

1. *UK & Sales*

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Brand Classification

New Brands

1. Brand Categories

The purpose of categorising brands is to assist in their prioritisation in Marketing terms. From this will follow the need for trade mark protection.

Most of BAT's brands are local brands, with potential only in their national markets and possibly a handful of markets which are closely related in terms of language, culture, etc. Some brands have a wider potential than this. They either already demonstrate, or are believed to have, sales potential in a broad geographic region, or in a range of countries which share a cultural influence. Where brands are not already represented their potential must be demonstrated through market research. A small number of brands has sufficient world-wide sales potential to merit top priority as International Brands (IBs).

In Marketing terms, the strategies for both the International Brands and the Regional Brands will be co-ordinated world-wide in a joint effort between the brand owners and the zone managers. The strategies for Local Brands will be managed by the zone managers and the local Operating Companies. The strategies for the International and Regional Brands, and the most important Local Brands, will be presented by the brand owners to the TSG in May each year.

The International Brands will receive priority in terms of continuous Marketing support, which will be progressively focused on them. Regional and Local Brands will be supported where they are capable of sustaining significant consumer franchises over the long term.

2. Marketing Criteria for Categorisation

2.1 International Brands

The main criterion is that a brand should have international sales and sales potential as a result of its product advantages, image, packaging, price positioning and communications programmes. This potential is already proven (through their high volumes and wide spread of business) for Kent, State Express 555, Viceroy, Lucky Strike and Benson & Hedges (see Appendix 1 which shows 1992 sales volumes for the top 20 brands by the zones agreed at the Project Stem meeting on 27th October).

Other brands which are believed to have international sales potential, but where this still needs to be demonstrated by actual sales or by market research, are Hollywood, Kooli, Barclay, Capri, Pall Mall, and Kim.

These brands are summarised on Appendix 2. They show that BAT may lack a mid or low price Virginia IB.

2.2 Regional Brands

As for an IB, the main criterion for a regional brand is that it should have regional/zone sales and sales potential. This potential is already proven for: Belmont in Latin America; HB and Prince in Europe; Hilton in the Far East; and Wills Gold Flake and Players Gold Leaf in the Sub-Continent.

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2.3 Local Brands

All other brands (including, among the top twenty brands: Plaza, Free and Ritz in Brazil; Scissors, Bristol and Wills Navy Cut in India; and Players in Canada) are essentially local brands.

3. Responsibility for the categorisation of brands and the review procedure

The categorisation of brands is the responsibility of the TSG. The International and Regional categorisations will be reviewed annually in May as part of the Tobacco Strategy Review. Each Marketing Director with responsibility for an International or Regional brand will present the strategy for that brand to the TSG who will confirm or amend the brand category.

A preliminary categorisation will be agreed at the TSG meeting on 8th December 1993, but this will be reviewed formally at the TSG meeting on 11th May 1994.

The strategies for the local brands will be reviewed by the responsible zone managers as part of the plan review procedures. Changes in brand categorisation between regional and local brands will be decided by them, subject to approval of the whole plan as part of the usual procedure.

H C Barton
2nd December 1993

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