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RESTRICTED

PRODUCT DEVELOPMENT STEERING GROUP

Minutes of the meeting held  
on Tuesday 16 July 1991 at Millbank

Present: Mr. R.A. Crichton  
Mr. A.L. Heard  
Mr. I.A. Ross  
Mr. I.G. Hacking  
Mr. A.R. Cousins  
Mr. I.C. Brown  
Mr. R.P. Ferris  
Dr. T. Hirji

Apologies: Mr.A.D.G. Pereira

I. MATTERS ARISING FROM THE MINUTES OF THE PREVIOUS MEETING

(i) Project GLOBE II (Competitor Intelligence)

Samples of Marlboro Red from all the designated markets have been received and distributed to the various Centres (B&W, BATCF, BTC and FRC). With the recent changes in B&W, it is not clear when their part of the analyses (mainly on blend composition) will become available.

All Centres will be contacted to get the timing for when the results TH  
may be expected.

(ii) Fresh Finish (Mouth freshening effect in the last puff/s)

FRC is reviewing the Patent position with respect to Glucosides and Coolants. It would appear that our potential to use these technologies will depend on the final formulation of the flavour. Alternatively, we may have the possibility of using micro-encapsulation technology, developed in the States, which is capable of releasing flavours at very tightly specified temperatures e.g. 50, 100 or 200 degrees.

Five potential flavours have been developed by the BTC Flavourists and these are being screened internally using the 'Holder' System i.e. cigarettes are smoked through a holder and the holder is changed to one containing the flavour in the last two puffs. Results will be reviewed at the next meeting. RPF

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(iii) Project: GREENDOT (Ultra-low tar products with modified tar, superior mechanics and taste)

Three 4 mg products (one with low sidestream and two conventional) are being consumer tested in Germany and the results are expected at the end of July. Once these are available, Marketing and BTC will identify appropriate markets and Brands for the application of this technology

IAR/ICB

(iv) Project: LESS (Low sidestream product without sacrificing the mainstream taste)

Working in conjunction with De Mauduit, a slightly modified paper specification has been developed and this is expected to overcome the previously identified deficiencies in terms of ash characteristics and staining behind the coal. The new samples are expected to arrive by the end of this month and cigarette samples will be manufactured to validate the improvement in the performance of this paper.

ICB

There was no doubt that in five years time, say, all products will be lower sidestream products. However, Marketing expressed some concern with regard to the current strategy of launching an existing brand (B&H Ultra) in two versions. Additionally, there have been some comments about the smoking quality of the current B&H Ultra as sold in France. BAT(UK&E) are in the process of validating this and it may be necessary to modify the current product. Bearing in mind that the low sidestream product was designed to match the taste and flavour of this brand plus the concern about the current strategy, it was decided that the TOT scheduled for the 4th Quarter will not take place and instead only a product test will be conducted. Note that the blend used in the low sidestream product is totally different from the current blend and in the qualitative research conducted in France in January, there was a suggestion that this new product was better than the current.

IAR/TH

2. PROJECT STATUS

(i) Projects ZODIAC & VERBATIM (Pressure Drop Studies)

Physical, delivery and sensory results from Phase I of the study are now available. Preliminary indications are that rod pressure drop *per se* does not have a significant effect on sensory characteristics of the full-flavour product used in this study. However, it is possible that rod pressure drop effect in combination with other cigarette design features may offer some advantages and flexibility in total product design. This will be investigated in Phase II of this project, and results should be available by end November.

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(ii) Project: BAIZE (Low tar USB for current full-flavour smokers)

In-house sensory evaluation of 8 test products against Marlboro ex Germany, Marlboro ex Middle East and Marlboro Gold ex Switzerland showed that firstly, the 25mm filter + 59mm rod versions out-performed their 20mm filter + 64mm rod counterparts; secondly, the sample including Y1 tobacco tended to match Marlboro ex Germany (highest delivery product in the test - 14mg tar, 1.0 mg nicotine) in the intensity of sensory sensations; finally, all other test products compared favourably with the other two Marlboros in the test.

Selected samples from this study will be sent to BATCF for ICB consideration in their Project ZENITH.

(iii) Project: BOX (Casings Study)

Sensory evaluations and delivery determination of Phase I and Phase II samples have commenced and the results will be presented at the next meeting.

ICB

PP&D are also assembling information on the current burley processing practices within BATCo Operating Companies

3. NEW PROJECT PROPOSALS

(i) Virginia Carbon Filter Product

Phase I - evaluation of the effect of using activated carbon filters in Va and mod Va products was approved and the project will commence as soon as filters are received from Venezuela.

ICB

Marketing will identify through B&W, whether any of the Va products sold in Japan have carbon filters.

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(ii) Menthol Project

Project on the effect of different methods of menthol application on a lightly mod Va product in terms of shelf-life in opened and unopened packs and sensory characteristics was approved. Detailed schedule will be produced and the project will commence as soon as the materials from various sources become available.

ICB

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#### 4. ANY OTHER BUSINESS

##### (i) Use of HPC in DEER

Although HPC is approved in tobacco products in the U.K., Belgium, France and Switzerland, it is not approved in Germany. BAT(UK&E) expressed concern over the possibility that the German Regulations might be adopted by the EEC. Mr. Alan Heard indicated that it would be easier to apply for the inclusion of HPC in the EEC context and hence this should not be of concern to BAT(UK&E)

##### (ii) P.D.S.G. Questionnaire

In terms of the market environment, BATCo Operating Companies may be segmented by two main discriminators : S&H Legislative Pressure/Low tar trend and Price Dynamics. In terms of the business objectives, there were three discriminating factors : Quality (subjective and physical), 'Enforced' Innovation (Social aspects, Product modifications in response to external pressure) and Innovative Opportunity (Product modifications in response to changing consumer values, novelty and cost efficiency).

BATCo Operating Companies will now be segmented according to their total needs based on the cross-correlation between the market environment factors and the business objectives.

RPF

Current projects will then be targetted to the needs of the companies within each segment and new projects will be proposed if some needs are not fulfilled by the current projects.

MKT/RPF

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(iii) Environmental Issues

BAT(UK&E) have two groups of people working on projects relevant to the environmental issues:

(a) Development people under Dave Bedding are working on issues identified mainly by AMGP as being the likely threats in the future e.g. inks for packaging and die prints; films; foil; adhesives. These are low priority projects conducted when time permits.

(b) Purchasing Department largely working on the replacement of the laminated foil board.

BATCF is also working on replacement of the laminated foil board and the foil bundle issue. Thus there is duplication, and sometimes both working with the same suppliers. It is also evident that neither parties are aware of the totality of work being conducted by the other company. Under these circumstances it is difficult to ensure that all the short and the long term needs of the Group are catered for. It was therefore agreed that a one-day meeting between BATCF (commercial and research), BAT(UK&E) (Development and Purchasing), BTC and FRC will be convened with the objective of :

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(a) Getting a clearer understanding of the implication of the environmental legislation in Europe and worldwide, if possible;

(b) Getting a clearer indications of the longer term threats as perceived by the AMGP;

(c) Exchanging detailed information on the various projects and their status within the various groups;

(d) Identifying the best route for co-ordination/monitoring of the various projects and any additional projects which may be required

(iv) Next Meeting

Please complete the attached form indicating your availability and return it to Jenny Fereday by Friday 9 August.



Tai Hirai

18/7/91

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