Consumer Sales Response to Whole Grain Certified Natural Products

Presented by Bobbi Leahy
SPINS
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Agenda

- What is SPINS data?
- 2010- A Whole Grain Year
- Insights and Trends 2011

Who is SPINS?

- ✓ Founded in 1995 and privately held in Schaumburg, IL with 60 passionate employees

- ✓ Syndicated reporting business model with exclusive proprietary natural and specialty channel reporting

- ✓ Strategic alliance with The Nielsen Company

SPINS Primary Data Sources

- SPINSscan Natural
  - Proprietary POS collection and reporting service for Natural Supermarkets
    - $2mm+ annual volume, sales in all depts, >50% Natural/Organic sales and <50% supplement sales
- SPINSscan Specialty-Gourmet
  - Proprietary POS collection and reporting service for Gourmet supermarkets
    - $2 mm+ annual volume, sales in all depts, >25% SPINS-defined specialty product sales (includes natural items)

✓ SPINSscan Conventional
  - POS reporting for SPINS-defined natural/organic UPC universe in FDM through a strategic partnership with The Nielsen Company
    - Combines the integrity of Nielsen data with SPINS expertise in coding

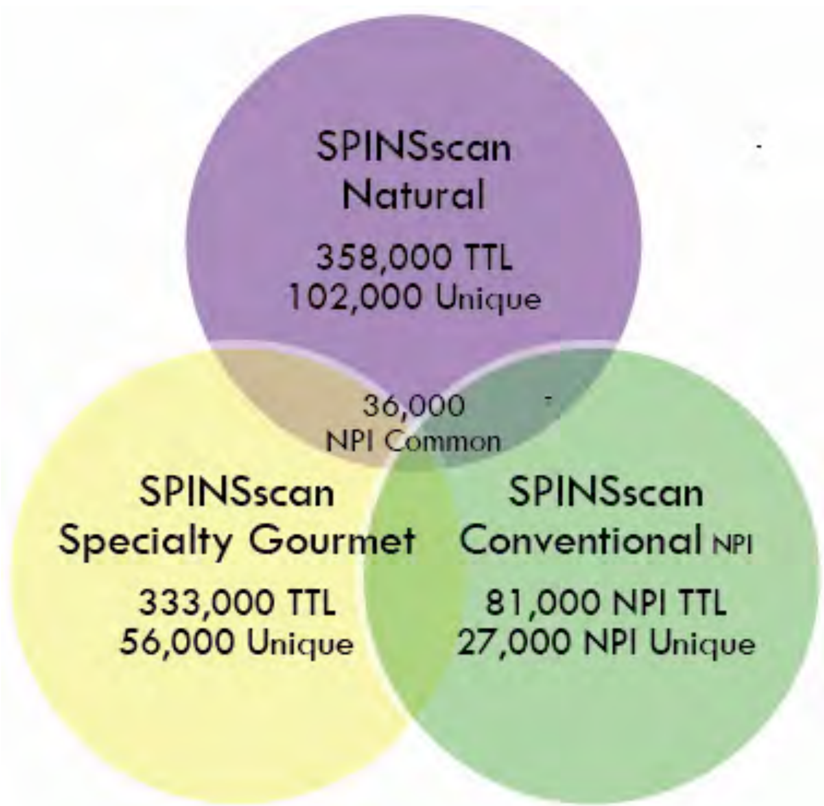
✓ SPINSscan Consumer
  - Consumer behavior reporting combining SPINS' industry definitions with consumer panel data collected by The Nielsen Company
    - Data collected from over 100,000 households
    - Scanners used by consumer panelists to capture actual purchases across all outlets

SPINS Product Library
a Common Language

The most complete and sophisticated library of natural products available, containing **864,000 UPCs**

Label Content

- ✓ 4 Levels NOP Organic
- ✓ 430 Primary Ingredients
- ✓ Gluten Free
- ✓ Soy ingredients
- ✓ Fortification
- ✓ Hormone Free
- ✓ Non GMO
- ✓ Whole Grain Certified



Product Positioning

- ✓ Organic
- ✓ Natural
- ✓ Specialty
- ✓ Raw Foods
- ✓ Green Foods
- ✓ Fair Trade
- ✓ Health Concern
- ✓ Functional

Product Library:
Natural Product Position Coding

✓ Leverage SPINS' proprietary position coding to understand the deeper dynamics within the industry and take actions based on these insights

✓ SPINS considers five factors in coding product position, based on a natural and specialty consumer bias:

- Ingredient Standards
- Product Category Rules
- Brand Intention
- (Natural) Consumer Perceptio
- Channel Distribution

Product Library: Natural Product Position Coding

Positioning	Grocery	Gen Merch
Natural Standard Brands/Products are marketed and approved for distribution and sale in Natural retailers because they meet the most strict and closely monitored standards set by these retailers and demanded by consumers that shop in these outlets.		
Specialty Natural Brands/Products are marketed as artisan, premium quality, imported/regional or ethnic/cultural with quality standards similar to a Natural Standard brand.		
Naturally Perceived Brands/Products are often made specifically for the conventional (FDM) channels. These target the conventional shopper looking for an 'entry point' to make better Health & Wellness or environmental choices in their purchasing decisions.		
Conventional Natural Brands/Products are developed by traditional CPG brands that meet the criteria for natural positioned versions of their conventional counterparts. These have added value such as organic content, allergy free, fair trade, or environmentally friendly.		

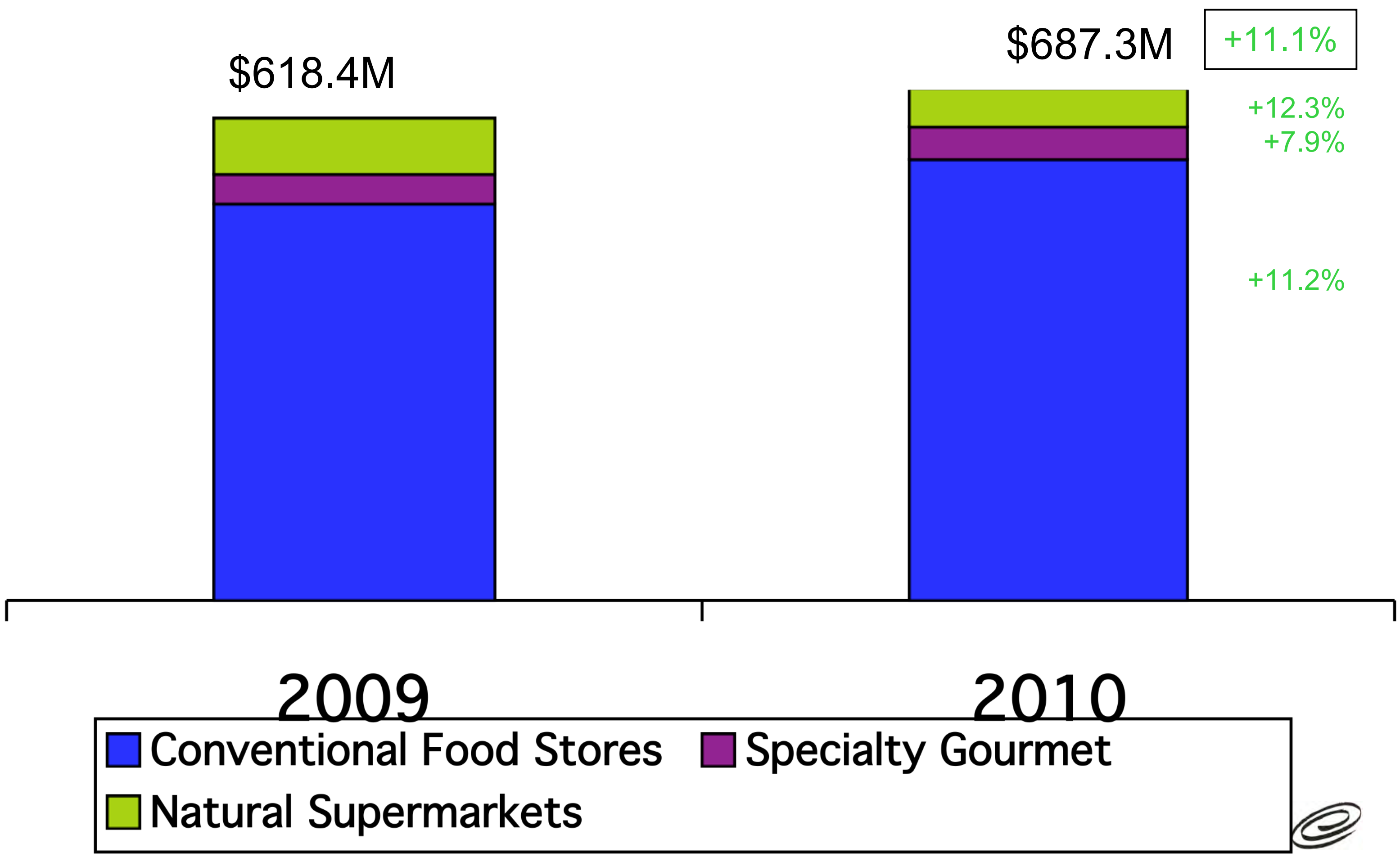
Organics have this same position coding

2010 WGC *Natural* Products
Year in Review

What Did 2010 Look Like?

Sales Of WGC *Natural* Products up over 11%

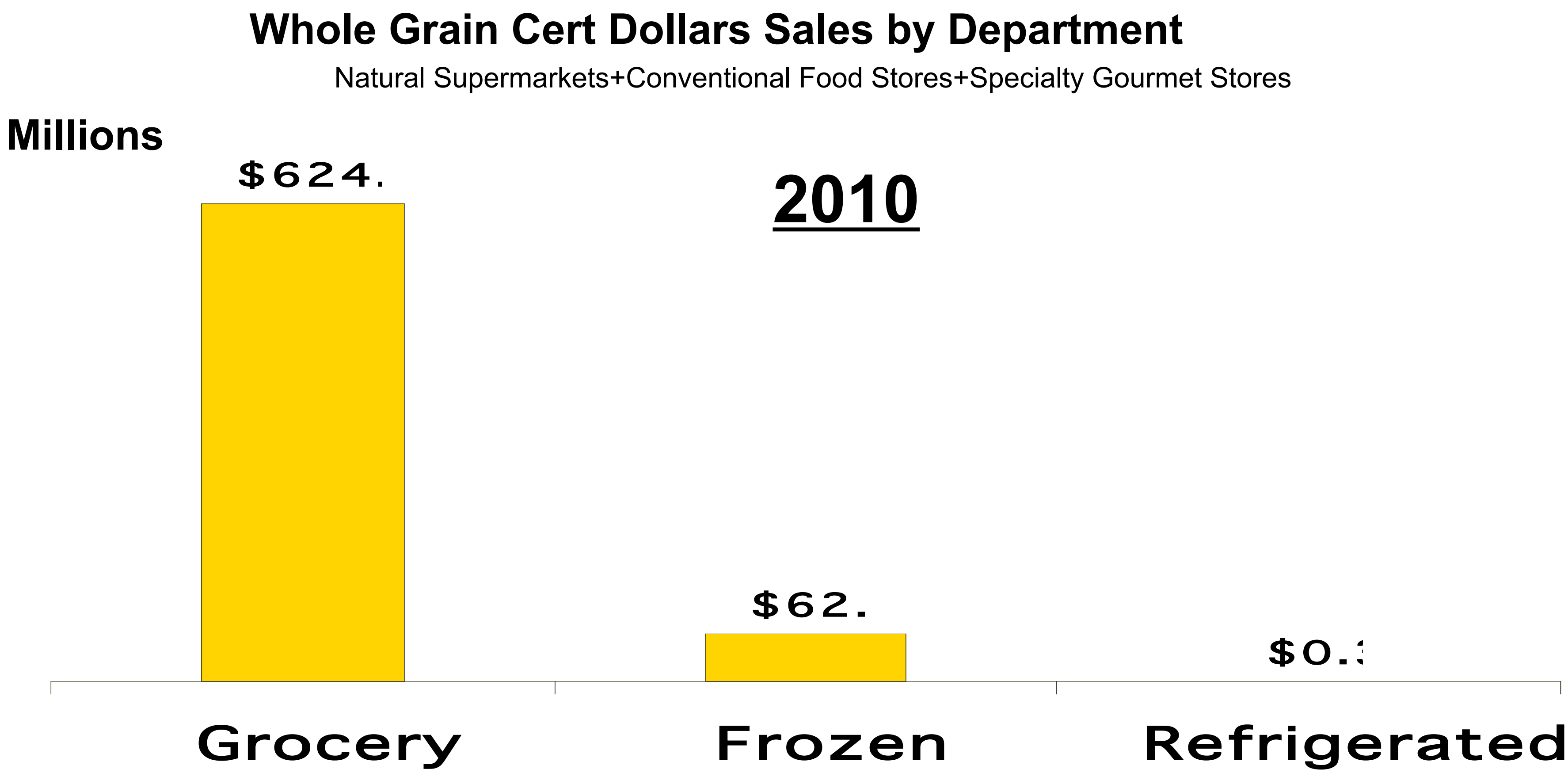
Sales in Natural Supermarkets Outpaced Conventional Food Stores



Combined SPINSscan Natural , SPINS Specialty Gourmet, and SPINSscan Conventional Food Stores excluding Whole Foods Total US; Naturally positioned upc coded products only, 52 WE 12-25-10 and YA

What Did 2010 Look Like?

Not Surprising, Dry Grocery Dept Captures the Largest Share of WGC *Natural* Product Dollar Sales



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Natural Brands with the WGC

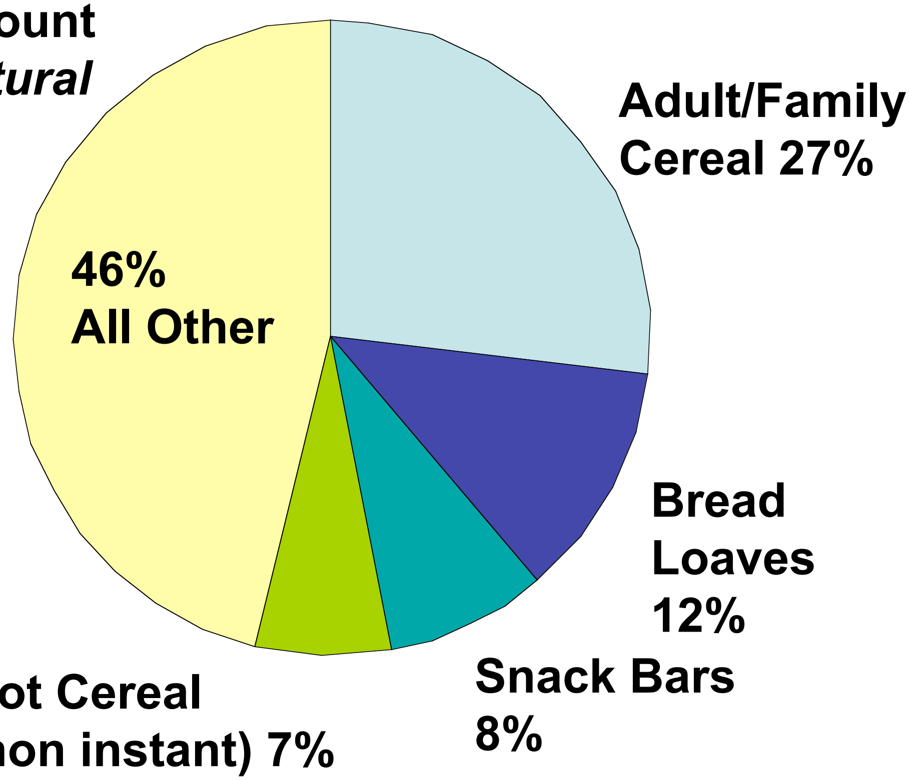
What Did 2010 Look Like?

WGC *Natural* Product performance

Dollar Share

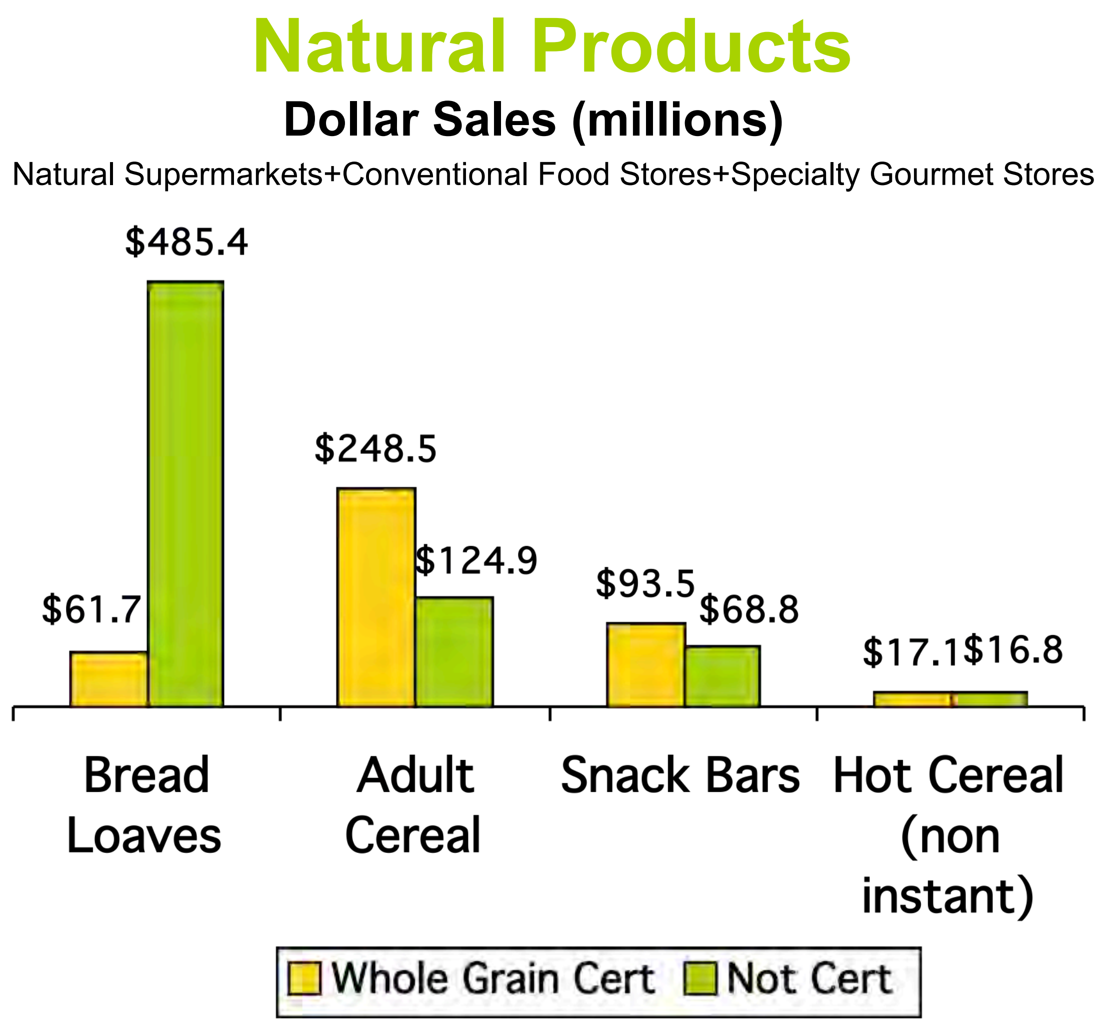
Natural Supermarkets

The Top 4 segments account for over 50% of WGC *Natural* products sold in Natural Supermarkets



SPINSscan Natural , excluding Whole Foods
Total US; Naturally positioned upc coded products only, 52 WE 12-25-10 and YA

Key WGC Categories Growing



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What did 2010 Look Like?

WGC *Natural* Product performance

Top subcategories Based on % Dollar Growth

Product Innovation Occurs in Natural and Specialty.

Therefore, watch for increasing consumer demand in the Conventional food store for WGC Pretzels, Crispbreads, Gain/Rice Sides, Frz Entrees

Natural Supermarkets	Specialty Gourmet	Conventional Food Stores
CRISPBREADS & WAFERS & TOASTS	PACKAGED COOKIES	BAKED GOODS
LIFESTYLE & WELLNESS BARS	PACKAGED SHORT PASTA	LIFESTYLE & WELLNESS BARS
PRETZELS	LIFESTYLE & WELLNESS BARS	BREAD LOAVES
BAKED GOODS	PRETZELS	FZ KIDS MEALS SIDES & SNACKS
BREAD LOAVES	BAKED GOODS	PACKAGED SHORT PASTA
FROZEN PIES & BROWNIES & OTHERS	PIZZA SHELLS & FOCACCIA	RICE & ALTERNATIVE GRAIN CRACKERS
GRAIN & RICE DISHES	RICE & ALTERNATIVE GRAIN CRACKERS	PACKAGED COOKIES
FZ KIDS MEALS SIDES & SNACKS	FZ KIDS MEALS SIDES & SNACKS	PIZZA SHELLS & FOCACCIA
FZ VEG LUNCH & DINNER ENTREES	GRAIN & RICE DISHES	PACKAGED GRAINS
KIDS CEREALS	REGULAR RICE CAKES	FROZEN PIES & BROWNIES & OTHERS

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A New Year…

SPINS TRENDWATCH: 2011

SPINS Trend Watch: 2011

Truth in Labeling

- Becoming increasingly relevant for many consumers
- Third party certifications on the rise as there is a need to regulate label claims and empower shoppers to make informed purchasing deci-
- Transparency and accou
- Food safety

SPINS Trend Watch: 2011

2010 Trends Expected to Continue

- The consumer employed more sophisticated shopping strategies at a time with evolving product and channel options
- Segments with notable growth include….

2010 vs. 2009

52 week *Natural* Food & Beverage Dollar Sales	Retail Channel		
	Natural Supermarkets	Conventional Food Stores	Specialty Gourmet Stores
Total Natural Product* $ Sales	9.4%	9.3%	7.5%
Organic (70%+ org content)	8.2%	8.2%	5.4%
Whole Grain Certified	12.3%	11.2%	7.9%
Fair Trade	16.4%	34.6%	21.3%
Non GMO	18.9%	40.2%	23.1%
Gluten Free	15.9%	18.0%	20.4%
Raw*	4.9%	16.8%	5.9%

**Based on upc coded Natural Products . "Natural" products defined by SPINS natural product experts.*
**Raw any % label claim*

Gluten Free

RAW

SPINscan Natural, Specialty Gourmet, and Conventional (powered by Nielsen Scantrack) 52 weeks ending December 25, 2010, Food and Beverage

Key Takeaways

- ✓ Whole Grain Certified products contribute to Natural product growth
- ✓ Consumers vote with their dollars and sales show they are embracing WGC products
- ✓ All Channels are important outlets for Natural WGC products
- ✓ Ingredient trends can play a role in fueling WGC growth in 2011

SPINS Trend Watch: 2011

Quinoa (whole grain)

- This Andean "supergrain" is in high demand for its extraordinary health benefits
- Provides 10 essential amino acids and is high in complete protein content
- Gluten-free and easily digestible
- Appealing to vegans needing to increase protein intake
- Substitute quinoa for rice in just about anything!

SPINS Trend Watch: 2011

A hot ingredient compliment for WGC *Natural* Products

Chia (move over, flax!)

- Help stabilize blood sugar and reduce food cravings
- Provides rich nutrients such as proteins, essential fatty acids, antioxidants, and fiber for sustained energy
- Promotes heart health [though not whole grain]
- Easy to digest (doesn’t have to be ground)
- The seeds are ideal for athletes since they are hydrophyllic , meaning they absorb water to keep us hydrated

Thank you! For more information, please contact SPINS:

SPINS
1111 Plaza Drive, Suite 715
Schaumburg, IL 60173
847-908-1200
www.spins.com | info@spins.com

Appendix

List of Whole Grains

- Amaranth
- Barley
- Buckwheat
- Corn, including whole cornmeal and popcorn
- Millet
- Oats, including oatmeal
- Quinoa
- Rice, including brown and colored rice
- Rye
- Sorghum (also called milo)
- Teff
- Triticale (a rye-wheat hybrid)
- Wild rice
- Wheat, including varieties such as spelt, emmer, farro, Kamut®, durum and forms such as bulgur, cracked wheat and wheatberries

Oldways and the Whole Grains Council

Those in red are Gluten Free

Product Library: Specialty Product Position Coding

Positioning	Grocery	Gen Merch
Specialty Natural Brands/Products are marketed as artisan, premium quality, imported/regional or ethnic/cultural with quality standards similar to a Natural Standard brand.		
Specialty Gourmet Brands/Products marketed to the "foodie" with a discriminating palate. The focus of these brands is more on the high quality or unique taste profile more than its health or environmental component.		
Specialty Conventional Brands/Products have a unique or ethnic profile but are mass produced, usually lacking premium quality (including use of artificial ingredients), or have sales & distribution heavily weighted in FDM.		

Conventional and Conventional Health and Wellness Brand Positions are also coded in our databases.