

2x TREND WATCH

News, notes and nuggets from the desktop of:

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Over the past three weeks, two parts of the industry held meetings that couldn't be farther from each other. Yet, they were surprisingly similar in some ways. The *Natural Products ExpoEast* and *All Candy Expo* shows held in Baltimore and Chicago respectively drew record attendance totaling over 40,000 people (up almost 7% from prior year). These shows highlighted the goings-on in sweets, snacks and natural/organic products of all kinds. Common to both shows was the energy of the attendees and general excitement they created for the almost 2,300 exhibitors. *Natural Products ExpoEast* and *All Candy Expo* showcased some large and fast growing sectors (e.g. natural and organic products now represent \$56 billion in annual sales, +9.7% vs. prior year¹ – several times the rate of industry growth).



It's the Economy, Stupid! In a twist on what James Carville said during the 1992 campaign, it was evident at two very disparate shows that "it's the benefits, stupid!" For years, manufacturers have showcased the ingredients that make products great. Cilium. Omega 3s. Ginkgo Biloba. Glucosamine. The average American can neither pronounce nor spell these lovely ingredients let alone understand what they do. We could have gotten to know the all exciting *Glucosamine Guzzler* beverage. But instead the Company was savvy enough to introduce *Joint Juice* a few years ago – a much better name that showcases the benefit first and the ingredient later.



At the shows, finally, there appears to be a tipping point in the shift from ingredients to benefits ... sure to dramatically increase consumer acceptance and drive sales. There are many, many examples of recently introduced or ready-to-break-out items selling benefits not ingredients! The following showcases some of the more interesting ones, some of which use the ingredient as a credential builder ...

No Boozing Allowed. Harnessing the natural cleaning power of thyme extracts and other essential oils, *CleanWell* kills 99.99% of germs on contact without using alcohol which can be very drying to the skin not to mention flammable. Gone are E. Coli, Salmonella, Influenza and Rhinovirus for example. Available in an easy-to-use spray and handy wipes (pictured) with a lovely natural smell of thyme and lemon! The all-natural product is the result of eight years of work at a leading microbiological lab and is so natural and safe that the end product requires no warning labels! Watch out *Purell*, here comes *Clean Well!*

www.CleanWellToday.com



¹ The Natural Foods Merchandiser's™ 2007 Market Overview.

Yummy for your Tummy. Thanks to Dannon, Americans have been exposed to over \$200 million worth of advertising educating us about probiotics and how they help digestive health. Now, the team at Next Foods led by Steve Demos (founder of *Silk* soy milk) are introducing us to *Good Belly*, an organic fruit juice based probiotic beverage “shot” containing a patented probiotic (go ahead and google Lp299v – very impressive). Thankfully the name *Good Belly* communicates that 20 billion live probiotics combine with the delicious organic juices to provide digestive health (e.g. avoiding gastrointestinal discomfort and Irritable Bowel Syndrome). Hot product. Right time. Good taste and good benefit ... both good for the belly!



www.VerbDaily.com

Don't Avoid the Detour. In the obscenely crowded world of energy bars, snack bars and even candy bars there is the *Detour* bar, a line initially of quasi-candy bars. However, recently Forward Foods has developed and launched their first three lines of functionally appropriate bars for specific sports and activities. For example, the *Detour RUNNER* bar contains an efficacious amount of MicroLactin which is a naturally occurring substance that has been clinically shown to improve joint health, an important element for those who participate in high-impacts sports like running. Try the Lemon Yogurt flavor first. Now I can run more often than when I'm chased!



Each of the other two existing lines are specifically formulated for the benefits they deliver and use ingredients like rhodiola (plant based and shown to enhance muscle stamina) as credibility booster for the benefits ... not the other way around. Eating my way to enhanced performance. I like it (and need it)!

www.detourbar.com

All Revved Up with Someplace to Go. In the crazy world of *Red Bull* and *Monster*, you might wonder do we need another energy drink. Since most of the dozens of new entries we see are undifferentiated the answer is generally no. But, in a category that is 100% about the benefit (energy), it's interesting to see *Mad Croc Energy Gum* gaining traction in the marketplace. With initial distribution at Target and now expanding into convenience, club and conventional grocery stores, the benefit-oriented gum (and sister beverage product) seems well set for success. Why not, the caffeine is quickly absorbed by the mucous membranes in the mouth! ☺



www.MadCroc.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. 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.2xManagement.com.

As you can see on the following page, we're partnering with and providing growth capital to emerging consumer products businesses ... have ideas?

OVERVIEW

2x Management partners 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 - \$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 – 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 Management brings extensive consumer products industry experience in building established businesses, transforming under-performing entities and creating new ventures. Seasoned *Industry Insiders* add immediate value via their expertise, contacts and connections. 2x Management partners with founders and management as appropriate for the needs of the business, including sales, marketing, operations, finance, strategy, IT, R&D or others as required for success.

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