

**MONTHLY REPORT
FOR
April 2009**

PREPARED FOR CRANBERRY MARKETING COMMITTEE

PREPARED BY SOHN'S MARKET MAKERS

1. GENERAL MARKET SITUATION

■ Competition is about to get fiercer for neighborhood supermarkets as another large retailer prepares to open smaller branches nationwide. Shinsegae Group, which runs Korea's biggest discount store chain E-Mart, announced on Monday its plans to open three supermarkets smaller than 330 square meters, in Sangdo-dong and Daebang-dong in southwestern Seoul and Garak-dong in southeastern Seoul, in July under the brand "E-Mart Everyday." Until now, the retail group has only operated stores over 9,900 square meters in size, but a lack of available land has placed limits on the company's expansion plans, it said. This isn't the first time large retailers have tried to hone in on smaller discount stores, known in local business parlance as "super supermarkets," or SSMs. Three of Shinsegae's competitors have already entered the SSM industry, which they say is good source of revenue in a saturated retail landscape. Samsung Testco Homeplus runs 131 branches of its smaller franchise, called Homeplus Express, while branches of Lotte Group's Lotte Super number 116, GS Retail operates 111 SSMs, which it calls GS Supermarkets. Homeplus opened its first Homeplus Express in 2004, and the SSM chain posted sales for last year of 400 billion won (\$300 million), a 50 percent increase from 2007. Lotte Super sales also jumped 45.5 percent last year from a year earlier to 850 billion won. GS Super also posted sales of 870 billion won last year. But Korea's privately owned neighborhood supermarkets and self-employed merchants are furious.

■ Cash-strapped consumers are increasingly turning to smaller and more efficient products, according to retail industry reports. In response, producers, mainly of food and beverages, are packaging their products in smaller sizes and quantities. Companies say demand for smaller portions is a rational response to the economic downturn and a peripheral part of the "well-being" trend, as families eat less to stay healthy. CJ Cheiljedang, the nation's leading food manufacturer, has found success with its 80-gram (2.82-ounce) sliced Spam Singles, a fraction of the size of the 340 and 240 gram original products. Kook Soon Dang, a leading beverage producer, also has a hit on its hands with its traditional wine in smaller, 75-milliliter bottles, one-fifth the size of the original 375-milliliter version. While some 40,000 mini wine beverages were sold last July, 200,000 were sold last month. The small bottle contains enough for two small glasses. Hite Brewery, the nation's biggest brewer, now sells 250-milliliter Hite Minis, targeting younger females who would rather drink smaller amounts. Nongshim, the nation's largest instant noodle maker, has also released miniature packets of its best-selling ramen product, Shin Ramyeon. The new portions are just one-third the size of the original at 120 grams. The company said its target is female consumers looking to cut

their calorie intake. Hotels are even offering personalized dining services with custom-sized portions.

- More Koreans are purchasing relatively costly vegetables to maintain quality of life, despite nervous consumer sentiment, according to the online marketplace Auction. Year-to-year online vegetable sales increased 138 percent in March, as the price of greens, including lettuce and chicory, has soared in the past month. The National Statistical Office recently announced that lettuce costs 72.7 percent more, onions 107.2 percent more, and red peppers 31.7 percent more last month than in March 2008. In the past, the online marketplace hadn't seen many orders for over 1 kilogram (2.2 pounds) of organic vegetables at a time, but the number of consumers placing larger orders is increasing, Auction said. For example, in order to stay healthy, consumers are ordering several kilograms of greens to cook vegetable soups, which the retail industry has dubbed a new health trend. Vegetable sales even increased after KBS1-TV's "The Secret of Human Life" told viewers vegetable soup is good for your diet because it contains lots of minerals and vitamins. Year-on-year sales of veggies in KBS's soup - carrots, onions, cabbage and pumpkin - increased 240 percent last month. Consumers are even trying to grow their own greens. Sales of vegetable seeds increased 68 percent last month on-year. Tomato, lettuce, crown daisy and Korean leek seeds are also very popular, according to the online marketplace.

2. Industry Information

- Chocotech, a chocolate confectionary company, has launched a new item, Cranberry Fruit Chocolate. On their new product promotion box, it is printed that cranberries are red berries with a sour taste and are often used to make a sauce or jelly that you eat with meat. There are 30 pieces in a box and they are sold by the piece. It costs W500 per piece.
- Samyang Food, a bakery ingredient manufacturer/distributor, who recently received QSP dried cranberry samples for product testing, conducted new product development tests using dried cranberries. The product is a DIY nutrition bar mix named "Well-Being Nut Bar". A recent focus of Samyang's is premixed product lines, targeting single customers and double income couples, and this new product allows consumers to shape their own

nutrition bar at home using the premix. This new product should be in retail stores in mid May.

3. MEDIA COVERAGE

This month, we monitored 8 media coverages: 3 articles in consumer magazines and 5 articles on Internet news sites.

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	8	165,000	33,000
Total:	8	\$165,000	\$33,000

Publication Monthly **Casa Living**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue April 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Recipe Recommendation – Cranberry Sorbet**



Publication Monthly **Enfant**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue April 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Recipe Recommendation – Berry Lime Punch**



Publication Monthly **Essen**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue April 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Recipe Recommendation – Pomegranate & Cranberry Korean Vodka Cocktail**



Publication Daily **E-Daily**
Media Type Internet News
Clipping Type Category 5
Issue April 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Smoothie King launched a new menu – Cranberry Cooler**
http://efn.edaily.co.kr/Brandnews/NewsTotalRead.asp?sub_cd=DJ&newsid=02194326589660384

Publication Daily **Kormedi**
Media Type Internet News
Clipping Type Category 5
Issue April 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Berries including Cranberry are good for preventing skin damage**
http://www.kormedi.com/news/article/1189071_2892.html

Publication Daily **Asia Today**
Media Type Internet News
Clipping Type Category 5
Issue April 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Tous les Jour launched a new product – Cranberry & Grain Bread**
<http://www.asiatoday.co.kr/news/view.asp?seq=234500>


Publication Daily **Focus**
Media Type Internet News
Clipping Type Category 5
Issue April 2009
Circulation 2,000,000
Ad Value \$30,000

Weighted Value \$6,000
 Content **Bizeun introduces Rice Cake with Berries for Mother’s Day**
<http://www.fnn.co.kr/content.asp?aid=d997821940a44503a8002a5137c5d325>

Publication Daily **Hankook Economy**
 Media Type Internet News
 Clipping Type Category 5
 Issue April 2009
 Circulation 2,000,000
 Ad Value \$30,000
 Weighted Value \$6,000
 Content **Lotte launched a new product – Del Mont Berry & Berry Juice**
<http://www.hankyung.com/news/app/newsview.php?aid=2009041289091>

4. NEW CRANBERRY PRODUCTS IN THE MARKET

Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Chocotech	Cranberry Fruit Chocolate	Bite size chocolate with dried cranberries	W 500	

5. MARKETING ACTIVITIES

Program Management/Trade Communications (M09GXKS001)

CMC Korea office (Sohn’s Market Makers) made contacts with following trade members:

Samyang : Mr. Sung-Joo Hong, Task Force Team Consultant

Samyang is the leading flour, sugar and noodle manufacturer and also handles premixed products as well as retail shop ‘Mix & Bake’. After CMC provided the QSP samples last November, Samyang

expressed interest in cranberry product testing, and as a result, they developed a new cranberry product. It is a type of cereal premix product that will be released next month.

Consumer Media Relations (M09GXKS003)

Health Chosun, a leading health publication affiliated with the biggest media group in Korea, Chosun Ilbo, is planning to publish a special supplement book to be distributed this fall. They are planning to focus on some of healthy food items and introduce health benefits of these items. CMC had meetings with the chief editor and discussed the possible inclusion of cranberries in this book. More details will be available soon.

Baking Chain Cooperative Promotion (M09GXKS004)

CMC had a meeting with Boulangerie, which operates 140 in-store bakery chains in Lotte Department Store & Lotte Mart chains, as well as 200 Angel-in-us coffee shop chains nationwide, and proposed a joint promotion featuring cranberry products. Recently, they tested new items with US dried cranberries, which were provided as QSP samples by CMC Korea, and developed two new items. Upon launching, CMC proposed possible promotion support. Further progress will be included in future updates.

6. PERFORMANCE MEASURES UPDATES

Performance Measure	2009 Goal	As of April 2009
Number of cranberry products sold through the home shopping networks	2	0*
Number of cranberry products at retail	68	105
% who have heard of cranberries	71%	N/A
% that have eaten/drunk 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

* No TV home shopping is selling cranberry products, but 2 of their internet shops are selling dried cranberries (NS Home Shopping online and Hyundai Home Shopping online).

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