

The Tan Sheet

NaZura's Lovidia Weight-Loss Supplement Strategy Focuses On Brand Building September 25, 2013

By Dan Schiff

Executive Summary

NaZura BioHealth, spun out from Elcelyx Therapeutics, will market its Lovidia weight-loss product in 2014 when it launches into the direct-response channel, before potential suitors get serious about acquiring the brand.

[NaZura BioHealth Inc.](#) expects to take the weight-loss supplement space by storm in 2014 with its *Lovidia* product currently being studied in the firm's pharmaceutical-level clinical research.

But much of Lovidia's success – both as a consumer product and eventually as an acquisition target – depends on NaZura's ability to market the supplement and build the Lovidia brand, which could prove challenging for a small company that started in the biotechnology space.

San Diego-based NaZura recently spun out from sister company [Elcelyx Therapeutics Inc.](#) to separate Lovidia from Elcelyx's Rx *NewMet* product, a delayed-release version of the diabetes drug metformin. Lovidia is a combination of generally recognized as safe dietary ingredients and food additives that activates receptors in the lower gut to trigger a sensation of satiety by increasing the body's production of gluco-regulatory gut hormones (["In Brief Elcelyx splits business HiTech quarterly results ecigarettes study FDA warning letter" "The Tan Sheet" Sep. 16, 2013](#)).

NaZura and Elcelyx have the same management and share the same nine employees. However, the firms split in hopes that a biopharma player will acquire Elcelyx in the first half of 2014, while the timeline for selling Lovidia – more likely to a consumer health product marketer – stretches further out, says Martin Brown, senior VP of finance and operations for Elcelyx and NaZura.

NaZura hopes to launch Lovidia capsules into the online direct-response channel in July 2014, with retail distribution planned for early 2015.

Beefing Up Marketing

Potential suitors for Lovidia have been “much more interested in buying brands than products that need to be launched and the brand built,” Brown said. “So, that's what we're going to do. We're going to put the product out there, build the brand to a point where we believe it'll be very attractive to acquirers.”

NaZura is conducting market research to guide how to best position Lovidia as a weight-loss supplement, and will further tweak the product's messaging based on lessons learned from the initial direct-response experience, Brown said.

As a premium-priced supplement in what Brown acknowledged is a market filled with extreme weight-loss claims, NaZura marketers will face a challenge in making Lovidia's clinical profile and expected weight-management claims stand out.

The company plans to have full substantiation for its ultimate weight-management claims – based on a currently in-progress clinical study – and is conscious of avoiding disease claims that would pique the interest of FDA and the Federal Trade Commission, Brown said.

“There are just outrageous claims being made; probably a lot of the claims being made are going to sound much better in terms of weight loss than we're going to claim,” he said.

“We think we can break through the noise; we think there are ways to do that, credible ways with the right spokespeople and the kinds of data that we'll be able to present. But it'll take some work,” Brown added.

NaZura is filling out an in-house marketing team to undertake that work, having recently hired Karin Toranto as head of marketing. Toranto previously led marketing for consumer product brands including fashion chain bebe stores inc. and dessert retailer Charlotte Russe.

The firm hopes its solid science will resonate in marketing efforts, though NaZura is not the first company to try leveraging rigorous pharmaceutical-level research into the nutritional product space. As a cautionary parallel, NaZura's leaders might look to [ChromaDex Corp.](#)'s experience with turning its *pTeroPure* pterostilbene ingredient into a consumer brand via the *BluScience* supplement line.

Despite hiring a team of experienced consumer health product marketers, the analytical testing and ingredient research firm struggled to build awareness of BluScience; ChromaDex ultimately sold the brand for \$6 million plus royalties on future sales (["In Brief" "The Tan Sheet" Mar. 4, 2013](#)).

Building On Research, Pharma Experience

Elcelyx, founded in 2010, has invested \$20 million in Lovidia thus far, Brown estimates. NaZura received \$5 million from its sister company during the spin-out, which will help NaZura complete its ongoing four-month, 240-patient clinical study on the weight-loss product, and will fund other activities into the first half of 2014, Brown says.

Elcelyx raised about \$14 million in Series B financing in 2012 to help fund the development of Lovidia, and hopes to raise in excess of \$20 million via an upcoming round starting in late 2013, according to Brown (["Elcelyx Continues Work On Weight Loss Supplement With 7 Mil Financing" "The Tan Sheet" Aug. 27, 2012](#)).

Investors such as Morgenthaler Ventures, Kleiner Perkins Caufield & Byers and Technology Partners have been wooed by Elcelyx's research into the gut sensory modulation platform, on which both Lovidia and NewMet are built.

Morgenthaler's life sciences portfolio is heavily weighted toward biotech and medical devices, and partner Ralph “Chris” Christoffersen says Lovidia marks the Morgenthaler team's and his own first play in dietary supplements.

“This is a new adventure for us,” said Christoffersen, the former CEO of biotech firm **Ribozyme Pharmaceuticals Inc.** who also chairs the Elcelyx/NaZura board of directors. “But it has so many similarities to Rx products, so it’s not a big stretch” in terms of the science, he added.

Christoffersen became involved with Lovidia during the early stages of development and said his venture capital network largely was uninterested in such a risky project. But with solid data now in hand, “the phones are ringing off the wall,” he said.

A study on a prototype version of Lovidia, which Elcelyx developed before NewMet, showed statistically significant weight loss among 121 obese subjects over 16 weeks with no changes in diet or exercise.

Some market experts encouraged Elcelyx to commercialize the prototype based on those promising early results, but “we just thought we could do better,” Brown said. “So, we went back and have done some shorter-term clinical studies that we think will significantly improve what we saw in the prototype.”

The executive says he sees promise for the gut sensory modulation platform in the development of other future products, including in the Rx, OTC and dietary supplement categories.

Another advantage for Elcelyx and NaZura in attracting investor interest comes from the pedigree of the firms’ joint leadership team. Brown and CEO Alain Baron co-founded Elcelyx after working together at [Amylin Pharmaceuticals Inc.](#) , where Brown was head of operations and Baron was senior VP of research.

NaZura Senior VP of R&D Mark Fineman also is a veteran of Amylin, having served as senior director of medical development and strategic relations. Mark Wiggins, senior VP of corporate and business development, came to Elcelyx and NaZura from [Mpex Pharmaceuticals Inc.](#) , where he was chief business officer.

Brown said that by nature of its leadership, NaZura stands out from other companies selling weight-loss supplements.

“We only know one way to do things, and that’s to do very rigorous clinical studies that would stand up to the FDA, although we don’t expect to ever take any of these to the FDA,” he said.

“I think that’s our advantage. And we’re going to have the ability to present at medical meetings and scientific meetings our data, and it’ll stand up to peer review. That differentiates us, I think, significantly from any other organizations out there selling these kinds of products,” Brown added.