

## US: Reed's cuts losses, sales rise in Q3

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A growing market for "natural" soft drinks lifted revenue at Reed's by 9% in the third quarter, the US drinks group has said.



Reed's cuts losses in Q3

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Revenue rose to US\$4.2m for the three months ended 30 September, California-based Reed's said today (12 November).

Net loss during the period decreased to \$174,000, down from \$1.5m in the same quarter last year, after the group halved its sales force from 33 to 17.

Reed's attributed its sales growth to rising market demand for drinks containing natural ingredients. "Despite the current economic slowdown, an emphasis on healthier lifestyles is driving demand for natural and organic products," it said.

Sales growth was primarily driven by increases in the company's Virgil's and Reed's Ginger Brews product lines, it said.

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Founder and CEO Chris Reed said: "We recently announced enhanced partnerships with several nationwide grocery stores, including Earth Fare, Quality Food Centers, Yokes Fresh Markets and Rosauers Supermarkets. We also continue to expand our product portfolio, with the recent introduction of Virgil's Real Cola and Reed's Natural Energy Elixir."

Cost savings remain a major focus for the group, however.

Despite slashing its sales team in the third quarter, net loss for the first nine months of 2008 hit \$2.68m, down slightly from \$2.73m in the same period of 2007.

Going forward, Reed's said several initiatives would enable it to trim costs further. These include, raising the price of Reed's Ginger Brew by 20%, annual savings of \$2m from staff cuts made in the third quarter and a plan to add another 3,500 supermarket accounts to the group's current total of 10,500.

Net sales for the first nine months of 2008 rose by 19.3% to \$12.4m.

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