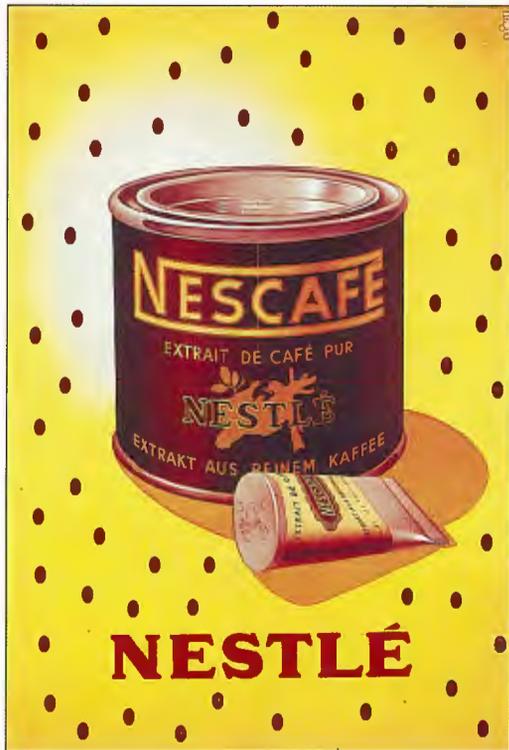




Nestlé

Good Food, Good Life



**THE MARKET**

The Australian soluble coffee market is currently worth \$437.8 million. This is more than five times the size of the roast and ground coffee market, reflecting the fact that 93% of coffee consumed in the home is soluble.

Australians drink over 11 million cups of Nescafé every day. Nescafé is Australia's favourite coffee, representing 58.4% or \$255.6 million of the soluble coffee market<sup>1</sup>.

Coffee has grown in recent years to overtake tea as the leading hot beverage in Australia. In fact, coffee is second only to water as the most popular beverage consumed by Australians<sup>2</sup>.

Trends indicate that consumers are becoming increasingly sophisticated in their soluble coffee choices. As a result, the premium segment of the market is driving growth in soluble coffee.

**ACHIEVEMENTS**

1952 was a breakthrough year for research into and the manufacture of Nescafé. For the first time, Nescafé could be made without carbohydrates - meaning Nescafé was now 100% pure coffee in a soluble form.

The next major advancement in the coffee making process was freeze-drying. This technology improved the quality of soluble coffee and allowed Nestlé to introduce new varieties such as Nescafé Gold.

Nestlé's commitment to research and development resulted in the agglomeration process. This led to the introduction of granulated coffee, which is an outstandingly attractive and more easily dissolved product.

Throughout the '70s and '80s, Nescafé coffee underwent various quality improvements and further development to meet the demand of an increasingly sophisticated market. Nestlé's commitment to continually improving its coffee led to improvements in bean quality, blends, roasting methods, packaging and of course that unmistakable, irresistible asset of any coffee - aroma.

**HISTORY**

No real evidence exists to show exactly when or how coffee was first drunk. Legends portraying its origins abound. Some may be partially true, and one in particular is given

more credence than most.

This story tells the tale of Kaldi, a goat keeper who lived in third century Ethiopia. He noticed how strangely his goats reacted when they ate the red berries from a certain bush.

He related his discovery to the abbot of a nearby monastery who decided to test the power of this remarkable berry for himself. He poured boiling water onto some berries that he had collected and made a drink which he found helped him to stay awake during long hours of prayer.

The legend then tells of the news spreading quickly through the Middle East, creating a growing demand for the new drink.

By the end of the 18<sup>th</sup> century, coffee had become one of the world's major export crops, especially in developing countries.

In 1930, the Brazilian government approached Nestlé



to see if the company could find a way to preserve excess coffee from over-productive years. The suggestion was to create a soluble form of coffee that still had the distinctive coffee aroma. The result was that in 1938, *Nescafé* coffee was born.

The history of instant coffee in Australia goes back to World War II. Prior to that, Australia had been a tea-drinking nation. Australians consumed an average of 3.1 cups of tea per day compared to 0.3 cups of coffee. However, that changed with the arrival of the American Allied troops. Coffee was their drink of choice and the US Army quartermasters began looking for a way to satisfy this demand quickly and conveniently. *Nescafé* instant coffee was the obvious answer. Once introduced to it, Australians also took to this quality instant coffee, so much so that Nestlé began manufacturing it in Australia in 1948.

### THE PRODUCT

The steps needed to produce soluble coffee are the same as those required to make roast and ground coffee - except it is necessary to take a step further. The freshly ground coffee is put into a huge percolator containing hot water under pressure. This brews highly concentrated liquid coffee, which is then spray dried or freeze dried.

Spray drying involves passing the coffee liquor into a continuous stream of hot air to atomise the liquid into fine particles. This produces coffees such as *Nescafé* Blend 43, *Nescafé* Espresso and *Nescafé* Mild Roast.

In freeze drying, which is used for *Nescafé* Gold and the *Nescafé* Gourmet range, the brewed coffee is snap frozen at minus 40 ° Celsius, then ground into the required particle size. The particles are suspended in a vacuum tunnel and low heat is applied, causing ice crystals to vaporise and leaving particles of freeze-dried coffee ready for packing. Minimal heat application results in a superior coffee. However, bean quality is the essential factor in determining the quality of the final product.

### RECENT DEVELOPMENTS

Nestlé has made a major commitment to supporting the Australian community. Since 1990,

Nestlé has awarded more than \$1.7 million in prize money through the *Nescafé* Big Break to talented young Australians between the ages of 16 and 21. The program is designed to provide cash grants of up to \$20,000 each to start them in their careers and business endeavours. The program has evolved to the point where it now receives



thousands of applications from young people with bright ideas and determination. There are no categories and the entries are judged by past winners, many of whom have gone on to achieve great success in business, the arts, sport, farming, tourism and their own community programs. *Nescafé* Big Break has succeeded in establishing *Nescafé* as the youth brand in Australia. John Foreman, a 1990 winner, went on to compose the 2000 Sydney Olympic theme song, *The Flame*.

For the past three years, the *Nescafé* Short Film Awards have also positioned the brand as young and contemporary. The awards attract entries from



the best Australian and New Zealand short film makers whose films frequently go on to achieve success at the big international film festivals. With its program of public screenings, the *Nescafé* Short Film Awards provide the public with opportunities to see these great films. They also offer the film-makers much sought-after exposure.

The awards include a special student category, building brand awareness among this important group.

### PROMOTION

As the market leading coffee brand, *Nescafé* has a commitment to growing total category consumption. This is via the development and encouragement of new coffee drinking occasions, development of new products and formats and innovative advertising and consumer promotions.

The use of the *Nescafé* World's Largest Coffee Mug, the *Nescafé* hot air balloon and sampling campaigns utilising specially designed backpacks are all examples of increasingly sophisticated and targeted activity. The recent introduction of the popular *Nescafé* travel mugs, designed for "on the go" consumption, is allowing consumers to take their

favourite cup of *Nescafé* anywhere.

The "Love it Every Morning" campaign highlights to consumers the benefits of starting their day with a cup of *Nescafé* coffee. The campaign has included heavy media support in the form of TV, radio and outdoor advertising, a massive sampling campaign to reach over 200,000 consumers, a national public relations campaign, consumer promotions and integrated radio and web promotions.

The "Ice Up the Taste" campaign shows consumers how easy iced coffee is to make at home using their favourite *Nescafé* coffee and how refreshing it is during the hotter months. Support has included media advertising, a national sampling and public relations campaign, on-pack recipes and free iced coffee shakers with the purchase of *Nescafé* Blend 43.

Nestlé regularly conducts blind taste tests for key products to ensure that there is a significant preference for these brands against key competitors. This competitor surveillance is conducted to maintain the high quality levels of Nestlé brands. Sampling is an important part of marketing activity, giving consumers the opportunity to experience the difference in the taste of *Nescafé* products.

A blind taste test in early 2001 showed that *Nescafé* Gold was significantly preferred over its key competitor in the premium segment. The preference was shown to be driven by the taste and aroma of *Nescafé* Gold. The aroma of *Nescafé* Gold is its secret. Unlike many other coffees, *Nescafé* Gold releases the aromatics captured during roasting in every cup, providing a fuller, richer aroma. To give consumers the opportunity to experience the taste and aroma of *Nescafé* Gold, Nestlé distributed impressive *Nescafé* Gold miniature jars to more than 580,000 households around Australia - that's almost one in ten!

### BRAND VALUES

*Nescafé* brings people together. It is the people's coffee: friendly, approachable and uncomplicated. *Nescafé* is a brand of distinctive quality that offers consumers a rewarding experience every time. It helps to kick-start the day, rejuvenate and brighten the spirits. It also provides a break, enjoyment and a relaxing moment.

1 Aztec Data MAT 8/7/01. 2 National Beverage Usage Study, The Leading Edge, November 2000.

### THINGS YOU DIDN'T KNOW ABOUT NESCAFÉ

- *Nescafé* was the world's first soluble coffee, created in 1938.
- Only 100% pure coffee beans are used to make *Nescafé*.
- Australians consume over 11 million cups of *Nescafé* per day.
- Coffee is second only to water as the most popular non-alcoholic beverage.
- The average Australian coffee drinker consumes 2.53 cups of coffee each day.
- A cup of *Nescafé* costs only 10 cents (this is based on a 2g serve of *Nescafé* Blend 43).

