

# Key Business Drivers

The organisation remains focused on growing per capita consumption of its beverage and food brands in each of its markets. To achieve this outcome, CCA concentrates on the successful execution of five key business drivers:

- 1 Grow our share of consumption of non-alcoholic beverages
- 2 Develop a material presence in premium alcoholic beverages
- 3 Grow our customer relationship capabilities
- 4 Develop world class operating systems
- 5 Ensure the sustainability of our business platform

# 1

## Key Business Driver

# Grow our share of consumption of non-alcoholic beverages

CCA is continuously expanding its product and package offering to bring sizzle to categories and excitement to our consumers. We aim to drive increased share of category value and improve brand presence through continuous product and package innovation.

### 2006 Review

In 2006, CCA added a number of exciting new products to its brand portfolio. The highlight for the year has undoubtedly been the outstanding success of Coca-Cola Zero into many of our markets.

### Australia and New Zealand

Coca-Cola Zero has been the biggest beverage launch for CCA in 22 years, and an exceptional opportunity for the business to develop a major new segment.

In the 12 months since its Australian launch, Coca-Cola Zero has captured 13% of the cola category, with CCA's total cola market share in foodstores growing from 75% to 77%. Coca-Cola Zero is already tracking above 75% of Diet Coke monthly volumes, which is well ahead of expectations.

In New Zealand, Coca-Cola Zero has been outselling Diet Coke since September and non-sugar cola volumes have grown by 24% in 2006 and now represent around 34% of cola volumes.

Coca-Cola trademark products have been supported by the introduction of slim line cans and the 385ml screw top glass bottle into the route trade in Australia.

The second big launch for the year was the new improved formulation Powerade Isotonic. Isotonic has cemented

Powerade's leadership position in the Australian sports drink market, growing volumes by over 25% in 2006 and increasing market share from 52% to over 59%.

CCA also launched Pumped, pure water with added flavour and minerals, which are already the number one and two functional flavoured waters, driving Pump volumes up over 20% in Australia in the second half of 2006.

And lastly, we launched Goulburn Valley juice in Australia, leveraging the Goulburn Valley brand name into the beverage category with a new brand of premium chilled juice. The response from customers and consumers has been very encouraging and the value of the history and heritage of the Goulburn Valley brand has enabled us to achieve attractive returns.

### Indonesia

Powerade Isotonic was also successfully launched in Indonesia. Available in 330ml cans and 500ml PET bottles and two flavours grapefruit-lemon and orange, sales exceeded 1 million unit cases.

### South Korea

The launch of Haru Green Tea was a highlight for the South Korean business, performing exceptionally well with sales above expectations.



## 2 Key Business Driver Develop a material presence in premium alcoholic beverages

In 2006, CCA expanded its beverage portfolio into the alcoholic beverage market by entering into exclusive agreements to distribute premium imported beers and spirits into the Australian market. The move into premium alcoholic beverages is a natural extension for CCA, enabling the business to leverage its core competencies in sales, customer service and beverage distribution.

### 2006 review

2006 was an exciting year for CCA with the signing of three exclusive distribution and manufacturing agreements in the alcoholic beverages category.

Firstly, in August CCA formed a joint venture – Pacific Beverages Pty Ltd – with SABMiller plc, the world's second largest brewer to sell and distribute imported premium beer – Peroni Nastro Azzurro, Miller Genuine Draft and Pilsner Urquell – in Australia. SABMiller will produce the beer and provide marketing expertise, while CCA will utilise its comprehensive sales and distribution infrastructure to sell and distribute the premium beer brands.

Pacific Beverages started distribution of its beers across Australia in November.

Secondly, in November Pacific Beverages entered into an exclusive agreement with global premium spirits distributor Maxxium to sell and distribute its premium spirit portfolio in Australia.

Maxxium's major brands include Jim Beam, Canadian Club, Remy Martin, Cointreau, The Famous Grouse and ABSOLUT VODKA.

And lastly, CCA has entered into an exclusive agreement with Maxxium shareholder, Beam Global Spirits & Wine Australia to manufacture its alcoholic ready-to-drink (ARTD) beverages, including Australia's most popular ARTD, Jim Beam & Cola. Pacific Beverages will sell and distribute the Beam & Global Spirits & Wine ARTDs. The Beam Global Spirits & Wine ARTDs will be produced at CCA's facility in Adelaide and it is expected that supply will commence in April 2007.

In addition, Maxxium Australia's sales force will be integrated into CCA's existing sales force, further enhancing its scale and reach.



# 3 Key Business Driver

## Grow our customer relationship capabilities

CCA's commitment to our customers saw us implement a number of innovative initiatives, ranging from new technology, employee and customer engagement programs as well as expanded cold drink distribution capability.

### 2006 review

#### Coca-Cola Zero Market Impact Team (MIT)

Coca-Cola Zero was the biggest beverage product launch for 22 years in the Australian market. CCA and The Coca-Cola Company were galvanised with over 1,000 local and international employees coming together to support the launch. Underpinned by an \$18 million launch campaign including an integrated media program, accelerated cooler placements and extensive in-field merchandising, the launch of Coca-Cola Zero far exceeded CCA's expectations. The Coca-Cola Zero launch was truly world class and cemented CCA's position as a leader of innovation in the global Coca-Cola System.

#### Adopt-A-Store

Under the Adopt-A-Store program office employees volunteered to fill shelves and top up displays in their local supermarket during the busy period leading up to Christmas, a particularly important time for the Grocery channel. Employees adopted a local store as their own to ensure shelves and fridges were fully stocked. While our distribution system is world class and we have no trouble getting product to the stores, the challenge is for our customers to get it onto the shelves quickly to constantly replenish the stock. The Adopt-A-Store program ensured there was plenty of product available for consumers during the crucial pre-Christmas period.

#### Information Technology for our Sales Force

CCA has developed custom software for its team of some 800 business development representatives (BDRs) and sales merchandisers that helps them successfully manage and grow our business. These new tools allow our field staff to plan their weekly visiting schedule as well as their daily tasks, and improves communication with our customer service staff in our customer contact centre and regional offices with wireless connectivity. CCA also upgraded the fleet of laptop PCs used by the BDRs by investing in enhanced hardware. The new laptops have dramatically reduced the PC failure rate for field staff.

#### Chilled Juice Distribution

In July 2006, CCA launched a new brand of premium chilled juice under the Goulburn Valley brand, which is distributed through all major supermarket chains as well as through cold chain delivery vans to route customers in Queensland, South Australia, Victoria and Western Australia. A new cold chain distribution system for New South Wales was set up in December to allow for distribution in the Sydney metropolitan area.

In January 2006, the Coca-Cola Zero MIT resulted in:

Over **4.8 million** unit cases sold

Over **50,000** outlets visited

Over **500,000** pieces of point of sale material

Placement of **2,000** health & well-being coolers

Overall brand Coca-Cola grew revenue by **9%** in 2006



# 4 Key Business Driver

## Develop world class operating systems

CCA is continuously developing its infrastructure and operating systems to improve efficiency, reduce operating costs and improve responsiveness to customers.

### 2006 Review

#### Northmead

CCA will build two new distribution centres and expand its manufacturing operations in a "twinned" project at two sites, Eastern Creek and Northmead in NSW, in what will be one of the biggest investments by a food and beverage manufacturing company in Australia for many years.

At Eastern Creek, a new automated distribution centre, utilising state-of-the-art systems, alternative energy technology and rainwater harvesting systems, will be built at a cost of approximately \$90 million.

At Northmead, the 35 year old existing site will be revitalised at a cost of \$110 million to accommodate a new automated distribution centre and a new manufacturing production line. Completion is expected in 2008.

#### SPC Ardmona Warehouse

In November 2006, a new \$15 million SPCA National Distribution Centre (NDC) in Shepparton was completed. The facility consolidated the number of SPCA offsite warehouses from 12 to two, resulting in both improved customer service and operational savings.

The NDC boasts a state-of-the-art high tech computer controlled warehouse management system which will achieve higher levels of accuracy in customer orders. The system will

minimise problems with out of stocks and is expected to deliver savings of \$2 million per annum.

#### Systems Integration

CCA plans to undertake a major base technology system upgrade in collaboration with The Coca-Cola Company and other major Coca-Cola bottlers to create a new global technology platform. This platform will provide:

- Better information for management decision making;
- Improved customer service;
- Shared services opportunities;
- Improved acquisition integration; and
- Reduced IT complexity.

Implementation is planned to commence in 2008.

#### Handheld Terminals

In Australia, CCA has been progressively introducing handheld terminals (HHTs) across its route distribution network to improve the infield delivery process. The rollout of over 250 HHTs nationally has provided faster and more accurate generation of delivery documentation from the field as well as assisting in resolving payment issues and settlement variances. In addition, the introduction of HHTs has allowed CCA to obtain highly valuable delivery metrics that are being used to improve customer service levels and reduce delivery costs.

Right: An artists' impression of the new state-of-the-art automated distribution centre at Eastern Creek, New South Wales.

Below: The official opening of the new SPC Ardmona \$15 million National Distribution Centre in Shepparton, Victoria.



# 5 Key Business Driver

## Ensuring the sustainability of our business platform

Being a responsible and respected corporate citizen is an essential part of business and we are determined that CCA will go on creating wealth, improvements and opportunities for our stakeholders in a sustainable way.

### 2006 Review

#### Environment

CCA submitted Water Savings Action plans to Australian state governments and made significant water savings with "dry lube" technology, recycling and employee education. In Australia, we achieved an average water use ratio of 1.55 litres per finished beverage litre for the production of all our products. This compares to the average for other Coca-Cola system bottlers around the world of 2.6 litres.

Other achievements were:

- Opened another public place recycling station at Luna Park, Sydney;
- New lightweight cardboard tray packaging was trialled;
- With The Coca-Cola Company we partnered with Landcare Australia to restore the ecosystems around our operations; and
- Awarded Sydney Water "Every Drop Counts" joint winner, Innovation category.

#### Social Responsibility

CCA's community philanthropy totalled approximately \$4 million – or 1% of CCA's pre-tax profit. Through The Coca-Cola Australia Foundation, CCA and TCCC provided \$1 million towards community programs designed to assist disadvantaged youth. These included the Australian Literacy and Numeracy Foundation, the Rugby Youth Foundation and Beyond Empathy.

Other significant initiatives include:

- Expanded HIV/AIDS programs in Papua New Guinea;
- SPC Ardmora launched a \$1.75 million water fund for drought-stricken farmers in the Goulburn Valley; and
- Mount Franklin pledged \$100,000 each year for three years to the National Breast Cancer Foundation for breast cancer research.

#### Workplace

In 2006, CCA workplaces became safer after a drive to reduce injuries across all of our businesses.

Organisation capability review programs to drive succession planning continued. In Australia, two diversity workshops for high-potential female employees were held to create a forum for discussion around career issues, achieving work/life balance and networking.

#### Marketplace

Diversification of the product portfolio and reduction in the total energy density of beverages continued. Smaller sized serving portions of Coca-Cola trademark brands were introduced. Australian sales of Coca-Cola with no sugar (Diet Coke and Coca-Cola Zero) reached 34% of volume, up from around 20% in 2000. Front of can "thumbnail" labels showing dietary intake and kilojoule count were initiated. In New Zealand, CCA worked with the government to phase out sugar carbonated beverages in schools.



**CCA's inaugural sustainability report  
Citizenship@CCA is available  
on our website at  
[www.ccamatil.com](http://www.ccamatil.com)**

