

**MONTHLY REPORT**

**FOR**

**May 2009**

**PREPARED FOR CRANBERRY MARKETING COMMITTEE**

**PREPARED BY SOHN'S MARKET MAKERS**

## 1. GENERAL MARKET SITUATION

- Korean consumers grew much more confident in April, helped by the recent rise of Seoul stocks and a record current account surplus, according to the Bank of Korea. Still, it is uncertain whether the trend will continue, the central bank said. On the same day, the Korea Institute of Finance, a leading think tank, lowered its forecast for the nation's 2009 economic growth to minus 2.8 percent. A BOK report yesterday showed the consumer survey index, which measures consumer attitudes about the nation's and individuals' economic conditions, rose from 84 in March to 98 in April, the highest since the central bank began releasing the CSI monthly in July 2008. The index is based on a survey of about 2,200 households nationwide conducted from April 14 to 21. Still, a reading below 100 indicates pessimists outnumber optimists. The upbeat data came as Korea's gross domestic growth unexpectedly grew by 0.1 percent in the first quarter from the previous quarter, though it shrank on-year by 4.3 percent. Separately, the KIF lowered its forecast for the Korean economy this year to a contraction of 2.8 percent from growth of 1.7 percent. The revised forecast is lower than the BOK's forecast that the economy will shrink 2.4 percent.
  
- Korea's retail conglomerates are painting a bright outlook for the country's consumer economy, saying the worst may be over. According to the latest data from the Korea Economic Daily, out of 37 domestic retail CEOs surveyed, nearly 60 percent said they expect the consumer economy to start recovering beginning in the latter half of this year. Those participating in the survey included heads of department stores, discount stores, online shopping and outlet malls. When retail conglomerates were asked when they forecast the consumer economy to start bouncing back, 35 percent said the fourth quarter of this year, while almost 25 percent said the third quarter. Meanwhile, over 30 percent predicted the economy to show signs of improvement starting next year. When asked about the future of the distribution industry after the second quarter, 15 people said they believe conditions will remain about the same as the first quarter while seven people expected the climate to worsen somewhat. As for the reasons behind such rosy prospects, many attributed the outlook to the stabilization of financial markets and the visualization of the economic stimulus plans. However, there were slightly differing views on the basis of recovery, as some saw the stabilization of financial markets as the key to improving consumer sentiment while others believed that economic recovery can only take place if real estate, currency exchange and stocks all normalize.

- A virus that causes food poisoning has been discovered in the ice used for beverages at international franchises around the country. The Korea Food and Drug Administration says it detected an excessive number of bacteria in iced coffee and red-bean sherbet sold in 18 stores of 11 companies including Starbucks, Coffee Bean & Tea Leaf, McDonald's and Burger King. The KFDA ordered the stores to suspend business temporarily, sterilize cooking kits, and strengthen personal hygiene education.
- At a crisis management meeting in May, Korea's Finance Minister said he expects rising consumer prices to stabilize at around two percent in May on the back of the strengthening Korean won against the U.S. dollar. He also pointed out that prices of produce and other food products are still rising, causing a burden on consumers when it comes to shopping for daily necessities. He added that a potential increase in the price of crude oil will likely help trigger inflation in coming months. Consumer prices rose 3.6 percent in April from a year earlier, posting the slowest pace in 14 months and prompting the Bank of Korea to hold its key interest rate steady for the third straight month.

## **2. Industry Information**

- The biggest worldwide coffee chain, Starbucks with 290 stores nationwide, launched a new sandwich item, Chicken Cranberry on Multigrain Bread. This item is made by Chosun Hotel Bakery, one of the biggest hotel bread manufacturers in Korea. Chosun Hotel Bakery is supplying bread and cake items to restaurants and cafes under direct management of Chosun Hotel and Dalloyau, the bakery chain which is part of E-mart. The retail cost of Chicken Cranberry on Multigrain bread is W 4,200.
- "Almond, Cranberry and Granola" cereal by Post, which was launched last October, is being featured in a new TV commercial with members of the hottest girl band "Girls Generation." In the commercial, they mention and introduce cranberries as a major ingredient in the cereal product. As this girl band is so popular in Korea, the back-stage footage of filming the commercial is also on many Internet sites.



### 3. MEDIA COVERAGE

This month, we monitored 10 media coverages: 4 articles in consumer magazines and 6 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	10	200,000	40,000
<b>Total:</b>	<b>10</b>	<b>\$200,000</b>	<b>\$40,000</b>

Publication	Monthly <b>Health Chosun</b>
Media Type	Consumer Life Style Magazine
Clipping Type	Category 5
Issue	May 2009
Circulation	100,000
Ad Value	\$5,000
Weighted Value	\$1,000
Content	<b>Introduction of Organic Cranberry Lemonade</b>



Publication	Monthly Yeosung Chosun
Media Type	Consumer Life Style Magazine
Clipping Type	Category 5
Issue	May 2009
Circulation	100,000
Ad Value	\$5,000
Weighted Value	\$1,000
Content	Recipe Recommendation – Cup Cake with Dried Fruit



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



Publication Monthly **Food Journal**  
 Media Type Food Trading Magazine  
 Clipping Type Category 5  
 Issue May 2009  
 Circulation 100,000  
 Ad Value \$5,000  
 Weighted Value \$1,000  
 Content **Introducing Berry & Berry of Del Monte**



Publication Daily **Newsis Health**  
Media Type Internet News  
Clipping Type Category 5  
Issue May 24, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Introducing Well-Bing Nut Bar of Samyang**  
<http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=102&oid=003&aid=0002689575>

Publication Daily **Kookmin**  
Media Type Internet News  
Clipping Type Category 5  
Issue May 20, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Introducing Well-Bing Nut Bar of Samyang**  
<http://news.kukinews.com/article/view.asp?page=1&gCode=kmi&arcid=1242814741&cp=nv>

Publication Daily **Asia Economy**  
Media Type Internet News  
Clipping Type Category 5  
Issue May 20, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Introducing Well-Bing Nut Bar of Samyang**  
<http://www.asiae.co.kr/uhtml/read.jsp?idxno=2009052011513140460>

Publication Daily **Financial News**  
Media Type Internet News  
Clipping Type Category 5  
Issue May 20, 2009  
Circulation 2,000,000  
Ad Value \$30,000  
Weighted Value \$6,000  
Content **Introducing Well-Bing Nut Bar of Samyang**

[http://www.fnnews.com/view?ra=Sent1001m\\_View&corp=fnnews&arcid=00000921658818&cDateYear=2009&cDateMonth=05&cDateDay=20](http://www.fnnews.com/view?ra=Sent1001m_View&corp=fnnews&arcid=00000921658818&cDateYear=2009&cDateMonth=05&cDateDay=20)

Publication Daily **Seoul Economy**

Media Type Internet News

Clipping Type Category 5

Issue May 13, 2009

Circulation 2,000,000

Ad Value \$30,000

Weighted Value \$6,000

Content **Introducing Cranberry Layered Cake of Baskin Robbins**

<http://economy.hankooki.com/lpage/industry/200905/e2009051318241247670.htm>

Publication Daily **Naeil**

Media Type Internet News

Clipping Type Category 5

Issue May 13, 2009

Circulation 2,000,000

Ad Value \$30,000


Weighted Value \$6,000

Content **Introducing Sweet Cream Cranberry Pizza of Chipola Rosso, Italian Restaurant**

<http://www.naeil.com/News/politics/ViewNews.asp?num=470064&sid=E&tid=2>

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

##### Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Starbucks	Chicken Cranberry on Multigrain Bread	Chicken sandwich with dried cranberries and vegetables	₩ 4,200	

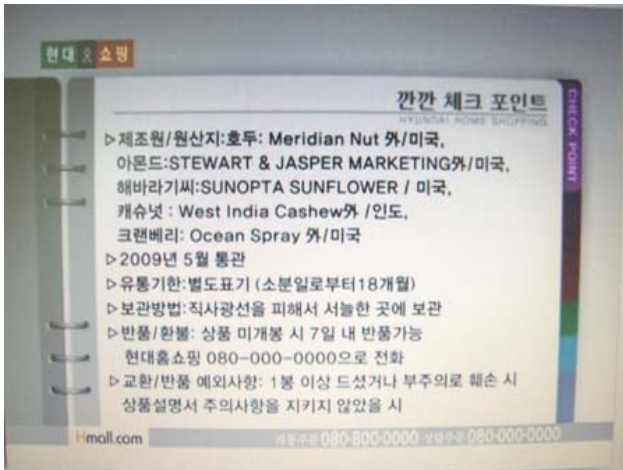
## 5. MARKETING ACTIVITIES

### Program Management/Trade Communications (M09GXKS001)

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

#### Dongsung Cheil Global Trading :

Dongsung Cheil Global is the leading California walnut importer/distributor, and supplies directly to Hyundai Home Shopping, one of the major five nationwide TV Home Shopping channels. Dongsung sold California walnuts, dried cranberries and other nuts as a walnut gift set on May 21, 24, 28 and June 4, 5, 9, and is planning two more sale segments in June.



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

CMC Korea met with G & L Food, the agent for Ocean Spray ingredient division to discuss the current market situation. According to G & L, the market has been gradually increasing, seeing continued new product launching, while there has not been product withdraws after launching. However, in order for a bigger increase, they believe more powerful PR would be

required, and CMC discussed the PR opportunities for this marketing year, which is the online quiz/survey event and bakery promotions.

### Consumer Media Relations (M09GXKS003)

CMC searched for a new PR opportunity through online event

#### ■ Proposed Activity

Start consumer communication through massive media, positioning cranberries as a healthy and yet fashionable food item.

##### 1. Create an event ad image

- Use one of the beauty shots from headquarters
- Have a short mention of the chances of getting prizes with the event

##### 2. Create a quiz webpage

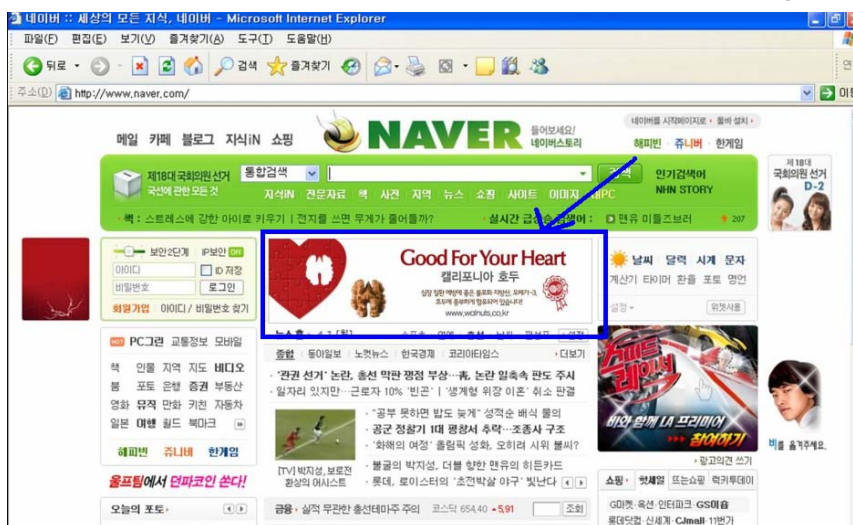
- Develop 5~10 questions about cranberries that can best describe and well position cranberries among Korean consumers
- Clicking on the ad image will link to this quiz webpage
- After completing the quiz, the correct answers will appear, and by lottery of people who have completed the quiz, provide prizes.
- Link to CMC Korean Consumer Website for further information

##### 3. After the event, the quiz responses will also be used as the Consumer Survey result about the perception of cranberries.

#### ■ Proposed Media

[www.naver.com](http://www.naver.com)

- The most powerful, leading internet portal site in Korea  
24 million weekly visitors (comparison – 5<sup>th</sup> 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 exposure to 20 million visitors ( including duplicate visitors)



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

CMC is exploring promotional opportunities for a joint promotion with Paris Croissant, which is the biggest bakery chain in Korea, and also possible in-store promotions at E Mart, which is the biggest hypermarket chain in Korea, featuring various cranberry products including cranberry juice, dried cranberries and any other available cranberry commercial products at the stores.

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

<b>Performance Measure</b>	<b>2009 Goal</b>	<b>As of April 2009</b>
Number of cranberry products sold through the home shopping networks	2	1*
Number of cranberry products at retail	68	106
% 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.