



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

## Transaction News

*As they say, beauty is in the eye of the beholder ... or the new owner.*

### The Consumer BizBuzz

is written and published by

Dave Hardie of

Herbert Mines Associates

Executive Search Consultants

212 355-0909

dhardie@herbertmines.com

- **Diamond Foods** bought *Pringles* from **P&G** for \$2.4 billion. It was Procter's last food brand, and it makes Diamond #2 in global snacks. Actually, the stock deal puts P&G shareholders in control of Diamond.
- **KKR, Vestar, and Centerview** completed their acquisition of **Del Monte**. The deal was in doubt for a while, after a judge said Barclays manipulated the sale process.
- **Lactalis**, the French dairy company, is bidding nearly \$5 billion for the 79% of **Parmalat** they don't own already.
- **General Mills** is paying \$1.2 billion for 51% of **Yoplait**. The deal with **PAI Partners**, a PE firm, keeps management and production in France. The remaining 49% is still held by **Sodiaal**, the French dairy co-op.
- **Colgate-Palmolive** is buying *Sanex*, the European deodorant and body cleansing brand, for \$950 million. **Unilever** got it with **Sara Lee**'s personal care business, but EU regulators forced the sale.
- Meanwhile, **Unilever** is buying **Colgate's** detergent business in Colombia. The price is \$215 million.
- Japanese toy maker **Tomy** will pay \$640 million for **RC2**, the makers of *Thomas The Tank Engine*.
- Chile-based **Concha y Toro** is buying *Fetzer*, a top 10 wine brand in the US, from **Brown-Forman**. The price is \$238 million.
- **Flowers Foods** bought **Tasty Baking**, a financially-troubled maker of bread and snack cakes, for \$165 million. It will add about \$115 million in revenue to Flowers.
- **Heinz** is buying 80% of **Alimenticias**, a Brazilian food company. The deal will double their sales in Latin America.
- **J&J Snacks** is buying several frozen food brands from **ConAgra**. Trust us, you've never heard of any of them.
- **Coca-Cola** is buying the remaining 60% of **Honest Tea**, makers of organic bottled tea. They took a minority stake three years ago.
- **Nestlé** bought 60% of **Yinlu Foods**, a Chinese company. In addition to making *Nescafé* for China, they make the always yummy peanut milk and canned rice porridge.
- **Anheuser-Busch** is paying \$39 million for **Goose Island**, the Chicago-based maker of craft beers like *Honkers Ale*.
- **Beam Global** bought **Skinnygirl**, makers of a low-calorie ready-to-drink margarita. It was created by **Bethenny Frankel**, an author, chef, and star of *Real Housewives of New York City*. Well, two out of three ain't bad.

## Transaction News

*Continued.*

- **Sara Lee** is buying **Aidells**, the all-natural sausage company, for \$87 million. The owner is **Encore Consumer Capital**.
- **Swander Pace** sold **Santa Cruz Nutritionals** to **Levine Leichtman Capital Partners**, a PE firm in Los Angeles.
- Speaking of **Swander Pace**, their **Insight Pharmaceuticals** company bought *e.p.t.* pregnancy tests from **J&J**.
- **Castanea Partners** bought a minority stake in **TRX**, the fitness company whose suspension training gear is all the rage.
- **Wind Point Partners** bought **Nonni's Biscotti**, which they owned previously, from **Chipita America**. They also bought **Petmate**, a maker of pet products, from **Westar Capital**.
- Staying in the pet category, **Mistral Equity Partners** bought **Worldwise**. They make sustainable pet products and accessories.
- **Athena Wellness Brands**, a PE-backed company, bought **Next Proteins** and their *Designer Whey* sports nutrition brand.
- Resolving a cliffhanger from two issues ago, the DOJ finally approved **Unilever's** purchase of **Alberto Culver**. As a condition, they must sell *Alberto VO5* and *Rave*.
- **Ralcorp** has rejected two buyout offers from **ConAgra**. The latest \$5 billion bid is 32% higher than the going-in stock price.
- If we were the type who repeated rumors, we would mention the one about **Nestlé** buying **General Mills**.

## Courtroom Drama

*Please, no head-butting or eye-gouging.*

- European antitrust officials fined **P&G** and **Unilever** a total of \$450 million for fixing detergent prices from 2002 to 2005. **Henkel** ratted them out.
- After deliberating two weeks, a jury decided **Mattel** stole *Bratz* trade secrets, and **MGA Entertainment** will get \$88 million. This reverses an earlier decision that gave \$500 million to Mattel, so they are tied at one win each ... in at least a best-of-three series.
- **J&J** will pay \$70 million in fines for bribing European doctors and paying kickbacks in Iraq. They got some leniency because they blew the whistle on themselves.
- An appeals court ruled **Starbucks** can end a 12-year deal that had **Kraft** distributing their coffee in grocery stores. Kraft will still get compensation, to be set in arbitration.
- The Supreme Court ruled that shareholders can sue **Matrixx Initiatives**, the makers of *Zicam* cold products. The company did not disclose initial reports that the product made some users lose their sense of smell.
- An appeals court said *Havana Club* is not a valid US trademark for **Pernod Ricard**. It is used in 120 countries, but was blocked here when Castro nationalized the rum maker. Meanwhile, **Bacardi** sells *Havana Club* rum from Puerto Rico. We were confused too, but “researching” several mojitos helped.
- An appeals court denied **Mead Johnson's** bid to overturn a \$13.5 million jury verdict about deceptive advertising. The problem was a mailing that said *Enfamil* is superior to private label formula made by **PBM**.
- **Dean Foods** will sell a Michigan plant and two regional brands to settle a lawsuit that claimed buying **Foremost Farms** would hurt milk prices. The DOJ is stepping up antitrust challenges, including this deal that left three big competitors.
- **Church & Dwight** sued **Colgate-Palmolive** for patent infringement. The issue involves “Try Me” packaging for battery-powered toothbrushes.

## Courtroom Drama

*Continued.*

- **Coca-Cola** has opposed the Chilean trademark for *Cocaine*, the highly-caffeinated energy drink made by **Redux Beverages**. Oddly, our friends in Atlanta did not object when the US trademark was filed.
- **Global liquor makers** joined hands to fight Thailand's proposed label regulations. The rules would require graphic photos showing alcohol's risks, covering 30% of each bottle.
- An Italian judge cleared four banks, saying they didn't help **Parmalat** conceal the fraud that nearly destroyed the company in 2003. A much smaller – and presumably more honest – firm exited bankruptcy in 2005.
- An expert panel concluded **food dyes do not cause hyperactivity** in normal children. However, they said existing behavioral problems may get worse due to colored foods. Trust us, you would not like *Jell-O* or *Froot Loops* without food coloring.

## People News

*All the moves fit to print.*

### CEOs

- **Jeff Ansell** joined **Sun Products**, the laundry products company, as CEO. He was at **Pinnacle Foods** and **P&G**.
- **Michael Moore** joined **Glory Foods** as CEO. His background includes **Coca-Cola** and **Kraft**.
- **In-Soo Cho** joined **Starkist**, a subsidiary of Korea-based Dongwon, as CEO. He was a consultant and worked at Yum and **P&G**.
- **Scott Pearson** joined **Tully's Coffee** as CEO. He was at **Advanced H2O**, **Coca-Cola Enterprises**, and **IBM**.
- **John Barbour** joined **LeapFrog** as CEO. He was at **RealNetworks**, Toys "R" Us, **Hasbro**, and **Russ Berrie**.
- **Gary Cohen** joined **Timex** as CEO. He was at **Playtex** and **Gillette**.
- **Joe Messner** joined **Petmate** as CEO. He was at **Bushnell**, **First Alert**, and **Bausch & Lomb**.
- **Dave Beré** joined **Nonni's Biscotti** as CEO. He was at **Dollar General**, **Bakery Chef**, **McCain Foods**, and **Quaker Oats**.
- **Cyrill Siewert** joined **Designer Protein**, formerly known as **Next Protein**, as CEO. He was at **Amerifit** and **Select Nutrition**.

*One move failed to utilize a highly-skilled executive recruiter. Or our competitors:*

- **MillerCoors** named **Tom Long** as CEO, taking over when **Leo Kiely** retires in June.

### Presidents and GM's

- **Rhonda Ramlo** joined **Clorox** for a second stint, this time as GM of three divisions. She was most recently at **Dreyer's**.
- **Steve Wasik** joined **EB Brands** as president of the gift and travel business. He was at **SIGG**, **Chanel**, **Naya**, and **Cadbury**.
- **Hank Lambert** joined **Underwriters Labs** to run their food business. His background includes **Pinnacle Foods** and **Nabisco**.
- **Neil Friedman** joined Toys "R" Us as president of the US business. We care because he came from **Mattel**.

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

- **J&J** named **Denice Torres** as president of **McNeil Consumer Healthcare**. She reports to **Pat Mutchler**, who is group chairman of a new OTC division.

## People News

### Presidents and GM's continued

Continued.

- **Avon** moved **Chuck Cramb** from CFO to vice chair of developed markets. **Charles Herington** will lead developing markets.
- **Kraft** named **Mark Clouse** to run their North American snacks and candy unit. He had run the biscuit category globally.

- **P&G** put all their global business units under **Dimitri Panayotopoulos**. He succeeds **Ed Shirley**, who wants a CEO gig.

### Sales and Marketing

- **Julie Elkinton** joined **Olive Garden** as SVP of culinary and beverage. She was at **Playtex/Energizer**, **Neutrogena**, and **P&G**.
- **Jim Lyski** joined **Scotts Miracle-Gro** as CMO. He was at Nationwide Insurance, CIGNA, and FedEx.
- **Whitney Velasco-Aznar** joined **Hormel** as VP of marketing for grocery products. She was at the cereal joint venture between **Nestlé** and **General Mills**. She succeeds **Scott Aakre**, who will lead new products.

- **Carolyn Hanigan** joined **Merrick Pet Care**, a PE-owned maker of premium pet food, as VP of marketing. She was at **Nutro**, **Dreyer's**, **Clorox**, and **Nabisco**.
- **Tim Bennett** is joining **Paris Presents**, a PE-owned maker of beauty products, as VP of sales. He was at **Recycled Greetings**, **Fellowes**, and **Alberto-Culver**.
- **Lauren Hobart** joined **Dick's Sporting Goods** as CMO. It makes our radar screen because she came from **PepsiCo**.

### Other Functions

- **Linda Kazanova** joined **Green Mountain Coffee** as VP of HR. She was at Burlington Northern, Bell & Howell, **Kraft**, and IRI.
- **Steve Sterling** joined **Kellogg** as SVP of global supply chain. He was at **PepsiCo** for 26 years, most recently at **Frito-Lay**.
- **Ray Ligouri** joined **Campbell Soup** as VP of corporate development. He was at Wal-Mart, AT&T, and financial services firms.
- **Ron McCrummen** joined **PMFG**, an energy company, as CFO. We care because he was at **Dean Foods** previously.
- **Carole Buyers** joined **Smart Balance** as VP of investor relations and business development. She was at **Gaiam**.

- **Caroline Basyn** joined **Bacardi** as global CIO. She was at **P&G**.
- **Maura Abeln Smith** joined **PepsiCo** as GC and EVP of government affairs. She was at International Paper, Owens Corning, and GE. She succeeds **Larry Thompson**, who retired to teach at the University of Georgia.

*Blah, blah, blah about promotions from within:*

- **P&G** promoted **Yannis Skoufalos** to lead global product supply. He succeeds **Keith Harrison**, who is retiring.
- **SABMiller** promoted **James Miller** to CFO. He succeeds **Malcolm Wyman**, who is retiring.

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- **August Busch IV** (known as “The Fourth” to some) is leaving **A-B InBev**’s board. It is not unexpected, but it is weird to have no Busch family involvement at all.
- **Rajat Gupta** stepped down from **P&G**’s board. The co-founder of Galleon Group faces charges for insider trading.
- **Richard Smucker** was named lead director at **Sherwin-Williams**. He is the co-CEO of **J.M. Smucker**.
- **Beth Comstock** joined the **Nike** board. She is the CMO of General Electric.
- **Jill Beraud** joined the board of New York & Company, a specialty apparel retailer. She is the CMO for **Pepsi**.
- **Kevin Conroy** joined the **Newell Rubbermaid** board. He is president of the digital division of Univision.
- **Wei Sun Christianson** joined the board of **Estée Lauder**. She runs Morgan Stanley’s business in China.
- **Richard Crowder** and **Margaret Lewis** joined the **Smithfield Foods** board. He is a Virginia Tech professor; she runs part of Hospital Corporation of America.
- **Mark Pettie** joined the board of **Paris Presents**, the beauty products company. He was CEO of **Prestige Brands**.
- **Rick Wolford** joined the **Diamond Foods** board. He was CEO of **Del Monte Foods**.

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**Obituaries**

- **Jess Jackson** died at 81. As the founder of **Kendall-Jackson**, he introduced America to a slightly sweet Chardonnay that made him very rich. His stable of racehorses included *Rachel Alexandra*, the filly who was Horse of the Year for 2009.
- **Pietro Ferrero** died on a bike ride at 47. He was co-CEO of **Ferrero Group**, the Italian makers of *Tic Tac* and *Nutella* candies.
- **Norio Ohga** died at 81. He was president of **Sony** for 13 years, where he launched products like the CD and PlayStation.
- **Cyrus Harvey** died at 85. He was the entrepreneur behind **Crabtree & Evelyn**, the maker of exotic soaps and toiletries.
- **Harry Coover** died at 94. He invented *Super Glue* (technically, cyanoacrylates) by accident. While experimenting with coatings for clear plastic gunsights during WWII, the 910<sup>th</sup> test compound formed a quick and unbreakable bond. **Kodak** didn’t do much with the product, but other companies did.

## Marketing and Strategy

*Some of this stuff could actually work.*

- In a noble gesture, **Anheuser-Busch** will donate \$100 to *Folds of Honor* for each home run in the major leagues. The group provides scholarships to children of veterans who have been killed or disabled. Last year there were 4,613 home runs.
- In news that rocked your world, *Diet Coke* passed *Pepsi* to become **the #2 soft drink**. Both brands shrank in 2010, but *Pepsi* shrank more. The #1 brand is *Coca-Cola*.
- Meanwhile, experts expect *Coors Light* to unseat *Budweiser* this year as **the #2 beer** in the US. *Bud Light* remains the clear #1.
- **Pabst Brewing** will use **Snoop Dogg** to launch *Blast by Colt 45*. It is fruit flavored and has 12% alcohol, which is quite a kick.
- **Kirin** is bringing their *Kirin Free* no-alcohol malt liquor to the US. As one of their marketers said: “Old people who take a lot of drugs still like the taste of beer.” Seriously.
- The FDA decided to treat **electronic cigarettes** as cigarettes, apparently using the “if it quacks like a duck” rule. Had they been considered drugs or medical devices, there would be more restrictions.
- **Molson Coors** signed a seven-year sponsorship deal with the NHL. They hip-checked **Labatt**, the official beer for over a decade.
- **Colorado grocery stores** may soon get to sell full-strength beer, rather than the 3.2% stuff. Today, consumers buy 17 times as much “real” beer, which is restricted to liquor stores, bars, and restaurants.
- Speaking of alcohol laws, Georgia just passed one that allows **Sunday sales**. Connecticut and Indiana are the only remaining holdouts.
- After months of flirting, **Starbucks** and **Green Mountain Coffee** are going steady. *Starbucks* will be the only super-premium coffee for the *Keurig* single-cup brewer.
- You just can’t get good plastic any more. **Pepsi** unveiled a PET bottle made from grass, bark, corn husks, and other plant materials. It follows a 2009 bottle from **Coca-Cola**, which **Heinz** is using for ketchup. Meanwhile, **P&G** introduced a *Pantene* bottle made from sugar cane.
- An **unauthorized history** of *Coca-Cola* says a glass of the product contained nearly 9 milligrams of cocaine in the 1880s. Interestingly, people at the time were more concerned about the caffeine ingredient.
- Meanwhile, **Coca-Cola** has named *Fanta* as one of their three global brands. The ad campaign will be used in 190 countries.
- **Kraft** will sell *Gevalia* coffee in grocery stores, in addition to online and direct mail. But it won’t fill the volume hole created by losing *Starbucks*.
- The FTC proposed “voluntary” guidelines to govern the **marketing of high-sugar foods** to children. For example, cartoon figures like *Tony the Tiger* would be eliminated.
- A federal panel said public health would be better without **menthol cigarettes**, but they stopped short of calling for a ban. Cigarette companies breathed a cough of relief.

## Free Thoughts

*Random ruminations  
regarding remarkable or  
regrettable reports.*

- The latest **All-Name nominee** is in the “You’d Better Be Good” category. A basketball recruit to St. John’s University is named **God’s Gift Achiuwa**.
- Here’s a “**Thank You, Captain Obvious**” hall of fame nominee. As signs in Florida bars kindly inform you: “The alcohol in beer, wine, and liquor can lead to intoxication.”
- *DiversityInc* magazine named its top 50 companies for diversity. CPG honorees include **Kraft** (#9), **Colgate** (#10), **Coca-Cola** (#12), **P&G** (#25), **General Mills** (#27), and **SCJ** (#33).
- He was **overly candid** ... and half right. Here’s how the new CEO of Burger King described England: “The food is terrible, and the women are not very attractive.”
- USA! USA! We finally beat France in the most important competition of all: **wine drinking**. Of course, we also have nearly five times as many people.
- Perhaps we’re a bit sophomoric, but we chuckled at the name of the law firm contesting Tomy’s acquisition of RC2. It is **Bull & Lifshitz**.

## Quarterly Earnings

*The elephant in the room is the future impact of commodity costs.*

Company	Earnings	Sales	Comments/Explanation
Alberto Culver	+ 21%	+ 6%	It could be their last quarter as a stand-alone company.
Altria	+ 15%	- 1%	They lost <i>Marlboro</i> share for the first time in two years.
Anheuser-Busch InBev	Doubled	+ 8%	Pricing and international offset weakness in the US.
Avon	Tripled	+ 7%	Beat expectations, helped by pricing and Latin America.
B&G Foods	+ + +	+ 5%	Profit up 32% without one-timers. Wall Street cheered.
Blyth	- 44%	- 6%	Hurt by losing 18% of their direct sales reps.
Boston Beer	+ 63%	+ 8%	Unfortunately, analysts expected even better results.
Brown-Forman	+ 30%	+ 12%	International was strong, and the US started to rebound.
Church & Dwight	+ 4%	+ 1%	Helped by cost-cutting efforts.
Clorox	- 8%	+ 1%	Hurt by rising costs and sluggish demand.
Coca-Cola	+ 18%	+ 40%	Good but narrowly missed. Buying CCE boosted sales.
Coca-Cola Enterprises	- 12%	+ 22%	Sales helped by <i>Coke Zero</i> and <i>Ocean Spray</i> addition.
Colgate-Palmolive	+ 61%	+ 4%	Excluding one-timers, profit was down 8%.
ConAgra	- 6%	+ 4%	Hurt by commodity prices, but they are raising prices.
Constellation Brands	\$0.3B prof	+ 1%	Deal-conscious people bought more wine for holidays.
Cott	- 42%	+ 47%	Costs hurt profit, but buying <i>Cliffstar</i> helped revenue.
Diamond Foods	Doubled	+ 40%	Wall Street punished them. Go figure.
Dole	- 91%	+ 5%	Without one-timers, profit grew 25%.
Dr Pepper Snapple	+ 28%	+ 6%	Above expectations, due to pricing and volume growth.
Energizer Holdings	- 56%	+ 11%	Above expectations, driven by razor sales growth.
Estee Lauder	Doubled	+ 16%	Helped by cost cutting and overseas sales.
General Mills	+ 18%	+ 2%	At expectations, helped by snacks and international.
Green Mountain Coffee	+ 171%	+101%	Beat expectations, helped by pricing and acquisition.
Hain Celestial	+ + +	+ 30%	Sales rose across the business.
Hansen Natural	- 8%	+ 10%	Higher marketing costs for international expansion.
Hasbro	- 71%	Flat	They spent more on R&D and international expansion.
Hershey	+ 9%	+ 11%	Helped by two new products and Easter's timing.
HJ Heinz	+ 20%	+ 2%	Above expectations, as pricing offset commodities.
Hormel	+ 34%	+ 11%	A very good quarter, driven by sales and pricing.
J&J Snack Foods	- 4%	+ 3%	Hurt by commodity costs and operating expenses.
Johnson & Johnson	- 23%	+ 4%	Rx growth offset recall-related OTC weakness.
Kellogg	- 12%	+ 5%	Hurt by higher costs and more marketing spending.
Kimberly-Clark	- 9%	+ 4%	Hurt by commodity costs, but they are pricing up.
Kodak	\$0.2B loss	- 31%	Hurt by silver prices and weaker IP licensing.
Kraft	- 58%	+ 11%	Without one-timers, profit grew 6%.
LeapFrog	\$22M loss	- 6%	Their turnaround was hurt by retail inventories.
Lorillard	+ 7%	+ 14%	They sold more cigarettes ... at higher prices.
Mattel	- 33%	+ 8%	Sales beat expectations, but costs escalated.
McCormick	+ 12%	+ 2%	Pricing offset commodities, but revenue disappointed.
Mead Johnson	+ 16%	+ 18%	Helped by Latin America, Asia, and competitive recall.
Molson Coors	- 21%	+ 4%	Below expectations, hurt by higher costs.
PepsiCo	- 20%	+ 27%	Big year-ago gain. Volume up in snacks and drinks.
Philip Morris Int'l	+ 13%	+ 5%	They sold more cigarettes ... at higher prices.
Pilgrim's Pride	\$0.1B loss	+ 15%	Hurt by feed costs, winter storms, and low prices.
Procter & Gamble	+ 11%	+ 6%	They say commodities will be up \$1.8 billion this year.
Ralcorp	+ 78%	+ 22%	Above expectations, helped by acquisitions.
Revlon	Quadrupled	+ 9%	Helped by rising sales and year-ago refinancing costs.
Reynolds American	Up 3x	Flat	Helped by <i>Pall Mall</i> and <i>Camel</i> , plus higher pricing.
Sara Lee	\$0.23B prof	+ 7%	They may sell two more businesses.
Smart Balance	+ 17%	- 6%	Revenue hurt by Easter timing and promotional activity.
Smithfield Foods	Up 5x	+ 11%	Helped by insurance payout and higher pork demand.
Snyder's-Lance	\$11M prof	+ 75%	This is the first quarter after the two companies merged.
Treehouse Foods	+ 21%	+ 24%	Results were driven by acquisitions made in 2010.
Tyson	Flat	+ 16%	Higher feed costs offset higher demand.