

2x TREND WATCH

News, notes and nuggets
from the desktop of:

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Tale of Two Very Different Consumer Shows. *Natural Products ExpoWest* was again abuzz with excitement March 6th through 8th at the Anaheim Convention Center where more than 53,000 industry members attended, up from last year's record-breaking show. *ExpoWest* occupied 300,000 square feet and featured exhibitors from 28 countries including 484 first timers showing their wares. In the midst of current economic times, one retailer said it best: "This is a welcome growth oasis in the midst of our 'sky is falling' world."



The energy and attendance was not the same at the *International Home & Housewares Show* this past week in Chicago. While not released yet, show traffic appeared to be noticeably down and there was an undercurrent of concern among manufacturers and retailers. Nonetheless, there were some very interesting companies doing quite innovative things to prepare themselves for growth on the back side of economic softness.

international
home
house
wares
show
2009

The following highlights a trend that's been developing slowly over many years but appears ready to emerge in a significant way ...

Get Your Fruits and Veggie Here (But Not In Normal Ways) ...

Over time, doctors have told us to consume calcium (especially women over 40). Few did. Along came *Viactiv* – chocolate covered calcium chews – a big idea as people would rather have food (candy?) versus pills. Separately, after many years, food and beverage manufacturers are helping us to get our fruits and vegetables in tasty ways. Examples:

BIG ideas like *Fruit2Day* from the White Wave (div. Dean Foods) joint venture with Swiss uber-fruit company Hero Group – a mix of real fruit juice with little diced up pieces of real fruit. 2 full servings of fruit in a little 6.75oz bottle. Delicious!

fruit2day.com



Or vegetable fries that taste great. *Peas of Mind* introduced *Veggie Wedgies* in varieties like Baked Broccoli Fries and Baked Carrot Fries. Definitely worth a try – not only for the little people in the household! My colleagues are likely upset as I ate the samples before they got any. Sorry!

peasofmind.com



The use of fruits and veggies for nutritional/functional purposes is not limited to food and beverage products ...

Cleaning products like *Orange Glo* and *Goo Gone* figured out many moons ago that fruit (especially citrus varieties) had a natural ability to cut grease and/or to clean. However, personal care products like *Yes to Carrots*, *Juice Beauty*, *BeFine* and many others are taking their nourishing properties to our skin. Great efficacy and natural, too. Try them if you haven't!



greatcleansers.com, googone.com, yestocarrots.com, juicebeauty.com, befine.com

Other notable news from *ExpoWest* ...

Probiotics Are Still “Active”! In addition to all the yogurt-based (e.g. *Yakult* and *Activia*) and juice-based (e.g. *Good Belly*) drinks, *PHD* (probiotic health daily) is formulated as a water based beverage with a SmartTop that contains the probiotic powder. *PHD* claims the effective probiotic delivery in the other forms referenced above diminishes rapidly within 45-90 days of production if not consumed. Since the powder is not exposed to air or water, the probiotics stay intact and the effective probiotic delivery remains constant at 20 billion cfu (colony forming units) until being “plunged” into the liquid. Separately, it appears that *Attune* and *Activ8* bars are ready to break out with evolved products and/or messaging. They have high success hurdles due to shelving in the refrigerated case (often near yogurt) but the products are yummy.



yakultusa.com, activia.us.com, goodbelly.com, drinkphd.com, attunefoods.com, cascadefresh.com/probiotic1.html

Ahhhhhhhhhhhh. The fine folks at *Clif* finally entered the sport drink category but in a uniquely *Clif* way. Organic ingredients, no high fructose corn syrup and no artificial flavors or colors. And, 40% post-consumer PET plastic. Right for the brand and tastes great.

clifbar.com



A Whole Different Crunnnnnch. *Alexia* extends its equities in frozen potatoes (and much, much more) into very tasty shelf stable *Alexia Crunchy Snacks* – including 4 varieties of crunchy waffle fries and 3 offerings of crunchy onion strips. Realllllllly good.

alexiafoods.com



Naked from Nature. With the explosion of stevia offerings available or being readied for launch (following FDA approval), *Stevia in the Raw* was introduced by the folks from *Sugar in the Raw*. Good brand extension and early in the action on the table-top sweetener front. By way of background, the extract from *Stevia Rebaudiana* Bertoni is 300 times sweeter than sugar. Of course, patented entrants from Coke and Cargill (*Truvia*) and others are coming too. But don't underestimate real sugar. With all the high fructose corn syrup (HFCS) and "fake sweetener" flack, there's a trend back to the real thing!

stevia.intheraw.com, truvia.com



Restaurateurs are listening too ...

Naturally Occurring In The Hut. We know the consumer demand for natural is mainstream when Pizza Hut launched nationally *The Natural*, a new pizza made from all-natural whole grain crusts and topped with sauce made from vine-ripened tomatoes and all-natural mozzarella cheese. No artificial flavors, colors or preservatives. Other all-natural toppings can include sliced Rustica sausage & pepperoni, marinated sliced Roma tomatoes, fire-roasted red peppers and a plethora of natural and fresh green peppers, red onions and sliced mushrooms. Interestingly, the natural ingredients taste so good that Pizza Hut subsequently announced that all toppings would go all-natural for all pizzas. Tried them. Makes a difference. Nothing left to show!

pizzahut.com



Scenic and Organic Newark. In a bit of a shock, we discovered recently that Newark Liberty International Airport now has the *Healthy Gourmet* organic/natural restaurant as part of their food court offers. No, not a typo. Not SFO or PDX but EWR! Tasty, tasty offerings of the organic variety can at least help a bit during the inevitable travel delays. Not a reason to fly to Newark, but a great thing when you're there!

panynj.gov/commutingtravel/airports/ewr_map/site/termA.html



As seen at the Housewares Show ...

Ready In A Jiffy. If you've not heard about the new *Starbucks VIA* Ready Brew "not instant" coffee just recently introduced, you will. So far it's only available in the state of Illinois, the city of Seattle and 34 coffee houses in West London (with more locations planned) plus a limited time appearance at the *Housewares Show* (one of the booths to draw quite a crowd). Pretty tasty and much welcomed respite from walking a trade show. Clearly not like the instant coffee we recall from yesteryear, it uses a special extraction and proprietary micro-grinding process. I look forward to making/trying in the comfort of my own home. Available in 3pk (\$2.95) and 12pk (\$9.95) across Italian Roast and Colombian varieties.

starbucks.com/via



Just When You Thought It Was Safe To Go Back in the Water.



Thanks to ultra-concentrated or refillable cleaning products, Americans are more aware than ever how much water we ship around the country. Now *JAWS* packaging technology (Just Add Water System) makes it easier than ever for consumers, manufacturers and the supply chain. Simply fill your spray bottle with water to the designated fill line, pop in a *JAWS* cleaning concentrate cartridge and twist on the sprayer nozzle. It's an easy way to enjoying the benefits of doing the right thing! Very interesting delivery system for selling cleaning product refills. Let's see if any of the

major manufacturers sink their teeth into this technology.

jawsinternational.com



Vapors R Us. Well, if you like to cook, you'll wish these pots and pans were in your home or restaurant. Thanks to an introduction from Akaska Richmond, chef extraordinaire & founder/owner of *AKASHA* restaurant/bar/bakery in Culver City (Los Angeles), I had the chance to view a whole new design and functionality in premium performance cookware. *360 Cooking* by Americraft Cookware (West Bend, WI) uses vapor cooking technology and a special 7-layer construction to create an "oven" effect, thereby dispersing heat uniformly and cooking food evenly without water, oil, grease or other unnecessary additives that detract from the pure essence of the ingredients. Heat from the stove is conducted through an aluminum alloy inner core, requiring less heat so nutrients aren't destroyed from high temperature or washed away through boiling. With a lid on, there's a vacuum created that adds a pressure element, thereby sealing in the juices and flavors. Really cool! As you'd expect, they have the chef/home chef line (all metal so you can transfer to the oven) and a less expensive line with plastic handles/knobs. All produced in an eco-certified facility in the USA!



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americraftcookware.com, akasharestaurant.com



All Twisted Up. In the "neat idea" camp, those with children just starting to feed themselves can appreciate what an unbelievably messy experience that can be. Well, *My Spoon* is here to help. The spoon is curved toward the toddler's mouth lessening the wrist coordination needed. And, a bit less hosing down of the under 2' people and floor cleaning by the over 2' people! Available in left handed and right handed spoons.



my-spoon.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.

If you'll be attending *National Restaurant Show* (mid-May in Chicago), *All Things Organic/Expo Comida Latina/All Asia Food Expo* (Chicago in mid-June) or *Fancy Food Show* (NYC in late June), please let us know.

As you can see on the following page, we're partnering with and providing growth capital to emerging consumer products businesses (like *gDiapers*, the biodegradable diaper you can also compost or flush - www.gDiapers.com) ... have ideas?

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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