

**MONTHLY REPORT**  
**FOR**  
**AUGUST 2009**

**PREPARED FOR CRANBERRY MARKETING COMMITTEE**

**PREPARED BY SOHN'S MARKET MAKERS**

## 1. GENERAL MARKET SITUATION

- Consumer sentiment improved in August for the fifth straight month to a seven-year high. A survey released by the Bank of Korea put the consumer sentiment index at 114 in August, up five points from 109 in July and the highest since the third quarter of 2002. In the past, the central bank measured the index each quarter, but since July last year it has started compiling these statistics each month. A CSI reading over the benchmark 100 means more consumers believe current economic conditions are better than the average for the past 10 years and expect better economic conditions in the coming months. As a psychological indicator, the CSI tends to reflect current business trends and expectations for two months ahead. A BOK official said that it seems consumers have higher hopes of an economic recovery, with stock and real estate prices increasing as real economic indicators such as production and consumption improve.
- Chuseok, the Korean Thanksgiving, is less than a month away, and the retail industry is pumping holiday promotions and beefing up staff in an effort to get customers to loosen up those purse strings. Local department stores are promoting their gift sets for the upcoming holiday earlier than last year, hoping to further capitalize on what is normally a busy time of the year by running sales for a longer period of time. Revenues from the Chuseok period last year contributed significantly to the industry's profits, and retailers are hoping that is the case again now despite the economic downturn. Lotte Department Store is offering discounts of up to 50 percent to customers who reserve gift sets before Sept. 6 at any of its 25 branches. The company also has increased the number of discounted items by 30 percent this year and strengthened its holiday task force team. Hyundai Department Store is offering as much as 40 percent off advanced purchases of 197 reserved items including hanwoo - Korean beef – and fruit and wine at its seven branches located in metropolitan areas. Hyundai said it decided to boost the discounts by up to 5 percent this year compared with the holiday period in 2008 because many families are still suffering financially from the global economic meltdown. Galleria Department Store in Apgujeong, southern Seoul, will mark down some 160 items by up to 40 percent starting mid August. Shinsegae Department Store is also offering discounts of up to 40 percent on its Chuseok food gift sets until Sept. 6 at its seven major branches, including the one near Express Bus Terminal in Seoul and its mega-store in Busan.

- The battle between big discount store chains and independent merchants is heating up as retail giants continue to open smaller versions of their outlets - known here as super supermarkets, or SSMs - according to industry sources. In response, groups of independent merchants say the markets are threatening their business, and their objections are growing more intense. Lotte Group's Lotte Super opened its 147th SSM branch in Muk-dong, Jungnang District, northern Seoul, and its 148th branch in Hongje-dong, Seodaemun District, central Seoul, during the last week of August. Independent merchants argue that Lotte's actions are unacceptable and are currently holding protests around the nation. Small store owners in some regions are even considering boycotting Lotte products by removing them from their shelves. Late July, when the Small and Medium Business Administration ( SMBA ) advised Samsung Tesco Homeplus to suspend the opening of its super supermarket, Homeplus Express, in Ongnyeong-dong, Incheon, other retail giants, including Lotte, volunteered to delay their store openings as well. The SMBA's action was prompted by a filing from the Incheon Supermarket Cooperative Association against Homeplus Express. As a result, Lotte said it would delay the opening of three SSMs but several days later, the company opened the stores. Groups of small merchants say Lotte continued with its plans to open the stores, covering its name on store signs and effectively preventing the merchants from filing complaints with the government. Early this month, Homeplus opened more than four new Homeplus Express branches, according to retail sources, and late last month, E-Mart opened an E-Mart Everyday, its SSM brand, and plans to open more stores in Seoul. Meanwhile, the Korea Federation of Small and Medium Business have received almost 40 requests for intervention from small retailers nationwide asking that large discount stores be prevented from opening more branches. In July, a number of complaints filed included 22 against Homeplus Express, nine against Lotte Super and six against E-Mart Everyday.

## **2. Industry Information**

- The biggest convenience store chain, GS 25 with 2,000 stores nationwide, launched a new sandwich item, Cranberry Potato Sandwich. In their shelf talk POS, they advertise that this sandwich contains cranberry which is full of polyphenols. This item is made by Topseul, the wholesale bread manufacturer in Korea. The retail price is W1,700.

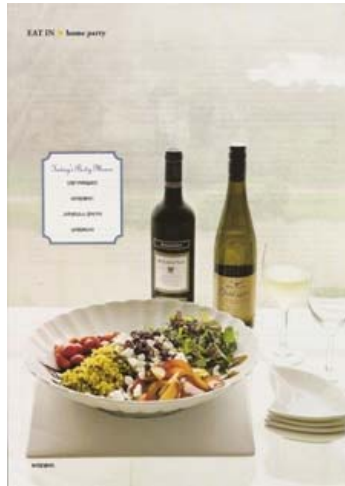
- A Two Some Place is one of the famous coffee chains operated by CJ Foodville. A Two Some Place is well-known for cake and dessert menu and they launched a new chocolate item using dried cranberries and fresh chocolate. Because of using 'fresh' chocolate, the cranberry chocolate product must be chilled and its retail cost is 1,200 won each.

### 3. MEDIA COVERAGE

This month, we monitored 6 media hits: 2 articles in consumer magazines and 4 articles on internet news sites.

Category	# of Articles	Ad Value	Weighted Value
Category 1	0	0	0
Category 2	0	0	0
Category 3	1	30,000	9,000
Category 4	0	0	0
Category 5	5	130,000	20,000
<b>Total:</b>	<b>6</b>	<b>\$130,000</b>	<b>\$29,000</b>

Publication	Monthly <b>Essen</b>
Media Type	Consumer Life Style Magazine
Clipping Type	Category 5
Issue	August 2009
Circulation	100,000
Ad Value	\$5,000
Weighted Value	\$1,000
Content	<b>Recipe Recommendation – Barely &amp; Fruit Salad</b>



Publication	Monthly <b>Bakery</b>
Media Type	Bakery Industry Magazine
Clipping Type	Category 5
Issue	August 2009
Circulation	100,000
Ad Value	\$5,000
Weighted Value	\$1,000
Content	<b>Recipe Recommendation – Whole Wheat Bread Stick</b>



Publication	Daily <b>Segye</b>
Media Type	Internet News
Clipping Type	Category 5
Issue	August 13, 2009
Circulation	2,000,000
Ad Value	\$30,000
Weighted Value	\$6,000
Content	<b>Introducing Non-Alcohol or Low-Alcohol Cocktail</b>

<http://www.segye.com/Articles/NEWS/CULTURE/Article.asp?aid=20090>

[813003579&subctg1=&subctg2=](#)

Publication Daily **Newsis**  
Media Type Internet News  
Clipping Type Category 5  
Issue August 18, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Sales of Cranberry & Almond Granola Cereal of Post are steadily increasing**  
<http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=101&oid=003&aid=0002823353>

Publication Daily **Herald Economy**  
Media Type Internet News  
Clipping Type Category 5  
Issue August 18, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Introducing Dessert with Cranberries providing some protection against cancer**  
[http://www.heraldbiz.com/SITE/data/html\\_dir/2009/08/18/200908180380.asp](http://www.heraldbiz.com/SITE/data/html_dir/2009/08/18/200908180380.asp)

Publication Daily **Medical Today**  
Media Type Internet News  
Clipping Type Category 5  
Issue August 27, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$9,000  
Content **Cranberry alleviates UTI**  
<http://www.mdtoday.co.kr/health/news/index.html?cate=12&no=95819>

#### 4. NEW CRANBERRY PRODUCTS IN THE MARKET

##### Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
GS25	Cranberry Potato Sandwich	Dried cranberries included in the mashed potato filling	W1,700	
A Two Some Place	Cranberry Fresh Chocolate	Fresh Chocolate filled with dried cranberries	W1,200	

#### 5. MARKETING ACTIVITIES

##### Program Management/Trade Communications (M09GXKS001)

CMC Korea office (Sohn's Market Makers) made contacts with following trade to update CMC activities.

##### Ms. Soo-Mee Kim, Marketing Manager, G & L Foods

The former president of G & L Foods left the company, and the marketing manager, Ms. Soo-Mee Kim, took over the responsibilities of activities related to CMC Korea. CMC Korea provided the updates of recent [www.naver.com](http://www.naver.com) online event activity result, and the plan for bakery promotions with Paris Croissant and Tous Les Jours. CMC also informed them about the QSP sample distributions.

##### Mr. Jae-Seong Cho, Assistant Manager, Shinsegae Food

CMC Korea provided the updates of recent [www.naver.com](http://www.naver.com) online event activity result.

Mr. Jae-Woong Lee, President, Allinone International

Allinone International is a major distributor of canola oil to major HRI chains, and they recently made a contract with CJ Freshway, a leading mass catering operator, for dried fruits and nuts. CMC Korea introduced US cranberry products, and encouraged them to also include dried cranberries in their portfolio for the business with the CJ Freshway.

Mr. Sang-Yong Oh, Promotion Specialist, ATO, US Embassy

CMC Korea arranged menu development using US dried cranberries for Culinary Camp, and provided the dried cranberry samples, along with the US cranberry information to be featured in the official brochure.

Ms. So-Young Lee, President, La Cuisine

Ms. Yoon-Kyung Lee, Team Leader, Corporate Consulting Team, La Cuisine

La Cuisine is an upscale cooking academy, as well as a well-known food/menu consulting firm for corporate businesses. They recently opened "sponsored class", a concept of receiving new ingredient samples and have classes for dishes using the samples. La Cuisine allows time for the sponsor company to present on their products during the class, and operate the feedback of class participants responses towards the products through La Cuisine website and the sponsors' websites. They require no cash sponsorship, but only the product samples. As the Quality Samples will arrive this fall, CMC Korea discussed possible participation in this new class with La Cuisine.

**Great American Culinary Camp**

Great American Culinary Camp is an annual event to introduce the latest menu and hot trends of the US restaurant business. This event is co-sponsored by the Agriculture Trade Office of US Embassy and the Culinary Institute of America Alumni Association, and it was held on September 9<sup>th</sup>. CMC Korea took part in the Culinary Camp and supplied 5kg of dried cranberry samples to the camp and provided nutritional information and cranberry photos for the culinary camp brochure. Also, CMC Korea provided cranberry brochures at the reception of Culinary Camp. Cranberries were used in four dishes they developed and we could see one of them on the menu at the luncheon. A total of four recipes were developed and introduced in the Culinary Camp Brochure, including Cranberry Granola Bar, Cranberry Pumpkin Porridge, Cranberry Bulgogi Roulade, and Cranberry Chungdo Banshi Nougat. Out of the four recipes, the Cranberry Bulgogi Roulade was actually sampled as a course at the demo luncheon. In addition to the recipes, one page was allocated for US cranberry introduction in the Culinary Camp Brochure.



< Brochure >



### **Baking Chain Cooperative Promotion (M09GXKS004)**

CMC Korea had a meeting with Paris Croissant, R & D Team and the Marketing Team for possible joint promotions. In order to better fit their needs for a nationwide promotion throughout their some 1,800 stores, CMC also suggested possible co-sponsored promotions, along with California walnuts.

CMC Korea also had a meeting with Tous Les Jours Marketing Team, for a possible promotion co-sponsored with California Walnuts.

Both chains are now reviewing the promotions scheme and further progress will be updated.

### **6. PERFORMANCE MEASURES UPDATES**

<b>Performance Measure</b>	<b>2009 Goal</b>	<b>As of August 2009</b>
Number of cranberry products sold through the home shopping networks	2	1*
Number of cranberry products at retail	68	113
% who have heard of cranberries	71%	N/A**
% that have eaten/drank products containing cranberries	50%	N/A**
% of consumers able to identify at least one health benefit of cranberries	5%	N/A**
% who would be willing to purchase a product containing cranberry	60%	N/A**

\* Hyundai Home Shopping started to sell dried cranberries along with California walnuts.

\*\* For the consumer PMs, informal survey will be done with at least 100 consumers during the bakery/confectionery promotions planned for 2009 marketing year.