



March Madness 2017



The Consumer Biz Buzz

News That Makes Teeth Whiter, Clothes Brighter, and Life Just Plain Better

Transaction News

Some of the best players these days are one-and-done.

The Consumer Biz Buzz

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■ **Kraft Heinz** wanted to pay \$143 billion for **Unilever**. Then they remembered they know nothing about home and personal care, so they backed off.

■ **Reckitt Benckiser** is buying **Mead Johnson** for \$16.6 billion. The *Enfamil* maker will be their biggest acquisition ever.

■ **Mars** is paying \$7.7 million for **VCA**, a chain of animal hospitals and labs. As a fun fact, pet is now the biggest Mars business. Yep, bigger than candy.

■ **L'Oreal** is paying \$1.3 billion to **Valeant Pharmaceuticals** for the *CeraVe*, *AcneFree*, and *AMBI* skincare brands.

■ **Heineken** is paying \$1.1 billion for **Kirin's** beer business in Brazil. It makes them the #2 brewer in the world's #3 beer market.

■ **Coty** is paying \$600 million for 60% of **Younique**, a seller of beauty products through social media.

■ **Kellogg** used their *Eighteen94 Capital* venture fund to invest \$4 million in **Kuli Kuli**, an early stage snack maker. And **General Mills** used their *301 Inc.* fund to invest \$6 million in **Rhythm Superfoods**.

■ While not a transaction, activist investor **Nelson Peltz** and his **Trian Fund** bought a \$3.5 billion stake in **P&G**. It is their biggest investment ever, so pressure will follow.

Private equity firms buy companies to sell companies:

■ **HIG Capital** is selling **Ready Pac Foods** to **Bonduelle**, a French producer of canned and frozen vegetables. The price is over \$400 million.

■ **Gryphon Investors** sold **C.B Fleet**, the maker of *Summer's Eve* and other personal care brands, to **Prestige Brands**. The deal is valued at \$825 million.

■ **Brynwood Partners** sold **Lightlife Foods**, a maker of plant-based protein products, to **Maple Leaf Foods**. The price is \$140 million.

■ **NexPhase Capital** sold **Dr. Fresh**, a leading toothbrush company, to **Clayton Dubilier & Rice**. They will integrate it into **High Ridge Brands**.

Other private equity firms started the cycle anew:

■ **Riverside** invested in **Nustef Foods**, a Canadian maker of Italian waffle cookies and artisan crackers. *Reko* is their brand.

■ **JMK Consumer Growth** invested in **Miyoko's Kitchen**, an early stage maker of non-dairy cheese and butter alternatives.

Transaction News

Continued.

■ **Advent International** formed **Sovos Brands** to acquire and build food and beverage brands. Their first deal was for **Michael Angelo's Gourmet Foods**, the \$100 million maker of frozen Italian entrées.

■ **AUA** bought **Love & Quiches** to add it to their **Indulge Desserts** platform.

■ **ARX Equity Partners** is buying **Deva** from **Danone**. The Czech company makes baby desserts and drinks.

■ **VMG Partners** bought a minority stake in **Drunk Elephant**, a hot skin care business.

Expanding and Contracting

Pretty much everyone prefers the former.

■ **Hershey** announced plans to cut 2,700 jobs, or 15% of their total workforce. Most will be hourly roles outside the US.

■ After considering 20 locations, **Nestlé** will move their US headquarters (and 750 jobs) from Glendale, California to Arlington, Virginia. Getting \$16 million in state and county subsidies helped make the decision.

■ In a sad reminder of the downside of downsizing, **Altria** is investigating whether employees put metal pieces in cans of smokeless tobacco. They work at a plant that will be closed next year.

Courtrooms and Bureaucracy

Thank goodness the lawyers are here to protect us.

■ A woman sued **Anheuser-Busch** for using her photo without permission in *Natural Light* ads and promotional material. She is shown drinking beer while wearing a fake mustache, and apparently the photo was submitted through a Facebook contest.

■ **Craft Brew Alliance** faces a class action suit filed in California. Allegedly we have all been tricked into thinking **Kona Brewing** beers are from Hawaii, when in fact they are brewed here on the mainland.



■ **Coca-Cola** and the American Beverage Association were sued by a nonprofit group. The claim is they misled consumers about the health risks of sugary beverages.



People News

Time to update your brackets for the upsets, sleepers, and last-second winners.

CEOs

- **Margo Georgiadis** joined **Mattel** as CEO. She was president of the Americas for Google, and earlier was at Groupon, Discover Card, and McKinsey.
- **Dave Ritterbush** joined **Quest Nutrition** as CEO. He was at **Popchips**, **Premier Nutrition**, **Red Bull**, and **Dreyer's Grand**.
- **Jeff Dunn** joined **Juicero**, the maker of cold-press juicers for home use, as CEO late last year. He was at **Bolthouse Farms**, **Ubiquity Brands**, and **Coca-Cola**.
- **Mikel Durham** joined **American Seafoods** as CEO. She is on **Tyson's** board and has worked at **PepsiCo**, **Cadbury**, and **Diageo**.
- **Sarah Robb O'Hagan** is joining **Flywheel Sports**, the chain of spinning studios, as CEO. She was at **Equinox**, but we care because she ran *Gatorade* at **PepsiCo**.
- **Todd Lachman** joined **Sovos Brands**, a food platform owned by **Advent International**, as CEO. He was at **Mars**, **Del Monte**, **Heinz**, and **P&G**.
- **David Colo** joined **SunOpta**, an organic food company, as CEO. He was at **Diamond Foods**.
- **Frank Carpenito** is now the CEO of **BigMouth**, a maker of outdoor lifestyle and novelty products. He was at **Dancing Deer**, **Fairfield Farm Kitchens**, and **UNFI**.
- **Kirk Trofholz** joined **Nielsen-Massey Vanillas** as CEO. He was at **Dawn Foods**, **Barilla**, and **P&G**.
- **Nick Vlahos** joined **Honest Company** as CEO. He was at **Clorox** for over 20 years.
- **Lori Gonzalez** joined **Twin-Star**, a maker of decorative heaters and other consumer durables, as CEO. She was at **Jarden**.

A couple of moves failed to utilize a highly-skilled executive recruiter. Or our competitors:

- **Tyson** promoted **Tom Hayes** to CEO, up from his position as president.
- **Bacardi** promoted **Mahesh Madhavan**, a 20-year company veteran, to CEO. He replaces the retiring **Michael Dolan**.

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People News

Presidents and GMs

Continued.

- **Todd Tillemans** is joining **Hershey** as president of the US business. He was at **Unilever** for 23 years.
- **Luc Mongeau** joined **Weston Foods** as president. He was at **Mars** for years.
- **Tim Brown** is joining **Chobani** as president and COO. He started at **P&G** and was at **Nestlé** for nearly 30 years, including being the CEO of **Nestlé Waters**.
- **Tim Kilpin** is joining **Activision** as CEO of their new consumer products division. He was at **Mattel** and **Disney**.
- **Laurent Kleitman** is joining **Coty** as president of the beauty business. He was at **Unilever** and **LVMH**.
- **Scott LaPorta** joined **Neurobrands**, the makers of *Neuro* functional beverages, as president and COO. His CPG work includes **Bolthouse Farms** most recently.
- **Alejandro Pena** joined **Keter**, a maker of resin-based garden and household products, as president of North America. He was at **Jarden**.

Other moves failed to support the vital headhunter sector of our economy:

- **Hershey** promoted **Steven Schiller** to president of international. He was running their business in China and Asia.

- **PepsiCo** promoted **Seth Kaufman** to president of the North American nutrition business. His successor as CMO of North American beverages is **Greg Lyons**.

- **Unilever** promoted **Rob Candelino** from VP of hair care marketing to chairman of Unilever Thailand. He is succeeded by **Piyush Jain**.

- **Clorox** expanded **Dawn Willoughby's** COO role to cover the entire company. Previously she was focused on cleaning, international, and strategy.

- **Constellation Brands** promoted **Bill Newlands** to COO, a newly-created role. He now has responsibility for beer too, in addition to wine and spirits.

- **Hasbro** promoted **John Frascotti** to president. He joined as CMO and was most recently president of Hasbro Brands.

- **L'Oreal** promoted **David Greenberg** to president of professional products. They also promoted **Ikdeep Singh** and **Tim Coolican** to brand president roles.

- **Yum Brands** promoted **Kevin Hochman** at KFC from CMO to president. We mention it because he was at **P&G** for 20 years.

- **Treehouse Foods** promoted **Rachel Bishop** to president of snacks. She was the chief strategy officer.

Sales and Marketing

- **Greg Schlafer** is joining **J.R. Simplot**, the company best known for foodservice potatoes, as SVP of sales and marketing. He was at **ConAgra** and **General Mills**.
- **Janda Lukin** joined **Campbell Soup** as VP of marketing for beverages. She was at **Mondelez**.
- **Carla Hassan** joined Toys "R" Us as global CMO. She was at **PepsiCo** and **Kellogg**.

- **Linda Wells** joined **Revlon** as chief creative officer. She was the editor of *Allure*, a Condé Nast beauty magazine.

Yada yada about promotions from within:

- **Coca-Cola** named **Francisco Crespo** to their new chief growth officer role. It brings marketing, sales, and strategy under one person.

People News

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Other Functions

- **Fareed Khan** joined **Kellogg** as CFO. He was at US Foods, United Stationers, USG, and McKinsey.
- **David Robson** joined coffee company **Farmers Bros.** as CFO. He was at PIRCH most recently.
- **James Christl** joined **JAFRA Cosmetics** as CFO. He was at Cole Haan most recently.
- **Rahmyn Kress** is joining **Henkel** in the newly-created role of chief digital officer. He was at Accenture.
- **Catherine Locker** joined DDB North America as chief of staff for their 17 agencies. She was at **Coca-Cola**.
- **Moe Alkemade** is joining **Treehouse Foods** as chief strategy officer. He was at Walgreens and **Kraft**.
- **Stephen Hsu** and **Etienne von Kunssberg** joined **Perricone**. They are the new CFO and chief supply chain officer, respectively.
- **Meg Newman** joined **Keurig Green Mountain** as chief HR officer. She was at several retailers.
- **Marc Macdonald** joined Lowe's as SVP of HR in Canada. His CPG work includes **DAVIDsTEA** and **Keurig Green Mountain**.

Enough with the internal moves!

- **Coca-Cola** named **Robert Long** as chief innovation officer. This elevates the R&D head to report directly to the CEO.
- **Hormel** named **Mark Coffey** as VP of supply chain. He was VP of affiliated business units, where **Mark Morey** succeeds him.

Board of Directors

- **Joergen Vig Knudstorp** is one of three new members of the Starbucks board. He is **Lego**'s executive chairman.
- **Sharon McCollam** is joining **Hallmark**'s board. She was the CFO of Best Buy and Williams-Sonoma.
- **Gary Rodkin** joined **McCormick**'s board. He is the retired CEO of **ConAgra**.
- **Russell Weiner** is joining the **Clorox** board. He is the president of Domino's USA.
- **Benno Dorer** is joining the board of VF Corp. He is the CEO of **Clorox**.
- **Franck Moison** is joining the board of UPS. He is a vice chair at **Colgate-Palmolive**.
- **Debbie Carosella** is joining the board of **Landec**, producers of *Eat Smart* branded vegetables and *Breatheway* packaging. She was most recently the CEO of **Madhava Natural Sweeteners**.

Obituaries

- **Ross Johnson** died at 85. He was the CEO who initiated the 1988 auction of **RJR Nabisco**. He lost to **KKR**'s bid, as chronicled in *Barbarians at the Gate*.
- **Brenda Barnes** died at 63. She was president of **Pepsi-Cola North America** and then the CEO of **Sara Lee** before suffering a tragic stroke in 2010.
- **James May** died at 80. He founded **Wisdom Natural Brands** and its *SweetLeaf* sweetener brand. He is known as the "Father of Stevia" for bringing it to the US.
- **Lorenzo Servitje** died at 98. He and four others founded **Grupo Bimbo**, which is now the world's biggest bakery company.

Marketing & Strategy

At some point, you've got to just suit up and play.



■ **Tyson** will stop using antibiotics on chickens used for *Tyson* brand products. The change will be complete by June.

■ **Mondelez** is launching *Véa*, a new line of crackers and snack bars. They do not contain artificial ingredients or GMOs.

■ **Hasbro** rocked our world by changing out three *Monopoly* game pieces. The thimble, boot, and wheelbarrow will be replaced by a T-Rex, rubber ducky, and penguin.

■ Meanwhile, **Mattel** rocked our world by making an *American Girl* boy. That creates a restroom issue in certain states.



■ **Goodyear** replaced their last blimp with a semi-rigid dirigible. But they are still called blimps, since it's very hard to say: "Look, it's the Goodyear Semi-Rigid Dirigible!"

■ **Daniel Lubetzky**, the CEO of **Kind** snack bars, will give \$25 million over 10 years to create a group called **Feed The Truth**. It will fight what he calls the food industry's undue influence on public health.

■ **Kellogg** is eliminating the DSD system for cookies and crackers, and will go through retailer warehouses instead. The bold move will save lots of money, but they will lose displays (and volume) to DSD competitors like **Nabisco** and **Pepperidge Farm**.

■ The US **craft beer industry** added 826 breweries last year, bringing the total to 5,301. Words to the wise: you can't drink all day if you don't start in the morning.

Free Thoughts

Banal and bemused bits of buzzer-beating banter.

■ That's a **lot of dry powder**. PitchBook says PE firms raised nearly \$270 billion last year (up 3%) but faced a slower M&A market. As a result, they have \$754 billion to spend.

■ In the "**Can't Make This Up**" category, **Trump Winery** applied to hire 29 foreign workers. They cannot find US workers.

■ If you own a **Lamborghini**, check to see if the engine is on fire. They have recalled 5,900 cars.

■ After all the **CPG holidays**, we worked a total of six days this quarter. Our favorites included Bubble Bath Day (1/8), Cheese Lovers Day (1/20), Peanut Butter Day (1/24), Bubblegum Day (2/3), World Nutella Day (2/5), Margarita Day (2/22), Dog Biscuit Day (2/23), Cheese Doodle Day (3/5), and International Whisky Day (3/27).

March 5



February 23



March 27

