonomous delivery vehicle, *Amazon Scout*, in a test in Snohomish County, WA. In the *Global 500 2019* report from *Brand Finance*, *Starbucks* (#31), *Coca-Cola* (#38) & *McDonald's* (#43) broke the top 50 in brand value. *McDonald's* (#5) & *Coca-Cola* (#9) were in the top 10 for brand strength. Per an *InMarket* study, *Fry's Food Stores* finished first in a list of the top 25 supermarket chains for customer loyalty, followed by *Giant Eagle*. *Publix* & *Ralph's* tied for the three spot, followed by *Smith's* & *H-E-B*. *SlimFast* will introduce a keto-compliant line of meal replacement shakes, bars, fat bomb snacks & other products. *Gratitude Health* will introduce *KetoRefuel*, an RTD line of keto meal-replacement shakes. *Lightlife Foods* is launching a plant-based burger & other products made with pea protein & free of GMOs, gluten, soy & artificial flavors. *Pepsi* will launch a nitrogen-infused version of its trademark soda, *Nitro Pepsi*. *Smári* is releasing a new line of *Icelandic Protein Coffee* & a lower priced line of non-organic yogurt cups.

Per *Nielsen*, organic food & beverages cost 24¢ (7.5%) more on average per unit than conventional food. In 2014, the premium was 27¢, about 9% higher. The expansion of organic products is likely responsible for the reduction. In the 7<sup>th</sup> annual survey of dietitians from *Pollock Communications* & *Today's Dietitian* "What's Trending in Nutrition," dietitians picked fermented foods, avocado, seeds, ancient grains, exotic fruit, blueberries, beets, nuts, coconut products & non-dairy milks as the top superfoods for 2019. Both nutrition fact panels & ingredient lists help consumers make healthy product decisions, per an *IFIC* & *American Heart Association* study, reported in *Food Dive*. A whopping 95% of consumers seek healthy options, but only 28% say the information is readily available.

**Market News:** The markets continued on the upside. Jobless claims, indicating the strength of the economy & labor market, dropped last week to the lowest level since November 1969, when the size of the labor market was 50% of what it is today! The Markit PMI grew to 54.9, indicating continued expansion!

**Seeds, Sprouts, Grow, Harvest!**

The Litchfield Fund – *Tom Malanga*

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