

A Study Conducted for Pharmachem Laboratories, Inc.

Awareness and Interest in the Products Promising the Benefits of Phase 2

Conducted by Customer Experience Partners
Using the Harris Interactive QuickQuery Omnibus Panel

June 2010

Background

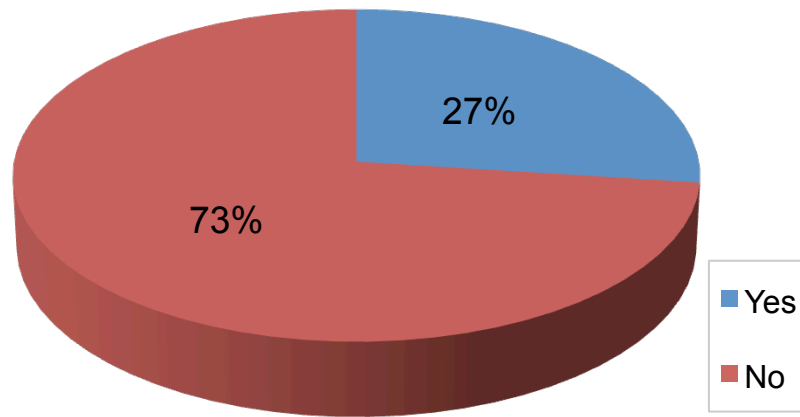
- The objectives of this study are to determine:
 - Awareness of existing products that contain Phase 2.
 - Consumer interest in an all-natural and a non-stimulant product that promotes weight loss by reducing the body's absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice.
- This study was conducted for Pharmachem Labs by Customer Experience Partners during the week May 20-26, 2010 using the Harris QuickQuery Omnibus Panel.
- The Panel provided responses from over 2,300 individuals and is representative of the US adult (18+) online population.
- The Harris Public Opinion Poll is a credible, widely published source for collecting consumer information.

Summary of key findings

Key findings

- There is *little* aided or unaided awareness of products promising the benefits of Phase 2.
- There is *strong potential* for weight loss products. 75% of adults consider themselves to be at the least “a little over” their ideal weight. 46% consider themselves “somewhat” or “substantially” over their ideal weight.
- Use of dietary supplements for weight control is common. 26% of all adults have tried them in the past. Among a potential prime target, adults 35-44, the number who have tried dietary supplements rises to 38%.
- While intention to try a product offering the benefits of Phase 2 among all adults is healthy but not overwhelming (25% “definitely” or “probably interested”), the level of interest is *considerably higher* among those who consider themselves “substantially” over weight (37%) and among those who have previously used dietary supplements for weight loss (45%).

Unaided awareness of products with Phase 2 benefits is low. In reality only 0.5% correctly named a product.

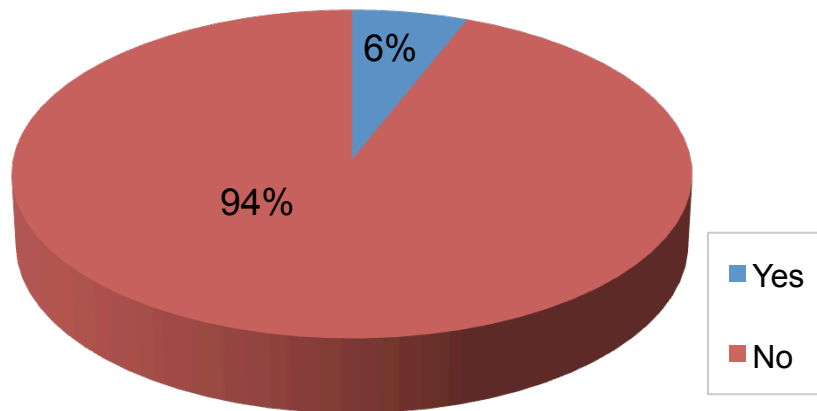


Question: Have you heard or read about any weight loss product for sale that is all-natural and a non-stimulant that promotes weight loss by reducing the body's absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice?

Of the 27% of respondents who claimed to be familiar with a product offering the benefits:

- Nearly half (45%) admitted in a follow-up question that they “didn’t remember” or “couldn’t name” the product.
- Another large percent (43%) identified the wrong product (commonly alli, Atkins or acai).
- Still another group (8%) offered vague or even negative responses.
- Only 12 of nearly 2,400 individuals (0.5 %) correctly named a product that includes Phase 2.

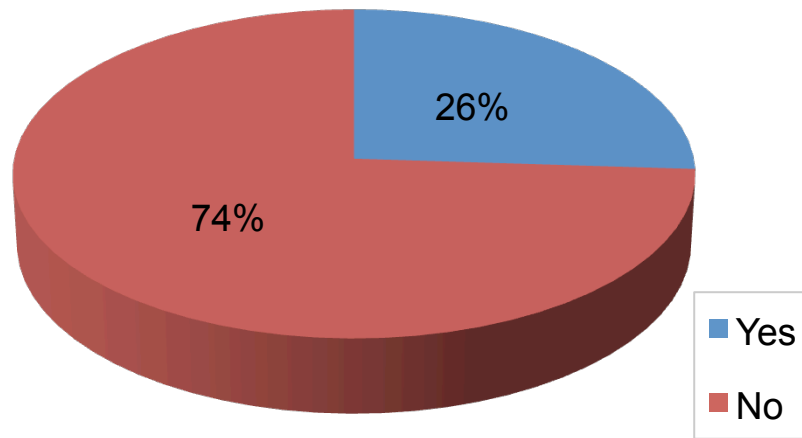
The lack of aided awareness further suggests the challenge/opportunity



Question: Stores like GNC, Walmart, and Vitamin Shoppes and online merchants like Swanson Vitamins and WholeHealth.com currently sell products such as Phase 2 Carb Controller, Carb Phaser 1000, Now Foods Phase 2, Ultimate Carb Control, and Carb Intercept . Have you ever seen or heard of any of these products?

- The consumers that initially indicated no awareness of products providing the benefits of Phase 2 were told of specific product names and locations where the products could be purchased. They were then asked an additional, “aided awareness” question.
- Even given this description to aid recall, only 100 respondents (6%) claimed any familiarity with the products.

Previous experience with dietary supplements for weight control

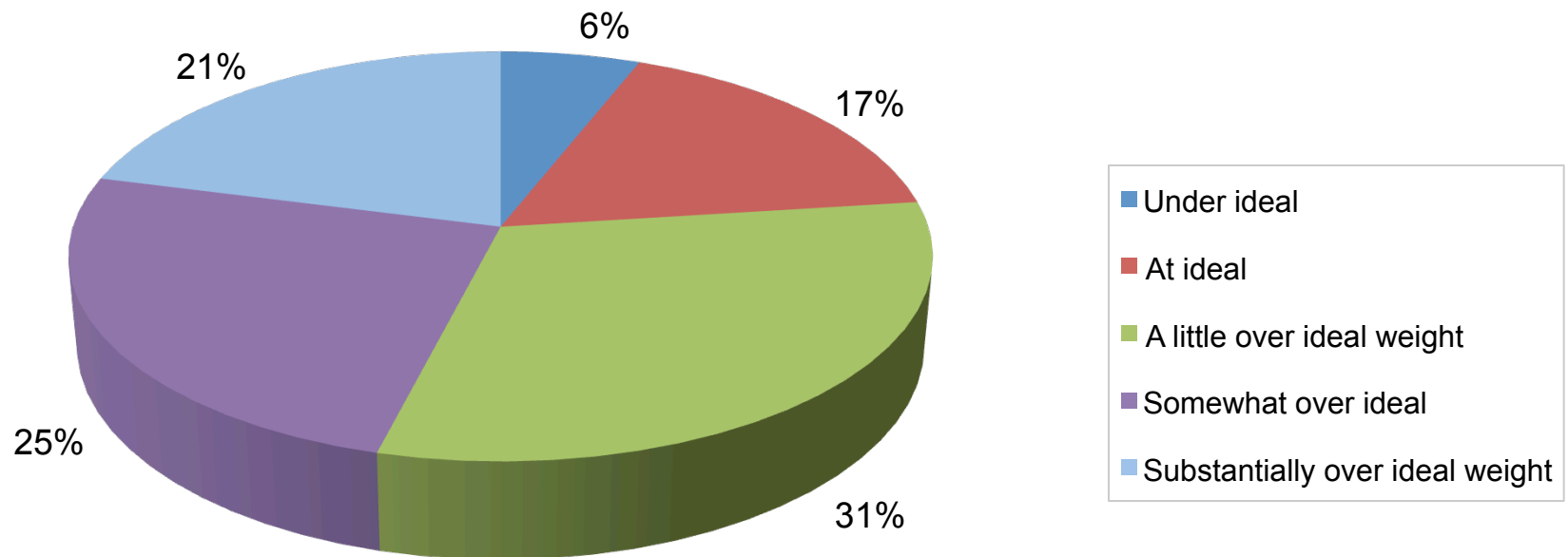


Question: Have you ever taken any dietary supplements to help you control your weight?

- Overall 26% of adults have taken dietary supplements to control their weight.
- That number however, is only 17% among men.
- Among women the percentage having tried dietary supplements to control weight is double that of men (34%).
- Among adults age 35-44 the percentage having taken dietary supplements to help control weight rises (38%).
- Prior usage among women age 35-44 is the highest (43%).

For the right product there could be great potential

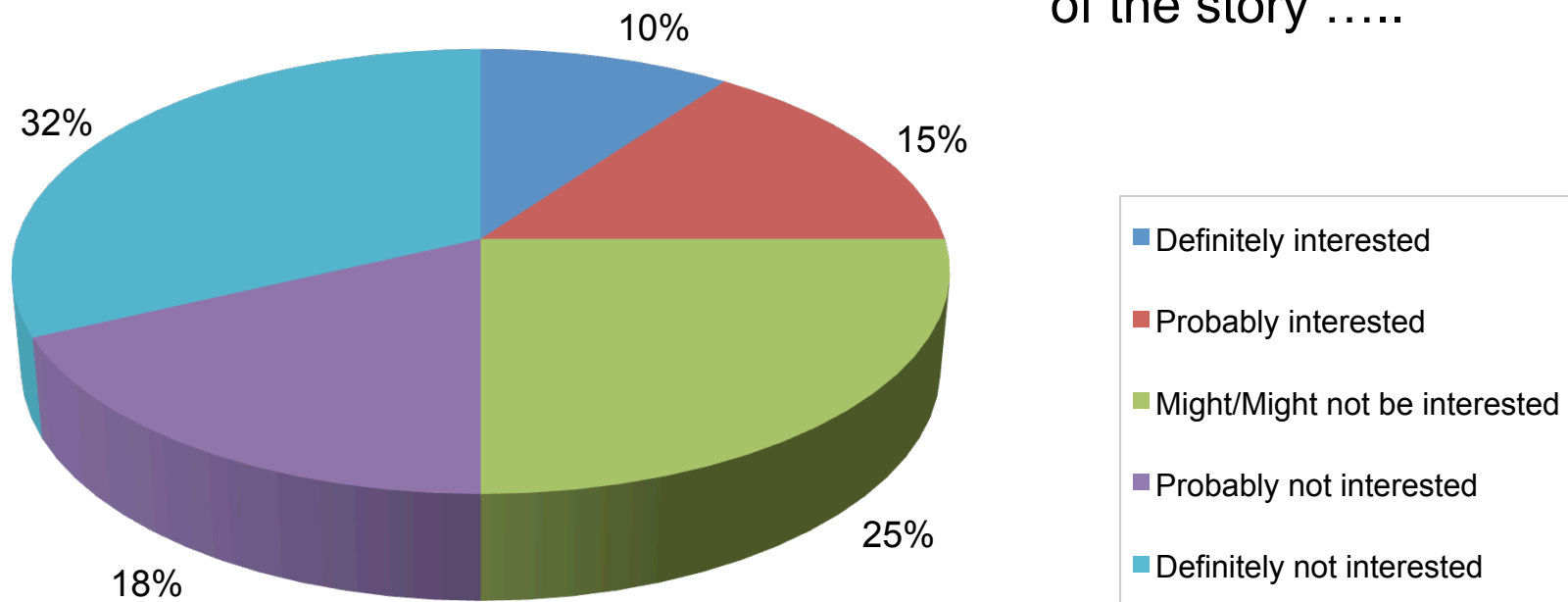
According to our respondents, a large majority of American adults consider themselves to be at least “a little over” their ideal weight



Question: Compared to what you would consider your **ideal** weight, which of the following best describes you?

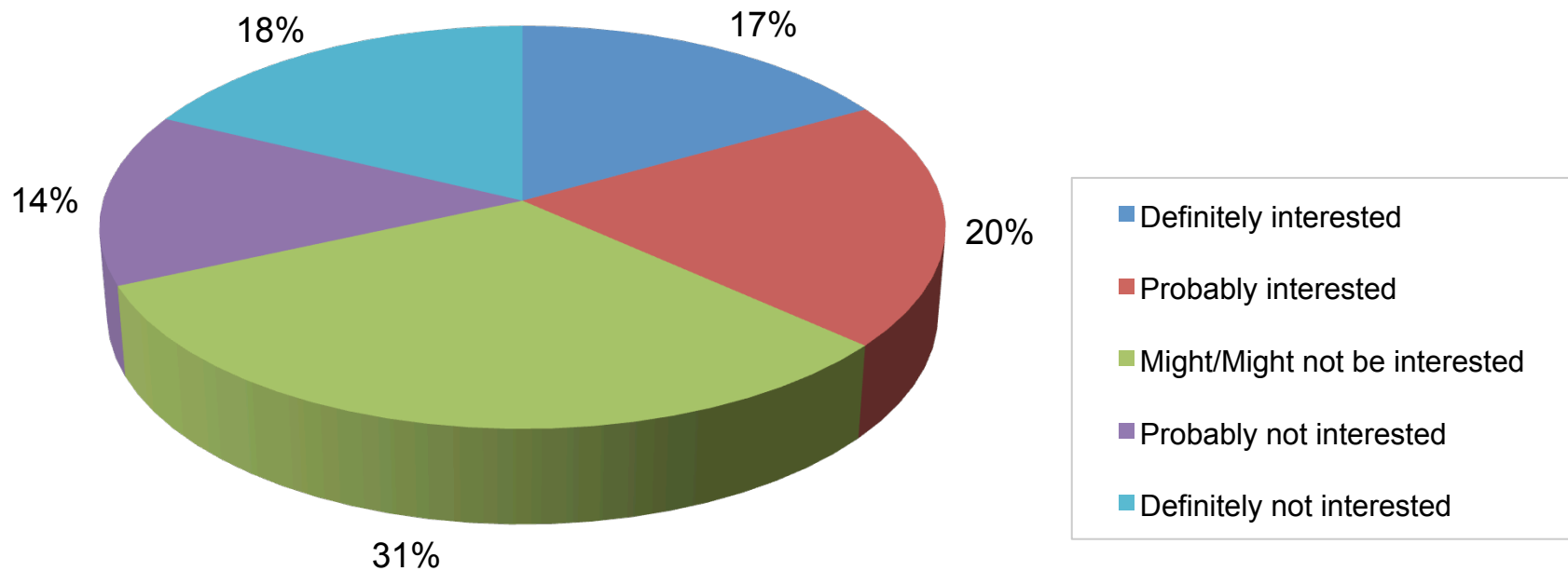
25% of all respondents would be “Probably” or a “Definitely” interested in trying the product

But that’s just the beginning of the story



Question: Please assume that there now is a new product that is all-natural and a non-stimulant, that had been proven in 24 clinical studies to be safe and effective in promoting weight loss by reducing the body’s absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice. How interested are you in trying such a product, in the next two months, if it were available online or at a store near you at a price of \$20-\$30 for a 30 day supply?

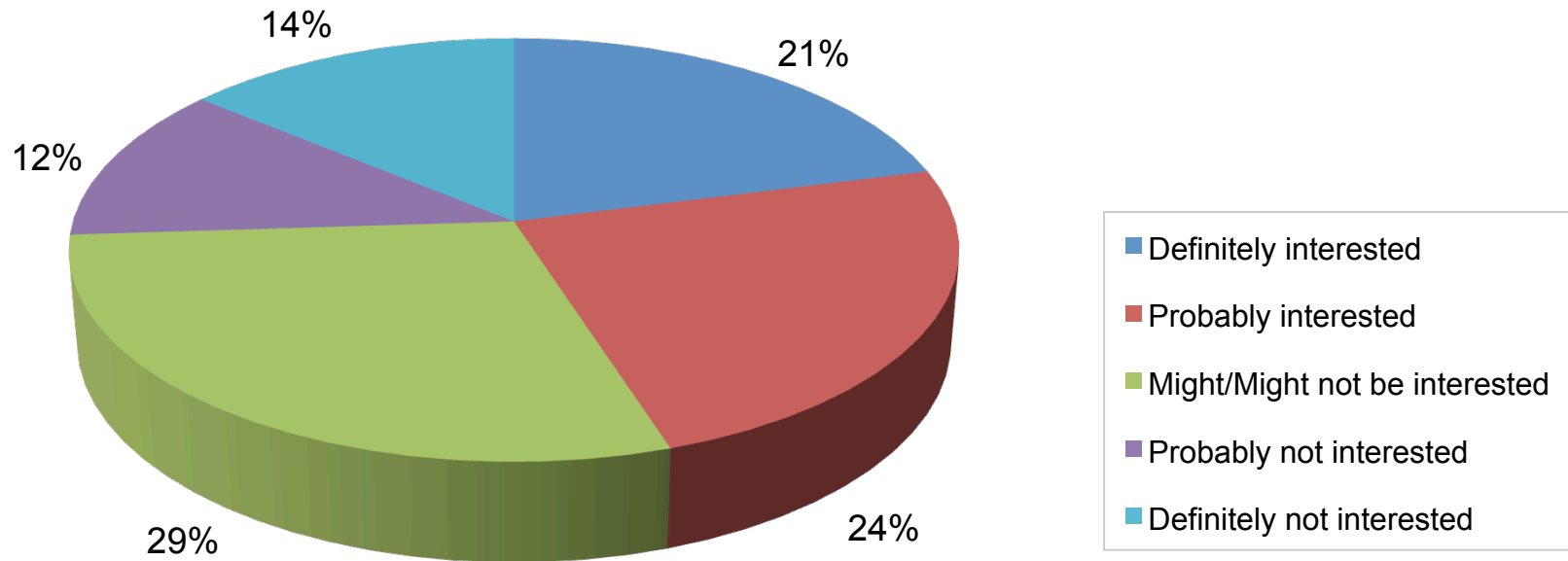
37% of “substantially” over ideal weight would be “*Probably*” or “*Definitely*” interested in trying the product



Question: Please assume that there now is a new product that is all-natural and a non-stimulant, that had been proven in 24 clinical studies to be safe and effective in promoting weight loss by reducing the body’s absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice. How interested are you in trying such a product, in the next two months, if it were available online or at a store near you at a price of \$20-\$30 for a 30 day supply?

Note: Based on unweighted sample.

45% of those who have taken dietary supplements would be “*Probably*” or “*Definitely*” interested in trying product



Question: Please assume that there now is a new product that is all-natural and a non-stimulant, that had been proven in 24 clinical studies to be safe and effective in promoting weight loss by reducing the body's absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice. How interested are you in trying such a product, in the next two months, if it were available online or at a store near you at a price of \$20-\$30 for a 30 day supply?

Note: Based on unweighted sample.

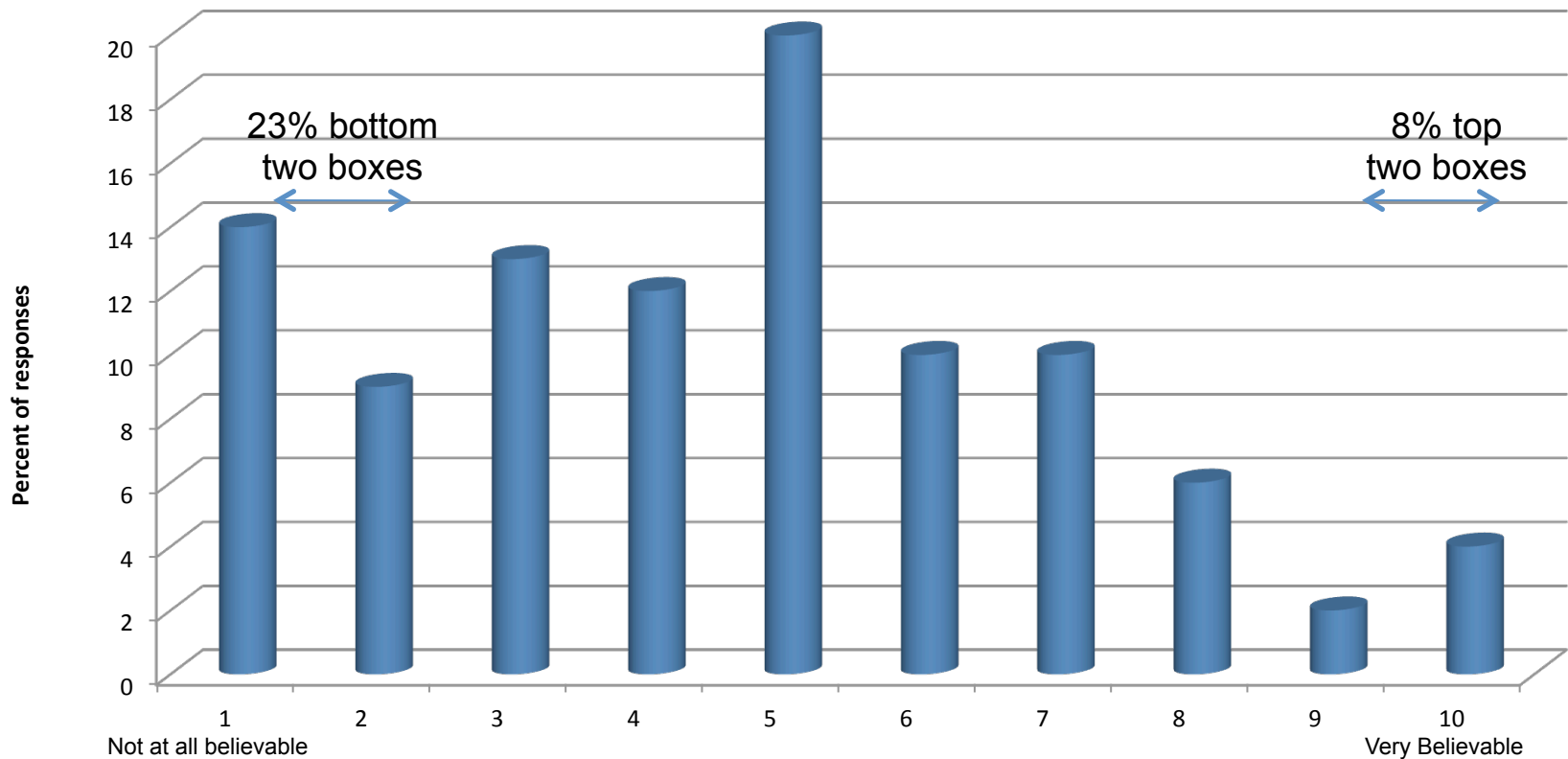
Additional observations regarding those interested in trying the product

- 10% of *total sample*, 17% of “*substantially*” *overweight*”, and 21% of those who have *previously used dietary* would be “*definitely interested*” in trying the product.
- The lowest level of interest is among men 55+ years of age.
- There appears to be a somewhat higher level of interest in trying the product among: women age 35-44, in households where there is a presence of children, and among Hispanics. -- But by far the factors most influencing interest in trying the product are personal perception of weight compared to ideal, and previous use of dietary supplement of weight control.

Additional observations regarding those interested in trying the product

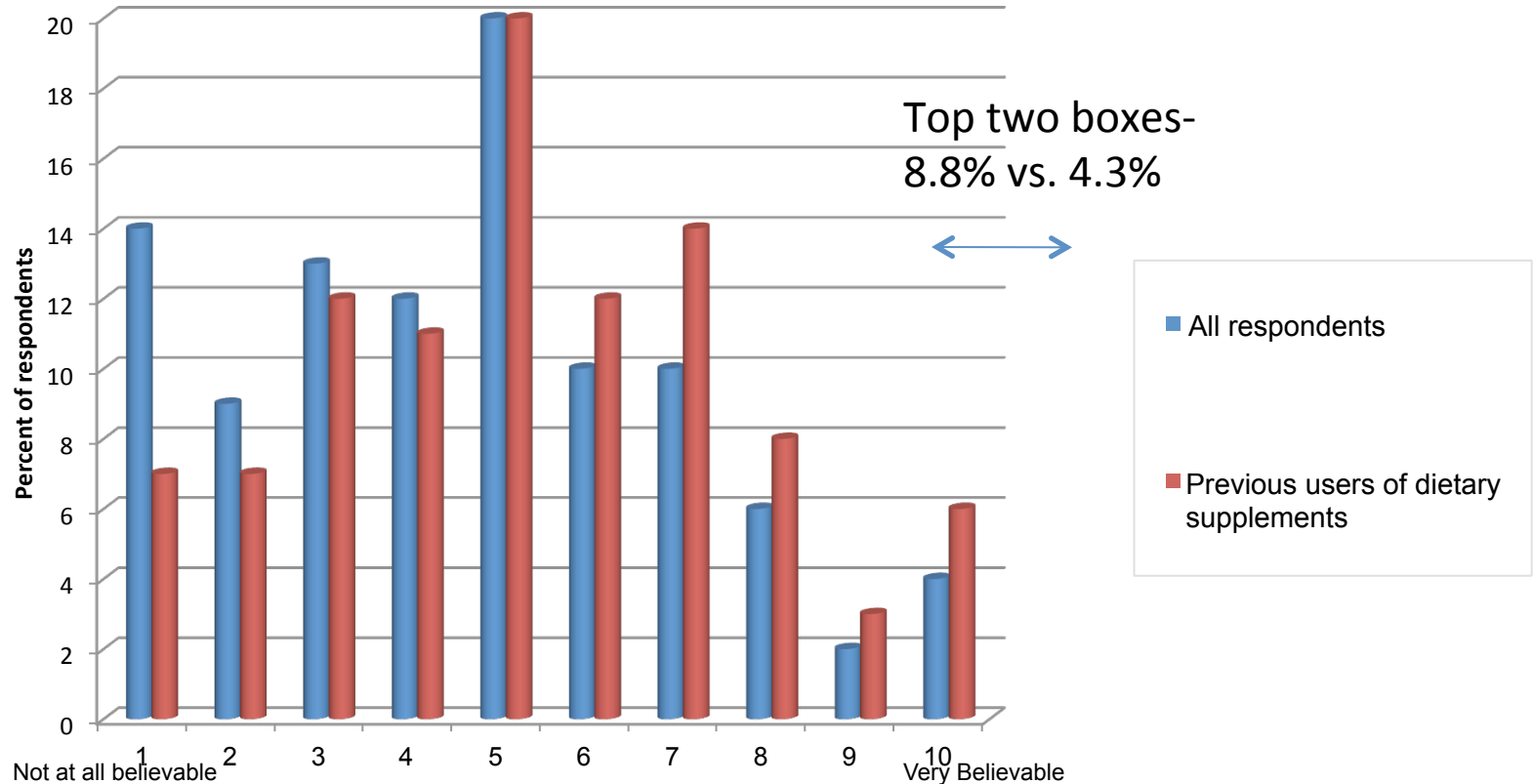
- There are relatively large groups of those over their ideal weight (31%), or with prior experience with dietary supplements (29%), who “*might or might not*” be interested in trying the product. They likely had unanswered questions or require further proof of product performance.
- While the majority of consumers who would be interested in trying the product perceive themselves to be “*a little*” or more over their ideal weight, still approximately 8% of those definitely interested in trying the product described themselves as “*under*” or “*at*” their ideal weight.

The Phase 2 promise is not perceived as highly believable by respondents in general ...



Question: How believable do you think it is that a product can safely promote weight loss by delaying the body's absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice?

However, respondents who have used dietary supplements for weight loss find the Phase 2 promise more believable



Question: How believable do you think it is that a product can safely promote weight loss by delaying the body's absorption of calories from starchy foods such as bread, pasta, potatoes, bagels, and rice?

Note: Previous users based on unweighted data.

Summary of observations

Observations

- To consumers a diet product is a diet product. The differences in composition and function are obvious to those in the industry, but not to most consumers. Most consumers do not understand or appreciate differences in metabolic processes. It's all a blur.
- The fact that a considerable percentage of adults have tried supplements to control their weight is probably a dual edged sword. It's a indication that they do not oppose the concept, but it is also possible that many of those previous experiences have been less than totally successful.
- A marketer offering a product including Phase 2 must clearly communicate its point of difference and will need to overcome skepticism about weight loss supplements in general.

Summary of observations

Observations

- The *intention to purchase* measure in this study is fairly rigorous and is a “disciplined” measure. The intention question included both a timeframe (within 2 months) and a retail price (\$20-\$30 for a 30-day supply) providing respondents with more information than often given in new product concept tests.
- Intention to purchase results, however, should only be read for what they are – a measure of *willingness to try*. After initial trial a product must stand on its performance.
- It may seem incongruous that “intention to try” ratings are higher than believability ratings, but it is true.
- For new product concepts a degree of disbelief or incredibility is a positive. It allows you to deliver that a-ha.

Appendix

(Crosstabs of responses)