



SPINS[®] 118 2nd Street, 3rd Floor
San Francisco, CA 94105
415-957-4400
www.spins.com

Information-based Services to Grow Your Natural Products Business.

Amy Jacobsen, Manager Inside Sales & Marketing
email: ajacobsen@spins.com
phone: 415-957-4410

Bi-Monthly Newsletter

Volume 7, August 2004

Retailer News

Wild Oats & Ahold partner



Wild Oats Market here said it would test a branded store-within-a-store natural/organic department at selected Stop & Shop stores in the Northeast and begin selling private-label products through the Peapod.com online shopping service in Chicago. Both Stop & Shop and Peapod are divisions of Quincy, Mass.-based Ahold USA. Wild Oats said a three-to-five store test of departments at Stop & Shop stores would begin late this year or early in 2005. It will begin offering private-label products through Peapod.com during the fourth quarter in a move it also termed a "test." Wild Oats is seeking to diversify its business and grow top-line sales in light of "external challenges," according to Perry Odak,

chief executive officer. *Wild Oats 8/4/2004*



Another 'green' move from Co-op

British retailer the Co-op has long prided itself on its ethical principles, holding firm to the co-operative principles of acting for its members and customers rather than shareholders. These principles have seen

it lead the way in a number of areas, including the introduction of ethical foods and support for sustainable and cruelty-free farming – and now, the launch of the UK's first ever 100 per cent degradable plastic bread wrappers. The retailer said it had introduced the new packaging following its recent *Shopping with Attitude* survey in which six out of 10 people said retailers should use only degradable or bio-degradable materials.

Although just as strong and as safe as standard plastic bread wrappers, the Co-op's degradable bread bags fully degrade to carbon dioxide, water and a small amount of organic residue after approximately four years, the company claimed. Standard plastic bread bags take 100 years or more to degrade, it added.

Christine Clarke from the Co-operative Group said: "Our survey into the ethics of supermarket products demonstrated that on every count - including packaging - consumers are more concerned today than they were 10 years ago.

"As a result of this, we have committed to introducing more environmentally-sound packaging, such as degradable and bio-degradable materials, across our range by taking advantage of technological developments."

FoodNavigator.com, 8/4/2004



The latest trend among natural foods stores isn't so much about what they're carrying as it is about what they're turning away. Last week, Earth Fare, a chain of nine "healthy" supermarkets based in Asheville, N.C., announced it would ban all products made with high fructose corn syrup.

"Over a third of our sodas and energy bars will have to be removed, some of them best sellers," said Earth Fare Director of Purchasing David Bowles.

"We were the first chain to ban hydrogenated oils from our shelves, and now we set the standard again, putting customer health before profit," added Earth Fare CEO and President Michael Cianciarulo.

"It's sort of a battle of the scientists," said Mary Mulry, senior director of product development and standards at Wild Oats, based in Boulder, Colo.

Wild Oats, the 105-store supernatural chain known for its strict ingredients policy, has not yet implemented an all-out ban on HFCS but is not accepting any new products with the controversial ingredient. "It's becoming an issue for us as well," said Mulry. "We look at it as the next hydrogenated oil." The sweetener, which is added to everything from snack bars to sodas, is popular among manufacturers, at a cost of 11 cents per pound. "Companies are using it because it's inexpensive, more than any other reason," Mulry said.

Mulry said all of the chain's private-label products are HFCS-free. "We're working on getting manufacturers to switch" to a different sweetener, she said, notably Blue Sky and Hansen's sodas. The chain is likely to remove Newman's Own pasta sauce and lemonade in the near future, she said. "It is really a conventional brand," she said. "They're not interested in changing."

Earth Fare plans to have all products containing HFCS removed from store shelves by year's end.

Natural Food Merchandiser, 7/20/04

Supermarket News release 10th Annual State of the Industry/ Supermarket Technology Report

Highlights include focus on systems and applications centered around managing products more efficiently such as inventory management, pricing management and data synchronization.

<http://www.supermarketnews.com/images/pdf/10thTechSurvey.pdf>

Manufacturer News

Does organic food bring added health benefits?



The benefits of conventionally grown produce over organic foods were the focus of a recent debate between food technologists, with scientists warning it is too early to reach conclusions despite new research that suggests some organic produce could have added health benefits. Meeting at the Institute of Food Technologists' annual meeting in Las Vegas two weeks ago, Alyson Mitchell, a food chemist at University of California at Davis reported that she had found organic tomatoes had higher levels of secondary plant metabolites and higher levels of vitamin C. *"In looking at the (California) supermarket varieties of broccoli, we also found significantly higher levels of the flavonoids in organic broccoli,"* said Mitchell. According to the report, Mitchell added: *"It is recognised that high-intensity agricultural practices can disrupt the natural production of secondary metabolites involved in plant defense mechanisms."*

The study author said her findings add to a small body of literature that suggests higher levels of antioxidants exist in some organic produce. *Food Navigator.com, 29/07/2004*

"Low-carb" guidelines coming

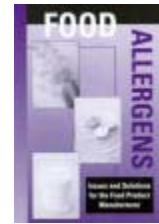


The Food and Drug Administration will issue "low-carb" guidelines later this year as well as recommend that food manufacturers more prominently display serving size and calories on food labels -- moves that could help millions of Americans who are trying to lose weight.

The agency also will issue -- probably early next year -- the first-ever manufacturing guidelines for dietary-supplement makers, acting FDA Commissioner Dr. Lester M. Crawford said in a speech to the National Press Club yesterday. Dr. Crawford outlined his agency's top priorities for the next six months. He said the FDA would continue efforts to work with restaurants to give consumers better nutrient information. Other priorities include issuing new federal rules designed to give terminally ill Americans easier access to so-called investigational drugs, or drugs that are still in the developmental and testing phases.

Dr. Crawford also said the FDA soon will finalize proposed changes to prescription-drug labeling to make the label more user-friendly for both patients and health-care practitioners. *WSJ, 8/2/2004*

Food Allergen Bill Heads to White House



A bill requiring food manufacturers to clearly label allergy-causing ingredients passed the House of

Representatives and is ready for George W. Bush's signature, which is expected. The bill, earlier approved the Senate and which enjoys wide industry support, mandates that manufacturers use plain English words like "milk" or "wheat" rather than less familiar terms like "casein" or "semolina" to identify the most common food allergens on ingredients lists. The bill requires the Food and Drug Administration to inspect food manufacturing facilities for potential cross-contamination points, and directs the Centers for Disease Control and Prevention to collect data on adverse reactions to allergenic foods. According to Center for Science in the Public Interest, some 29,000 Americans are hospitalized and 150 die from allergic reactions to food each year. *Supermarket News, 7/22/04*



Charitable Chocolate Company Receives Business Honor

For the fourth consecutive year, The Portland Business Journal recognized Endangered Species Chocolate Company as one of the 100 Fastest Growing Companies in Oregon. The qualifications for the award include revenue growth for the past three years, revenue of at least \$200,000 in 2001, and the status of independent, privately based business. Receiving the award four years in a row shows that ESSC has been consistently growing since its founding ten years ago. Ranked 57th with a growth rate of 52%, ESSC was honored for its achievement at a banquet held at the Oregon Zoo on June 17, 2004. The recognition is particularly significant to ESSC founder Jon Stocking, proving that a small business can be both profitable and charitable. Stocking, a Paris-trained chef and avid environmentalist, donates at least 10% of all profits to various environmental organizations. "I see it as my corporate duty to show other like-minded individuals and corporations that you can make a difference and make a living at the same time."

Food Institute, June 2004

Bi-Monthly Newsletter

Volume 7, August 2004

Content Development Corner

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

SPINS expands ingredient content coding

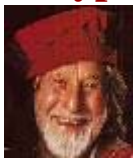
Once upon a time not so long ago people outside our industry knew that the world wasn't flat but they believed something equally strange. To outsiders, there were only a few supplements, in the world that merited attention. Multi-Vitamins, Vitamin C, B Complex and Garlic were about all those folks knew about. We'll, as anyone reading this newsletter knows we've come along way baby. Leading the way in tracking sales of emerging nutrients, SPINS Content Development team continues to add new Primary Ingredient content abilities. Recent additions to our Primary Ingredient Coding include Larix, Astaxanthin, Rhodiola, Vitamin E Ester, as well as expanding breakdown for the coding of protein content to include five new tags for

protein blends.

Guayaki launches new pre-Colombian gourd gift pack. The pack provides the ultimate tools and advice for enjoying and sharing yerba maté.



Gypsy Boots, Rest in Peace



In my many years attending trade shows I've seen and met some of our industry leaders. Dr. Bronner, Jack LaLanne and Sandy Gooch, were among a few of them, but there was one guy who I noticed off

and on but until he passed away earlier this month never knew who he was. Gypsy Boots, author, health guru and fitness devotee, immortalized in Nat King Cole's song *Nature Boy* was unmistakably old school, with his long white hair, and thick wild beard amidst the increasingly corporate world of natural products.

Boots, born Robert Bootzin, lived off the land with fellow bohemians in the Tahquitz Canyon near Palm Springs in the 1940's and early fifties before settling in Los Angeles in 1953. Five years later Boots opened the Health Nut serving organic foods to many celebrities, and soon became famous himself, appearing on the Steve Allen variety show over 25 times.

Until his death Boots continued to promote healthy lifestyles, whether selling organic produce, offering fitness classes, writing or just being his joyous self.

See his website at <http://www.gypsyboots.com/>

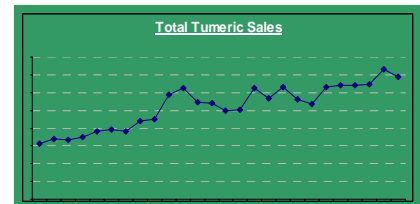
A Flaxseed Walked into A Bar



Organic manufacturer Nature's Path continues to expand its offering of products with the introduction of Flax Plus Raising Bran cereal, three toaster pastries and 4 bars that the company touts as "Authentic 1960's Granola Bars." The bars are available in Pumpkin Flax Plus, Apricot 'N Almond, Cranberry Soy and Hemp Plus flavors. Touting them as a tribute to the decade that made the natural and organic food revolution, these granola bars come in 7-ounce boxes, 5 bars per package. Flowers on the front and a tie-dye design on the back are sure to have you singing something from Jefferson Airplane or Crosby, Stills, Nash

& Young.

Turmeric Sales continue to be spicy



Turmeric is one of the fastest growing ingredients in the Natural Channel reaching almost \$4MM in sales with 38.2% year to date growth for sales ending June 12, 2004.

A common spice, it has also been used for centuries in Ayurvedic medicine, which integrates the medicinal properties of herbs with food. This extraordinary herb has continued to gain users because of its wide range of medicinal benefits.

Turmeric is a potent antioxidant. Curcumin, it's main active constituent, is as powerful an antioxidant as vitamins C, E and Beta-Carotene. In addition, turmeric is a powerful anti-inflammatory, easing conditions such as bursitis, arthritis and back pain. Finally research has also confirmed the digestive benefits of turmeric. Turmeric acts as a cholagogue, stimulating bile production, thus, increasing the bodies' ability to digest fats, improving digestion.

With the scientific research supporting it's many benefits continuing to grow turmeric is quickly becoming a common addition to herbal medicine cabinets in homes across America.



SPINS[®] 118 2nd Street, 3rd Floor
 San Francisco, CA 94105
 415-957-4400
 www.spins.com

Information-based Services to Grow Your Natural Products Business.

Amy Jacobsen, Manager Inside Sales & Marketing
 email: ajacobsen@spins.com
 phone: 415-957-4410

Bi-Monthly Newsletter

Volume 7, August 2004

SPINS News



Tony Olson addresses partners

It was recently announced that I have partnered with Jeffrey Ubben, a board member of SPINS for the past five years, to purchase a majority of SPINS shares. The transaction resulted in the departure of founder and Chairman Paddy Spence from the company.

I am very excited about the opportunity at SPINS. We have assembled a very talented group of people, whose passion and commitment for the company, our clients and the natural products industry as a whole is truly inspiring.

We continue to enhance our partnerships with industry leaders and remain aligned in our collective effort to grow awareness, sales and profitability of health and wellness, natural and organic products. Our primary focus is our work with key manufacturer and retailer partners from Wild Oats and Whole Foods to Independent retailers and Co-ops across the country to develop best business practices around fact-based decision making.

We recently enhanced SPINSscan to include seven regions, weekly data and brand ACV. We will be re-introducing an enhanced reporting and analytical capability to track consumer demographics and purchasing behavior on October 1st, 2004. And in the first quarter of 2005 we will begin offering reporting on sales in the conventional food, drug and mass merchandise channels and across conventional retail key accounts across all 73 SPINS-defined product categories. These are the first of many enhancements to come.

I'd like to personally thank all of our manufacturer, retailer, broker, distributor partners for your continued support. I look forward to a bright future together.

Sincerely,

Tony Olson
 Chairman, CEO and President

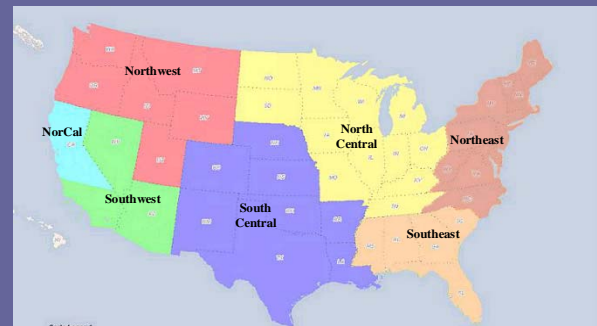
Summer 2004 restatement

SPINS has completed its 2004 SPINSscan restatement and enhanced our offering.

- Universe size is now 898 "A" size stores
- We now have 7 regions
 - Northeast and Southeast broken out
- Weekly data is now available
- New measure of Brand %ACV available

Natural Product Supermarkets now represent over \$8B and almost 900 stores. SPINS continues to strive to offer the most accurate and actionable tools to help grow the Natural Products Industry and support our clients.

	2004		
	Store Count	ACV (millions)	Market Share
Independents	651	3,903	46%
Whole Foods	148	3,520	42%
Wild Oats	99	997	12%
Total SS Universe	898	8,420	100%





SPINS[®] 118 2nd Street, 3rd Floor
San Francisco, CA 94105
415-957-4400
www.spins.com

Information-based Services to Grow Your Natural Products Business.

Amy Jacobsen, Manager Inside Sales & Marketing
email: ajacobsen@spins.com
phone: 415-957-4410

Bi-Monthly Newsletter

Volume 7, August 2004

Meet LeAnn & Kerrin Content Development



LeAnn & Kerrin both joined the SPINS Content Team in June. They both have extensive experience in the industry.

LeAnn's experience ranges from being trained as a Health educator through Hippocrates Health Institute, sales of wholesale herbal medicine, and a General Manager of large natural products retail store. She is also a Certified Clinical Herbalist through California School of Herbal Studies.

Kerry also is a Certified Clinical Herbalist through California School of Herbal Studies. She has a Certification as a Diet Counselor, Nutrition Consultant and Nutritional Educator from Bauman College in Penn Grove, CA. She received her BS in Clinical Nutrition from the University of Natural Medicine in Santa Fe New Mexico.

According to David Browne, Director of Content Development, "bringing Kerry and LeAnn into the Content group adds years of natural products experience to an already solid team. Having just left natural retail, they bring cutting edge experience that can drive insight for the team and our Clients."

SPINS News

SPINS contributions for July/August

SPINS donated funds to the **American Cancer Society** in the name of one of our employee's parents who recently passed away.

We also donated funds to **LocalHarvest**. LocalHarvest was founded in 1998, and is now the number one informational resource for the Buy Local movement and the top place on the Internet where people find information on direct marketing family farms.

SPINS' highlighted report



Natural Products Field Manual *second* edition

- A collaboration of Bob Burke & Rick McKelvey and over 50 industry experts, published February 2002 and revised and updated in Spring, 2003
- ✓ Complete, comprehensive, 38 chapter, 3 volume guide on "how to go to market"
 - ✓ CD-ROM with over 7,200 natural products stores, segmented by "A", "B" & "C" stores, directory of natural buyers in mainstream grocery stores, directories of brokers and distributors, budget models, new item forms, PR Media List and customer logos.
 - ✓ Comprehensive "do it yourself" chapter on public relations includes complete media list with contacts
 - ✓ Practical, proven, best practices shared and illustrated
 - ✓ Rich, insightful "guest editorials" by notable buyers, brokers and CEO's
 - ✓ Additional commentary by industry experts in their area of specialty
 - ✓ \$15,000 worth of coupons on services you can use!
- For more information, visit <http://www.npcinstitute.com/fieldman.htm>