



THE MARKET

If fire or flood threatens an Australian home, the owners rush in and snatch up... their photographs. The television set, the furniture, their clothes can all be replaced. But their memories cannot. And for over 100 years, Australians have trusted Kodak film to capture those memories.

The total Australian domestic photographic market is worth over \$1 billion, with the lion's share coming from consumer spending. Kodak is the clear market leader in the consumer sector, with more than twice the share of its nearest competitor.

The key consumer market segment is women aged 25-40. Their young children are the most-photographed subjects. The role of family archivist has been enthusiastically taken up by women, particularly since the introduction of simple "point-and-shoot" cameras in the late '70s.

Consumer picture-taking is a very seasonal business, which peaks strongly through the Christmas and summer holiday period. Photography and families are entwined, and while family life has changed over the century, this desire to record family memories has remained constant.

But Kodak's imaging leadership goes beyond consumer markets. It extends to professional photography, motion picture film and health and business imaging.

Kodak Australia has its manufacturing facility at Coburg, a northern suburb of Melbourne. Asia Pacific export markets take around 80% of the Coburg plant's output of Ektacolor paper, Kodak film and photographic chemicals. The value of these exports has grown from \$50 million in 1980 to around \$400 million in 1998.

ACHIEVEMENTS

How does a brand now 100 years old remain relevant? Through continuous innovation and the relentless pursuit of quality. This has been a hallmark of Kodak from the very beginning:



"The success or failure of any company is determined by the quality of the work done by every man or woman in its employ. Our goods are sold on the basis of quality and on that basis alone. The firm that produces the product of the highest quality is the firm which prospers."

- George Eastman, founder and Kodak

founder, speaking in 1915. Eastman made photography affordable and popular when he invented and successfully marketed the first roll film cameras, commencing with the No 1 Kodak in September 1888.

Supported for years by one of the world's most recognised advertising statements, "You press the button, we do

the rest," Kodak's little yellow film box became ubiquitous, and to this day commands a premium from consumers throughout the world.

HISTORY

Kodak Australia has been manufacturing photographic products in this country for over 100 years, beginning with young scientist Thomas Baker, the pioneer of photographic manufacturing in Australia. In 1886 he set up in his Melbourne laboratory, making photographic dry plates. A year later he teamed up with businessman John J. Rouse to form a photographic wholesaling and retailing venture, Baker & Rouse Pty Ltd.

At around the same time, George Eastman was also pioneering the commercial production of dry plates in the USA. In search of a distinctive trademark, he came up with the word "Kodak" because it was easy to pronounce and spell in any language, and began and ended with Eastman's favourite letter. By 1901, he had formed the Eastman Kodak Company.

With photography still in its infancy in Australia and the US, Baker & Rouse developed a business relationship with Eastman. In 1908, Baker & Rouse was appointed sole Australian agent for Kodak products, which led to the expansion of the business and the formation of Australian Kodak Limited. A New Zealand branch was formed in Auckland three years later, and in 1920, the company was registered as Kodak (Australasia)

Pty Ltd, the name it retains today.

In 1992 Kodak was the first and (in 1999) is still the only company to be awarded the Australian Quality Prize, and remains committed to developing and improving quality processes.

Today, Kodak Australia is the only Australian manufacturer of photosensitive goods, and among the top companies in the technologically sophisticated 'Elaborately Transformed Manufacture' category of Australian manufacture and export.



THE PRODUCT

While Kodak is synonymous with point-and-shoot cameras, the world's most popular film and snapshot photography, the story does not end there.

Kodak's motion picture film, for example, remains the firm choice of cinematographers worldwide.

Kodak is also a byword in the field of business imaging. An early example is Kodak's introduction of microfilm in 1927. These days, digital scanning of business documents is at the leading edge of information management, and Kodak remains at the forefront. Kodak's most popular document scanner handles 75 pages per minute and can also scan pictures at high resolution.

In the health imaging area, the traditional X-Ray business has been augmented by new medical imaging technologies, including teleradiology, which enables medical specialists to diagnose images digitally transmitted from the other side of the world.

RECENT DEVELOPMENTS

As the 21st century opens, the world is confronted by a great change as telecommunications, the media and computing converge in new media such as the internet and multimedia applications. This is the digital revolution.

Kodak is leading the way in digital imaging with innovative ways of taking and using pictures. For consumers, this means exciting new product offerings such as digital cameras, scanners and new applications for their pictures via the magic of digitization.

Picture Maker, Kodak's in-store digital imaging station, scans from prints - no negatives required - and produces fade-resistant, high quality prints. The unit can recompose a picture, eliminate the "red eye" caused by flash photography, and correct poor color. This is being further extended with a range of digital templates, available to stores via ISDN, which enable the marriage of scanned images with graphics and text, extending consumers' enjoyment of their precious photos.

Now Kodak is using the immediacy and magic of digital photography to deliver fun pictures at theme parks, cinema complexes, and even on top of the Sydney Harbour Bridge as part of the new



Sydney BridgeClimb experience.

Kodak is also a key player in a new snapshotter-friendly photo system known as Advanced Photo System (APS) and marketed by Kodak as Advantix. APS is an open system for which any manufacturer can make cameras or film.

PROMOTION

Kodak's marketing communications has always sought to focus on emotionally rich television advertising, and point-of-sale. The aim is to remind consumers just how rewarding, enjoyable and central picture-taking is to family life.

Another key element in Kodak's communication strategy is a powerful, image rich and interactive Internet presence. The Kodak site comprises over 10,000 pages and receives up to a million "hits" a day. It can be found at: www.kodak.com. The linked Australian site is at www.kodak.com.au.

BRAND VALUES

Interbrand, an international brand consultancy, sought in 1997 to analyse consumer perceptions and preparedness to buy the brand. Their estimate of Kodak's brand equity at that time was US\$13.2 billion, which places it sixth globally, between Disney and Kellogg.

The two defining characteristics people attribute to the brand are quality and trust. This is important, as photography is bound up with the emotional territory of families and their memories. Kodak has delivered quality products from generation to generation of Australians, building up a reservoir of trust over decades.

And now to take that reputation for

trustworthiness and quality into the digital age, where much more is achievable with photography, Kodak is adding a call to action to its brand: "Take Pictures. Further".

George Fisher, Eastman Kodak Company chairman, articulates the company's brand positioning succinctly:

"Our business is pictures. We have the historic and powerful emotional link to the consumer that many of our digital competitors don't have. The key to our success is to help customers and consumers apply the right technology - traditional, or digital, or hybrid - to take their pictures further, in their lives or their businesses."

THINGS YOU DIDN'T KNOW ABOUT KODAK

- The 1997 Mars Pathfinder probe vehicle "Rover" used three off-the-shelf Kodak CCD digital sensors. Two were the vehicle's "eyes" for steering and the other captured images. New-generation Kodak imaging sensors are also aboard the current Mars probe, and will send back the clearest pictures of the Red Planet we have ever seen.
- During World War 2, Australian V-mail (Airgraph), a Kodak system for microfilming letters for the armed services to conserve precious air cargo space, operated between Australia and the US. Empire Airgraph provided civilian correspondence between Australia and Britain.
- Ektacolor paper manufactured at Coburg consists of seven consistent layers of emulsion coated onto paper base. Each is just 10 microns thick - a sixth of the thickness of human hair. This is as exacting as microchip production - and performed in virtual darkness!
- In 1944, Kodak supplied the Office of Strategic Services - forerunner of the CIA - with Camera X, a camera with no viewfinder, built to look like a matchbox. It came with several rolls of 16mm film, tablets of chemicals for developing, and an agitating stick for processing. There was also a close-up lens for copying documents. About 1000 were supplied.
- The common use of the word "disposable" to describe Kodak single use cameras is not correct, as these products are collected by Kodak and most of the main body parts re-used up to six times before being ground into pellets to make - more Kodak single use cameras!
- The popular myth that Linda McCartney was heir to the Eastman fortune is not true - she was not even related to George Eastman.

