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Information-based Solutions to Grow Your Natural Products Business.

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## SPINS Newsletter

Volume 4, February 2004

### Retailer News



#### They'll Take Manhattan?

Whole Foods Market opened the largest supermarket in Manhattan this month, located at 59<sup>th</sup> and Broadway at Columbus Circle in the newly completed Time Warner Center.

Manhattanites, long accustomed to shopping either in small corner stores or relatively tiny supermarkets will not only find the standard provisions offered by Whole Foods, but also a mammoth 248 seat café, a walk-in greenhouse, and a full service sushi bar with stools wrapped in seaweed.

#### No more Hydrogenated Oils at Wild Oats stores

Wild Oats Markets, Inc. , a leading national natural and organic foods retailer, today announced it has removed all products containing hydrogenated oils from the shelves in all 75 of its Wild Oats stores. *Wild Oats press release, 2/14/04*

#### Ads inside supermarkets vie for the shopper's eye

Advertisers attempting to get out their message to in-store shoppers are finding new ways of breaking through the clutter of information. New ad tools starting to pop up include talking floors and on-shelf light shows triggered by motion sensors. For example, **Floorgraphics**, which provides commercial floor decals, is unveiling a floor mat with ads that talk when customers step on a specific spot. *Advertising Age 2/9/04*

#### Low Carb retailers opening across the US

The number of Low Carb only retailers has skyrocketed with a number of new retailers opening up across the country. Some of the most recent openings include: Fit Foods in Houston, TX, Low Carb Connection in Florida, Low Carb Market in Knoxville, TN, La Vida Low Carb in Baltimore, MD, and Pure Foods in California. *Specialty Food News 1/04- 2/04*

### Manufacturer News



#### Capitalizing on Quality: Organic beef producers see a spike in sales

Beef is still what's for dinner in the Treasure Valley, but since the discovery of mad cow disease in the U.S. more local diners want organic or grass-fed beef on their plates. The discovery of mad cow, or bovine spongiform encephalopathy, in a dairy cow in Washington state last month has commercial beef suppliers concerned that consumers will stop buying beef. But sales of organic or grass-fed beef have been booming at local specialty food stores. *Idaho Statesman, 1/12/04*

**Bob Turns Silver**  
Bobs Red Mill Foods recently celebrated its 25<sup>th</sup> anniversary.



Founded in 1978 by Bob and Charlee Moore as a miller of whole grain foods, the company added a new distribution warehouse to accommodate sales growth as well as a new outlet store and bakery that also serves as the company's headquarters. See <http://www.bobsredmill.com> for more information.



**J.M. Smuckers Named #1 of "100 Best Companies to Work For 2004"**

The J.M. Smucker Company has been named the best company to work for, according to FORTUNE magazine's seventh annual survey. While Smucker has consistently ranked within the top 25 companies each year since FORTUNE began the list in 1998, this marks the first time it has topped the prestigious list. "We are honored by FORTUNE's recognition of our company and the very special people on our team. This award is really a tribute to the dedication and commitment of our people," said Timothy P. Smucker, Chairman and Co-CEO of The J.M. Smucker Company. The "100 Best Companies to Work For" article appears in the January 12, 2004 issue of FORTUNE.



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#### American Capital invests in nSpired foods

"Our investment in nSpired, marks American Capital's 6th announced buyout of 2003 and our 26th announced new portfolio company of the year," said American Capital COO Ira Wagner. "nSpired is one of the leading companies in the rapidly growing organic and natural foods sector, and we expect nSpired to participate and benefit from that growth through the continuing introduction of new products and further penetration of the market with its existing products." *PR Newswire, 12/24/03*



#### DHEA Alleviates Menopausal Symptoms

MODENA, Italy--DHEA has joined the ranks of black cohosh, red clover, and soy isoflavones as a menopausal therapy. In research out of the University of Modena, researchers reported DHEA (dehydroepiandrosterone, a hormone) positively affected parameters in menopause; their research appeared in the December edition of *Fertility and Sterility* (80, 6:1495-501, 2003). Supplementation of 25 mg/d of DHEA led to increased levels of steroids derived from DHEA, as well as allopregnanolone (a neuroactive steroid involved with peripheral circulation) and endorphins (neurotransmitters that reduce the feeling of pain). On the other hand, gonadotropins (which induce ovulation) decreased.

Ultimately, DHEA reduced menopausal symptoms similarly to hormone replacement therapy (HRT). Interestingly, DHEA levels have been seen to decline in menopausal women taking HRT (*Gynecol Endocrinol*, 17, 1:65-77, 2003).

#### Danone Doubles Stake In Stonyfield US to 80%

Food and drink conglomerate  
Groupe Danone



SA said Monday that it lifted its stake in U.S. dairy company Stonyfield Farm to 80% after having snapped up 40% of the U.S. organic yogurt market leader two years ago. Financial terms of the deal weren't disclosed. *Yahoo Finance*

### Business Development Corner

**In preparation for Expo West, 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 March 4th!**

Contact Amy Jacobsen for more information.

Come see us at the following conference...

#### Health Strategy Network's 2nd Annual North American Conference

The second annual Health Strategy Network North American Conference will be held **February 19-21, 2003** at the beautiful Hyatt Regency in Cancun, Mexico. A total of four business cases will be presented over two days, dealing with relevant industry issues. Principally designed for robust networking and unequalled knowledge sharing, the Conference once again promises to deliver exclusive insights from industry experts and professionals using the 'business school' case method. Among the cases:

- Dr. Soy: Building a Brand**
- White Wave: The Future of Silk**
- Metagenics: Selling Science-Driven Nutrition**
- Ocean Nutrition Canada: Managing & Developing the Product Pipeline**

Contact Health Strategy Consulting for more information

**Ask us about our capabilities around the Specialty/Gourmet universe**



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## Content Development Corner

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

### Gone with the Wind: Lean Green Energy Saving Machines

Clif Bar and White Wave were two of only eight recipients of the Environmental Protection Agency 2003 Green Power Leadership Award for their commitment to purchasing renewable energy. For more information on the awards or purchasing renewable energy see:

<http://www.epa.gov/greenpower/>

Additionally, Clif Bar has formed partnerships with the Climate Neutral Network and the World Resources Institute's Safe Climate, to reduce global warming. As part of this effort the energy bar company is giving boxes of bars to individuals who join Wind Builders, an organization committed to the creation of wind farms.

### Cat on a Hot Tin Roof

Hot on the heels (or should we say paws) of new product launches of coffee, olive oil and vinegar, Newman's Own Organics ended 2003 with a line of premium organic cat and dog food. All of the foods contain certified organic ingredients. As with all Newman's Own products, profits are donated to charities with pet food sales benefiting animal related charities.



### The New Yorker Takes a Look at Supplements

A profile of the supplement industry appeared in the February 2 issue of **The New Yorker Magazine**. Titled *Miracle in a Bottle*, the feature presented a negative view of the industry and included a full page illustration depicting a salesman selling "Dr. Kwak's Elixir" to a variety of people including the aged, the infirmed, and a even one woman wearing a blindfold. The article is not available online though back issues are available by credit card by calling 800-825-2510 or 515-243-3273 from outside the United States.



## SPINS News

### SPINS' Low Carb Stance

"Low carb" is undoubtedly having a significant impact across the food industry. Numerous stores and distributors in the natural channel are finding great success with these products even though many items contain artificial sweeteners and ingredients traditionally not stocked in natural foods stores. Wild Oats and Whole Foods, the two largest natural foods retailers in the U.S., do not currently carry the entire spectrum of items low carb positioned products for just this reason. Despite this limitation, many low carb products in *SPINSscan* are enjoying significant increases in sales and distribution.

Until recently, identifying low carb items was as easy as finding words like "low" or "reduced" carb on the label. But according to a memo from on the Food Institute's website from Olsson, Frank and Weeda, P.C., the FDA may be cracking down on such label claims. The memo states that "FDA does not have a policy of permitting 'low carb' claims for foods that are naturally low in carbohydrates." They say that the FDA's policy essentially takes the stance that only "statements that do not expressly state or imply a specific level of carbohydrates (e.g., 'carb conscious,' 'carb wise')" are permitted on labels. The FDA has received a petition to define terms such as low carb, but until they do, there is no official standard.

In the framework of these issues, SPINS has been actively examining various low carb products and categories and is considering the best method for capturing this important segment in our data. Providing accurate and encompassing low carb data to our clients is primary for SPINS in the coming months. Stay tuned!

### New Item Introductions

**Country Choice Naturals** introduces organic steel cut oats. The thirty ounce package is certified 100% organic by Oregon Tilth.

**Annies Homegrown** introduces new Cheddar Bunnies. The baked rabbit shaped crackers are made with organic wheat flour and cheddar cheese and do not contain hydrogenated oils.



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### Meet Matt Levine

#### Content Development Coordinator

For over 5 years, Matt's experience in retail and distribution, as well as his passion for the industry has made him an invaluable asset to the **Content Development Team**.



Matt is responsible for "enhanced attributes" as well as daily coordination between his team. He also just finished an extensive project identifying and coding products in the Specialty and Gourmet universe for a joint project with NASFT and Mintel.

Matt's love of the industry began when he was a mere child. He suffered from asthma and allergies. He finally saw a natural homeopathic doctor and this is where it all began. *"I gave up wheat and dairy and started taking supplements while working at a natural products store called The Fountain of Youth in Westport, CT."*

Matt is also very active in the community participating in three AIDS rides from San Francisco to Los Angeles as well as one in Alaska. He is also active on the Board of Directors for the Quan Yin Healing Center, a non-profit service center offering wellness services regardless of a person's ability to pay.

Matt is an avid short story writer and hopes to have his first novel published by 2005. Good luck Matt!

### Natural Products Expo West

When? March 4-7, 2003

Where? Anaheim, CA

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

**Visit the SPINS booth (#4724) to learn more about our products and services.**

Come see us at these seminars...

#### Building Successful Natural Products Departments in Supermarkets

**Presented by: Bob Burke, John Maggiore, and Jeff Nibler (SPINS GM/VP)**

*Friday, March 5, 1:30 p.m. - 2:45 p.m.  
 Room 207C*

Applicable to manufacturers and retailers, this panel reviews the components that contribute to a successful natural products program in the mainstream grocery channel. Reviews of product selection, merchandising, promotion, and essential categories. Hear from a leading specialty retailer, an ex-natural buyer for a major chain, the leading supplier of product marketing information, and a leading consultant on the essentials of what you need to know to succeed in this demanding environment.

#### Healthy Dining: Tapping into the Foodservice Industry

**Presented by: Bill Stewart, Wendy Acheson, Steve Schimoler, and Andrew Diggdon (SPINS Manager of Consulting Services)**

*Friday, March 5, 9 a.m. - 10:15 a.m.  
 Room 203B*

Today's rapidly growing healthy dining market is increasing consumption of soy, meat alternatives, and organic foods. Demand for natural food options is found in universities, business and industry cafeterias, healthcare, restaurants, lodging, the military, correctional facilities, national parks—and more. Manufacturers will learn which categories are hot, what food operators are looking for, and how to build a road map for success in foodservice. Food operators/buyers will gain insight into tremendous programs already in place and how to develop them successfully.