



**THE MARKET**

Biscuits and snacks are two of life's little pleasures. We offer them to our friends when they pop in for a visit, or we treat ourselves to a nibble on a quiet night in.

For over 135 years, Arnett's has been making great food that everyone loves, every day, and will continue to do so for generations to come.

Arnett's is the market leader of the Australian biscuit category and the number two player in the Australian snack foods category. Arnett's grows the biscuit category through product and flavour innovation, and by offering consumers great-tasting foods that suit any occasion.

As the palate of the Australian population evolves, Arnett's has anticipated emerging trends and created a range of biscuits and snack foods that cater to consumer tastes.

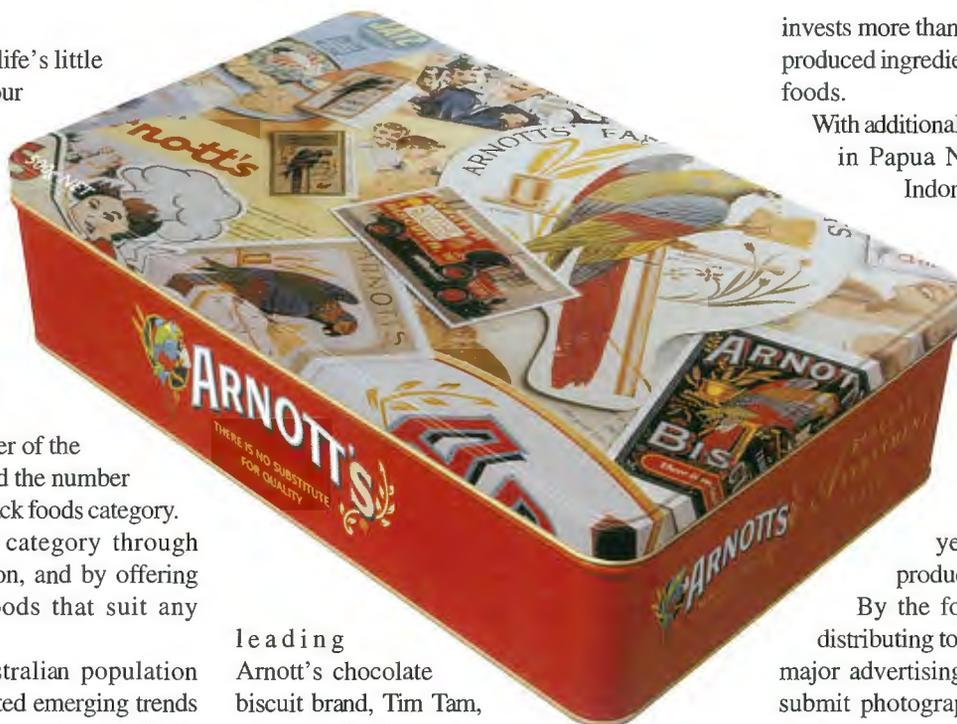
Two trends currently affecting the biscuit market are the demand for snacks that are 'better for you', and can be eaten on-the-go.

Trends currently affecting the snack food market are the demand for more 'exotic' flavour combinations and the demand for snacks with a distinct 'flavour hit'.

Anticipating and responding to trends is Arnett's strength. With its product and flavour innovation, and commitment to making delicious foods, Arnett's has been one of Australia's favourite food companies for more than a century.

**ACHIEVEMENTS**

Millions of Australians have grown up with Arnett's over the past 135 years. For them, Arnett's is more than a biscuit company – it's a piece of Australia's history and a national icon. The famous parrot trademark has a place in 97 per cent of Australian households, and the



Leading Arnett's chocolate biscuit brand, Tim Tam, is a particular favourite with 27 million packs bought each year.

In 2002, Arnett's acquired Snack Brands Australia, and added a number of Australia's favourite snack brands to its portfolio – Cheezels, Thins and CC's.

Since Scottish baker

William Arnett began selling pies to ships docking in Newcastle in 1865, Arnett's has grown steadily, with more than 50,000 Australians working for Arnett's over the past century. Today, Arnett's employs more than 3,300 people Australia-wide, operates six bakeries and kitchens in Australia and

invests more than \$145 million per year on locally produced ingredients to make its biscuits and snack foods.

With additional bakeries at Lae and Port Moresby in Papua New Guinea, and in Bekasi in Indonesia, Arnett's ranks among the world's largest food companies.

**HISTORY**

In 1865, William Arnett opened a biscuit bakery in Hunter Street, Newcastle, baking pies and biscuits to sell to coal ships that docked at the port. In 1877, the bakery moved to new premises and within three years employed 50 people and produced 1.5 tonnes of biscuits daily.

By the following decade, Arnett's was distributing to Sydney. In 1892 it began its first major advertising campaign, inviting parents to submit photographs of healthy children fed on

Arnett's biscuits. The campaign, 'Living Pictures', ran for more than 60 years.

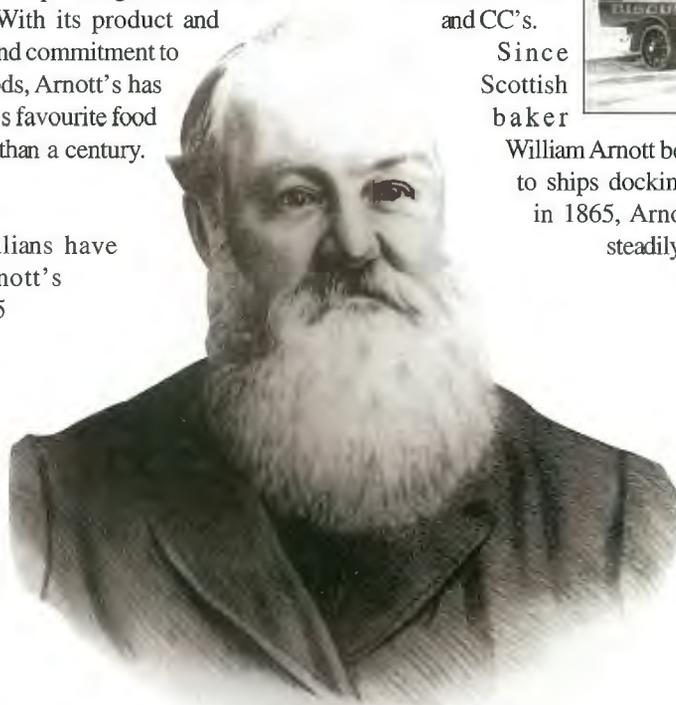
Demand for Arnett's biscuits grew rapidly, and in 1908 the company opened a new bakery on a two-hectare site at Homebush in Sydney, part of which is still occupied by Arnett's Asia Pacific regional headquarters.



During World War II, Arnett's helped feed the armed forces of both Australia and the United States, producing a range of sweet, energy-giving biscuits for the army and thick, dry biscuits for the navy that would keep for months at sea. Production of biscuits for civilian consumption was severely restricted, with just 19 varieties offered.

In 1997, Arnett's became a part of the Campbell Soup Company family.

With the 2002 acquisition of Snack Brands Australia, the number two player in the savoury snacks market, Arnett's added a diverse range of snack foods to its portfolio. The products span a number of segments in the snack food category including Adult Indulgence, Family Favourites and Better for You.



## THE PRODUCT

Arnott's offers consumers greater choice than ever before, with a range of more than 120 varieties of sweet and savoury biscuits and crackers, and more than 60 varieties of savoury snack foods. Many of these great Arnott's products are exported to more than 25 countries, including Canada and the UK.

In Australia, the Arnott's name is synonymous with quality. Its best-selling chocolate biscuit varieties, Tim Tam and Mint Slice biscuits, are market leaders in the adult indulgence segment of the biscuit category, while Scotch Finger biscuits, Jatz and Savoy crackers and many others remain firm family favourites.

Arnott's Shapes is the biggest Arnott's brand, with annual sales of almost \$100 million – that's almost 60 million packs of Shapes sold a year!

Arnott's Thins are market leaders of the thin-sliced chip segment, and Cheezels is an Australian favourite, joining Tim Tam biscuits in many 'care packs' sent to relatives overseas.

All Arnott's products are made using the finest ingredients. Wherever possible, Arnott's supports local growers, buying potatoes from various locations around the eastern seaboard of Australia, wheat from south-eastern New South Wales and northern Victoria, and sugar from the central coast of Queensland.

Arnott's is the largest user of 'soft' flour in Australia and has supported the wheat industry by assisting to develop strains of wheat which produce high yields and are resistant to drought and disease.

## RECENT DEVELOPMENTS

During 2003, Arnott's launched exciting new products into the biscuit and snack food categories.

In December 2002, the Snack Right range was relaunched with new pack designs and delicious new flavours. The range of fruity flavours is available in Fruit Rolls, Fruit Bars, Fruit Slices and Fruit Bites, and all contain more than 35 per cent real fruit.

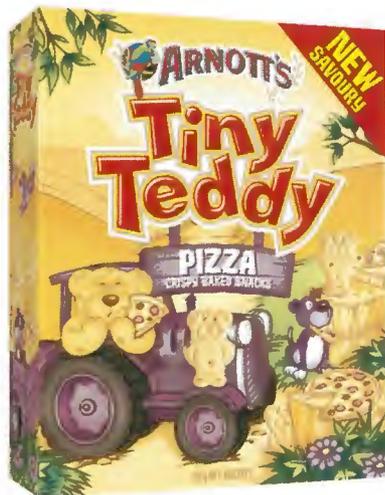
Arnott's Emporio Café Selection, launched in 2001, has grown the premium sweet biscuit category. In May 2003, Emporio went one step further with the Emporio Savoury Selection, a premium range of savoury biscuits perfect for any entertaining occasion.

Continuing with savoury innovation, Tiny Teddy Savoury hit supermarket shelves in November 2003. The range, designed specifically for kids, is available in three mild but tasty flavours – Cheese, Pizza, and Cheese & Bacon.

Not only is Tiny Teddy pioneering the kids' biscuit market with its savoury range, but the brand is exploring a new world of licensing. Four Tiny

Teddy books are now available in Woolworths and newsagents around Australia, and a range of six Tiny Teddy plush toys was launched into stores in early 2004.

In July 2003, Arnott's Dippers were launched in Victoria and Tasmania, and are now available nationally. The range of eight products combines favourite Arnott's biscuits with delicious cheese and salsa dips. Arnott's Dippers are great snacks to have



flavours into the range – Honey & Soy, Sweet Chilli & Sour Cream, and Honey 'n' Ham, giving chip lovers an exotic new flavour hit.

CC's were launched over 20 years ago, and remain an Australian favourite. In September 2003, the packaging was given a facelift and now includes recipes on pack, making this a sociable, entertaining and versatile product.

## PROMOTION

Innovation underpins Arnott's products and marketing. Arnott's invests in advertising not only new products but old favourites as well, a tradition that started with the long running advertising campaign, 'Living Pictures'.

New products are promoted through an integrated combination of advertising, public relations

and sampling, to name but a few channels of communication. This allows consumers to hear about products in a number of different ways, and to try before they buy!

During 2003, Arnott's two biggest biscuit brands ran major consumer promotions. During March, Shapes launched the Tongue Test promotion, where consumers could win prizes from a prize pool worth more than \$2 million.

In May 2003, the Tim Tam Win a Wish promotion hit the supermarket shelves, where consumers had the chance to win one of hundreds of prizes instantly, including everyone's favourite wish – a \$5000

holiday!

A favourite with consumers are Arnott's Christmas tins. Few companies can create a market specifically for their own brand packaging, but Arnott's has done exactly that each Christmas for the past 100 years by releasing a range of special commemorative biscuit tins. The company's instantly identifiable parrot logo and characteristic bright red colouring lift brand recall, and its elegant packaging adds weight to the company's famous motto, "There is No Substitute for Quality".

## BRAND VALUES

Arnott's continues to live by the motto introduced by William Arnott in 1906, "There is No Substitute for Quality". The biscuits are made from high quality ingredients and Arnott's employs some of the best bakers and food experts in the country. Arnott's offers its people the opportunity to work in a company that is vibrant, exciting and committed to continued growth in Australia and overseas.

But most of all, Arnott's is committed to continuing to provide Australians with delicious food that will be enjoyed every day.

[www.arnotts.com](http://www.arnotts.com)

## THINGS YOU DIDN'T KNOW ABOUT ARNOTT'S

- Arnott's famous Milk Arrowroot was first baked in 1888.
- In the Australian War Memorial, Canberra, there is an Arnott's biscuit tin on which is a handwritten message from a World War I soldier to his loved ones.
- How did the SAO get its name? Some believe it's the name of a ship that sailed into Newcastle, others that it stands for 'Salvation Army Officer' - a reference to William Arnott's son, Arthur, who was a committed Salvo.
- More than 900 million Tiny Teddy biscuits are eaten every year!

