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MARKETING POLICY COMMITTEE

Wednesday, 21st April 1976 at 2.30 p.m.

- Present: Mr. P. Sheehy (Chairman)  
 Mr. I.B.D. Bluett  
 Mr. B.P. Garraway  
 Mr. N.W. Goddard  
 Mr. C.H. Stewart Lockhart  
 Mr. P.L. Wright
- In attendance: Mr. B.G. Pearson (Secretary)
- Also attended: Mr. P.L. Short  
 Mr. W.L. DeWitt

M.47 International Brands

Mr. Short gave a presentation on the trends and developments of international brands. A booklet is available.

A general discussion followed on 120 mm. brands which revealed the fact that, despite growth in some areas, there is no firm evidence, based on repeat sales, that the 120 mm. segment is established on an international basis. The future, therefore, for international development remains uncertain, although active steps are being taken to develop DU MAURIER 120 mm. outside Brazil.

There was a discussion on (a) genuinely low tar brands and (b) "perceived" low tar brands (i.e. those with an image of low tar but with satisfying taste). "Perceived" low tar brands are developing in certain areas of the world, e.g. the U.K., U.S.A., Europe and Australia. So far, brands have been marketed on a local basis and no major international breakthrough has been achieved. It was stressed that there may well be a longer term opportunity for international development within this sector. The I.B.Us will, therefore, consider brands, both Virginia and U.S. types, which although not necessarily yielding the lowest tar deliveries, should have the concept "low tar with taste".

Mr. Short will consider whether advertising for B&H Special Filter or any other major brand can utilise a phrase such as "The fastest growing King Size Virginia cigarette".

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The meeting then reviewed the progress of international brands for the half year to March 1976 and 3-year strategies 1976/79, including B&W International Operations. A booklet is available, together with supplementary information on the progress and plans for individual brands.

The proposed strategies were approved subject to the following considerations:-

1. It was agreed that the relatively high level of planned expenditure on B&W Luxury Blend and Luxury Mild in relation to projected sales should be reviewed again in October, in the light of the study to be undertaken immediately within Europe in Duty Free areas and within Associated Companies.
2. Some doubt was expressed on the effectiveness of the B&W Special Filter "Celebration" campaign for certain areas of the world. However, it was pointed out that the reaction to this theme by Associated Companies has been generally favourable, bearing in mind the fact that the theme itself is readily adaptable for local market needs.
3. A feeling was expressed that both B&W and State Express advertising could concentrate more on the "house" characteristics of these brands, as in the case of Dunhill. It was pointed out that the house connection is already advanced within the advertising, to the extent that it is credible, and that we should avoid replicating the Dunhill House concept, particularly as Dunhill is able to validate the claim via Dunhill shops and their merchandise. Nevertheless, it was agreed that the I.B.Us concerned should consider this matter further and put forward further proposals, if these can be agreed with the relevant Associated Companies.
4. The matter was raised concerning the generally held belief that local manufacture of an international brand tends to foster transit of that brand into the country concerned. Experience has suggested that the effect may vary from country to country. Mr. Sheehy suggested that a study should be undertaken on this issue.
5. Consideration will be given to passing over responsibility for DU MAURIER to B&W International. Furthermore, B&W will also consider the merits of test marketing DU MAURIER in the US.

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6. Perhaps the most important issue of all is the fact that, with U.S. type cigarettes, it was not felt that the strategies and plans for either B.A.T. Brands U.S. or B&W International Brands would enable us to achieve a substantial position vis-a-vis competition.. Special reference was made to the fact that strategies for U.S. brands, especially, did not satisfy Group needs for Europe. More investigation is needed which concentrates on promising future prospects, e.g. (a) a major U.S. type brand, with a U.S. base providing a distinct advantage and (b) international development of a brand with "perceived" low tar but with taste. Further ideas will be produced at the October meeting.

M.48 U.K. Market

The UK Market status report dated 15th April was tabled. A copy is available.

Competitive activity and a likely tax/price change may lead to a longer time required than originally planned before a full evaluation is possible.

M.49 Next Meeting

The next meeting will be on Wednesday, 20th October 1976 at 2.30 p.m.

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