

**MONTHLY REPORT  
FOR  
SEPTEMBER 2010**

**PREPARED FOR CRANBERRY MARKETING COMMITTEE**

**PREPARED BY SOHN'S MARKET MAKERS**

## 1. GENERAL MARKET SITUATION

- Korea signed a free trade agreement (FTA) with the European Union in Brussels, on October 6th, in a landmark deal that is expected to largely benefit electronics and automobile parts makers in Korea. Korea became the first Asian country to sign such an accord with the world's largest economic bloc that comprises 27 member nations. The deal will take effect on July 1 next year if it is ratified by the legislatures of both sides as scheduled. It is rather commonly perceived that the ratification of Korea-EU FTA might not face as much trouble as the FTA between Korea and US has. Some trade experts, however, say there is still a bumpy road ahead as lawmakers could dispute the agreement. The EU is Korea's second-largest trading partner after China with two-way trade totaling \$78.8 billion last year. Once the FTA goes into effect, the country is expected to post a 20-percent gain in trade with the EU, according to the state-run Korean Institute for International Economic Policy. The pact would also see Korea's real gross domestic product increase by 5.6 percent and create 253,000 jobs over the long-term. Seoul officials hope this will encourage the U.S. Congress to urgently approve an FTA with Korea. The European Parliament is also likely to endorse the FTA, under which around 90 percent of the agreements will be implemented. The remaining 10 percent will go into effect with the approval of each legislature of the EU member nations. The tariff reduction schedule for most agricultural items is same as the one for KOR-US FTA, and once it is ratified, tariffs for cranberry products will be eliminated in 5 to 10 years.
- Governor Arnold Schwarzenegger of California made a passionate call for the ratification of the Korea-United States Free Trade Agreement in Seoul September 15<sup>th</sup> during his trade mission to Asia, saying it would boost trade and create jobs in both nations at a time they're needed. During a breakfast meeting hosted by the American Chamber of Commerce in Korea and the Korea FTA Industry Alliance at the Convention Centre of the Grand Hilton Hotel attended by 600 businesspeople the governor spoke in favor of KOR-US FTA. It was Schwarzenegger's second visit to Korea, following a trip in 1988 accompanying his journalist wife Maria Shriver, who was covering the Seoul Olympics. He said three FTAs were gathering dust in Washington, with Panama, Colombia, and Korea, which could boost global exports by \$10 billion. The governor emphasized that the ratification of these agreements will lead to increased exports, production and investment, all of which create jobs at a time we need them most. Korea is the 8th largest export market for the U.S., and the 5th largest market for California's exports. California exports more to Korea than any other U.S. state. Schwarzenegger said the Korea-U.S. FTA would boost bilateral trade by \$2 billion.
- By the end of September, the flood of orders for Chuseok gift sets has subsided and delivery drivers are back on their normal schedules after putting in an ample amount of overtime. But retailers are hoping to keep the holiday momentum going with a host of sales and events aimed at drumming up business and getting consumers to use gift certificates they received over the last few days of holiday shopping period. Several large department stores are focusing on sales and events targeting customers who want to unwind after the stressful holiday. Lotte Department Store, for instance, is offering manicures and hand massages for customers who present receipts for purchases at its Star City outlet from today through Sunday. Hyundai Department Store's COEX location is taking a different approach, offering sales on denim - a popular material in casual clothing. Retailers are also hoping to convince consumers to use their gift certificates sooner rather than later so the stores can record the sales as revenue for accounting purposes.
- Korea's import prices rose for the fifth straight month due to gains in raw material costs, the central bank said in the last week of September. In local currency terms, import prices rose 5.7 percent in August from a year earlier, slowing from a 7.5 percent on-year expansion in July, according to the Bank of Korea. The country's import prices have risen for five months running, but the pace of the gain slowed from July mainly because the on-year growth of oil prices retreated and the local currency rose against the U.S. dollar, the BOK added. Compared with the previous month, the country's import prices rose 0.3 percent in August, a turnaround from a 0.5 percent fall in July. The data came as the economic recovery and recent spikes in agricultural product prices are putting upward pressure on consumer inflation. The central bank predicted that consumer prices are likely to surpass 3 percent from the fourth quarter. Meanwhile, export prices in Korean won terms declined 1.7 percent in August, a turnaround from a 0.3 percent on-year gain in July, the bank added.

## 2. INDUSTRY INFORMATION

- Smoothie King, a worldwide beverage chain with 100 stores in Korea, introduced new yogurt series, Real Yogurt. Real Yogurt is traditional Greek Home-made style yogurt and one of the series is Real Fruits Yogurt. It contains dried cranberries and blueberries with yogurt, and costs W5,500 ( about \$5 ).
- Shinsegae E-Mart is one of the biggest mart chain company and they recently imports dried whole cranberry and diced cranberry directly and repackages them. They display next to the imported fresh fruit section, not dried fruit & nut section. 300g of whole cranberry package costs W6,800 ( \$6.2 ) and diced cranberry costs W5,800 ( \$5.3 ).
- Dalloyau paris is licensed brand from France by Chosun Hotel Bakery. Dalloyau has 10 stores nationwide at hotels and department stores and it has luxurious bakery images. They launched new cranberry products, cranberry bread and cranberry & pecan muffin. The price of cranberry bread is W2,000 ( \$1.8 ) and cranberry & pecan muffin is W1,500 ( \$1.4 ).
- Cranberry Almond Granola Cereal by Dongsuh Post renewed its TV commercial starring a new model-actress, and started the advertising campaign, through TV, movie theaters and internet portal site banners. With the new campaign launching, Post is running various online events on its website, including video interactive cereal recipe demonstration, recruiting consumers recipes, etc.

<http://www.postopia.co.kr/granola/>



## 3. MEDIA COVERAGE

This month, we monitored 17 media coverage, 1 ad on portal site, 2 articles in daily newspaper, 5 articles in internet news sites, 8 articles in consumer lifestyle magazines and 1 article in trade/industry magazine.


Category	# of Articles		Weighted Media Value	
	Sept 10	Jan ~ Sept 10	Sept 10	Jan ~ Sept 10
Category 1	0	10	\$0	\$68,000
Category 2	0	0	\$0	\$0
Category 3	0	0	\$0	\$0
Category 4	2	4	\$12,000	\$24,000
Category 5	15	95	\$70,000	\$515,750
<b>Total</b>	<b>17</b>	<b>109</b>	<b>\$82,000</b>	<b>\$607,750</b>



No	Publication -- Subject of Article	Media Type	Issue / Date	Circulation / Monthly Visitors	Clipping Category	Weighted Value (USD)
1	Nate Banner AD <a href="http://www.postopia.co.kr/granola/">http://www.postopia.co.kr/granola/</a> -Post cranberry almond granola cereal	Internet Banner Ad	September 2010	2,000,000	5	6,000
2	Daily Joonang <a href="http://article.joinsmsn.com/news/article/article.asp?total_id=4475789&amp;cloc=olink article default">http://article.joinsmsn.com/news/article/article.asp?total_id=4475789&amp;cloc=olink article default</a> -Food for your immune system: Cranberry relieves UTI	Daily News	September 27 <sup>th</sup> 2010	2,000,000	4	6,000
3	Daily Joonang <a href="http://article.joinsmsn.com/news/article/article.asp?total_id=4478492&amp;cloc=olink article default">http://article.joinsmsn.com/news/article/article.asp?total_id=4478492&amp;cloc=olink article default</a> -Recipe Recommendation : Fruit & See Eel Sausage with Cranberry & Cactus Sauce	Daily News	September 28 <sup>th</sup> 210	2,000,000	5	6,000
4	Digital Times <a href="http://www.dt.co.kr/contents.html?article_no=2010093002019957753001">http://www.dt.co.kr/contents.html?article_no=2010093002019957753001</a> -KFDA approved cranberry extract for urinary health	Internet News	September 30 <sup>th</sup> 2010	2,000,000	4	6,000
5	Daily Segye <a href="http://www.segye.com/Articles/NEWS/ECONOMY/Article.asp?aid=20100930004079&amp;subctg1=&amp;subctg2=">http://www.segye.com/Articles/NEWS/ECONOMY/Article.asp?aid=20100930004079&amp;subctg1=&amp;subctg2=</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 30 <sup>th</sup> , 2010	2,000,000	5	6,000
6	Prime Economy <a href="http://www.newsprime.co.kr/news/articleView.html?idxno=163142">http://www.newsprime.co.kr/news/articleView.html?idxno=163142</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	September 27 <sup>st</sup> , 2010	2,000,000	5	6,000
7	Sports World <a href="http://sportsworldi.segye.com/Articles/LeisureLife/Article.asp?aid=20100901005041&amp;subctg1=25&amp;subctg2=00">http://sportsworldi.segye.com/Articles/LeisureLife/Article.asp?aid=20100901005041&amp;subctg1=25&amp;subctg2=00</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	September 2 <sup>nd</sup> 2010	2,000,000	5	6,000
8	Daily Maeil <a href="http://www.imaail.com/sub_news/sub_news_view.php?news_id=37881&amp;yy=2010">http://www.imaail.com/sub_news/sub_news_view.php?news_id=37881&amp;yy=2010</a> Lifestyle for Detox: (food)Cranberry Rice Cake	Internet News	September 18 <sup>st</sup> , 2010	2,000,000	5	6,000

9	Monthly Healthy Chosun -Recipe Recommendation: Cranberry & Rye Bread	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
10	Monthly Men's Health -Making nutrition bar outdoor using dried fruit and nuts	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
11	Monthly Yeosung Chosun -Special Issue: Berries Cranberry Image	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
12	Monthly Yeosung Chosun -Recipe Recommendation: Sour Cream Ice Cream with Berry Sauce	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
13	Monthly Yeosung Chosun -Recipe Recommendation: Apple Crumble with Berries	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
14	Monthly Yeosung Chosun -Recipe Recommendation: Berry Jelly with Custard Cream	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
15	Monthly Yeosung Chosun -Recipe Recommendation: Berry & Green Tea Ice Cream	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
16	Monthly Yeosung Chosun -Recipe Recommendation: Cranberry Sauce	Consumer Lifestyle Magazine	September 2010	80,000	5	4,000
17	Monthly Bakery -Recipe Recommendation: Cranberry Bagel	Trade/Industry Magazine	September 2010	60,000	5	2,000



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

##### Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Smoothie King	Real Fruit Yogurt	Greek Style Home-made Yogurt with dried cranberries	W5,500	

Dalloyau	Cranberry Bread	Bread with dried cranberries and cheese	W2,500	
Dalloyau	Cranberry & Pecan Muffin	Muffin with dried cranberry & Pecan	W1,500	

### Others

Brand	Product/Menu Name	Description	Price	Photo
E-mart	Signature Collection Whole Sweetened Cranberries	Whole Dried Cranberries	W6,800	
E-mart	Signature Collection Sliced Sweetened Cranberries	Diced Dried Cranberries	W5,500	

## 5. WEBSITE VISITORS

Number of Visitors to [www.cranberries.co.kr](http://www.cranberries.co.kr) for 2010

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Monthly Average
1,415	1,258	1,500	1,905	1,638	1,792	1,613	1,812	1,497				1,603

**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. Hyo-Jin Jang / Pharmsville

Pharmsville is a health supplement manufacturer and distributor and they're managing health supplement specialty stores, Apple Tree. They're interested in cranberries and trying to develop a supplement using cranberry powder. Pharmsville asked a cranberry importer list and CMC Korea offered the list.

Mr. Tae-Won Kwon / Coffeerang

Coffeerang is a small scale coffee chain and they started to develop new beverage menu. They were looking for a cranberry concentrate importer and CMC Korea provided the list.

Mr. Keuk-Nam Yu, president / Daejeong Corp.

Daejeong is a frozen fruit importing and distributing company including frozen cranberries. They distribute to Homeplus, Lotte Mart and Hyungdai department stores and are interested in a leaflet of CMC Korea. Daejeong asked cranberry leaflets to display on their cranberry showcase of frozen fruit section to hand it out to customers. CMC Korea provided cranberry leaflets.

Great American Culinary Camp

Great American Culinary Camp is an annual event to introduce the latest menu and hot trend of US restaurant business. This event is co-sponsored by Agriculture Trade Office of US Embassy and Culinary Institute of America Alumni Association, and it was held on September 12<sup>th</sup> in 2010. Three companies applied the Culinary Camp and supplied cranberry products. Cranberry is used in four kinds of dishes they developed and we could see one of them on the menu at the luncheon. A total of 4 recipes were developed and introduced in the Culinary Camp Brochure, including Autumn Themed Walnut Salad, Popped Brown Rice & Buckwheat Cereal Bar, Pork Loin Skewers with Cranberry, Pine Nut Soffrito and Roasted Brussels Sprouts and Fried Chicken with Cranberry Marmalade.



**Baking Chain Cooperative Promotions ( M10GXKS004 )**

Tie-in Promotion with Paris Baguette

CMC Korea followed up with Paris Baguette Marketing team to discuss details on tie-in promotion featuring cranberry products. Possible promotion scheme was raised to promote cranberry made products - Cranberry, Chicken & Rye Sandwich, Cranberry & Chicken Roll, Cranberry & Chicken Salad, Cranberry & Cream Cheese Bread or Berry Berry Rolled Cake – get a bottle of free cranberry juice.

Currently Paris Baguette has 2,600 stores nationwide, and it was discussed that it would be good to select higher traffic stores in Seoul & Kyunggi region for one week promotion period in November. A possible tie-in activity along with CMC's planned online consumer PR event was also discussed, to either put the event banner on a major internet portal site for the same period that Paris Baguette is going on, or put an event banner related to the Paris Baguette promotion in conjunction with the promotion. Paris Baguette is now reviewing the plan in-house, and CMC will have follow-up meetings to process the details in the coming month.

Possible Promotion with E Mart / Shinsegae Foods

CMC Korea also had follow-up meetings with E Mart and Shinsegae Foods to discuss the details of E Mart promotion. CMC Korea suggested that along with the cranberry juice, include dried cranberries carried by E Mart at the same shelf space, and do the sampling demonstrations. While the merchandiser for juice section expressed favorable initial responses, he wanted to have in-house discussion with the dried fruit section managers about the promotion. CMC Korea will follow up with them for further progress in the coming month.

**Consumer Media Relations ( M10GXKS003 )**

TV Program <Five Colors Five Flavors>

The TV program "Five Colors Five Flavors" on MBC (national TV network) was aired at 12:40 pm, on September 20, 2010. The cranberry story was for about 10 minutes.



## 7. PERFORMANCE MEASURES UPDATES

Performance Measure	2010 Goal	As of September 2010
Number of cranberry products at retail	120	145
Number of bakery outlets offering cranberry products	10	16 ( Paris Baguette, Paris Croissant, Tous Les Jours, Crown Bakery, Dunkin Donuts, A Two Some Place, Starbucks, Donut Plant New York City, Bizeun, Bins Beans, Vezzly, Bread Talk, Holly's Coffee, Suji's & London Tea, Dalloyau )
Average # of bakery products offered per store	4	3.5
% who have heard of cranberries	76%	N/A
% that have eaten/drank products containing cranberries	55%	N/A
% of consumers able to identify at least one health benefit of cranberries	8%	N/A
% who would be willing to purchase a product containing cranberry	63%	N/A

\*\* For the consumer PMs, informal survey will be done with at least 100 consumers during the bakery/confectionery promotions or consumer cooking classes for 2010 marketing year.