

**MONTHLY REPORT  
FOR  
AUGUST 2010**

**PREPARED FOR CRANBERRY MARKETING COMMITTEE**

**PREPARED BY SOHN'S MARKET MAKERS**

## 1. GENERAL MARKET SITUATION

- Food prices in Korea rose at the third quickest pace among member countries of the OECD in June. According to figures released by the OECD on Wednesday, the nation's food prices increased 4.1 percent on-year in June, behind Turkey who is in first with a 5.6-percent surge and Iceland with 4.3 percent. The Ministry of Strategy and Finance explained that the fast growth rate is most likely due to abnormal changes in the weather, adding that the Ministry plans to come up with several measures to help stabilize the rising prices. Meanwhile, the nation's consumer price index rose 2.6 percent in June compared to a year ago, ranking seventh among the OECD nations.
- Korea's local daily newspaper featured an article with U.S. Trade Representative Ron Kirk claiming it is unlikely that new clauses will be included when bilateral talks are held to address Washington's concerns about beef and automobiles in the Korea-U.S. free trade agreement. The remark follows requests by the Congressional Textile Caucus to discuss the clause governing apparel and clothing as well in negotiations to revisit the trade deal, which was signed back in 2007. According to Kirk, the U.S. government will pay close attention to everyone's opinions, but given the short time available it is impossible to renegotiate every clause. The White House said it will "not just pass along" a free trade agreement with Korea signed by the Bush administration in 2007. White House Press Secretary Robert Gibbs told reporters President Barack Obama "pledged before going to Korea in the fall that we'd present an agreement that made sense for the auto industry, made sense for the beef industry, and not just simply passing along a free trade agreement that existed before."
- With Chuseok, Korea's harvest holiday, less than a month away, retailers are gearing up for the annual onslaught of consumers in search of traditional holiday gift sets that typically include meat, fish, fruit and snacks. But this year they face a new challenge in meeting the demand; 'Mother Nature' The Korea Meteorological Administration is forecasting high temperatures for the start of September, which marks the height of the delivery season for Chuseok boxed gift sets. With that in mind, retailers are scrambling to guard against a massive spoilage of food and produce during deliveries by tweaking their procedures and bolstering efforts to keep the gift sets cool. Chuseok is an important holiday for local retailers, ranking as one of the most profitable periods for the industry. Many Koreans express their gratitude to others during the holiday by giving gift sets sold by department and discount stores, sending the packages out ahead of time so that they arrive before Chuseok, which runs from Sept. 21 to 23 this year. Roughly 65 to 70 percent of the goods in Chuseok gift sets can spoil easily, retailers say, and the chances of that happening rise with the temperature. Hoping to tackle that problem, Lotte Department Store has expanded the list of products it will

ship with packs that help retain cooler temperatures. The list includes meat and seafood such as beef ribs, dried corvina (a popular type of fish) and tile fish as well as traditional snacks like dried persimmons. Fruit also will be kept refrigerated until the moment of delivery, the company said. Additionally, Lotte is requiring deliveries to be completed within three hours and will require its refrigerated trucks to maintain a temperature between 1 and 2 degrees Celsius (33.8 to 35.6 degrees Fahrenheit). Shinsegae Department Store has increased its fleet of refrigerated trucks used for delivering Chuseok gift sets to 600 from 500 last year. The retailer said they plan to assign fewer deliveries per truck so that the gift sets spend less time on the road and in the heat. They are also delivering fresh produce more quickly, the official said. Retailers are also bracing for more overall demand for gift sets in general this year, as consumer confidence is higher than it was before Chuseok in 2009. Department stores have traditionally accepted pre-orders for Chuseok gift sets, and discount stores are doing so as well this year as a way to effectively manage demand.

## 2. INDUSTRY INFORMATION

- Lotte Confectionery, one of the biggest confectionery manufacturer companies who received CMC cranberry samples last April, launched new products using dried cranberries. The products are two of 'B:Meal' series , Muesli Cookie and Mild Scone, and sales at retail launched at the end of August. Six sealed muesli cookies and four sealed scones are in a box, and the retail cost is W2,400. It is now available at most major retail stores nationwide.

## 3. MEDIA COVERAGE

**This month, we monitored 11 sources of media coverage, 3 articles in the daily newspaper and 8 articles on internet news sites.**



Category	# of Articles		Weighted Media Value	
	Aug 10	Jan ~ Aug 10	Aug 10	Jan ~ Aug 10
Category 1	0	10	\$0	\$68,000
Category 2	0	0	\$0	\$0
Category 3	0	0	\$0	\$0
Category 4	2	2	\$12,000	\$12,000
Category 5	9	80	\$54,000	\$445,750
<b>Total</b>	<b>11</b>	<b>92</b>	<b>\$66,000</b>	<b>\$525,750</b>

No	Publication -- Subject of Article	Media Type	Issue / Date	Circulation / Monthly Hits	Clipping Category	Weighted Value (USD)
1	Daily Chosun <a href="http://health.chosun.com/site/data/html_dir/2010/08/17/2010081701496.html">http://health.chosun.com/site/data/html_dir/2010/08/17/2010081701496.html</a> Berry Effect – Cranberry: Preventing UTI & Bladder Infection	Daily News	August 18 <sup>th</sup> , 2010	2,000,000	4	6,000
2	Daily Kookmin <a href="http://news2.kukinews.com/article/view.asp?page=1&amp;gCode=kmi&amp;arcid=1283262520&amp;cp=nv">http://news2.kukinews.com/article/view.asp?page=1&amp;gCode=kmi&amp;arcid=1283262520&amp;cp=nv</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Daily News	August 31 <sup>st</sup> 2010	2,000,000	5	6,000
3	Daily KyungHyang <a href="http://news.khan.co.kr/kh_news/khan_art_view.html?artid=201008311426191&amp;code=920401">http://news.khan.co.kr/kh_news/khan_art_view.html?artid=201008311426191&amp;code=920401</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Daily News	August 31 <sup>st</sup> 2010	2,000,000	5	6,000
4	Health Today <a href="http://www.mdtoday.co.kr/health/news/index.html?cate=12&amp;no=138487">http://www.mdtoday.co.kr/health/news/index.html?cate=12&amp;no=138487</a> Cranberry Juice Help Prevent UTI	Internet News	August 26 <sup>th</sup> , 2010	2,000,000	4	6,000
5	Financial News <a href="http://www.fnnews.com/view?ra=Sent1001m_View&amp;corp=fnnews&amp;arcid=0922080648&amp;cDateYear=2010&amp;cDateMonth=08&amp;cDateDay=31">http://www.fnnews.com/view?ra=Sent1001m_View&amp;corp=fnnews&amp;arcid=0922080648&amp;cDateYear=2010&amp;cDateMonth=08&amp;cDateDay=31</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> , 2010	2,000,000	5	6,000
6	Korean Economy <a href="http://www.hankyung.com/news/app/newsview.php?aid=201008314956j">http://www.hankyung.com/news/app/newsview.php?aid=201008314956j</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> , 2010	2,000,000	5	6,000
7	Newsis <a href="http://news.naver.com/main/read.nhn?mode=LSD&amp;mid=sec&amp;sid1=102&amp;oid=003&amp;aid=0003411832">http://news.naver.com/main/read.nhn?mode=LSD&amp;mid=sec&amp;sid1=102&amp;oid=003&amp;aid=0003411832</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> 2010	2,000,000	5	6,000
8	Segye News <a href="http://www.segye.com/Articles/NEWS/ECONOMY/Article.asp?aid=20100831001327&amp;subctg1=&amp;subctg2=">http://www.segye.com/Articles/NEWS/ECONOMY/Article.asp?aid=20100831001327&amp;subctg1=&amp;subctg2=</a> Lotte launched new cookie brand	Internet News	July 14 <sup>th</sup> 2010	2,000,000	5	6,000

	B;Meal – Muesli Cookie, Mild Scone					
9	EBN News <a href="http://www.ebn.co.kr/news/news.html?id=453783">http://www.ebn.co.kr/news/news.html?id=453783</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> , 2010	2,000,000	5	6,000
10	E-Daily News <a href="http://www.edaily.co.kr/news/NewsRead.edy?SCD=DC14&amp;newsid=01764646593072896&amp;DCD=A00204&amp;OutLnkChk=Y">http://www.edaily.co.kr/news/NewsRead.edy?SCD=DC14&amp;newsid=01764646593072896&amp;DCD=A00204&amp;OutLnkChk=Y</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> , 2010	2,000,000	5	6,000
11	Asia Economy <a href="http://www.asiae.co.kr/news/view.htm?idxno=2010083109223311296">http://www.asiae.co.kr/news/view.htm?idxno=2010083109223311296</a> Lotte launched new cookie brand B;Meal – Muesli Cookie, Mild Scone	Internet News	August 31 <sup>st</sup> , 2010	2,000,000	5	6,000

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

##### Bakery/Ice Cream/HRI

Brand	Product/Menu Name	Description	Price	Photo
Lotte	B;Meal Muesli Cookie	Breakfast Cookie with dried cranberries, almonds and oats	₩2,400	
Lotte	B;Meal Mild Scone	Scone type Cookie with dried cranberries and walnuts	₩2,400	

## 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					1,617

## 6. MARKETING ACTIVITIES

### **Program Management/Trade Communications (M09GXKS001)**

CMC Korea office (Sohn's Market Makers) made contacts with the following traders to update CMC activities:

MR. Jang-Ho Lee, Buyer, Sae Ah-Chim

Sae Ah-Chim is dried fruit and food importer and recently they're interested in import and distribution of dried cranberries. Mr. Lee asked a list of suppliers and nutritional materials, and CMC Korea office e provided them website address, health related studies and materials.

### **Baking Chain Cooperative Promotions ( M10GXKS004 )**

Possible Cooperative Promotion with SPC

Meeting with Mr. Won-Ho Jung, Marketing Assistant Manager, Paris Baguette

CMC Korea had a follow-up meeting with SPC to discuss the promotion and suggested cranberry products promotion of Paris Baguette; Customers who buy cranberry product - 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 and ideally it would be carried out at selected 660 stores for a one-week period in the Seoul/Kyunggi region in late November. This promotion will be featured on POS displays or posters in the stores and on the Paris Baguette internet website. Also, CMC Korea suggested a cooperative PR event with 2 major internet portal sites, [www.naver.com](http://www.naver.com) and [www.nate.com](http://www.nate.com). More details of the content will be discussed with Paris Baguette. Once they discuss inhouse with both the marketing and purchasing department together, they will follow up with the CMC Korea office.

Possible Promotion with E Mart / Shinsegae Foods

Meeting with Mr. Jong-Yeol Lee, Global Sourcing Manager / Mr. Sun-Joon Kim, Buyer

Suk-Ho Shin, Marketing Manager, Shisegae Foods

E Mart is the biggest hypermarket in Korea with 120 stores nationwide, and Shinsegae Foods is the importing arm of E Mart and its other operations (i.e. Shinsegae Department Stores, mass

catering cafeterias, etc.). Shinsegae Foods is also the Korean partner for Ocean Spray branded products. CMC Korea had a meeting with them, suggesting that ‘the assorted cranberry product’ promotion feature cranberry juice, dried cranberries, and other available cranberry commercial products together. If finalized, this promotion would be carried out at a selected 8-10 stores for a one-week period in Seoul/Kyunggi region in mid-October. Further follow-up meetings will take place and updates will be reported later.

**Consumer Media Relations ( M10GXKS003 )**

TV Program Arrangement

The TV program “Five Colors Five Flavors” on MBC ( national TV network ) that was shot and arranged by CMC Korea back in June is now confirmed to air at 12:40 pm on September 20, 2010. The cranberry story will air for approximately 10 minutes.

**7. PERFORMANCE MEASURES UPDATES**

<b>Performance Measure</b>	<b>2010 Goal</b>	<b>As of August 2010</b>
Number of cranberry products at retail	120	144
Number of bakery outlets offering cranberry products	10	15 ( 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 )
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.