

## profile: ConAgra

ConAgra is a company few Americans have heard of, but it is a major force in food production in the US and a \$20 billion dollar corporation.

- First, and most notably, it is estimated to be the #3 seller of retail food products in the world (after Altria/Kraft and Nestle). Its brands are many, going from Armour to Wesson, a portfolio of brands it has collected over the past 20 years. Its products are leaders in a number of categories.
- It is the largest supplier to food services and restaurants.
- The company is one of the top three buyers and processors of grain products (corn, wheat, etc.) and handles a significant portion of US grain exports.
- It is a leader in producing cattle and hog feed.
- Until 2000, when it spun off Swift & Co. to an investor group, it was one of the top three slaughterers of cattle and hog. It still has a 48% stake in that company. It is also a major client, buying meat for processing.
- It remains one of the top three poultry processing companies.
- It is a major supplier of flavoring (especially garlic) to the food industry.
- It is one of the top world traders in agricultural products.
- It has a considerable business in selling seeds, fertilizer, and agricultural chemicals around the world.

The company is just starting to expand its operation worldwide. Along with a few other companies (Cargill, Archer Daniels Midland, Farmland) it forms an oligopsony toward many American farmers, so these companies are able to dictate prices and conditions to individual farmers. To supermarkets and food services, it is one of a handful of suppliers that can provide needed food products.

The motley collection of brand names in the chart below shows the scope of the company's efforts. The company is particularly strong in meats, prepared meals, margarine, and popcorn. The strategy has been to acquire ready-formed brands that have long histories and therefore already have mind space (Gulden's mustard, Hunt's tomato sauce, Butterball turkeys, Chef Boyardee canned pasta, Slim Jim beef jerky, Peter Pan peanut butter, and many others). Like other food companies, ConAgra is hedging its bets with organic and "healthy" alternatives (Light Life, Healthy Choice, Certified Organic) in addition to its fat- and salt-laden staples. In other areas, it presents pseudo-variety to cover the shelves. For example, ConAgra offers three of the most popular brands of margarine (Parkay, Blue Bonnet, Fleischmann's) and three major popcorn delivery modes, namely Act II (microwave), Jiffy Pop (stovetop), and Orville Redenbacher (popper-ready).

The company has continued to aggressively acquire small rivals. For example, in 2001, it acquired Artel Foods, of Quebec, Canada, a supplier of frozen foods in the Canadian market. The brands include DelMaestro (pizzas), Pogo (corn dogs), and Yin Yang (spring rolls). In 2000, ConAgra acquired Marburger, a Nebraska company that supplies precooked bacon to the food service industry. In 2001, it acquired David, the #1 retailer of sunflower seeds. The company has also made discards, getting rid of its BumbleBee tuna operation in 2003.

It's interesting to see that ConAgra has followed a strategy of owning scores of recognizable brands that are staples of the American shopping basket, yet none of them seems to be a billion dollar brand. Brand creep is kept in tight rein, much tighter than with Kraft, for example. And duplication is great, with, for examples, several lines of Italian, Mexican, and Chinese groceries. It will be interesting to see if ConAgra follows the example of Unilever and others by consolidating its brand portfolio. It will also be interesting to see if the company can expand its very American products into the international market, as its biggest rivals have.

ConAgra Web site:

- ConAgra Foods, Inc. (NYSE: CAG) is one of North America's largest packaged food companies, with a strong presence in consumer grocery as well as restaurant and foodservice establishments.
- As a leader in multiple segments of the food business, ConAgra Foods understands what consumers want: familiar brands, favorite foods and innovative products that make meals and snacks great tasting, convenient and affordable.
- Since our first bag of flour was sold in 1867, ConAgra Foods has grown from a small Nebraska company into one of America's largest food companies. About 85 percent of the company's food profits flow from sales of branded and value-added items.
- On the retail side, ConAgra Foods is in your grocery store - on the shelves, in the dairy case, up and down the frozen food section, in the deli, and at the prepared meat case.
- When you eat away from home - at restaurants, institutions, hotels or at a banquet - it is likely that ConAgra Foods helped provide the food products that set your table and created your meal.
- Some of ConAgra Foods' consumer brands include: ACT II, Armour, Banquet, Blue Bonnet, Brown 'N Serve, Butterball, Chef Boyardee, Cook's, Country Pride, Eckrich, Gulden's, Healthy Choice, Hebrew National, Hunt's, Kid Cuisine, Knott's Berry Farm, La Choy, Louis Kemp, Lunch Makers, Marie Callender's, Orville Redenbacher's, PAM, Parkay, Pemmican, Peter Pan, Reddi-wip, Slim Jim, Snack Pack, Swiss Miss, Wesson, Van Camp's, and many others.

#### CONAGRA FOODS RETAIL PRODUCTS COMPANY

**Grocery Foods Group** produces and markets shelf-stable foods for grocery and special market customers, such as club stores and supercenters. Grocery Foods Group manages approximately 29 well-known consumer brands. Brands include:

- [Hunt's](#)
- [Homestyle Bakes](#)
- [Knott's Berry Farm](#)
- [Chef Boyardee](#)
- [Gulden's](#)
- [Van Camp's](#)
- [Rosarita](#)
- [Peter Pan](#)
- [Swiss Miss](#)
- [La Choy](#)
- [PAM](#)
- [Snack Pack](#)
- [Wesson](#)

**Refrigerated Foods Group** produces and markets beef, pork, chicken and turkey processed meat products, branded turkey products, dairy products, and refrigerated meat alternatives for grocery and special market customers. Brands include:

- [Armour](#)
- [Egg Beaters](#)
- [Lightlife](#)
- [Butterball](#)
- [Fleischmann's](#)
- [Parkay](#)
- [Cook's](#)
- [Healthy Choice](#)
- [Reddi-wip](#)
- [Eckrich](#)
- [Hebrew National](#)

**Frozen Foods Group** produces and markets frozen foods for grocery, foodservice, and special market customers such as club stores and supercenters. Frozen Foods Group produces and markets some of the nation's best selling frozen brands including:

- [Healthy Choice](#)
- [Kid Cuisine](#)
- [Marie Callender's](#)
- [Banquet](#)

**The International Foods Group** produces and markets shelf stable and frozen food products for grocery, foodservice and other channels globally with key markets of Canada, Mexico and the Caribbean. Brands include:

- [Hunt's](#)
- [Orville Redenbacher](#)
- [ACT II](#)
- [Chef Boyardee](#)
- Puritan
- POGO
- Del Maestro
- [Healthy Choice](#)
- [PAM](#)
- Del Monte (Mexico)

**Snack Foods Group** is a leading marketer of popcorn, specialty snacks, and other convenient food products sold in mass merchandising outlets, vending machines and grocery, drug, club, convenience and video stores. Brands include:

- [Orville Redenbacher's](#)
- [Slim Jim](#)
- [Pemmican](#)
- [ACT II](#)
- [David & Sons](#)

### **Basic Ingredients**

Basic Ingredients manufactures and distributes a variety of basic ingredients such as wheat and edible beans, to food manufacturing companies, as well as grain byproducts to pet food and animal feed manufacturers.

Basic Ingredient products include grain, oilseeds, feed ingredients, edible beans, livestock, natural gas, crude oil and refined products.

### **Specialty Ingredients**

Specialty Ingredients and Milled Ingredients manufacture, market and distribute a variety of milled and dehydrated ingredients, as well as seasoning blends and flavors to food and beverage processors. They also satisfy our own needs for these ingredients.

Specialty Ingredients products include dehydrated, controlled moisture and fresh vegetable ingredients as well as processed seasonings, seasoning blends and flavorings. Milled Ingredients include flour, corn and oat milling.