

**Date:** November 14, 2005  
**To:** Roger K. Deromedi, CEO  
**From:** Kimberly Holker, Assistant to VP of Public Affairs  
**Subject:** “Kraft a Healthy Lifestyle” Campaign to Mitigate Negative Media Attention Against Kraft

In response to the unfavorable attention from special interest health advocates and the media, we have developed a strategy to reposition Kraft as a healthier brand. The repositioning campaign, titled “Kraft a Healthy Lifestyle” will align our brand with increasing consumer trends toward a healthy lifestyle and mitigate the impact of negative media coverage on our brand equity.

### **Changes We Have Already Implemented**

Since the Oreo lawsuit in 2003, Kraft Foods, Inc. has made significant changes in our product portfolio to meet the demands of healthier consumers. However, even after these changes, our brand ratings have continued to decline and consumers still consider Kraft products a major factor in the “obesity epidemic”. Research has revealed that consumers are aware of our healthier products, such as the *Nabisco* 100 Calorie Packs and *The South Beach Diet* products, but do not associate them with the Kraft brand name. Our repositioning campaign will not only stress the introduction of these new products to the Kraft family, but challenge consumers to include them in their diet as part of a healthy lifestyle.

### **The Focus of the “Kraft a Healthy Lifestyle” Campaign**

The latest health trends urge consumers to snack healthy and eat five to six small meals a day. Since the majority of Kraft products are already thought of as “snack foods”, the purpose of the campaign is to reposition our products as “**healthy** snack foods”. The campaign will focus on Kraft’s healthy snack choices and provide consumers with ways to incorporate them in their diets.

### **Our Plans to Implement the Campaign**

Advertising and Interactive Marketing: We will run a series of television commercials and print advertisements in several magazines. These advertisements will focus on Kraft’s healthier brands and emphasize ways for consumers to include them in their diet as part of a healthy lifestyle. We will also have an interactive booth at the Super Bowl in February where consumers will be able to sample a variety of our healthy snacks. Examples of some of the snack choices that will be included in our advertisements and interactive marketing are:

- 5 *Triscuits* or *Wheat Thins* topped with *Athenos* hummus or your favorite Kraft low fat cheese
- A handful of *Planters* peanuts or almonds
- 3 lettuce wraps rolled with a slice of *Oscar Meyer* ham/turkey and a slice of *Kraft* low-fat cheese
- *Nabisco’s* 100 Calorie Packs or *KidSense* Fun Packs

Packaging: Most of our healthier products will be conveniently packaged in snack size portions called “SnakPaks”. Our boxes will display a prominent message on the front including the “Kraft a Healthy Lifestyle” slogan and a message regarding the importance of eating small, healthy meals. The back of the boxes will include several snack ideas that include a variety of Kraft brands.

### **The Costs and Benefits**

The cost of the campaign will be approximately \$27 million. This includes all advertising and interactive marketing costs, new package designs, and manufacturing and supply chain adjustments. However, we will make an average of \$.20 more an ounce for SnakPaks. The higher profit margin of SnakPaks combined with our revamped image should increase revenue by 30% within four years.

### **Approval for Campaign Launch**

Kraft Foods, Inc. prides itself on meeting consumer’s needs. With the market shifting so rapidly toward healthier lifestyles, repositioning our brand is pertinent to maintaining top market share in the packaged foods category. With your approval, we are ready to launch the “Kraft a Healthy Lifestyle” campaign and restore the integrity of Kraft’s brand image.