



## THE MARKET

Australians enjoy treating themselves with confectionery. Chocolate accounts for more than 57 per cent of all confectionery sales in Australia with an annual retail value of over \$1.7 billion. Cadbury is the biggest player in chocolate confectionery in Australia, with market leadership in chocolate and total confectionery<sup>1</sup>.

Confectionery is often purchased on impulse, and almost 46 per cent of all chocolate buyers are within the 35 – 54 year age group<sup>1</sup>.

Women generally buy more chocolate than men. Women in the 25 – 39 and 40-54 age groups are the highest buyers of Cadbury® chocolate bars<sup>2</sup>. These are usually purchased for self consumption.

## ACHIEVEMENTS

Cadbury is one of the largest chocolate producers in the world. Since the merger with Schweppes in 1969, Cadbury Schweppes has become a major force in international markets. This position has more recently been fortified by the acquisition of Adams Confectionery and The Natural Confectionery Co.

Cadbury spans the globe from its British base, also operating major businesses across the Asia Pacific region, including Australia and New Zealand, as well as in the Americas, Europe, Middle East and Africa.

In Australia, Cadbury brands lead the chocolate confectionery market with Cadbury Dairy Milk®. Cadbury Rocky Road represents the most successful launch in 2006 in the Australian block chocolate market<sup>3</sup>. Three generations of Australians have grown up with the Cadbury range.

## HISTORY

The Cadbury story started in a small grocery shop in Birmingham, England, opened in 1824 by John Cadbury, a Quaker. The shop's most popular product was cocoa and this led John Cadbury to move into chocolate manufacturing.

Realising the potential of his business, John Cadbury and his brother Benjamin formed a company, Cadbury Brothers. In 1853, they received the Royal Warrant as manufacturers to Queen Victoria.

John Cadbury's sons George and Richard took control of the business in 1861 and, in 1866,

introduced a new method from Holland for pressing the cocoa butter from cocoa beans to form cocoa essence, which was advertised as 'Absolutely pure – therefore best'. They produced many new kinds of chocolates.

Richard Cadbury introduced ambitious and attractive designs. He used children as models and sometimes

depicted flowers or scenes from holiday journeys.

In 1905 came the launch of Cadbury Dairy Milk, now the company's flagship brand. It was manufactured by a unique process which used fresh milk in greater quantities than was previously the case in English chocolate. Of the three names considered for this new brand – 'Jersey', 'Highland Milk' and 'Dairymaid' – the last two were amalgamated to form 'Dairy Milk'. The

Cadbury purple house colour was introduced at the beginning of the century and by the 1920s was firmly established as Cadbury's corporate colour.

In 1919, Cadbury merged with the well-known confectionery firm of J.S. Fry & Sons. The alliance was an outstanding success, and the new company expanded internationally. In the 1920s, Cadbury and Fry decided to build a factory in Australia and were joined by Pascall, another well known confectionery maker. This new Australian company was called 'Cadbury-Fry and Pascall'. Claremont in Tasmania was chosen for the company's Australian factory, because it was close to Hobart and to the finest dairy pasture in Australia, and enjoyed pure air and moderate temperatures. Cadbury became the official supplier of chocolate to the Australian Armed Forces in World War II. The supply of chocolate to the troops and civilians required a tremendous effort from Cadbury's workers. The Claremont factory worked

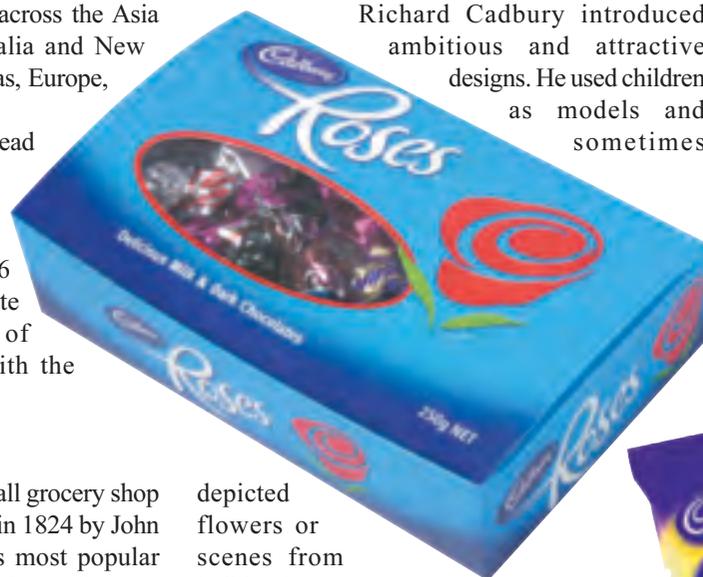
throughout the day and well into the night, but the civilian population still suffered from chocolate shortages, and stores sometimes went without chocolate for months at a time.

In 1967 Cadbury acquired MacRobertsons, a respected Australian confectionery manufacturer founded in 1880. This move gave Cadbury a major manufacturing base at Ringwood, Victoria and a range of unique brands including Cherry Ripe® and Freddo® Frog, which have become household names.

In 1969, Cadbury merged with Schweppes Australia to create Cadbury Schweppes. Since then, Cadbury has acquired the Red Tulip confectionery company and has expanded its range of fine products to include the Europe® range of health bars, the enormous array of Red Tulip® Easter lines, and famous confectionery brands including After Dinner Mints.

## THE PRODUCT

Cadbury's core product is top quality chocolate. The Cadbury Dairy Milk block is the company's flagship product, but there are many other favourites including Fruit & Nut, Hazel Nut, Snack® and Caramello®, as well as Old Gold® in dark chocolate and Dream® in white. Cadbury produces a variety of boxed chocolate assortments, most notably Roses® and Favourites™.





For younger consumers, there are the likes of Australia's long time favourites Freddo Frog and Caramello Koala®. Famous Cadbury bar lines such as Boost®, Cherry Ripe®, Picnic®, Crunchie®, Flake® and Fry's® Turkish Delight meet the demand for impulse purchases. New products such as Picnic Honey Almond Nougat also keep the market stimulated each year.

Cadbury produces a vast array of seasonal lines, with Christmas and Easter being the two largest selling occasions for the year. Cadbury leads both seasons with Magical Elves® being key for Cadbury in the market at Christmas and Cadbury Crème Egg® and Mini Egg driving the market for Cadbury at Easter.

Cadbury also licenses its brands to producers of ice creams and baking products.



#### RECENT DEVELOPMENTS

Cadbury Eden®, first launched in 2006, is crafted from the finest, premium ingredients to create a smooth, superfine chocolate experience. It comes in both a moulded block as well as a gifting format.

Dark chocolate appeals to the mature and more discerning consumer. Cadbury Old Gold was re-launched in April 2003 and has helped create a resurgence in dark chocolate. Total dark chocolate sales increased by 35 per cent in 2003 and by the end of 2006, the dark chocolate market was worth more than \$62 million<sup>4</sup>.

Fun Filled Freddo, a 3D, hollow Freddo Frog, featuring a Cadbury Dairy Milk shell filled with a variety of four surprise fun filled centres, was launched in 2006. Fun Filled Freddo reached Number two status in the children's



confectionery market within six months of launch<sup>5</sup> and continues to bring happiness to people across Australia and New Zealand today.

#### PROMOTION

The taste of Cadbury's chocolate has long been the focus of Cadbury's advertising in Australia and New Zealand. This has been supported by the slogan 'a glass and a half of full cream milk in every 200 grams', accompanied by a picture of milk pouring into a block of Cadbury Dairy Milk chocolate. This was a tremendous advertising coup and served the brand well for more than 50 years.

Building on this, the "Wouldn't it be nice" campaign brings to life a Cadbury chocolate world, filled with fantasy, delight and wonderment. The campaign started in 2002 with its 'Surfie', 'Soccer' and 'Postie' clay-mation commercials exploring different motivations for consuming chocolate such as enjoyment, fun, sharing and family quality time. This was further fostered in 2003 with "Car Trip" and "Hedge Maze" in 2005. In 2007 a further two commercials, "Sightseeing" and "Space" were launched. All advertisements were highly appealing and very successful in conveying the core Cadbury values.

#### BRAND VALUES

Cadbury's reputation is built upon quality; a commitment to continuous improvement will ensure that this promise continues to be delivered.

Cadbury Schweppes is in the business of working together to create brands people love,

while also working together to make a difference and add value to the community. The company believes that this will benefit not only its communities, but also the people, brands and business. It is proud that a commitment to investing in the communities in which it is involved is deeply embedded in the company culture and is very much a part of its heritage. This commitment has been evidenced by involvement with various charities, including a significant and ongoing partnership with The Clown Doctors. Clown Doctors use the healing power of laughter to bring moments of happiness to sick children and their families in hospitals. Over the years, Cadbury Schweppes has become one of the most trusted companies in the world and wants to make sure



that it builds on that trust in line with people's changing lives and its unchanging commitment to responsible business. As part of this, Cadbury Schweppes is committed to enhancing on-pack nutrition information to help consumers better understand how treats fit into a balanced lifestyle. Cadbury Schweppes is introducing a Be Treatwise logo on the front of product packs, with more detailed nutrition information in the nutrition information panel on the back of pack.

<sup>1</sup>Nielsen ScanTrack MAT31/07/2007, Market used: National Measured Market, Homescan 52 weeks 4/08/2007.

<sup>2</sup>Nielsen Media Research Panorama Survey 10, Jan 06 - Dec 06.

<sup>3</sup>Nielsen Retail Measurement (Market used: National Measured Market, incorporating ScanTrack, C\*Track and Retail Index), 2006.

<sup>4</sup>Nielsen Retail Measurement (Market used: National Measured Market, incorporating ScanTrack, C\*Track and Retail Index), 2002-2006.

<sup>5</sup>Nielsen ScanTrack (Market used: Australia Grocery Scan), 26 weeks to 31/12/2006.

#### THINGS YOU DIDN'T KNOW ABOUT CADBURY

- The largest chocolate bar in the world - a giant block nearly 9ft high, 4ft wide and weighing 1.1 tonnes - was made by Cadbury in 1998. The average chocolate lover would take nearly 120 years to munch their way through it!
- Chocolate was exclusively for drinking until early Victorian times when a technique for making solid 'eating' chocolate was devised.
- The recipe for Cadbury Dairy Milk is kept literally under lock and key in a safe within the bowels of Cadbury Bourville.
- Chocolate is the only word of Aztec origin used regularly in English. Xocoatl was a 'bitterwater' drink made from the cocoa bean by the Aztecs.
- Cocoa butter melts completely at temperatures between 32 and 35C and begins to soften at between 25 and 27C. So keep your chocolate cool!