



THE MARKET

Australians love confectionery. They annually consume 6.7kg of it per person, making confectionery the most popular snack food in Australia.

Chocolate accounts for 77 per cent of all confectionery sales in Australia with a retail value over \$1.3 billion every year. Cadbury is the biggest player in chocolate confectionery, with market leadership across all major product segments.

Forty-seven percent of confectionery is purchased on impulse, and almost 50 per cent of all chocolate buyers are within the 25 - 49 year age group. Women generally buy more chocolate than men, but in most cases they are buying for their families. In fact men in the 35 - 49 year age group are the highest buyers of chocolate bars and blocks, usually for themselves.

The Australian confectionery market continues to grow year on year with volume increasing 12.5 per cent over the past five years. This growth has been powered along by a 15.7 per cent growth in the dominant chocolate confectionery segment.

ACHIEVEMENTS

Cadbury is one of the largest chocolate producers in the world. Since the merger with Schweppes in 1969, Cadbury Schweppes has become a major force in international markets and in the process Cadbury has consolidated its position as Australia's leading confectionery brand.

Cadbury spans the globe from its British base, and operates factories in Australia, New Zealand, Malaysia, Indonesia,

India, China, Poland and several parts of Africa. It owns subsidiary companies in France, Germany, Spain, Argentina and Holland and has franchise agreements with companies in the US and Canada.

In Australia, Cadbury brands dominate the confectionery market with Cadbury's flagship Dairy Milk worth over \$90 million annually. Cadbury Marble represents the most successful block chocolate launch ever with \$9 million worth sold in the first six months. Three generations of Australians have grown up with the Cadbury range.

HISTORY

The Cadbury story started in a small grocery shop in Birmingham, England, opened in 1824 by John Cadbury, a Quaker. The shop's most popular product was cocoa and this led John Cadbury to move into chocolate manufacture.

Realising the potential of his business, John Cadbury and his brother Benjamin formed a company, Cadbury Brothers. In 1853, they received the Royal Warrant as manufacturers to Queen Victoria. The company has continued to hold Royal Warrants of Appointment to this day.

John Cadbury's sons George and Richard took control of the business in 1861 and, in 1866, introduced a new method for pressing the cocoa butter from cocoa beans to form cocoa essence, which was advertised as 'Absolutely pure - therefore best'. They produced many new kinds of chocolates, including the first

assortments sold in boxes.

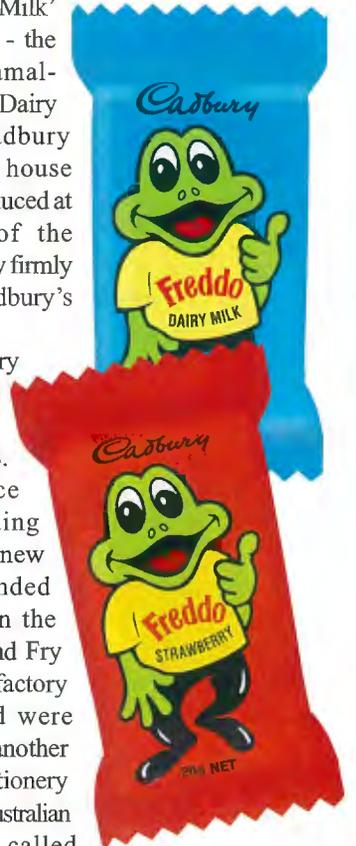
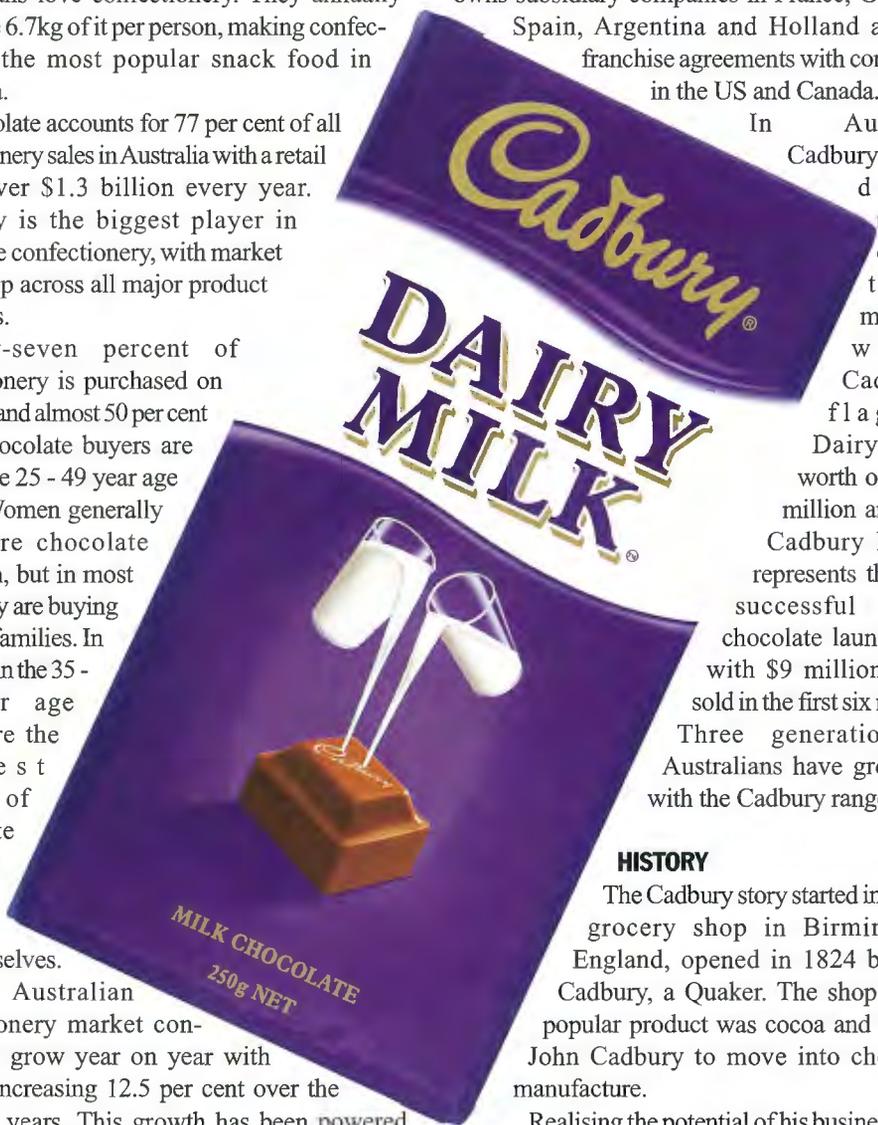
Richard Cadbury introduced ambitious and attractive designs from his own paintings for his gift boxes. He used his children as models and sometimes depicted flowers or scenes from holiday journeys.

In 1905 came the launch of Cadbury's Dairy Milk, now the company's flagship brand. It was manufactured by a unique process which used fresh milk in greater quantities than previously. Of the three names considered for this new brand - 'Jersey', 'Highland Milk' and 'Dairy Maid' - the last two were amalgamated to form 'Dairy Milk'. The Cadbury purple and gold house colours were introduced at the beginning of the century and are now firmly established as Cadbury's corporate colours.

In 1918, Cadbury merged with the well known confectionery firm of J. S. Fry. The alliance was an outstanding success, and the new company expanded internationally. In the 1920s, Cadbury and Fry decided to build a factory in Australia, and were joined by Pascall, another well known confectionery maker. This new Australian company was called Cadbury-Fry and Pascall. Claremont in Tasmania was chosen for the company's Australian factory, because it was close to Hobart and to the finest dairy pasture in Australia, and enjoyed pure air and moderate temperatures.

Cadbury became the official supplier of chocolate to the Australian Armed Forces in World War II. The supply of chocolate to the troops and civilians required a tremendous effort from Cadbury's workers. The Claremont factory worked throughout the day and well into the night, but the civilian population still suffered from chocolate shortages, and stores sometimes went without chocolate for months at a time.

In 1967 Cadbury acquired MacRobertsons, a respected Australian confectionery manufacturer founded in 1880. This move gave Cadbury a major



manufacturing base at Ringwood, Victoria and a range of unique confectionery brands including Cherry Ripe and Freddo Frog, which have become household names.

In 1969, Cadbury merged with Schweppes Australia to create Cadbury Schweppes. Since then, Cadbury has acquired the Red Tulip confectionery company, founded in Melbourne in 1942, and has expanded its range of fine products including the Europe range of health bars, the enormous array of Red Tulip Easter lines, and famous confectionery brands including After Dinner Mints.

THE PRODUCT

Cadbury's core product is top quality chocolate. The Cadbury Dairy Milk block is the company's flagship brand, but there are many other favourites including Fruit & Nut and Hazel Nut, as well as popular cream filled products such as Snack and Caramello. Cadbury produces a variety of boxed chocolate assortments, most notably Milk Tray and



Roses. Children's lines include Australia's long time favourites Freddo Frog and Caramello Koala. Famous Cadbury chocolate bar lines such as Cherry Ripe, Picnic, Flake and Crunchie meet the demand for impulse purchases and new products such as Time Out and Crave keep the market stimulated each year.

Cadbury produces seasonal lines too, available at Christmas and Easter, the best selling periods of the year. Easter has recently seen the launch of mini Cadbury Crème Eggs and Top Deck Hunting Eggs. Cadbury also licenses its brand to dedicated producers of icecreams, dairy desserts and creme liqueur.

RECENT DEVELOPMENTS

Cadbury Yowie, first launched in 1997, has taken the world by storm, winning the 1998 Best Global Grocery Product in the World awarded at the prestigious Sial d'Or

Awards, the highest accolade for a grocery product worldwide. This was a first for an Australian product.



The Yowie concept was brought to life for Cadbury Australia by well known and highly respected Australian authors Geoff Pike and Bryce Courtney and creative



genius Ted Blackall. Over 64 million Yowie were

sold in Australia in the first two years, worth \$100 million in retail sales. The product now dominates the Australian children's confectionery category with an incredible 37.7 per cent value share of the market.

The most recent additions to the Yowie range are the Lost Kingdoms range, including six limited edition glow-in-the-dark dinosaurs, and the Yowie Adventure range.

Among other things, the Lost Kingdoms range is supported by a museum exhibition touring Australia. The innovative and interactive Adventure range introduced a total Yowie experience including Yowie Sidekicks or best friends, transport vehicles, homes, environmental enemies and endangered animals. A new comic strip is included with every Yowie capsule. Strategies that build on the environmental aspects of the product will continue to secure the success of the brand for decades to come.

Cadbury Dream, "real whiter chocolate, wicked taste", was launched in Australia in January 2001 after four years of research to perfect the flavour delivery. An unparalleled promotional campaign including massive sampling campaigns, high profile women's magazine advertising and a plethora of Point Of Sale and merchandising material made Dream the highest scanning confectionery line for eight weeks after its launch.

PROMOTION

The taste of Cadbury's chocolate has long been the focus of Cadbury's advertising in Australia and New Zealand. This has

been supported by the slogan 'a glass and a half of full cream milk in every 200 grams', accompanied by a picture of milk pouring into the Cadbury's Dairy Milk chocolate block. This was a tremendous advertising coup and has served the brand well for over 50 years. The image has become an integral part of the packaging design and has been featured in magazines, and on buses and trains, billboards, and television.

The new "Masterbrand" corporate umbrella advertising campaign "Choose happiness... choose Cadbury", launched in 2001, takes the concept one step further to a "permissibility" message in the consumer's mind which will unlock growth for the future. Urging consumers to embrace the positives in life is the key to increasing per capita consumption, currently 4.8kg in Australia. The "Masterbrand" campaign will support all the Cadbury Chocolate brands and spans packaging, POS, media, promotion and all other consumer touch points.

BRAND VALUES

Cadbury's mission statement says simply: "Cadbury means quality"; this is our promise. Our reputation is built upon quality; our commitment to continuous improvement will ensure that our promise is delivered."

Cadbury has established itself as a company of fairness and integrity, which always attempts to operate as a socially responsible business.



THINGS YOU DIDN'T KNOW ABOUT CADBURY

- Australians give more chocolate Easter Eggs than anyone else in the world - they give eggs valued at more than \$175 million.
- Australia holds the world record for the largest Easter Egg ever produced. In 1992 Red Tulip produced an egg weighing 4755 kg and measuring 7.1 metres in height.
- Dental researchers have discovered that tannin, found in all cocoa products, inhibits the key enzyme in the formation of plaque.
- Over 90 million Freddo Frogs are produced annually.
- Chocolate is the only word of Aztec origin used regularly in English. Xocoatl was a 'bitterwater' drink made from the cocoa bean by the Aztecs.
- Cocoa butter, the fat of which chocolate is composed, melts completely at temperatures between 32 and 35C and begins to soften at between 25 and 27C. So keep your chocolate cool!
- Freddo Frog may be the only chocolate frog to have his own Internet site. You can visit Freddo's web site on www.thegreenweb.com.au.

