

# The History of Kraft Foods Inc.

## All About Kraft

Learn everything there is to know about Kraft: like who we are, how you can reach us and what we're doing in your community.



Kraft Foods Inc. is a company with many different roots and founders, all sharing a commitment to quality, a willingness to take risks and a spirit of innovation. Among the products now sold by Kraft Foods Inc. are so many “firsts” and innovations that a history of the company is almost a history of the food industry. Kraft traces its history to three of the most successful food entrepreneurs of the late 19th and early 20th centuries — J.L. Kraft, who started his cheese business in 1903; C.W. Post, who founded Postum Cereal Company (later renamed General Foods Corporation) in 1895; and Oscar Mayer, who began his meat business in 1883.

## The Story of J.L. Kraft



The history of KRAFT goes back to 1903, when, with \$65 in capital, a rented wagon and a horse named Paddy, J.L. Kraft started purchasing cheese at Chicago's Water Street wholesale market and reselling it to local merchants. Within a short time, four of J.L. Kraft's brothers joined him in the business, and, in 1909, they incorporated as J.L. Kraft & Bros. Co. In 1914, J.L. Kraft and his brothers purchased their first cheese factory in Stockton, Illinois. In 1915, they began producing processed cheese in 3-1/2 and 7-3/4 ounce tins. J.L. Kraft's method of producing processed cheese was so revolutionary, in 1916 he obtained a patent for it and in 1917 the company started supplying cheese in tins to the U.S. Government for the armed forces in World War I.

J.L. Kraft followed up on his success with processed cheese in tins by introducing or acquiring many additional products, including processed cheese in loaves, VELVEETA Process Cheese, PHILADELPHIA Cream Cheese, MIRACLE WHIP Salad Dressing and KRAFT DINNER Macaroni and Cheese. He used innovative advertising to promote his products and was a pioneer in the sponsorship of television and radio shows. Kraft Music Hall on radio and Kraft Television Theatre helped prove the effectiveness of advertising on the then-new media. The company's “hands” commercials, showing a pair of hands preparing recipes using Kraft products, became a symbol of the company's advertising success. Aggressive sales merchandising techniques contributed further to the company's growing market share in an increasingly diverse line of products.

The success of J.L. Kraft and his company was noted by Thomas McInnerney, founder of National Dairy Products Corporation. In 1930, Kraft-Phenix Cheese Corporation (as it was then called) was acquired by National Dairy Products Corporation. Kraft continued

to operate as an independent subsidiary of National Dairy Products Corporation for many years, but eventually was absorbed into the operating structure of the parent company, which changed its name to Kraftco Corporation in 1969 and again to Kraft, Inc. in 1976.

## The Story of C. W. Post



In 1895, C.W. Post made his first batch of POSTUM Cereal Beverage in a little white barn in Battle Creek, Michigan. With that step he entered the brand new retail cereal industry. In 1897, he introduced POST GRAPE-NUTS Cereal, one of the first ready-to-eat cold cereals. He followed that success with a corn flakes product in 1904 which he called ELIJAH'S MANNA (renamed POST TOASTIES in 1908). In 1911, Post introduced a refinement of his original product, POSTUM Instant Cereal Beverage. Post used marketing techniques that are now considered industry standards, but which were innovative for their time. These included extensive advertising, coupons, free samples, product demonstrations, plant tours and recipe booklets.

Post died in 1914, but Postum Cereal Company continued to follow the formula for success which he had established: selling high-quality, nutritious cereal products through marketing and advertising techniques that appealed to the common man and woman. Then, in 1925, the company acquired the Jell-O Company, marking the start of an aggressive acquisition effort. Over the next four years, Postum acquired over a dozen companies and expanded its product line to more than 60 products. Some of the products acquired at that time included MINUTE Tapioca, BAKER'S Chocolate, BAKER'S Coconut, LOG CABIN Syrup, MAXWELL HOUSE Coffee and CALUMET Baking Powder. By the time Postum purchased the rights to Clarence Birdseye's new method for producing quick-frozen foods in 1929, a change of name seemed appropriate. So the name of Birdseye's company was changed from General Foods Company to Frosted Foods Company and the name of the parent corporation was changed to General Foods Corporation. (The BIRDSEYE business was sold to Dean Foods Company in 1993.)

Through the years, the management at General Foods refined and improved its product line in part through acquisitions and divestitures and, in part, through research and development. Internally-developed products included JELL-O Pudding and Pie Fillings (1936), MAXWELL HOUSE Instant Coffee (1945), TANG Flavour Crystals (1957), DREAM WHIP Topping Mix (1957) and COOL WHIP Whipped Topping (1966).

In 1981, General Foods expanded into a new product category by acquiring Oscar Mayer & Co., a leader in the processed meats industry. Four years later, General Foods Corporation was acquired by Philip Morris Companies, Inc. After Philip Morris acquired Kraft, Inc. in 1988, the two food subsidiaries were combined to form Kraft General Foods, Inc. in 1989.

## The Story of Oscar Mayer

Oscar F. Mayer was a Bavarian immigrant who started his career in 1873 at the age of 14 as a “butcher’s boy” in a Detroit meat market. By 1883 he had saved up enough money to lease a failing Chicago meat market. With the help of his brothers Gottfried and Max, he made the business such a success that the landlord refused to renew the lease when it came up for renewal in 1888. So that year Oscar Mayer and his brothers started again from scratch, this time building their own meat market just down the street from the original leased market. As a result of the Mayer brothers’ attention to quality and customer service, their original landlord was soon out of business.

Early company specialties were “Old World” sausages and Westphalian hams, soon followed by bacon and wieners. The company’s concern for quality was so strong that in 1906, Oscar Mayer & Co. was among the first to volunteer to join the newly created federal meat inspection program. In 1919, the company made its first major expansion, with the purchase of a processing plant in Madison, Wisconsin. The plant quickly proved to be a profitable, efficient operation and eventually Madison became the corporate headquarters.

Through the years, the company rose to a leadership position in the processed meat industry, in part by the creation of innovative packaging that increased the shelf life of its products. Extended product shelf life enabled Oscar Mayer to expand the distribution of its products across the country.

For nearly a century, Oscar Mayer remained an independent company owned primarily by descendants of the Mayer brothers who started it all. Then in 1981, Oscar Mayer stockholders elected to sell their company to General Foods Corporation, which had the resources to stimulate even further growth for the business. Four years later, Philip Morris Companies, Inc. acquired General Foods Corporation, and in 1989 merged General Foods with the newly acquired Kraft, Inc.

## The Story of Nabisco



The history of Nabisco starts in 1792, when Pearson & Sons Bakery opened in Massachusetts to make “pilot bread,” a tough and durable biscuit to sustain sailors on long journeys. Then, in 1801, the Josiah Bent Bakery baked their first biscuit other than pilot bread. They were called crackers because of the sound they made when someone bit into them. In 1889, believing he could improve quality and efficiency through combination, William Moore united Pearson, Bent and six other eastern bakeries into the New York Biscuit Company. In 1890, for the same reason, Adolphus Green formed the American Biscuit & Manufacturing Company, combining approximately 40 midwestern bakeries. In 1898, Moore and Green merged their two companies, along with the United States Baking Company, to form the National Biscuit Company, a formidable collection of 114 bakeries. Adolphus Green was president of this new national company.

Green was convinced his new company needed a big idea to gain the public's attention. He got it when the company quickly developed a cracker with a new shape that was lighter and flakier than anything else being made at that time. Green considered many names for the product and decided on UNEEDA biscuit. However, the quality and freshness of the new UNEEDA biscuit wouldn't mean much if the product didn't arrive for customers that way. The previous method of bulk sales would no longer do the job. National Biscuit Company needed a major step forward in packaging and created it with the Inner-Seal package, an ingenious system of inter-folded layers of wax paper and cardboard. It was the first of many innovations in biscuit packaging.



Over the next several decades National Biscuit Company, often referred to by the abbreviation N.B.C., grew by acquiring companies such as the F.H. Bennett Company, maker of MILK-BONE Pet Products, and the Shredded Wheat Company, maker of TRISCUIT Wafers and SHREDDED WHEAT Cereal. During this time, the company was also busy developing numerous cookies and crackers, many of which continue to be family favorites in the 21st century, such as OREO Cookies, RITZ Crackers, and HONEY MAID Graham Crackers. National Biscuit Company also expanded outside the United States with the acquisition of Christie Brown & Company in Canada.

The name Nabisco first appeared on a new sugar wafer product in 1901, but the corporate name did not change until 1971. In 1981 Nabisco merged with Standard Brands, maker of PLANTERS Nuts, LIFESAVERS Candies and other successful businesses. About four years later, Nabisco Brands merged with R.J. Reynolds and added GREY POUPON and A.1. brands to its portfolio. Philip Morris Companies, Inc. acquired Nabisco in December of 2000 and merged it with Kraft Foods, Inc.

## The Story of W.M. Christie

*William Mellis Christie — a man who changed the course of the Baking Industry — came to Canada from Huntley, Aberdeenshire, Scotland at the age of 19 in the year 1848. He had apprenticed to the baking business in Turriff, Aberdeenshire for four years and, finding the prospects of the economy too limited, decided to move to Toronto where he worked as a baker. In September of 1849 a partnership was formed by James Mathers and Alexander Brown with William Christie as an assistant Baker and Traveling Salesman.*

When Mr. Mathers retired in 1850, Alexander Brown took William Christie into the partnership. In 1853, Alexander Brown retired to the country and left the business with William Christie. In 1861, Christie suffered financial setbacks and Brown returned to the business which then adopted the name Christie, Brown & Company. On February 11, 1878, Mr. Brown retired for the second time and the business was purchased by William Christie. Mr. Christie built his business on the premise that customers deserved a quality product with the best of ingredients. In 1876, William Christie attended the Philadelphia Centennial Exhibition with samples of his biscuits and returned with silver and bronze

medals. This was just the first of many trips to exhibitions and fairs and Mr. Christie soon became known throughout the country for his high quality of biscuits.

When the son of William Christie, Robert J. Christie, took over the business in 1900, this company had grown from one using less than 50 barrels of flour a week to one using 160 barrels of flour, one and one-half tons of butter and lard, and thousands of eggs every working day.

The business, under the direction of William Christie, expanded to the point where Christie, Brown & Company employed approximately 375 people by the turn of the century and had offices in Montreal as well as Toronto. Deliveries were made to all parts of Canada.

In 1928, the capital stock of Christie, Brown & Company was purchased by the National Biscuit Company (Nabisco) which is a U.S. based company.

During the years, Christie Brown & Co. continued to prosper and in 1982, Christie Brown merged with Standard Brands and became Christie Brown & Co., Division of Nabisco Ltd which was a subsidiary of RJR Nabisco Inc in the U.S.

As of January, 1986 Christie Brown & Co. and Associated Biscuits of Canada integrated. Christie Brown & Co. now operates five Biscuit Bakeries in Toronto and Montreal, producing such well known products as Oreo Cookies, Premium Plus Crackers and Ritz Crackers; Peek Frean Fruit Creme Cookies; Dad's Oatmeal Cookies, David Strawberry Tarts and Harnois Winsor Cookies.

## **Kraft Foods Inc. today**

In January 1995, Kraft General Foods became Kraft Foods, Inc. and was reorganized into a single operating company. Kraft Foods continues to grow and change to meet changing consumer needs, in part by building on its history — the legacy of its well-known brands, the character of its founders and the dedication of its employees. The company has continued to build on the innovative spirit of its past, with new products such as low-fat and fat-free products in a variety of categories. It has also grown through acquisitions, including BOCA BURGER and BALANCE BAR in early 2000, and the family of Nabisco brands in December of 2000. Kraft Foods Inc.'s product portfolio is one of the finest in the world, including more than 70 major brands such as KRAFT Cheeses, MAXWELL HOUSE and NABOB Coffees, POST ready-to-eat Cereals, OREO Cookies, RITZ Crackers, LIFESAVERS Candies, PLANTERS Nuts and Snacks, JELL-O Desserts, KOOL-AID Beverages, PHILADELPHIA Cream Cheese, TOMBSTONE Pizza, STOVE TOP Stuffing Mixes and MIRACLE WHIP Salad Dressing.