

Group Research & Development Centre,  
British-American Tobacco Co. Ltd.,  
SOUTHAMPTON.

DRD/JARE/68

31st August, 1972.

PRODUCT DEVELOPMENT LABORATORY

AND

FLAVOUR MANUFACTURE

INTRODUCTION

The Product Development Laboratory commenced operation on 20th March, 1972, which date saw the end of Flavour Manufacture and S.C.L. activities in Liverpool and the completion of the transfer of these activities to Southampton.

Twenty-five percent of personnel transferred from the Liverpool laboratories and the period under review has seen the build-up of the new units to former operational strength necessitating the recruitment and training of some 30 assistants. The units have been formed, are running well and approaching full operational efficiency. The disruption of services has been very small indeed. Contributions have already been made in the field of Product Development to which the unit is dedicated, and Mr. D.E. Conway has joined the staff with responsibility for special projects.

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PRODUCT DEVELOPMENT LABORATORY

Many projects have been initiated and progress made. All of these have commercial potential. The information given should therefore be regarded as confidential.

1. STANSTED

This project is aimed at producing an American blended type cigarette with a new filter to meet certain specified T.P.M. and nicotine deliveries for launch in Switzerland.

After several revisions the network analysis has been completed and the latest computer printout is available to the N.P.C. The blends have been laid down and the first samples should be ready for test in P.D.L., 20th - 25th September.

An extension of STANSTED involving the examination of European blended brands to assess smoke characteristics and current flavour trends is in hand and the samples received.

2. N.C.F. IN PALL MALL AND CAPSTAN

Cigarettes manufactured at various levels of inclusion of N.C.F. in PALL MALL blend have not shown the expected reductions in T.P.M. levels and further progress must await the results of investigations in R. & D.

Samples of CAPSTAN MEDIUM pipe tobacco with and without N.C.F. will be ready for assessment early in September.

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3. GATWICK

This is a joint project with Imperial Tobacco Products Limited, Montreal, to which we will contribute mainly in the area of filtration.

The recent visit of Mr. Conway to Canada has resulted in a detailed development programme, agreed with Imperial Tobacco Products Limited, and is available to the N.P.C. Work has been initiated subject to any revisions advised by the N.P.C.

4. J.V. TOBACCO

Cigarette samples have arrived in Southampton from Jamaica and are being used to establish a subjective description of the smoke from J.V. tobacco.

5. SODIUM CARBONATE FILTERS - VENEZUELA

Samples of these filters have been sent to Venezuela and filter tipped cigarettes made. Smoking tests carried out in P.D.L. show a substantial increase in extractable nicotine values which was the aim of the trial.

6. BARONET - MEXICO

A considerable amount of work has been carried out with the object of attacking BARONET in Mexico.

Report RD.906-R has been issued. Trial blends have been received from Mexico and work on the formulation of suitable flavours is in progress. It should be possible to despatch new flavours for trials towards the end of September.

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7. FLAVOURS - VENEZUELA

Proposals were received for the manufacture in Southampton of three flavours currently used by Venezuela.

This has involved reformulation to make possible the use of some ingredients of U.K. origin and the replacement of one or two proprietary flavours. Two formulations have been completed and sent to Venezuela for their assessment. Work on the third has commenced.

8. RUBIOS - GUATEMALA

Some initial suggestions to attack this competition have been made. More detailed proposals will be considered following confirmation by the N.P.C. that this work should proceed as a major project.

9. NEW FLAVOUR MATERIALS

Some entirely new compounds have been assessed over the past few weeks and a report will be issued shortly.

10. JOHN PLAYER SPECIAL

Work continues in a search for hot melt adhesives of high melting point to enable original packing materials to be used without risk of reactivation of the adhesive in hot climates or the rupture of the adhesive bonds in cold climates. Attention is also directed towards alternative packing materials which will run with conventional adhesives.

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A further problem with this packing has been the "pitting" of the polypropylene film. This is caused by certain inks used by one converter. An alternative converter is producing material which initial work indicates to be free from this phenomenon and tests are in progress to confirm this.

#### TECHNICAL SERVICES

The technical services formerly provided by S.C.L. have continued. The total contribution of these services cannot be completely assessed until detailed figures become available at the end of the current financial year. However, in some areas fixed charges are applied and comparisons can be made.

##### 1. BRAND ANALYSES

The total during the period amounted to 1026, mainly for overseas. This represents a contribution of £25,650 or £61,500 in a full year assuming that the input to P.D.L. is maintained at the current level. The highest contribution under this head in former years was £37,000 for 1970/71. The considerable increase anticipated results from the higher charge of £25 per sample now applied (£18.50 in previous years), and an increase in throughput estimated at 25%. These estimates do not include similar work carried out for R. & D. amounting to some 100 samples in the period.

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While this work can be expected to make a worthwhile contribution to income, it should be borne in mind that P.D.L. does not control the input and demand has fluctuated considerably in the past.

2. MISCELLANEOUS SERVICES

Various services are provided to the Group on a fixed charge basis, including analyses (e.g. tobacco for pesticide residues, nicotine and sugar) and the training of personnel. The total recovered in the period under review amounted to £2,570, equivalent to some £6,000 in a full year. This compares with the highest annual return of £3,000 for 1970/71.

This estimate does not include the moisture oven check test service, formerly provided gratis. A charge will, however, be applied for this service from September and is expected to contribute £7,000/£10,000 in a full year.

These estimates do not include work connected with R. & D. projects which are charged on actual time basis.

PRODUCT DEVELOPMENT CONFERENCE

A Product Development Conference was held from the 15th to 19th May, and 26 delegates, including 15 from 10 overseas territories, attended.

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FLAVOUR MANUFACTURE

This production unit is running efficiently and most of the problems associated with invoicing, despatch and shipping have been resolved. There have been difficulties in applying realistic charges for flavours which formerly were supplied ex Liverpool at materials and basic labour costs, with no realistic contribution in respect of overheads nor development. This has been corrected.

It was necessary before moving the operation to Southampton to build up some stocks in Liverpool to ensure continuity of supply and the Dock strike has held up despatches.

However, during the period under review the value ex Works of flavours shipped or which would have been shipped but for the strike ex Southampton amounted to £14,000, equivalent to some £33,000 in a full year, which compares with £19,000 for the year 1970/71, ex Liverpool. In terms of weight, approximately 10300 kilos of material were manufactured in the period compared with 26200 kilos in Liverpool for the whole of the year. The price charged per kilo has therefore risen from approximately £0.73/kilo to £1.36. While this is encouraging, it is too early to judge the profitability of the operation. However, an appraisal will be made after stocktaking at the end of the current financial year.

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