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INTERNATIONAL UK BRANDS

IBM SPONSORSHIP REVIEW - BENSON & HEDGES AND 555

1. BENSON & HEDGES

a) Past Activities

Historically, golf has been the lead event for B&H. The International Golf Series ran successfully in the Far East for several years up to 1982. The Spanish Open ran in parallel for four years and continued until 1983. On a more limited scale, the Kenyan Open was also a successful event but the Great Britain vs. West Africa tournament had predominantly local appeal. The current event - the B&H Trophy is now in its fourth year.

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Cricket has also played a significant role with the successful West Indies Test series in the mid eighties and the Australian series (which we pick up from WD & HO Wills) still achieves wide TV exposure. The West Indies Cricket Annual is a solid perennial as are the Golden Greats videos (Golfers, Bowlers and Batsmen).

Power Boats was an attempt to inject a more youthful and dynamic appeal with a European emphasis and this sponsorship ran from 1983 for three years.

b) Current Activities

IBM Sponsorship support for B&H is currently focused on the Benson & Hedges Golf Trophy (a mixed event staged in Spain) and Music Festivals which in 1991 are planned for Holland and Greece. Both these activities are carried out under the banner of TMD and achieve good brand name visibility.

The 1991 budget is £440,000 for the Golf and for the Music Festivals total spend is £515,000 of which £375,000 is in the IBM budget and £140,000 is contributed by BATUKE. Other activities include the West Indies Cricket Annual and sporting videotapes (Golden Greats) which bring total spend to £1.2 million. If the BATUKE music contribution (£140,0) is excluded, then the remaining £1,06 million represents 22% of the total IBM B&H support budget for 1991.

c) Comment

Strategically, sponsorship must form a cohesive and integrated package with all other brand activity within the region including both IBM and operating company support. The ultimate measure of "successful" sponsorship is consumer awareness and its contribution to a positive perception of the brand.

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Benson & Hedges events are currently concentrated in Europe - a key growth area for the House. Subjectively these activities lack coherence in that they feature two rather disparate activities - golf and music.

Golf is:

- upmarket but not necessarily compatible in Europe with the new B&H positioning ("Confident, innovative, imaginative")
- potentially attracting TV coverage but one needs the "right" event
- interest in the sport is growing in the Far East - also a key area for B&H

Music:

- has universal appeal in one form or other
- can readily be tailored to suit specific markets and musical tastes
- introduces youthful appeal/imagery to B&H
- creates opportunities for selling the TMD product (albums, tapes, CD's)
- creates the environment for merchandising and promotional activities

In summary, B&H lacks an integrated sponsorship package with weaknesses in key potential growth areas. A thorough review is required.

Note: the existing contract for the Spanish golf event can be terminated after this year's event (November 1991).

2. 555

a) Past Activities

Sponsorship activity for 555 has been consistent over a number of years with the focus almost entirely in Asia. Badminton, Table Tennis and Snooker have provided the vehicles: the venues have included China, Malaysia, Indonesia, Bangkok, Japan, Hong Kong and Macau. Table Tennis and Badminton have huge popular appeal in the Far East and interest in snooker is growing.

These have all been world class events with top ranking players and as a result international as well as local TV exposure has always been very good.

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In 1985/6/7 the Hong Kong to Beijing Rally was sponsored and a hat-trick of wins was only narrowly missed. The event achieved major status in the world rally calendar. Cost, coupled with unreasonable demands from the Chinese motor sport authorities led to the discontinuation of our participation.

Note: An opportunity exists to sponsor this rally again in 1992.

b) Current Activities

1991 budgeted sponsorship activities include Table Tennis, Badminton and Snooker with the geographical emphasis very much on Asia. The Snooker event (The 555 Challenge) is a three-venue event being run for the first time in 1991; it is the sixth year for Badminton which this year will be held in Macau in August and the ninth year for the World Cup Table Tennis which will be staged in Malaysia in September.

The total budget for the three events is £700,000 which represents 32% of total IBM spend on the 555 family in 1991.

c) Comment

Subjectively, (and without as yet any hard evidence - see 4 below) the IBM sponsorship activities for 555 are considered sound:

- they are concentrated in the key Far East region
- they have been consistent over a number of years
- they have been widely exposed on TV (live and recorded) not only in the venue market but to other Far East countries and further afield
- the sports have a wide popular appeal in the Far East with a youthful emphasis which helps to offset the older image/profile of the brand
- they are world class events
- they are relatively inexpensive to mount

Judgmentally, current IBM sponsorship support for 555 is effective; it may however be prudent to check via research that the associated imagery is compatible with the required 555 positioning of "Decisive, Influential, Dynamic, Leader".

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1. Proposed Review and Reassessment

As noted, the above are subjective comments made without the benefit of objective information or consumer research. This points up the need to review our strategy for Sponsorship support for the two key trademarks in order to ensure that the contribution which this area of activity makes to total brand support is maximised. This review would be completed before the next planning cycle.

Key areas of investigation will include:

- SWOT analysis of Sponsorship per se within the context of international brand support
- Compatibility of current activities with recently established brand values and target imagery
- Target audience awareness/attitudes to current activities
- Geographical priorities for each brand
- Overall IBM spend levels relative to total brand budget
- Establish clear management structure i.e. IBM role versus operating company
- Opportunities for integration with local Op. Co's activity

Essentially, the question which has to be answered is "how effective is our existing package of events for each brand and how can it be improved to meet the needs of the brand and the anticipated marketing environment?"

This will require discussions with key local operating companies and the instigation of a research programme to provide information to help to determine future strategy.

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