



## The Consumer BizBuzz

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

### Transaction News

*Isn't the bailout money supposed to help?*

#### The Consumer BizBuzz

is compiled and published by

Dave Hardie of

Herbert Mines Associates  
Executive Search Consultants

212 355-0909

dhardie@herbertmines.com

- {
**Kirin Holdings** is paying \$1.2 billion for 43% of Philippines-based **San Miguel Brewery**. Kirin wants to broaden beyond Japan.
- {
**Anheuser-Busch InBev** is selling 20% of **Tsingtao** to **Asahi Breweries**, keeping just a 7% stake in the Chinese company. The \$667 million price will help pay down debt.
- {
**Unilever** is buying **TIGI** haircare products for \$412 million. You're too old for brands that include *Bed Head*, *Catwalk*, and *Rockaholic*.
- {
**Constellation Brands** will sell 40 low-priced spirits brands to **Sazerac** for \$334 million. The goal is to focus on premium-priced products, which are 33% of volume, 70% of profits, and 100% of my drinks.
- {
**William Grant & Sons** got the US rights to *Stolichnaya*, a leading vodka brand. **Pernod Ricard** divested the brand to acquire *Absolut*.
- {
**Cadbury** plans to sell their Australian drinks unit. It was their last beverage business, after spinning off **Dr Pepper Snapple**.
- {
**Foley Wine Group** bought **Sebastiani Vineyards**. It was a family business, but only since 1904.
- {
**Pfizer** is buying **Wyeth** for \$68 billion. We love that it puts Pfizer back in the CPG business with brands like *Advil* and *Chapstick*.
- {
**Brown-Forman** sold their Italian wine brands, *Bolla* and *Fontana Candida*, to the company that handled production. That would be **Gruppo Italiano Vini** (translating to the very imaginative name: Italian Wine Group).
- {
**Sara Lee** sold their foodservice coffee business in the US to **Farmer Brothers** for \$45 million.
- {
**P&G** paid \$7.5 million for 1% of Ocado, a British online grocer. It will help the CPG giant learn about internet shopping.
- {
**Bristol-Myers Squibb** is carving out **Mead Johnson**, the baby formula maker. It could be the biggest IPO in nearly a year, raising \$600 million.
- {
**Kellogg** and **Lance** picked over the remains of **Archway & Mother's Cookie Company** after Chapter 11. Kellogg got the *Mother's* brand; Lance got the *Archway* assets.
- {
**American Greetings** is buying **Recycled Paper Greetings**, the #3 greeting card company, for \$127 million. Recycled was owned by **Monitor Clipper Partners**, a buyout firm.
- {
**3M** bought **Meguiar's**, the maker of car wash and car wax products. The company was owned by **TSG Consumer Partners**.

## Court Fights & Slap Fights

Heard any lawyer jokes lately?

☐ **Mexico** has been acting like a pouty child. A new US law requires meat and produce to be labeled with the country of origin, so Mexico banned meat imports from 30 US plants. They claimed to be concerned about sanitation, but they lifted most of the bans a week later.

☐ Speaking of pouty, the *Bratz* fight goes on and on. First a judge told **MGA Entertainment** to discontinue the \$300 million doll line. Now a judge says sales can continue, but the brand's ownership may shift to **Mattel** or a court-appointed receiver.

☐ Meanwhile, **Mattel** will pay fines of \$12 million to 39 states. An investigation showed some toys made in China had lead in their paint.

☐ **Energizer** dropped their patent claims against **Spectrum Brands** (and the *Rayovac* brand). The two companies reached a settlement.

☐ **Parmalat** was unable to blame their 2003 collapse on Bank of America. A court in Milan said there was no way the bank could have prevented the fraud that undid the Italian dairy company.

☐ **P&G** is going after private label. They won a trademark suit against a CVS supplier, whose packaging was too close to *Olay*. And they filed a similar suit against a Canadian company, whose packaging resembles *Herbal Essences*.

☐ **General Mills** agreed to modify claims for *Yoplait Yo-Plus*. Since **Dannon** complained, ads must now specify that the digestive health benefits come from ingredient *Bb12*. But you knew that.

☐ **Tyson** will pay a fine of \$500,000 after pleading guilty to OSHA violations. A plant worker died in 2003 when accidentally exposed to hydrogen sulfide gas. Corrective steps have been taken.

☐ Thank goodness we are protected by the **Center for Science in the Public Interest**. Their suit against **Coca-Cola** and *Vitamin Water* revealed that the stuff does not boost immunity or reduce disease. We expect ads to clarify that it only makes you taller and better looking.

## Pink Slips & Hard Times

In the future, we may just list companies that are not cutting back.

☐ **Kodak** may cut another 4,500 jobs. Will the last person out please turn off the lights?

☐ **Stanley Works**, the tool maker, is cutting 2,000 jobs and closing three factories.

☐ **3M** is cutting 1,800 jobs. They are also asking some employees to take time off without pay.

☐ **Anheuser-Busch InBev** is cutting 1,400 white collar jobs, mostly in St. Louis. They also want to close London's historic Stag brewery, which has only operated since the 15th century. These moves (and more) are to help save \$1.5 billion.

☐ **Newell Rubbermaid** is cutting up to 1,000 jobs. They are also freezing salaries.

☐ **Sara Lee** is cutting 700 jobs as they outsource activities in finance, IT, and procurement. They will cut another 185 jobs by exiting kosher meats.

☐ **L'Oreal** is cutting 500 jobs in the US, or 5% of their workforce.

☐ **P&G** is cutting about 200 jobs in R&D for their pharmaceutical business. In fact, they would love to sell their four drug brands.

☐ Everything sounds better with a British accent, doesn't it? For example, most of **Waterford Wedgwood** was "placed into administration". Essentially, they're bankrupt. The good news is that several groups are bidding to buy the assets.

## Pink Slips & Hard Times

Continued.

Meanwhile, tabletop competitor **Lenox Group** filed plain old Chapter 11. The company includes what was known as **Department 56**.

**Pilgrim's Pride** joined the rush to Chapter 11. It was no surprise because of high feed prices, too much chicken supply, and their high debt load.

**Merisant** also filed Chapter 11. However, the filing should not impact the launch of new *PureVia* sweetener with **PepsiCo**.

**Polaroid's** filing of Chapter 11 had the most intrigue. That's because they blamed it on fraud at Petters Group, the parent company. A buyout firm in Luxembourg will acquire the assets.

## People News

The economy looks good to these folks.

### CEOs and Presidents

**Brad Irwin** is joining **Welch's**, the grape giant, as CEO. He was at **Cadbury** and **P&G**.

**Don Jackson** is joining **Pilgrim's Pride** as CEO. He was at **Foster Farms**.

**Leland Tollett** returned to **Tyson Foods** as CEO. He held the role from 1991 to 1998.

**Stan Fabian** joined **Cio Bella** as CEO. He was at **Dryer's Grand Ice Cream**.

**Mike Clarke** is joining **Kraft** as president of their Europe division. He was at **Coca-Cola**.

**Casey Keller** joined **Alberto-Culver** as US president. He was at Motorola, **Heinz** and **P&G**.

**Steve McCormick** joined **Weight Watchers** as president of North America. He ran the *Odwalla* subsidiary of **Coca-Cola**.

**Steve Van Tassel** joined **Ralcorp** as president of *Post Foods*. He was at **Kraft**, **International Home Foods**, **ConAgra**, and **General Mills**.

**Frank Carpenito** joined **Dancing Deer Baking** as president and COO. Earlier roles were at **United Natural Foods**, **PepsiCo**, and **P&G**.

**Jeff Perlman** joined **Celsius Holdings** (calorie-burning drinks) as COO. Apparently, his credentials include being the former mayor of Delray Beach.

**Jan Murley** joined **1-800-Flowers** as interim president of the flagship floral business. She was at **Boyd's Collection**, **Hallmark**, and **P&G**.

Two **Anheuser-Busch** execs made the jump to retailing, at Gander Mountain. **Mike Owens** is COO, and **Steve Uline** is SVP of marketing.

*Several internal moves neglected to support a friendly neighborhood headhunter:*

**André Hawaux** was named president of consumer foods at **ConAgra**. He was CFO, where he is succeeded by **John Gehring**.

**Reynolds American** named CEO's of two subsidiaries. They are **Bryan Stockdale** at **Conwood** (smokeless tobacco) and Nick **Bumbacco** at **Santa Fe Natural Tobacco**.

**Bryant Ambelang** was promoted to CEO at **Desert Glory**, the grower and marketer of *NatureSweet* tomatoes. His early work included **Kellogg** and **Campbell Soup**.

**Rich Conti** joined **Wilton Products**, a crafts company, as CEO. He was running another company for GTCR, and he started at **Clorox**.

**Debra Kelly-Ennis** was named president of Canada for **Diageo**. She is succeeded by **Jon Potter** as CMO of North America.

**Paul Tonnesen** was named president of the garden, school, office, and craft business at **Fiskars**. He already ran the garden unit.

**Calvin Schmidt** was named president of Wellness & Prevention at **J&J**. He was working on their JV with Merck.

## People News

Continued.

### Sales and Marketing

Steve Davis joined Arby's as CMO. He was at Heineken, preceded by PepsiCo.

Jim Sabia joined Crown Imports (Corona, Pacifico, etc.) as EVP of marketing. He was at Constellation Brands and Molson Coors.

Russell Weiner joined Domino's as CMO. He was at Pepsi-Cola North America.

Stu Levitan joined Applica Consumer Products as GM of their water products unit.

Jim Murphy joined Mars as SVP of sales for their flagship snacks business. He was at Dannon, Clorox, and Campbell Soup.

Jill Beraud joined PepsiCo as CMO. She was at Victoria's Secret and P&G.

Again, some moves failed to utilize a highly-trained executive recruiter...or even our competitors:

Cheryl Vitali was named CMO of Lancôme USA, a L'Oreal subsidiary. She had the same role for Maybelline.

Maureen Linder was named VP of global advertising and design at Campbell Soup. She was at their Pepperidge Farm subsidiary.

Bob Fregolle was promoted to global customer business development officer at P&G. If you don't speak Proctoid, that is the head of sales.

### Other Functions

Terry O'Day joined Hershey as SVP of global operations. He was at Mannatech, ConAgra, Revlon, and Nabisco.

Ted Smyth is joining McGraw-Hill as EVP of corporate affairs. He was at Heinz for 21 years.

Eric Llopis joined Pepsi Bottling Group as chief strategy officer. He was at Miller Brewing, preceded by consulting roles.

Andrew Bonfield is joining Cadbury as CFO. He was at Bristol-Myers Squibb.

Howard Malovany is joining Green Mountain Coffee as general counsel. He was at Wrigley.

Katarina Van Derham joined Crown Imports as the St. Pauli Girl. The hiring was based, no doubt, on her impressive personality.

Meg Whitman hopes to join California as governor. She was at eBay, with CPG roots that include Hasbro and P&G.

### Boards of Directors

Ian Cook joined the Colgate-Palmolive board and added the chairman's title. He is CEO, and he succeeds the iconic Reuben Mark.

Rajive Johri joined the ConAgra board. He is president of First National Bank of Omaha.

The Smucker board welcomed Alex Shumate, Mark Smucker, and Paul Smucker Wagstaff. Shumate is an attorney; the other two are great-great-grandsons of the founder.

Dean Hollis and Margaret Cannella joined the Pierre Foods board. He was at ConAgra; she runs strategy at JPMorgan Chase.

Kevin Cameron joined the Reddy Ice board. He co-founded a corporate governance firm.

Tammy Katz joined the board of Monterey Gourmet Foods. She is a marketing consultant who has been at Scotts, Miller, and Frito-Lay.

Cecil Conlee joined the board of National Beverage (Shasta, LaCroix, etc.). He runs a real estate investment firm.

## People News

Continued.

Sanjay Khosla joined Best Buy's board. He runs the international business at Kraft.

Mary Schapiro resigned from Kraft's board. President Obama chose her to run the SEC.

Paul Charron is now chairman of Campbell Soup. He was CEO of Liz Claiborne.

Alan Wilson added the chairman title at McCormick. He succeeds Bob Lawless, who is retiring from the board.

As required by Molson Coors bylaws, Pete Coors and Eric Molson swapped board seats. Coors is chairman and Molson is vice chair.

### Obituaries

Charles Berger died at 72. He was the Heinz marketing genius who made us want the world's slowest ketchup ... and later became CEO of Scotts Miracle-Gro.

Bill Leinenkugel died at 87. He ran his family's regional brewery, even after selling it to Miller. He claimed to have two favorite beers: a *Leinenkugel's* or a free anything else.

Ricardo Montalbán died at 88. Many know him as an actor and *Fantasy Island* star, but we admire him for making us want "soft Corinthian leather" in our cars. If only such a thing existed.

Don Callender died at 81. He built his mother's pies into *Marie Callendar* restaurants, spawning a frozen food brand now owned by ConAgra.

David Margolis died at 78. He built Colt Industries from pistols into a \$1.6 billion conglomerate. Which reminds us that guns don't kill people. But they help.

Al Shaheen died at 86. A native of New Jersey who moved to islands in the 1940's, he spent his life making Hawaiian shirts popular.

James Brady died at 80. A legendary journalist, he wrote an ongoing column in *Advertising Age*.

## Marketing and Strategy

Boldly going where...

One of history's biggest recalls involves two years worth of peanut butter made by Peanut Corporation of America. Salmonella has killed eight people, so 432 related items (ranging from snack crackers to dog treats) are coming back. Criminal probe to follow.

The FDA approved new no-calorie sweeteners made from the stevia herb. The version from Cargill and Coca-Cola is called *Truvia*; the one from Pepsi and Merisant is called *PureVia*.

Nestle stopped making *Jamba* smoothies and juices, six months after the launch. They cited production issues, which is code for being able to make more than people actually wanted.

The folks at Boston Beer probably thought they had free advertising when Sam Adams became mayor of Portland. But then he admitted lying about his relationship with a 17-year-old boy. Oops.

Don't you marvel at **Obamabilia**, the products commemorating Barack Obama's inauguration? My favorite is the "Presidential Barrel" of *Jack Daniels*, which began aging on January 20.

Even more shameless, Ty introduced *Marvelous Malia* and *Sweet Sasha* dolls. The company says the names of the dark-skinned dolls are purely a coincidence. By the way, other coincidences in their line include *Happy Hillary*, *Bubbly Britney*, *Lucky Lindsay*, and *Precious Paris*.

For the record, it is no longer *Classic Coke*. The modifier was removed by **Coca-Cola**, more than 20 years after the *New Coke* mess.

**Cott** lost their exclusive agreement to supply private label sodas to Wal-Mart. At the risk of being overly technical, the company is up the proverbial creek.

**Mattel** was embarrassed by a printing error. A DVD from their **Fisher-Price** unit had a toll-free customer service number that connected to an adults-only hot line. Or so I'm told.

On the more positive front, **Fisher-Price** got a multi-year license to make *Thomas & Friends* wooden trains. **RC2** had the license before last year's lead paint recall.

After complaints from 13 states, **Miller Coors** agreed to reformulate *Sparks*, the #1 alcoholic energy drink. Gone are the caffeine, taurine, guarana and ginseng ... pretty much the whole reason anyone bought it in the first place.

## Free Thoughts

*Worth every penny you paid.*

**Spectrum Brands** (*Rayovac*, *Remington*, etc.) was delisted by the NYSE after falling below market cap standards.

Forbes named the best managed big companies in various industries. In our world, **Flowers Foods** won for food/drink/tobacco, and **Nike** won for household and personal products.

Likewise, *Fortune* listed the 100 best companies to work for. CPG honorees included **Starbucks** (#24), **Mattel** (#48), **Stanley Works** (#70), **SCJ** (#81) and **General Mills** (#99).

There are two **All-Name nominees** in the "Obvious Career Choice" category. A top race car driver, both in Formula One and Nascar, is Scott **Speed**. Meanwhile, the author of a book about getting publicity is Howard **Bragman**.

As a **sign of the times**, internet searches for the term "coupon" grew 50% last year. And don't you hate it when people say "cue-pon"?

**Joe Paterno** signed a contract extension at Penn State, and will soon begin his **60th season** there. And yes, headhunters hate people who stay in one place that long.

One of the huge, faceless search firms reported that 61 companies in the S&P 500 **changed CEO's** in 2008. That's up from 56.

Speaking of football coaches, **Jeff Jagodzinski** was fired at Boston College. His "crime" was to interview for the Jets head job. Thank goodness the CPG world doesn't work that way.

In chapter one of our **ethics sermon**, a fine of \$12 million was levied against Dairy Farmers of America and their former CEO and CFO. They tried to manipulate milk futures in 2004.

Continuing our ethics reminder, buyers at **Kraft** and **Frito-Lay** are pleading guilty to taking bribes from a tomato processor. The two guys could face lengthy prison terms.

**Stop whining** about pay freezes or tiny raises. Andy Pettite just signed with the Yankees for about half what they offered in November. Of course, it is still \$5.5 million this year. And **Howard Schultz**, the CEO of **Starbucks**, will get a net paycheck of about \$4 a month.

In the **Now That's Ironic** department, **Danica Patrick** must attend a court-ordered traffic class. What, exactly, is an Indy-car champ going to learn from those videos? Her heinous crime was to go 54 in a 35-mph zone.

The employment rate is actually up for workers **aged 55 and over**. They have gained 900,000 jobs since the recession started.

## Quarterly Earnings

*Yikes! Earnings are down for 60% of them.*

Company	Earnings	Sales	Comments/Explanation
3M	- 37%	- 11%	They expect to cut more people as demand lags.
Alberto-Culver	+ 2%	+ 3%	Demand for <i>Tresemme</i> and <i>Nexxus</i> have stayed pretty strong.
Altria	- 69%	+ 3%	Last year's profit included the now-spun international unit.
Brown-Forman	+ 11%	+ 5%	Better than expected, helped by <i>Jack Daniels</i> and <i>Finlandia</i> .
Campbell Soup	- 4%	+ 3%	US soup grew 12%, but commodity hedging cost them \$26M.
Colgate-Palmolive	+ 20%	+ 1%	Good results, with apples-to-apples sales growing 9%.
ConAgra	- 31%	+ 11%	Hurt by commodity hedging and recall; helped by pricing.
Constellation Brands	- 30%	- 6%	Hurt by restructuring, but alcohol is recession-resistant.
Del Monte Foods	Doubled	+ 12%	Price increases helped, and they profited by selling tuna unit.
Fortune Brands	\$275M loss	- 19%	Below expectations as consumer spending fell in all units.
General Mills	- 3%	+ 8%	Commodity hedging hurt profit; pricing helped sales.
Heinz	+ 22%	+ 4%	Helped by higher pricing; foodservice business was soft.
Hershey	+ 51%	+ 3%	Impressive results. Without one-timers, profit grew 10%.
Hormel	- 33%	+ 12%	Brands like <i>Spam</i> are flying, but investment losses hurt.
Kimberly-Clark	- 8%	- 3%	Hurt by private label, the dollar, and inventory reductions.
Kodak	\$137M loss	- 24%	Sales fell in digital and film products, leading to cash worries.
Mattel	- 46%	- 11%	Hurt by a weak Christmas and by exchange rates.
McCormick	- 6%	+ 5%	Met expectations, with profit growing before one-timers.
Newell Rubbermaid	\$257M loss	- 12%	Hurt by writedowns, lower margins, and consumer spending.
Nike	+ 9%	+ 6%	International growth offset US weakness.
Procter & Gamble	+ 53%	- 3%	The profit gain was entirely due to selling <i>Folgers</i> .
Sanderson Farms	\$52M loss	+ 8%	Prices and costs make it a tough time in the chicken business.
Smithfield Foods	- 76%	+ 15%	Feed costs slaughtered their pork and turkey businesses.
Smucker	+ 3%	+ 19%	The number of meals at home is the highest since 1994.
Tyson	\$112M loss	+ 1%	The new CEO was surprisingly optimistic about turnaround.