

MONTHLY REPORT

FOR

June 2009

PREPARED FOR CRANBERRY MARKETING COMMITTEE

PREPARED BY SOHN'S MARKET MAKERS

1. GENERAL MARKET SITUATION

- Korean food prices were the second highest among 30 OECD member countries. According to an OECD consumer price index for May, food prices in Korea rose by 11 percent from a year ago, second only to 17.5 percent in Iceland. Iceland is bankrupt and received a US\$2.1 billion bailout from the International Monetary Fund in November, making Korea's food price growth the highest among functioning OECD economies. Since the G7 average and OECD average are 1.9 and 2.7 percent, food prices in Korea rose four to six times more than in other advanced economies. Overall consumer prices rose 2.7 percent in Korea, while the OECD average was only 0.1 percent. The rising trend continued in June. According to a report by the National Statistical Office in the 1st week of June, food prices in Korea increased by 8.1 percent in June from a year ago.
- Growth of the consumer prices remains stable below 3 percent at 2.7 percent, a monthly government report shows, but real food prices are skyrocketing. The Korea Agro-Fisheries Trade Corporation has been examining the prices of food and daily necessities in 25 shops and traditional markets nationwide. As of the last week of June, it found that compared to a year earlier Chinese cabbage had become 77 percent more expensive, radishes 11 percent, bananas 28 percent, chicken 52 percent, eggs 11 percent, milk 20 percent, and mackerel 51 percent. The reasons varied. The increase for Chinese cabbage can be traced back to spring drought, for bananas to the exchange rate, for chicken to increasing preference in domestic chicken due to the tougher regulations on country-of-origin labeling, for eggs and milk to the increase in the price of fodder, and for mackerel to the decrease in fish hauls.
- The latest trend in consumption is SALT, which stands for small, alternative, leisure and traditional, according to the nation's leading discount retailer. E-Mart announced that consumers are spending less these days, based on a survey of 122 of its branches and 110 million customers nationwide conducted from Jan. 1 to June 14. The recent economic decline has driven consumers to spend frugally by buying products in small quantities, which puts less stress on their wallets, it said. When E-Mart introduced vacuum-packed vegetables for 990 won (\$0.78) in March, it sold some 6 million packs in less than three months. Product sales later increased from 30 to 80 percent. The retail industry has been coming up with various marketing strategies that offer

consumers more bang for their buck to accelerate spending, according to major retail companies. Alternative products are those that help consumers save money, and sales of these are up, according to E-Mart's consumption trend report. Instead of eating out, families are cooking at home. Sales of uncooked pasta and sauce increased 73 and 82 percent on-year, respectively, double the figure from last year. Sales of E-Mart's Home Meal Replacements, or HMRs, which include ready-made skewered salmon with vegetables and carbonara sauce, were at 15 million won when the product was introduced early this year. In less than two months, sales had increased 20 percent to 18 million. Consumers are also buying cheaper meats like pork or chicken rather than Korean beef. Sales of pork and chicken increased 21 and 82 percent, respectively, while hanwoo sales increased only 8 percent. Despite consumers cutting costs on daily necessities, the E-Mart report showed consumers are still willing to spend a lot on items for leisure activities.

2. Industry Information

- Korean Bio Pharm, one of the biggest health food manufacturers, supplies various nutritional supplements to major pharmaceutical companies and sells those products at on/off line retail market. Berrichz is a new brand launched by Korean Bio Pharm of healthy food products with 3 kinds of berries – Cranberry, Blueberry and Raspberry. The retail price of sugared dried cranberries (25g) in a glass bottle is W5,900. 15 gram of sugared dried cranberries in a pouch is W2,900 and dark chocolate balls filled with dried cranberries in a glass bottle is W4,900.
- Orion Confectionery is a leading confectionery/snack manufacturer with about \$400 million annual sales. Last year, it announced a well-being project named "Dr. You", developed in cooperation with Dr. You from Seoul University Hospital, with the objective of making healthier snacks. Recently, an upgraded version of the popular Dr. You cereal and nutrition bar was introduced named Dr.You Collection and this product contains 3 percent US dried cranberries . The customer price is W1,200.

3. MEDIA COVERAGE

This month, we monitored 10 media coverages: 4 articles in consumer magazines and 6 articles in 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	10	240,000	48,000
Total:	10	\$240,000	\$48,000

Publication Monthly **Men's Health**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue June 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Searching Unfamiliar Fruit – Cranberry**



Publication Monthly **Living Sense**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue June 2009

Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content

Introducing Well-Being Nut Bar of Samyang



Publication Monthly Women Sense
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue June 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content

Introducing Well-Being Nut Bar of Samyang



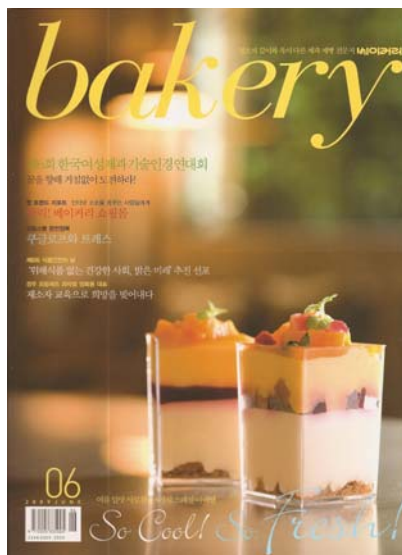
Publication Monthly **Yeosung Donga**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue June 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Advertisement for "Amond, Cranberry and Granola" cereal by Post**



Publication Monthly **Yeosung Donga**
 Media Type Consumer Life Style Magazine
 Clipping Type Category 5
 Issue June 2009
 Circulation 100,000
 Ad Value \$5,000
 Weighted Value \$1,000
 Content **Introducing Well-Being Nut Bar of Samyang**



Publication	Monthly Bakery
Media Type	Consumer Life Style Magazine
Clipping Type	Category 5
Issue	June 2009
Circulation	100,000
Ad Value	\$5,000
Weighted Value	\$1,000
Content	Recipe Recommendation – Broccoli & Sausage Sandwich with Cranberry & Brown Rice Bread



Publication	Daily Financial News
Media Type	Internet News
Clipping Type	Category 5
Issue	June 15, 2009
Circulation	2,000,000

Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Baskin Robbins' "Berry Mix Blast"**
http://www.fnnews.com/view?ra=Sent1001m_View&corp=fnnews&arcid=00000921683712&cDateYear=2009&cDateMonth=06&cDateDay=15

Publication Daily **Yeonhap News**
Media Type Internet News
Clipping Type Category 5
Issue June 15, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Baskin Robbins' "Berry Mix Blast"**
<http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=101&oid=001&aid=0002715391>

Publication Daily **Sports World**
Media Type Internet News
Clipping Type Category 5
Issue June 3, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Cranberry Aid, Grapefruit Aid and Litchi Aid
of Omutotomato**
<http://sportsworldi.segye.com/Articles/LeisureLife/Article.asp?aid=20090603004513&subctg1=25&subctg2=00>

Publication Daily **MoMo News**
Media Type Internet News
Clipping Type Category 5
Issue June 3, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Cranberry, Grapefruit, and Litchi Aid**
http://momonews.com/sub_read.html?uid=3593§ion=section8





Publication Daily **Prime Economy**
Media Type Internet News
Clipping Type Category 5
Issue June 2, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Cranberry, Grapefruit and Litchi Aid**
<http://www.newsprime.co.kr/news/articleView.html?idxno=87799>

Publication Daily **Morning News**
Media Type Internet News
Clipping Type Category 5
Issue June 2, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Introducing Cranberry, Grapefruit, and Litchi Aid**
<http://morningnews.co.kr/article.php?aid=124390996613335027>

Publication Daily **Mail Economy**
Media Type Internet News
Clipping Type Category 5
Issue June 1, 2009
Circulation 2,000,000
Ad Value \$30,000
Weighted Value \$6,000
Content **Dried cranberry consumption has increased 24 percent**
<http://news.mk.co.kr/outside/view.php?year=2009&no=309203>

4. NEW CRANBERRY PRODUCTS IN THE MARKET

Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Berrichz	Cranberry – Dried Original	Sugared dried cranberries in a glass bottle	₩5,900 (25g)	
Berrichz	Cranberry - Chocolate	Chocolate balls filled with dried cranberries in a glass bottle	₩4,900	
Berrichz	Cranberry – Dried Original	Sugared Dried Cranberries in a pouch	₩2,900 (15g)	
Orion	Dr.You – Collection	Cereal bar with various nuts and dried cranberries	₩1,200	

5. MARKETING ACTIVITIES

Program Management/Trade Communications (M09GXKS001)

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

Shinsegae ; Mr. Jae-Seong Cho, Assistant Manager, Overseas Purchasing Team / Seok-ho Shin, Overseas Purchasing Team

CMC Korea is planning to have online media quiz event with www.naver.com and for the prize by lucky draw to the quiz participants, cranberry juices will be given. CMC arranged the juice purchase with Shinsegae Food, who is the Ocean Spray cranberry juice distributor in Korea, and the 24 bottle set of 12 oz cranberry juice cocktail will be given to 100 winners.

G & L Food : Ms. Hee-Joo Kim, President / Soo-Mee Kim, Marketing Manager

CMC Korea kept G & L Food informed about the planned PR event with the internet portal site www.naver.com.

Great American Culinary Camp

Great American Culinary Camp is an annual event to introduce the latest menus and hot trends of US restaurants. This event is cosponsored by U.A Agriculture Trade Office and C.I.A Association and it will be held on September in 2009. CMC Korea supplied 3kg of dried cranberry samples to the camp. Also, CMC Korea provided nutritional information and cranberry photos for the culinary camp brochure.

Consumer Media Relations (M09GXKS003)

CMC is arranging a consumer quiz event through the biggest internet portal site www.naver.com as follows:

■ **Activity Description**

Start a consumer communication throughout massive media, positioning US cranberries with a healthy, friendly image.

1. Create an event ad flash image
 - ; using cranberry beauty shots, develop a flash ad image
 - ; with a simple Korean copy of "what is this beautiful red fruit? – let's take the quiz and get prizes!".
2. Create a quiz webpage
 - ; Develop a very simple explanation webpage about the quiz event that can actually lead to the Quiz webpage, once the participants fill in the basic demographic forms
 - ; Develop 5 to 10 questions with answers to select, which can best feature strength of cranberries from the correct answers
 - ; Click on the ad image will link to this quiz webpage
 - ; After clicking the answers, the correct answers will appear (the answers will appear at every quiz step, so that quiz participants have to see the correct answers before they move to next question and finally complete the quiz.
 - ; Only among the participants who complete the quiz will get the chance of winning prizes by lucky draw

; Link to CMC Korean Website for further information

3. After the event, the quiz responses will also be used as the benchmarks of consumer perception of US cranberries.

■ **Media Plan**

www.naver.com

- ; the most powerful, leading internet portal site in Korea
- Weekly visitors are 24 million (comparison – 5th site Yahoo Korea has 9 million)
- ; Main Banner in the starting page – rolling with 100 ad accounts
- ; Run the ad for 1 week (minimum unit) for 5 accounts
- ; Expected to be exposed to total 20 million visitors (including duplicated visitors)

■ **Prize**

Cranberry Juice Sets 12 oz x 24 bottles directly mailed to 100 winners by luckydraw

Baking Chain Cooperative Promotion (M09GXKS004)

CMC had meetings with Tous Les Jours, the 2nd biggest bakery chain in Korea with about 1,000 stores nationwide, operated by CJ Foodvill, the giant food group. The bakery promotion under discussion would feature cranberry products along with walnut products as a healthy choice concept in September of this year. Another meeting for joint promotion was made with Bennigan’s restaurant chain. Bennigan’s is currently selling Cranberry Orange Juice at their 30 stores nationwide, and CMC has proposed a joint promotion featuring the cranberry item. Further discussion will be followed up for both possible promotions.

6. PERFORMANCE MEASURES UPDATES

Performance Measure	2009 Goal	As of June 2009
Number of cranberry products sold through the home shopping networks	2	1*
Number of cranberry products at retail	68	110
% 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**
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.