

OREO®

THE MARKET

Snacking is one of the most significant trends in the food industry today. As the average American is leading an increasingly on-the-go lifestyle, the snacking industry sees continued growth, year after year.

Snacking is a \$104 billion market in the United States, growing at a rate of almost 5 percent each year.¹ The baked-goods market — which includes cookies and pastries — is a \$13.8 billion slice of the snack-food market.² Baked goods have seen consistent growth both domestically and internationally, even in the face of economic hardship and global recession.

ACHIEVEMENTS

OREO, “Milk’s Favorite Cookie,” has proven to be an industry leader not just in the United States but around the world. Currently about a \$1 billion brand,³ OREO continues to thrive, outpacing the competition domestically and internationally. As a beloved brand with successful new product launches, OREO has become a cornerstone brand for parent company Kraft Foods Global Inc., the world’s second-largest food company.

OREO cookies are available on shelves in more than 100 countries.



HISTORY

The world-famous OREO cookie brand has been delighting consumers since 1912. At that time, English-style biscuits were popular among American consumers. The National Biscuit Company produced the first OREO cookie in late February 1912, and the first sale took place on March 6 to a Hoboken shopkeeper named S. C. Thuesen.

OREO cookies cost just 30 cents a pound when they were introduced. Distributed in bulk tins with glass tops, consumers could actually see



the cookies inside. The ensuing century would prove OREO cookies were ready for the big stage, as they soon grew from a local favorite to a global cookie icon.

Speculation still surrounds the meaning of the OREO name. One thought is that it was inspired by the Greek word *oreo* meaning “hill” or “mountain,” reflecting the mounded shape of some early test versions. Since the original label had considerable gold scroll work on the pale green background, some believe that the name comes from the French word *or*, which means “gold.” Others say that OREO is a combination of “re” from the word “cream,” surrounded by the double “O” shapes of the cookies. Some people take a more direct approach: Nabisco founder Adolphus Green simply liked the sound of the name “OREO.”

THE PRODUCT

The basic design of an OREO cookie has not changed since its introduction: two round chocolate cookie wafers joined by sweet vanilla creme filling.

RECENT DEVELOPMENTS

Since the turn of the millennium, the OREO brand continues to deliver on its strong equities, while also expanding to fill new consumer demands. In the mid-1970s OREO DOUBLE STUF cookies were introduced at the request of consumers who sought more creme filling. In 1987 OREO entered the indulgent segment of the market with a fudge-covered version. In response to consumers’ desire for

bite-sized, snackable foods they could eat on the go, OREO developed Mini OREO sandwich cookies in 1991. Following health and wellness consumer trends, OREO introduced Sugar-Free and Reduced Fat varieties. Additional varieties now include Peanut Butter, Chocolate, and Cool Mint creme flavors. Every year, consumers eagerly await special seasonal varieties of OREO for winter, spring, and Halloween.

In recent years, the OREO brand emphasized promotion to emerge as a national and global powerhouse. The OREO brand extended its



equity into a variety of different product forms, including chocolate-covered varieties and “Golden” vanilla-flavored wafers. Licensing also became a key brand builder for OREO. Licensed products — including cheesecake, ice cream, and baking products — allowed consumers



to connect with the OREO brand in new ways.

In honor of the brand's 95th birthday in 2007, OREO celebrated with cake by launching OREO CAKESTERS snack cakes. These individual snack cakes, which sandwich the one-of-a-kind OREO creme filling between two layers of chocolate cake, continue to grow in popularity. OREO CAKESTERS are now available in both Golden cake and Chocolate creme varieties.

PROMOTION

Key factors in the continued growth of OREO are the brand's award-winning advertising and best-in-class consumer promotions. The brand's approach to engaging consumers stays true to its essence: creating connections through the classic OREO and milk ritual that brings people together in moments of childlike delight. Whether it's twisting, licking, dunking, or a combination of all three, OREO offers everyday moments of connection that other snack brands cannot match.

Throughout the years, the brand has brought to life the powerful OREO and milk connection in a number of innovative advertising and promotional channels. One unique example is a panoramic elevator in a shopping mall that dramatizes the traditional OREO and milk connection: a picture of an OREO cookie on the elevator dunks into a glass of milk as the elevator descends. Because the OREO and milk moment is central to the brand's identity, the advertising



tagline was switched from "America's Favorite Cookie" to "Milk's Favorite Cookie."

Another unique trait of OREO is the brand's unified worldwide marketing strategy. While the communications are translated and adapted for local cultures, the core communication of special moments of childlike delight enabled by the TWIST, LICK, AND DUNK ritual using an OREO and milk is consistent across the globe.

With significant investment in promotions and public relations, the OREO brand has forged strong, lasting connections with consumers. Two signature marketing programs over the last 10 years have been the OREO Global Moments contest and the Double Stuf Racing League.

In 2008 the brand hosted the OREO Global Moments contest, which asked OREO fans around the world to submit videos depicting a special OREO and Milk Moment. Consumers



from eight different countries on four different continents entered videos depicting a wide range of OREO and Milk Moments. From original OREO-themed songs and animated skits to family lessons on OREO dunking techniques, fans showed their passion for the brand with every video submission. The winning video, which depicted a little girl giving her last OREO cookie and a glass of milk to a soldier, was featured on the YouTube homepage for a day.

OREO recently energized the popular act of twisting, licking, and dunking by launching the Double Stuf Racing League ("DSRL"). The DSRL is a different way to enjoy the classic OREO cookie and milk ritual. It's a fun activity that family and friends can enjoy together, racing to see who can finish an OREO DOUBLE STUF cookie and glass of milk the fastest. Racers twist their cookie open, lick off all the creme, dunk it in milk, eat the cookie, and drink the glass of milk. The first to finish twisting, licking, and dunking wins.

Commercials in recent years have featured numerous celebrity athletes as DSRL athletes, which has driven significant media attention to this unique campaign and resulted in very positive consumer response. OREO DOUBLE STUF consumption has grown almost 10 percent since the launch of the DSRL in 2008.⁴

In keeping with the changing media landscape, OREO has elevated its strategy by connecting millions of passionate fans to each other (and the brand) through social media. Social media networks such as Facebook, Twitter, and YouTube are ideal tools for a brand like OREO, whose strategy is rooted in connecting family and friends. The brand's foundation of connections in combination with the global reach of OREO lend credibility to the two-way conversations that social media platforms enable on a daily basis. Consumers who "like" OREO on Facebook also

receive brand updates, such as exclusive behind-the-scenes content from OREO advertising shoots and new product news. By embracing the new opportunity to connect with consumers, OREO has emerged as a leader in social media and currently hosts one of the largest consumer packaged goods-branded Facebook pages.⁵

Whether it's through social media or lick racing contests, OREO is reaching consumers through award-winning advertisements, unique promotions, and public relation campaigns that continue to build the OREO brand equity.

BRAND VALUES

The OREO brand represents more than a cookie. It delivers more than a delicious snack. The form of an OREO cookie — two delicious wafers brought together and joined by sweet creme filling — provides a unique metaphor for the memorable moments of connection that the iconic cookie can produce among family and friends, spanning generations and borders. From a grandfather sharing milk and OREO cookies

with his beloved granddaughter to a boy teaching his younger brother how to twist, lick, and dunk an OREO, a connection happens whenever you share a moment over OREO cookies.

After nearly a century on shelves, OREO has a special place in the hearts and homes of cookie fans of all ages. While "Milk's Favorite Cookie" is as good as it was in 1912, the OREO brand continues to evolve and grow — adding new markets, new products, and new channels for its loyal fans around the globe.

¹ Snack World US Database (August 22, 2009 update, growth rates stated are 2-yr CAGRs)

² The NPD Group/SnackTrack Database (1 year ending March 2010)

³ Internal Kraft data (biscuit gross revenue, June 2010, latest estimate)

⁴ Nielsen Database (FDMx \$, January 2008–June 2010)

⁵ Facebook.com (<http://www.facebook.com/pages/?browse>, July 2010)

⁶ Euromonitor Brand Shares (World/Sweet Biscuit, 2006)

⁷ Nielsen Database (Total US — All Outlet pounds, 2009)

⁸ Nielsen Database (FDMx \$, 7/3/2010 YTD)

CGI image courtesy of Merepresents.com

THINGS YOU DIDN'T KNOW ABOUT OREO

- OREO is the number-one best-selling cookie in the world.⁶
- Nearly 45 percent of all U.S. households purchased a package of OREO cookies in 2009.⁷
- Among the nations where consumers can buy an OREO are Argentina, China, Indonesia, France, Taiwan, Thailand, and Venezuela.
- Since its introduction in 2003, GOLDEN OREO has grown to become the number-one brand in the golden sandwich cookie category.⁸