Live Life Beautifully: Almond Board's Marketing Evolution in South Korea

December 10, 2015
Speakers

Stacey Humble, Almond Board (Moderator)

Laurel Muir, Sterling Rice Group

Melissa Mautz, Almond Board

Matt Lantz, Bryant Christie Inc.
Stacey Humble, Almond Board
Live Life Beautifully:
ABC’s Marketing Evolution in S. Korea
Almonds | Fast Growing

- Top 10 Market
- 60% growth in Shipment over 5 Years
  [2014/15 shipment data]

- Awareness continues to gain strength year over year
- Top-of-mind awareness up another +9ppt in 2014
- Increased usage among its heaviest users (at least 2x/week) despite declines as being the nut most often eaten as a snack
  [2014 Global Perception Study]
South Korea is a densely populated country with only **51 million people** living in a country roughly the size of **Indiana**.

Source: CIA World Factbook.
Nearly 70% of Koreans considered “blood” as the most important factor in defining their nation.

Source: Korea Times, The Korea Herald
Korean’s labor force works an average of 2,193 hours a year, the most hours in the world – 300 more than Japan
Most advanced retail marketplace
Seniors will account for over 20% of the population by 2026
AGENDA

1. Market access overview: Matt Lantz (Bryant Christie)
2. S. Korea strategy and target audience: Laurel Muir (Sterling-Rice Group)
3. S. Korea program overview: Melissa Mautz (ABC)
Korean MRL Transition and Almonds

Matt Lantz
Vice President, Global Access
Bryant Christie Inc.

December 14, 2015
What We All Want to Avoid…
Violation and consequences - by the numbers…
What I Hope You’ll Come Away With

• Understanding of Korean MRL Situation
• Knowledge of ABC Efforts in Korea
I. MRL Basics:

• Maximum Residue Levels (Limits)
• Detected residues should meet import country’s MRL
• Residues should not be detected if country has not established an MRL
• MRL are not a food safety standard
• MRLs ARE NOT HARMONIZED
I. Why MRLs Matter

Growing emphasis on food safety
MRL attention is increasing
Testing becoming more sophisticated
Complexity is increasing rather than decreasing
INCREASED FOCUS ON MRLS IN GLOBAL TRADE

1990s

- Taiwan MRL regulation small list; no deferrals; no default

1999

- Japan new MRL regulation; no deferrals (default= 0.01 ppm)

2006

- Canada new MRL protocols; future elimination of default 0.1 default MRL
- EU community-wide MRL standards established

2008

- China begins efforts to set 7000 new MRLs by 2017
- Customs Union new MRL regulation (Russia; Belarus; Kazakhstan)

2010

- Hong Kong national regulation
- GCC major new MRL regulation (Bahrain; Kuwait; Oman; Qatar; Saudi Arabia; UAE)

2014

- South Korea new MRL regulations

2017

Other markets with new MRL regulations pending: Mexico; Morocco; Peru, Dominican Republic
II. Korea MRL Situation

• **Current System:**
  – National Korean MRLs
  – Codex MRLs
  – “Like” Korean MRLs

• **Current Almond Assessment:**
  – Approximately 80 relevant almond MRLs in US.
  – 83% of US almond MRLs covered under Korean deferral path system
  – No violations
II. Korea MRL Situation

• New Korean MRL System:
  – Korean National MRLs Only (no deferrals)
  – 0.01 ppm default tolerance
  – Data submissions sought to establish MRLs
  – Once in place, increased testing likely.
II. Korea MRL Situation

- Current Almond Situation Under New System (Will Improve)
  - 26 Korean national almond MRLs in place, proposed, or default tolerance acceptable
  - Commitments to submit another 12 for review
  - Need approx. 36 Korean almond MRLs by 2017
  - MRLs expected to be established throughout 2016
II. Korea MRL Situation

• **Korean Government Position**
  – Right to establish new system
  – Understand scope of work
  – Cooperate with trading partners and registrants
  
  – Emphasis: **DO NOT WANT NEW SYSTEM TO NEGATIVELY AFFECT TRADE**
II. Korea MRL Situation

• ABC Efforts
  – Engage with US government; Meetings last week
  – Approaching registrants to seek submissions.
  – Work with Korean government/Hosted Korean MRL delegation
  – Watching situation closely; will increase pressure if appears trade could be affected
  – Cooperating with other groups
Summary & Conclusions
STRATEGY AND TARGET AUDIENCE
Laurel Muir, SRG
how do they approach life, health and eating…and where can almonds win?
Believe that health is holistic

“Health means both psychological and physical health. It means being vibrant and lively. Not fatigued and looking younger than your age.”

Female Health Conscious Snacker

**Physical**
- Avoidance of sickness and disease
- Staying thin
- Looking young (skin/hair)
- Improving energy and reducing fatigue

**Psychological**
- A positive and optimistic outlook
- Energetic and vibrant approach to life
- Balanced and happy
**On the outside: youthful appearance**

- Clear, smooth, white skin
- Black, shiny hair
- Thin figure
- Everyone trying to lose weight and taking action to keep skin healthy (beauty products, spa treatments)

“Appearance is as important as academic ability.”

Female Snack Actualizer

“I go with my wife to get facial massage to make sure my skin looks young.”

Male Health Concious
On the inside: youthful energy

- Energy to live an active life
- Maintaining a youthful outlook
- Happy and optimistic

“Health means having no symptoms, but also being vibrant, active, and proactive. I am exercising and watching what I eat and I feel more energetic and boosted. I don’t see specific effects, but I feel healthier.”

Male Excitement Seeker
But fear of falling behind adds pressure

- “Keeping up” with a competitive, collective society
  - Adds stress, drains energy, and leads to day-to-day fatigue
- Pressures to maintain youth
  - Stay thin, have beautiful skin and hair, avoid sickness and disease
So, they work hard to maintain their health...

Daily exercise  Visits to traditional spas and massage  Yearly doctor visits
Evolving eating habits: more focus on presence of positives and absence of negatives

Increasing
- Vitamins
- Fiber
- Protein

Decreasing
- High cal, high fat foods
- Salt
- Processed foods and artificial ingredients

“I’m trying to reduce salt and additives, eat low calorie and low fat food, and avoid processed foods and delivery.”

Female Health Conscious Snacker
Even though diet is important, supplements reassure.

“You need supplements to get those things that you don’t produce yourself in your body or are hard to get enough of from your food.”

—Female Health Conscious Snacker
So they recognize the need to balance throughout the day

**Meals = nutrition and taste**

- Generally trying to eat healthy meals – traditional Korean, especially at breakfast
- Eating is healthiest in the a.m. and declines throughout the day

**Snacks = taste, emotional satisfaction, and some nutrition**

- Usually eaten for enjoyment, relaxation, release

“Snacks are for energizing, relaxing, or boosting your mood. They are tastier.”

Female Excitement Seeker
And snacking is an important daily activity

**Functional**
- Between-meal hunger satisfaction
- Prevents over-eating
- Energy boost
- Vitamins and nutrients “you can’t get from other foods”

**Emotional**
- Release
- Reward
- Comfort
- Happiness
- Connect

The majority of occasions are driven by emotion
- Consumers believe snacks should be tasty and help improve their mood
When it comes to nuts... Peanuts, walnuts and almonds are the same from a health perspective and the only nuts consumed

- Natural/unprocessed with good fats
- Walnuts the typical association with brain health, but other nuts believed to deliver as well

- **But**, high in calories
When pushed there is slight differentiation

- Strong “ko-so-hey” flavor
- Link to skin care products
- Dry, neat nut
- Harder/crunchier

- Brain health
- Soft
- Omega 3/good fats

- Less expensive
- More oil than other nuts
- Great for Anjou
Driven by different need states throughout the day

**Mornig**
- **Nourish Me**: Nourish my body and help me do something good for myself
  - Confident and smart
- **Tide me over**: Satisfy my hunger and tide me over until the next meal
  - Satiated and satisfied

**Afternoon**
- **Escape**: Take a mental break from the stress of the day
  - Happiness and release
- **Relax**: Relax and unwind at the end of a busy day
  - Happiness and comfort
- **Reward**: A reward for getting through a challenging day or task
  - Validation

**Evening**
- **Connect**: Connect with others and enhance our time together
  - Happiness and warmth
- **Entertain Me**: Give me something to do when I'm feel a bit bored or during an activity like watching TV
  - Calming
Based on the insights, we positioned for tomorrow by...
Positioning approach:

**Live Life Beautifully**

**Who are we up against?**

Fruit, Nuts, supplement - snack eaten in the mid-morning occasion

**Almond benefit?**

Almonds are the perfect mid-morning snack because they nourish my vibrant, youthful life

**And how are almonds different?**

Natural, whole food that provides beauty benefits

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**Live Life beautifully, because almonds are a...**

- Exceptional source of vitamin E – more effective than a supplement for vibrant skin and hair
- Lowest calorie for weight management
- Protein and fiber for long lasting energy
So... who should we tell our message to? Meet our Target

51 Million Total Population

16.9 Million Target Audience

66% of the population between the ages of 24-55
Male and female

Three attitudinal segments:
- Snack Actualizers
- Health-Conscious Snackers
- Excitement Seekers
HOW ARE WE REACHING CONSUMERS?

Melissa Mautz, ABC
“Healthy Snack”, Is it Enough for Almonds in Korea??

Position almonds as a trendy, unique, and healthier snack.
Core Campaign Message

**ALMONDS = HEALTHY [MID-MORNING] SNACK**

- Increase the consumption of almonds as a snack
- Create differentiation between almonds and walnuts and peanuts
Marketing Overview
South Korean spokespersons endorsed health and lifestyles messages

Our key celebrity spokesperson to share her beauty secrets with almonds

Health professional to share the nutritional benefits of almonds

Celebrity chef to hold snack pairing demonstrations using almonds

Share efficient tips to energize our health and fitness routine by adding almonds
2014 Advertorial

적기찬 하루를 열어주는 곱데이 스트터, 아몬드

아몬드는 괜찮은 향기와 맛아래에서 마치 고급 레스토랑에서, 그중에서도 카페에 왔을 때 먹는 맛이 좋은 과일에 담긴 것이 아몬드입니다. 아몬드는 그 맛이 높은 과일 내에 있는 카페로, 고급한 안식의 곳에서 먹어야 한다는 느낌을 주는 과일입니다.

2015 Advertorial

한 줄의 아몬드로 나의 하루를 ‘충전’하자!

아몬드는 건강도 롱 보유를 위한 식사의 주인공. 식사, 음식, 카페에서의 먹는 손님들에게 생명의 힘을 줄 수 있는 과일을 제공한다는 데 주목받고 있습니다. 아몬드는 그 맛이 높은 과일 내에 있는 카페로, 고급한 안식의 곳에서 먹어야 한다는 느낌을 주는 과일입니다.

10:30AM 오드로, ‘상상의 테이블’

아몬드는 건강도 롱 보유를 위한 식사의 주인공. 식사, 음식, 카페에서의 먹는 손님들에게 생명의 힘을 줄 수 있는 과일을 제공한다는 데 주목받고 있습니다. 아몬드는 그 맛이 높은 과일 내에 있는 카페로, 고급한 안식의 곳에서 먹어야 한다는 느낌을 주는 과일입니다.

PAIRING 아몬드 멋지게 줄기기

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CALIFORNIA ALMONDS: K- Bomb Fashion Week

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Almond Brunch Party

Blogger event
Consumer event
Media day
Social media

Fall 2014 Event | 100 power bloggers with spokespeople
Spring 2015 Event | Reached 10,000 customers on road

Almonds on the Road

Media session
5 locations over 5 days in Seoul @ mid-morning
Social media
You are CHARGED the moment you consume almonds, building energy and gaining confidence.

> Everyone’s ready when they are “charged”
Fall 2015 Kicked Off FY15/16 @ Seoul Fashion Week
Elaborate almonds as a trendy and convenient snack for her followers

Local almond snack pairing

Nutritional benefits and health tip with almonds

Healthy lifestyle with almonds
News media are credible resources of information for Korean consumers

[Edelman Trust Barometer Research]
Public Relations | Health and Nutrition Messages

Media: Cosmopolitan
Title: 9 Things to Know for Your Body
Impression: 50,000

Media: Joongang Ilbo
Title: If You Hesitated Eating Almonds Because You Thought They Are Fattening Foods
Impression: 9,203,151

Media: Herald Business Daily
Title: Almonds, the Prince of Nuts, Protect Your Health

Media: Metro
Title: Foods that Make Your Morning Energetic
Impression: 437,664
“아몬드로 건강 챙기세요” 캠페인의 끝나기 초과 이벤트 "Chill-Your-Butt" 총회에서 모델들이 아몬드를 잡고 있는 모습. 이 캠페인은 캘리포니아 아몬드협회가 진행한 이벤트로, 아몬드의 건강과 행복을 전달하기 위해 마련되었다.
Power of TV Paid Placements

- Influence of TV has been decreasing, but remains the most powerful mass media in Korea
- Two thirds of Korean consumers named TV as the source of their awareness of almond advertising
- Informative shows are extremely influential

### Source of Almond Advertising Awareness
(Of those who recalled almond advertisement n=1193)
Almonds reached 180 million consumers through TV PPL

Reached through TV dramas, the entertainment and informative shows

Reached 180 million consumers in Korea
Even Across the Border in China

Korean Wave

- The Korean Wave is sweeping across China
- In 2014, “my love from the star” impact
  - Hit 3.7 billion online views in China
  - Reached to 13,333,445 people in Korea
Health Influencer Outreach

Health Influencer Tactics

E-Newsletter (NEW)
KNS Annual Conference
Exploring new partnerships (NEW)
Trade Program

Trade Tactics

E-Newsletter

Connected with stakeholders
Building More Almond Fans Online
Building More Almond Fans Online

Facebook

Twitter

Naver Blog

Instagram
Video
Where do we stand now?

Almond Value Quotient:
- 2011: 32%
- 2012: 40%
- 2013: 47%
- 2014: 45%
- 2015: 45%

Almond Eaten as a Snack:
- 2011: 25%
- 2012: 36%
- 2013: 45%
- 2014: 40%
- 2015: 42%

Almond Health Ratings:
- 2011: 38%
- 2012: 44%
- 2013: 49%
- 2014: 49%
- 2015: 48%
CHARGE YOUR DAY!
Questions?