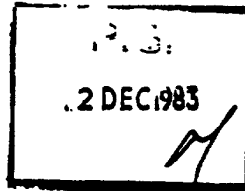


9th December 1983

P. Sheehy, Esq.,
WINDSOR HOUSE.



CAC VIII

In your letter dated 6th December you asked me to up-date you on the progress that I have made in relation to the three items with which I said I would deal.

(1) On the Compendium of Epidemiological Studies I have agreed a draft work plan with Dr. Thornton, which I have also discussed with Ray Pritchard and Dr. Blackman. It includes assumptions, guidelines and a list of on-going studies which relate to relevant activities and for easy reference I attach the key objectives from this work plan.

In view of your interest in this subject, I have also asked Ray Thornton to keep you informally advised as to progress.

(2) On the question of recommending action to improve the effectiveness of innovation, I have done the following:

(a) The appointment of Alan Heard to be responsible at GR & DC for exploiting all developments that have reached potential commercial importance - especially in the areas of product development, application of psychology models and the development of products with reduced sidestream emission. He will liaise closely both with CAC companies and with other companies as appropriate.

(b) RJP and LCFB will in the New Year have detailed discussions with the No. 1's and Research Directors of B & W, Germany and Canada to ensure that there is minimum overlap and maximum communication on all areas of technical innovation.

(c) It is planned to hold a joint R & D/Marketing Conference in August of next year. (Each function will hold a separate conference for 2/3 days and then join together for 1/2 days.)

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(3) I also agreed to hold discussions on how one could improve the cost effectiveness of promotional expenditure in Tobacco and this I have found the most difficult area. All I have done is to deal with this subject informally and through the inclusion of the following statements in the latest "Marketing Strategies" document, which goes out to all companies and is, of course, discussed on an on-going basis during visits -

"In all segments, launches will be undertaken only where the new brand has been shown by research to have a definite consumer advantage over target competitive brands, especially in the higher-priced, image-driven, largely international segment where a launch must be supported by sustained investment."

"All operating companies have been requested to maximise the effectiveness of planned expenditure on marketing across their brand portfolio. They have been asked, in particular, to eliminate expenditure on advertising and promotion for non-strategic brands. Where other brands are declining or are sold only on a price proposition, companies will rigorously examine levels of support for such brands, compared with their profitability, based on a realistic assessment of future demand."



E.A.A. Bruell.

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