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NOTE FOR THE TOBACCO STRATEGY REVIEW TEAM

BAT MARKETING CONFERENCE (NOVEMBER 1991)

Introduction

1. This note summarises the views of the BATCo participants in the BAT Marketing Conference held in Orlando, USA in November 1991.
2. The BATCo participants generally indicated that the conference had been useful at a professional level as well as providing a valuable opportunity for the informal exchange of information and experience. This is reflected in the view that a further such conference should be held in 1993 or 1994, where the focus might be on strategic issues such as the development of global brands.
3. Inevitably, the perceived usefulness of particular sessions differed between individuals, depending on their direct marketing experience. The topics which created the most interest amongst delegates were those on Brand Goodwill and the Cost Effectiveness of Promotion.

Cost Effectiveness of Promotion

4. The approach adopted by Imperial Tobacco to brand promotion strategies in a restrictive environment was in general considered to be both professional and highly relevant. Particular interest in this subject was centred on the matching of brand target markets to sponsorships, and the links between perceived and physical quality. There were, however, concerns that the session focused too narrowly on the application of techniques in North America.
5. It was suggested that consideration should be given to the most appropriate way in which more professional marketing techniques can be introduced throughout the Group, for example, through issuing guidelines on standardised research methodologies.

Brand Goodwill

6. This session was viewed as being the most valuable of the conference, with a technique for valuing brands being seen as an evaluation tool which could bring important benefits to BAT, including a greater emphasis on long-term strategic marketing management, better brand portfolio management and closer relationships between Finance and Marketing.
7. It was considered that a potentially important extension of the technique would be its application to selected competitor brands in order to provide a comparative performance measure for the development of BAT's own key brands.
8. An area where it was suggested that more research is needed is on the impact of quality on brand goodwill.

When
 will
 this
 be
 done
 soon?

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Distributor/Trade Relationships

9. It was generally considered that this session would have been more useful if it had focused on the relative merits/drawbacks associated with alternative distribution strategies, rather than on the presentation of research results and other data.

Excise Structures

10. This session was highly praised as a novel approach to a key component to turnover and profit. The issue was considered to be an underrated key aspect of the business and one where BAT needs to adopt a more proactive position.

Competitor Analysis

11. The importance of competitor analysis was widely recognised by delegates, and it was considered that BAT should be prepared to commit resources to improving the Group's understanding of both competitor strategies and structures and how key competitors view BAT.
12. It was suggested that consideration should be given to introducing a standard competitor analysis format for all operating companies.

Tobacco Business Cases

13. The three case studies were viewed as being useful vehicles for analysis and discussion.

Other Comments

14. Other significant suggestions made by the BATCo delegates included:-
- i. The opportunities for greater Group coordination of marketing operations, particularly when seeking to take full advantage of new markets, should be reviewed. / ?
 - ii. BAT should adopt an aggressive approach with regard to recruitment and training in order to raise the overall standard of the Group's marketing managers.
 - iii. Future such conferences should put less emphasis on identifying and describing issues and more on reviewing possible solutions.

Organisation

15. In general, delegates commented favourably on the organisational arrangements of the conference and its overall duration. There was, however, widespread disappointment that the opportunity for general discussion was limited, both in the individual sessions // and in the final wrap-up session.

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Follow-up Action

16. Recommendations for follow-up action included:-
- i. Key conclusions should be communicated to all General Managers and Marketing Directors in the Group's tobacco companies.
 - ii. The Brand Goodwill approach should be further developed and the Brand Valuation model introduced.
 - iii. There should be a coordinated Group approach to Competitor Analysis.
 - iv. There should be a complementary conference on Sales and Distribution.

GJB/btm
22nd May 1992

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