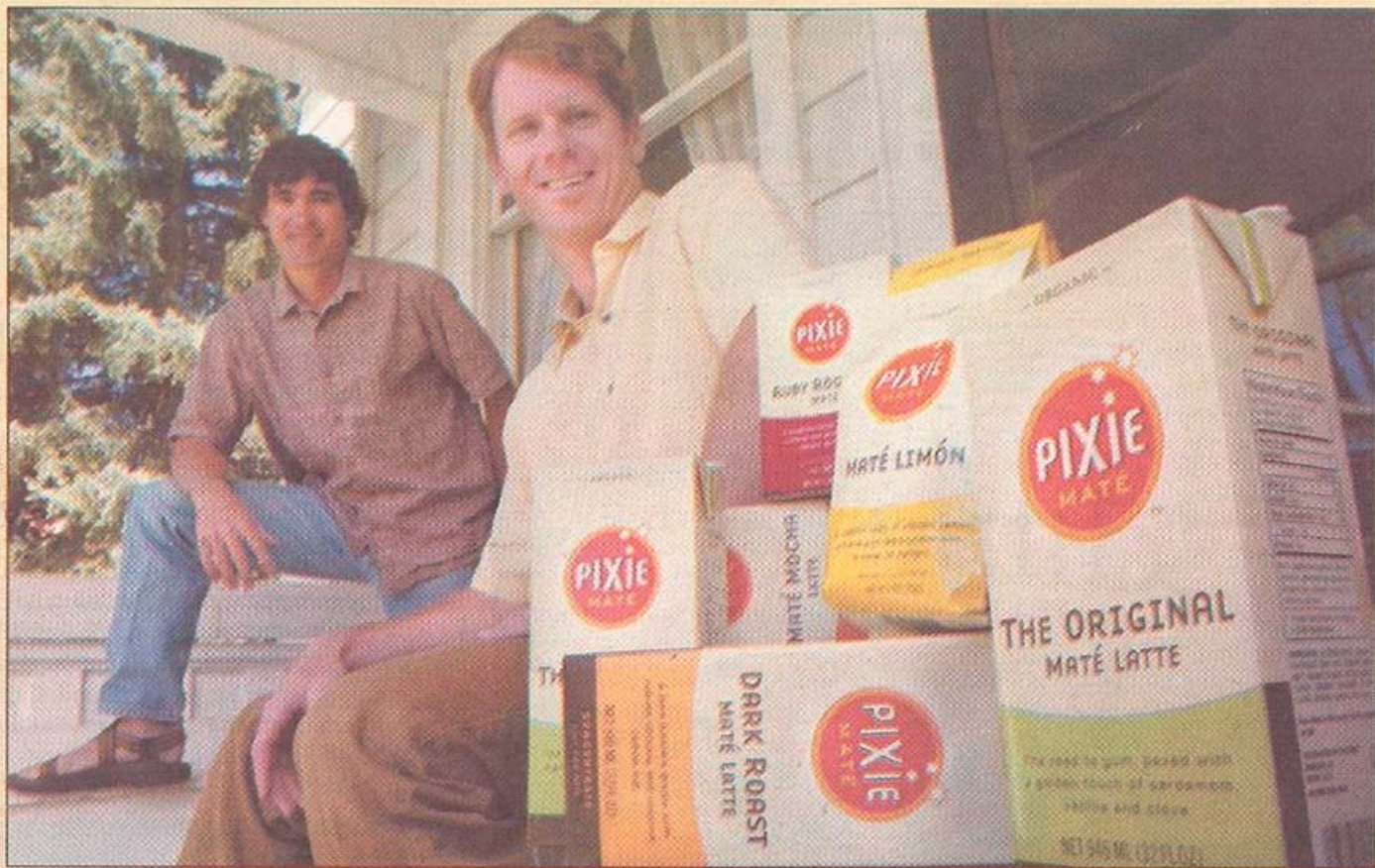


Boulder entrepreneurs bring maté to masses



STEVE PETERSON

Duane Primozich, left, and T.J. McIntyre launched Pixie Maté, a Boulder-based company selling a line of maté products that the pair believes will create a new wave in specialty drinks.

Pixie Maté founders strive to make their maté latte next chai

BY RENEE MCGAW

Business Report Correspondent

BOULDER — In South America, maté is an ancient brew, traditionally sipped from gourds, and more popular than coffee or tea in some countries. But can health-conscious North Americans be persuaded to buy it at their local supermarket?

T.J. McIntyre and Duane Primozich say they can. The two friends recently launched Pixie Maté, a Boulder-based company selling a line of maté products that the pair believes will create a new wave in specialty drinks.

"We're trying to make maté latte the next chai," McIntyre said.

McIntyre, who's also a co-owner of the Pekoe Sip House in Boulder, says maté latte has been the café's best-selling drink since it opened in 2003. McIntyre and Primozich formerly

➤ See **Maté**, page 38A

INSIDE

Awards
Boulder Valley Inc.

5A

Green Page

25A

19A

High-Tech Marketplace

26A

Structures
Pick your plug:

Small Business
Administration



worked for White Wave, where they helped to expand the Silk Soymilk brand. Both also had worked for the Frontier Natural Products Co-op, where McIntyre created the Simply Organic brand. But they wanted to strike out on their own.

"We started drinking a bunch of maté, sitting in our offices, instead of coffee," Primozich said. "At the same time, T.J., with a couple of partners, opened the Pekoe Sip House, and the maté latte quickly became the No. 1 beverage there. So, we're drinking all this maté at our desks, he's selling lots of maté at the Pekoe Sip House, and the light went on."

Pixie Maté was founded in October 2004 using private financing; they decline to say how much. The maté is purchased from a family-farm grower in Argentina and packaged in the U.S. and Canada. It is sold in 32-ounce boxes of maté latte concentrate for \$4.29, 8-ounce bags of loose-leaf maté for \$5.50 and boxes of 20 tea bags for \$4.29.

The Pixie Maté Original Maté Latte, mixed with steamed milk, is a sweet drink laced with vanilla and cloves. Other flavors include Maté Chai, Maté Mocha and Dark Roast. Tea-bag and loose-leaf flavors include Green Tea, Maté Limón and the hibiscus-scented Lush Tropics.

Pixie Maté began shipping product in March. It hit the shelves at about 50 Wild Oats natural-food stores throughout the West in mid-May and has been served since April at roughly 30 cafés along the Front

“ Our Original Maté Latte has over eight times the antioxidants of a cup of green tea.”

T.J. McIntyre

**CO-OWNER,
PIXIE MATÉ**

Range, including Pekoe Sip House, Café Zembo, Caffè Sole and Wonderland Caffè in Boulder and Tattered Cover Book Store in Denver. It is available online through Barista Pro Shop, a Berthoud-based coffee-products distributor.

In its first month, Pixie Maté sales totaled about \$50,000, McIntyre said. He projects total 2005 sales of \$300,000 to \$500,000. Pixie Maté products are expected to be in 300 cafés and natural-food stores by the end

of the summer, and 1,000 to 2,000 by the end of 2005, McIntyre said.

Maté (pronounced MAH-tay) is not new. The brew, derived from the leaves and stems of the *Ilex paraguariensis* tree, has been consumed for centuries in South America. It is especially popular in Argentina, where it is traditionally steeped in a gourd or maté cup and sipped through a filtered straw in a shared ritual with family and friends.

But it did not make significant inroads in North America or Europe until the 1990s, when its reported health benefits began to attract attention.

"It is a superior source of sustainable energy," McIntyre said. "It does not deplete your system the way coffee does."

Maté has a mellow dose of caffeine than coffee, without the acid base, he said. "You would never drink a half-gallon of coffee and then say 'let's go on a 7-mile bike ride.' Maté is a lot more appropriate for that," he said.

Maté also has a rich supply of antioxidants, which are thought to help prevent cancer, heart disease and stroke.

"Our Original Maté Latte has over eight times the antioxidants of a cup of green tea," McIntyre said.

Although there are other maté products on the market, McIntyre and Primozich believe Pixie Maté will stand out.

"We have a few competitors, but they all have the same brand position, which is one that is really earthy and rainforest-

oriented, very focused on the indigenous tribes and the South American story," McIntyre said. "You can't really point to any products, in any category, that have truly broken through with that type of brand positioning."

Primozich added, "We knew that we had to 'North Americanize,' for lack of a better word, the flavor profile. We think it's something that will be palatable to a very broad audience. 'Pixie' communicates the magic of maté, the energy of maté, and is a name that North Americans can embrace. There's nothing rainforest-y about it."

Price was calculated to match similar chai products. "We didn't want any hurdles for consumers. When they see it on the shelf, we didn't want it to be 50 percent more expensive than chai," Primozich said.

The chai category had about \$180 million in U.S. sales last year, McIntyre noted, while the maté category logged about \$10 million. "We see there being an enormous upside," McIntyre said.

In Denver, demand for Pixie Maté was light, but growing, during its first month on sale at the Tattered Cover Book Store in Cherry Creek.

Demand has been strong among "people who have traveled to South America and are excited that we are now carrying it," said Adrienne Heller, coffee shop manager. But Pixie Maté has been popular at tasting events, as well as with the café's staff, she added.

"We're all addicted to it," Heller said.