British Airways

On Sunday, April 10, 1983, a 6-minute commercial for British Airways (BA) was aired in the middle of a weekend talk show. The commercial included a statement by Lord King, BA's chairman, and highlighted BA's achievements during the previous two years. The commercial also included the inaugural showing of a 90-second advertisement known as Manhattan Landing. This advertisement and three others formed the basis of an unprecedented £31 million advertising campaign designed to promote BA's brand name and corporate image worldwide.[1]

British Airways

By many criteria, BA was the largest international airline in the world. In 1982-83, BA carried 11.7 million passengers on 130,728 international departures—well ahead of Air France which carried 9.6 million international passengers. In terms of international passenger miles, BA's 37 billion a year comfortably surpassed Pan Am. BA flew to 89 cities in 62 countries outside the United Kingdom during 1982-83. Forty-two percent of BA sales were made in the United Kingdom, 25% in the rest of Europe, and 33% in the rest of the world.

BA was a state-owned enterprise, formed as a result of the 1972 merger of British European Airways and British Overseas Airways Corporation. The economies of scale in the work force which many expected from the merger were slow to materialize. Partly as a result, BA continued to record annual losses throughout the 1970s. BA's financial performance was aggravated by increases in the price of fuel oil stemming from the 1973-74 energy crisis. In addition, greater price competition—especially on transatlantic routes—resulted from the deregulation of international air fares. An example of this trend was the advent of the low-price, no-frills Laker Airways Skytrain service on the lucrative transatlantic route in 1979.

The election of a Conservative government in the United Kingdom in 1979 prompted a change in approach toward the management of BA. The new administration was determined to reduce the losses which almost all state enterprises showed each year and, in many cases, to restore these enterprises to private ownership. A new chairman, Sir John (later Lord) King, was appointed to head BA in 1980. He initiated programs to improve BA's products and services along with a hiring freeze and an early retirement program to reduce the size of the work force. By March 1983, BA's

[1]BA's fiscal year ran from April 1 to March 30. At the time of the case, £1 was equivalent to about $1.50.

Professor John A. Quelch prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

work force had been reduced to 37,500 people from 59,000 just three years earlier. In addition, BA showed a profit in 1982-83 for the first time in 10 years, compared with a £500 million loss in 1981-82 (see **Exhibit 1**).

Industry observers believed that BA would have to sustain this improved performance if stock was to be offered to private investors by the end of 1984. So the programs of product and service improvement continued, together with further labor cutbacks. Recently introduced Boeing 757s were added to the fleet in 1983, a quality control division was established, and the U.K. Super Shuttle was introduced.[2]

The turnaround in performance was recognized when BA received the 1983 Airline of the Year award, based on a survey of business travelers. However, although costs were reduced and the quality of service improved, BA's public image remained weak. Along with other nationalized industries, BA continued to share a reputation for inefficiency and incompetence. Accordingly, Lord King stated that one of his main objectives was "to make the airline proud again."

Advertising during the 1970s

During the 1970s, BA country managers had revenue responsibility for BA's marketing and operations in their individual markets. The advertising agencies with which they dealt were appointed by BA headquarters. Foote, Cone & Belding (FCB) had held the BA account in the United Kingdom since 1947, and as a result, many country managers outside the United Kingdom also used FCB subsidiaries or affiliates.

In 1978, British Airways appointed FCB as its worldwide agency, meaning that all country managers *had to* deal with the FCB subsidiaries or affiliates in their countries. The purpose was to achieve a more favorable commission rate from FCB rather than to increase centralized control of advertising content around the world. Indeed, in the United States, where the BA account moved from Campbell Ewald to FCB, the BA advertising theme built around Robert Morley and the theme of customer care was retained intact since it had only recently been launched (see **Exhibit 2**). Although the Morley campaign was considered a success, building as it did on Britain's favorable reputation in the United States for old-fashioned hospitality, the campaign nevertheless caused problems for BA executives in the United States. In the words of one, "It overpromised on customer service; every time something went wrong, my phone would ring off the hook."

Prior to the appointment of FCB as the worldwide agency, BA country managers were not required to submit their proposed advertising copy to headquarters for approval. There were certain loosely defined guidelines governing the presentation of the BA logo, but beyond that, local country managers and their agencies were free to determine their own advertising copy. Major advertising campaign concepts did, however, require headquarters approval. Following the appointment of FCB as the worldwide agency, this procedure changed. Each December, BA country managers would submit to headquarters requests for advertising funds for the following fiscal year as part of the annual planning process. Once the commercial director at headquarters had allocated these funds, each country manager would then brief the local FCB agency or affiliate and develop the advertising copy for the coming year. Country managers in the larger markets would submit their advertising copy to the commercial director in London more as a courtesy, while the smaller countries were required to submit their proposed copy for approval. Headquarters required changes in about 5% of cases, typically on the grounds that the advertising overstated claims or was inconsistent with the image BA wished to project.

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[2]Four shuttles operated between London and Manchester, Glasgow, Edinburgh, and Belfast. Tickets could be purchased in advance or on board and flights typically left every hour during the day.

Whatever the intent, the result of this process was inconsistent advertising from one country to another. First, campaigns varied across markets. The Robert Morley campaign was considered suitable only for the United States. And a recently developed United Kingdom campaign in which a flight attendant emphasized the patriotism of flying the national flag carrier could likewise not be extended to other countries. Second, commercials and advertising copy promoting the same service or concept were developed in different markets. There were limited procedures within BA and the agency for ensuring that the best ideas developed in one market were transferred to other markets. Finally, the quality of FCB's subsidiaries and affiliates varied significantly from one country to another, aggravating the problem of inconsistency.

BA advertising during this period, like the advertising for most other major airlines, tried to persuade consumers to choose BA on the basis of product feature advantages. Rather than attempting to build the corporate image, BA advertising emphasized superiority and differentiation in scheduling, punctuality, equipment, pricing, seating, catering, and/or in-flight entertainment. Advertising typically focused on particular products such as the air shuttle, BA tour packages, route schedules and classes of service (such as Club).[3] The impact on sales of many of these product-specific and tactical advertising efforts could be directly measured. In addition, the commercial director responsible for BA advertising worldwide insisted that a price appear in all advertisements in all media. Frequently, BA advertisements compared the prices of BA services to those of competitors. The commercial director's insistence on including price information in each advertisement frequently caused problems. For example, in the United States, the APEX fare[4] to London from New York differed from that from Boston or Chicago, so different commercials had to be aired in each city.

The 1982-83 advertising budget of £19 million was allocated almost entirely to advertising of a tactical or promotional nature. Only the patriotic "Looking Up" campaign in the United Kingdom made any effort to develop BA's corporate image. About 65% of the 1982-83 budget was allocated by the commercial director to the International Services Division (ISD); about 30% to the European Services Division (ESD), and about 5% to the Gatwick Division, which handled BA air tours, package holidays, and cargo business in the United Kingdom.[5] BA advertising expenditures during 1982-83 for 14 representative countries are listed in **Exhibit 3** together with other comparative market information.

Saatchi & Saatchi Appointed

In October 1982, the Saatchi & Saatchi (S&S) advertising agency was asked by Lord King to explore the possibility of developing an advertising campaign which would bolster BA's image and which could be used on a worldwide basis. S&S was one of the first agencies to espouse the concept of global brands. In newspaper advertisements such as that shown in **Exhibit 4**, S&S argued that demographic and cultural trends, and, therefore, the basic factors underlying consumer tastes and preferences were converging. In addition, S&S noted a growing spillover of media across national borders, fueled by the development of satellite television. Given these trends and the increasing level of international travel, S&S viewed the concept of global brands employing the same advertising themes worldwide as increasingly plausible.

Following its appointment, S&S set up a Central Policy Unit (CPU) to plan and coordinate work on the worldwide BA account. This unit included a director aided by specialists in research, planning, and budgeting. Over a two-month period, the CPU developed into a complete account team, one section handling advertising in the United Kingdom and Europe, the second handling

[3] The BA equivalent of Business Class.

[4] Advance purchase excursion fare.

[5] The geographical coverage of the ISD and ESD mirrored that of the old BOAC and BEA.

advertising in the rest of the world. The account team included a creative group and a senior media director with international experience.

After winning the BA account, S&S had to resign its business with British Caledonian, Britain's principal private airline. This business amounted to £3.5 million in media billings in 1982. Three S&S offices in other countries had to resign competitive airline accounts. Of the 62 countries in which BA had country managers, S&S had wholly owned agencies in 20 and partly owned agencies in 17. In the remaining countries, S&S retained a local agency, in some cases an FCB affiliate, to continue to handle the BA account. S&S did not permit its overseas affiliates to collect commissions on locally placed media billings as compensation for working on the local BA account. Rather each affiliate received a fee or share of the commission for the services it performed from S&S headquarters in London. S&S billed BA headquarters for all of its services worldwide, except in the case of markets such as India where legal restrictions inhibited currency transactions of this nature.

The relationship between S&S affiliates and headquarters was closer than it had been when FCB handled the BA account. A BA country manager would work with the local S&S agency to develop an advertising copy proposal which would be submitted to BA headquarters in London on a standard briefing form. The BA headquarters advertising manager would then decide whether to approach the S&S account team in London to develop a finished advertisement to be sent back to the BA country manager. Under this system, neither BA country managers nor their local agencies were involved in the design of advertising copy except in terms of working requests, stating objectives, and suggesting content. According to S&S executives, the frequency with which certain types of advertisements were requested meant that it might, in the future, be possible to develop standard "ad mats." BA country managers and their local agencies would simply fill in the relevant destination and fare information on these ad mats and would not have to submit them to London for approval.

The system described above varied somewhat from one country to another. BA country managers and their local agencies in the five most important long-haul markets (United States, Canada, Australia, South Africa, and Japan) had slightly more autonomy than their counterparts in less important markets. Although all advertising had to be approved in London prior to use, finished copy could be developed in the local market by the local agency in conjunction with the BA country manager.

An early example of how commercials might be developed for use in more than one country under the S&S approach occurred at the end of 1982. The U.S. country manager developed an advertising proposal for the "Inbound" line of package tours from the United States to the United Kingdom. Members of the U.S. agency creative team and BA executives from New York came to London to develop proposed scripts for the commercials. These were then approved by the U.S. country manager, but the commercials were shot in the United Kingdom so that British scenery could be included. These same commercials were subsequently used in South Africa and the Caribbean with different voiceovers; these countries' budgets could not be stretched to fund their independent production of television commercials of this quality.

Meanwhile, organization changes occurred at BA. Following the appointment of Colin Marshall as managing director in February 1983, the three divisions were replaced by eight geographic market centers which handled BA's basic passenger business and three additional business units handling cargo, air charter services and package tours. These eleven profit centers reported to Marshall through Jim Harris, marketing director.[6] Harris also supervised a central marketing services staff involved with strategic planning, advertising, market analysis, and market research. An advertising manager who reported to the general manager for marketing services was responsible for agency relations and for the review and implementation of advertising by BA country

[6]The marketing director performed the tasks previously undertaken by the commercial director. The latter title was no longer used.

managers. One of his assistants handled relations with the United Kingdom and European country managers; a second handled relations with the remaining country managers.

Under this new organization, BA country managers submitted their annual marketing plans, including proposed advertising and promotion budgets, to the appropriate market center manager in London. The country managers were informed in 1983 that their future budget proposals would have to provide detailed objectives and research support. In particular, country managers would have to forecast how their overall sales and profits would be impacted by particular advertising and promotion programs. The total advertising budget would be allocated among the country managers according to the quality of the proposals and according to which markets were designated for maintenance or development spending levels.

A country manager who required additional advertising funds during the fiscal year or wished to offer special consumer price deals and travel agency commissions above the norm applicable to the countries in his/her market center could apply to the market center manager in London. The marketing director held a reserve fund to deal with such contingencies, and also reserved the right to reallocate funds designated for one market to another during the fiscal year if, for example, foreign currency fluctuations altered the attractiveness of one market versus another as a holiday destination.

Development of the Concept Campaign

The S&S creative team was charged with developing an advertising campaign which would restore BA's image and prestige, and not necessarily by focusing on specific BA products, services, and price promotions. The agency described the qualities of the ideal advertising concept for the campaign: "It had to be simple and single-minded, dramatic and break new ground, instantly understood throughout the world, visual rather than verbal, long-lasting, likable, and confident." S&S executives believed that the type of product-feature-based advertising used by BA and traditional in the airline industry could not satisfy these objectives. First, an airline competitor could easily match any product-based claim BA might make. Second, such advertising only impacted that portion of the target market who viewed the benefit on which superiority was claimed (e.g., seat width) to be particularly important. The agency believed that only a brand concept campaign could focus consumers on the permanent and essential characteristics of BA which transcended changes in product, competitive activity, and other market variables.

The agency established five objectives for the worldwide BA concept campaign:

- To project BA as the worldwide leader in air travel.
- To establish BA as the world's most successful airline.
- To demonstrate the superiority of BA products.
- To add value in the eyes of passengers across the whole range of BA products.
- To develop a distinctive, contemporary, and fashionable style for the airline.

The account team had the benefit of consumer research which S&S had conducted in July 1982 with business and pleasure travelers in the United Kingdom, United States, France, Germany, and Hong Kong to understand better attitudes toward, and preferences for, particular airlines. Based on these data, S&S executives concluded that consumers perceived most major airlines as similar on a wide array of dimensions. To the extent differences existed, BA was viewed as a large, experienced airline using modern equipment. However, BA was rated poorly on friendliness, in-flight service, value for money, and punctuality. In addition, BA's image varied widely among markets; it was good in the United States, neutral in Germany, but weak in France and Hong Kong. The name of the airline and the lack of a strong image meant that consumer perceptions of its characteristics were often a reflection of their perceptions of Britain as a country.[7] BA was often the carrier of second choice after a consumer's national flag airline, particularly among consumers taking a vacation trip to the United Kingdom.

By November 1982, BA had developed in rough form a series of eleven television commercials around the theme "The world's favorite airline." The lead commercial of the concept campaign, known as "Manhattan Landing,"[8] was to be 90 seconds long with no voiceover during the first 40 seconds and with a total of only 35 words of announcer copy. It would show the island of Manhattan rotating slowly through the sky across the Atlantic to London accompanied after 70 seconds by the statement that "every year, we fly more people across the Atlantic than the entire population of Manhattan."[9] Ten other commercials known as the "preference" series showed individuals (from an Ingrid Bergman look-alike in Casablanca to members of a U.S. football team) receiving airline tickets and being disappointed to find that they were not booked on BA. International celebrities such as Peter O'Toole, Omar Sharif and Joan Collins were shown at the end of each commercial checking in for a BA flight. The announcer copy for all the preference commercials was identical. Storyboards for Manhattan Landing and one of the preference commercials are presented as **Exhibits 5** and **6**. The intention was to air these commercials in all BA markets worldwide with changes only in the voiceovers.

In November, the BA board of directors approved production of Manhattan Landing and three of the preference commercials. Production costs for these four commercials were estimated at £1 million.[10] S&S executives were asked to have the finished commercials ready for launch by April 1983, a very tight schedule given the complexity of the executions.

While the commercials were being produced, members of the S&S account team and BA headquarters advertising executives traveled to each BA market. Their purpose was to introduce and explain the worldwide concept campaign at meetings attended by each BA country manager and his/her staff along with representatives of the local BA advertising agency. These visits occurred during January and February 1983 and involved the presentation of storyboards rather than finished commercials.

Reactions to the Concept Campaign

Reactions varied. The concept campaign was well-received in the United States, although the BA country manager was concerned about its dissimilarity from the existing Robert Morley campaign, which emphasized traditional British values. In India, there was some question as to whether Manhattan would hold any significance for the local audience. In other countries, including former British colonies, the claim "the world's favorite airline" was met with reactions such as "you must be joking!" The claim seemed to lack credibility particularly in those markets where BA was in a relatively weak share position versus the national flag carrier. In other markets, such as France and

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[7]In addition, some BA executives believed that BA was perceived more favorably in countries that had previously been served by BOAC than those previously served by BEA.

[8]The Manhattan Landing commercial was originally conceived as a corporate advertisement to be shown exclusively in the United Kingdom to support BA's privatization effort. When it became clear that the offering of BA stock to the public would be delayed until at least the end of 1984, it was decided to include it in the worldwide concept campaign.

[9]BA flew 1.5 million passengers across the Atlantic to the United Kingdom in 1982-83, more than Pan Am and TWA combined. The population of Manhattan was 1.4 million.

[10]Recent BA television commercials had cost about £75,000 to produce.

Kuwait, only the state-owned airline was allowed to advertise on television, so the BA concept commercials could be used only in cinema advertising.

Questions about the proposed campaign were also raised by S&S affiliates. Since the parent agency had built its reputation on the importance of developing clear-cut positioning concepts, the proposed commercials seemed inconsistent with the philosophy of the agency. Even though the preference commercials were each planned to be 60 seconds long, some agency executives argued that they were too cluttered and tried to achieve too many objectives.

In particular, the 90-second Manhattan Landing commercial was greeted by some with amazement. One agency executive commented: "The net impact of three 30-second commercials would surely be greater." The South African agency requested a 60-second version of the commercial because the South African Broadcasting Company would not sell a 90-second piece of commercial time. S&S management had to decide whether to accommodate this request.

Other BA country managers were concerned that the concept campaign would reduce the funds available for local tactical advertising presenting fare and schedule information specific to their particular markets. One BA manager, after seeing the proposed campaign commented, "Where are the smiling girls, the free cocktails, and the planes taking off into the sunset?" Another asked, "Will this campaign sell seats?" The BA proposal to spend half of the worldwide 1983-84 advertising budget of £26 million on the concept campaign meant that the amount available for local tactical advertising would fall from £19 million to £12 million. Preliminary BA concept and tactical advertising budgets for 14 representative countries are presented in **Exhibit 7**. Partly in response to the country managers' concerns, the total budget was raised to £31 million in April when BA's 1982-83 operating results were known. Forty percent of the new budget was allocated to the worldwide concept campaign, 60% to tactical local market advertising.

Some country managers complained that their control over advertising would be reduced and that a corporate advertising expenditure in which they had no say would be charged against their profits. BA headquarters executives responded that while the country managers were required in 1983-84 to spend 40% of their budgets against the concept campaign, they were free to determine the media allocation of concept campaign expenditures in their markets and the weight of exposures given to each of the four executions. They were also free to spend more than 40% of their budgets on the concept campaign if they wished.

Despite such concessions, the Japanese country manager remained adamantly opposed to adopting the concept campaign. On the London-Tokyo route, Japan Air Lines held a 60% market share compared to BA's 40%. Of the traffic on the route, 80% originated in Japan, and 80% of those on board BA flights were tourists on package tours. The Japanese country manager rejected the concept campaign as inappropriate. He presented market research evidence showing that his main challenge was selling Britain as a destination rather than developing consumer preference for BA.

The April 10 Launch

Some S&S executives had hoped that BA would commit almost all of its 1983-84 advertising budget to the concept campaign. However, local marketing requirements highlighted by the country managers necessitated the continuation of tactical advertising, albeit at a reduced rate. The logo and slogan from the concept campaign were, however, to be incorporated in BA tactical advertising and the requirement that tactical creative copy be developed by S&S in London ensured that this would be the case.

Despite all the reservations they had encountered, BA and S&S executives in London felt that they had sold the campaign effectively to most of the BA country managers. Thus, an invitation was mailed by Lord King to all BA employees in the United Kingdom to view the introductory television commercial on April 10. Videocassette copies of this 6-minute commercial were mailed to BA offices around the world. BA country managers invited representatives of the travel industry to attend preview parties timed to coincide with the launch of the new concept campaign in their respective countries.

The campaign was launched in the United Kingdom on April 10 as planned and, within two weeks, was being aired in 20 countries. For two reasons, few country managers adopted a "wait and see" attitude. First, the marketing of package tours for the summer season had already started (in the northern hemisphere). Second, many country managers had exhausted their 1982-83 advertising budgets by the end of January, with the result that consumers had not been exposed to any BA advertising for several months.

The Concept Campaign in the United States

The United States was one of the countries in which the concept campaign was launched on April 10. The BA country manager welcomed the campaign since consumer research indicated that BA's size was not recognized by most consumers in a country where, for many, bigger meant better. When asked to name the airline that carried the most passengers to the United Kingdom, more respondents cited Pan Am and TWA than BA. The results of the survey, conducted in New York and Los Angeles in March 1983, also showed:

- Unaided awareness of BA as a leading international carrier was 41% in New York (Pan Am - 85%; TWA - 74%) and 33% in Los Angeles (Pan Am - 76%; TWA - 74%).
- Unaided recall of BA advertising was 21% in New York and 17% in Los Angeles.
- BA was mentioned as one of the three largest airlines in the world by 15% of New York respondents and 13% in Los Angeles.
- BA was mentioned as one of the three best international carriers by 11% of New York respondents and 9% in Los Angeles.

The BA country manager viewed the concept campaign as a means of addressing some of these deficiencies. Since the claim "the world's favorite airline" was well-documented, the U.S. country manager did not anticipate a legal challenge from Eastern Airlines which used the slogan "America's favorite way to fly."

The media plan for the concept campaign (**Exhibit 8**) called for a combination of spot television in BA's six key gateway cities, national network television, and commercials on Cable News Network. The Manhattan Landing commercial was scheduled to be shown four times on national network television. Management argued that this would provide BA with exposure in important markets near gateway cities and would also excite the BA sales force and the travel industry. Four exposures were deemed sufficient given the commercial's creative originality. They would reach 45% of the U.S. adult population an average of 1.2 times.

The budget for the concept campaign from April to June was $4 million. Nevertheless, during this period, the BA country manager expected to be outspent by Pan Am and TWA in BA gateway cities. In 1982-83, Pan Am and TWA advertising expenditures for domestic and international routes combined approximated $65 million and $50 million respectively.

In addition to the concept campaign, the BA country manager had also developed a business campaign and a leisure campaign for 1983-84:

Business Campaign Recent consumer research indicated that Pan Am and TWA were perceived as superior to BA on attributes important to business flyers. BA advertising directed at business people had not significantly improved these perceptions (BA and TWA advertisements targeting the business traveler are presented as **Exhibits 9** and **10**). However, the perceptions of BA among its business passengers were much more positive than those of non-BA passengers, indicating significant customer satisfaction. BA's U.S. marketing director concluded that BA had a substantial opportunity to increase its share of the transatlantic business travel market.

The following three objectives were established for the 1983-84 business advertising campaign:

1. Increase awareness of the name "Super Club" as a service comparable to (or better than) TWA's Ambassador Class and Pan Am's Clipper Class.

2. Increase the business traveler's awareness and knowledge of the features of all three BA business travel services: Concorde, First Class, and Super Club.

3. Maximize the "halo" benefits of BA's Concorde in marketing efforts directed at First Class and Super Club consumers.

The media schedule for the business campaign (**Exhibit 11**) emphasized national magazines and both national and local newspapers. Magazines were selected which had higher than average percentages of readers in BA's gateway cities. Newspapers with strong business sections were given preference.

Leisure Campaign BA advertising targeting the leisure traveler had traditionally focused on BA's hotel, car rental, and package tour bargains. Despite high consumer recall of these "bolt-on" features, consumer perception research indicated that BA lagged its competitors on attributes such as "good value for money" and "good deal for leisure travelers." Accordingly, BA's advertising agency suggested that these bolt-on features be subordinated to the objective of creating a general impression of value for money through advertising an airfare bargain along with BA's expertise in things British.

The objectives for the 1983 summer campaign were:

1. Capitalize on BA's reputation as a marketer of good vacation buys, reinforcing consumers' willingness to arrange their European vacations with BA.

2. Promote awareness of and demand for BA's summer transatlantic leisure-oriented fare of $549 roundtrip.

A BA summer campaign newspaper advertisement and a Pan Am advertisement targeting the leisure traveler are reproduced as **Exhibits 12** and **13**. BA executives were planning on developing print advertisements targeting the leisure market which would mirror the commercials in the concept campaign if it proved successful.

The media schedule for the leisure campaign (**Exhibit 14**) emphasized spot television and the travel sections of local newspapers. Their late advertising deadlines meant that fare changes could be quickly communicated to consumers.

Conclusion

As BA and S&S executives implemented the worldwide concept campaign and the biggest advertising effort in BA history, they contemplated several issues. First, if awareness, recall, and sales data indicated that the campaign was not having the desired impact in a particular market, would BA headquarters permit the country manager to curtail the concept campaign? Second, if the campaign was successful, how long could it be sustained before becoming "tired"?

A third issue was how competitive airlines would respond to the BA concept campaign. Believing that the major carriers wished to avoid a new worldwide competitive price war, BA executives believed that they would adopt a "wait and see" attitude. However, market share losses would make retaliation inevitable, particularly in markets like the Far East where Singapore Airlines and Cathay Pacific held high market shares and were extremely price-competitive. In such a situation, should BA steadfastly continue to spend 40% of its advertising budget on the concept campaign or should some of these funds be diverted to tactical advertising in particular local markets? The probability of such diversion of funds depended partly on the emerging profit picture during the fiscal year and partly on the level of unspent tactical advertising funds. It was, therefore, more likely to become an issue toward the end of the fiscal year.

A further related issue was the appropriate budget split between the concept campaign and tactical advertising in 1984-85. Some BA executives argued that if the concept campaign were successful, it would be possible to reduce expenditures on the campaign to a maintenance level and proportionately restore tactical advertising. They maintained that such a move would shift control of the advertising budget from S&S back to BA. But agency executives argued strongly that the concept campaign should be centrally administered from BA headquarters and that expenditures on the campaign in each country should not, unlike tactical advertising, be regarded as a route operating cost. They also argued that the concept campaign was essential to BA's long-term effectiveness and should not be sacrificed to short-term operational requirements.

Exhibit 1 British Airways: Income Statement, April 1, 1982-March 31, 1983

Sales Revenues	**Million £**
Passengers on scheduled services	1,771
Passengers on charter services	86
Freight	151
Mail	36
Ground arrangements for package tours	100
	2,144
Expenses	
Staff	593
Aircraft	101
Engineering	107
Operations	863
Marketing	205
Accommodation, ground transport and administration	159
Recoveries	(158)
Ground arrangements for package tours	102
	1,972
Operating surplus	172
Plus Operating surplus from nonairline activities[a]	18
Plus Other income[b]	20
	210
Less Cost of capital borrowings and tax	149
Profits before extraordinary items	**51**
Plus Profit on sale of subsidiaries	26
Profit	**77**

[a]Including BA helicopters, BAAC, and IAC.

[b]Investments in other companies, interest earned on cash deposits, surplus from disposal of assets.

Exhibit 2 Robert Morley Campaign Magazine Advertisement

Exhibit 3 Comparative Data for Fourteen Markets

	% BA 1982-83 Worldwide Passenger Revenues	1982-83 Advertising Expenditures (£ '000)	Principal BA Competitors	BA's Market Share Versus Principal Competitor	%Business/ % Pleasure BA Passengers
United Kingdom	42%	6,223	British Caledonian[a] Pan American	Similar	42/58
U.S.A.	14	5,773	Pan American TWA	Lower	26/74
Germany	5	228	Lufthansa British Caledonian	Lower	50/50
Australia	3	967	Qantas Singapore Airlines	Similar	6/94
France	3	325	Air France British Caledonian	Lower	52/48
Japan	3	393	Japan Airlines Cathay Pacific Airways	Lower	30/70
Gulf States	2	134	Gulf Air Kuwait Airlines	Lower	12/88
Canada	2	991	Air Canada Wardair	Lower	11/89
South Africa	2	331	South African Airways TAP (Air Portugal)	Lower	15/85
Italy	2	145	Alitalia Dan Air	Lower	50/50
New Zealand	1	125	Air New Zealand Singapore Airlines	Similar	3/97
Egypt	.5	53	Egyptair Air France	Similar	26/74
Zimbabwe	.4	41	Air Zimbabwe KLM	Higher	8/92
Trinidad	.3	77	BWIA	Higher	7/93

[a]These are BA's principal competitors on international routes. BA's main competitors on domestic United Kingdom routes were British Midland Airways and Dan Air.

Exhibit 4 Saatchi & Saatchi Newspaper Advertisement[a]

THE OPPORTUNITY FOR WORLD BRANDS.

Nowadays, life for branded goods manufacturers is not as straightforward as it once was.

Many years ago manufacturers first recognised that advertising could provide a key foundation for their business growth.

They realised that while their customer was the retailer, the actual 'consumer' was the public; that advertising could enable them to build a solid position in their market by building the goodwill of their real customer—the 'consumer.'

They also saw that if they, the manufacturers, did something to move their goods from retailers' shelves as quickly as they arrived on them, trade would be brisk and everyone would be satisfied.

Thus the manufacturer became the advertiser of 'branded' products, the retailer became the purveyor of 'brands' and advertising became a conspicuous feature of the age.

This happy cycle produced 'brands' of startling endurance and longevity, as the table below shows.

US BRAND LEADER

1923	CURRENT POSITION
SWIFT PREMIUM, BACON	NO.1
EASTMAN-KODAK, CAMERAS	NO.1
WRIGLEY, CHEWING GUM	NO.1
NABISCO, BUSCUITS	NO.1
EVEREADY, BATTERY	NO.1
GOLD MEDAL, FLOUR	NO.1
LIFE SAVERS, MINT CANDIES	NO.1
SHERWIN-WILLIAMS, PAINT	NO.1
GILLETTE, RAZORS	NO.1
SINGER, SEWING MACHINES	NO.1
COCA-COLA, SOFT DRINKS	NO.1
CAMPBELL'S, SOUP	NO.1
IVORY, SOAP	NO.1

SOURCE ADVERTISING AGE

Brand Character

Nowadays, when probed deeply, consumers describe the products they call brands in terms that we would normally expect to be used to describe people. They tell us that brands can be warm or friendly; cold or modern; old-fashioned; romantic; practical; sophisticated; stylish and so on.

They talk about a brand's persona, its image and its reputation—and this 'aura' or 'ethos' is what characterizes a brand.

It follows that all brands, like all people, have a 'personality' of one kind or another. But like the strongest individuals, the strongest brands have more than mere personality—they have 'character'—more depth, more integrity, they stand out from the crowd.

Note the importance that one major marketer attaches to this concept.

> *"My acid test on the issue is whether a housewife intending to buy Heinz Tomato Ketchup in a store, finding it to be out of stock, will walk out of the store to buy it elsewhere or switch to an alternative product."*
> *A. J. O'REILLY*
> *PRESIDENT & CEO, H.J. HEINZ*

This explains why the best marketers try to develop powerful brand characters. They make them less vulnerable in the market-place. They help a higher quality product to be perceived as such by consumers.

Today, the establishment of such strong and enduring brands is rather more difficult.

- Static populations mean static markets which means increased competition for market share.
- Product quality is converging, with increasing technological parity among major marketers.
- The influence of the retailer and retailers' own store brands is growing in many parts of the world.
- Marketing expenses are growing, as manufacturers respond to the ever-higher cost of reaching the consumer.

All in all, the pressures on manufacturers' brands are immense.

Superior Product Quality

Serious marketers know that in the face of these pressures the success of their brands can only rest on superior product quality.

They know that as the consumer views more products as commodities, it becomes harder to establish a meaningful point of difference for their products. They know that clever marketing and promotion of cosmetic differences cannot paper over this.

They know that the longevity of their brands is helped by good marketing, but is founded on superior product performance and this in turn is founded on their ability to produce a *higher quality product at a lower cost.*

Which is why market leaders' priorities are now focusing on a common objective which was not among their priorities in previous decades—to work diligently to be the *low-cost producer* in their market.

Low costs provide the means to achieve that happiest of all situations—higher product quality. . . fewer price increases. . . and more advertising.

Low costs are the priority as a sound base for all the other steps needed to build growth.

Thus, the competitive intensity of maturing packaged goods markets around the world has brought to the fore the economic logic of world brands—*the opportunity for international economies of scale as the basis of long-term strategic security.*

Today, the most thoughtful companies are adopting a new approach to international marketing.

These companies are moving through the five basic stages in the life of a multinational corporation as seen in the chart below.

And as they pass through stages 4 and 5 the need for pan-regional and world marketing is emerging at the heart of their business strategy.

> *"The globalization of markets is at hand. With that, the multinational commercial world nears its end, and so does the multinational corporation.*
> *The global corporation operates as if the entire world (or major regions of it) were a single entity; it sells the same things in the same way everywhere.*
> *Corporations geared to this new reality can decimate competitors that still live in the disabling grip of old assumptions about how the world works."*
> *PROFESSOR THEODORE LEVITT*
> *HARVARD UNIVERSITY*

A New Approach

After the vicissitudes of the 1950s and 1960s, more companies are now reaching the status of having acquired 'critical mass' in various regions of the world. They are now starting to turn from primary concern about 'return on acquisition investment' and 'overhead recovery' towards getting to grips with long-term franchise building across each world region.

At the same time the progressive harmonization of 'headquarters' and 'local' management culture and style, evolving from more frequent two-way movement of personnel, is enhancing the likelihood of successful adoption and execution of pan-regional business strategies.

And meanwhile in Europe, management's strategic thinking is beginning to broaden to match the dimensions of the Common Market as legislative harmonization focuses attention on pan-European issues.

International Growth Priority

Companies have passed through the bygone age when many of them treated 'Overseas Division' as the poor cousin of the organisation, struggling to compete in foreign markets with strongly established indigenous competitors.

The international divisions of many companies are now beginning to 'come of age' and receive their rightful allocation of corporate resource, if only for the practical reason that corporate earnings growth in many multinationals is today often provided by non-domestic markets.

Business System Economics

The strategic value of pan-regional branding lies in the scale economies it affords across the company's business system—to help make the company the low-cost producer.

Where the economies arise will vary by product category, and may include research and development, materials purchasing, manufacturing, distribution and advertising

The optimum business system for a European beer, for example, is markedly different to that for chewing gum, but the principle is the same. Secure, franchise-protected volumes at the regional scale can allow a company to *build a price/cost/value structure which will eventually put it out of reach of competition.*

All these factors set the conceptual framework within which a truly pan-regional brand can exist in the years ahead. The international need is the starting point. Research will be conducted to look for market similarities between countries, not to seek out differences. Similarities will be the new fuel for growth.

The creative process will still be as vital as ever, marketers in each location will still be dependent on the intuitive creative judgement of locally based creative management, but this effort will be marshalled to a single-minded overall advertising strategy.

Marketing Learning Curve

There is then a real marketing learning curve that allows the progressive refinement of a success formula, as the pan-regional brands broaden their experience country by country.

(continued)

[a] The columns in this newspaper ad have been reformatted to fit an 8 1/2" x 11" page.

The best creative brains are given an opportunity to develop advertising for an entire region of the world, and not simply for one market—to find a real advertising idea *so deep in its appeal* that it can transcend national borders previously thought inviolate.

Consumer Convergence

In the past, the successes in world branding have been few, and have been achieved by virtue of the sheer will and far-sighted commitment of managements who stayed consistently with a long-term vision for the business. Procter & Gamble is a company in this category that comes to mind.

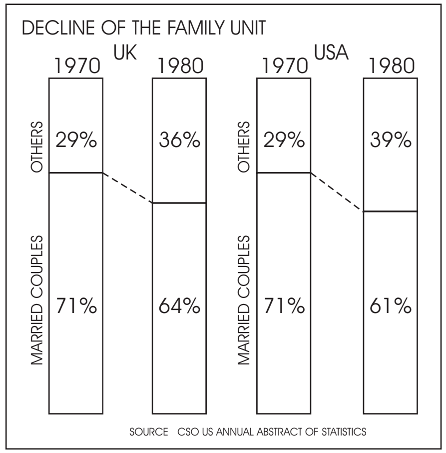
In the future, the only winners in cross-country branding will be companies who have seen that social developments are making redundant the old idea that differences between nations are decisive in framing marketing strategy.

The most advanced manufacturers are recognising that there are probably more social differences between Midtown Manhattan and the Bronx, two sectors of the same city, than between Midtown Manhattan and the 7th Arrondissement of Paris. This means that when a manufacturer contemplates expansion of his business, consumer similarities in demography and habits rather than geographic proximity will increasingly affect his decisions.

Demographic Convergence

Trends of vast significance to consumer marketing such as ageing populations, falling birth rates, and increased female employment are common to large segments of the modern industrial world.

Consumer convergence in demography, habits and culture is increasingly leading manufacturers to a consumer-driven rather than a geography-driven view of their marketing territory.



Decline of the Nuclear Family

Some of the most telling developments spring from the same source—the decline of the nuclear family. Observers have attributed this to various causes—the rapid pace of technological development; higher labour productivity which reduces hours of work; and other more metaphysical notions such as the emergence of a 'liberal' philosophy, which increasingly recognizes that a woman's role can exist outside the home.

Whatever the causes, the effects in terms of household composition have been dramatic. There are now less children per household, and a declining proportion of households which conform to the two-adult-two-children pattern.

The result is the erosion of the traditional family unit and its clarity of role and relationship. The effects have been illustrated by the decline of formal meal-taking and the corresponding increase in the sales of 'instant' and 'convenience' foods. The multinational expansion of fast-food franchises like McDonalds is another manifestation of the same trend.

Changing Role of Women

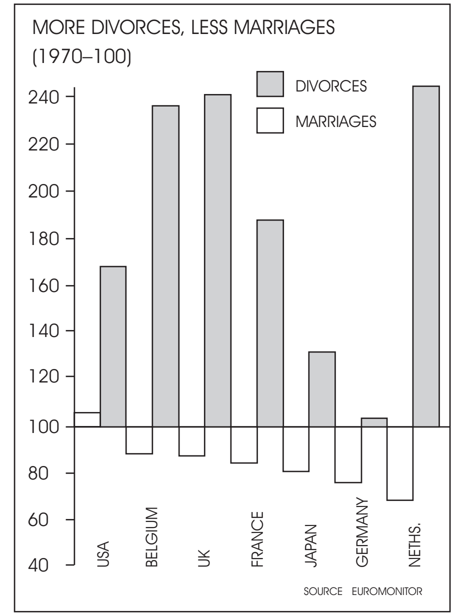
The table below shows the change in the role of women in the working population over the past decade. The fact that the majority of women in most modern societies now have a job requires a major adjustment to current ideas on communicating with a consumer group that no longer conforms to the home-centred stereotype of yesteryear.

MORE WORKING WOMEN

	% CHANGE 1970–1979	
	WORKING POPULATION	WORKING WOMEN
USA	+ 24.4	+ 37.6
BELGIUM	+ 8.3	+ 24.7
NETHERLANDS	+ 10.1	+ 24.6
ITALY	+ 8.1	+ 22.8
FRANCE	+ 7.7	+ 17.3
UK	+4.5	+ 15.1
GERMANY	- 1.6	+ 3.5

SOURCE EUROSTAT

Associated with this change, there has been a well documented trend to lower marriage rates and higher divorce rates. This trend has led one group of social scientists to invent the phrase "serial monogamy" to describe what they forecast to be the nature of relationships in the 1980s and beyond. They suggest that there will be an increasing tendency for couples to live together for a number of years, then to change their partners and set up home afresh, changing again after a few years, and so on. This discontinuity in formal relationships, especially where children are involved and re-marriages occur, will have profound effects on family relationships.



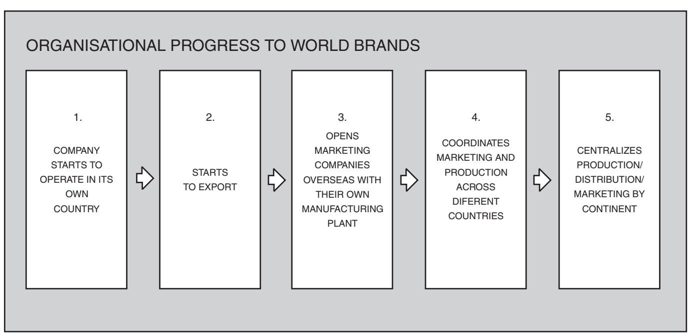
Static Populations

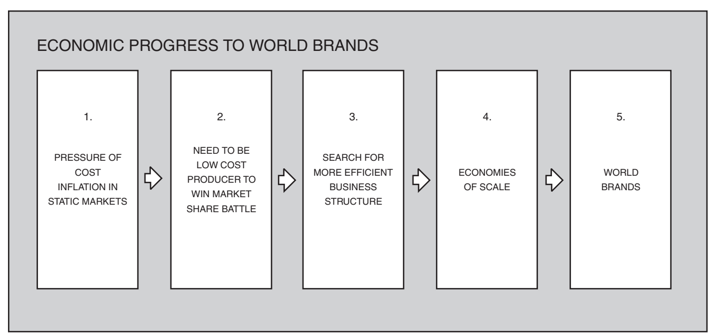
Population growth is now almost zero in the western world. All modern industrial countries are forecast to produce population growth of much less than 1% per annum over the next 20 years. It is hardly surprising that within this static population, the age structure is undergoing a transformation. The over 65s are a growing group relative to the 25-65s, and that group is growing relative to the fourteen and unders.

STATIC POPULATIONS

	% GROWTH PER ANNUM	
	1960–70	1980–2000 ESTIMATE
AUSTRALIA	2.0	0 8
CANADA	1 8	0 8
USA	13	0.7
SPAIN	1 1	0.7
JAPAN	1.0	0.6
FRANCE	1.0	0.4
ITALY	0.6	0 3
UK	0.5	0.2
GERMANY	0.9	0.1

SOURCE: WORLD DEVELOPMENT REPORT





(continued)

Higher Living Standards

In most western countries, improvements in the material standard of life have resulted in a growing demand for consumer durables and for more leisure. This is reinforced by shorter working weeks that accompany technological progress and productivity growth.

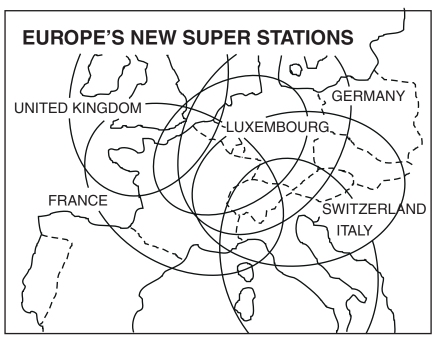
The entry of women into the labour market itself creates a demand for consumer durables to ease the strain of 'keeping house.'

HIGHER LIVING STANDARDS	GROWTH IN REAL PERSONAL CONSUMPTION 1970–82
USA	+ 42%
UK	+ 26%
FRANCE	+ 60%
GERMANY	+ 34%
JAPAN	+ 65%

Cultural Convergence

At the same time as demography is converging, television and motion pictures are creating elements of shared culture. And this cultural convergence is facilitating the establishment of multinational brand characters. The worldwide proliferation of the Marlboro brand would not have been possible without TV and motion picture education about the virile rugged character of the American West and the American cowboy—helped by increasing colour TV penetration in all countries.

Observers believe that cultural convergence will proceed at an accelerated rate through the next decade—particularly with the deployment of L-SAT high-power TV satellites throughout Europe.

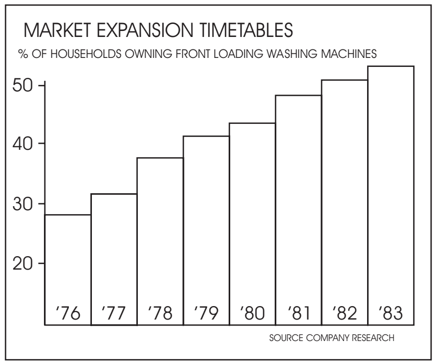


These developments will reduce cultural barriers as countries exchange their media output through satellite networks—for the first time allowing viewers freer access to international television without the barrier of language.

Marketing Timetables

Analysis of all these demographic, cultural, and media trends is allowing manufacturers to define market expansion timetables. Essentially, marketers will be tracking trends which indicate when a region is ready for attack via programmes they have tested elsewhere.

For example, current changes in European laundry practices were foreshadowed by similar trends in the US during the fate '60s and early '70s. Thus a US manufacturer of low-suds detergent would examine the growth in the penetration of front-loading washing machines in the UK to assess the ripening potential for his own product.



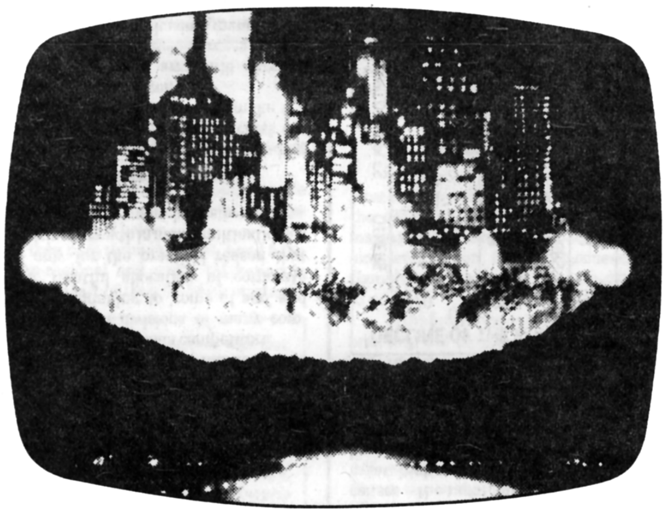
Consider also Europe's soap powder manufacturers. Driven by improved washing machine technology and the increased popularity of relatively fragile synthetic and coloured fabrics, European laundry habits have converged Every major nation now washes a majority of its wash loads in under 60ºC water. This has created a common need for a product which performs well under these circumstances.

The result has been the marketing of single brands with a common brand name. product formulation, and positioning across the whole of Europe.

In the future, the only winners in cross-country branding will be companies who do a lot of things right and synthesise their efforts effectively around three golden rules:

1. To market clearly differentiated products that either drive, or capitalize on, real convergences in consumer habits and tastes.
2. To create a dedicated management value system that mirrors the vision of a pan-regional branded business.
3. To monitor their brands' character on a consistent, continuous, comparable basis across geography and over time.

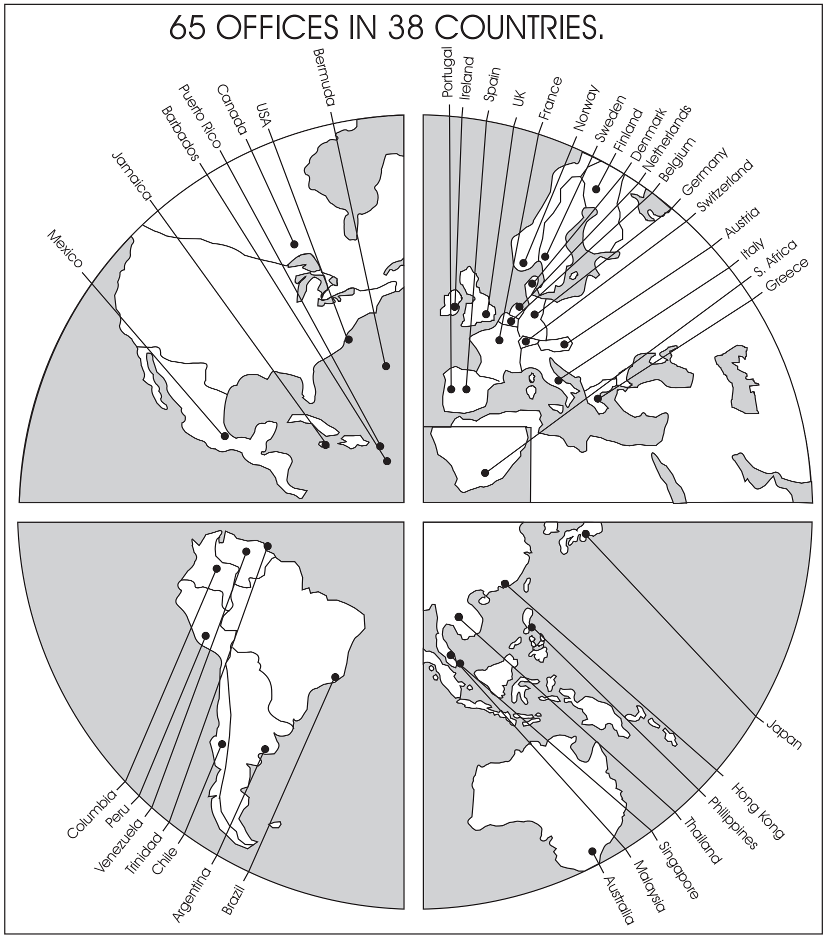
The opportunity for world brands is there to be siezed but only for those companies with the long-term determination to meet these stringent requirements.



Here are two other examples of the global approach in action—for British Airways and Procter & Gamble's Pampers. The Pampers brand was introduced in the US in the late 1960s. Pampers created the disposable diaper market by providing a product that was more convenient and more absorbent than cloth diapers at a price consumers were willing to pay. Pampers is now Procter & Gamble's largest brand and is sold on a similar strategy almost all over the world. If the Pampers business was a separate company, it would rank in the top one-third of the 'Fortune 500' list.

Does a global advertising campaign have to be bland? Not according to the South China Morning Post which described B.A.'s new worldwide campaign as "*unique and imaginative*"; or the Sydney Morning Herald—"*a radical departure from the usual formula*"; or Newsweek—"*a tour de force*"; or the Wall Street Journal—"*the most ambitious attempt so far. . . to use a one world campaign*"; or the London Sunday Times—"*a flash of inspiration.*"

(continued)



THE UK AGENCY WORKS WITH 6 OF BRITAIN'S TOP 10 ADVERTISERS

THE US AGENCY HANDLES MORE No. 1 BRANDS THAN ANY OTHER AGENCY IN AMERICA

THE INTERNATIONAL NETWORK WORKS WITH 44 OF THE WORLD'S TOP 200 ADVERTISERS

The Agency is now working on a similar exercise on Silk Cut for American Brands/Gallaher—a Company whose marketing was recently described by the Financial Times as *"an object lesson for its competitors on the rewards of brand discipline."*

Impact on Agency Structure

What are the implications of these trends for the advertising industry?

Business service companies, such as agencies, benefit from the increasing complexity of problems in their areas of expertise. Knowledge has value, and there is a greater 'value-added' during periods of turmoil and change in the business environment.

Most observers believe that the trend to pan-regional or global marketing will have a marked impact on the structure of advertising agencies... because world brands require world agencies.

A HANDFUL OF WORLDWIDE AGENCY NETWORKS WILL HANDLE THE BULK OF $125 bn WORLD ADVERTISING EXPENDITURE FOR MAJOR MULTINATIONALS.

Many expect to see the advertising industry moving in the same direction as accounting, banking, financial services, etc—a polarization between worldwide networks servicing global corporations, and strong local firms handling domestic clients in their own country.

SOME OF THE AGENCY'S CLIENTS IN 3 OR MORE COUNTRIES

ALLIED LYONS	IBM
AMERICAN BRANDS	JOHNSON & JOHNSON
AMERICAN MOTORS	NABISCO BRANDS
AVIS	NESTLE
BLACK & DECKER	PEPSICO
BRITISH AIRWAYS	PROCTER & GAMBLE
BSN-GERVAIS DANONE	PLAYTEX
CADBURY SCHWEPPES	ROWNTREE MACKINTOSH
CHESEBROUGH-POND'S	TIMEX
DU PONT	UNITED BISCUITS

This is pleasant for the business prospects of those agencies who can serve this global requirement, but leaves open one important question—whether this trend will result in *better* advertising? On this question opinions differ.

Some agency managers are fond of saying that they would rather operate a solid, disciplined international network than run the best creative agency in the world.

Meantime, others declare that they would rather have high creative standards than succumb to the arthritis of international management structures.

Both these viewpoints ignore the possibility of combining discipline and creativity in one international organisation. This is because is it hard to do.

**IN 1982,
OUR UK AGENCY WON MORE TOP UK ADVERTISING AWARDS THAN ALL THE OTHER MAJOR MULTINATIONAL AGENCIES PUT TOGETHER.**

SOURCE: GOLD AND SILVER AWARDS IN THE 'CAMPAIGN' PRESS AWARDS, D&AD, AND BRITISH TELEVISION ADVERTISING AWARDS

The Company has always aimed to create *the one type of agency which has somehow eluded the grasp of those few men and women who have tried to achieve it*—a large agency, certainly, with all the stability that gives to employees, and all the backup that provides for clients—but one which at the same time also succeeds in being progressive, youthful and innovative in approach.

The fact that this combination has so rarely been achieved in our industry increases the sense of purpose with which we continue to pursue it as our goal.

This has been the fundamental spur to our growth over the years.

HIGH CREATIVITY ACROSS A DISCIPLINED WORLD NETWORK. THE COMPANY'S CONSISTENT STRATEGIC GOAL.

Last month Saatchi & Saatchi Company PLC, the parent company of the worldwide agency network, announced its results for the year ended September 30th 1983. It was the Company's 13th successive year of profit growth. In the year pre-tax profits rose by 103%, earnings per share by 40%. dividends per share by 45%.

Over the last five years the Company has shown a compound average growth of 43% in pre-tax profits, 33% for earnings per share, and 37% for dividends per share.

If you would like a copy of the Chairman's Statement on these results please write to the Company Secretary, Saatchi & Saatchi Company PLC, at 80 Charlotte Street, London W1A 1AQ, or 625 Madison Avenue, New Yolk, New York 10022.

SAATCHI & SAATCHI
COMPTON WORLDWIDE.

Exhibit 5 Manhattan Landing Storyboard

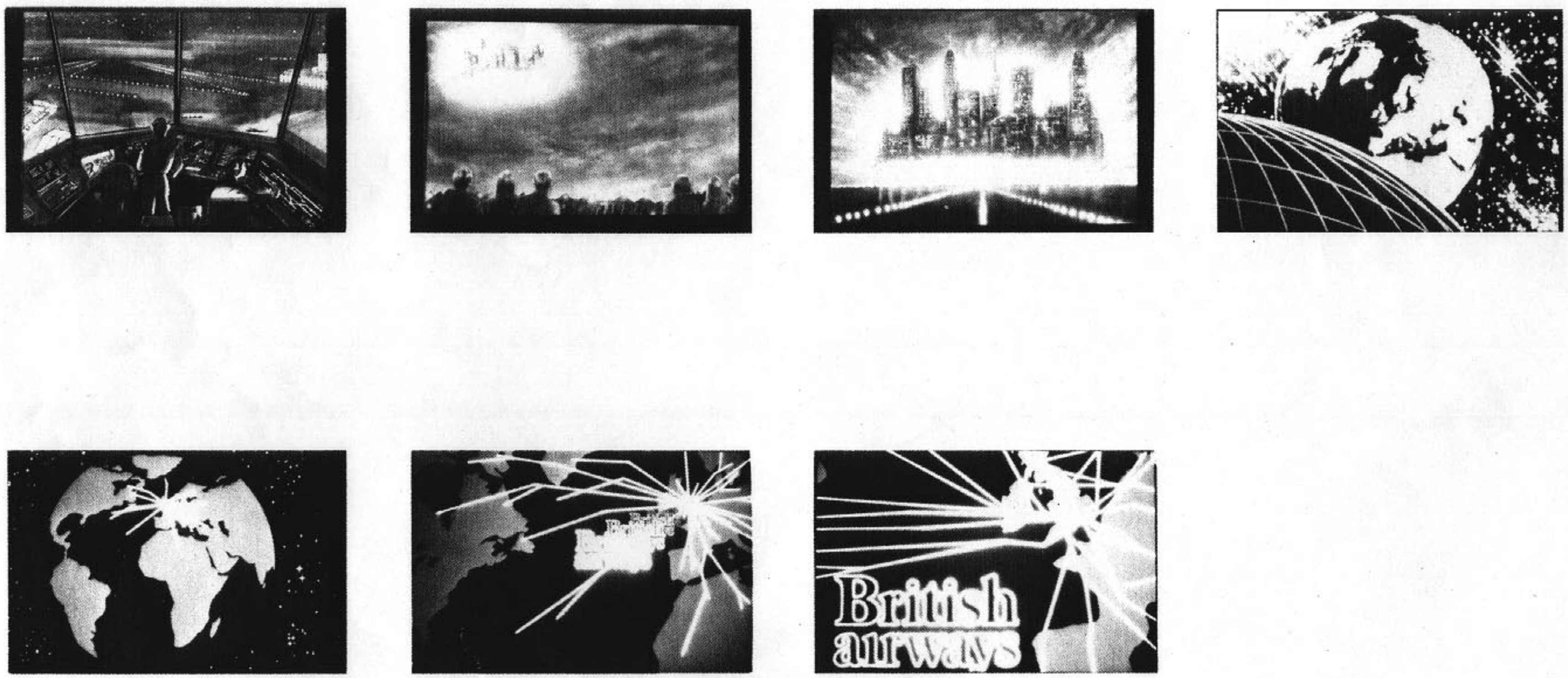


Exhibit 6 Casablanca Preference Campaign Storyboard

Exhibit 7 BA Concept and Tactical Advertising Budgets: Initial 1983-84 Plan (£000)

	Concept Campaign				
	April-September	**October-March**	**Total**	**Tactical Campaigns**	**Row Total**
United Kingdom	4,700	1,200	5,900	3,200	9,100
U.S.A.	2,600	750	3,350	2,450	5,800
Germany	450	450	900	607	1,507
Australia	500	100	600	350	950
France	150	200	350	269	619
Japan/Korea	200	70	270	400	670
Gulf States	0	35	35	190	225
Canada	900	200	1,100	400	1,500
South Africa	300	75	375	250	625
Italy	150	100	250	225	475
New Zealand	100	0	100	100	200
Egypt	50	0	50	30	80
Zimbabwe	32	0	32	25	57
Trinidad	18	0	18	27	45
Other	NA	NA	860	3,220[a]	4,080
Total	**10,150**	**3,180**	**14,190**	**11,743**	**25,933**

[a]Includes contingency fund

Exhibit 8 Media Budget and Schedule of the British Airways Concept/Brand Campaign in the United States ($ in millions)

	April-June 1983		September-October 1983	
	# Spots	**Expenditures**	**# Spots**	**Expenditures**
Spot television (in 6 gateway markets)[a]	686	$2,900	175	$572
Network television[b]	4	1,040	---	--
Cable television	40	104	25	58
	730	$4,044	200	$630
Reach/Frequency				
Gateway cities	86%/8.7 times		63%/3.3 times	
Remainder of United States	45%/1.2 times		--	
Audience Composition	**% of Those Reached**		**Index**[c]	
Adult men	48		102	
Adult women	52		99	
Age 25-54	73		137	
Household income $30,000+	47		169	

[a]New York, Washington, Boston, Miami, Chicago, and Los Angeles.

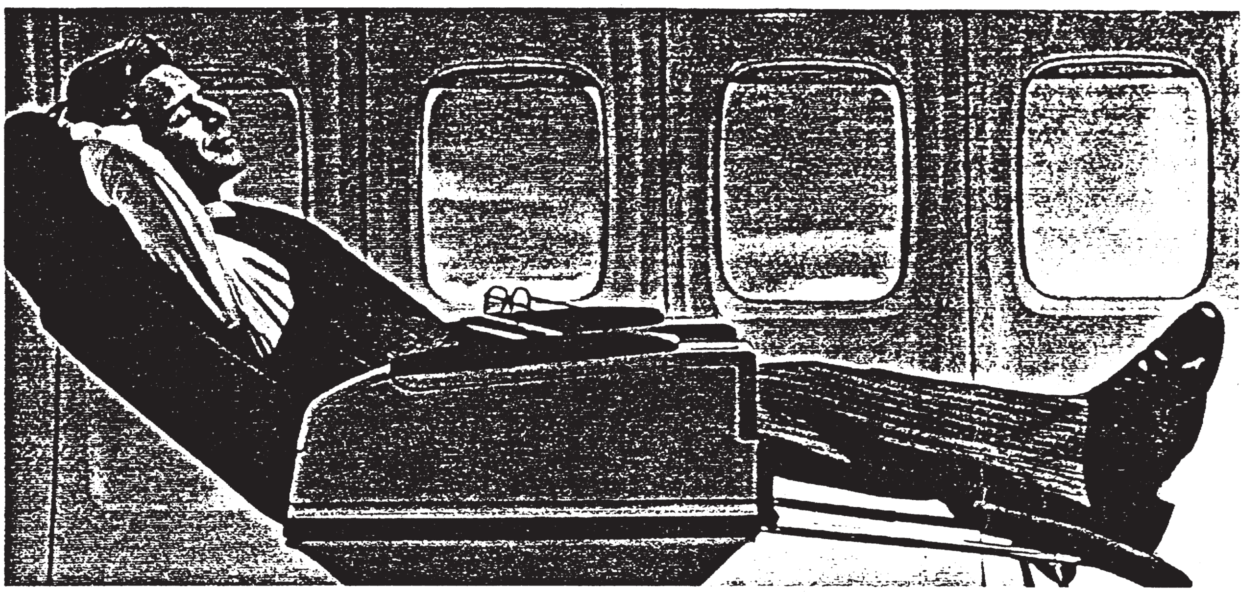
[b]Only the Manhattan Landing execution was shown on network television. It was targeted at the 78% of U.S. households not reached by the spot television advertising.

[c]Each index figure represents the percentage degree to which the audience reached included more or fewer people than the U.S. population at large.

Exhibit 9 BA Business Campaign Magazine Advertisement

Exhibit 10 TWA Business Segment Magazine Advertisement

TWA.
Our First is foremost.



Only TWA has First Class Sleeper-Seats℠ on every widebody. For First Class comfort.

First and foremost, there are our First Class Sleeper-Seats.

They are available on every 747, every L-1011, and every 767, everywhere we fly in the U.S., Europe and the Middle East. So you can rest easy every time you fly TWA.

Just settle into a Sleeper-Seat, and you'll be impressed with its incredible comfort and legroom. Then settle back—the seat stretches out with you.

**Royal Ambassador℠ Service.
First Class service in a class by itself.**

TWA's Royal Ambassador Service is available on every transatlantic and transcontinental route we fly, as well as selected shorter domestic flights.

We offer a gourmet menu with a choice of entrees like Chateaubriand. Vintage wines from California and France. A selection of fine liqueurs and cognac. All cordially offered to you in a warm, personal manner.

We even cater to your needs before you take off. In major airports, you'll find a special First Class desk to speed you through check-in. And a special lounge for transatlantic passengers to relax in before flight time.

So call your travel agent, corporate travel department, or TWA.

Because for First Class service that's second to none, there's only one choice. TWA.

You're going to like us

NEW YORK MAGAZINE, March 7, 1983

Exhibit 11 Media Budget and Schedule of the British Airways Business Campaign in the United States ($ millions)

	December 1982-March 1983[a]		April-June 1983		September -October 1983	
	# Insertions	**Expenditures**	**# Insertions**	**Expenditures**	**# Insertions**	**Expenditures**
22 magazines	8	$121	30	$745	22	$674
3 newspapers (*Wall Street Journal*, *New York Times*, *L.A. Times*)	9	563	13	371	17	276
	17	**$684**	**43**	**$1,116**	**39**	**$950**
Reach/Frequency: Men 25-54						
Gateway cities		73%/7.4 times[b]		65%/5.4 times		
Remainder of United States		67%/6.3 times		55%/3.5 times		
Audience Composition	**% Reach to Those Planning Foreign Travel for Business**	**Index**				
Adult men[c]	72	147				
Age 25-54	69	126				
Attended/graduated college	64	197				
Household income $35,000+	55	284				

[a]No insertions prior to February 1983

[b]Figures for December 1982 through June 1983

[c]In 1982-83, about 10% of transatlantic business travelers were women.

Exhibit 12 BA Leisure Segment Print Advertisement

Exhibit 13 Pan AM Leisure Segment Print Advertisement

Exhibit 14 Media Budget and Schedule of the British Airways Leisure Campaign in the United States ($ in millions)

	December 1982-March 1983[a]		April-June 1983		September -October 1983	
	# of Spots, Insertions	Expenditures	$ of Spots, Insertions	Expenditures	# of Spots, Insertions	Expenditures
Spot television (10 markets)	--	--	450	$795	--	--
Local newspapers (11 markets)	3-4/market	$641	3-7/market	620	4-6/market	$550
Reach/Frequency						
Average market	40%/2.0 times		75%/5.0 times		47%/2.9 times	
Audience Composition	**% Reach to Those Planning a Foreign Vacation**	**Index**				
Adult men	45	96				
Adult women	55	105				
Age 25-54	60	114				
Household income $30,000+	49	175				