

**MONTHLY REPORT
FOR
NOVEMBER 2009**

PREPARED FOR CRANBERRY MARKETING COMMITTEE

PREPARED BY SOHN'S MARKET MAKERS

1. GENERAL MARKET SITUATION

- Korea's food prices grew at a relatively faster pace than other major economies in October - according to a report by the Organization for Economic Cooperation and Development, South Korea's consumer prices for food jumped 4.7 percent in October from the same month a year earlier. It marked the fifth-biggest gain among member countries of the Paris-based organization. Korea's consumer prices grew at the fastest pace in six months in November, as prices of food and alcoholic beverage increased. According to a report by Statistics Korea, the consumer price index rose 2.4 percent last month from a year earlier, accelerating from a 2 percent on-year advance the previous month. It was the fastest annual gain since May when prices jumped 2.7 percent. Consumer prices rose 0.2 percent from a month ago, a turnaround from the previous month's 0.3 percent decline.
- Home shopping sales in South Korea hit an all-time high in September thanks mainly to increased consumer spending, a government report showed in the beginning of November. Yonhap News reported that total sales for the country's home shopping companies surged 44 percent on-year to 569.6 billion won (USD \$490 million) in September, according to the report by the National Statistical Office (NSO). The figure, which was up 30 percent from August, marks the first time that monthly home shopping sales have topped the 500 billion won mark since the NSO started compiling related data in January 2008. Monthly sales for home shopping companies surpassed sales at local convenience stores (which came to 554.9 billion won in September) for the first time ever. In addition, combined nonstore retail sales, including home shopping and online shopping, rose 22.8 percent on-year to 2.54 trillion won in September. According to an NSO official, nonstore retail sales have been increasing due to a change in consumption patterns and rising consumer spending. It remains to be seen whether a rise in home shopping sales in September were the direct result of the wide-spreading Influenza A virus in South Korea.
- Koreans' spending on basic living necessities grew at the fastest pace in nearly two years in September as a better-than-expected economic recovery encouraged consumers to open wallets, data showed in November. According to the data by the Ministry of Strategy and Finance, and Statistics Korea, the local consumption of foods, clothing, and housing increased 6.7 percent in September from a year earlier, the fastest clip since October in 2007. The September reading marked a sharp turnaround from December last year when the

consumption data posted a 7 percent on-year decline, the worst contraction since 1997, the data showed. The consumption rebound in September came as the ongoing economic recovery eased shoppers' jitters over income decline and unemployment.

- Koreans are spending more on food, clothing and accommodations as they become more confident about the economic outlook. Consumer spending on basic living needs increased 6.7 percent in September, according to data from the Finance Ministry and Statistics Korea. It is the fastest pace of growth since October 2007. Consumption of clothes rose 1.6 percent in September from a month earlier, in a turnaround from a year of decline. In December of last year, spending on clothes plunged 15.7 percent. Sales of quasi-durable goods, such as clothes, shoes and bags, increased 2.5 percent, the fastest gain since August last year. Fashion products are among the consumer items most sensitive to economic cycles. Car sales registered 65.8 percent growth over the same period, the fastest pace of monthly growth on record. Last November, they had dropped 28.4 percent. Improvement on the consumer side is seen as essential for Korea to recover from the global economic crisis, after the government spent massive amounts out of state coffers to jumpstart the economy. Consumers kept their wallets closed until early this year, after a sharp contraction in the Korean and global economy shattered their confidence. Last December, when the crisis was at its peak, consumer spending on food, clothing and accommodation shrank by an average of 7 percent, the largest drop since the 1997-98 Asian financial crisis. However, consumer confidence is improving quickly, buoyed by a flurry of positive economic news. Korea's gross domestic product increased 2.9 percent in three months through September from three months earlier, the fastest pace of growth in more than seven years. The consumer confidence index rose to its highest level in more than seven years in October, while sales at the nation's major department stores rose for a seventh consecutive month in September.

2. Industry Information

- One of Korea's doughnut brands, Doughnut Plant New York City, launched new cake menus. The tiramisu cake series has 3 flavors – plain Tiramisu, Mangomisu, and Berrymisu. Berrymisu has an attractive pink color and sweet and sour taste, with cranberry, blueberry and strawberry flavors present. The retail cost is W3,800 and this menu is available only at the myoungdong and kangnam branches.

- The Korean style traditional pub, Dook-Tak, introduced a new unrefined well-being rice wine menu. Unrefined rice wine is made from fresh well-being rice and mixed with fresh fruits, berries or cereals. Cranberry rice wine was introduced as healthy food for insomnia on their website. Its cost is W8,000 for 1,000ml, W4,000 for 500ml, and W3,000 for 330ml.

3. MEDIA COVERAGE

This month, we monitored 11 media pick-ups, including 1 article in a bi-monthly newspaper, 7 articles in internet news sites and 3 articles in internet blogs.

Category	# of Articles		Weighted Media Value	
	Nov. 09	Jan~Nov 09	Nov. 09	Jan~Nov 09
Category 1	3	8	\$6,000	\$74,000
Category 2	0	0	\$0	\$0
Category 3	1	5	\$10,000	\$24,000
Category 4	1	2	\$2,500	\$10,000
Category 5	6	86	\$36,000	\$374,000
Total	11	101	\$54,500	\$482,000

Cranberry News Article

Media	Bi-Monthly Food & Drink
Media Type	Trade Newspaper
Date	November 9 th , 2009
Circulation	50,000
Ad Value	USD \$10,000
Weighted Value	USD \$2,000
Content	Cranberry's effect on preventing urinary tract infections approved <i>Monature</i> announced their entry into the market

Monature (CEO, Kyungjin Woo), which is an enterprise that researches and develops functional foods, recently reported acknowledgment from the Korea Food & Drug Administration (KFDA) that their treated cranberries are related to health of the urinary tract. *Monature* and a US company have experimented on PACran TM Whole Cranberry Powder for 2 years, with the intent on entering the Korean health-functional foods market.

Monature also reported that they will sign an exclusive distributorship agreement with US *DBS* and introduce their functional foods made with cranberries to the domestic market exclusively. Meanwhile, although the fact that the cranberry is good for preventing the recurrence of urinary tract infections has been well-known to many people, no enterprise, up until this point,

had acquired individual acknowledgment of this fact from the KFDA. Previously, there had been no suitable cranberry/UTC research pertaining to experiments on human bodies and animals, toxicity tests, standardization processes, etc.. To meet these KFDA requirements, Monature conducted an experiment, guaranteed by IRB, on human bodies for 90 days and proved the relationship between digestion of PACran and health of the urinary tract.

There had been a problem related to standardization because each cranberry manufacturer had different ways to standardize and experiment. But, *Monature* solved the problem by focusing on standardizing cranberry materials with domestic-authorized sanitary inspection institutes and the *Brunswick Laboratory's* US Analysis Institute.

Recently, PACran TM Whole Cranberry Powder, manufactured by an internationally patented method, was also successfully tested for prostatic health. The result was released later than expected and did not receive acknowledgement pertaining to functions for prostatic health. In spite of this, *Monature* reported that they are prepared for the application to add a prostatic health acknowledgement.

Monature added, "The launch of our functional food for health of the urinary tract is the first trial in the domestic market, so we can't jump to a conclusion we will have success. However, as some research indicates, 30% of women experience urinary tract infections and the infection returns in 60% of them. In addition, because the urinary tract is infected by constant bacteria invasion, it is important for both men and women to care for their urinary tracts. We expect that demand for our products will increase."

Monature is going to make various products with PACran TM Whole Cranberry Powder and they expect there will be synergy effects if they apply their own methods to functional beverages or dairy goods.

CEO, Kyungjin Woo said, "Recently, demand for functional products is increasing. As consumption increases, the market is going to become specialized and fragmented. We have tried to differentiate our materials from general ones and have finally acquired individual acknowledgement. I think we will contribute to the functional products market and build up the foundation of health of the urinary tract products market."




No	Publication -- Subject of Article	Media Type	Issue / Date	Circulation / Monthly Hits	Clipping Category	Weighted Value (USD)

1	Bi-Monthly Food & Drink -- KFDA Health Claim	Bi-Monthly News	November 9 th 2009	50,000	4	2,500
2	Prime Economy http://www.newsprime.co.kr/news/articleView.html?idxno=105157 -- Baskin Robbins' Promotion featuring Cranberry Chocolate Chip Ice Cream	Internet News	November 3 rd 2009	2,000,000	5	6,000
3	Bizplace http://www.bizplace.co.kr/biz_html/content/naver_content_view.html?seq_no=26111&page=1&b_code=&code= -- Baskin Robbins' Promotion featuring Cranberry Chocolate Chip Ice Cream	Internet News	November 3 rd 2009	2,000,000	5	6,000
4	Yakup News http://www.yakup.com/opdb/index.php?dbt=article&cate=4 25 431&cmd=view&code=124735 --Introduction of Cranberry and its health benefits	Internet News	November 3 rd 2009	2,000,000	3	10,000
5	Medical Today http://www.mdtoday.co.kr/mdtoday/index.html?no=104781 -- Baskin Robbins' Promotion featuring Cranberry Chocolate Chip Ice Cream	Internet News	November 4 th 2009	2,000,000	5	6,000
6	Bizplace http://www.bizplace.co.kr/biz_html/content/naver_content_view.html?seq_no=26666&page=1&b_code=&code= -- Doughnut Plant New York's Berry Tiramisu Cake Launching	Internet News	November 25 th 2009	2,000,000	5	6,000
7	Asia Today http://www.asiatoday.co.kr/news/view.asp?seq=304404	Internet News	November 25 th 2009	2,000,000	5	6,000

	-- Doughnut Plant New York's Berry Tiramisu Cake Launching					
8	E-Today http://www.etoday.kr/news/section/newsview.php?TM=news&SM=0606&idxno=271502 --Berry Rice Wine Launching	Internet News	November 29 th 2009	2,000,000	5	6,000
9	Cranberry Cooking Class http://blog.naver.com/tnsdud5645?Redirect=Log&logNo=150073891160	Internet Blog	November 11 th 2009	100,000	1	2,000
10	Cranberry Cooking Class http://blog.naver.com/stdayoon?Redirect=Log&logNo=40094022262	Internet Blog	Novmeber 12 th 2009	100,000	1	2,000
11	Cranberry Cooking Class http://blog.naver.com/secret_d?Redirect=Log&logNo=120094679145	Internet Blog	November 11 th 2009	100,000	1	2,000

4. NEW CRANBERRY PRODUCTS IN THE MARKET

Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Doughnut Plant New York City	Berrymisu	Tiramisu cake with dried cranberries, blueberries and strawberries	W3,800	

5. WEBSITE VISITORS

Number of Visitors to www.cranberries.co.kr

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Monthly Average
110	172	199	197	374	414	1,109	33,396	2,638	993	1,301	5,261

6. 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-Mi Kim, Marketing Manager, G & L Foods

CMC made regular trade contacts with G & L Foods and gave updates on the marketing activity plan for the bakery promotions being arranged with Paris Croissant.

Ms. Nan-Ki Kwon, Marketing Manager, Paris Croissant

Mr. Jae-Beom Hong, Assistant Marketing Manager, Paris Croissant

CMC arranged details for a Cranberry & Walnut promotion at 2,100 Paris Baguette stores, which is the franchise bakery brand of Paris Croissant.

Mr. Seok-Ho Shin, Assistant Manager, Shinsegae Foods

CMC arranged a promotion for whole turkey with cranberry sauce at 50 selected E Mart stores nationwide. At the promotions, customers who order a half or whole roasted turkey with cranberry sauce get a free 1.5 liter cranberry juice bottle.

Mr. Seong-Min Kang, Assistant Manager, Deli Section, E Mart

Mr. Hyung-Jin Ahn, Assistant General Manager, S Food (vendor for roasted whole turkey)

CMC arranged a promotion for whole turkey with cranberry sauce at 50 selected E Mart stores nationwide, jointly sponsored by the USA Poultry & Egg Export Council. At the promotions, customers who order a half or whole roasted turkey with cranberry sauce get a free 1.5 liter bottle of cranberry juice. Within the in-store flyers for the whole turkey, a cranberry introduction with the CMC logo is included. CMC consumer leaflets are also displayed in the E Mart deli sections.

Mr. Eui-Tae Sohn, R & D Team Leader, Amoje

Amoje is an in-store deli chain, located in 23 major department stores. CMC arranged to include cranberry sauce in its roasted turkey promotion. Amoje developed its own cranberry sauce, using US cranberries. In the in-store flyer for the promotion, cranberry sauce is mentioned.



Ms. Sung-Joo Park, Director, Recipe Factory

Ms. Myung-Hee Sohn, Chef, Recipe Factory

Recipe Factory is the contracted cooking class organizer for the Shinsegae Department Store chain. CMC Korea arranged four sessions of consumer cooking classes, featuring roasted whole turkey, sponsored by USA Poultry & Egg Export Council. At the cooking classes, CMC arranged to include a cranberry sauce, made with US cranberries by Amoje.

Baking Chain Cooperative Promotion (M09GXKS004)

Paris Croissant is the biggest bakery chain in Korea with 2,100 stores nationwide. Their stores include Paris Croissant (directly operated) and Paris Baguette (franchised store). They conducted a health-themed promotion, “Eat Well, Live Well”, in all of their stores featuring US Cranberries and California Walnuts. Customers who purchased a certain value of US Cranberry products were provided with a complimentary 20g cranberry sample in CMC generic packaging, with Paris Baguette’s logo. Customers who purchased over KRW 8,000 of baked products with US cranberries (i.e., Cranberry Bread, Cranberry Cream Cheese Bread) were provided with a complimentary cranberry sample. Paris Croissant/Paris Baguette produced POS material (posters) with the CMC logo and distributed them to their 2,100 stores. In selected stores, free-sampling of the cranberry baked products was conducted. Paris Croissant/Paris Baguette purchased the cranberries from a local importer.



% that have eaten/drunk products containing cranberries	50%	53%
% of consumers able to identify at least one health benefit of cranberries	5%	23.5%
% of consumers willing to purchase a product containing cranberry	60%	76.4%

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

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