

**MONTHLY REPORT  
FOR  
OCTOBER 2008**

**PREPARED FOR CRANBERRY MARKETING COMMITTEE**

**PREPARED BY SOHN'S MARKET MAKERS**

## 1. GENERAL MARKET SITUATION

- Consumers are growing anxious about the safety of their food in the wake of the announcement that snacks imported from China and sold under Korean labels contain high levels of melamine, a toxic substance that causes kidney failure. The Korea Food and Drug Administration in the beginning of October decided to take Haitai Confectionary's Misarang Custard, which is made in China, off the shelves and ban all foods made with Chinese dried milk and dairy products until it is confirmed that they are safe. But health authorities and the confectionery industry are giving the impression that they are only concerned with settling the incident rather than tracing how the substance got into the snacks in the first place. The scandal over melamine-laced products may be only the tip of the iceberg. Korea relies on China for about 80 percent of the ingredients in processed foods sold here. Korea grows only 28 percent of its own grain except rice, and Chinese-made processed foods have a price edge. The problem is that most food we eat that we believe to be Korean is actually Chinese-made. Health authorities are at a loss over the latest food scandal, citing lack of sufficient personnel and budget. According to one food expert, "Chinese foods are craftily circulated on the market by taking advantage of loopholes in country-of-origin labeling and quarantine systems and that it's no exaggeration to say that most of what Koreans eat is Chinese-made."
- Melamine has now also been found in processed egg products imported from China which are used in salad dressing or seasoning. The Ministry for Food, Agriculture, Forestry and Fisheries announced on the 2<sup>nd</sup> week of October that after thorough testing, some melamine was found in five out of nine products tested. Melamine was detected in duck's yolk powder, egg power, albumen power and yolk liquid, 47.1 tons of which were imported from China on April 17 and 18. The ministry ordered the immediate destruction of 23.2 tons currently held by importers and halted shipping of more. However, of the remaining 23.9 tons, companies here have already used 19.2 tons as an ingredient for processed food and supplied 4.7 tons to 11 other firms. Meanwhile, the Korea Food and Drug Administration said it started to trace back melamine-contaminated products through food companies supplied with melamine egg power. The law puts the ministry in charge of checking processed egg products where egg accounts for 80 to 90 percent of ingredients and the KFDA takes care of products where the quantity is lower.

- The Korea Food and Drug Administration (KFDA) announced in October that it will order the closure of importers bringing products containing melamine into Korea, as specified by the Food Sanitary law. This means not only closing down spaces like warehouses or offices, but also restricting the overall importing business. Businesses involved -- including Haitai Confectionary & Foods, Lotte Confectionary, Mars Korea, Nestle Korea, Dongsuh and J&J International -- will suffer from the order, and will be banned from importing food. The KFDA said the use of melamine, which should never be used in food products, is a violation of Article 4 of the Food Sanitary Law. According to the law, if a toxic substance is found by customs, the importer will be suspended for two months; if it is detected while being distributed or circulating in the market, the business will be shut down. The head of the Food Management Division at the KFDA, said that the order means that these companies are forced to close down their business as a food importer. This does not mean they should shut down their other businesses as a manufacturer or distributor, since they did not violate the law as such.

## 2. Industry Information

- Post, one of the most famous food companies, launched a new wheat cereal called "Almond, Cranberry and Granola." It contains 5% US dried cranberries. Its retail cost is W6,300.
- Bizeun, a manufacturer of rice cakes and traditional beverages, showed 'Healthy Berry Rice Cake'. The customer price of the cranberry cake is W1,300.
- One of the most famous bakery cafes in Seoul and Kyunggi area, Beans Beans, introduced a new waffle menu that contains US dried cranberries. Cranberries are used in the dough and for topping. It costs W9,000.

## 3. MEDIA COVERAGE

**This month, we monitored 3 media coverages, 1 article in consumer publications, 1 article in national daily, and 1 article in internet news**

Category	# of Articles	Ad Value	Weighted Value
Category 1	0	0	0
Category 2	0	0	0
Category 3	0	0	0
Category 4	0	0	0
Category 5	3	\$70,000	\$8,000
<b>Total:</b>	<b>3</b>	<b>\$70,000</b>	<b>\$8,000</b>

Publication Monthly **Jubu Life**  
 Media Type Consumer Lifestyle Magazine  
 Clipping Type Category 5  
 Issue October 2008  
 Circulation 1,000,000  
 Ad Value \$10,000  
 Weighted Value \$2,000  
 Content **Cranberry Cream Cheese Spread**




Publication Daily **Chosun**  
 Media Type Consumer Lifestyle Magazine  
 Clipping Type Category 5  
 Date October 24, 2008  
 Circulation 2,000,000  
 Ad Value \$30,000  
 Weighted Value \$3,000  
 Content **Mom's Organic Handmade Cookies**




Publication Daily **Kormedi**  
 Media Type Internet News  
 Clipping Type Category 5  
 Date October 19, 2008  
 Circulation 2,000,000  
 Ad Value \$30,000  
 Weighted Value \$3,000  
 Content 20 Foods for Healthy Longevity  
[http://www.kormedi.com/news/health\\_report/1186868\\_2914.html](http://www.kormedi.com/news/health_report/1186868_2914.html)

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

##### Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Bizeun	Healthy Berry Rice Cake	Rice Cake with Sugared Dried Cranberry and other berries	W1,300	
Beans Beans	Cranberry Waffle	Original Belgium Waffle with Dried Cranberry	W9,000	

##### Others

Brand	Product/Menu Name	Description	Price	Photo
Post	Almond, Cranberry & Granola	Wheat Cereal mixed with almonds, dried cranberries and granola	W6,300	

#### 5. MARKETING ACTIVITIES

##### Program Management/Trade Communications (M08GXSK001)

CMC Korea office ( Sohn's Market Makers ) made contact with the following members of the trade to update them on CMC's activities.

##### G & L Foods

Hee-Joo Kim, President / Soo-Mee Kim, Marketing Manager

; CMC Korea provided G & L copies of Olive Channel Coverage footage for their reference and

use as a PR tool.

#### Shinsegae Foods

Jae-Sung Cho, Assistant Manager, Ocean Spray Brand Manager

; CMC Korea provided Shinsegae of Olive Channel Coverage footage for their reference and also for their use as a PR tool.

#### Orion Co.

Kwan-Joong Lee, Executive Vice President

; CMC Korea provided Orion of Olive Channel Coverage footage for their reference and use as a PR tool.

#### Enzacta International

David Kazanova

; CMC Korea provided assistance on a custom clearance issues for their food supplement item containing cranberry seed powder through US Embassy in Seoul.

#### **Consumer Media Relations (M08GXSK003)**

Sohn's Market Makers arranged an article for generation in Vogue Girl November issue, featuring cranberry juice and dried cranberries as a party snack. The article theme is a pot-lock party hosted by a PR manager for American Cranberries ( Alyssa Cho from Sohn's Market Makers ).

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

<b>Performance Measure</b>	<b>2008 Goal</b>	<b>As of October 2008</b>
Number of cranberry products sold through the home shopping networks	2	1*
Number of cranberry products at retail	30	86
% who have heard of cranberries	10%	N/A**
% that have eaten/drunk products containing cranberries	8%	N/A**
% of consumers able to identify at least one health benefit of cranberries	2%	N/A**
% who would be willing to purchase a product containing cranberry	10%	N/A**

\* Lotte Home Shopping featured US dried cranberries as a test market item.

\*\* For the consumer PMS, informal survey will be done to determine the estimated results at consumer cooking classes that CMC Korea conducts for other US food items.