

**2x TREND WATCH**

News, notes and nuggets from the desktop of:

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Just returned from over a week in southern California and here's the headline: WOW. The 28<sup>th</sup> year of *Natural Products ExpoWest* was supercalifragilisticexpialidocious! Over 52,000 retailers, manufacturers and other attendees (11% increase over 2007) squeezed down the very crowded aisles. We're told that *ExpoWest* is now the third largest tradeshow in America! (Since people will ask – *Consumer Electronics Show* is supposedly always #1 while #2 rotates among other less “sexy” shows).



Photo: BevNET

Regardless of type of products – food, beverage, supplements and herbs, pet products, personal care, pet care, baby care or home care, *ExpoWest* serves the key constituents in the \$57 billion and rapidly growing natural and organic industry including the 3,392 exhibitors we visited this week at the Anaheim Convention Center. Even “Hall E” (also known as the basement!) was packed as it opened 30 minutes earlier than the rest of the show floor – a brilliant move.

The following showcases the biggest takeaway from the show plus a series of other noteworthy items.

**The Baby Grew Up.** After two years of seeing a plethora of new (mostly frozen) organic baby food offerings, the brands grew up and others moved into the neighborhood at the toddler stage. (See *2x TrendWatch* profile in October 2006 available in the NEWS section of [www.2xPartners.com](http://www.2xPartners.com) for background). Frozen organic baby food is a terrific product – looks better, tastes better, organic, no preservatives, etc. However, being in the frozen section requires a consumer shopping behavior change. While that category is developing – and since many of the founders were parents of newborns at the time and their children are now toddlers – it's logical these and other brands introduce toddler foods.



*Peas of Mind* was ahead of the pack when introducing the 4 SKU line (now 6) of “puffets” made with organic ingredients. Including offerings like Eat Your Greens Puffet and Nanna's Bananas Puffet (my personal favorite since it's almost like dessert!), each puffet goes from freezer to table in two minutes. Nothing like

tasty finger food for someone celebrating many anniversaries of third birthday! Also exhibiting was *Pitter*



*Patties* – muffin-shaped frozen entrées made from tasty blends of

vegetables, proteins and whole grains.

Several other manufacturers are offering frozen toddler foods as extensions of their frozen baby food lines – including *Mom Made* (which was featured on Oprah!) and frozen organic baby food leaders *HappyBaby* and *Plum Organics*. In some ways, these and other entrants like *Kids Organic* are reminiscent of *Fran's Healthy Helpings* – a business that was ahead of its time almost 10 years ago.



Lastly, there are several brands approaching this obvious consumer need from different angles including *Kid Fresh* (NYC-based retail store which also sells packaged kid lunches at Whole Foods, Wegman's, FAO Schwartz and JFK airport) and *Homemade Baby* (refrigerated to take advantage of freshness halo and shoppers purchasing products like organic milk). Maybe I'm just a big kid (well – not much maybe about it), but I loved the finger foods and smooth textures and fresh tastes. Hopefully, if I start growing again, it's up not out! [peasofmind.com](http://peasofmind.com), [munchkinmeals.com](http://munchkinmeals.com), [mommade.com](http://mommade.com), [happybabyfood.com](http://happybabyfood.com), [plumorganics.com](http://plumorganics.com), [kidsorganic.com](http://kidsorganic.com), [kidfresh.com](http://kidfresh.com)

### Other Noteworthy Observations ...

**About The Ingredients.** Over the past several years we've learned about "new" ingredients in categories from homecare (e.g. thyme extract as active agent in anti-bacterial cleaning products) to food/beverage (e.g. açai, hemp and yerba maté). In general, these ingredient occurrences fall into two categories. First, unfamiliar ingredients are introduced into familiar situations. For example, *AlmaWin Cleanut* introduces the natural cleaning power of Sapindus (a genus of about five to twelve species of shrubs and small trees native to warm and tropical regions of the world) – the "fruit" of which is commonly known as the soapnut. Can't wait to try it at home. Second, familiar ingredients in new situations makes use of our existing knowledge – the most tasty and nutritious of these is *SpinnyChips*, organic spinach and corn tortilla chips made using a patented process to infuse the spinach (and its vitamin content) into the chips. Yummm.



[almawin-usa.com](http://almawin-usa.com), [spinnychips.com](http://spinnychips.com)

**The Greeks Are Coming.** Well, they're already here. Or at least their yogurt. Greek style yogurt came to the US most notably via *Fage*, the #1 brand in Greece which started exporting product to the US in September 2000. Greek yogurt has a different but delicious taste profile, partially driven by its more creamy texture and traditionally the use of sheep's milk vs. cow's milk. It's terrific – especially with a drop (or more!) of honey. Fantastic!



Since *Fage* came to the US, Stonyfield Farms was quick to enter the market and introduced *Oikos* organic Greek yogurt. *ExpoWest* included a herd of great tasting Greek yogurts mostly located in Hall E, including *Voskos* and *Greek Gods*. Very delicious. A high growth segment, but quickly becoming a crowded space.

[fageusa.com](http://fageusa.com), [oikosorganic.com](http://oikosorganic.com), [voskos.com](http://voskos.com), [greekgodsyogurt.com](http://greekgodsyogurt.com)

**Household Cleaning Made Fresh!** One of the inherent conflicts in the natural homecare world is this: if it's good for the earth, will it clean? The team at *Eco-Me* developed an interesting solution: they provide the proprietary essential oil blends (active ingredients) and spray bottles and you bring household items commonly combined as cleaning agents – such as vinegar, olive oil, sugar, baking powder and water in this case. Pretty clever – plays on the consumer skepticism with a do-it-yourself solution in a razor (starter kit) / razor blade (refill of essential oils) model. The *Good Seasons* salad dressing mix of the cleaning world?  
*eco-me.com*



**Function in New Forms.** Many supplements are derived from herbs, superfruits, nuts and plants that consumers don't know or, in some cases, cannot spell or pronounce. Along comes the cherry. Really? Yes. This family-run business is all about the cherry – *Michelle's Miracle* cherry concentrate, cherry dietary supplements (excellent source of antioxidants, anthocyanins, melatonin and potassium), etc. Smart idea.



Similarly, it's a logical but nonetheless great idea to launch a ready-to-drink form of *Emergen-C*. Just chug it – no powder or spoons needed!

*lelandcherry.com, emergenc.com*

**Sweet Wildcard.** Not sure, but this might be a first – even for me. Organic cotton candy in a stand-up gusseted pouch? Yup. Only one ingredient though – pure organic sugar cane. ☺



*bernod.com*

\* \* \*

Hope these thoughts are helpful. If I can add perspective, please feel free to contact me at 312.337.9085 or [awhitman@2xPartners.com](mailto:awhitman@2xPartners.com). Notes from prior food shows, natural product shows, ethnic products shows and other consumer products industry shows are available in the news section of [www.2xPartners.com](http://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 earth-friendly hybrid diaper that you can flush, compost or toss – [www.gDiapers.com](http://www.gDiapers.com)) ... have ideas?

*Andy*

## 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 areas include food, beverage, personal care, home care and pet care – particularly in the organic/natural, specialty/gourmet and ethnic sectors. Businesses are primarily within the \$1 million to \$15 million revenue range and meet the following criteria:

- ✓ 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

A minority ownership stake as part of a partnership is most common, but a majority interest or complete buyout is not atypical.

## FORMULA FOR SUCCESS



## VALUE-ADDED RESOURCES

2x Consumer Products Growth Partners has directly relevant expertise as operators and investors in large and small consumer products companies. In particular, the principals have more than 350 years of directly relevant expertise leveraging deep industry experience, contacts and connections to build marketplace winners and create shareholder value in small and large consumer products companies. See team biographies attached.

## CONTACT INFORMATION

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