

Buckley's®

It Tastes Awful. And It Works®.

THE MARKET

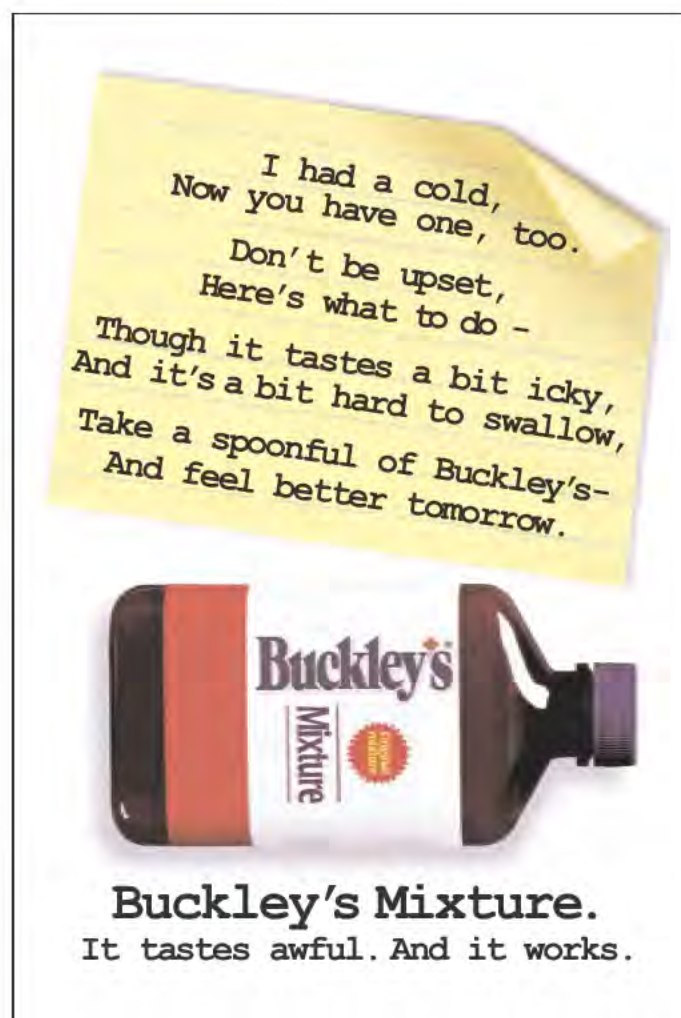
The Canadian cough/cold market is a dynamic and competitive category driven by consumers battling the symptoms of coughs, colds and flu. In 2005 consumers purchased nearly \$300 million worth of these products, posting a growth of 9 percent.

The market meets the needs of both adults and children, with relief available in a number of different formats including liquid, tablets/caplets, powders and thin strips. These products are available through a variety of outlets such as grocery stores, drugstores, mass merchandisers, corner stores and gas stations. Their availability is regulated by provincial guidelines depending on the active ingredients and the type of retail outlet.

ACHIEVEMENTS

Buckley's has been a leader in the cough/cold market since its introduction in 1919. The well-known Buckley's Mixture (200ml) has been the top-selling cough syrup product in Canada since 1992 and is the number 3 product in the whole category — a huge achievement for a "little" Canadian brand, competing with larger brands with deeper pockets.

Buckley's has always been focused on making products that work — a fact that has created a loyal following since the first batch of Buckley's went on the market. Even though the adult products all taste awful, Buckley's users LOVE the brand that has been a mainstay of the family medicine chest for generations. Buckley's fans write glowing testimonials about a cough syrup that doesn't even try to be tasty — and many of them choose to carry a bottle of Buckley's even when they are not sick!



HISTORY

The creation of Buckley's Mixture was a classic case of recognizing a good thing when it appears. When pharmacist William Knapp Buckley took over a Toronto drugstore in 1919, he discovered the merits of several natural ingredients used in the treatment of coughs and colds. He combined them to create a unique and effective remedy which he called Buckley's Mixture. Never one to hesitate in the face of opportunity, he formed W. K. Buckley Limited on March 20, 1920, and began marketing his product.

Realizing the power of catchy copy and smart media buying, W.K. concentrated his efforts on print and radio advertising to sell his product. In an era when advertising was a relatively new and poorly understood phenomena, W.K. was ahead of his time. His son, Frank Buckley, says, "My father was first and foremost a born salesman." He believes that advertising on radio in the early days

of broadcasting built the business and was a key factor in establishing Buckley's as a household name.

The '20s was a period of rapid growth at W. K. Buckley Limited with new products being introduced and distributed throughout Canada. Despite this growth, W.K.'s Drug Store in Toronto remained the headquarters for development of new products, including products outside the cough and cold category.

When the Great Depression hit, many of the secondary Buckley products were discontinued, and W. K. Buckley Limited went back to what it did best: cough and cold preparations. The company introduced a smaller size of Buckley's Mixture priced at a more manageable 40 cents to help consumers through the lean years. It was during this period that W.K. introduced his "medicine chest in a jar," Buckley's White Rub.

Buoyed by ongoing success in Canada, W.K. decided to expand his horizons. By the late thirties, W. K. Buckley Limited took its Mixture to the United States and Caribbean, and ten years later, the company expanded its reach even further to include New Zealand, Australia and Holland.

After WWII, W.K.'s son, Frank Buckley, joined the family business as a salesman. With a bachelor of commerce degree and a fascination with anything mathematical, Frank began to apply modern financial concepts and practices



to the running of the business. With W.K.'s entrepreneurial energy and Frank's financial skills, father and son made a formidable team.

By the 1960s, it was clear that pharmacies were changing rapidly. Small, individually owned drugstores gave way to drug supermarkets, and every pharmaceutical chain began advertising.

The creative marketing strategies that had made Buckley's so successful and unique were now being used by everyone. Buckley's no longer held a creative competitive edge, and sales began to slide.

In 1978, W. K. Buckley passed away, and his son Frank took the helm of a struggling family enterprise. In the early '80s, the company decided on what Frank Buckley calls, "the back to basics"



strategy. Since radio and print media had built the business, Buckley's rolled the dice with a creative ad campaign that would make Buckley's Mixture into a consumer favourite once again.

THE PRODUCT

In our complex and constantly changing world, consumers are looking for products that are simple to use and deliver results each and every time. The Buckley's product line offers nothing less. In a market where people are concerned about potential dangers and contraindications, Buckley's



Mixture stands out as the tried and true: a non-drowsy alcohol-free, sugar-free, highly effective formula that also offers the comforts of the familiar.

Over time the Buckley's brand has grown to include a number of products designed to meet the various consumer needs of both adults and children. Today, the six-product adult line-up includes:

- Buckley's Mixture for Coughs & Congestion
- Buckley's DM for Coughs
- Buckley's DM-D for Coughs & Colds
- Buckley's Bedtime for Coughs & Colds
- Buckley's Day/Night Caplets for Cough, Cold, and Flu Relief
- Buckley's White Rub, a vapourizing decongestant

And the flavoured Jack and Jill line of products makes Buckley's palatable for children.

- Buckley's Jack & Jill DM Cough Suppressant (Cherry)
- Buckley's Jack & Jill DM-D for Coughs & Colds (Cherry)
- Buckley's Jack & Jill Expectorant (Raspberry)
- Buckley's Jack & Jill Bedtime Cough Suppressant (Grape)
- Buckley's Jack & Jill Chewable Tablets for Cough, Cold, and Flu Relief (Grape)
- Buckley's Jack & Jill Thin Strips for Long Lasting Cough Relief (Cherry)
- Buckley's Jack & Jill Thin Strips for Bedtime Cough & Cold Relief (Grape)

RECENT DEVELOPMENTS

Buckley's works hard to develop products that help consumers deal with cough, cold and flu symptoms in the most efficient manner. In August 2005 Buckley's launched two different thin strips into its Jack & Jill line of children's products. This new product format makes it easier than ever for parents to give their children the right dosage of medication at any time. The thin strips come in individually sealed packets, and dissolve when placed on the tongue.

PROMOTION

Buckley's is best known for its famous Bad Taste campaign, which launched the company's famous tag line: "It Tastes Awful. And It Works."

The advertisements highlight the two main characteristics of Buckley's Mixture — terrible taste and proven efficacy. Building on those facts, Buckley's produced an award-winning advertising campaign that made Buckley's Mixture and Frank Buckley into household names in Canada.

In 1986, the first transit ads featured Frank Buckley quipping, "I came by my bad taste honestly — I inherited it from my father" and "I wake up with nightmares that someone gives me a taste of my own medicine." The campaign ran nationally, and the company's simple, honest and humorous approach to advertising attracted a lot of attention and, more importantly, new users.

The Bad Taste campaign significantly increased Buckley's market share in the Canadian cough and cold category and won numerous advertising awards. And it appears that Bad Taste traveled well,

Q. Do I have to?

A. Do you want relief so you can feel better?



It tastes awful. And it works.

www.buckleys.com

as these humorous advertisements were also very successful in the Caribbean, Australia, New Zealand and the United States.

BRAND VALUES

When it comes to being sick, there are two kinds of people in this world. Those who want to be coddled and those who want to get better.

Buckley's makes medicine for the second kind of person — someone who knows life is too good to miss hiding under the covers. When they're sick, they are for some stern medicine in order to get better fast. Buckley's makes medicine for people who know what they want, know nothing comes easy and aren't afraid of a little bad taste and tough love on the road to better health.

That's the way it's always been when it comes to Buckley's Mixture. Which is why the company is proud to say, "Let the people who love you give you comfort. We're here to make you better."

THINGS YOU DIDN'T KNOW ABOUT BUCKLEY'S

- Frank Buckley, born in Toronto on April 8, 1921, likes to believe he was conceived around the same time his father, William Knapp Buckley, founded W. K. Buckley Limited (1920).
- Now in his 80s, Frank Buckley is still the spokesperson for the Buckley's brand.
- In 2003, Frank was deeply honoured to be appointed a member of the Order of Canada.
- The Buckley's "It Tastes Awful. And It Works." campaign has been spoofed by Canadian sketch comedy shows *Air Farce* and *This Hour Has 22 Minutes*.
- Rush Limbaugh and Howard Stern have both tried Buckley's Mixture and touted the brand on their radio programs.