**Global**

**Research**

**Guidelines**

**2014-2015**

Contents

**Global Research Guidelines for 2015**

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*ASU30*

*ASU30 and ATUU30 are acronyms for Adult Smoker Under 30 and Adult Tobacco User Under 30. The term ‘adult’ is defined by local law, but shall in no circumstance refer to any person under the age of 18. Likewise, consistent with BAT’s International Marketing Standards, terms such as ‘consumer’, ‘target consumer’, ‘smoker’, or ‘target audience’ refer only to smokers whom are adults.*

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# Global Research Planning 2015

BAT conducts yearly approximately 1,500 surveys around the globe, across the 4 Regions.

Corporate and Marketing Finance will advise on the financial targets on the Company Plan 2015 exercise in line with the official budget guidelines. Therefore this Research Guideline does not include budget specific instructions. The Research Guideline provides the framework within which research plans should be formulated.

When constructing the 2015 market research plans – please pay special attention to the following points:

* **Your market tier**: In line with the overall marketing investments, the main focus is on the T15 markets that are expected to run a comprehensive research program for NPI testing, performance tracking and consumer insights. If you are a T40 (T40 market) please aim for the optimal solution balancing between the requirements and your market characteristics. If you are a NFM the investments to market research should be kept at the minimum and only for critical business reasons.
* **The level of dynamism in your market**: Depending on the nature of your market, dynamism, BAT and competitor activity, legislative and other macroeconomic changes – the need to monitor the market will vary. Always overlay this market reality with the guidelines to check if it makes sense to conduct the methods with the recommended frequency.
* **Level of BAT marketing activity and spend in your market:** The amount and nature of activity will determine how much investment there should be in conducting marketing research Good example here is market tracking – if you have a lower tier market where the amount of activity is very limited it may not be sensible to setup a monthly tracking project but a lesser frequency may suffice.
* **Lead Market Principle and speed to market:** Within one marketing BAT works with the lead market principle. This means that the development for new branded materials, initial scoping for new innovations and products is researched in selected key markets. If the results are positive the Group will continue to invest into a roll-out capability. The remaining markets should in principle follow the roll-out program and limit the research activity to only business critical testing. This is done to ensure that we utilize our resources in an efficient way and increase the speed to market with our new products and mix enhancements.
* **Using our current assets to the maximum:** As a Group we conduct enormous amount of research studies each year. When planning research projects – always consider if we need to run primary research or if the same information is actually already available somewhere else – within BAT or with our agency partners. Let’s not re-invent the wheel when we already have a good Insight!

# What Is New In This 2015 Guideline?

Earlier this year BAT has undergone the Mega organization restructure – resulting in changes in responsibilities between the Global / Regions and End Markets. This guideline document incorporates already those changes. Details in terms of processes are all described in the Operating Procedure Guideline (OPG) document.

The following changes that link to the research planning are outlined here:

Earlier research guidelines focused heavily around budgeting and giving financial guidelines on methods. This year the budgeting process will be done within the regular Group company plan process and the overall marketing budget guidelines will be published by Marketing Finance. Research budgeting and investment decisions should be done in line with the general Marketing guidelines.

* The waiver rules and the required mandatory researches have been simplified and rationalised for post Mega way of working.
* In particular there is a simplification related to the NPI research guideline for Cap1 and Cap2 projects whereby the exact mandatory elements per NPI stage gate have been relaxed and there is a requirement to do a good holistic research plan for the entire project. The main reason for this change is the big variety in Cap1 and Cap2 projects whereby the nature of the project needs to be assessed first before starting to apply particular research protocols. Please note that the requirement is still that there is a good robust fit for purpose research plan for each project and good rationale where research is not conducted.
* The lead market approach has been emphasised strongly across the guideline to ensure that we maintain the principle, speed to market with our new launches and do research only where it is really needed. Summary of the new waiver system is included in the end of this document.
* New methodologies: This guideline incorporates the new Communication testing toolkit, Taste Recognition Test and highlights updates that are done to the Pricing Research tools.

# Methodology Summary

**Methodology guideline per market tier:**

|  |  |  |  |
| --- | --- | --- | --- |
| *NFM = Non-Focus Markets* | T-15 | T-40 | NFM |
| SEGMENTATION / TRACKING / PRICING | | | |
| NExT Segmentation | ⚫ | ⚫ | ⚫ |
| TRACK | ⚫ | ⚫ | ⚫ |
| CBC | ⚫ | ⚫ | ⚫ |
| COMMUNICATION TESTING TOOLKIT | | | |
| IDeA | ⚫ | ⚫ | ⚫ |
| LInK | ⚫ | ⚫ | ⚫ |
| CDT | ⚫ | ⚫ | ⚫ |
| INNOVATION TESTING TOOLKIT | | | |
| 4Screen | ⚫ | ⚫ | ⚫ |
| 4Sight (CAP 3) | (⚫) | (⚫) | ⚫ |
| 4Tune | ⚫ | ⚫ | ⚫ |
| 4Cast (CAP 3 + migrations) | (⚫) | (⚫) | ⚫ |
| 4Real (Phase 1 launch markets CAP3) | (⚫) | (⚫) | ⚫ |
| Targeted Launch Tracking & Diagnostics (BLM) | |  |  | | --- | --- | | ⚫ | ⚫ | | |  |  | | --- | --- | | ⚫ | ⚫ | | ⚫ |
| PRODUCT TESTING | | | |
| Tobacco Vector Resonance (TVR) | ⚫ | ⚫ | ⚫ |
| UPT (G4S) | ⚫ (⚫) | ⚫ (⚫) | ⚫ |
| BPT (G4S) | ⚫ (⚫) | ⚫ (⚫) | ⚫ |
| Product Encounter Sessions | ⚫ | ⚫ | ⚫ |
| Taste Recognition Test (TRT) (where applicable) | (⚫) | (⚫) | (⚫) |
| OTHER METHODS |  |  |  |
| RMS (Retail Audit) | ⚫ | ⚫ | ⚫ |
| Illicit Trade Monitoring (as per AIT strategy) | ⚫ | ⚫ | ⚫ |
| Customer Voice | ⚫ | ⚫ | ⚫ |
| Social Media Listening (SML) | ⚫ | ⚫ | ⚫ |
| *⚫ = mandatory ⚫ = optional ⚫ = not recommended unless Business Critical and approved* | | | |
|  | | | |

# Methodology Guideline

**SEGMENTATION / TRACKING / PRICING:**

|  |  |
| --- | --- |
| Methodology | Guideline |
| **NExT Consumer Segmentation** | The new BAT Consumer Segmentation was rolled out in 2013. The recommendation is to conduct the segmentation every 3 years or when there has been a significant change in the market in terms of the category offers or assumed consumer behaviour.  **For the purposes of 2015 planning:**   * Mandatory for T15 markets who did not conduct NExT in 2013-2014 * Optional for T40 who did not conduct NExT in 2013-2014 * Not recommended for Non-focus markets *(unless a ‘critical business need’ signed off by Regional Director)*   **Following rules will apply:**   * NExT is a stand-alone quantitative study * Kantar (IMRB) is the mandatory coordinating agency * To ensure proper resource allocation within agency - the scheduling of the segmentation studies will be globally managed so before starting the project the timing needs to be agreed with Global Oracle Manager * The study design and questionnaire need to be signed off by Global Oracle Manager   **Budgeting / Commercials:**   * *Fieldwork* – please consider sample size roughly the same as one wave of GCS & the questionnaire length is up to 1.5 hours * *Coordination* – each market to reserve about 70k GBP for analysis |
| **TRACK** | The BAT new consumer tracking method TRACK has been launched in 2014 and it replaces the GCS and KLT methodologies which will no longer be available as of January 2015.  TRACK includes the Incidence, FMC smoker and OTP user modules. The planning and budget scoping for the TRACK transition needs to be concluded during 2014 according to the established schedule. Please contact Global Oracle Manager for any details regarding timing and process unless already clear.  The primary purpose of TRACK is to provide a monthly tracking platform – however for smaller markets and special cases there is also an option to run waves. Please discuss any options for your market with your Kantar TRACK coordinator.  **For the purposes of 2015 planning:**   * T15 markets MONTHLY tracking is mandatory * T40 TRACK as such is mandatory - MONTHLY tracking is highly recommended unless the market is a smaller T40 with low market dynamic and limited missile activity – for these markets there is an option to run 2 discreet waves. * NFM should only embark with TRACK with permission from Regional Director to invest |
| **Pricing**  **Research Toolkit** | Pricing Research Toolkit has been enhanced in 2014 to include the following components:  **Choice Model - CBC**  Measures consumers’ likely reaction to price changes in the future. CBC helps to understand brand elasticity and share movements.  **Macro Model**Uses past volume and pricing information along with key macroeconomic variables to predict the market size in future – this is recommended to be done in conjunction with the CBC exercise  **Affordability Analysis**Understand the price pressure on the consumer and therefore how vulnerable he/she is to price changes. Recommended to be done once in 3 years in standard markets.  In addition there are tools available that can be used for optimising pricing in particular channels or following pricing promotions. These tools are based on RMS data and the preferred supplier is The Nielsen Company. A more detailed guideline will be released during Q3 2014. In case of any queries please contact the Global Oracle Manager.  **For the purposes of 2015 planning:**   * For CBC recommended frequency in T15 and T40 once per year or as needed depending on the volatility of the pricing environment and the amount of new launches in the market * For T15 markets strongly recommend to add on the Macro Model and Affordability Analysis. For T40 these modules are optional. * Kantar (IMRB) is the mandatory coordinating agency |

**COMMUNICATION TESTING TOOLKIT: (New toolkit that will be launched in July 2014)**

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| Methodology | Guideline |
| **IDeA** | IDeA is a method to test communication ideas before we develop actual executions. It tests the ‘big ideas’ and helps to determine which one of them is the best one to take forward for communication development for a particular brand.  IDeA is a quantitative test done in a standard format to ensure compatibility and future norms setting – however it is possible to add qualitative research for the initial Idea development phase.  **Following rules will apply:**   * Not mandatory – recommended for the development and selection of main communication platforms and Brand Manifestos * IDeA testing is done always with Kantar (Millward Brown) |
| **LInK** | LInK is a communication execution testing tool – testing either static communication visuals or video material. Link is one of the leading communication testing tools globally (amongst fmcg) It tests the communication materials against established advertising norms within the particular market.  LInK is a quantitative test that is done in standard format to ensure compatibility against the norms.  Please note that LInK is a special test only concentrating on the communication. It is not an offer test. For total offer testing please refer to the 4Suite toolkit.  **Following rules will apply:**   * Not mandatory – recommended for the testing of any significant global communication execution * LInK testing is done always with Kantar (Millward Brown) |
| **Campaign**  **Deployment**  **Test (CDT)** | Campaign Deployment Test (CDT) evaluates the effectiveness of different execution options for a given campaign in the context of a specific market, shopping channel or shopping mission.  CDT tests the developed campaign materials in real environment – either in-store or within Virtual Reality.  CDT is a flexible quantitative tool that delivers the standard KPI’s for effectiveness and a set of tailored KPI’s that are important for the particular project.  CDT can include an eye tracking module to measure the noticeability and key focus points of the materials during the shopping trip.  **Following rules will apply:**   * Not mandatory – recommended for testing any significant campaign executions globally or important market specific campaign executions with high investment * Virtual Reality (VR) option is not available for all markets – the feasibility needs to be reviewed with Kantar team whether using this method makes sense * CDT testing is done always with Kantar Retail (often represented by TNS) |

**NPI AND INNOVATION TESTING:**

Please note that with NPI research BAT follows the lead market principle (Phase 1 Markets). Mainly for CAP3 and CAP2 projects – key lead markets will test the new concepts and innovations to enable the roll-out in the remaining markets. The Phase 2 markets should concentrate on fine-tuning the mix for the launch (rather than testing the initial concepts or the launch as such) unless there are pressing business reasons to do the initial testing. The testing in additional markets beyond the Phase 1 markets needs to be approved by the key stakeholders including Regional Marketing Manager.

Earlier we had a very detailed guideline for CAP3, CAP2 and CAP1 projects for NPI as in what is mandatory, recommended, optional or not recommended. This guideline and NPI governance model has now been simplified. As part of the Group governance we have mandatory research protocols for CAP3 projects governed by the IPSG and also mandatory research protocols for brand and core product migrations. These are all outlined in the following chapters that introduce the NPI methodologies.

For any NPI project the starting point is to establish a research plan that fits for the purpose in terms of the scope and type of project in question. The research plan should consider the following elements:

* **Product Testing** – is there a need to do Encounter Sessions on the development phase and/or quantitative branded or non-branded testing for product selection.
* **Concept and Mix Testing** – to what degree should we test the concept itself, the packaging and any mix elements. Do we require volumetric forecasts for the new launch for decision making?
* **Communication Testing** – Do we need to test the communication idea, execution or deployment? Please refer to the communication testing toolkit
* **Tracking** – Do we need to do any BLM studies for granular tracking or launch diagnostics – or whether the TRACK is sufficient tool to measure the NPI?

The NPI project manager – together with SP&I – is responsible for creating the research plan for the initiative and recording it within the Nexus system. CAP3 research plans and any changes to them will be signed off by the IPSG.

The research plan for an NPI project should consider all the general guidelines – lead market principle – and to be generated so that it robustly gives us consumer insights to make the business decisions. For CAP3 projects please pay special attention to the mandatory elements that are governed by the IPSG forum – recommended research approach for CAP3 projects is outlined in the following table:

|  |  |  |
| --- | --- | --- |
| **Testing innovation idea and concept** | | |
| 4Screen | Recommended | IF there are several innovations concepts and ideas to short-list |
| 4Real Rituals | Mandatory | TO understand Rituals and potential challenges in the use of the particular innovation |
| 4Sight | Mandatory | TO assess the overall potential of the innovation |
| **Building the Mix** | | |
| Product Testing – Encounter Sessions, UPT as per need | Recommended | TO finalise the product development and selection among prototypes |
| IDEA, LINK | Recommended | TO build a fit for purpose communication platform |
| 4Tune | Recommended | TO fine-tune the marketing mix especially on pack and stick design |
| **Measuring the potential of the chosen mix** | | |
| 4Real Stress Test | Mandatory | TO stress test the final proposal in real environment before the final 4Cast measurement. |
| 4Cast (or Test Market) | Mandatory | TO measure market share potential to make a final launch decision. |
| **Tracking after the launch** | | |
| TRACK | Mandatory | TO track the main launch KPI’s in the market context |
| BLM | Optional | TO do a more granular launch tracking or diagnostics |
| 4Real Benefits | Mandatory | TO gather learning about the adoption and potential challenges and rejection in the market |

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| Methodology | Guideline |
| **4Screen** | 4Screen is an early-stage screening tool that short-lists and prioritises ideas and early concept drafts. The tool ranks elements by consumer preference to help decide which options to move into concept development. This test is relevant in cases where we have number of different innovative ideas to test and short-list as this will help to narrow down the list before moving forward and to a 4Sight test. That may not be the case in all projects. Please note that 4Screen does not provide any share or volumetric estimates.   * *CAP3: Recommended if we have a number of ideas to short-list*   **Following rules will apply:**   * 4Screen is coordinated by Kantar (IMRB) |
| **4Sight** | 4Sight is a quantitative early stage concept development test to estimate the concept’s relevance, appeal and potential. 4Sight provides a volumetric forecast to support the decision to invest to further development and move to the commercial stage including machinery Capex and other resource allocation. 4Sight has been designed especially to test innovative concepts.   * *CAP3: Mandatory*   **Following rules will apply:**   * 4Sight is not suitable for assessing proper retention rate for own franchise in migration scenarios * 4Sight is coordinated by Kantar (IMRB) |
| **4Tune** | 4Tune is a late stage offer test to select the optimum mix combination and finalise the launch Manifesto. The tool measures offer potential and provides an overall assessment of the strength of the marketing mix.  4Tune is typically used to test several different Packaging options. If the only variable for testing is the communication the recommended tools are IDeA and LInK.  Please note that if the objective of the study is to short-list a larger amount of pack designs for further offer testing (4Cast) – it may be feasible to conduct a Pack Short-listing study. Please note that the outcome of a Pack Short-listing study is a simple ranking and minimum diagnostics. Pack Short-listing will not provide any volumetric estimates or indexes. Guidelines for the Pack Short-listing study will be released during Q3 2014.   * *CAP3: Optional if relevant*   **Following rules will apply:**   * 4Tune is coordinated by Kantar (IMRB) |
| **4Cast** | 4Cast is a final offer test, a simulation of the launch with final mix elements that provides a market share prediction 12 months after the planned launch, identifies SOB, Own Franchise retention rate and any potential cannibalisation.   * *CAP3: Mandatory unless we use a Test Market or City Test* * *CAP 2 and CAP1: Optional and ONLY recommended if required due to significant investment and business risk* * *+ Mandatory for T15 and T40 for Brand Migration or migrating innovation on Core however it is recommended to review carefully the level of business risk when deciding whether to run the test or to state a waiver*   **Following rules will apply:**   * 4Cast is coordinated by Kantar (IMRB) |
| **4Real** | The 4Real ethnography tool is a flexible tool that can be adapted for several purposes. 3 packages have been designed for the NPI phases to complement the 4suite tools. If necessary 4Real can also be run as a stand-alone study.  NPI packages: RITUALS, STRESS-TEST, BENEFITS  **Following rules will apply:**   * 4Real is coordinated and conducted by Kantar (TNS/IMRB/)   **Commercials / Budgeting:**   * The cost depends on the design and scope of the study. As a rule of thumb ethnography studies are more costly than regular qualitative focus groups * Fieldwork – recommend to budget double to regular focus group design * Coordination – please consider from where the coordination will be done. For global projects coordination is likely to be done from London – please consider London rates |
| **Brand Migration 4Cast** | Brand Migration projects may include the use of qualitative and quantitative methodologies from initial building of the migration route to measuring the post-migration execution and success. The heart of the methodology is the measurement of the retention rate of Current Franchise and the attractiveness of the proposition amongst SOB.  The quantitative measurement of retention rate and SOB potential is done by using a specialised 4Cast method:  **Following rules will apply:**   * 4Cast is mandatory for T15 and T40 for any brand Migration and Core product migration projects * 4Cast is coordinated by Kantar (IMRB)   **Commercials / Budgeting:**   * The cost depends on the amount of stages in migration that need to be measured. Typically there are 3 to5 stages. Please note that the number of the stages drives the costs as each stage will require share modelling. |
| **Test Market / City Test** | A test market refers to a method where a real launch is done in a limited and controlled environment and used to test the potential of the proposition before a roll-out. Test market is typically done as an option to a 4Cast in situations where we are able to go and test a real life scenario. Test market is always an acceptable alternative to the 4Cast – however it often requires a significant investment so should be considered carefully.  It is important that the Test Market plan includes a clear set of action standards what is considered a successful test and what the pre-requisites are for a further roll-out.  Test market in T15 and T40 requires always the approval by key stakeholders and Regional Marketing Manager due to the higher costs and exposure involved. |
| **Targeted Launch Tracking and Diagnostics (BLM)** | Whilst TRACK is the main official tracking tool for the launch KPI’s – it may be necessary to follow the launch also on more micro level or to follow how well certain campaign executions work in real life.  Global SP&I is currently working with Kantar on developing guidelines on post-launch ad-hoc testing. The plan is to have a toolkit available by end of 2014.  The earlier BLM tool was mainly concentrating on measuring the success of the launch via the CDF - it is recommended that we move to more specific measures to understand the launch diagnostics in a more tailored manner and aligned with our other tools such as the Communications testing toolkit, 4Suite and TRACK.  Until the guidelines come out markets are instructed to carefully consider the objectives of the tracking with Kantar to come up with the best design to fit for purpose.  **Following rules will apply:**   * Launch Diagnostics Testing cannot replace TRACK as the official source of KPI’s for new missiles * Launch Diagnostics testing should always be done with Kantar to ensure the fit with our other methodologies |

**PRODUCT TESTING:**

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| --- | --- |
| Methodology | Guideline |
| **Mix Element Test** | Mix Element Test is currently undergoing some changes in terms of method and supplier. Markets interested in using the methodology should first contact Global Oracle Manager to discuss before starting to plan the research. Further guidelines will be launched by end of 2014. |
| **Tobacco Vector Test (TVR)** | Tobacco Vector Test is a strategic tool for understanding the consumer preferences within the Tobacco taste wheel in a given market. TVR should be used for development purposes to support the product strategy always in cooperation with the RPC and Global Product Team.  **For the purposes of 2015 planning:**   * Optional for T15 or T40 – for strategic purposes – always agreed with RPC and Global Product Team governed through GPLT * Not recommended for Non-Focus markets unless business critical – only with approval of the RPC and Global Product Team   **Following rules will apply:**   * TVR is coordinated by Kantar (IMRB) |
| **UPT** | Unbranded product testing can be used for product development purposes when designing new prototypes as part of the NPI development plans. Please keep in mind that eventually all the products are sold in branded format. Unbranded testing is particularly useful when we want to concentrate on understanding some particular features within the smoking quality rather than the overall likeability of the final product for the consumers.  **For the 2015 planning purposes:**   * Please consider all UPTs from both Top-down Plans and Bottom-up plans * Please note all G4S UPT tests for your market * With any additional UPT tests ensure that your product development person is included in the test design and discussion. Please consider always if there is sufficient rationale to run a UPT or whether the Branded Testing is a better option   **Following rules will apply:**   * It is mandatory going forward that UPT’s are coordinated by Kantar * All UPT’s contribute to the Product Norms database – markets are responsible for budgeting for cost of uploading results to the C-PSi database.   *G4S is the official program within the Group that measures the smoking quality of our products compared to the competitors. The list of G4S product tests (markets and brands) is governed by the GPLT and the RPC’s. The methodologies used within the test are the UPT and BPT tests depending on whether products can be masked or not.*  *Non-compliance requires a waiver from the GPLT.* |
| **BPT** | Branded Product Test will be testing the products in the actual format that the consumers buy them in the market. Please note that this is not a concept or mix test – it is a product test and therefore will concentrate on understanding whether the product itself makes a difference to the appeal of the offer and also whether there is uplift between expectations and the outcome post testing.  **For the 2015 planning purposes:**   * Please consider all BPTs from both Top-down Plans and Bottom-up plans * Please note all the G4S BPT tests for your market * With any additional BPT tests ensure that your product development person is included in the test design and discussion   **Following rules will apply:**   * BPT’s are coordinated by Kantar (IMRB)   *G4S is the official program within the Group that measures the smoking quality of our products compared to the competitors. The list of G4S product tests (markets and brands) is governed by the GPLT and the RPC’s. The methodologies used within the test are the UPT and BPT tests depending on whether products can be masked or not.*  *Non-compliance requires a waiver from the GPLT.* |
| **Product**  **Encounter Sessions** | Encounter sessions are qualitative sessions where the product champion can interact with consumers on particular product related topics. Encounter sessions are solely meant for product development purposes and should not be used for selecting final products for the market.  **Following rules will apply:**   * Optional for T15/T40. Require the involvement of product developers. Product Encounter Sessions should be always conducted with Kantar |
| **Taste Recognition Test (TRT)** | Taste Recognition Test is done to assess how smokers perceive a flavoured tobacco product (blind) with specific reference to the taste profile and intensity of the flavour/aroma experience. This is to find out whether, or not, any flavoured products (‘Red Zone’) are recognised as distinctly characteristic of a given flavour or are merely complementary to the tobacco experience.  **For the 2015 planning purposes:**   * Mandatory for all potential projects likely to consider flavours in the 'Red Zone' * Ensure that the relevant Product Development personnel (Global, RPC and End-Market) are included in the planning of TRTs   **Following rules will apply:**   * TRT is coordinated by Kantar (IMRB)   *Note: A fully detailed manual on TRT will be released by the end of Q3, 2014. In the meantime, if you have any questions on the methodology, please consult the relevant Global SP&I Manager (Mark Barnes) or Kantar.* |

**OTHER METHODOLOGIES:**

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| --- | --- |
| Retail Measurement Study (RMS)  *(Retail Audit)* | RMS is a mandatory off-take measurement tool for the T15 and Global Focus Markets  For 2015 planning:   * T15 and T40 mandatory monthly off-take for FMC * Optional FC or other OTP tracking   Following rules will apply:   * The Nielsen Company is the preferred supplier for RMS * Due to the fact that RMS share is used as part of the IES bonus structure and external reporting – any plans to consider changing the supplier need to be first reviewed with Global SP&I, Global Procurement and Global Marketing Finance. Markets should not embark on such projects without prior agreement * All T15 and T40 markets are required to have a harmonised GT1 database (or other agreed method) to deliver data to the Global BI system and for the Global Reporting   Budgeting/ Commercials:   * When it comes to contract renegotiation, T15 and T40 should ensure with Global Procurement that the contracts in place have a negotiated discount (target -7.5% for 3 year contract) and that the package purchased is focused only on absolutely necessary items |

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| Illicit Trade Monitoring (ITM) | Measuring the size of the Illicit Trade is a key requirement for all T15 and Global Focus Markets as per the global AIT strategy.  Global AIT team has devised a strategy where all T15/T40 are divided into Drive, Defend and Monitor categories. The Drive and Defend markets are assumed to conduct the ITM two times per year within assigned windows to allow for the construction of the Global View. The Monitor markets are required to do the measurement once per year within the spring window.  The main recommended methodology is “Pack Collection” (Street collection) unless there are strong reasons against that – for such cases a “Pack Swap” method can be used.  Due to the nature of the AIT work it is highly recommended that BAT will collaborate with other industry players in the ITM research. This may be done via an NMA or via a Regional or Global interaction with the Industry. This is beneficial both from cost efficiency point of view as well as from ensuring one voice from the industry regarding the level of AIT in the markets towards external stake-holders.  Please note that WER markets who are involved in the Industry cooperation within EU markets should prepare to continue that in 2015.  For the ITM results reporting in 2015, there are prescript windows then the research should be conducted:  - Markets doing 2 Waves of the ITM:  Wave 1: fieldwork in February-April, results ready end of May  Wave 2: fieldwork in July-September, results ready end of October  - Markets doing 1 Wave of the ITM: fieldwork in February-April, results ready end of May  The global reporting of the ITM results will be done in June and November and results need to be available for that from all the participating End Markets. |

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| Methodology | Guideline |
| **Customer Voice** | Customer Voice is the BAT platform for having a dialogue with our trade customers and to understand the BAT performance within the different trade channels and groups. It is also used as a proactive research tool to validate TM&D initiatives such as REP, Global Standards, etc. Customer Voice platform consists of a set of Qualitative Interviews and Quantitative study.  **Following rules will apply:**   * Qualitative is mandatory for all T40 markets once per year * In addition T15 markets are required to run a basic quantitative test once per year * Kantar is the mandatory agency for Customer Voice   *Non-compliance requires a waiver from the Global Head of TM&D. The waiver needs to be done with Synchro and sent to the Global Oracle Manager.* |
| **Social Media Listening**  **(SML)** | Social Media Listening provides a link to a rich source of opinions, suggestions, commentary and feedback, spontaneously generated by consumers without any intervention through social media/on-line networks. It is the ‘unprompted’ voice of the consumer.  Social Media Listening is not mandatory – markets who are interested should first review the feasibility and the level of buzz in the market and test the approach in an ad-hoc manner as per the guidelines. Continuous measurement platform is only recommended in markets where the ad-hoc approach has given good results and insights.  **Following rules will apply:**   * Optional for T15 and T40, Not recommended for Non-Focus Markets * Kantar is the recommended partner – use of other agencies requires the sign off from Global Research Manager |

# Waiver Rules:

There are two kinds of ORACLE research waivers within the Group:

**1. Business waiver to make a management decision to action without the recommended research outcome**

This may either mean completely leaving out the research or alternatively conducting a research that will not provide the results normally required for decision making. An example here would be conducting a 4Tune instead of a 4Cast and having to make a management decision on a launch without the market share prediction that the 4Cast would provide. There are 3 kinds of Business Waivers and each of them has a different approval path:

* G4S Waiver: This relates to the G4S product testing program. Waivers must be submitted to the Global Product Leadership Team (GPLT) who decides whether a waiver can be approved. The official G4S list is managed by the GPLT – your regional RPC representative has a copy of the updated list at all times.
* NPI Waiver: NPI research plans need to be submitted via Nexus to be approved by the relevant project approvers. Business waivers related to any CAP3 NPI projects need to be submitted via Nexus to the IPSG forum. It is a business decision not to conduct the research. The risk of not doing research should be explained in the system and by approving the stakeholders take responsibility over the risk. Please note that with NPI we follow the lead market principle. The list on what is mandatory and what are the principles that should be followed is available at the Global Research Guidelines each year.
* Non-branded basic research waiver: This relates to projects such as Incidence, TRACK, CBC, where the Group is expecting the markets to regularly conduct the surveys. The waiver needs to be submitted via SYNCHRO to the Global Oracle Manager. The list on what is mandatory and what are the principles to be followed is available at the Global Research Guidelines each year.

**2. A Methodology waiver is needed to make any changes to the actual agreed ORACLE Protocol in terms of the specifications of the survey, questionnaire, sample size, etc**. Also a methodology waiver is needed in order to conduct a survey that is not ORACLE compliant.

This waiver needs to be submitted via SYNCHRO and signed off by the appointed Global Research Managers. Business stakeholders cannot grant methodology waivers as this requires functional expertise and specialist technical knowledge. Approvals to the methodology waivers are granted via the SYNCHRO system – waivers submitted outside of SYNCHRO cannot be accepted.

If you have any questions on the waiver process please contact Global Oracle Manager in Globe House.

# List of T15 and T40 markets:

Please note that this is the list as it stands in June 2014. If there are changes to the official list managed by Marketing Finance that will supersede this list here. For each market – please note always what your official status is and whether you belong to the T15 or T40 lists.

**T15:**

Brazil

Canada

Mexico

Australia

Indonesia

Japan

Malaysia

South Korea

Italy

Germany

Romania

South Africa

Turkey

Russia

Ukraine

**T40:**

GCC

Kazakhstan

Egypt

Morocco

Algeria

Iran

Iraq

Nigeria

Argentina

Chile

Colombia

Venezuela

Philippines

Vietnam

Pakistan

Bangladesh

Taiwan

New Zealand

Spain

Poland

France

Netherlands

Belgium

UK

Switzerland

Czech

Denmark

Sweden