

**2x TREND WATCH**

News, notes and nuggets  
from the desktop of:

September 2008

Andrew S. Whitman, Managing Partner  
205 W. Randolph St. | Suite 1830 | Chicago, IL 60606  
Phone: 312.629.5248 | Fax: 312.873.4509  
awhitman@2xPartners.com | www.2xPartners.com

**What Happens In Vegas Doesn't Always Stay In Vegas.** At least, not this month. September 2008 brought two very large tradeshows to Las Vegas ... *ABC Kids Expo*, the premier juvenile products specialty show, and *SuperZoo '08*, a national show for pet retailers. Collectively there were almost ONE MILLION square feet of exhibition space and several thousand exhibitors from across the U.S. and around the world. Shuttling between the *Las Vegas Convention Center* and the *Mandalay Bay Convention Center*, I was able to see the tremendous energy at the two trade shows.



Given the size and booming growth rates of these two markets, it's no surprise that one could fill many days making the rounds during the 5 days (!) of *ABC Kids Expo* and the 3 days of *SuperZoo '08*. After all, we spend an estimated \$50 billion on baby & pet food/supplies (more if we include pediatricians, veterinarians, baby sitters, dog walkers, etc.) for our 4.3 million annual baby births (per US Government's *National Vital Statistics Report*) and the almost two-thirds (63%) of U.S. households having pets (per *American Pet Products Assoc.*).

**Good For Two Legged and Four Legged Children.** It was remarkable how similar the two shows were. Surprised to see people pushing their children around *ABC Kids Expo* in baby strollers? No. Surprised to see people pushing their little Fido around in their pet strollers at *SuperZoo*? Not really. But, this was just the beginning of the similarities.



After all, it was essentially the same trends at each show.

The following showcases the four main themes more evident than ever as we care in different ways for our children of all types!

1. **Safety & Health.** Make it good for us and above all make it safe.
2. **Fashion Meets Function.** Make it work better than ever and make it look great, too!
3. **Organization and Convenience.** Make it easy and help me keep it together.
4. **Green.** Children (broadly defined) prompting us to treat the planet better.



See the following pages for a bit more color ...

Some noteworthy examples follow ...

**Gimme a “B”. Gimme a “P”. Gimme an “A”.** Well, you’ll see plenty of baby bottles with stickers reading “BPA-Free”. That’s Bisphenol A, a component within many plastics including baby bottles, where there’s emerging science indicating that BPA is possibly harmful to kids. In the meantime, many ask why risk it?

Therefore, most of the “hot” and up & coming manufacturers like *BornFree* have built substantial new companies around BPA free bottles. Will this continue? Absolutely!

BPA-free bottles will likely be the price of entry for all bottles someday. In the meantime, a new opening has (re)emerged ... for glass bottles! A thing of the past is back but better than ever. The most interesting innovations were combining naturally BPA free glass bottles with silicon sleeves that help with slippage, contain breakage should it happen and look cool in the process. Some of the most interesting bottles exhibiting were from *Wee Go* and *Coddle*. Safety with a fashionable flair.



[bornfree.com](http://bornfree.com), [gobabylife.com](http://gobabylife.com), [coddleinc.com](http://coddleinc.com)

**Better Than A Doggie Toothbrush?** The folks at *Ark Naturals* have developed two very interesting innovations for doggie oral care. The *Breath-Less Brushless Toothpaste* dog treat is a patented edible toothpaste-filled treat. Imagine an oversized, toothpaste filled *Combos* for the pooch. Clever idea! And, while they’re working on oral health for Fido, they launched *Breath-Less Plaque Zapper* ... a colorless, odorless and tasteless additive for their water bowl that uses natural enzymes to balance saliva and eliminate bacteria that causes plaque and tartar. Love live Fido!



[arknaturals.com](http://arknaturals.com)

**Sweeter Than Honey.** Few options in kids clothing are cuter than the offerings from *happygreenbee*. But, these clothes are also made exclusively from organic and fair-trade certified fabrics made in safe, clean environments.

What’s not to like?

[happygreenbee.com](http://happygreenbee.com)



happygreenbee



**Better, More Human Foods for Pets.** With the continued growth of more natural offerings across shelf stable, refrigerated and frozen foods for people, it’s not surprising to see an emergence of similar pet offerings. Three businesses that have been around for a while, but are continuing to grow substantially and are good examples:

- ❖ Shelf Stable – *Merrick’s* holistic canned entrées read like a menu at a gourmet restaurant, combining human grade proteins with fresh fruits and vegetables.
- ❖ Refrigerated – While not exhibiting, *Freshpet Select* slice and serve pet foods are gently cooked fresh meats and vegetables that stay fresh in the fridge.
- ❖ Frozen – *Nature’s Variety Raw Frozen Diets* offers complete and balanced, ready to serve raw diets for dogs and cats. Since freezing is the preservation system, no nasty preservatives are needed.



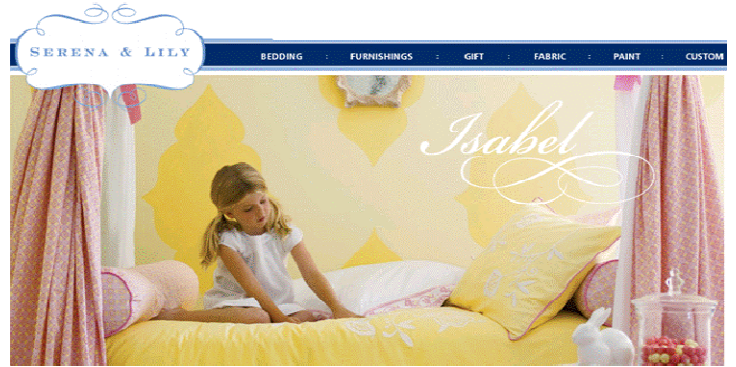
[merrickpetcare.com](http://merrickpetcare.com), [freshpet.com](http://freshpet.com), [naturesvariety.com](http://naturesvariety.com)



**Fashionably Fabulous.** Over the last decade, diaper bags have become more functional and much more exciting ... meaning fashion items versus dated diaper bags. *Skip\*Hop* and *Petunia Pickle Bottom* are two of my favorites. However, more recently we've seen an emergence of great products in other categories. For example, *ERGO* baby makes stylish



products with much better ergonomics for the parent and baby. In particular, the baby is in more of a sitting position than dangling. *Svan* (from *Scandinavian Child*) convertible high chair to youth chair similarly supports the baby better, but in the cool *Ikea*-like way making a high chair a fashionable item versus a plastic "thing". Finally, *Serena & Lily* have brought real high quality and fashionable linens and related bedding items to the market. Look for more good things from the founders – Serena and Lily.



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[ergobaby.com](http://ergobaby.com), [scichild.com](http://scichild.com), [serenaandlily.com](http://serenaandlily.com)

Finally, "most telegraphic name" awards go to:



[bootygoo.com](http://bootygoo.com), [furminator.com](http://furminator.com), [boogiewipes.com](http://boogiewipes.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](mailto: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](http://www.2xPartners.com).

**If you'll be attending *ExpoEast* in Boston in October, please let me know. (Plus, we're likely to publish an abbreviated bonus edition from there.)**

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?



## 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.

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

## 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*

## CONTACT INFORMATION

205 W. Randolph Street | Suite 1830 | Chicago, IL 60606

Main Number: 312.357.1800 | Fax: 312.873.4509 | Web: [www.2xPartners.com](http://www.2xPartners.com)

**Andrew S. Whitman**  
Managing Partner  
312.629.5248

[awhitman@2xPartners.com](mailto:awhitman@2xPartners.com)

**Gary R. Sebek**  
Managing Partner  
312.629.5249

[gsebek@2xPartners.com](mailto:gsebek@2xPartners.com)