



**THE MARKET**

If bushfire threatens an Australian home, the owners rush in and snatch up... their photographs. They know the television, the furniture, their clothes can be replaced. But their memories cannot. And the film they trust to capture those memories is Kodak.

The key film consumers are women aged 25-40. Their favourite subject, one they return to time and again, is the children. Consumer picture-taking peaks strongly through the Christmas and summer holiday period.

But Kodak's imaging leadership goes beyond consumer markets. It extends to the professional, motion picture, health and business imaging areas.

Kodak Australia has its key manufacturing facility at Coburg near Melbourne. Coburg is a world scale plant, and has ambitions to be recognised as Australia's most advanced manufacturing facility. The 850 people there make a substantial proportion of the world's photo paper.

Asia Pacific export markets now take about 80% of the Ektacolor paper and photochemicals manufactured at Coburg, and of the Kodak film finished there. The value of these exports has grown from \$50 million in 1980 to \$380 million in 1996 and is set to exceed \$750 million a year by 2000.

The total Australian photographic market is worth about \$1 billion. Kodak is the clear market leader with more than twice the share of its nearest competitor.

**ACHIEVEMENTS**

How does a brand now 100 years old remain new and fresh? Through continuous innovation and the relentless pursuit of quality. And this forward momentum is nothing new to Kodak:

"The success or failure of any company is determined by the quality of the work done by every man or woman in its employ. Our goods are sold on the basis of quality and on that basis alone. The firm that produces the product of the highest quality is the firm which prospers."

Those are the words of George Eastman, inventor and Kodak founder, speaking in 1915.

George Eastman's invention and successful marketing of early roll film cameras dates from the patenting and manufacture of the No. 1 Kodak in September 1888, under the slogan: 'You press the button, we do the rest'. Kodak's little yellow film box is now recognised by



virtually everyone and commands a premium from consumers throughout the world.

And from that simple beginning, an enormous range of specialist imaging products has evolved. As one of the world's leading silver halide sensitising plants, the Australian manufacturing facility has played a key role in the development of Kodak's photo products.

Kodak Australia remains the only Australian manufacturer of photosensitive goods. Kodak was the first company to be awarded the Australian Quality Prize in 1992, and remains committed to the quality processes that have ensured its success as

a trusted provider.

In the photo business, it is no easy task to reach this level of quality. Manufacturing photographic products demands extremely low tolerances of impurities, high levels of automation, and adherence to high international specifications of performance. Moreover, the most critical parts of Kodak's manufacturing processes have to be performed in virtual darkness.

The constant emphasis on quality and efficiency has paid off. After Australia Post, Kodak is now Australia's largest user of international export airfreight through a dynamic partnership with Qantas. Manufacture is to order, which means that no inventory for export is kept at Coburg - film comes off the finishing line, on to trucks and straight out to Tullamarine airport. An order is placed, and around 11 days later, Kodak Gold film is in a client's warehouse in Hong Kong, Korea, Taiwan, or in any of a dozen other Asian markets.



**HISTORY**

For more than 100 years, Kodak Australia has been at the forefront of the photographic industry, supplying both the commercial and personal imaging needs of its customers.



The company's Australian heritage began with young scientist Thomas Baker, the pioneer of photographic manufacturing in Australia. In 1886 he set up a small cottage industry in his Melbourne laboratory, making revolutionary photographic dry plates. A year later he teamed up with businessman John J. Rouse to form a photographic wholesaling and retailing venture, Baker & Rouse Pty Ltd.

In those early decades, the production and supply of X-ray film in particular boomed as the sophisticated Melbourne medical community extended the boundaries of diagnostic imaging.

At around the same time, George Eastman was pioneering the commercial production of dry plates in the USA. He named his company the Eastman Dry Plate and Film Company.

With photography still in its infancy in Australia and the US, Baker & Rouse developed a business relationship with Eastman. George Eastman, in search of a distinctive trademark, came up with the word 'Kodak'. There was no particular reason for the choice, except that Kodak was easy to pronounce and spell in any language, and began and ended with Eastman's favourite letter 'K'. Even at that early stage, Eastman had visions of his company becoming a household name the world over. By 1901, he had formed the Eastman Kodak Company.

In 1908, the growing business of Baker & Rouse as sole Australian agents for Kodak products led to the formation of Australian Kodak Limited. With the emergence of a New Zealand branch in Auckland three years later, it was renamed Kodak Australia Limited. Finally, in 1920, the company was registered as Kodak (Australasia) Pty Ltd, the name it retains today.

The Kodak Australia Research Laboratory is the longest established industrial research facility in Australia. Kodak's commitment to the scientific improvement of Australia's industrial capabilities began in 1930 under Dr Neil Lewis. Today it operates largely in support of manufacturing process technology and has



made contributions of international significance worth millions of dollars, many times its operating costs.

### THE PRODUCT

Kodak is the market leader and a key innovator in the world of imaging.

Kodak's motion picture film, for example, remains the firm choice of cinematographers worldwide. New manufacturing facilities are producing a superb new family of sharp and attractive motion picture films to stringent tolerances. The advent of digital television illustrates the 'future-proof' nature of movie film.

Anything recorded on existing videotape equipment will be visually inferior; programs captured on film should be as vivid as the day they were made.

Kodak is also a byword in the field of business imaging. An early example is Kodak's introduction of microfilm in 1927 to record images of cheques once processed. A more recent one is Kodak's new image storage 'jukebox', designed to hold six million digitised document images and expandable to any size. Kodak has a long history in helping business to minimise its paper storage needs.

Kodak has been the film of choice for Australian snap-shooters since the advent of photography. The introduction in 1997 of the new range of Kodacolor Gold film is the culmination of decades of color film development. By any measure - color, sharpness, latitude - this is the best consumer film ever made.

### RECENT DEVELOPMENTS

As the 21st century opens, the world is confronted by a great change as telephony, the media and computing converge in new media such as the internet and multimedia applications. This is the digital revolution.

Kodak is leading the way in digital imaging with innovative, high quality ways of using pictures. It is positioned at the forefront of this revolution. It has invested heavily over many years in advanced research and has an immense portfolio of digital imaging patents to prove it. The challenge of bringing this wealth of ideas and technology to the market now drives the company forward.

For consumers, this means exciting new product offerings such as digital cameras, scanners and new applications for their pictures.

Image Magic, Kodak's in-store digital imaging station, scans from prints - no negatives required - and produces quality dye-sublimation prints. The unit can recompose a picture, eliminate the 'red eye' caused by flash photography, and adjust color. This is being further extended with a range of digital templates, available to stores via ISDN, which montage scanned images and extend consumers' photos into new and appealing applications.

Kodak is also a key player in a new photo system known as Advanced Photo System (APS) and marketed by Kodak as Advantix. This system has been designed to make picture taking easier. APS is an open system for which any manufacturer can make cameras or film. The new user-friendly Advantix system, along with other digital imaging products, is stimulating considerable growth in what is otherwise a mature market.

### PROMOTION

Kodak's marketing communications has always sought to punch through the clutter, focusing on mass media advertising and point-of-sale. The aim is to encourage and enable all to use and enjoy photography. And, of course, Kodak illustrates its wares with uncompromising and breathtaking images.

A key driver in Kodak's digital strategy is a powerful, image rich and interactive internet presence. The Kodak site currently comprises around 10,000 pages and receives up to a million 'hits' a day. It can be found at: [www.kodak.com](http://www.kodak.com).

### BRAND VALUES

Interbrand, an international brand consultancy, sought recently to unravel the components of brand equity by analysing consumer perceptions and

preparedness to buy the brand. Their estimate of Kodak's brand equity was US\$13.2 billion, which places it sixth globally, between Disney and Kellogg.

George Fisher, Eastman Kodak Company chairman, articulated the company positioning to shareholders at the 1997 annual meeting:

"Our business is pictures. We have the historic and powerful emotional link to the consumer that many of our digital competitors don't have. The key to our success is to help customers and consumers apply the right technology - traditional, or digital, or hybrid - to take their pictures further, in their lives or their businesses."

This is put succinctly by the Kodak over-arching advertising message: Take Pictures. Further.



### Things you didn't know about Kodak

- Kodak supplied vision for the 1997 Mars Pathfinder probe. 'Rover' had three off-the-shelf CDD digital sensors, chosen for survivability, sure performance and extremely clear and sharp images. Two were the vehicle's 'eyes' and the other captured images.
- During World War 2, Australian V-mail (Airgraph), a Kodak system for micro-filming letters for the armed services to conserve precious air cargo space, operated between Australia and the US. A similar Kodak service, Empire Airgraph, provided civilian correspondence between Australia and Britain.
- The technical complexity of photosensitive coating is awesome. The Ektacolor photo paper coating track puts seven consistent layers onto paper base, drying to within 10 microns - a sixth of the thickness of human hair. This is as exacting as microchip production - and performed in virtual darkness.
- Even though photography is regarded as a mature industry, half the world's population is yet to take a snapshot! Consumers in rapidly growing Asian markets are enthusiastically taking up snap-shooting. Their Kodak film, paper and chemicals come from Australia.
- Kodachrome - the world's first color film for both still and motion pictures - was invented by two unemployed musicians, Leopold Godowsky and Leopold Mannes, affectionately known as 'God and Man'. Two years later it was used to capture the Hindenburg disaster.
- In 1944, Kodak supplied the Office of Strategic Services - forerunner of the CIA - with 'Camera X', a camera with no viewfinder, built to look like a matchbox. It came with several rolls of 16mm film, tablets of chemicals for developing, and an agitating stick for processing. There was also a close-up lens for copying documents. About 1000 were supplied.