Competitive Analysis Set for PHF Lightning Rods Energy Beef Sticks

1.) **Meat Snacks:**

The Meat Snacks Category continues to be highly competitive/fragmented (209 brands and 1,932 varieties), resulting in relatively little brand loyalty. Implication: It is essential that PHF expresses a meaningful reason-for-being with both the trade and consumer to affect distribution gains. In view of a historic lack of consumer brand loyalty, it is maintained that the most viable means toward accomplishing this is through an effective "*New to the world*" positioning employing both the angle of an expanded new profile and powerfully suggestive New Branding.

Intrinsic to a successful New-brand / New Category positioning is the following:

- ✓ **Premium retail price advantage versus leading national brands (+30 – 50%)).**
- ✓ **Greater profit margin and at least the same penny profit for the retailer versus the leading national brands.**
- ✓ **Product quality that is as good as or better than the leading national brands, with the added promise of an Energy Boost as the key selling pull-through! (source IRI data)**

Key Competitors:

SLIM JIMs- Con Agra Company

Jack Links- Jack Links Company

They cover the top five pricing scenario comparisons, most closely. They also represent the most ACV in SKU rationale and brand loyalties.

Enhanced Brand Retail Pricing / IRI Brand Pricing

Recommended Differentials Versus Brand Benchmark

ITEM	Nat BRAND	FOOD, MASS & DRUG			C-STORES		
		Nat BRAND	PHFs BRAND	% DIFFERENCE	Nat BRAND	PHFs BRAND	% DIFFERENCE
0.28 OZ. SPICY SMOKE SNACK	SLIM JIM	$0.25	NA		$0.25	NA	
0.97 OZ. SPICY SMOKE SNACK	SLIM JIM	$1.01	$1.79	+43.5%	$1.09	$1.99	+45.2%
1.94 OZ. SPICY SMOKE SNACK	SLIM JIM	$1.91	NA		$1.91	NA	
1.8 OZ. BEEF STICKS	JACK LINKS	$1.18	NA		$1.33	NA	

The exercise demonstrates the method of general market launch where the presentations, based on better quality and category uniqueness, will garner a higher retail, better retailer margins -while staying within parameters of neighboring competition- and a perceived value to the consumer when the desire for enhanced energy deliver is compared to other key categories in the store…

OTHER CATEGORIES…

2.) Energy Drinks:

- About 500-plus new energy drinks launched worldwide in 2006, pushing every envelope in an effort to rake in dollars from teenagers. The $3.4 billion-a-year industry that grew by 80 percent last year, according to The Associated Press.

  Approximately 31 percent of U.S. teens — or 7.6 million — drank energy beverages last year, a jump of almost 3 million in three years. **2007 sales projected of $6.6 Billion – a 440% growth since 2002, Red Bull is the market leader in sales – Monster is #2 (Packaged Facts). This is the primary non meat stick competition. The benefits of portability, great flavor and ability to "eat and satisfy hunger", long shelf life and stability (no need to keep ice cold!) and pure size are all weighing in favor our the Energy Beef Stick. Having this crowd, this type of attention and volume, as well as a comparable energy delivery- combined with a consumer value and impulse location should be the deciding factors for a guarantee of success!**

  Here is where we "fit" nicely into the mix of expectations with this vast culture of procurers…

Red Bull (8oz can)	**Monster (12oz can)**	**Lightning Rods (>1oz)**
Caffeine 80mg	**Caffeine 150mg**	**Caffeine 60mg**
***Ginseng – none**	***Ginseng – none**	**Ginseng 90 mg**
+Protein- none	**+Protein- none**	**Protein- 6g**

***Sobe is the #3 and has many similar products with Ginseng, as example the Sobe Energy has 50 mg of Ginseng. No real players have an substantiated claims to valuable +protein.**

3.) Energy Bars:

While it would be simple to believe this category as instrumental as the third most important in the competitive set, it will be deemed as the fourth and investigated more closely when the subsequent launch of SteerRods is in planning. SteerRods will be a similar meat stick to Lightning Rods, but attributes will be in a "Power" image. Emphasis will be placed on a more "GNC-like" product with Guarana and extra protein leading the ingredient list. Here, energy bars would be the likely number 2 category, once again behind meat sticks, proper. It is quite important to note this category at this time, as A.) PHF hold the TM on SteerRods already, B.) Preliminary discussions on the ability to develop such an item has been reviewed with RDI Foods, our R&D team. Some interesting information is: Retailers carry many SKUs in this category. Major retailers often have between 50 and 100! Met Rx, Powerbar, Zone and Clif are the leaders and prices range from $1 to $3 each.

4.) Counter Players:

This is an accurate depiction of our real #3 competitor. This is a highly impulsive category. The secondary locations make this item(s) velocity climb dramatically. The Counter-register is where you want/need to be… key players here are the Slim Jim gravity flow 4 for $1 cheap mini stick, the NOS/5 Hour energy liquid shots at $2.99, Kickers, a spray version of the same at $2.99, EQ, a tablet container at $4.99 which you put in a bottle of water, snickers & Butterfinger Charged Guarana candy bars, no-dose tablets and general cookie jar style "grap and go" jerky type unwrapped items. The Lightning Rods phenomenon will be that we have a great 3 way

display box to best take advantage of whichever way the secondary locations occur, positive price comparisons to other energy choices, the vivid Brand Images and Logos which scream trial and the all-in – one display box needing no racking or construction to get it to the counter.