Hessare Fruit Secondary Marketing Organization

Presented on Oct. 17, 2015
## I. Introduction of Hessare

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2002</td>
<td>Foundation of “Gyeonggi • Chungbuk Peach Joint-Venture”</td>
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<td>2003</td>
<td>Development of the Brand, “Hessare”</td>
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<td>2004</td>
<td>Change of the Title to “Hessare Cooperative Joint-Venture”</td>
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<td>2007</td>
<td>Establishment of “Hessare Fruit Secondary Marketing Organization”</td>
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<td>2008</td>
<td>Selected for the Best Organization for Yearly Evaluation of FTA Fund Support Project</td>
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## I. Introduction of Hessare

### Main Events

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
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<tr>
<td>2009</td>
<td>● TV and Radio Advertisement for Hessare Peach</td>
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| 2010 | ● “Hessare” Selected for Brand Organization Education  
      |       | ● Received Award from the Ministry of Agriculture, Fishery and Rural Affair’s Power Brand Competition |
| 2011 | ● Selected for the Best Organization for Comprehensive Evaluation on the Place of Production and Distribution  
      |       | ● Development of Apple, Pear Brand “Cheonsaengyeon” |
| 2012 | ● Received Best Prize for National Brand in 2012  
      |       | ● Selected for the Best Organization for Comprehensive Evaluation on the Place of Production and Distribution  
      |       | ● Received Best Prize of the Place of Production and Distribution  
      |       | ● Sales of Peach Recording Over KRW 53.7billion |
I. Introduction of Hessare

**Motive of Establishing “Hessare”**

- **Active Response to the Change in Marketing Environment of Agricultural Products**
  
  - Actively responding to the change of the domestic agricultural product market (response to large retailers)

- **Active Acceptance of Policy Demands by the Change of Government Policy**
  
  - Nurturing, choosing and concentrated supporting scaled-organization required to respond to the place of consumption

- **Coalition between Peach Agricultural Cooperatives**
  
  - Shifting from competition to coalition between nearby peach agricultural cooperatives to enhance scaling and bargaining power
I. Introduction of Hessare

Organization of Hessare Fruit Secondary Marketing Organization

- Addition of professional marketer in order to organize business and to pursue professional sales marketing
- Expansion of peach, apple, pear business

Diagram:
- General Meeting
- Board of Directors
- Auditors
- President
- Head of Marketing (Marketing Manager)
  - Professional Marketer
    - Peach
  - Professional Marketer
    - Pear, Apple
- Head of General Affairs & Planning
  - Head
    - Planning, Managing Subsidies
  - Deputy
    - General Affairs, Adjustments
I. Introduction of Hessare

Profit Structure of Hessare Organization

- **Commission for Brand Usage**
  - Commission for Hessare brand usage (The amount is proportionate to the usage of packaging materials)

- **Commission for Shipping**
  - Commission for shipping to items shipped by Hessare Organization (Direct transaction, export, wholesale market, etc)

- **Supporting by the Local Government**
  - Supporting by the local government for the vitalization of Hessare peach sales
I. Introduction of Hessare

Hessare’s Strength

- **The Main Producing District of Peach**
  - The best peach producing area in the central area of the Korean Peninsula (Eumseong-gun, Icheon-si) is secured as a business area
  - Accounting for 8.5% of the national peach production (2011)

- **Controlling the Quantity of Goods Transported by Hessare Fruit Secondary Marketing Organization**
  - Hessare Secondary Marketing Organization manages 85% of the peach production in Eumseong-gun (county) and Icheon-si (city)
  - Progressive Organization where two provincial government, one city and county, six regional agricultural cooperatives and 2,441 farm households cooperate.

- **Foundation of Trustworthy Quality Control System**
  - Production → Commercialization → Distribution → Four-Level of Quality Control System for Managing Shipped Goods is being established.
  - Production and Commercialization → Reginal Agri. Cooperatives, Distribution and Management of Shipped Goods → Hessare
I. Introduction of Hessare

Difference between Hessare and Regional Agricultural Cooperatives

- A Marketing Organization Established by the Contribution from Regional Agricultural Cooperatives
  - A [Secondary Marketing Organization] contributed from two cooperatives from Gyeonggi-do and four cooperatives from Chungchungbuk-do

- Active Acceptance of Policy Demands by the Change of Government Policies
  - Nurturing, choosing and concentrated supporting scaled-organization

- Coalition between Peach Agricultural Cooperatives
  - Shifting from competition to coalition between nearby peach agricultural cooperatives to enhance scaling and bargaining power
II. Accomplishments of Hessare Business

- Total Sale of Peaches in 2014
  - Amount of sales have reached KRW 60.2 billion, the largest sale record ($50 million, converted to US Dollars with the rate of 1$ = 1,200)
  - Supply increased after recovering from the damage from very low temperature (quantity of shipping increased by 75%, amount of shipping 32%)

Compared to 2013
- Amount of Sale 32% Increase
- Quantity of Sale 75% Increase

(UNIT: KRW million)

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<tr>
<td>Sales</td>
<td>24,993</td>
<td>28,360</td>
<td>32,137</td>
<td>33,324</td>
<td>39,407</td>
<td>40,487</td>
<td>52,275</td>
<td>54,400</td>
<td>46,507</td>
<td>42,416</td>
<td>53,968</td>
<td>60,213</td>
<td>45,708</td>
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II. Accomplishments of Hessare Business

- The Pope’s visit to Kkottongae in Eumseong-gun and Advertisement for Direct Transaction of Hessare
- (2014.8.16. more than 20,000 visitors)
II. Accomplishments of Hessare Business

Promotion at the Retailers: Direct Transaction Marketing in the Southern Area

Mega Mart, Busan

Hanaro Mart, Jeju-si Agricultural Cooperative
II. Accomplishments of Hessare Business

- Promotion at Large Retailers: Marketing for Direct Transaction (July~Sept)
II. Accomplishments of Hessare Business

- **Workshop for Buyers and Auctioneers**
  - Hessare Producer-Consumer Workshop: Building Organic Cooperation between Production and Consumption
  - 1st Workshop for Buyers and Auctioneers
    - May 22-23, 2014, Yeoju city, 54 participants
  - 2nd Workshop for Buyers and Auctioneers
    - November 10-11, 2014, Taean-gun, 49 Participants

2014 Workshop
II. Accomplishments of Hessare Business

Hessare Peach Flower Drawing Competition

- Inviting urban consumers, enhancing brand by "Making Memories at the Countryside with Children"
- Instilling good image of peach to children who are potential consumers
  
  In the long-term, the project is aimed at expanding sales route and improving farm household income
II. Accomplishments of Hessare Business

- Advertising through Cultural Marketing (Sing-along Concert)
  - Hessare Peach Sing-along Concert
    - At the Place of Production – Consumers and Hessare Farm households
    - At the Place of Consumption – Cultural Marketing at the national travelers
II. Accomplishments of Hessare Business

- The 8th Hessare Peach Festival (Jang-ho-won)

  Hessare Peach Festival
  - Sept 19-21, 2014 (three days)
  - Hessare Agricultural Distribution Center (Jang-ho-won-eup)
II. Accomplishments of Hessare Business

- **TV Advertisement and Sponsorship**

  Broadcasting Hours: August~October, 2012 (three months)
  MBC Channel, Every Wednesday and Thursday 21:55 ~
II. Accomplishments of Hessare Business

- **Radio Advertisement Sponsorship**
- **MBC FM 4U Channel Production Sponsorship**

Broadcasting Hour: MBC FM4U 12:29

Broadcasting Hour: MBC FM4U 16:29

제작협찬

핫사레 복숭아
II. Accomplishments of Hessare Business

2013~14 Advertisement Production on the Air

- TV Ad - On KBS 2, MBC, SBS, aired between Educational Program during August~September
- Radio Ad - KBS 2-FM, CBS-FM, during July~August
II. 햇사례

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II. Accomplishments of Hessare Business

- **2007**
  - 1st Place, FTA Yearly Evaluation
  - Ministerial Award in the Agricultural Food Power Brand Competition
  - Seoul-Incheon Famous Product

- **2008**
  - Winner, Korea Power Brand Winner (iMBC, Donga, Hankyung)
  - Bronze Award in the Agricultural Food Power Brand Competition
  - Best Organization, FTA Yearly Evaluation

- **2009**
  - Grand Prize, Korea Local Autonomy Brand
  - Ministerial Award in the Agricultural Food Power Brand Competition
  - Completed Organization of Brand Education
  - Announcement of Hessare Peach Brand worth KRW 954 billion

- **2011**
  - Best Organization, Evaluation of Place of Production and Distribution
  - Best Organization, FTA Yearly Evaluation
  - Ministerial Award in the Agricultural Food Power Brand Competition

- **2012**
  - Presidential Award in the Agricultural Food Power Brand Competition
  - Best Organization, FTA Yearly Evaluation
  - Best Organization, Evaluation of Place of Production and Distribution
  - Grand Prize, National Brand

- **2013**
  - Excellent Organization, Evaluation of Place of Production and Distribution
  - Best Organization, FTA Yearly Evaluation

- **2014**
  - Best Organization, FTA Yearly Evaluation
  - Runner-up, NACF Agricultural Product Brand Competition
  - Excellence Award, Good Model for the Local Government Cooperation
II. Accomplishments of Hessare Business

Grand Prize, 2012 National Brand

April 4, 2012
- Location: Crystal Ballroom, Lotte Hotel

Grand Prize,
National Brand
II. Accomplishments of Hessare Business

Grand Prize, 2012 Agro Power Brand Fair

November, 30, 2012.
- Location : aT Center

Presidential Award,
Agro Power Brand Fair
II. Accomplishments of Hessare Business

**Excellence Awards, 2014 Agro Brand Fair**

- Business Reached KRW 60 billion

- **2014 Agro Brand Fair**  
  - Excellence Award, Hessare Peach (December 10, 2014, NACF Main Hall)

- **Model for Cooperation with the Local Government**  
  - Excellence Award, Eum-seong-gun (December 10, 2014, NACF Main Hall)
II. Accomplishments of Hessare Business

Exchange Rate KRW1,200, The Brand Value of Hessare is USD 80 million

‘Hessare Peach’ Brand Value 95.4 KRW billion

-Coca Cola’s brand value is USD 66.6 billion (around 84 KRW trillion, Samsung’s cellphone brand ‘Anycall’ is rated KRW 5.7 trillion.

- For the Korean domestic agricultural products, the brand value is as follows:
  - ‘Yim-geum-nim-pyo (the brand of the best Korean rice) Icheon-ssal KRW 89.6 billion’, ‘Heong-seong-han-woo (the brand of the best Korean beef) KRW 61.4 billion’, ‘Hessare Peach KRW 95.4 billion’.
  - Especially, the brand value of Hessare Peach and Heong-seong-han-woo is 2.356 times, 2.36 times higher than that of yearly amount of sales, respectively.

Source: http://www.aflnews.co.kr (July 24, 2009)
II. Accomplishments of Hessare Business

Exchange Rate KRW 1,200, The Brand Value of Hessare is USD 80 million

‘Hessare Peach’ Brand Value

- The research was conducted by Researcher Park Sung-ho at the Rural Development Administration and Professor Kim Wan-bae at Seoul National University during the ‘2009 Summer Symposium of the Korea Agricultural Economics Association’. 
Thank you