Natural Standard

Question & Answer with Marc Brush

Dr. Catherine Ulbricht, Founder and CEO of ***Natural Standard****, interviews Marc Brush, editor-in-chief of* Nutrition Business Journal (NBJ)*. Marc helps guide the editorial direction for all* NBJ *publications and products. Marc has also written for many industry publications, and brings more than 10 years of professional experience in editing and business analytics to* NBJ*.*

Catherine: Hello and welcome to the **Natural Standard** Interview Series. Today we are lucky to have with us Marc Brush who is editor in chief of *Nutrition Business Journal (NBJ)* and helps guide the editorial direction for all of *NBJ* publication products. Marc has written for many industry publications and brings more than 10 years of professional experience in editing and business analytics to *NBJ*. Welcome Marc!

Marc: Thank you, Kate. Thanks for having me.

Catherine: Now for those who are listeners and viewers of the transcript that is going to be published alongside with this interview, can you give us some introduction to *NBJ*? Tell us what you are all about?

Marc: You bet. I would be happy to. I think what most people might be familiar with us for is our monthly journal that is subscription-based. It has a small but influential roster of subscribers. Many of them are tied to the supplement industry, executives of supplement companies. But we also do a whole bunch of market research reports. We do some webinars, have events, etc. When people ask me what *NBJ* is, it is becoming a harder and harder question to answer, because I think we are a lot of different things. On the one hand, we are sort of a trade publication for the nutrition industry. That manifests itself in the journal mostly but that does not account for all of the quantitative analysis and research reports that we do, which gets us more into that market research firm territory.

I think what makes us unique in all of these spaces is the length of time we have been looking at nutrition for certainly over a decade, about 13 years. So, anyone who sort of builds models, big old spreadsheets, that size these markets, like how big is the vitamin market, how about minerals, what is going on with organic foods? The longer you have those running, the more sophisticated and sharper they can get. I think a lot of people look to our data and our publication of the journal as sort of the voice of record, at least for the supplement industry. We are writing a lot more about food lately. I think that is what gets to the spirit of nutrition that is meant to me. So in that respect, a lot of people look to us as a trade publication, market research firm, I think we are also more of like a consultancy in that we do specific projects for custom research. We just wrapped one up for on the biggest, probably the largest, CPG, Consumer Packaged Goods companies,

globally. They were interested in one specific niche of the natural products market. We sort of took a look at it for them and gave them our insight.

So, that is all of the things that we do. We have been doing it for a long time and I think, again, what makes us unique is that track record as well as we are laser focused on nutrition. That is all we look at. And when we talk about nutrition, it is typically healthy food and dietary supplements. It does also extend beyond that into some ancillary industries and one off topics that we cover every few years. But the core of it is healthy food and nutrition. Excuse me, supplements.

Catherine: So, if you have established a trustworthy track record and your methodology with your reporting style and it sounds like you are expanding and applying that methodology to branch out to related subsets of the field; food, dietary supplements and then there are some other categories that are interesting; animal nutrition, personal care. We would love to hear more about those.

Marc: Sure. We are about to start, we have started sort of the research for our August issue which will focus on animal nutrition and I know that we have stories going on the veterinary channel, there is a veterinary sales channel, what sorts of traction new supplements have there. We are looking at equine health specifically. We are looking at what the challenges are for marketing products in animal nutrition as these trends in people/humans, you know, better food, supplementation, etc, those carry over into companion animals. What are the nuances there? How do you have to tweak your marketing? And that is coming out in August. So I would encourage people to check our website, www.nutritionbusinessjournal.com for more info and ways to subscribe. We do also, we did in February, all of our issues are thematic, so we will take a topic, research the hell out of it, then come up with an issue. Many of them happen annually, some of them don't. Animal nutrition, it has been 2 years since we did it. In February, we took a look at the beauty market and came up with there are a lot of different ways to talk about sort of the intersection of natural products and beauty. We came up with people talk about cosmoceuticals or nutricosmetics. All of these terms didn't make a lot of sense to us so we came up with "nutribeauty" as more of a comprehensive approach to the whole thing and as you suggested it is a growing market. Baby boomers get old, they want to look better, but they want to do it in a healthy natural way. So, that is a very burgeoning mason market, it is interesting to look at. The terminology is still flexible and we came up with that, we do cover that. We also spend a lot of time as you would expect, thinking about medicine, integrative medicine. I think what used to be called alternative modalities of care. We did a big issue on that following the Affordable Care Act, that sort of came out the tail end of 2010. But those are some of the industries we get to beyond just food and supplements.

Catherine: Interesting, I know **Natural Standard** recently launched an animal health database, you know it is a different perspective than the one you are offering in terms of industry trends and such, it is more in things of what does the science say about treating ear mites or

protecting a pet against ticks or mosquitoes, there might be something like that. It's more, what therapies have been studied for the prevention or treatment. As you mentioned, there is an overlap of the people nutrition industry, because a lot of herbal supplements are making their way into animal foods and people are buying products, like glucosamine and salmon E for their pets. More and more veterinarians are assimilating them into their therapeutic options for their animals that they treat. It is a really exciting and up and coming industry to watch and wait to see how it expands. As for the personal care, are you looking, when you say, "nutrabeauty," are you looking at those oral therapies as well as topical preparations like copper or CoQ10 for wrinkles or oral products for anti-aging, an R&D for the whole gamut?

Marc: That is exactly right. That is where we ran into hurdles. It is the same ingredient set, people familiar with the science will know this intuitively, you come up with the same ingredient that may find its way into a topical application or may find its way into a pill. So, "nutrabeauty," beyond that, you also have this core market of consumers who really want to use an organic lotion, if that existed, it does not really exist. Natural, face, conventional products. There are more people on the cutting edge who are willing to take a functional beverage that they think will keep them from getting wrinkles. But, wherever that world of natural products intersected with beauty, that is where we took a look and decided that it was a 20 billion dollar market total. And that is growing pretty rapidly, which is surprising in a recession. But, who knows where it ends up.

Catherine: Interesting! So I can't wait to read up on all of this information. I like the term that you coined. Because I always thought "cosmoceuticals" sounded like space odyssey or something, you know? And it came from the idea of preserving youth or things that never die or I don't know.

Marc: That struck me as well. Some of the experts we talk to when you float the term "cosmoceutical," they of course knew the history of it and they say it's been sort of abused in so many different ways that it means just about anything you want it to. And when you ask people about "nutracosmetics," that is a term that has floated quite a bit. There are other magazines in the building where we do our work, and "nutracosmetics" always struck me as a topical, but in fact, I think it is meant to be termed as an ingestible. Within the world of "nutrabeauty," there are "nutracosmetics," which are pills you take. I will leave it at that for now. It gets too detailed.

Catherine: Well I remember when we founded **Natural Standard** about 11 years ago now, there was this ongoing controversy of East vs. West and allopathic and all these terms flying around. Complementary and alternative medicine, and we embraced "integrative medicine," because we were trying to foster open communication between different healthcare disciplines, different fields of study, different techniques. We wanted to be more welcoming to learning about some manufactures who follow good manufacturing practices and help them to formulate safe and effective products that then we would feel comfortable with our patients using, to ensure that it is well studied and tested. We

embraced the term "integrative." But, it is not us against them or anybody against anybody else. We are all in this together and every angle that we've discussed so far today effects healthcare and effects human beings and animals. So, let's try to integrate our practices to further beneficial work and education in this area instead of competing or paying 10 people trying to do the same thing and do rework. Instead, try to work together and serve as a collaborative clearinghouse of information for the greater good and to propel science forward. So, it sounds like *NBJ* has a very similar positive goal in that way which leads me to bring us to our next topic, which is that the *Nutrition Business Journal* actually had an achievement awards, and we would like to learn about how they are unique in the industry.

Marc: Sure. We have annual awards that we grant. I hope they are unique. I hope they have some clout, to whatever degree they do that stems mostly from our reputation. So if you are familiar with our work and familiar with our products, and not everyone is because it costs some money, but if you are familiar with them, people tend to find value with them. When we go through an awards process there is some meaning to that. We grant them once a year. We open sort of a nomination, and we have two tracks for figuring out who the winners will be. There is an open nomination process that mostly happens through our website. We start accepting nomination forms through that in September and October. On a parallel track, we sort of talk to our advisory board. We have some heavy hitters on our editorial advisory board, leading voices from the trade associations in these industries, leading executives at some of these companies, and some leading scientific lines, etc. And so we will surface candidates from that channel as well. In terms of the general public, you can self nominate, you can nominate a company that you've worked with and think highly of, you can nominate the girl down the block that sells organic lemonade for a quarter on Fridays. It is all fair game, and we will take all of those, and then it is up to the team here at *NBJ* to filter through them and come up with a short list and announce the winners, which we do in our January issue every year. The January issue is devoted to that topic where we announce the winners, profile the winners, and sort of explain why they won. Then about 6 or 7 months later we have an annual conference, executive retreat, an event in Dana Point, California. It is usually in mid-late July. It is coming up in a few weeks here. That is where we award the winners and publicly acknowledge them. I would check the press wires, check our website to see who the winners are and we can talk about a few of them during this call if you would like.

Catherine: Okay, terrific. Well, I was going to say I would like to nominate my Boston Terriers for an animal nutrition award for the world's biggest eaters for anything and everything, whether it's natural or not. But seriously Marc, what are some of the award categories?

Marc: Sure. They are sort of a core group of business-y categories. For sales growth, large company, mid-size company, small company, people who are able to grow outside sales, regardless of the economic conditions that play in any given year. We also have a management achievement award for a particular executive who has exhibted a very

shrewd and savvy strategic decision making. Whether that is acquisitions of a piece of business, etc. We do scientific achievement awards for people who are investing well and strongly in science. Also on that business front, we acknowledge the top ten deals of the year on financial transactions. We give out a couple of stock awards that is based on performance of a stock within a year as well as its relevance to the industry. Then we get to the culture, I think people interested in nutrition and natural products are of course interested in things beyond business. The cultural impact of these businesses, so we have a little softer set of awards that I think are just as relevant for philanthropy, sustainability, organic excellence, some education awards, investment in the future. Those are some of the categories that we have come up with and they appear most every year.

Catherine: So who are the big winners this year?

Marc: Let's see, the big winners. I think we would have to call out NBTY, they won our large company growth award. Let's see, they had about 20% growth in the year, sales growth and about 2.6 billion in sales. I can give you some statistics here. This is 2010 data; NBTY was making 90 billion tablets and capsules annually, 25,000 skews, 25,000 different products. And as you probably know, they were acquired by the Carlisle group in a private equity transaction that ended up being valued at 4 billion dollars, which was, as far as I know, the largest private equity transaction of the year, as well as a huge event for the nutrition industry. So they were in the deals of the year as well as large company growth.

In the mid-sized company growth, we acknowledged Aker BioMarine, they sort of have the whole chain going for krill oil in the omega-3 category. They did some financial maneuvers, as well as to strengthen the operations and make some serious commitments to sustainability and harvesting krill. I think they are a leader there. They are a very capital intensive business to sort of ply the waters of the Antarctic and be a good steward of that body of water. They seem to be doing that well.

The small company award went to a man named Scott Style, and his company is called Nutra Bridge, it is an outsource sales and marketing arm for ingredients. He only carries about 6 ingredients, at last check it was 6, and he is very careful about what he represents. They are scientifically proven, clinically backed, proprietary branded ingredients. There is no threat of snake oil or even commodity driven stuff. So he is very careful about what he does and he is growing. I am not sure really about how much he wants to grow. But he is growing nonetheless, so we acknowledged him.

If you have time for a couple more, I can think of a couple more. I would point out, let's see, Maria Rodale, we gave our organic excellence award. For her, quite an achievement, *Organic Manifesto* book she published last year. Which clearly, in very passionate terms, sort of pleads the case of the perils we face through chemical forming, and how important the organic message has gotten lost and clouded by the recession, by

people interested in local food movements. People in shopping stores, grocery stores, confused by what natural means and what organic means. I think to hear Maria speak of it, to actually go organic could be the most important decision that we make as a culture. So we acknowledge her for that.

We acknowledged, Ikhlas Khan, from Old Miss, a researcher, very active in the adulteration of herbs and botanicals. He knows a lot about ephedra, he knows a lot about hoodia. He is widely published but beyond just that research, he is a team builder. A consensus builder and has some very evident diplomatic skills in bridging the gap between the regulatory bodies and the manufacturers and researchers that are helping them. He helps educate the FDA on what they need to know about supplements. He has been doing that for a long time. So I would point him out. There are plenty of others. Do you want me to keep going?

Catherine: Already you've talked about a very diverse group of stakeholders that have all come together under this umbrella of the achievement award. So, I'll leave it so people can go to your website and learn more about them. We also want to have time to talk about your upcoming summit as well. One question I had was why *NBJ* did not give out product merit awards this year, are those different from achievement awards?

Marc: No, they are typically part of the same batch. You're right to point that out. That was sort of one of the telling features this year of the awards process, and I wrote the cover story about it. The easy answer, well not the easy answer, this wasn't an editorial ploy. It happened organically. We got nominations for various products that people thought deserved merit awards and we just weren't that excited about them. So, I sort of looked across the table at the team and said, "we don't have to give them out every year. So let's not give them out this year." And guess what, you've also given me my cover story.

I think for a long time we've been fearful that without a stake in the game, well of course I was sort of in the ivory tower over here just looking in the industry, the industry has itself grown fearful of investing in innovation. I think it's largely driven by the recession. When times are tough, you've got to batten down and tighten your budget and I think that's one of the areas that is tightened down first, research and development. And so, I think that is the exact wrong move to be making, especially in this industry which is so driven by innovation.

We just came out with our U.S. Market overview, which will premier at the summit, the event we are talking about. And the headline there is that supplements grew last year in terms of sales, but they grew at half the rate of organic food. Which is telling to me, because when you think organic food it is burdened with some of the highest price premiums in all of nutrition. You can pay a buck for this grocery item or you can pay four bucks for this organic version of it. And most people don't go for four bucks. So, despite that burden, it still doubled the growth rate of supplements last year. And I think that speaks directly to core investment in innovations, core investment in science, core

investment in R&D, product development, and that people just got too fearful. And that gets you into regulation. They're worried about impending regulation, they are worried about cGMPs, they are worried about NDIs. All of these things have hit now to some degree. But I think you're kind of stuck. Where in the business cycle are you going to have to deal with softer sales because you've dried up the pipeline a little bit? And I've got a whole other tangent on that topic on what happens to the consumer 'psyche' and how its accepts or rejects science in the food supply or in supplements when the conversation about science shifts away from innovation to, if you think about last year, you're thinking about villains in the food supply, and I think the big one there is genetically modified food and what are we going to do about it. And so, there are a lot of ways to discuss that topic, but the short answer is, we didn't see good product merit candidates, so it doesn't really surprise me that we didn't. So I wrote my cover story about that and I sort of made a plea there at the very end. We're going to have to invest in it for the health of the supplement industry, and hopefully we can do it to a degree next year where all I do is give out product merit awards. Wouldn't that be nice?

Catherine: Well it re-enforces the quality and high standards that you are holding the industry to. For example, that is what **Natural Standard** is all about. Study the stuff and be persistent and the standards should be high and unwavering. Another example, we host a lot of doctoral students and different healthcare disciplines, different scientists, as well as journalism and communication majors that do academic rotations with us here in Boston at **Natural Standard** to get exposure to the industry and training on research and critiquing science. And you don't just give every student an "A", because it wouldn't be fair to the student that got that A, because it undermines the extra mile that they went. So, it sounds like you are following a similar premise with your product merit awards and the story you tell is very interesting. It gives a bigger picture of what's going on in the economy and the world as you've described. But, I'm sure there will be a lot of eager organizations looking at this as an opportunity, a time window where now they can ramp up and go for it, so hopefully you've fueled a positive change with your publishing your viewpoint in this area.

So tell us a little bit more, we've hit on it throughout our conversation; but, tell us about the *NBJ* summit. I do have a URL here that people can go to at www.nbjsummit.com, which is different from the *Nutrition Business Journal*'s website. I just wanted to clarify for our audience. What the *Nutrition Business Journal*'s website?

Marc: Sure. Okay. I can speak to the difference there. Sort of our day to day job is *Nutrition Business Journal* and that's a monthly publication, but twice a year we do a double. So, that's 10 issues per year. We tend to produce about maybe 10 very in-depth research reports, one of them would be on animal nutrition, let's say, and that's a business resource that costs about 3000 dollars typically. And then we host a handful of webinars and we do some blogging and Tweeting and all of that stuff. But then, there is a separate but related event called the *NBJ* summit. So, there is a separate website for that. That's

specific to the event. It's once a year. It tends to actually sell out. It does cost money. And it's well-attended by executives in the nutrition industry, many of them award winners. But not all by any means. If you are able and willing, a lot of people get sort of wary of trade shows, but it's not really your typical trade show. It's more of a gathering and retreat. It's a very influential group of people and things happen out of that event. Task-forces sort of develop over a particular piece of regulation that needs to be addressed by the industry. Or, a task-force might come together over how we are going to boost product development in this industry. So, it's the right group of people and it's sort of a high level event.

Catherine: Terrific! Well, I'm sure everyone is looking forward to it. Is there anything else that you want to squeak in before we depart for the day, Marc? Or do you think we've got it covered pretty well?

Marc: That is up to you.

Catherine: Okay. I've got one thing I was going to ask you about, because I know in conjunction with the summit you have the big marketing trend issue released currently.

Marc: Sure.

Catherine: Is there any sneak peek we can get on that or does everybody just have to watch and wait?

Marc: No, no, no. I'm happy to talk about that! Yeah, thank you for the opportunity. I think I would like to talk about that briefly. So it's our premier issue every year, where we take an overview of the industry. I think a lot of people look forward to it for our sizing of the various markets. How big is the supplement market? How big is the organic food market? How big is functional food? Above and beyond that, there are 48 pages there. There are no ads and there's a lot of content.

I do talk about the potential changes in the consumer 'psyche' as it connects to science. I think there's a segmentation happening where some consumers are rejecting "science" in the food supply. I think that has a very meaningful effect on functional foods and dietary supplements. By rejecting science, I'm thinking more of how many villains does it take in the food supply, like synthetic growth hormones in milk or BPA in your plastic or now I think the one under the gun is genetic GMOs. How many of those does it take before the average consumer, who is becoming more and more aware of this stuff, to think of how food and diet relate to health? How many does it take before they say, "Why does science keep messing around with my food? What are those chemists doing?" So, we take a look at that in the cover story, but the actual features in the story touch on more of the specific trends that are happening, and there are some interesting things happening at Walmart in terms of supplement sales. There have been some strategic missteps there which have changed the whole look of that mass retail channel.

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In terms of the science, we do have a number of features on science. We look at all of this interest at enhancing the bioavailability of certain ingredients in supplement products, and we pause at the question, “if we enhance the bioavailability enough, are we going to run the danger of toxicity?” And what interestingly came out of that story is I think leading thinkers in the supplement world aren’t so much worried about toxicity as they are about nanotechnology. And they are worried about that. For its ability, just based on particle size, to turn what might be a natural ingredient into something else, which you could call almost synthetic. So, we take a look at that. We have a feature, we talk about science and clinical trials in supplements specifically, and we asked Dr. Briggs. I think she will speak of disappointments on that front and how in some of these clinical trials you break the blind between the placebo and control. You break the blind and you don’t get what you wanted. You wanted to find out that Echinacea helped with upper respiratory infection, but it may or may not.

And so we take a look at the next level and what progress on that front would look like. I think it’s moving away from those hard clinical end-points to the mechanisms of action and the biomarkers that come in between so more studies designed to take a look at Echinacea and go “Oh. it triggers x, y, and z.” The study is over and now we know that. We can bank on that and work from it and figure out what that might lead to as an end result.

And then, we take a look at vitamin D and how that’s performing. That was certainly the star of 2009 when a lot of these research studies came to light. They were 5-10 years in the making, but as we discovered the deficient levels across ethnic groups and populations and then these studies also showing that on any number of physiological systems in the human body, vitamin D plays this major role. Vitamin D sales were up over 80% in 2009. They’re still up dramatically, but not that much, I think only 40-50%.

And then, just the last thing I would mention that we do cover somewhat in-depth is on the regulatory front, and I think all of the interest right now with regulation is the new dietary ingredient guidance that has come out from the FDA after 17 years in the waiting. So everybody dug in there. I think that a lot of the leading lights in the industry would see regulatory scrutiny as a good thing for its ability to weed out the snake oil salesman. But everybody is very fearful of it, of course.

Another way that I look at it as positive is that it’s an indication that the FDA is really bearing its teeth a little bit. We have two stories in this article that ask, “Is Europe doing a better job of protecting its citizens and policing its food supply than we are in the U.S.?” And the reason we quote that idea is because, it’s that food villain story, in terms of synthetic growth hormones in milk, which never appeared in the European food supply, and genetically modified food, which is “banned” in most European countries? We take a look at it that way.

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We also take a look at Whole Foods as one single company, private company. There has been a wave of standards initiatives in those stores. Where almost sort of aisle by aisle, they've taken a look at the products they are selling and figured out what certifications and standards they needed to put in place to protect their consumers. Sometimes, that's USDA Organic certification, for say, produce. It's a different standard for personal care and lotions and sunscreens, etc. But what we are wondering is, is private industry, if it has the right to ethic, like Whole Foods seems to, is it able to do a better job than the FDA to protect consumers? And so, that sort of gets us on the regulatory front. That's how we look at it in this market overview. I would encourage people to read it.

Catherine: Sounds impressive when you keep saying all the stuff that you have jam-packed in there. I'm like, that's it? I can't imagine that you brought that together in time in a year to be published. So I'm sure there's a lot to be digested in that issue and everybody is looking forward to it.

Well, thank you very much Marc. This has been a very informative discussion for me and I'm sure for our audience. And, we will be sure to post the audio recording of our meeting as well as a typed transcript so it can be archived and people can take notes and learn more as their time allows. So, we'll have it posted on www.naturalstandard.com and we'll also make it available for you to distribute to your channel of contacts, as well. And we hope to have the opportunity to meet with you again in the future. Thank you very much!

Marc: You're very welcome. It was a real pleasure!

Catherine: Take care!

Marc: Bye-bye!

Catherine: Bye-bye!