



### THE MARKET

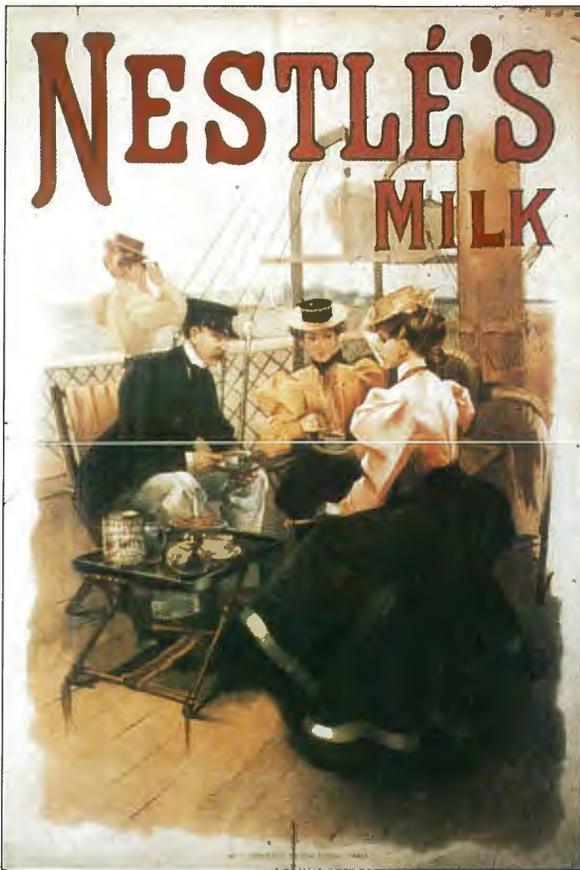
Australian families love Nestlé milk products. It is not surprising, then, that Australians consumed 28 million of them in 2000. Nestlé has a proud tradition of providing quality milk products for Australian families for 130 years.

Whilst Nestlé today has many brands that are household names to millions of Australians, such as *Nescafé*, *International Roast*, *Nan*, *Lactogen*, *Milo*, *Nesquik*, *Kit Kat*, *Smarties*, *Violet Crumble*, *Milky Bar*, *Allens*, *Wonka*, *Maggi*, *Lean Cuisine*, *Nestlé Peters*, *Drumstick*, *Friskies* and *Lucky Dog*, to name just a few, milk products maintain a special place in Nestlé's business.

Henri Nestlé endowed the company he founded with his family coat of arms, the nest with a mother bird protecting her young. The logo became a symbol of the company's care and attitude to life-long nutrition, and milk based products have always been at the centre of this.

Nestlé competes in three segments of the milk market: Evaporated Milk, Sweetened Condensed Milk, and Powdered Milk. The *Carnation* brand (Evaporated Milk), *Nestlé* brand (Sweetened Condensed Milk) and *Sunshine* brand (Powdered Milk) will be just as familiar to older Australians as the impressive list of other Nestlé brands above.

A recent research study showed that 61% of female grocery buyers aged 18+ years had purchased Evaporated Milk, whilst 76% had bought Sweetened Condensed Milk<sup>1</sup>. The key to the enduring affinity Australians have for Nestlé milk brands lies in their versatility and in the enjoyment they bring to Australian families every day.



### ACHIEVEMENTS

From humble beginnings in 1866 as a Swiss manufacturer of milk based products, Nestlé currently employs 225,000 people worldwide. Four thousand of these employees are in Australia.

Milk based products remain an integral part of Nestlé's business. Nestlé has two factories in Victoria, one in Dennington and one in Tongala, devoted to the manufacture of milk based products and they alone employ 450 people. In 2000, Nestlé sold just under 90 million kilograms of milk products, worth almost \$270 million. 80% of this volume was exported around Oceania and Asia, accounting for 90% of Nestlé's export business. This makes Nestlé one of Australia's leading food exporters.

Complementing Nestlé's ability to produce

Nestlé has provided thousands of Australians with cookbooks for their milk products such as 'Essential & Simple', 'Simply Irresistible', 'Sunshine all time favourites', 'Fabulous Food Made Easy', 'Easy Cooking With Style', and 'Delectable Indulgences'. Nestlé's recipes are designed to be achievable by every cook.

### HISTORY

Gail Borden first developed Sweetened Condensed Milk in America in 1856 as a means of preserving milk. Ten years later, Charles Page acquired the necessary equipment to set up a Condensed Milk factory in Cham, a little town in the canton of Zug in Switzerland. On the 6<sup>th</sup> of August 1866, Page founded the Anglo-Swiss Condensed Milk Company. Five years later the Anglo-Swiss Condensed Milk Company launched the Milkmaid brand in Australia.

In 1877 Nestlé began producing *Nestlé* Condensed Milk in response to Anglo-Swiss's encroachment into the infant cereal market which it had dominated since Henri Nestlé founded his company on the back of *Farine Lactée* in 1867. Before long, *Nestlé* Condensed Milk was outperforming Anglo Swiss's Milkmaid brand on a variety of markets, particularly in Europe.

Nestlé was holding its own in Australia. By 1903, Australia was Nestlé's second largest export market with 200,000 cases a year of Condensed Milk. In 1905, after years of fierce competition, Nestlé merged with the Anglo Swiss Condensed Milk Company. In 1911 the Dennington Condensed Milk factory was built. It was the largest Condensed Milk factory in the world during the First World War.

The next major development was not until 1971 when Ursina-Franck, makers of Tongala brand products in Australia, merged with Nestlé. From that time on, *Nestlé* Condensed Milk has been manufactured at the Tongala factory.

Back in 1882, manufacturers had begun to question whether sugar needed to be a key ingredient of condensed milk. Chemists had developed patented processes for producing Evaporated Milk, which did not require sugar. In 1899 Elbridge Amos Stuart founded Stuart's Pacific Coast Condensed Milk Company in the United States, and began manufacturing *Carnation* Evaporated Milk and



quality products is the number and variety of recipes that Nestlé has produced for its consumers. Nestlé has a proud tradition of developing recipes for Australian families. In the past decade alone,

Cream. By 1985, the *Carnation* range consisted of almost 200 top quality, mostly milk based, products. In the Far East and Oceania, *Carnation's* two major markets were the Philippines (milk) and Australia (milk and pet foods). Nestlé acquired the Carnation Company in 1985.

The *Sunshine* brand of Powdered Milk was first sold in Australia in 1937. This was the year in which a process to preserve milk in a powdered state on a large scale was first developed. *Sunshine* has been providing for Australian families, particularly in rural areas, ever since.

**Cream Coffee with Carnation...**  
AND BRING OUT ALL THE FRAGRANT FLAVOUR!

Make your Coffee black and add Carnation straight from the can.

It's delicious! Serve it black, add Carnation and taste the remarkable "A real cup of coffee."  
"Sweet & strong and the cream!"  
"Just Swiss style."  
"Delicious... creamy... wonderful!"

There's a real enjoyment in coffee when you add Carnation, and it's simply to make, too! Just get one tin of water in comparison, or coffee you, bring in the tin and be done in 2 minutes. Now there's a simple, convenient coffee... and a pinch of salt (yes, salt). It helps and the Salt Branner. Let love for delicious and serve with Carnation.

For coffee made with cream or powder, follow the directions and add Carnation. It makes all coffee taste better!

**RECIPES**

Try these delicious Carnation Recipes

**JANIS PIE GERHARDT**

1 cup water, 1/2 cup sugar, 1/2 cup Carnation Milk, 1/2 cup instant coffee, 1/2 cup salt.

1. Boil water and sugar in a large pot. 2. Add Carnation Milk and instant coffee. 3. Stir well. 4. Add salt. 5. Serve hot.

**FORBES**

1 cup water, 1/2 cup sugar, 1/2 cup Carnation Milk, 1/2 cup instant coffee, 1/2 cup salt.

1. Boil water and sugar in a large pot. 2. Add Carnation Milk and instant coffee. 3. Stir well. 4. Add salt. 5. Serve hot.

**THE FINEST LADDER QUALITY**

The finest Ladder Quality Carnation Milk is made from the finest milk available. It is rich in cream and contains the highest percentage of milk solids. It is available in all sizes and is the most convenient for use in all climates.

**1937 COOK BOOK**

1 cup water, 1/2 cup sugar, 1/2 cup Carnation Milk, 1/2 cup instant coffee, 1/2 cup salt.

1. Boil water and sugar in a large pot. 2. Add Carnation Milk and instant coffee. 3. Stir well. 4. Add salt. 5. Serve hot.

7.30pm Make dinner  
7.45pm Make Almond Plum Squares  
8.25pm Make husband do dishes

**Almond Plum Squares**

1/2 cup water, 1/2 cup sugar, 1/2 cup Sunshine Powdered Milk, 1/2 cup instant coffee, 1/2 cup salt.

1. Boil water and sugar in a large pot. 2. Add Sunshine Powdered Milk and instant coffee. 3. Stir well. 4. Add salt. 5. Serve hot.

**Short & Sweet**

used, from old-time favourites including ice-creams through to today's cosmopolitan dishes which include curries and laksas.

Sweetened Condensed Milk was similarly used as a whitener in coffee. Again, the versatility of the product and Nestlé's reputation in developing quality recipes that always work has seen *Nestlé* Sweetened Condensed Milk become increasingly accepted as a modern baking ingredient. Today it is often promoted together with *Nestlé's* range of Baking products, which include *Nestlé Plaistowe* Cooking Chocolate, *Nestlé Choc Bits* and *Nestlé Melts*,

### THE PRODUCT

*Nestlé* Sweetened Condensed Milk is made by adding cane sugar to milk and then removing approximately 60% of the water by evaporation. The sweetened evaporated milk is then specially processed to prevent large sugar crystals from forming. Finally the mixture is filled into pre-sterilised cans. Unlike evaporated milk, there is no need for a post-filling sterilisation process, as the filling method and additional sugar inhibit bacterial growth. This helps to preserve the vitamins present in the milk. There is also a Skim version, which is made the same way but from skim milk. Today, Sweetened Condensed Milk is used extensively in sweet baking in old favourites such as Chocolate Caramel Slice, and in many modern applications such as Tiramisu.

*Carnation* Creamy Evaporated Milk is made simply by taking pure, full cream milk and removing approximately 60% of the water by evaporation. After evaporation, the milk is filled into cans and then sterilised at high temperature. The sterilisation process ensures that the milk can be stored in unopened cans for over a year. As it is concentrated milk, it is high in calcium. *Carnation* Creamy Evaporated Milk instantly adds a rich and creamy taste to just about any savoury dish, including creamy pasta sauces, soups, curries, fritatas and potato and vegetable bakes. It is also ideal for smoothies. There is also a low fat variant, *Carnation* Light & Creamy Evaporated Milk, which is made from low fat milk and is 98.5% fat free.

Powdered Milk is always made from milk that has undergone the evaporation process. The concentrated milk is then put through a spray

drier (a tall metal tower), which is injected with air heated to a high temperature. As the milk droplets fall from the top of the tower, the remaining moisture is lost and a fine powder is formed at the bottom of the spray drier. The lack of moisture inhibits any harmful bacterial growth, and allows the milk to be stored for up to a year in unopened packaging.

### RECENT DEVELOPMENTS

Recent years have seen a consumer trend towards fresher, healthier foods. This is seen in all three of the milk market segments in which *Nestlé* competes. In the last five years, sales of *Carnation* Light and Creamy Evaporated Milk have doubled, and it now has a 55% share of the Evaporated Milk segment. Skim Sweetened Condensed Milk has increased its share of the Condensed Milk segment from 15% to 20% in the last two years, while there is a gradual move away from Full Cream Powdered Milk towards

thus providing the key ingredients for many delicious, indulgent recipes.

*Sunshine* Powdered Milk's association with rural Australia carries on today with *Nestlé* continuing to sponsor the baking section of rural shows. *Nestlé* provides almost 400 agricultural shows across the country with over \$20,000 worth of prizes a year. The affinity of agricultural Australia with the *Sunshine* brand was shown with the formation of the Sunshine Club.

### BRAND VALUES

The *Nestlé* brand has been associated with milk and milk-based products in Australia for well over a century. *Nestlé* milk products are trustworthy and familiar, giving consumers the goodness of milk in many different ways to enhance every moment of their and their families' lives.

*Nestlé* milk products are enjoyable and convenient, adding health, well being and pleasure to consumers' lives. *Nestlé* is committed to constantly improving, renovating and innovating its milk business so as to adapt to the changing needs of today's consumers. *Nestlé* is totally committed to producing high quality, reliable and trustworthy milk products for the whole family.

Finally, *Nestlé* produces honest, straightforward and down to earth products that are easily accessible to and useful for all Australians.

1 McNair Omnibus October 1997.



Powdered Milk towards Skim Powdered Milk.



### PROMOTION

Over the years, the cornerstone of the promotion of *Nestlé* milk products has been the provision of countless recipes and cookbooks. In the past, Evaporated Milk was promoted as a long-life substitute for milk, and as such was used as a whitener in coffee amongst other applications. Indeed, until very recently directions were provided on pack for adding water to Evaporated Milk to make up the consistency of fresh milk. The 1970s saw Evaporated Milk promoted as a culinary ingredient, and since 1990 it has been successfully positioned as a low fat alternative to cream in cooking.

The versatility of Evaporated Milk can be seen in the variety of recipes in which it is

### THINGS YOU DIDN'T KNOW ABOUT NESTLÉ

- *Nestlé* buys 270,000,000 litres of milk a year in Australia.
- *Nestlé* buys its milk directly from its 600 Australian farmers.
- The *Nestlé* bird's nest logo represents the nourishment, security and sense of family that are so essential to life.
- The process of making *Nestlé* Sweetened Condensed Milk is one of the oldest and simplest methods of preserving milk.
- In 1867, the wholesale price of a one pound can of Condensed Milk was one Swiss franc.