



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

## Transaction News

Imagine unwrapping these gifts.

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- **Diamond Foods** delayed their \$2 billion acquisition of **Pringles** from **P&G**. It is due to an accounting probe about the booking of payments to walnut growers.
- **SABMiller** convinced **Foster's Group** to accept a \$10 billion takeover offer. The deal is a little sweeter than the first bid in June, even though no rival offers materialized.
- Meanwhile, **SABMiller** entered a strategic alliance with **Anadolu Efes**, a Turkish brewer. It provides scale in growth markets like Turkey, Russia, Central Asia, and the Middle East.
- Continuing the theme of multinationals and emerging markets, **Unilever** is buying **Concern Kalina**. The price for the Russian cosmetics brand is about \$700 million.
- **Coca-Cola** is paying \$980 million for half of **Aujan**, a beverage leader in Saudi Arabia. It is the biggest Middle Eastern investment ever made by a CPG company.
- Wrapping up this section about buying growth in emerging markets, **PepsiCo** acquired **Grupo Mabel**. They are a Brazilian cookie maker, and the price was about \$500 million.
- Regulators approved **Grupo Bimbo's** purchase of **Sara Lee's** bakery business. The new owners must divest some brands, so the price was reduced by \$250 million.
- **Smucker** is paying \$400 million for most of **Sara Lee's** foodservice coffee and tea business. Sara Lee plans to wind down the rest of its domestic beverage business.
- But **Sara Lee** still has an international coffee business, so they are buying a Dutch chain of coffee shops. It goes by a very creative name: **CoffeeCompany**.
- **PepsiCo** is forming a JV with **Theo Müller Group**, a German dairy company. They will launch a US yogurt brand, helping PepsiCo expand in dairy and nutritious products.
- **Hain Celestial** bought **Daniels Group**, the maker of *New Covent Garden* soups, for \$230 million.
- **ConAgra** is buying **National Pretzel**, a \$200 million company. It is part of a plan to grow their business in private label.
- Meanwhile, **ConAgra** paid \$10 million to increase their stake in **Agro Tech Foods** of India. Now they have majority ownership.
- **B&G Foods** is paying **Unilever** \$325 million for brands that include *Mrs. Dash*, *Molly McButter*, and *Static Guard*. The \$90 million business came with **Alberto-Culver**.
- **Hershey** is buying **Brookside Foods**, a Canadian maker of chocolate-covered fruits and nuts. Sales are a little over \$80 million.

## Transaction News

Continued.

- **Mattel** is buying **Hit Entertainment**, the maker of *Thomas the Tank Engine* and *Bob the Builder*. The price is \$680 million, and the prior owners were **Apax Partners**.
- **Palladium Equity Partners** bought **Teasdale Quality Foods**. They make canned hominy and beans.
- **Monomoy Capital** is buying **Oneida**, the flatware and dinnerware company. It will complement **Anchor Hocking**, their glassware portfolio company.
- **Helen of Troy** is buying **PUR**, the water purifier business, from **P&G**.
- **Dole** bought **SunnyRidge Farm**, a leader in blueberries and blackberries.
- **Heineken** paid \$662 million for Galaxy Pub Estate. They operate 918 UK pubs.
- **Starbucks** is buying **Evolution Fresh**, a small juice maker, from **Fireman Capital**. The \$30 million acquisition is a step toward becoming more of a player in CPG.
- **Spectrum Brands** is paying \$140 million for **FURminator**, the maker of pet grooming products that reduce shedding. Trust us, the stuff really works.
- **Beam** is paying \$95 million to buy **Cooley Distillery**, the last independent Irish whiskey distiller. It is a hot category.
- **Prestige Brands** bought 17 OTC brands from **GSK** for \$660 million. They include *BC*, *Goody's*, *Tagamet*, and the ever-popular *Beano*.
- **Brewster Foods Group** acquired the *Dixie Fry* and *Island Grove* brands.

## Courtroom and Bureaucracy

Remember, lawyers are people too.

- **P&G**, **Henkel**, and **Colgate** were fined \$484 million for fixing detergent prices in France from 1997 to 2004. **Unilever** escaped penalty by blowing the whistle on the scheme, which had secret meetings and code names worthy of a spy novel.
- Meanwhile, **Kraft** and **Krüger** were fined \$12 million for fixing instant coffee prices in Germany. **Melitta** tattled and was not fined.
- A judge granted a preliminary injunction, **delaying graphic anti-smoking images** on US cigarette packages. Tobacco companies had objected on freedom of speech grounds.
- Meanwhile, Australia passed a law requiring **unbranded packaging for cigarettes**, starting late next year. As the health minister said, "Plain packaging means the glamour is gone from smoking." Funny, we thought that was handled by the whole thing about cancer and yellow teeth.
- **Kraft**, **Kellogg**, **General Mills**, and **Nestlé** banded together to sue a number of egg producers in federal court. They say there has been a price-fixing conspiracy.
- Two Goliaths apologized. **P&G** allowed the founder of *Willa* to use her daughter's name, despite their *Wella* trademark. And **Kellogg** donated \$100,000 to a Mayan cultural group, after objecting to their toucan logo.
- Meanwhile, **Tootsie Roll** seems to have missed the memo. They filed a trademark suit against *Footzyrolls*, a \$2 million brand of ballet slippers that roll up. They say consumers will be confused and deceived.
- **MGA Entertainment** thought they had won \$310 million from **Mattel** in the long-running *Bratz* trade secrets case ... but a judge dismissed their antitrust claim. Stay tuned.
- **Philip Morris** benefited from a mistrial in a \$700 million class action suit. Jurors could not decide if Missouri smokers were misled about the safety of light cigarettes.



## Courtroom and Bureaucracy

Continued.



■ **Dippin' Dots** filed Chapter 11. Apparently the “ice cream of the future” may not even be around in the future.

■ The **CSPI** (Crazed Socialists Protesting Irrationally) sued **General Mills**. They say *Fruit Roll-Ups* are more candy than fruit. We will never forget when our young son declared *Fruit By The Foot* to a customs agent ... as an agricultural product.

■ Here's a new oxymoron: loving family lawsuit. A French judge decided 89-year-old **Liliane Bettencourt** is not competent, so he gave control of the **L'Oreal** fortune to her estranged daughter.

## People News

All the moves fit to print.

### CEOs

■ **Greg Shearson** joined **Merrick Pet Care**, a **Swander Pace** company, as CEO. He was at **PepsiCo**, **Quaker**, **Sara Lee**, and **P&G**.

■ **Steve Silk** joined **F&F Foods**, a maker of non-chocolate candy, as CEO. He was at **Chef Solutions**, **ConAgra**, **Lea & Perrins**, and **Kraft**.

■ **Jill Beraud** is joining **Living Proof**, an emerging hair care company, as CEO. She was at **PepsiCo**, **Limited Brands**, and **P&G**.

■ **Grace Jeon** joined **Designer Protein** as CEO. She was at **Fiji Water** and **Pharmavite**.

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

■ **Mattel** promoted **Bryan Stockton** from COO to CEO. He succeeds the retiring **Bob Eckert**, who will remain as chairman.

■ **Kraft** announced leadership plans as they split the company. **Irene Rosenfeld** will be CEO and chairman of the global snacks business, and **Tony Vernon** will be CEO of the North American grocery company. **John Cahill**, the former CEO of **Pepsi Bottling Group**, will be non-executive chairman of the grocery business.

### Presidents and GM's

■ **Carl Johnson** joined **Del Monte Foods** as EVP of brands. He was at **Campbell Soup**, **Kraft**, **MCA**, **Polaroid**, and **Colgate**.

■ **Fernando Acosta** is joining **Avon** as president of Latin America. He was at **Unilever** for the past 19 years.

■ **Terry Block** is joining **Ralcorp** as president and COO of **Post Holdings**, the cereal spinoff. He was at **Purina**.

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

■ **Energizer** promoted **Alan Hoskins** to CEO of their household products division. He will replace the retiring **Joe McClanathan**.

■ **Mead Johnson** promoted **Kasper Jakobsen** to their newly-created COO role. They also named **Charles Urbain** as chief development officer.

## People News

*Continued.*

### Sales and Marketing

- **Mike Amburgey** joined **Nutrisystem** as CMO. He was at **Oreck, Nautilus, Glaxo, Jergens,** and **P&G.**
- **Nagisa Manabe** joined **Coca-Cola** to lead new growth platforms in Japan. She was at **Diageo, Campbell Soup, J&J,** and **P&G.**
- **Janice McCarthy** joined **Nestlé Waters** in their sales group. She was at **Colgate-Palmolive, Coca-Cola,** and **Revlon.**
- **Mike Linton** joined Farmers Insurance as CMO. His CPG roots include **Remington, James River,** and **P&G.**
- **Mark Breene** joined **Rémy Cointreau USA** as CMO. He was at **Diageo** and **Unilever.**
- **Ingrid Baron** is joining **Sara Lee** as CMO of the international coffee business that is spinning off. She was at a design agency.
- **Lori Marcus** joined Children's Place, the retail chain, as CMO. She was at **PepsiCo** for over 20 years.
- **Chris Boever** joined **Pinnacle Foods** as chief customer officer. He was at **ConAgra** and **Hormel.**
- **Lisa Coker** joined **American Beverage Corporation** as CMO. She was at **PANOS Brands** and **Kraft.**
- **Justin Timberlake** joined **Callaway Golf** as creative director. Yes, that Justin Timberlake. Apparently he is keeping his day job.

### Other Functions

- **Rob Vitale** is joining **Ralcorp** as CFO of **Post Holdings**, which is being spun off. This will be his first role at a CPG company.
- **Doug Reader** joined **South Beach Diet**, a **MidOcean** company, as CFO. He was at **Fruit Patch, Dickinson Frozen Foods,** and **Coca-Cola.**
- **Andrew Ross** joined **ConAgra** as chief strategy officer. He was at McKinsey.
- **Bill Byers** joined **Fruit Patch**, an **American Capital** company, as CFO and COO. He was an operating partner for the PE firm.
- The new CFO of **Sara Lee's** spin-off coffee business is **Michel Cup.** He is from an animal food company in the Netherlands, and he wins all-name honors.

*Yada yada about promotions from within:*

- **Central Garden & Pet** promoted **Paul Hibbert** to SVP of supply chain. He has been there two years.
- **J&J** named **Calvin Schmidt** to lead world-wide HR for the consumer companies. He ran their Wellness & Prevention business.

### Board of Directors

- **Leo Kiely** joined **Altria's** board. He is the retired CEO of **MillerCoors.**
- **Richard Daley** joined **Coca-Cola's** board. He is the former mayor of Chicago.
- **A.G. Lafley** joined the board of **Legendary Entertainment**, the media company behind "The Dark Knight" and "The Hangover." He is the retired CEO of **P&G.**
- **Barry Beracha** and **Pat Moore** joined **Ralcorp's** board. Beracha was CEO of **Sara Lee's** bakery group, and Moore was the CEO of **Smurfit-Stone Container.**
- **Bob Abernathy** joined **RadioShack's** board. He leads North Atlantic consumer products for **Kimberly-Clark.**
- **David Alexander** joined **Dr Pepper Snapple's** board. He was at **Ernst & Young.**

## People News

### Board of Directors *continued*

*Continued.*

- **Joan Amble** joined **Brown-Forman's** board. She is the EVP of finance at American Express.
- **Dirk Van de Put** joined **Mattel's** board. He is the CEO of **McCain Foods**.
- **Gaurdie Banister** joined **Tyson's** board. He is the CEO of an energy company.
- **Tracey Travis** joined the **Campbell Soup** board. She is the CFO of Ralph Lauren.
- **Melanie Healey** joined Verizon's board. She is a group president at **P&G**.
- **Rick Wolford** joined the board of Advantage, one of the two big brokers. He is the retired CEO of **Del Monte Foods**.
- **Brian Swette** joined the **Schiff Nutrition** board. He is focused on boards after a career at eBay, **PepsiCo**, and **P&G**.
- **Dan Heinrich** is joining the board of **E&J Gallo**. He just retired as CFO of **Clorox**.
- **Richard Cautero** joined the **Jones Soda** board. He is a consultant, following a career at **Altria** and **Kraft**.
- **Rob Malcolm** joined the **Hershey** board. He is the retired head of global marketing and sales at **Diageo**.
- **Deborah Ellinger** joined the **iRobot** board. She is the former CEO of **Wellpet**.
- **Jim Marino** joined the **OfficeMax** board. He is the retired CEO of **Alberto-Culver**.
- **Allan Bridgford** (son) replaced **Allan Bridgford** (father) on the **Bridgford Foods** board. **John Simmons**, the company's president, also joined.
- **Greg Sandfort** joined the board of **WD-40 Company**. He is president of Tractor Supply, the retail chain.
- **Kalpana Morparia** joined the board of **Philip Morris International**. He is the CEO of J.P. Morgan's business in India.

### Obituaries

- **John Smale** died at 84. As CEO of **P&G** during the 1980s, he doubled revenue by expanding into 15 new categories and 23 new countries. Then he became chairman of a little company called General Motors.
- **Ted Forstmann** died at 71. He helped invent leveraged buyouts with his firm, **Forstmann Little**. He also coined the phrase "barbarians at the gate," which became the title of the book about **KKR's** purchase of **RJR Nabisco**.
- **Irving Franklin** died at 93. As the father of the modern batting glove, he co-founded **Franklin Sports**. They have made the official batting glove of MLB since 1988.
- **Fred Meijer** died at 91. He founded Meijer, the chain of supercenters in the Midwest.
- **Debra Leipman-Yale** died at 55. She had an impressive career in the beauty industry, including senior roles at **Clairol** and **Revlon**.
- **Evelyn Lauder** died at 75. She spent years at **Estée Lauder**, which was founded by her husband's mother. But she is most remembered for creating the pink ribbon campaign for breast cancer awareness.
- **Jeno Paulucci** died at 93. The serial food entrepreneur founded **Chun King**, **Jeno's**, and **Michelina's**.
- **Carl Lindner** died at 92. The billionaire owned **Chiquita** from 1984 to 2002, and he was a major philanthropist in Cincinnati.
- **Edie Stevenson** died at 81. As a copywriter at DDB, she wrote the iconic "Mikey Likes It" ad for *Life* cereal.

## Marketing & Strategy

*If you're standing still, you're backing up.*

- **Pernod Ricard** has launched a year-long “Absolut Outrageous” campaign to celebrate the 30<sup>th</sup> anniversary of their first ad in gay media. They were perhaps the first big brand to do so.
- **AB InBev** has introduced *Budweiser* into Brazil as a premium beer brand. It is the world’s #3 beer market, and it is where most of the company’s board members live.
- **Estée Lauder** signed a deal with designer Tory Burch. They will co-create a perfume.
- **Frito-Lay** came under fire by a crazed group called Center for Digital Democracy. They say teen-focused online campaigns for *Doritos* are not labeled as ads, so they “take advantage of teens’ vulnerabilities.” Rather than take advantage of your vulnerabilities, this newsletter is sort of an ad.
- A report in *USA Today* says **67% of Americans had a drink** last year. That’s the highest level since the 1970s. Wine and spirits were up, and beer was down.
- **Life imitates art imitating life**, so you can buy a new *Dunder Mifflin* brand of paper. It is at Quill.com, the website for Staples. That refers, of course, to the firm in “The Office.”
- In case you like **really big** wines, **Yao Ming** is launching a high-end brand. **Pernod Ricard** will distribute the retired center’s cabernet sauvignon in China. It is made in California.
- If you want to see the *Budweiser* Clydesdales, skip the Rose Bowl parade. **Anheuser-Busch** pulled out, after being part of the tradition for years.
- But if you want to see *Old Milwaukee*, just look for comedian **Will Ferrell**. He has made a series of super-quirky ads for the classic beer, mostly for airing on YouTube.
- **Clorox** is launching the *Güd* brand of natural personal care products. It is less expensive than sister brand *Burt’s Bees*.
- **P&G** has launched *Downy Unstoppables*, a scent booster that goes in the wash. We assume their spell-check wasn’t working.
- In negative marketing, **General Mills** recalled some chocolate-flavored *Fiber One* bars. The packs may contain peanut bars, so there were serious allergy concerns.
- **Coca-Cola** faced a scary situation in China, where a child died after drinking their *Pulpy Milky* yogurt drink. But now it looks like a case of deliberate poisoning.
- The FDA wants to do some **negative marketing of their own**. They will spend \$600 million over five years to discourage tobacco use. The campaign will use print, television, online and social media, all funded by the tobacco companies.
- The European Union approved **stevia** as a low-calorie sweetener, three years after the US green light. Brands include *Truvia* from **Cargill** and *Pure Via* from **Merisant**.
- **Heinz** launched their new balsamic vinegar ketchup on Facebook, a few weeks before it reached stores. But a glitch kept people from ordering, so the company had to apologize and send out free bottles.
- This year’s inductees to the **Toy Hall of Fame** have been announced. *Hot Wheels* earned well-deserved honors, and we like the whimsy of inducting two unbranded classics: the dollhouse and the blanket.
- The holiday flavors from **Jones Soda** this year are *Gingerbread*, *Pear Tree*, *Candy Cane*, and *Sugar Plum*. They certainly beat previous flavors, which included *Turkey & Gravy* and *Brussel Sprout*.
- **Dr Pepper Snapple** is launching *Ten* versions of five soda brands, following good results for *Dr Pepper Ten*. But the launches will not repeat the “men-only” positioning.



## Marketing & Strategy

Continued.



■ **Mattel** has caught some flak about a \$50 collector's edition *Barbie*, with tattoos across her shoulders and neck.

■ **Coca-Cola** launched special white cans to support the World Wildlife Fund and Arctic habitat. They feature polar bears, and the company will donate up to \$3 million. But some consumers confused them with the silver cans of *Diet Coke*, so red is coming back in a hurry.



■ Meanwhile, **Coca-Cola** moved the brand's secret formula to a five-foot safe on display at their corporate museum. It had been in a SunTrust vault since 1925.

■ **Anheuser-Busch** is launching *Bud Light Platinum*. It is a little sweeter and has 6% alcohol (versus 4.2%). It targets the elusive buzz-seeking, sweet-toothed target group.

■ **Frito-Lay** now has 176 all-electric trucks in 18 markets, constituting the largest all-electric commercial fleet in North America. Of course, they also have about a zillion non-electric trucks.

## Free Thoughts

Rambling ruminations regarding rather random rhetoric.

■ As this issue's fun fact, the **first breweries** were in Mesopotamia as early as 9,500 BC. But there was no drunk driving, since the wheel was invented 5,000 years later.

■ The hottest things at **Comic Con** and other sci-fi conventions are **speed-dating events**. As a real shocker, it seems attendees have trouble meeting women.

■ Some **elementary schools in China** have a slogan on their gates: "Genius comes from hard work; tobacco helps you become talented." All compliments of the government-owned tobacco company.

■ **Lucien Alziari** and **Nancy Reardon** were named Fellows by the National Academy of Human Resources. It is the top honor in the HR field. He is at **Avon**; she is at **Campbell Soup**.

■ **ConAgra** and **Tyson** joined 270 companies who pledged to hire 25,000 military veterans and spouses by the end of 2013.

■ Fourteen CPG companies were named a "Best Place to Work" in terms of LGBT issues. Alphabetically, they are **Avon, Brown-Forman, Campbell Soup, Clorox, Diageo, Kodak, General Mills, J&J, Kellogg, Kraft, MillerCoors, Pfizer, and Unilever**.

■ The Navy bought 450,000 gallons of biofuel, including some made from chicken fat by a **Tyson** venture. The price is high at \$26 per gallon, but it may reduce dependence on fossil fuels.

■ Rather than work on the deficit, Congress passed a bill to make sure **pizza is still considered a vegetable**. It is a big deal for the federal lunch program, but it also brings a vegan lifestyle within our reach.

■ Occupy this. According to Harvard, The **average new home** has 2,152 square feet, up +35% since 1980. But you could fit 30 of them inside the home of Bill Gates, which is 66,000 square feet.

■ Can we take business just a little less seriously? Two managers of a Domino's in Jacksonville were charged with **burning down** a nearby Papa John's. The arsonists were tired of losing business.

■ Here is this month's All-Name Hall of Fame honoree, career choice division. The head of the TSA, which checks travelers for guns, is John **Pistole**.

■ Speaking of names, the PGA Tour just had their "Q School" qualifying tournament. As expected, Ryan **Yip** missed too many putts.