

## 2x TREND WATCH

Notes and nibbles from the desktop of:

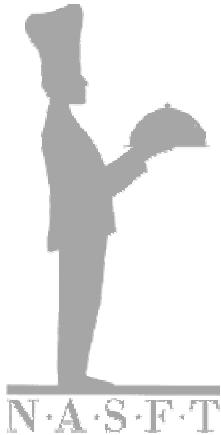
July 2006

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**Most Successful and Exciting Show Ever!** A win-win-win affair for manufacturers, distributors and retailers. With over 2,250 exhibitors from 70+ countries showcasing 160,000 items, The National Association for the Specialty Food Trade (NASFT) *Summer Fancy Food Show* at the Jacobs Javitz center was sold out for the first time ever. The bigger exhibitors like *Kehe* and *Liberty Richter* did their usual A+ job showcasing new products and selling stories. However, the breadth and depth of the “little guys” was awe inspiring. There was plenty to see (and eat), particularly on the lower level. But, the biggest winners were clearly those who had a chance to taste everything ... like me!

The hustle and bustle did however take an afternoon breather Sunday, the first day of the show, as exhibitors and attendees alike stopped to watch the FIFA World Cup soccer final match. For those of us huddled around the big screen TVs, we were often greeted with chants of “EE-TAL-YA” in the German pavilion where I watched the game. And, since I’d sampled too much during the early part of the day, the respite was welcomed. What a finale!!

The following are a few key takeaways from the last few days ...

**New Heights in the Super-Premium Pyramid.** In many categories, the super-premium segment is the fastest growing sector. But it’s not just about being expensive. It’s about delivering a premium experience that you cannot get from a more mainstream, lower priced product. In food and beverage products, it’s all about taste! Think *Levain* cookies, *Boyajian* infused olive oils and *Scharffen Berger* chocolates. (And, you can try the new *Scharffen Berger Chocolate Mocha Freddo* drink at *Peet’s Coffee & Tea* if you’re lucky enough to have one nearby. Wow!). While we were offered thousands of samples of items masquerading as super premium, we came across many that were the real deal. *Pastry Kisses* stood out among the crowd for having both an outstanding taste profile and an oven-safe, disposable baking tray. Originally from Chef Teri Valentine’s Toluca Lake, CA *TasteBuds Restaurant*, these frozen ditties come in mouth-watering savory, sweet and seasonal varieties. Available at grocery stores for lucky folks in California and online for the rest of us, these award winning products do what other premium products do not – sell to me as a consumer! No question there’s soon to be more delectable items in my freezer!



[www.pastrykisses.com](http://www.pastrykisses.com)

**A Higher Taste Standard in FREEdom.** Having lived through the booms of Light, Low Cal and the dreaded Low Carb, we as an industry are constantly reminded that we sell food! And, products that taste worse than the cardboard package they come in just won't last. So, while I intellectually understand the importance of developing convenience food applications for the reported 11 million Americans with food allergies, you can only imagine the horror on my face when I came across *Cherrybrook Kitchen* which promoted themselves as "the sweet solution for food allergies" – peanut free, dairy free, egg free, nut free, wheat free and gluten free. Eeeeeek! But, to my surprise and extreme delight, the products were not taste free, but actually supercalifragilisticexpialidocious. Mixes of all types: cakes, cookies, and frosting. Call me Mikey – I liked it ... each and every time I snuck back to sample the product line. Hopefully, *Cherrybrook Kitchen* establishes a higher standard for the rest of the industry.



[www.cherrybrookkitchen.com](http://www.cherrybrookkitchen.com)

**A Whole New Kettle of Fish.** In the world of sustainable farming and natural/organic fisheries, I admit to being a skeptic in a way that I am not for the more traditional food and beverage categories. Despite knowing about this business for some time, I finally learned enough (and ate enough) to see the potential! *Kona Kampachi* is getting rave reviews from both chefs and consumers who are increasingly calling for it by name. And, I kept calling for more samples! *Kona Kampachi* is among the healthiest fish on the market, extremely rich in healthy omega-3 fish oil, but importantly has no detectable levels of PCBs or mercury. Grown in the pristine waters of the Pacific Ocean off Hawaii's Kona coast (previously known just for coffee), this Hawaiian yellowtail fish claims to be the first farm raised fish grown from hatch-to-harvest in the United States and is the product of environmentally sustainable fish aquaculture achieved through Kona Blue Water Farm's deep ocean fish farms and innovative marine hatchery technology.



[www.kona-kampachi.com](http://www.kona-kampachi.com)

Other noteworthy unique finds include ...

*Great American Dumplings* – favorite comfort foods inside a gyoza wrapper (a.k.a. dumplings). Chicken Fajita Bites, Spinach Feta Bites and 4 other varieties – but not available at grocery stores until Fall 2006. Too bad. Really different and quite tasty!!



[www.greatamericandumpling.com](http://www.greatamericandumpling.com)



*Papa Ciro's Handmade Garlic Knots* – a perfect twist on a traditional garlic breadstick. Brand new and small in size but BIG in taste! Also, for those wishing a home baked sweet, try a new twist on the cinnamon bun with *Papa Ciro's Handmade Cinnamon Knots*.

[www.garlicknot.com](http://www.garlicknot.com)

*Margaret's Artisan Flatbreads* – like at the restaurant without the waiter that mouths off. Thin, crisp and full of flavor. Make sure to try Rosemary & Sea Salt and the other four delicious varieties.



[www.mjsfinefoods.com/artisan.html](http://www.mjsfinefoods.com/artisan.html)

**Retail Stops on the Tour.** When traveling, I try to visit a few of the more interesting restaurants or retail concepts in the area. Two standouts on this trip were *Kalustyan's* and *Really Cool Foods*.

Making a trip to Manhattan's Little India section of the lower east side was a pleasure. Great smells abound. High end restaurants and hole-in-the-wall dives are everywhere. But, don't miss a stop at *Kalustyan's* (123 Lexington Avenue) if you like to cook or just eat. With a selection well beyond the Indian cuisine of the neighborhood, you'll find a dizzying array of spices, condiments, rice and convenience foods to name a few of the mainly imported items. And, make sure not to miss the figs next to the register. Awesome.



[www.kalustyans.com](http://www.kalustyans.com)

*Really Cool Foods*, located on Third Avenue at 63<sup>rd</sup> Street, is the brain child of Michael Recanati and Danny Pearson. Despite not being restaurateurs or retailers, they correctly believed there was a significant market opportunity to help New Yorkers make dinner easier and simpler. In the 1990's, the industry tried Home Meal Replacement. Unfortunately, no one wanted their home meals replaced.



We just wanted them made simpler. So, *Really Cool Foods* is trying to help by offering a broad selection of natural and organic ready-to-assemble meals – “prepped in our kitchen, cooked in yours”. You select the key ingredients from a color coded system and follow the simple cooking ingredients. Voilà! Delicious dinner that's “homemade” in minutes.

They're working out a few kinks as they've been open for five weeks. But – with patience and care from the well capitalized venture, we could be seeing more of them in the future.

[www.reallycoolfoods.com](http://www.reallycoolfoods.com)

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Hope these thoughts are helpful. If I can add perspective, please feel free to contact me at 312.337.9085 or [asw@2xManagement.com](mailto:asw@2xManagement.com). Notes from prior food shows, natural product shows, ethnic products shows, and other consumer products industry shows are available under the News section at [www.2xManagement.com](http://www.2xManagement.com).



July 2006



*INVESTING IN AND OPERATING CONSUMER PRODUCTS BUSINESSES FOR EXPONENTIAL ANNUAL GROWTH*

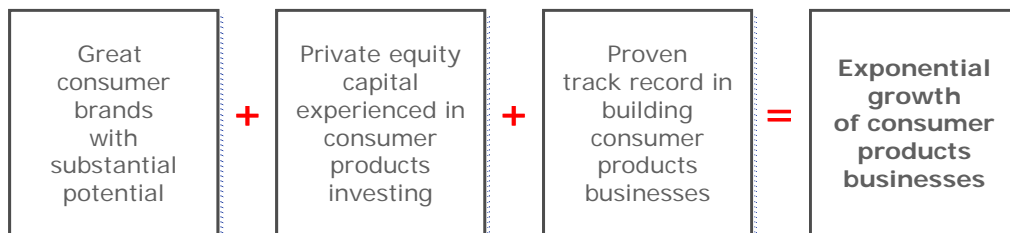
## Overview

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2x Management invests in consumer products businesses capable of growing exponentially via infusion of capital and management expertise. 2x Management brings proven leadership in building consumer products businesses.

## Formula for Success

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## Investment Profile

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Branded consumer products businesses with \$20–200 million in revenue. Focus areas include food and beverage, organic/natural and ethnic products, pet care, and other non-durable branded consumer products.

## Management Resources

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2x Management brings extensive consumer products industry experience in building established businesses, transforming under-performing businesses, and creating new businesses. Seasoned consumer products leader is ready to help companies realize full potential. 2x Management can provide functional support or management team members depending on the needs of the business, including Operations, Finance, Marketing, Sales or others as appropriate (e.g. Strategy, IT, R&D).

## Contact Information

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