



Content and Consulting services to grow the Natural Products industry.

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SPINS Newsletter

Volume 1, August 2003

Retailer News

Wild Oats: 'Our Future Is in New Stores'

Wild Oats Markets here said Thursday it will focus its energies on opening as many new stores as it can over the next few years — 15 to 20 new stores in 2004 and 20 to 25 the following year. During a conference call with industry analysts to discuss results for the second quarter and first half ended June 28, Perry Odak, Wild Oats' president and chief executive officer, said, "Our future is in new stores." *Supermarket News*; 8/7/03



Earth Fare Expanding

"The Healthy Supermarket" has seven natural and organic supermarkets in the Carolinas and Georgia, is set to expand with two more stores by the end of 2003, noted *Shelby Report of the Southeast*. The company plans to open eight more new stores by the end of 2005. Currently under construction are stores in Mount Pleasant, SC, which will open in September, and in Knoxville, TN, which is slated to open in the spring of 2004. *Specialty News*; 8/1/03



NutraCeutical Set To Acquire Arizona Health Foods

NutraCeutical International Corp. announced June 19 it entered into a purchase and sale agreement to acquire the operating assets of Phoenix-based Arizona Health Foods Inc. through NutraCeuticals' subsidiary Fresh Vitamins Inc. Arizona Health Foods owns and operates a chain of 11 health food stores, which primarily sell branded nutritional supplements. Hal Cooper, president of the operation, stated the acquisition should help grow the Arizona Health Foods business. NutraCeutical is a large manufacturer and marketer of branded nutritional supplements sold to health and natural food stores. The company sells its branded products under several names, including Solaray®, NaturalMax® and, most recently, Nature's Life®. NutraCeutical's acquisition of Nature's Life was completed in mid-June. *Natural Products Insider*; 6/19/03

Manufacturer News



Frontier's Natural Products sold portion of Simply Organic brand to Annie's Homegrown

Annie's acquires products Wakefield, MA-based Annie's Homegrown, maker of the leading brand of organic and natural pasta meals in the U.S., acquired the Simply Organic mac and cheese, side dish and skillet meal product lines from Frontier Natural Products Co-op, Norway, IA. *Specialty Food News*; 7/28/03

Americans overwhelmingly buy American when it comes to wine

The top dozen restaurant brands are all produced in the U.S., as are two-thirds of the top 100. Sales of Italian and Australian wines are soaring in restaurants, just as they are in stores, but they are still pretty far down the list. Martini & Rossi (Italian) is the best-selling foreign label at No. 13. Meanwhile, sales of French wines have tanked. *Business Week online*; 7/16/03



Odwalla pulled the plug on the Fresh Samantha line of juices

"Sales of Fresh Samantha haven't been growing and sales of Odwalla have been growing rapidly," said Shawn Sugarman, president of Odwalla. He also said the company decided it would be easier to market one line of juices, instead of two. *Specialty Food News*; 7/29/03

Paxil Risks for Teens Reported

According to an August 7th article in the New York Times, "warnings by drug regulators about the safety of Paxil, one of the world's most prescribed antidepressants, are reopening seemingly settled questions about a whole class of drugs that also includes Prozac and Zoloft". A finding by British drug authorities and endorsed by the US Food and Drug Administration stated that unpublished studies show that Paxil "carries a substantial risk of prompting teenagers and children to consider suicide." The studies also found that Paxil was no more effective than a placebo in treating depression for younger patients. *NY Times*; 8/7/03.



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SPINS News

SPINS completes Natural Products Universe restatement: Sales reach almost \$7B!

SAN FRANCISCO, CA, June 12, 2003 - SPINS is pleased to announce that we have completed our spring restatement. This review included the gathering of store lists from various industry sources including The Natural Products Field Manual, The Natural Foods Merchandiser and NSSI store lists, and a comparison of these estimates to SPINS' extensive retailer library.

All data for 2001, 2002, and 2003 will be re-projected for the restatement. With the restatement, SPINS will add new participating stores into the SPINSscan sample, and adjust projections to reflect SPINS' latest natural products supermarket universe size and growth estimates. See SPINS web Site - <http://www.spins.com> for more information



SPINS and Wild Oats Markets Announce a New Partnership

SAN FRANCISCO, CA, March 5, 2003 - SPINS, the leading provider of content and consulting services to grow the natural products industry, and Wild Oats Markets, Inc. (NASDAQ: OATS), a leading national natural and organic foods retailer, today announced a new, enhanced partnership.

"SPINS, like Wild Oats, has been dedicated to serving the needs of the natural products industry for many years," said Steve Kaczynski, Wild Oats Senior Vice President of Sales and Merchandising. "We are pleased to be extending the level of our partnership with SPINS, and encourage our vendor partners to use SPINS information to help us manage our business and effectively meet the needs of our customers."

As part of the new partnership, SPINS will develop a new enhanced Wild Oats Key Account content service, which will allow the company to track and report sales by product across all U.S.-based stores. This service will be aligned with the SPINSscan content service, which tracks and reports sales within natural products retail outlets nationwide, allowing for greater product information analysis and planning.

Business Development Corner

In preparation for Expo East, SPINS is offering our bi-annual SPINSscan snapshot promotion.

⇒ Purchase two 52-week aggregate snapshots for \$6,000 or one snapshot for \$3,500. These prices represent up to a 30% savings!!

You can also add regional markets, content tags including NOP Organic, Soy, Flavor and 24 month trended data for a nominal charge.

The promotion ends September 4th!

Contact: Amy Jacobsen for more information

Nutrition Business Journal 
Strategic Information for Decision Makers in the Nutrition Industry

Nutrition Business Journal - 2003 Organic Foods Report

- This report combines the research abilities of NBJ and SPINS retail measurement data, and details the cultivation, production and distribution of organic products. This is an essential guide to the market forces and key players for any company looking to enter the organic industry.
- Article contributions:
 - Utilizing SPINS data, NBJ's Industry Overview provides an in-depth analysis of organic brand performance in natural and mainstream supermarkets (May/June 2003).
 - NBJ's Annual *Supplement* Industry Overview reviews supplement brands within the natural and mainstream supermarkets (in production).

U.S. Tea is "Hot" Report

- Since 1995, Sage Group™ has published this leading edge compendium of information and insight on the emerging US tea industry. For the first time, SPINS will be partnering with Sage Group as a contributor of retail measurement data. (Q4 2003)

Contact Amy Jacobsen for more information



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Content Development Corner

From the desk of Matt Levine (mlevine@spins.com), SPINS
Content Development Coordinator



WHAT WOULD LASSIE THINK?

Enhanced water sales are maintaining strong growth, but this summer at least one brand of fortified water is headed for the doghouse. The K-9 Water company (<http://www.k9waterco.com>) recently introduced "the first vitamin fortified bottled water for dogs."

Suggested retail for 16.9 ounce 4-packs is \$7.49. Time will tell if puddle water can ride the wave of growth in both the Enhanced Water and Pet Food and Pet Care categories. Natural Product Supermarket sales of Pet Food and Care products have grown 14.4% over 52 weeks ending June 14, 2003, while Enhanced Water sales are up 25.2% over the same period.

LACTOSE FREE LOVE IN THE FREEZER AISLE

It was 1986 and I'd been battling allergies, asthma and the stigma that comes with wheezing like an old dog for twenty years...and I was only twenty-four. Upon the advice of a Naturopathic Doctor, I gave up dairy with hope of relief. Soon my allergies were gone and to my surprise, I found plenty of non-dairy companionship for my morning cereal and grilled "cheese" sandwiches too, but nothing could replace my one true love, mint chocolate chip ice cream. Rice Dream or Ice Bean were my only options, and as grateful as I was for each and every pint of carob mint chip, it was never the same.

Nowadays my heartache is gone and my options keep growing. Over 35 new non-dairy frozen dessert items have been introduced to the SPINS database since January 2003 alone. Natural Supermarket sales for the 52 weeks ending June 14, 2003 show 12% growth in Non-Dairy Desserts and 15.3% growth of Non-Dairy Novelties (bars, sandwiches), while the overall Frozen Dessert category grew at only 5.1%.

Client/Consulting Service Corner

Big Changes Ahead

- As we grow as a company, so does the Client Services group. We have added a team member, created a new product in the form of the Dedicated Analyst and are increasing our consulting services - all of this in an effort to better serve our clients!

Who are we?

Manager

- Chris Meyer

Dedicated Analyst Team

- Lara Christenson
- Dan Jablow
- Sonya Mankowsky
- Blair Nessier

What do we do?

- What don't we do? Is SPINSsource driving you crazy? Got a data file and no idea what to do with it? Staffing limitations but a need for in-depth analysis? Business issue that needs a highly knowledgeable team? These are just a few of the tasks that fill our days. Best of all, we are our clients direct link to the company and the data.

New Item Introductions

Source Naturals announced the introduction of Inflama-Rest, a new COX-2 inhibitor for joint health.

<http://www.sourcenaturals.com/articles/5166.html>

Celestial Seasonings introduced two new lines this summer; A powdered instant Chai Tea and Tea Latte Mixes and a line of ready to drink, aseptic packaged teas.

Stonyfield Farm announced Organic YoBaby Drinkable Yogurt for infants and toddlers. Available this Fall in Peach and Banana flavors.



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Meet Jaimie Lock SPINS Database Manager



What is Jaimie's role at SPINS?

- Every week Jaimie receives data from SPINS retail partners.
- After she loads all the data into the SPINS system, she cleans and preps it for pre-processing.
- Once all of the data has passed QC processing, she begins quarterly production on the SPINscan service.

If I am a retail partner and have questions about my data, can I call Jaimie?

ABSOLUTELY!

Jaimie Lock
 phone: 415-957-4432
 email: jlock@spins.com

If I know a retailer that may qualify as a SPINS retail partner what should I do?

I would love to come out and visit with new retailers and show them the benefits of SPINScan data!

Contact: Beth Johnson
 phone: 415-957-4435
 email: bjohnson@spins.com

Natural Products Expo East

When? September 4-7, 2003

Where? Washington, DC

Web site? <http://www.expoeast.com>

Come visit the SPINS booth (#2166) to learn more about our products and services!

If you are attending Expo East... consider this seminar.

Store Technology Overview: What's Available & How Does it All Work Together?

Presented by: Dick Calio

Thursday, September 4, 9:00 a.m. - 10:15 a.m.

*Track: retailer
 Room 151B*

Using plain language and real-life case studies, this seminar deals with the technology available to today's health food retailer and explains how systems can all work together.

The role and function of POS Systems, wireless, loyalty programs, industry benchmark data, ordering systems, gift cards and more will help you determine which technologies make the most sense for you and your store.

SPINS is moving to a new office on September 8, 2003

SPINS
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All phone numbers will remain the same!