



THE MARKET

There are Kraft products on the market for all members of the family and a variety of meal and snack occasions. Generations of Australians have grown up on Kraft Singles*, Cheestiks*, Vegemite* and Kraft Peanut Butter*. New products are constantly being developed to serve Kraft's consumers.

Philadelphia Spreadable* with half the fat of butter is meeting the changing eating habits of adult Australians and extending the market for Philadelphia Cream Cheese* far beyond its traditional role in cheesecakes. New Philadelphia Spreadable flavours are now also available in tubs and portions. New varieties of Kraft salad dressings are launched each spring to provide consumers with salad inspiration.

Kraft also markets confectionery and coffee in Australia with brands like Toblerone*, Terry's* and Maxwell House*, as well as a range of Nabisco biscuits including In a Biskit*, Oreo*, Ritz, Premium, Chips Ahoy and Captains Table*.

ACHIEVEMENTS

Kraft is a household name in Australia, synonymous with foods of the highest quality. Kraft ensures that its range of products caters to the ever-changing tastes and desires of Australian taste buds. Since 1926, generations of Australian



families have grown up enjoying the great tastes of Kraft brands. Kraft has worked hard to ensure that its products are a big part of Australian life.

Kraft Australia contributes millions of dollars every year to the Australian economy. In addition to selling directly to Australian retailers, the company exports consumer products to many countries. The company employs around 1700 people in Australia and over the past 75 years has employed more than 50,000 Australians. Many of these jobs are in country Australia, consolidating the close relationship between Kraft and rural communities involved in the dairy industry.

Kraft Australia has provided countless recipes, cookbooks and advice direct from the Kraft Kitchens. A new Philadelphia cookbook encourages the increasing use of Philadelphia in meal preparation.

The Kraft Australia website www.kraft.com.au provides meal ideas and product information to thousands of people each month.

Kraft Foods Inc operates in 65 countries and Kraft brands are sold in more than 150 countries world wide. Kraft Foods Inc employs 109,000 people. Kraft is the second largest food company in the world with a host of trusted brands that date back as far as 1767.

HISTORY

The history of Kraft in Australia begins with Melburnian Fred Walker. In 1903, at the age of nineteen, he established Fred Walker and Company in Hong Kong, importing Australian goods and exporting Asian goods to Australia. After gaining sound business experience and a good reputation, he returned to Melbourne in 1908 and started exporting Australian goods, especially dairy products, to Asia. By 1910 he was exporting

canned butter and cheese to Asia and the Middle East under the Red Feather label.

Walker's entrepreneurial interest in the production of food saw him introduce a number of food innovations. One of them was the introduction of Vegemite, created in 1923 by the chief chemist of the Fred Walker Company, Dr Cyril Callister, from yeast

produced during brewing at Carlton & United Breweries.

But before that, in 1916, Chicago businessman James L Kraft had taken out a patent describing the process of halting the natural maturing of cheese during processing. This new method would allow cheese to be stored for extended periods of time and was acknowledged as one of the greatest advances in cheese-making history.



In 1925 Walker travelled to the USA to meet J. L. Kraft, and obtained the Australian rights for Kraft processed cheese. In 1926 the Kraft Walker Cheese Company Pty Ltd, the parent company of Kraft Foods Limited, was formed in Melbourne and the first blue packets of processed Kraft Cheddar Cheese came off the production line. The cheese was a success because it did not need refrigeration at a time when fridges were rare. It was a good alternative to meat, which was expensive, especially during the Depression years.

In the early days the Kraft Walker Cheese Company bought cheese from cheese factories and processed it. But these factories couldn't supply enough high quality cheese. In 1934, the company leased a factory at Allansford, near Warrnambool in Victoria. The factory was developed into one of the best-equipped and technologically advanced cheese factories in Australia.

In 1948, foil lining was perfected as the best packaging medium for keeping Kraft processed cheddar fresh. The cheese was shipped to export markets in blue cans.

The year 1950 marked a new era in cheese making, when Kraft became the first company in Australia to manufacture and market rindless cheese.

The first cheese slice (unprocessed Swiss cheese) was sold in 1957 in 4 oz and 8 oz packets and the Deluxe Processed Cheese Slices were put into production two years later.

Kraft has launched many more famous Australian brands through the years including Vegemite in 1923, Kraft Peanut Butter in 1931, Kraft Mayonnaise*, Cheddar Portions* and Cracker Barrel Cheese* in 1954 and Philadelphia Cream Cheese in 1956. Cheestiks and Thousand Island Dressing* were launched in 1965 and Italian, French and Coleslaw Salad Dressings* as well as Kraft Sandwich Spread* in 1970, followed by Kraft Cheese Singles* in 1976.

By the end of the 1980s, Kraft had become the second largest food company in the world.

In response to the growing demand for lighter options Kraft became one of the first companies in Australia to offer low-fat products. Light and Extra Light Singles and Light Philadelphia were all launched in the early to mid 1990s, Free Singles*, which are 97 per cent fat free, followed in 1997. Kraft Light Peanut Butter was launched in 2001 and Kraft Light Parmesan in 2003.

In 2001, Kraft Australia took back ownership of Maxwell House and Tang and also acquired a range of Nabisco



branded biscuits including Oreo, Ritz and In a Biskit. In 2003, Kraft combined two great brands and produced new Vegemite In a Biskit.

THE PRODUCT

The Kraft business spans five core sectors: snacks, beverages, cheese, grocery and convenience meals.

As well as the vast range of Kraft products available in most Australian supermarkets, there is also a strong Away from Home side to the business which brings all the popular brands of Kraft to out-of-home venues.

RECENT DEVELOPMENTS

The charitable program Kraft Cares was born a few years ago as a way of formalising Kraft's commitment to the community. Kraft Cares is a major sponsor of Foodbank Australia. Foodbank operates in NSW, Victoria, Queensland, South Australia and Western Australia and provides food to various charities.

The Heartwell Fitness Fund is a physical and social rehabilitation program for children who are suffering from a serious illness or accident. Kraft Cares sponsorship currently allows 13 children to take part in this very important program.

Additionally, Kraft Cares supports the Bone Marrow Donors Institute's (BMDI) Community Awareness Week and Red Alert Day. These two events help to raise the awareness and importance of the Bone Marrow Donor Registry, a register that assists in finding a match donor for sufferers of serious illness such as leukemia.



PROMOTION

Kraft is a major television advertiser and also uses print and outdoor advertising quite regularly. It seeks to isolate a real point of difference or insight into each product to give consumers a valid reason to choose Kraft.

Its massive portfolio of brands has given rise to many advertising classics such as the Happy Little Vegemites song and the line "coffee, tea or Bonox".

Kraft Cheese Spread campaigns revolve around "Any excuse'll do" and Kraft Peanut Butter's campaign is built on a preference for the best with "Never oily. Never dry".

The Philadelphia Heaven series of advertisements which first went to air in 2000, depict the light and heavenly taste of Philadelphia. The advertisements feature the Philadelphia angel in a variety of heavenly settings.

BRAND VALUES

Kraft is a part of the everyday Australian lifestyle because it satisfies consumers' ever-changing needs and tastes. Each Kraft brand is built on a firm foundation of trust, quality and convenience.

Wholesome goodness, coupled with great taste and product innovation, are the keys to the Kraft brand in Australia.

*Trademark Kraft Foods Limited (ACN 004 125 071).

THINGS YOU DIDN'T KNOW ABOUT KRAFT

- Kraft Foods Inc is the second biggest food company in the world.
- The history of Kraft in Australia dates back to 1903 and its 19 year-old founder, Fred Walker.
- Fred Walker was reportedly the first Australian employer to introduce morning tea breaks for his workers in 1928. The employees responded with increased production output.
- The first blue cheddar cheese boxes rolled off the production line in 1926.
- In 1971 a special language called Kooglese was created to advertise Koogle, a peanut butter and chocolate combination.
- In 1950 Kraft was the first Australian company to manufacture and market rindless cheese.
- In 1917 James Kraft supplied the first batch of Kraft canned cheese to the US Armed Forces.
- During the war Kraft made up special gift boxes containing an assortment of Kraft canned meat products, cheese and Vegemite for relatives to send to soldiers and sailors.