

PROPOSAL FOR A GROUP MARKETING INFORMATION SYSTEM

BACKGROUND : BAT Industries does not currently have a Group marketing Information System. BATCo. has a system for its own operations with some additional data relating to those areas for which other Operating groups are responsible. Brown & Williamson and BATCF also have systems covering their own operations but they are neither global nor do they have links with the BATCo. system. Although there is a good working relationship between the Operating Groups, their systems overlap, duplicate, generate conflicting data and have developed completely independently with no integration of hardware, software and data coverage.

PROPOSAL : To enable BAT Industries to manage its tobacco operations over the long term, it is proposed that a central database be set up into which all Operating Groups feed their marketing information and from which they fulfill their information needs.

: BATCo. should be the location for this central database because it has the appropriate experience, staffing and computer systems, and because much of the data is already located within the BATCo. marketing system from which the new system should be developed.

: The proposed central database should not replace the individual operational marketing information systems which exist within the Operating Groups which will remain necessary for managing their business. However, it will supercede their management information systems.

: Within this proposal there are three main elements which require further elaboration:

- the flow of information into the central database from Operating Groups
- the flow of information from the central database to the Operating Groups and the latter's access to the central system
- the provision of marketing information upon Group performance to the TSRT and any other end user.

Each is considered in detail below.

OP GROUP FLOW TO BATCo. : The current BATCo. marketing system already houses the majority of the information required. Additionally, the following information will be required on a monthly basis:

- own brand, competitor brand sales on a monthly basis, together with product descriptive data for all markets which are on the system but where the data is currently submitted quarterly. This will be a BATCo. responsibility.

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- own brand sales and product information for all export and opportunity markets on a monthly basis from B&W International, BATCF and BATUKE, by end market.
- competitor brand sales and product information, preferably on a monthly basis, but as frequently as possible if not, for all export and opportunity markets. Responsibility should be split as per Appendix I.

: The amount of additional work both for the Operating Groups to plug these gaps, for the Operating Companies to supply data on a monthly instead of a quarterly basis, and for BATCo. who will be required to input the data, should not be underestimated. These 'gap' markets are the ones for which reliable data is difficult and expensive to collect.

BATCo. FLOW : Although BATCo. currently provides a flow of information to TO OP GROUPS the Operating Groups, this is inadequate to meet their needs in the future. In order to fulfill their needs in the future the following course of action is proposed:

- establish what information is needed by the Operating Groups both on a regular reporting and on an ad hoc basis. The three critical end users will be BATCo., B&W International and BATCF.
- establish what parts of the central database should be put on line to the Operating Groups in order to give them permanent access to it.
- establish a new subset of the existing BATCo. marketing system to meet the above needs which enables fixed and flexible reporting and which gives them the raw data access that they require. Although the systems solution to achieve this cannot be determined without establishing what information is required, it is unlikely that the existing mainframe system or EPIC (Staines System) will be suitable. It is probable that a PC based system will be the preferred solution.
- implement the new system with parallel implementation in those Operating Groups which require access. This will involve systems development, hardware purchase, possible staff recruitment and training both of existing and new staff.

It is impossible to give access to the complete database to BATCF and B&W International because the amount of data is too large, and no means of linking up locations for such a large database exist. Furthermore, should such a link be possible the cost to establish and maintain is likely to be prohibitive (establishment £850,000 maintenance £200,000 p.a.).

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- TSRT
- : The marketing information needs of the TSRT although critical, are only one aspect of the overall issue of a global information system. To ensure data authenticity, accuracy, timeliness and consistency, it is recommended that BATCo. Marketing Intelligence collects, collates and presents this information. To continue with multi-sourced information will perpetuate existing problems.
 - : To put this into effect, BATCF and B&W should supply data to BATCo. for amalgamation with BATCo. data and subsequent presentation to the TSRT.
 - : It is recommended that early discussions take place with Dr Salter to establish the needs of the TSRT. Without a clear brief, nothing can be implemented.
 - : It is recommended that all TSRT data should refer to marketing performance over time and not vis a vis budget because the latter renders it highly complex to manage globally.
 - : BATCo. will require systems assistance to manage TSRT needs which will be integrated with the main information project. In the meantime, the needs of the TSRT will be met manually, provided the data is fed to BATCo. by the Operating Groups on a timely basis.

- COSTS/
BENEFITS
- : It is estimated at this early stage, that to establish the proposed central database with direct access for BATCo., BATCF and B&W International, would cost around £250,000 and would take up to one year to implement.
 - : It is estimated that up to two additional staff would be required in BATCo. to operate the system plus possibly one additional person in Hamburg and Louisville both to supply the additional data and to interface with the central database.
 - : Subject to the precise systems solution there may also be additional costs for hardware and software in both Hamburg and Louisville.
 - : The benefits of such a system are:
 - to equip BAT Industries for the effective management of its marketing operations in the 1990's.
 - to enable global marketing performance to be reported upon as opposed to Operating Group performance.

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- to fill the data gaps which currently account for around 30% of the global market.
- to eliminate duplication, inconsistencies and to standardise management reporting formats and frequencies.
- to give access to the central database to other Operating Groups besides BATCo. and to BAT Industries if required.

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OPERATING GROUP

DATA FLOW TO BATCo.

The current BATCo. marketing system houses brand sales and product descriptive data (blend, pack, length, tar:nic, price etc) for some 130 markets. This data is inputted on a monthly or quarterly basis. In order to create a comprehensive central database the following information will be required, all of which will be on a monthly basis.

1. For some 30 of the above 130 markets, sales will have to be submitted monthly instead of quarterly, both for own and competitor brands.
2. For all export markets, license markets and business opportunity markets, sales to be submitted for all own brands on an end market basis, by BATCo. (BATUKE), BATCF and B&W International.
3. For an additional 70 markets, or as many as possible, sales and product descriptive data to be submitted to the central database for all competitor brands: the responsibility for these markets should be divided between BATCo., BATCF and B&W International as follows:

<u>B&W International</u>	<u>BATCo.</u>	<u>BATCF</u>
Colombia	Algeria (BATUKE)	Austria
Cuba	Bahrein (BATUKE)	Bulgaria
Ecuador	Burma	Czechoslovakia
Egypt	Cambodia (BAT Sing)	Greece
Israel	China (BATHK)	Hungary
Japan	U.A.E.(BATUKE)	Iran
Korea (South)	Eire (BATCo.)	Italy
Korea (North)	Iceland	Poland
Morocco	Iraq (BATUKE)	Rumania
Norway	Jamaica (BATCo.)	USSR
Paraguay	Jordan (BATUKE)	Yugoslavia
Peru	Kuwait (BATUKE)	
Philippines	Liberia (BATCo.)	
Sweden	Mexico (BATCo.)	
Syria	Oman (BATUKE)	
Taiwan	Portugal (BATCo)	
Thailand	Quatar (BATUKE)	
Tunisia	S.Arabia (BATUKE)	
Turkey	U.Kingdom (BATCo.)	
Uruguay	Vietnam (BAT Sing)	

One country sometimes has two markets (domestic and duty free).

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<u>HISTORIC ANNUAL 1970-1989</u>	<u>LAST FULL YEAR 1990</u>	<u>QUARTERLY 1989-1990</u>	<u>MONTHLY 1989-1990</u>
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1. Total Market Sales

- Domestic
- Duty Free
- Combined

2. Key Segment Sales & Shares

- Companies
- Imports
- Int. Filters
- Int. Plain
- Length
- Pack
- Blend
- Price
- Tar:Nic
- S.W.A. Tar
- S.W.A. Nic

3. Brand Shares

- Own - Local
- UKIB
- USIB

- Comp - Local
- UKIB
- USIB

4. Tar League Tables

5. Int. Brand Sales & Shares

- Family
- House
- Brand
- Global
- Regional
- Markets

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