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October 31, 2008 / For immediate release

Fueling the Competitive Fire

With participation in endurance sports and aerobic activities on the rise, the nutrition and hydration categories are thriving, and the industry is eager to build on that success.

By Mike Kennedy for *Sports Insight*

Last February, just a few days after his 45th birthday, my brother Dave decided to attempt his first triathlon. He targeted the Philadelphia Insurance Triathlon (a 1.5K swim, 40K bike and 10K run) in June. Dave wasn't a stranger to endurance events — he had previously completed two full marathons. He realized, however, that a triathlon presented a series of different challenges, including how he would nourish and hydrate himself while training and during the race. Just like that, retailers in his D.C. area had a potential new customer.

These days, Dave's scenario is not an isolated one. To the contrary, it is being repeated over and over again with increasing frequency across the country. Membership in USA Triathlon now tops 100,000, which, according to a recent article in the Los Angeles Times is more than quadruple what it was in 2000. Running USA reports that more than 8.5 million men and women finished sanctioned road races in 2006, up five percent from the previous year. The SGMA's 2007 Sports & Fitness Participation Report reveals that participants in activities associated with proper nutrition and hydration — including aerobic and conditioning activities such as stationary cycling, yoga and weightlifting — continue to grow, often at double-digit pace.

All of these statistics points to an obvious fact: the nutrition and hydration marketplace is a lucrative one. "The industry is strong," says Scott Whipps, VP-sports retail for Clif Bar. "We see tremendous strength in new categories like bloks, but the classics are also doing well. From a macro standpoint, a key trend is the variety of new brands and products."

According to Tim Moxey, CEO and founder of nuun, industry growth is seen in two areas in particular. "First, he says,

"in innovative ways to get energy, in particular the expansion of the chewables category. Second, in the emergence of the 'hydration only' category with products that aim to provide electrolyte hydration without energy. Until recently, all the development has been in the energy realm, but this year has seen a slew of new products that provide electrolytes with a lower calorie profile in various formats. The market has started to accept the rationale that hydration and energy can be sensibly separated."

Whipps credits part of the industry's growth to consumers. "Athletes are getting smarter," he says. "Nutrition and hydration are becoming a part of their equipment." Dave Carr, product manager-nutrition for CamelBak, agrees. With consumers becoming savvier, he says, there is an even bigger need for retailers to know their stuff. "Suppliers continue to offer new formats and specialized applications," he notes. "Bars and powders no longer cut it. Athletes expect tailored products for each sport and each phase of training."

That, in turn, speaks directly to the importance of effective merchandising. As every vendor echoes, visibility is key. Stock is also crucial, especially when you're talking about popular products and favorite flavors. More standard advice includes keeping all items in the same display, organized either by brand or category. Finally, the closer to the cash register that nutrition and hydration products are located, the better they will sell. Christian Johnson, VP-marketing for GU, doesn't argue with any of this advice, though he cautions retailers about overextending themselves in terms of product selection. "Go broad enough to create a good assortment, but don't reach too far so as to diminish

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the nutritional value of the offering,” he says. “Stay away from products with an overabundance of simple sugars, for example.”

That is where educating the consumer comes into play. “You have to commit to the category,” says Mike McQueeney, national sales manager for Power Bar. “Consumers look for product selection and product knowledge from retailers. They went to develop a bond with them. Look toward the athletes themselves to stay current on the industry. Talk to your sales reps, too.”

According to Rob Swaigen, director of marketing for Jelly Belly Candy Company, this is part of effective merchandising. “Product knowledge is key because it will help the retailer and consumer both when these products are displayed in subsets,” he says. “It’s a complex category that is up to retailers to focus their displays to communicate. It’s where the opportunities are for increasing turns.”

Information about product usage is often included in displays, he adds, “but that is lost when the products are removed from the displays. It’s up to the retailer to reintroduce product information in a different way, and it will help drive sales.”

Vinu Malik, president and founder of FuelBelt, believes that simple messaging and signage is best. “Make it clear,” he says. For example, ‘energy gel’ is a term often used generically, but each company has its own approach to ingredients and recipe. Get to know the differences between products in the same category. Dedicate someone to understanding these nuances, and you will be more effective to your customers.”

Malik also advises retailers to think big picture. “Position your nutritional products near complementary items like music,” he says. “They all go together as part of the overall training experience. A broad range of products is effective if your goal is to provide choices to your customers. For some, a smaller inventory might serve them well if their product knowledge is very high. Product knowledge and first-hand use is always appreciated.”

As Malik points out, retailers benefit when they look at nutrition and hydration as part of an athlete’s active lifestyle. This, in turn, has helped create a nice niche industry for companies like FuelBelt and Amphipod, which provide nutrition and hydration delivery systems.

“Multi-bottle carriers such as hydration belts, minimalist single bottle packs and pouches for hydration/nutrition, show healthy growth,” says June Angus, president of Amphipod.

“As for consumer preferences, the more recent focus on the importance of staying hydrated, from retailers, health, medical experts and athletes, has increased awareness and interest among consumers. They are seeking the most comfortable and minimalist way to carry what they need, including products that are customizable or tailored to their specific body type, allow ease-of-access to hydration and nutrition, and those that can accommodate a range of fluid volumes/variable training needs.”

Angus adds that retailers should position themselves as reliable sources of information for their customers. “A depth of product knowledge, good understanding of product differences, and personal interest among sales staff clearly have a significant impact on sales,” she says. “Create a strong ongoing connection with the store. There are ample local opportunities to participate in beginning and recreational level running, fitness and triathlon events such as 5K and 10K runs, sprint triathlons and charity runs/walks. This will fuel continued interest in your store.”

Carr feels the same way. “Put effort into education and demystifying the category for consumers,” he says. “This can go a long way to increase adoption. A sampling plan tied to group rides or runs out of the store is a great opportunity.”

Going Green While Staying Fueled

The green movement has also become an integral part of the nutrition and hydration categories. Buying environmentally friendly products is a priority for many consumers, and “organic” has become a buzzword. Indeed, more and more athletes are choosing to lower their impact on the earth.

“We see the market continuing to grow quickly with anything organic or containing natural ingredients in demand from consumers,” says Len Zanni, marketing director for Honey Stinger. “We don’t see any slowing of this trend in the near future.”

Another trend that continues to gain speed is the popularity of chews. According to GU’s Johnson, they comprise the fastest growing category in nutrition. “Chews are a good on-ramp to gels,” he says. “They attract a user put off by the texture of gels and introduce them to the possibility of eating on the run, ride or hike. We think these products have played a part in our double-digit growth over each of the last several years. Each year, more and more folks get the concept of fueling with the right foods during activity.”

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McQueeney concurs. "Athletes are looking for a different form of delivery," he explains. "Women, especially, who don't like gels that much. Chews are easy to use and offer simple portion control."

As noted by McQueeney, women are playing a larger role in the market. Whipps believes they are vital to the future success of the nutrition and hydration categories, saying that manufacturers are focused on developing products designed specifically for female athletes.

This type of innovation, in fact, is driving the industry in general. "It covers everything from packaging to functional additives to the products," says Whipps.

"I think everyone is developing the next big on-the-go energy product," says Moxey. "It will likely focus on superior and healthier energy sources for increased functionality and a format that increases ease of use. We'll also continue to see a general increase in the number of options allowing broader customization for athletes. In addition, the two macro trends of health and environmental sustainability will influence much of the product development in the coming 12 to 24 months."

Malik sums it up like this. "It's is an exciting time for all athletes," he says, "particularly with Beijing around the corner. Everyone is motivated." That is certainly the case for Dave Kennedy. His first triathlon was a success, thanks in part to intelligent nutrition and hydration. In shopping for products, price was a consideration, but performance and taste ranked higher. He discovered that mixing and matching brands and products worked best for him. At the suggestion of a coach, he tried gels and found that they were an excellent in-race energy source .

Dave finished the Philadelphia Insurance Triathlon right at the three-hour mark, which was a satisfying result. Still, he would have liked to carve five minutes off his run. "That was my goal, so in that regard, I fell just a tad short," he says.

Perhaps his next time around, there will be a nutrition or hydration product that gives him the extra boost he needs. •

About FuelBelt, Inc.

FuelBelt, Inc. is the world leader in hydration belts and accessories. Founded in 1998 by 6-time Ironman World Championship participant, Vinu Malik, FuelBelt continues to evolve to serve the needs of athletes, from runners to cyclists, to competitive triathletes such as Ironman World Champions Craig Alexander and Chrissie Wellington. FuelBelts have been used to break world records, personal bests, and have even been used at the Olympic world stage, where every effort and every second counts. For more information, please visit www.FuelBelt.com.