

2x TREND WATCH

News, notes and nuggets
from the desktop of:

Fall 2009

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This weekend, we concluded a tour of four shows in the past month – two pet shows, one baby/child show and the smaller of the two natural products industry shows. Here are a few observations having the benefit of a view across shows and segments ...

Trade Shows in Growth Sectors Continue To Be Well Attended. Recently I was asked why anyone should



invest in consumer products companies in the midst of a down economy. My answer was simple using a partner company of ours as a metaphor when saying “while some sectors will struggle in this environment, highly differentiated consumer products like the eco-friendly certified biodegradable

diapers from *gDiapers*, a Fund investment with full disclosure, have done well and will continue to do so. After all, babies still do their business even when the broader business environment is more challenged.” That analogy applies to many sectors in the consumer products world, including babies, pets and natural products. As a result, the *All Baby & Child Expo* and *SuperZoo/Backer* pet shows were just as busy as always with the *ExpoEast* natural products show less so (possibly more a reflection of having two shows – East and West – in an industry where the larger, more mature companies may feel that two shows are not be needed). Even at *ExpoEast*, where attendance and exhibitor count was noticeably down, the smaller companies reported good interchange with buyers. With so much distribution to be gained, many of these exhibitors had very productive shows.

At *ABC Expo* and *SuperZoo* in particular, the energy was very high and innovations plentiful. Of course, there were some new products that make you ask “what were they thinking” but below are some interesting themes and noteworthy new news across the shows, including some possible up & comers to watch ...

THE NEW YORKER



“It’s going to be huge! Cheese-flavored vodka!”



Hush Little Baby. Keeping our little ones quiet and comfortable is a giant industry. Recently, we saw a series of brand new companies with innovations in sleeping aides (and some that are easier for the parents too). We don’t mean Baby Ambien. But, for example, the *GoCrib* is a great idea. Using *AeroBed* type inflatable technology, the *GoCrib* is the first giant innovation since the pack-n-play – but better. It’s light, sturdy, safe and uses standard 27” x 39” fitted crib sheets – all easily condensing into a backpack for simple portability. Kudos!

guavafamily.com

Similarly, *Nap Nanny* takes the conventional wisdom about kids sleeping well in their car seats and creates a bed (using traditional foams and washable coverings) in that quite familiar position. Whether for a colicky child or just one that doesn't sleep well in the crib during the day, the *Nap Nanny* should be mom and dad's new best friend!

napnappy.com



Premium & Natural at a Value Price. Across many categories,



we've started seeing a few savvy companies develop premium-ish natural or better for you businesses at prices that might attract a natural leaning consumer who couldn't afford it normally. This month, we found the single best example we've seen – *Whole Earth Farms* (from the Merrick family). This canine only line (at least to start with we assume) has both wet and dry offerings but in a simplified fashion: just puppy, adult and senior varieties. With proteins listed first in every SKU, whole grains and delicious fruits & vegetables, it's a pretty awesome ingredient deck – especially for a 35 lb. bag retailing for under \$40 (SRP). Impressive!

feedgoodness.com

Getting a Good Grip on Junior. In one of the most high profile launches into the baby space in years, Helen of Troy's *OXO* brand debuted *OXO Tot*. With strong design sense and a proven ability to deliver on consumer needs, the new line of feeding, food storage, baby bottle cleaning & drying and bathing products will be big. *OXO Tot* is sure to help extend the brand's history of growth: between 1991 and 2008, *OXO*'s compounded annual growth rate was 27%! Cool stuff ... as you'd expect from *OXO*.

oxo.com



Not Pulling the Hoodia Over Your Eyes. Roughly five years ago, a number of products were launched with great fanfare containing hoodia, somewhat of a cousin to the cactus plant that naturally helps to control your appetite by balancing hunger messages from the brain and therefore serves as weight control aide. However, when reduced to powder form (for nutritional supplements or as additive to foods/beverages), the efficacy was questioned. Recently, an enterprising team found a way to harvest nothing but pure hoodia, crush it up, add a little lemon juice for taste purposes and flash freeze into "mini ice cube" like format. One cube a day has promising benefits in early clinical research. Watch for *The Ice Cube Diet* to come to freezer cases near you!

icecubediet.com



Other “ones to watch” ...

- **Lillian’s Healthy Gourmet** – from one of the largest tilapia producers HQ Sustainable Maritime comes a great new line of fish entrées. Awesome packaging. If the product is as good – they’ll have a hit.
hqfish.com/ptr02.html
- **Sunsweet Naturals** – while a bit late to the party, they introduced 4 SKU line of *HerbalBlends* (functional beverages with organic juices and really nice packaging) and a line of organic snacking fruits in prune and prune blend varieties. Leverages the farmer/coop heritage of the *Sunsweet* brand. Nicely done and delicious too.
sunsweetnaturals.com
- **On The Fly** – a patent pending product, hassle-free way to warm baby bottles for moms and dads on the go. Uses a warmer akin to toe warmers used for skiers tucked into a fashionable cow-print “bottle sock” to warm a baby bottle (or several over many hours of use) without batteries or microwaves. Simple idea!
ontheflybottle.com
- **Nutro Ultra HOLISTIC SUPERFOOD** – another example of the humanization of our pets. *Nutro* is differentiating from others with focus on superfoods ... first it was superfoods for people and now superfoods for our 4 legged children!
ultraholistic.com
- **Nosefrida SnotSucker** – ok – just fun to say! But for those with really little kids, you know the “gunk” that’s up there – and the *SnotSucker* can help.
nosefrida.com



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Hope these thoughts are helpful. If I can add perspective, please feel free to contact me at 312.629.5248 or awhitman@2xPartners.com. A comprehensive archive of notes from prior trade shows of all types can be found in the news section of www.2xPartners.com.

As you can see on the following page, we’re partnering with and providing growth capital to emerging consumer products businesses (like *gDiapers*, the only 100% certified biodegradable and compostable diaper – www.gDiapers.com) ... have ideas?

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OVERVIEW

2x Consumer Products Growth Partners joins with founders and management of emerging consumer products businesses capable of growing exponentially via an infusion of capital and management expertise.

Focus:	Categories:	Due To Our Growth Perspective, Businesses Are Likely To Have Characteristics Of:
	<ul style="list-style-type: none"> ✓ Food ✓ Beverage ✓ Personal Care ✓ Home Care ✓ Pet Care ✓ Other Branded Consumer Products 	<ul style="list-style-type: none"> ✓ Natural ✓ Organic ✓ Ethnic ✓ Specialty ✓ Gourmet
Revenue:	Primarily within the \$1 million to \$15 million revenue range; Never pre-revenue businesses	
Ownership:	Minority ownership stake as part of a partnership most common; Majority interest or complete buyout not atypical	
Investment Criteria:	<ul style="list-style-type: none"> ✓ Founders/management team seeking a partner, not just an investor ✓ Powerful consumer-driven positioning with exceptional product fulfillment ✓ Strong sense of “proven-ness” based on in-market performance ✓ Exponential growth potential to at least \$30+ million in revenue within 3 to 5 years ✓ Categories that immediately leverage our expertise ✓ Attractive go-to-market approach leading to sound long-term financial proposition 	

FORMULA FOR SUCCESS



VALUE-ADDED RESOURCES

2x Consumer Products Growth Partners bring more than 250 years of directly relevant expertise to complement and support founders/management. We leverage our industry expertise, contacts and connections for the benefit of the companies. Our experience and operating approach is the main attraction for entrepreneurs.

“The unparalleled depth of experience in the industry is helping gDiapers achieve our goals ... business, social and environmental.”

– Jason Graham-Nye, CEO/dad and co-founder, gDiapers

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