

May 2016, Issue 13



### SafeSourcing e-Newsletter

Have comments, questions, or suggestions about the new SafeSourcing e-Newsletter? Let us know what you think by emailing us at the following address. We look forward to hearing from you! [events@safesourcing.com](mailto:events@safesourcing.com)

#### Trivia!

What is Photovoltaic?  
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## Industry News

### *What's New with Some of the Big Food Players?* **Soda, Pop, Tonic—Whatever You Call It.**

Coco-Cola is changing their basic business model in order to control manufacturing and distribution without having to own them. Coco-Cola is trying to sell off their manufacturing and distribution operations by the end of 2017 in order to focus on making profits! Coke had not anticipated this shift in business six years ago when they purchased the largest bottler for \$12.3 billion.

The beverage giant has missed profit margins the past two years making it a likely target for an acquisition. It has been speculated that Anheuser-Busch InBev SA could try and buy the company in a few years. “Jettisoning asset-heavy operations will have a major effect on Coke. It estimates revenue will drop to \$28.5 billion from \$44.3 billion in 2015 terms under the stepped-up U.S. divestments announced last month. Operating margin will jump to 34% from 23% and head count will shrink to 39,000 from 123,000 as capital-intensive factories, warehouses and trucks come off its balance sheet.”

Coke is not the only company looking at an asset-light plan. Hotel operators such as Marriott International Inc. have removed properties from their books by using franchise agreements or management contracts. ■

*Mike Esterl, Wall Street Journal, 3/22/16*

### **What's For Breakfast?**

General Mills, celebrating its 150th anniversary this year, is one of the most iconic names in the food industry. *Continued on page 2*

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#### COMING NEXT ISSUE

<b>May</b>	Answer to our Trivia!
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#### Recent Savings

##### **T-shirt Bags**

Savings were over 30% of total spend. ■

##### **Frozen Broccoli & Cauliflower**

Savings were over 7% of total spend. ■

\*Please [contact SafeSourcing](#) to schedule your RISK FREE event today.

## What's For Breakfast?...Cont.'d

Stock in this company has risen by two thirds over the past five years and has more than doubled in the past ten years.

General Mills is now fighting regulatory battles in its attempts to turn around declining cereal revenues. As the topic of GMO's (genetically modified organisms) continue to heat up, the company has decided to place GMO labels on its packaged foods nationwide. In order to keep current, and more specifically meet the needs of millennials, artificial flavors and synthetic colors are being removed. Also, Cheerios has been certified as gluten free. With these changes, management is hopeful that the cereal market will rebound. "General Mills stock trades at 20 times projected earnings over the next 12 months, its highest valuation since February 2002 and higher than that of rivals ConAgra Foods Inc. and Kellogg Co." ■

*Steven Russolillo, Wall Street Journal, 3/22/16*

## Nestle's Slow Churned Ice Cream Changes

Nestle S.A. is simplifying ingredients in their top six ice cream brands: Dreyer's, Skinny Cow, Nestle Ice Cream, Haagen-Dazs, Outshine, and Nestle Drumstick. This is the latest in Nestle's attempt

to update existing products across the entire portfolio of brands. The changes will be to eliminate artificial colors and flavors, high-fructose corn syrup and bioengineered ingredients. The switch to fresh milk from cows and not treated with rBST, more real fruit or fruit juice, and sugar reduction by an average of 11% of some products.

Last December, Nestle announced its transition to cage-free eggs in all of its U.S. food products, including ice cream, within the next five years. Updated products began to roll-out in March. Robert Kilmer, president of Nestle Dreyer's Ice Cream, stated, "We are the industry leader when it comes to innovation and as consumer demand centers of transparency and choice, we are responding with new ways to make ice cream even better. Using simpler ingredients that our consumers can recognize, and removing those that don't belong, is a natural next step for our brands." As part of this effort, Dreyer's Slow Churned flavors will be branded Slow Churned Simple Recipes to reflect the simpler ingredient profile. The label will reflect 7-8 ingredients, down from an average of 22 ingredients in its product ■

*Eric Schroeder, Food Business News, 4/20/16*

### QUESTIONS AND ANSWERS

**Q:** How can I subscribe or unsubscribe to these newsletters?

**A:** You can subscribe or unsubscribe to these free newsletters by simply going to our [website](#), and clicking the option "e-Newsletter" or by contacting us directly at [events@safesourcing.com](mailto:events@safesourcing.com)

**Q:** I have run events in the past, is there any chance I could be saving more?

**A:** Yes. No matter when your past event ran, the team at SafeSourcing can find ways for your company to save.

**Q:** I want to know more about what SafeSourcing does. Who can I talk to about this?

**A:** You can contact a customer services representative who can help you with any further questions by calling us at 1-888-261-9070 or by going to our [website](#) and trying our "Risk Free Trial" offer today.

### Trivia! From April 2016 Issue

What is an Ancillary Product?

**ANSWER:** An ancillary product is a product which is purchased or licensed on a restricted-use basis, in conjunction with the principal manufacturer's product being acquired (e.g., may be used only in combination with or by educational institutions for research use). For instance, a third-party software which is licensed to licensor and furnished to licensee on a limited-use basis subject to the license restriction that it may only be used in conjunction with the licensed software.

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