
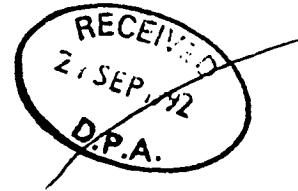


Dr. Bernd Schweitzer
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Mr. U. Herter, B·A·T Industries p.l.c.
Mr. D.P. Allvey, B·A·T Industries p.l.c.
Mr. R.J. Pritchard, Brown & Williamson Tobacco Corp.
Mr. T.E. Sandefur, Brown & Williamson Tobacco Corp.
Mr. B.D. Bramley, British-American Tobacco Co.Ltd.
Mr. A.M. de Castro, Souza Cruz
Mr. D. Brown, Imperial Tobacco Ltd.



18th September 1992


Dear David,

MARLBORO Pan-European Study

Please find enclosed the report on MARLBORO as discussed
in the TSG's in February and September 1992.

This report is an executive summary only. More details
for the countries mentioned in the report are available
in the market research departments of BATCF or BATCO upon
request.

With best regards,
Yours sincerely,



Dr. Bernd Schweitzer

Encl.

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"BAT Industries document for Province of British Columbia 26 October 1999

TSG REPORT
MARLBORO PAN-EUROPEAN STUDY

August 1992

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"BAT Industries document for Province of British Columbia 26 October 1999

TSG REPORT
MARLBORO PAN-EUROPEAN STUDY

1. OBJECTIVE

Assessment of the strengths and weaknesses of Marlboro
KS with specific reference to its advertising and the
role of the cowboy as a central motif.

2. METHOD

10 countries were included in the study and a common
methodology was applied in each case. Countries
investigated were: France, Germany, Greece, Holland,
Italy, Spain, Switzerland, Hungary, Poland, Russia
(Moscow).

In each country six extended qualitative group
discussions were held (average duration 2 ½ hours).
The constitution of the groups was designed to allow
contrast and comparison of

- a) regular smokers of Marlboro versus smokers of
alternate International FF Brands and
- b) younger versus older smokers (18-24 / 25-30 years).

The fieldwork was conducted in June and July 1992.
All locations were invigilated by Rob Ferris (BAT Co.)
and Rainer Wernitz (B-A-T CF).

3. REPORTING

Fully detailed reports to a common format are
available for each country involved in the study.

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4. SUMMARY STRENGTHS / WEAKNESSES ANALYSIS

Strengths	Weaknesses
Marlboro is the International brand, big and ubiquitous. It is the most American of the International brands	The monolithic nature of the brand brings associated fears of aggressive cultural chauvinism and "the big American capitalist machine". There is a fear of national values being debased by American values.
Social assurance comes from belonging to the smoking majority	A mass brand is seen as contrary to the spirit of individualism. It can be seen as mindless and stereotypical
Quality assurance comes from the idea that "so many people can't be wrong" and is supported by an actual perception of good quality	—
Primary theme, of freedom, independence and male competence is still contemporary, its consistency is reassuring in a changing world	While the theme is powerful, the execution is becoming vulnerable. The cowboy is increasingly anachronistic, the rigid consistency of images is boring and there is growing disillusionment with the American dream.
The advertising evokes direct emotion and vicarious sensory pleasure. It engages the gut more than the mind	Notwithstanding the power of direct emotional appeal, the contemporary trend in ad preference is toward additional elements of humour, irony and intelligence, which are notably absent in Marlboro ads
The advertising has motivational sophistication, it focuses on reward upon completion of a task and the experience of participating in a group with a common aim	While these motives are powerful the vehicle is vulnerable. The cowboy is an unrealistic cliché (like a male model). His heroic aspect is often undermined by the perception that he is a solitary rural worker
The craftsmanship of ad execution is universally admired	—
The cowboy and F1 sponsorship synergise on the theme of power and vitality. F1 contemporises Marlboro and defers the clear need to update the cowboys' historic/mythical status	The synergy of cowboy and F1 themes is typically not perceived by females. F1 can only temporarily defer the accelerating perception that the cowboy is anachronistic and displays exaggerated machismo
In the East, Marlboro is the symbol of all that is good in the West. Its perception is money and prestige (rather than advertising) driven	At a latent level, the capitalistic values represented by Marlboro create ambivalence. This is exacerbated by the association of the brand with opportunistic black-marketeers

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5. TOPLINE FINDINGS

a) General issues

- Marlboro has become the archetypal symbol of the International cigarette commodity

Characteristically Marlboro is referred to in terms of a small clique of similarly dominant brands of their class e.g. Coca Cola, Ray Bans and Levi's. In some cases consumers use the word Marlboro as a slang for a cigarette. The brand is typically taken to be a yard stick against which other FF brands are compared (irrespective of whether this comparison is positive or negative). Marlboro segregates from other International brands by being the most overtly American.

- The ubiquitous presence of Marlboro relieves the consumer of the uncertainties of brand choice and provides social and quality reassurance

The practical fact that Marlboro is more readily available wherever you are, makes it a convenient brand. By the same token the continued reinforcement of its social presence reassures the smoker of its broad acceptance. The fact and perception that

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Marlboro is the number one selling brand implies an inbuilt guarantee that the product is of highest quality ("So many people can't be wrong"). Perceived product performance in fact appears to support this.

- Consistency of the Marlboro Theme is positively endorsed. Consistency of execution is showing clear evidence of wear out

The underlying themes represented by Marlboro (e.g. = freedom, independence, open spaces) create a general empathy which still strikes a note in the modern world. Marlboro's consistent projection of such values is a great strength, however, the vehicle through which this is done is beginning to lack a contemporary relevance.

- The cowboy is a summarising motif of "American values"

He is a concentrated symbol out of which people can immediately unpack a complex set of associations. By using him, Marlboro capitalises on the historical investment in selling the American dream of freedom and independence via Western (cowboy)-films. This investment appears to be reaching the end of its life cycle as Europeans begin to adopt a more realistic perception of contemporary America.

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For the younger generation the cowboy is becoming an anachronism, increasingly isolated, not adapted to today's society, incapable of change and potentially a target for ridicule.

- Marlboro produces ambivalent consumer reaction on the issue of conformity versus individuality

By definition, to smoke Marlboro is an act of conformity. It reduces the scope for expression of individuality and differentiation from others (in fact competing International brands find success in their promotion of individuality e.g. Camel). Nevertheless, conformity in relation to Marlboro is still positively interpreted in terms of the common sense in going with the biggest and the best.

- Even though the advertising is universally perceived as a cliché, consumers do not readily imagine alternate approaches and accept the continuation of the cliché as supporting the key brand motif of continuity, tradition, security and authenticity

The paradox for Marlboro is that consumers typically consider the cowboy to be boring, worn out, outdated and going nowhere. But at the same time there is an acknowledgement that to change will undermine the very theme that he stands for (e.g. stability in a changing world).

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- Marlboro advertising with the cowboy is beginning to show a mismatch with contemporary expectations of advertising

Marlboro is firmly locked into the gravitational force of the cowboy which is its traditional strength. There is clear evidence in Europe of the emergence of a consumer trend desiring advertising of a more intelligent, humorous, ironic and playful style. This was evident in references to other commodity advertising and also, in relation to cigarettes, the Silk Cut and Lucky Strike (sonst nichts) campaigns.

- Irrespective of brand loyalty, consumers can universally acknowledge the competence of image craftsmanship represented by Marlboro ads

The outstanding aesthetics and filming execution together with the music in Marlboro films and ads receives a general approval and promotes vicarious pleasure, irrespective of whether the viewer identifies with the brand. Consumer reactions indicate that these ads convey a strong mood/emotion in addition to the rational message.

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- Marlboro advertising involves the consumer at the direct behavioural level and not simply in terms of rational appeal

The advertising is motivationally sophisticated, it links smoking to a reward on completing a task, to participating in a group which has a common aim and a hedonic world populated by rich flavours and textures which the brand seeks to own.

- Top of mind associations with Marlboro are generally positive, but in-depth probing does reveal a negative undercurrent

At the subconscious level, Marlboro has a dark side represented by fears of American Imperialism, erosion of national values, aggressive capitalism, male dominance and extreme right wing values. Even the cowboy can be associated with the idea of suppression of nature and the native American Indian. The brand is sometimes associated at rumour level with KU KLUX KLAN affiliation.

b) Specific results from subgroups

- Countries

The countries in the study fell naturally into a Western/Eastern division in terms of sharply contrasted perspectives of Marlboro. In the East (Hungary, Poland, Russia) Marlboro enjoys the

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status of high prestige, guaranteed Western-style quality and the association with businessmen and other influential parties. This is specifically money-driven given the significant price differential of the brand. The potential role of advertising (which has relatively good awareness) is insignificant compared to the power of this variable.

The downside of Marlboro in the East is a) that the possession of money, notably in Moscow, is as likely to be associated with illegitimate sources (black marketeers) as it is with legitimate businessmen, b) the cowboy can contradict the prestige image through being seen as an incongruous rural worker and c) the Americanism of the brand can invite local ambivalence regarding the negative features of capitalism which is still a residual concern in these markets.

Within the Western markets, attitudes reflect material economic development. The trend is from less developed markets (Greece, Italy) where the perception of Marlboro is accepting, uncritical and highly aspirational, to the more developed markets (Germany, Switzerland, Holland) where the brand get its strength from being perceived as the brand for everyone (the contrary of exclusivity).

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In these latter markets however, considerably more cynicism applies to the core values represented (Americanism, capitalism, materialism).

- Gender

Given the apparent dynamism, aggression and machismo of Marlboro it is perhaps surprising to note the substantial representation of female franchise. The study reveals two bases of explanation a) females are passive in early brand choice, typically sharing the brand of their partners/social peers b) the ubiquity and normality of Marlboro is appealing because it does not provoke strong differentiation from the group and females in general favour social conformity.

- Age

The relatively younger consumers are clearly more advertising literate and accordingly influenced. While the older smokers effectively dismiss the advertising as irrelevant to a habit which is by now seen as rational/taste quality driven, the younger smokers are still inclined to be aware and critical of the growing anachronistic nature of Marlboro advertising. There is an opportunity with these smokers to promote the more contemporary advertising lexicon of intelligence, irony and humour.

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- Smokers and non-smokers of Marlboro

Quite simply, Marlboro smokers of whatever age behave as per the description of the older smokers in the foregoing section. Marlboro smokers typically rationalize their brand choice in terms of taste quality and convenient availability. Their attitudes to Marlboro advertising are not significantly more positive than the Non-Marlboro smokers.

c) Supplementary issue

Sponsorship

In the eyes of the consumer, Marlboro sponsorship (notably F1) is a compensating function bringing some of the brand values into the contemporary arena. We know that the cowboy draws strength from his mystical symbolic status as an archetype of a free, independent and powerful culture, but this archetype is beginning to lose relevance and appears to be incapable of contemporising without loss of credibility. The significance of F1 is that it allows the cowboy to remain untampered and seperately brings in up to date images of power, success and dynamism. At the same time, F1 diverts the clear Americanism of the cowboy to a more truly International theme and from a historical mysticism theme to a more realistic representation

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of today's values. In essence the F1-sponsorship has a strong synergistic relationship to the cowboy. This was very well felt and understood by male respondents, females in contrast have problems perceiving this linkage. In the less economically developed markets F1 is apparently more influential, possibly related to the history of low level above line advertising in such markets.

6. CONCLUDING COMMENT

The themes represented by Marlboro retain popular relevance, but the execution is in trouble. Having ridden to glory on the back of the cowboy (a ready made American Myth), Marlboro is now saddled with a stubborn anachronistic cliché. As with all Western films the cowboy cannot don a business suit and go to the city, he has to stay as he is, an increasing loner.

The cowboy is further trapped by the changes in ad preference toward desire for intelligence, humour and irony, all of which are directly contrary to his basic, serious and heroic nature. The abortive "Red is Marlboro and Marlboro is Red" and the temporary fix of F1 sponsorship indicate that Philip Morris recognize this dilemma. Marlboro smokers and non-smokers alike increasingly see the cowboy as a boring cliché.

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Mr. Dr. Schweitzer

MARLBORO PAN-EUROPEAN STUDY

On the basis of discussions with Mr. Herter the following allocation of costs has been agreed:

COUNTRY	COST (DM)	COST ALLOCATION
Germany	41.400,-	<u>B-A-T CF</u>
Italy	27.783,-	
Greece	19.000,-	
Moscow	30.400,-	
Poland	29.200,-	
		147.783,-
Switzerland	54.929,15	<u>BAT CO</u>
Holland	35.235,32	
Hungary	17.400,-	
Spain	32.050,53	
		139.615,-
France	22.864,-	<u>B&W</u>
	25.292,45	
		48.156,45
Total		335.554,45

This breakdown will be provided to Financial Department in order to recover costs accordingly.

M-, 27/08/92
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