



For 2003, the two largest packaged food industry shows had more changes than at any time I can recall.

Industry consolidation is more obvious than ever before.

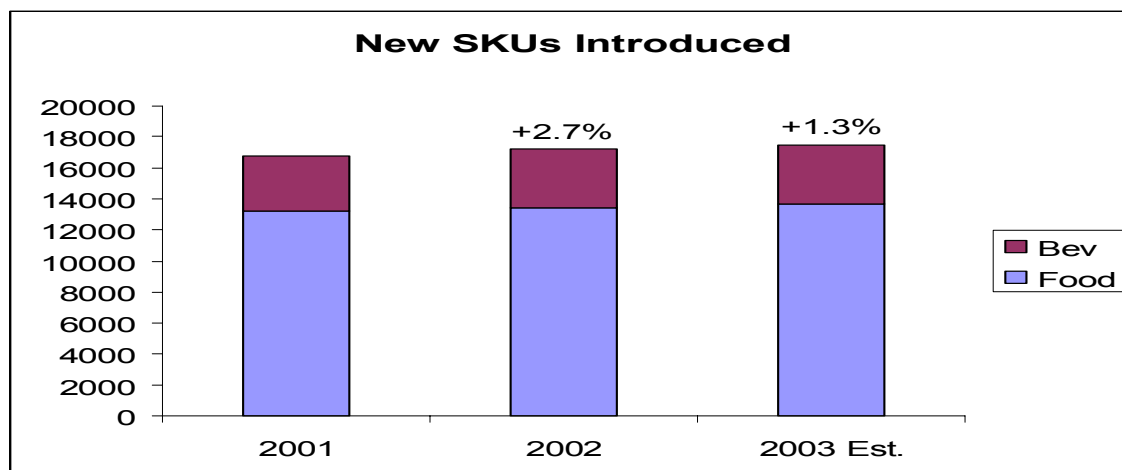
- While many of the industry giants had booths in exactly the same places, the show seemed half as big. Why? Many of the industry acquisitions of 2000/2001 finally took its toll on the booth contracts – and several booths no longer exist, opting instead for integration into their new parent company. For example, there was not a separate Ben & Jerry’s ice cream booth.
- While unscientific, I compared the floor plan from 2003 and 2002. It seems that manufacturers and key service providers (ACNielsen, IRI, etc.) used ~30% less square footage than in 2002. The remainder of the main exhibit hall is now filled with equipment vendors, previously housed across the hall. Refrigeration units and new shopping cart designs were plentiful though!
- Several big companies like Schwan's (*Red Baron, Freschetta, Tony's pizzas*) who experimented with skipping FMI in 2002 remained on the sidelines.
- Show attendance overall (and Tuesday in particular) appeared to be down despite plentiful discounted admission offers.

Some graduations are evident.

- The void in the space now created in the main hall was filled largely with a much larger Fancy Food Show than ever present in Chicago. Still not as big as San Francisco, but exponentially larger than in 2002.
- Some businesses “moved” from the Fancy Food Show to the FMI – like Michele Foods’ *HoneyCreme* syrup (delicious) or *Ian’s* with their new line of frozen Kid’s Meals including *AlphaTot* french fries.

Number of new products likely to grow again ...

- Number of new product introductions will likely continue to grow, but at a somewhat slower rate if these shows continue as a leading indicator.



Source: 2001/2002 – *New Products Magazine*; 2003 Estimate – A. Whitman, 2x Management LLC.

... with some great new product ideas ... but mostly safer line extensions.

- Most innovative idea seen at the show: *FooDoodler* – color & eat cookies. Comes with cookies and *FooDoodler Markers*, where you “draw” on the cookie icing. What fun for kids (of all ages)! This is a great example of some of the high/higher level of innovation coming from the small companies at the Fancy Food show.
- Baxter Healthcare’s *Pulse* beverages had a sizable presence with their line of nutritionally enhanced products designed for heart health and women’s/men’s health.
- Personal line extension favorites: Grilled cheese *Uncrustables* from Smuckers, *Ben & Jerry’s* Brownie Batter ice cream and *Pepperidge Farm* Mini-Milano cookies. Great ideas and yummm.
- PepsiCo’s limited edition *Mountain Dew LiveWire* (orange flavor), following up on the success of *Mountain Dew CodeRed*, and the 7 SKU line of snacks under NATURAL umbrella.
- ConAgra extends the successful *HomeStyle Bakes* business to *Dessert Bakes* and introduces a *Meal Toppers* line – pouched meals to be heated and served over rice, noodles, or potatoes.
- More tasty limited time offerings from Hershey Foods (e.g. White Chocolate *Reese’s* PB Cups).
- Campbell Soup’s *Soup at Hand* extends to the *Chunky* brand in the portable format.
- Kraft again had a plethora of terrific extensions including *Capri Sun Sport* (isotonic beverage in kid friendly pouch), *Uh-oh! Oreos* (chocolate cream with vanilla cookies), *Altoids Strips* (a curiously strong line extension) and *Lunchables Fun Fuel* (healthier SKUs added to the line).
- Some interesting smaller entries: *Eat Your Heart Out!* (3 SKUs of all natural, flavored edamame snacks) and *Patty King’s Patty Pockets* (Jamaican meat patties).
- Great packaging designs for *Marie’s* salad dressings and the co-branded *Green Mountain’s/ Newman’s Own* organic product offerings.
- Terrific sales force automation technologies from *Thinque*. Great integrated offerings from some of the major providers – especially *Nielsen* and *Catalina Marketing*.

Lastly, while not exhibiting at FMI, watch for Horizon Organic to turn the baby formula market upside down with its USDA certified Organic Infant Formula ... arriving in stores on the West Coast in Fall, 2003.

Hope these thoughts are helpful. Any questions? Call or e-mail me.



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