AGENDA

• Craig Duerr, Campos Brothers, moderator
• Laurel Muir, SRG
• Murielle Kim, Almond Board of California
BEAUTIFUL ALMONDS
South Korea & Japan

Craig Duerr, Campos Brothers
Laurel Muir, Sterling Rice Group
Murielle Kim, Almond Board of California
SOUTH KOREA & JAPAN
Market Overview
Craig Duerr
**BUSINESS & ECONOMY**

- 11th largest economy by GDP
- 51M population
- 6th largest exporter in 2018
- 16 Korean companies in Fortune 500
- 3.0%: Growth outlook for 2019
- No. 1 Innovative economy by Bloomberg Innovation Index (2014-2018)

**TRADITIONAL MEDIA**

- 12 National Dailies
- 20 Business Dailies
- 100+ Regional Dailies
- 4 Newswires
- 8 Terrestrial TV
- 150 Cable TV
- 1500+ Online News

**DIGITAL MEDIA**

- 1st largest Internet penetration rate
- 2nd largest social media usage
- 6th biggest market spending the most on digital media
- Top 5 digital media

**CULTURE**

- Thriving entertainment industry with “Korean Wave” with the growing prominence of K-Pop in the world
- Leader in innovation of new technologies: AI(Artificial Intelligence), 5G network, having world’s fastest internet
- Search for enjoying cultural life increasing due to “52 hour work week” amendment

**LIFESTYLE**

- Growing demand for “Home Meal Replacements”, “clean foods” products for convenience and health
- Increase of milk alternative products such as almond milk, targeting lactose-intolerant consumers
- Rising trend of “small but certain happiness” for trivial values in life: self-care, food, beauty, and comfort

**POLITICS**

- Stabilization of Moon Jae-in administration, ever since the government change in 2017
- Advancing in political discussions with North Korea for agreements in the Korean peninsula, through 2018 Inter-Korean Summit in April, May, and September
- Renegotiation of Korea-U.S. FTA trade agreement in March, opening up diverse trade opportunities
Snapshot of Japan

BUSINESS & ECONOMY

3rd Biggest Market by GDP
127M population
23rd by GDP per capita
54 Japanese Fortune 500 companies
0.8% Growth outlook for 2019
5th Largest exporter in 2017

TRADITIONAL MEDIA

5 National Dailies
1000+ Regional Dailies and trade
2 Newswires
6 Terrestrial TV
3000+ Magazines

DIGITAL MEDIA

5th largest Internet population
Top 5 digital media

CULTURE

Japanese pop culture such as anime and manga continue to influence the global entertainment

Nation of rapid innovation in robots and advanced technology

A blend of traditional and modern culture

LIFESTYLE

In light of Japan’s aging society, citizens have a high awareness of lifestyle choices and adult diseases

As a result, the Japanese health-food market continues to expand

A recent survey found that 60% of single women have reported chronic fatigue from working too long and too hard

POLITICS

Japanese Prime Minister Shinzo Abe continues to lead the country after his party won the recent election

The Tokyo 2020 Olympics is proving to be a winner for the Japanese economy
REGULATORY HEADWINDS AND TAILWINDS
Driving growth

Connected Target Audience

• Opportunity to tighten focus on females within current target audience for more efficient programs
• Men are more lenient with their snack choices and are highly influenced by their wives and mothers

Differentiate Almonds and Drive Image

• Separate from other nuts
• Focus messages fact based benefits: beauty

Regulatory Headwinds and Tailwinds

• MRLs and Trade update
SOUTH KOREA IS THE 9th LARGEST MARKET FOR CALIFORNIA ALMONDS, AT 50 MILLION POUNDS
LOVE YOURSELF
Consumer Trend in S. Korea

NA NA LAND
Consumer Trend in S. Korea

NA = 나 = 1
“I” matter more than anything, and more than ever.
The number of single-person households in S. Korea is 5.62 million, accounting for 28.6% of the total.
1+Economy  Satisfact-sumer

Work & Life Balance  Me(美)conomy
S. KOREA: BEAUTY POWERHOUSE

K-beauty is spreading beyond Asia to the whole world
K-Beauty in S. Korea

Naturalism

With the pursuit of ethical consumption and eco-friendly solutions in S. Korea, the popularity for naturalism cosmetic products using plant-based materials (ginseng, green tea, aloes, etc.) is growing.

Beauty + Health

The line between beauty and health is becoming blurred, due to the perception that true beauty comes from inner health.
K-Beauty in S. Korea

Beauty From Within

Korean inner beauty market has grown at a CAGR of 65% over last 5 years

With increasing interests in inner beauty, target consumers are expanding from women in their 40s to women in their 25 to 35 and men
Clean Eating
Clean Food

A healthy trend to live life beautifully on the rise as eating the food that are closest to nature goes mainstream.
Consumer snacking: Men and women approach snacking differently

- Women use better snacking choices to address their health and wellness goals – staying young looking, maintaining their beauty, and not being overweight.
- Although most allow themselves the occasional indulgence, they know they must make those choices in moderation.

- Men try to achieve their health and wellness goals more through exercise and tend to be more lenient in their snacking choices.
- Men are highly influenced by their wives/mothers who make the grocery purchasing decisions.
Current Status of Almonds in S. Korea

Eating Nuts For Health And Beauty Benefits

Followed by consumers' high demands for healthy and beauty food trends and related-news, nuts as a major healthy food started getting higher attention again in S. Korea
Almonds continue to have strengths in overall range of attributes, with the strongest score around the areas of being a healthy snack.

Almond Delivery on…
Is a healthy snack

82% Almonds
33% Walnuts
18% Peanuts

Source: 2018 Korea AAU
Almonds have the highest association with positive story recall as well

Q. Which types of nuts were mentioned in the positive articles or stories?

55% Almonds
53% Brazil Nuts
47% Walnuts
18% Peanuts

Source: 2018 Korea AAU
Current Status of Almonds in S. Korea

Almonds increased their advantage in top of mind awareness from 2014 to 2018

Source: 2018 Korea AAU
Current Status of Almonds in S. Korea

Almonds now have the highest overall awareness in S. Korea

Q. When you think of nuts, which nuts come to mind?

44% Almonds
25% Walnuts
14% Peanuts
...

Source: 2018 Korea AAU
Current Status of Almonds in S. Korea

Almonds owned the majority of attributes especially on key areas of weight management and good for skin/hair

Best for managing my weight

34% Almonds
13% Walnuts
8% Peanuts
...

Good for skin/hair

25% Almonds
21% Walnuts
10% Peanuts
...

Source: 2018 Korea AAU
Current Status of Almonds in S. Korea

Compared to FY16-17, ‘Beauty Buzz’ (almond buzz proportion related to ‘Vitamin E’) has been increased with a growth more than 18%.

Source: Social Media Analysis (FY16-17 / FY17-18)
Among specific beauty attributes, almonds associated well with ‘Antioxidation’ and ‘Vitamin E’ with balanced keyword positioning

Source: Social Media Analysis (FY16-17 / FY17-18)
Our Challenges in S. Korea

S. Korean consumers are showing a larger appetite for nuts in general.

“I try to eat a variety of nuts”

Source: 2018 Korea AAU
Our Challenge in S. Korea

Desire for variety is the top barrier to greater consumption

Brazil Nuts
Sacha Inchi
Cacao Nibs
SO HOW CAN ALMOND STAND OUT
TO REINFORCE ALMONDS PERCEPTION AS A BEAUTY SNACK
Driving differentiation from other nuts

Driving Core Benefits and Image

- 76% DV Vitamin E
  - Alpha-tocopherol
  - Antioxidants

- Skin health
- Hair health
- Aging prevention

- 4g Fibre
- 16% DV

- Help manage weight
- Full and satisfied
Our Second Year Campaign

FY17-18

We continued our beauty campaign focusing on women aged 20 to 39 years by conducting…
Reaching Consumers with Multiple Touchpoints

- Branded Content Video
- Beauty Show TV PPL
- Health Documentary TV PPL

- Consumer events
- Media roundtable
- Magazine tie-up classes
- Media event
- Health professional outreach

- Professional influencers
- Beauty creators
- Online native AD
- Photography

- Media outreach
- Digital Advertising
- Advertorials
- E-newsletter
- Infographics
‘Almonds Beauty Attack’ Consumer Event

Executed an offline event in 2 different spots in Seoul to amplify our beauty campaign message. More than 2,800 people participated in the event and we earned over 15 million impressions from 74 media coverages.
S. Korea Program Update

Almonds Q&A videos with Hyejin Han

Created six Q&A videos with spokesperson Hyejin Han, a famous Korean model, were made to deliver various beauty related messages to our target audience. The videos reached over 179,900 people and received over 53,300 views.
S. Korea Program Update

**Almonds My Beauty Secret with Beauty Creators**

Created **6 YouTube videos** of 5 influential beauty creators to deliver beauty benefits of almonds.

The videos received 1,864,637 views, which is 218% more than expected goal. Also the videos garnered 21,700 video likes, 2,890 comments and 13,900 shares.
S. Korea Program Update

**Beauty reality show PPL**

Sponsored a beauty reality show ‘Get-it-Beauty’ on cable TV channels. Almonds were shown with beauty celebrities who can represent the core target audiences’ lifestyle.

The TV show earned 3 million viewership and digital content posted on Naver Post, Instagram, YouTube and Naver.
S. Korea Program Update

Yearlong activities with Almonds Beauty Mentors

Executed various **activities with three professional influencers** in the **food, health and beauty** industry. They were named as ‘**Almonds Beauty Mentors**’ and participated in offline events and leveraging the benefits of almonds via their social media and publicity activities including photo call and editorials.
Native AD videos with online media

Created **three native AD contents** with mobile broadcasting media ‘Dingo’ to **position almonds as a beauty snack** to our core target audiences.

The videos exceeded our goal of 300,000 views each and used to raise the channel traffic and engagement of owned media.
S. Korea Program Update

Health Documentary ‘Young and Healthy, the Secret of Biological Clock’

Produced health documentary tied-up with cable TV network, JTBC, to introduce beauty benefits of almonds focusing on vitamin E and its antioxidant effect and weight management. 50 minutes of documentary content aired on JTBC’s documentary program ‘Docu-Plus’ with more than 27 million viewers.
Media Roundtable for almonds research

Organized a **media roundtable for almonds research** briefing with Korean professional researcher for key target media.

More than 5 million impressions from 19 news coverages were generated.
S. Korea Program Update

Infographic for Korean research

Created two infographics based on a research ‘Health Benefits of Almonds’ conducted by Dr. Kwak, a professor at Korea National Open University. Utilized the infographic in various media and California Almonds’ official social media channels to leverage health benefits of almonds.
KOREA MARKET STORY VIDEO
JAPAN
Market Research
Laurel Muir
JAPAN IS THE 5TH LARGEST MARKET FOR CALIFORNIA ALMONDS, AT 70 MILLION POUNDS
ABC Returns to Japan After 7 Years
KEY STEPS FOR MARKET OPPORTUNITY ASSESSMENT

- Market Attractiveness Assessment
- Expert Interviews & Secondary Research
- In Market: Primary Consumer & Trade Research
JAPAN OPPORTUNITIES

• One of the healthiest populations in the world
• Strong nut snacking culture: Shifting from salted nuts to unsalted nut snacks
• Strong affinity for almonds in snacking and chocolate-covered product
• Belief that almonds are healthy, but lack knowledge of specific health benefits
• Opportunity to make a minimal investment in PR health messaging to drive additional growth
• Leverage Japan as a center of excellence in food production and almond forms
Current Status of Almonds in Japan

Consumer research shows that almonds are #1 nut in the areas of:

- Awareness
- Nuts for Snacking
- Nuts mixed with Chocolate

Source: 2018 Japan AAU
Current Status of Almonds in Japan

Our PR activities helped promote the key attributes of almonds as follows:

- good source of vitamin E
- good for skin and hair
- making one beautiful from the inside out

Source: 2018 Japan AAU
Challenge in Japan

Awareness of almonds among the Japanese is high, but…

Not many understand the **real benefits** of almonds

The Health/Beauty category is **very crowded**

Consumers are **overwhelmed by information**
Challenge in Japan

How can we convey the health benefits of almonds simply and easily?

What makes almonds unique for Japan?
JAPAN
Marketing Programs
Murielle Kim
Strategy:

• Increase ABC presence locally and develop trade relationships
• Increase almond positioning/consumption as a snack
• Strengthen consumer-targeted communication
• Increase almond Vitamin E awareness via E Ne! Almond! campaign
Our Key Message

We believe almonds should **OWN** its USP of “Vitamin E”

No other nut has more Vitamin E than almonds
Our Key Message

Japanese like to say “Ii Ne” (“Ii” pronounced like the letter “E”) or “That’s really good!” The phrase is used to express enthusiasm and agreement.

“E” means **good**

“E” represents **Vitamin E**

The “E Ne!” catchphrase demonstrates

**“Vitamin E” is “good”**
Japanese Consumers

Modern and trendy female consumers
(women age 20 to 39yr)

- Eager to try out new trends
- Want to take care of their health and beauty
- Social media influencers
Launched Social Media Channels in Japanese

Launched ABC SNS Twitter and Facebook accounts in June and an Instagram account in August. The content primarily focuses on the health and beauty benefits of almonds and Vitamin E. Now, Twitter has 2,696 followers, Facebook has 587 likes, and Instagram has 55 followers.
Launched Japanese Website

The Japanese ABC website was developed based on the US site and launched on August 15, 2018.

The site includes sections for **consumers**, **food professionals** and **health professionals**. The site also introduces almonds **recipes** developed by bloggers from campaigns with Recipe Blog.
Developed Almond leaflets targeting consumers in the Japanese market. The leaflet is comprised of 8 pages and includes key messages targeting Japanese women in their 20s and 30s, such as the “E Ne! Almonds” message about the benefits of Vitamin E, and the 1-2-3 message.
Japan Program Update

Consumer Campaign: Office Almond

Ran an “Office Almonds” social campaign to promote almonds as an ideal office snack. 693 applied to participate in our campaign on Twitter, we selected 40 individuals and companies, provided 3 kg of California Almonds. In total, we gained a total of 2 million impressions and 2,772 campaign hashtag uses.
Consumer Campaign: Recipe Blog Campaign

Collaborated with Japan’s largest recipe curation websites, with Recipe Blog, to run an almond sampling and recipe development campaign from the end of June to the beginning of August. We sent 200 selected applicants 300g packs of almonds, earning 226 recipes posted on participants’ blogs and 233 photos posted on Instagram. As a result, we gained 81 million total impressions and 29 pieces of media coverage.
Ran a booth at **Foodex Japan 2018**, **Japan’s largest food show**, to reposition ABC in the local industry and **strengthen its market presence**. People who visited the ABC booth learned about the benefits of almonds, and enjoyed the almond weight-guessing game. In total, approximately 800 people visited the ABC booth during the event and ABC successfully demonstrated their strong commitment to the local industry.
Japan Program Update

CEO Visit and Annual JNA Meeting

Arranged 10 trade meetings, 3 media interviews and 1 embassy dinner for ABC’s CEO Richard Waycott during his visit in June. In addition, Richard participated in the annual JNA (Japan Nut Association) meeting and delivered a presentation about the almond industry in California, almond statistics and almond-related opportunities globally and in the Japanese market. Some 60 people related to the nuts business attended the meeting.
Media Outreach (CEO Interviews)

Arranged **3 CEO interviews** in February and **3 CEO interviews** in June with ABC’s CEO Richard Waycott with top tire media in Japan to **demonstrate ABC’s strong commitment to the Japanese market**. As a result of this trade engagement, we gained more than 1 billion impressions with 20 pieces of media coverage.
Commenced distribution of **bi-monthly E-Newsletter** for **trade stakeholders** (approximately 560 recipients). The E-Newsletter includes the latest ABC announcements, almond market news (latest position report), ABC in the news (press coverage) and an activity update from ABC Japan.
Next Year

FY17/18, we focused on building a platform for future activities.

FY18/19, we’re excited to take almonds to the next level in Japan!
JAPAN MARKET STORY VIDEO
E ね！
アーモンド
FOLLOW US

Facebook
www.facebook.com/almondsJP/

Instagram
www.instagram.com/almondsjp/

Twitter
twitter.com/almondsjp
Korea MRLs

- Positive List System (PLS) in place since 2017 for Nuts/Seeds and Tropical Fruits – almonds among first to comply
- 70 MRLs for almonds (0.01 default tolerance)
- ABC working with consultant and registrants to ensure other submissions are made
  - 7 Temporary MRLs expire 2021
  - 4 MRLS at default level

U.S./Korea FTA for almonds unchanged and tariff eliminated
No Retaliatory Tariffs impacting almonds
Japan MRLs

- Large national MRL list established in 2006
- Currently all relevant U.S. almond crop protection products have Japanese MRLs
  - 0.01 ppm default tolerance
- ABC efforts currently focus on new active ingredients and monitoring proposed changes
- Extensive testing/strict violation policies

U.S./Japan FTA a priority, since U.S. stepped out of TPP
No Retaliatory Tariffs impacting almonds
But Japan’s Aflatoxin Situation is a Problem…

- Continued increase in rejections *despite quality specifications*
- Meetings with Japanese ministry and importers regarding U.S. crop conditions, sampling variation
- Proposed visit to California by MHLW delayed – not yet rescheduled
- Pilot project recommended to MHLW to address key issues:
  - Thermal trackers in containers to address temperature variability
  - Technical exchange on sampling equivalency
  - Moving beyond 100% import controls

- Issue is *how samples are being gathered*
- Harmonization with Codex protocol raised with U.S. government
- *Include as part of U.S. / Japan negotiating priorities?*

- Aflatoxin detections in Japan resulted in increased import inspection in Korea
  - Initiated Summer 2018; no detections notified….so far