

Cigarette B.U.

Olivier Bubbe

Middle East



Altadis



Altadis Position Overview

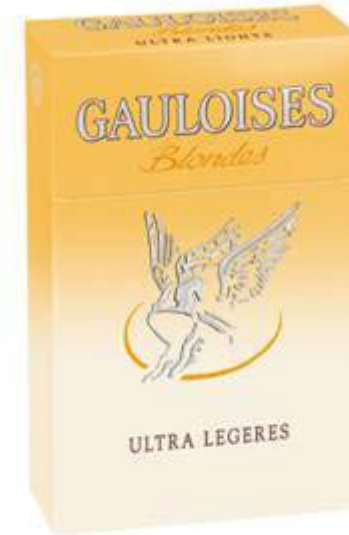
15 Specific Markets in one Region

- Economy, GDP, Size
- Level of Sophistication
- Tobacco Industry:
 - Monopolies / Régies (State controlled) vs Free markets
 - Supply Driven markets (Distribution as key factor) vs Consumer Driven Markets (Marketing oriented)
 - American Blend markets vs Virginia Blend markets
 - Size of the Premium Sector (from 5% in Iran or Yemen up to 75% in Saudi Arabia)
 - Preferred Formats (KS, 100mm, Soft / Box, ...)

A Key Factor of Success: Adaptability

- Extension of the Brands Portfolio in order to cover:
 - Each Price segment
 - Consumers preference in terms of formats & blends
 - With international brands - Gauloises Blondes, Fortuna (in test), Gitanes, and Fine, and the support of regional/tactical brands - Royale, Brilliant
- Adaptation of our products in terms of deliveries (T&N)
- Adequation of our methods to the specificities of the markets (Distribution)
- Adaptation of the marketing tools to the local cultures

Gauloises Range: The Flagship Brand



Competitors:

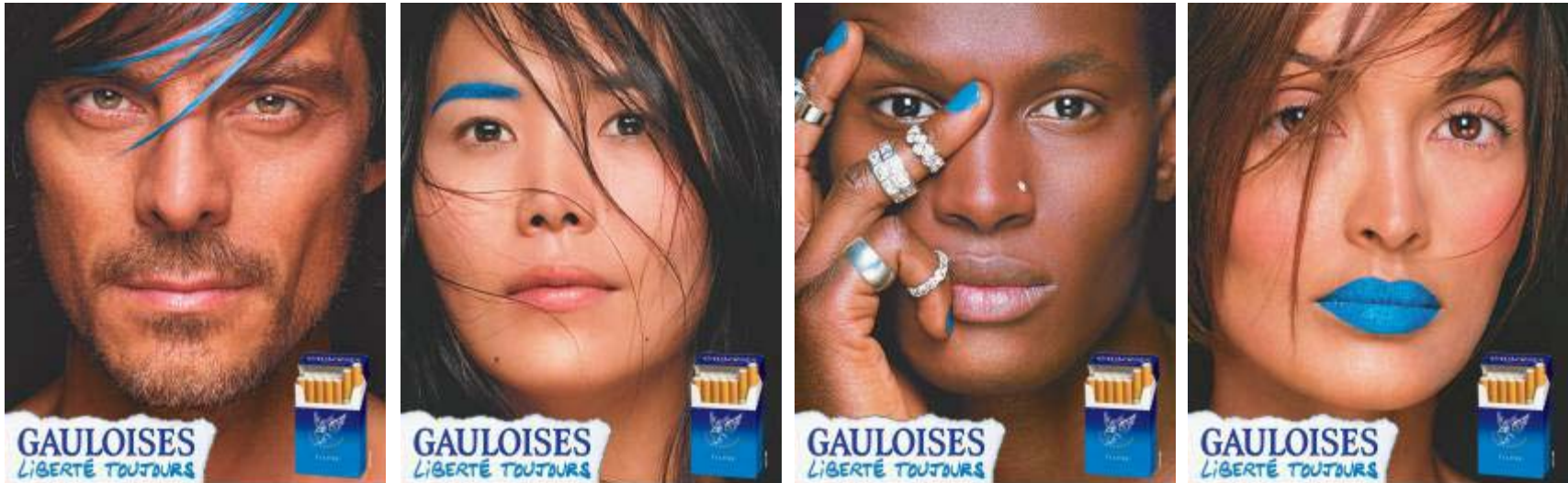
- Winston
- Lucky Strike
- Viceroy
- L & M.

Positionnement:

Sub Premium

2003 Gauloises Communication

- Blue Touch visuals



GITANES Range Historical Altadis Middle East Brand



Competitors:

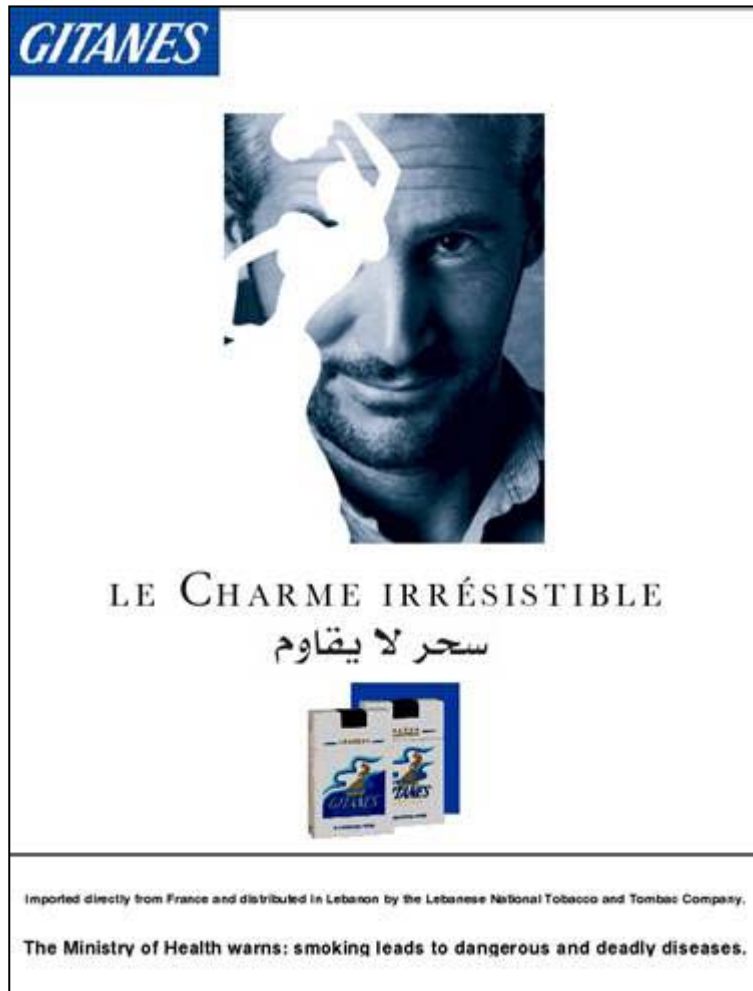
- Marlboro.
- Kent.
- Dupont.

Positionnement

Premium

2003 Gitanes Communication

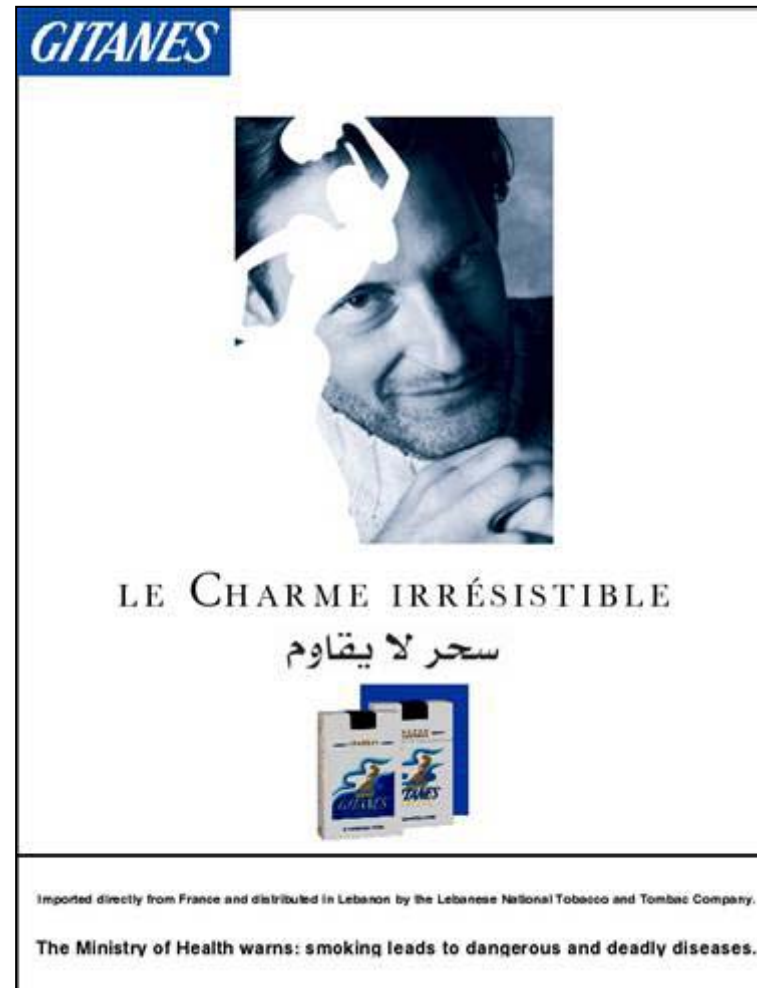
■ Press visuals



GITANES

LE CHARME IRRÉSISTIBLE
سحر لا يقاوم

Imported directly from France and distributed in Lebanon by the Lebanese National Tobacco and Tobacco Company.
The Ministry of Health warns: smoking leads to dangerous and deadly diseases.



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FINE Range – The Altadis Virginia Brand



Competitors:

- Rothmans KS
- London
- Rothmans Royals
- Craven A

Positionnement

Medium

2003 FINE Communication



Range ROYALE 100 mm Soft Pack: A Real Opportunity



Competitors:

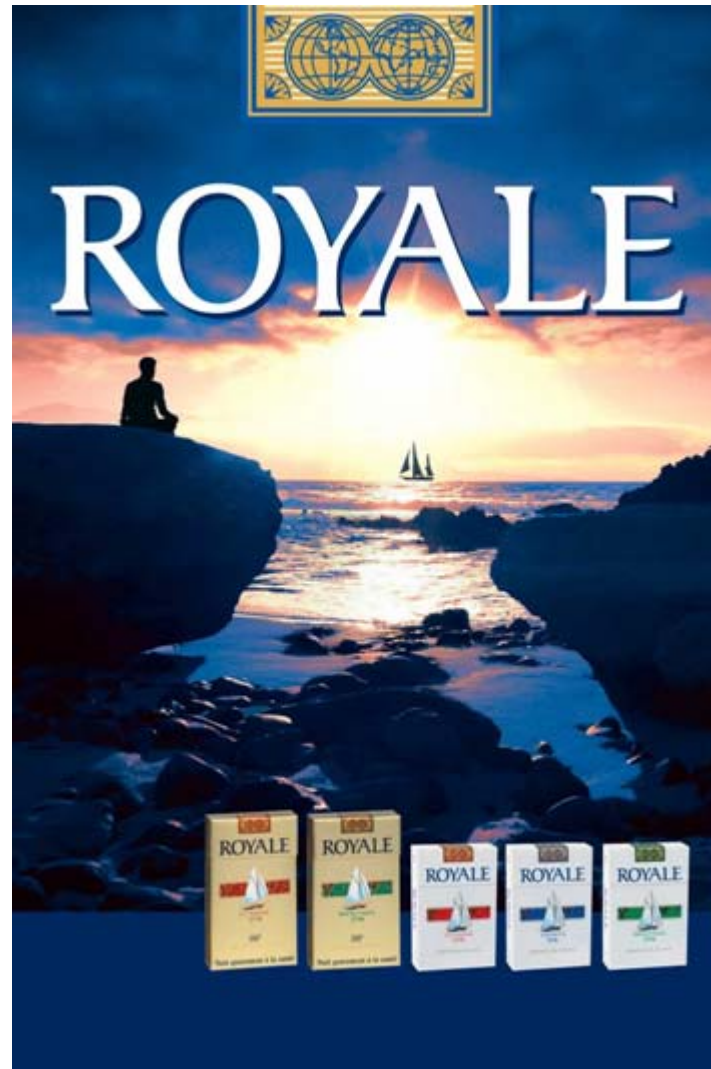
- Pall Mall 100'S.
- Kent 100'S.



Positionnement:

Medium Low

2003 Royale Communication



Brilliant Range: International / Affordable

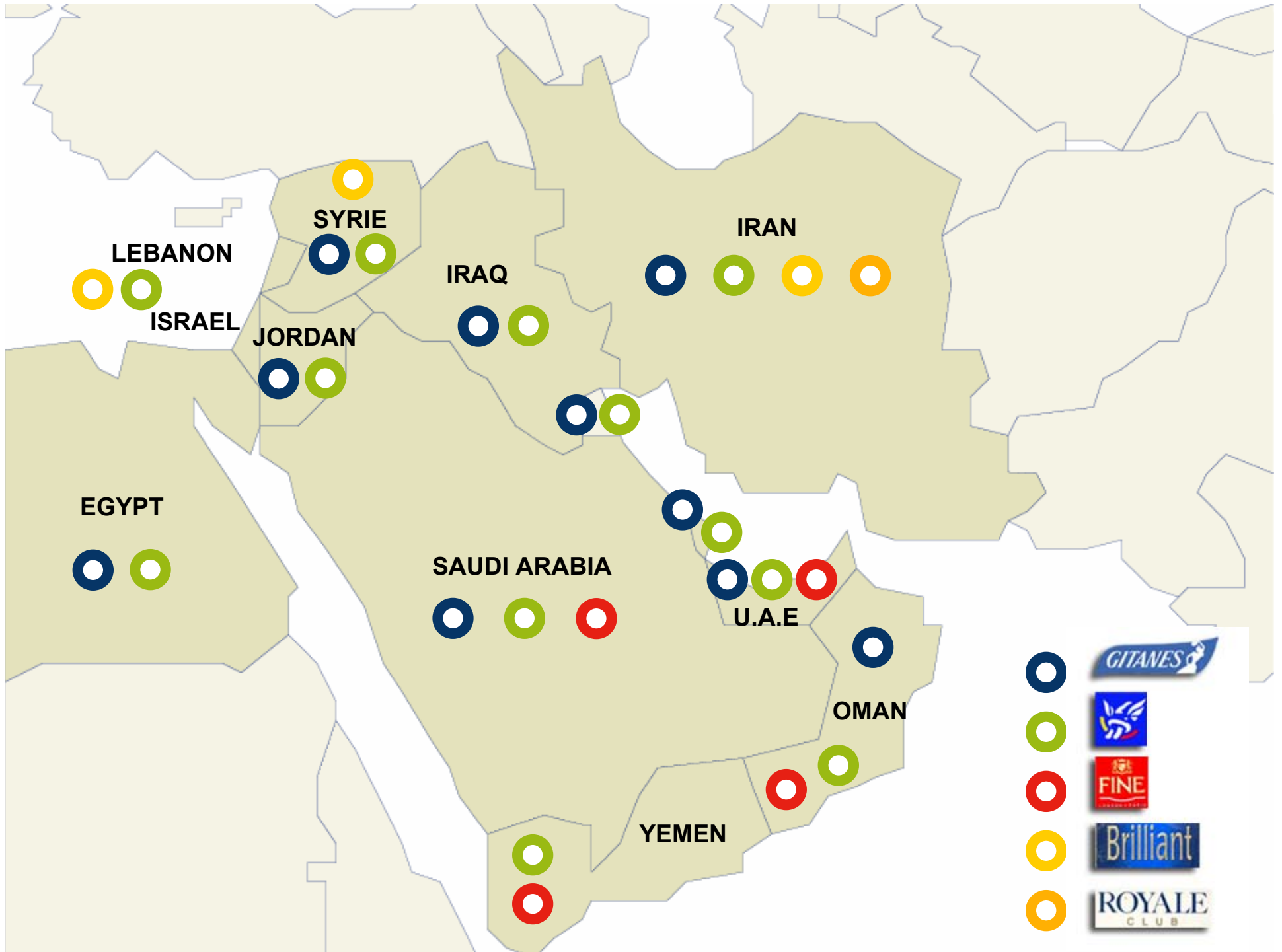


Competitors:

- Business Club.
- Winchester.
- Sovereign.

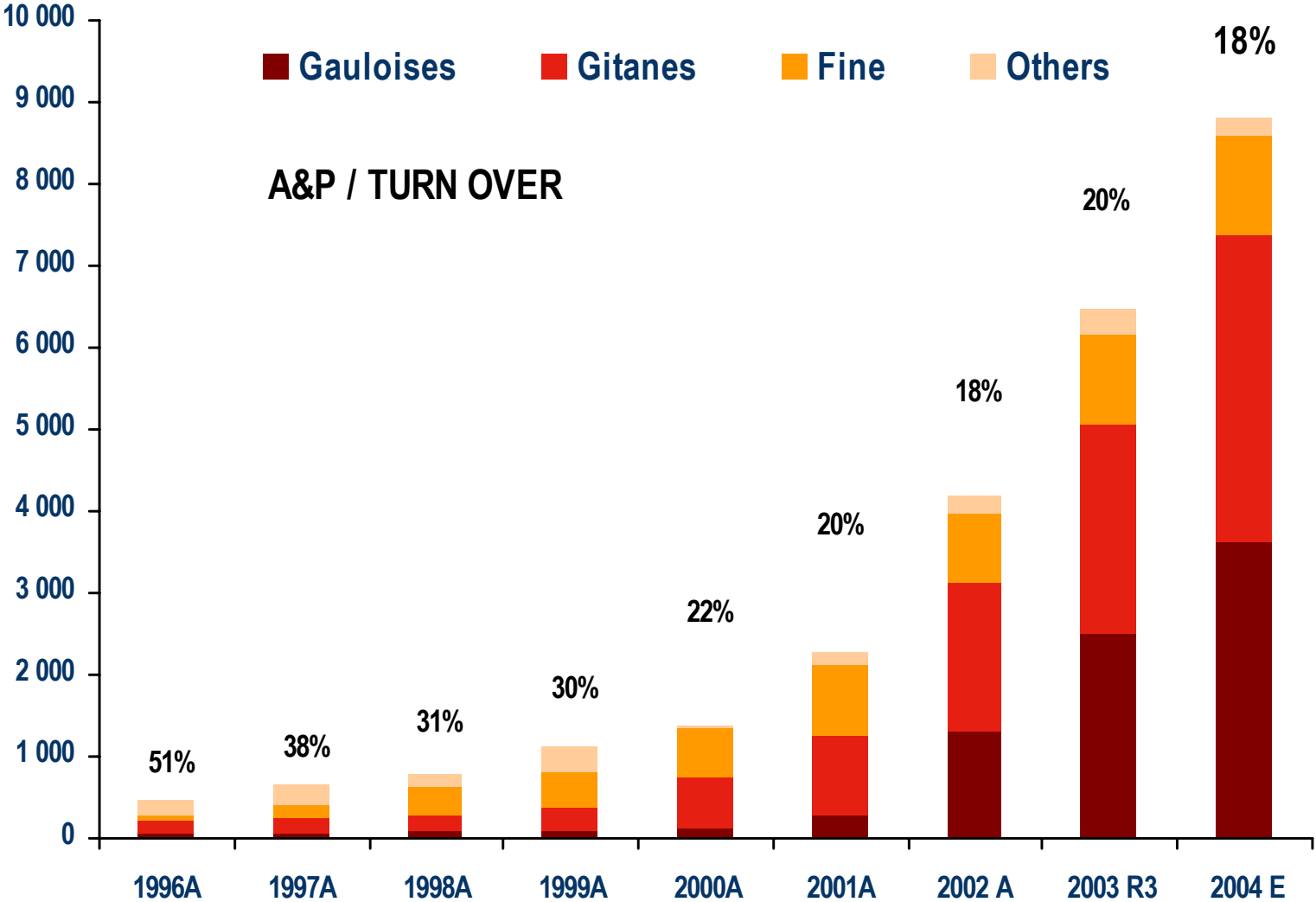
Positionnement:

Low / Medium Low



-  
-  
-  
-  
-  

MIDDLE EAST Total Sales (million units)



Market Overview

Lebanon & Syria

Lebanon

Market Context

Country ID

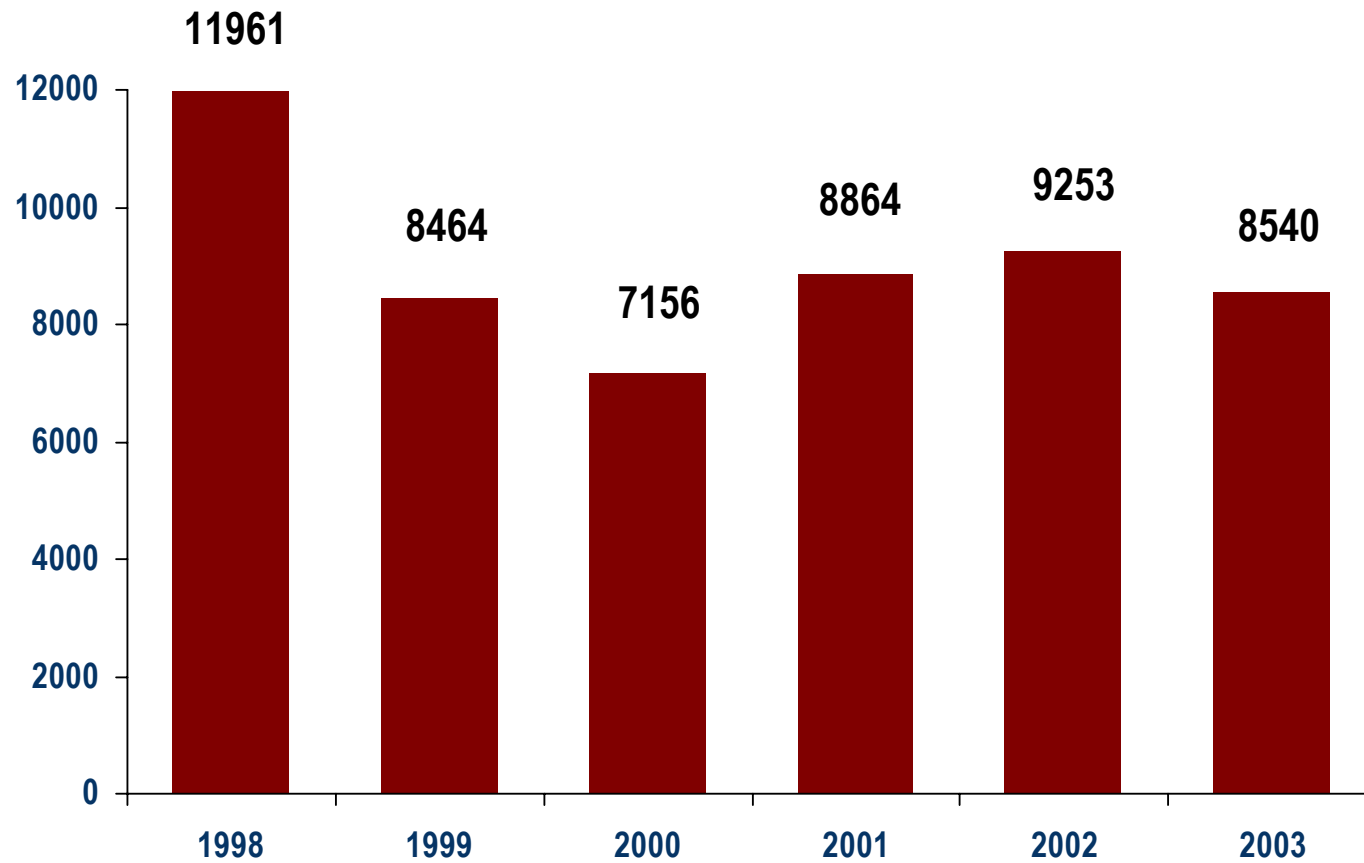
- **Total area:** 10,452 sq km
- **Population:** 3.6 Million
- **Government type:** Republic



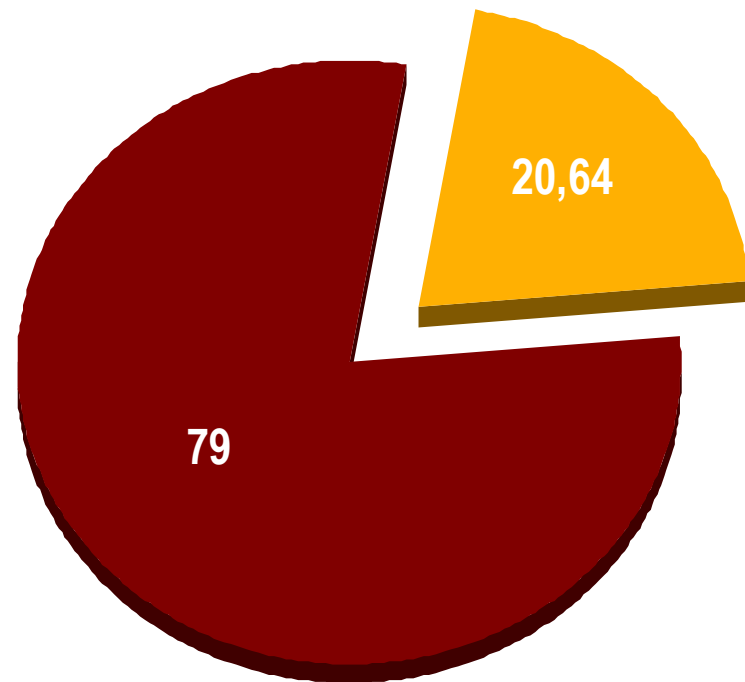
Market Context

- Recession of the economic situation resulted in:
 - The introduction of new low price brands
 - The expansion of the local cigarette “Cedars”
- Changes in consumer preferences
- Advertisement and promotion are allowed in all medias (one of the rare countries worldwide.)

Total Market Evolution



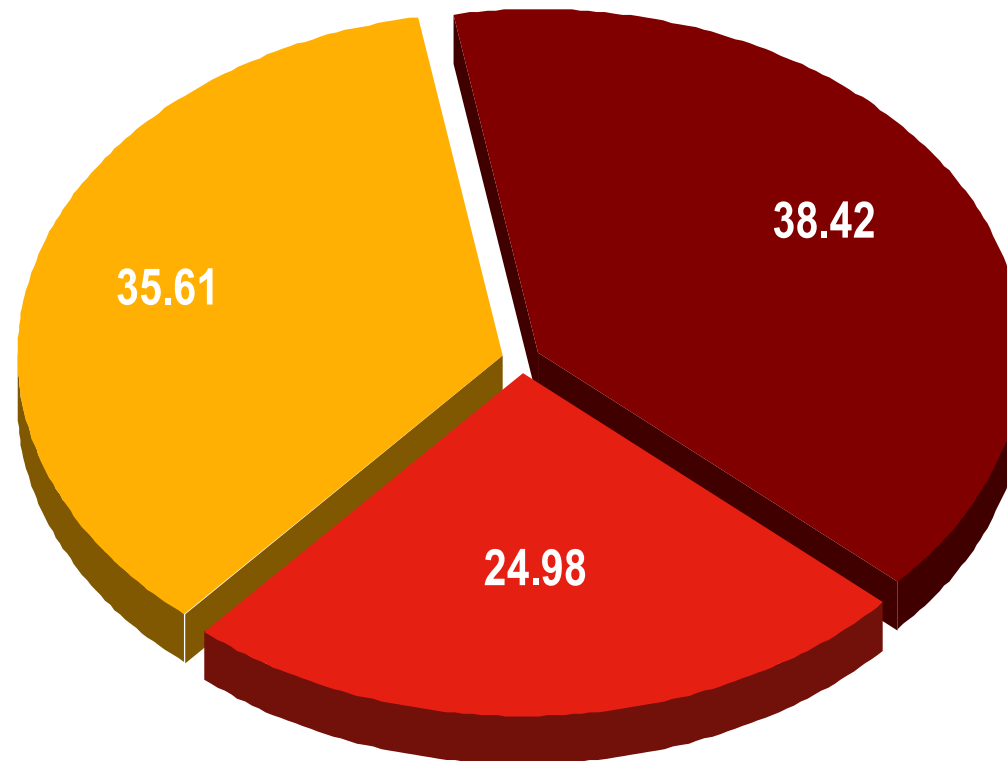
Market Segmentation by origin



Local

International

Market Segmentation by price



■ Premium

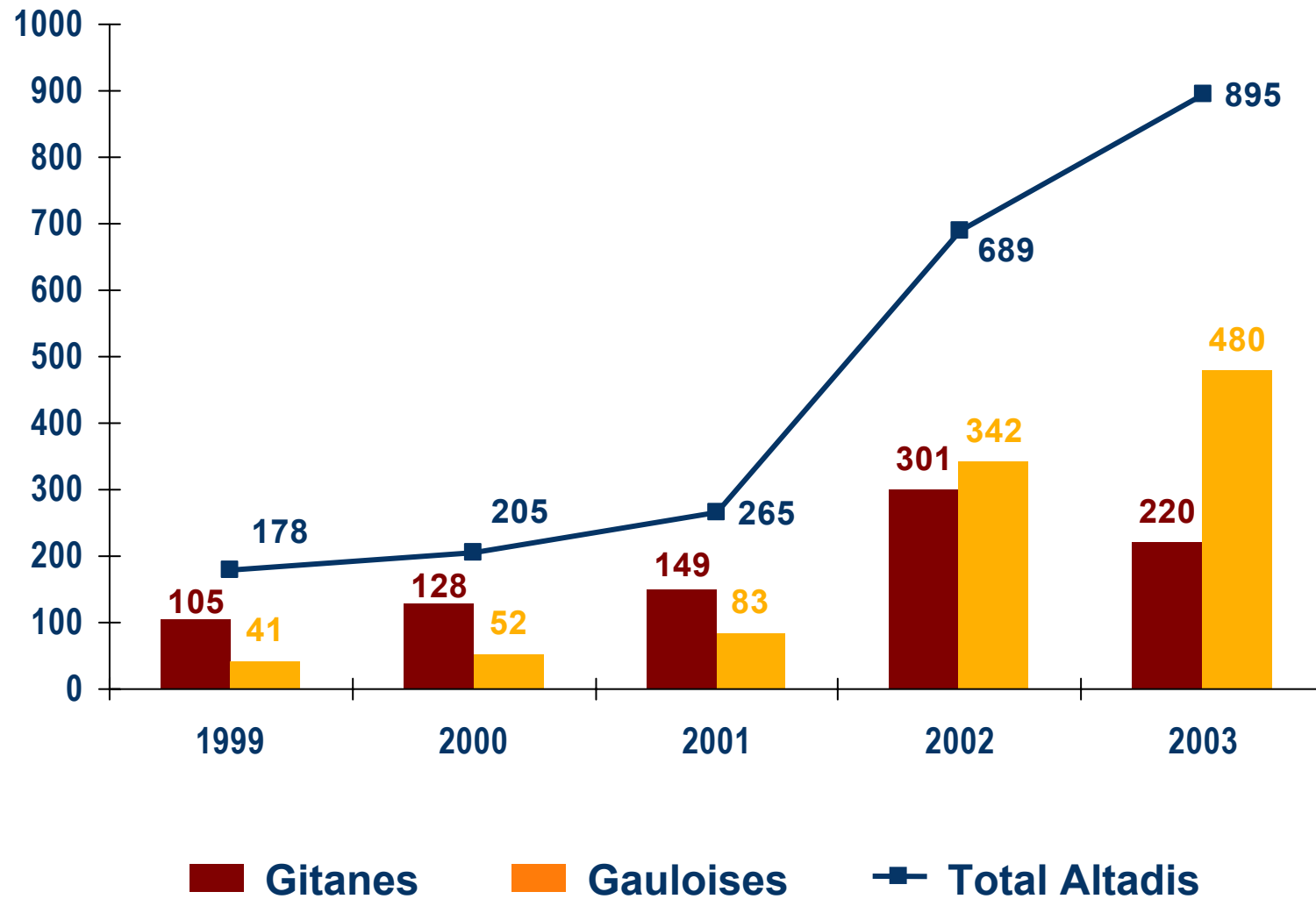
■ Medium

■ Low

Altadis Market Share: from 1,8% to 10% in 5 years

Group	Year	1998	1999	2000	2001	2002	2003
PM		41.15%	37.95%	41.07%	34.21%	25.57%	25.32%
BAT		45.28%	42.03%	34.58%	35.42%	27.12%	22.48%
Local		3.33%	8.58%	11.70%	13.60%	19.95%	20.64%
JTI		4.30%	4.45%	4.46%	7.35%	8.62%	10.92%
Altadis		1.85%	2.11%	2.87%	3%	7.45%	9.70%
Imperial Tobacco		0.64%	0.67%	0.53%	0.53%	1.07%	1.54%
Others		3.43%	4.2%	4.79%	5.91%	10.24%	9.41%

Altadis Volume in MU



Altadis Strategy in Lebanon

- Altadis brand situation through the end of 1999
 - Gitanes = Well established French image
 - Gauloises = Dormant brand, lacking of a true brand image
 - Lack of presence in others price segments
- In 2000 : Altadis decision to dramatically increase the marketing pressure on the markets
 - New Campaigns for Gauloises and Gitanes
 - Increase of budgets on both ATL (media) and BTL (promotion)

Altadis Strategy

- Extension of Gauloises and Gitanes ranges
(Gauloises Ultra Lights, Gitanes Milds,
Gitanes 100 mm Soft Pack)
- Launchings of new products
(Royale 100 mm Soft Pack, Brilliant)
- Very satisfactory results:
 - 1997: two brands / 4 variants 160 Mu
 - 2003: four brands / 10 variants 895 Mu

Gauloises

activities

overview

Gauloises Marketing activities

■ Permanent Locations



Gauloises Marketing activities

- 4x3 campaign: Blue Touch Visuals



Gauloises Marketing activities

- In-store branding



Gauloises Marketing activities

- Yearly Exclusive Sponsorships



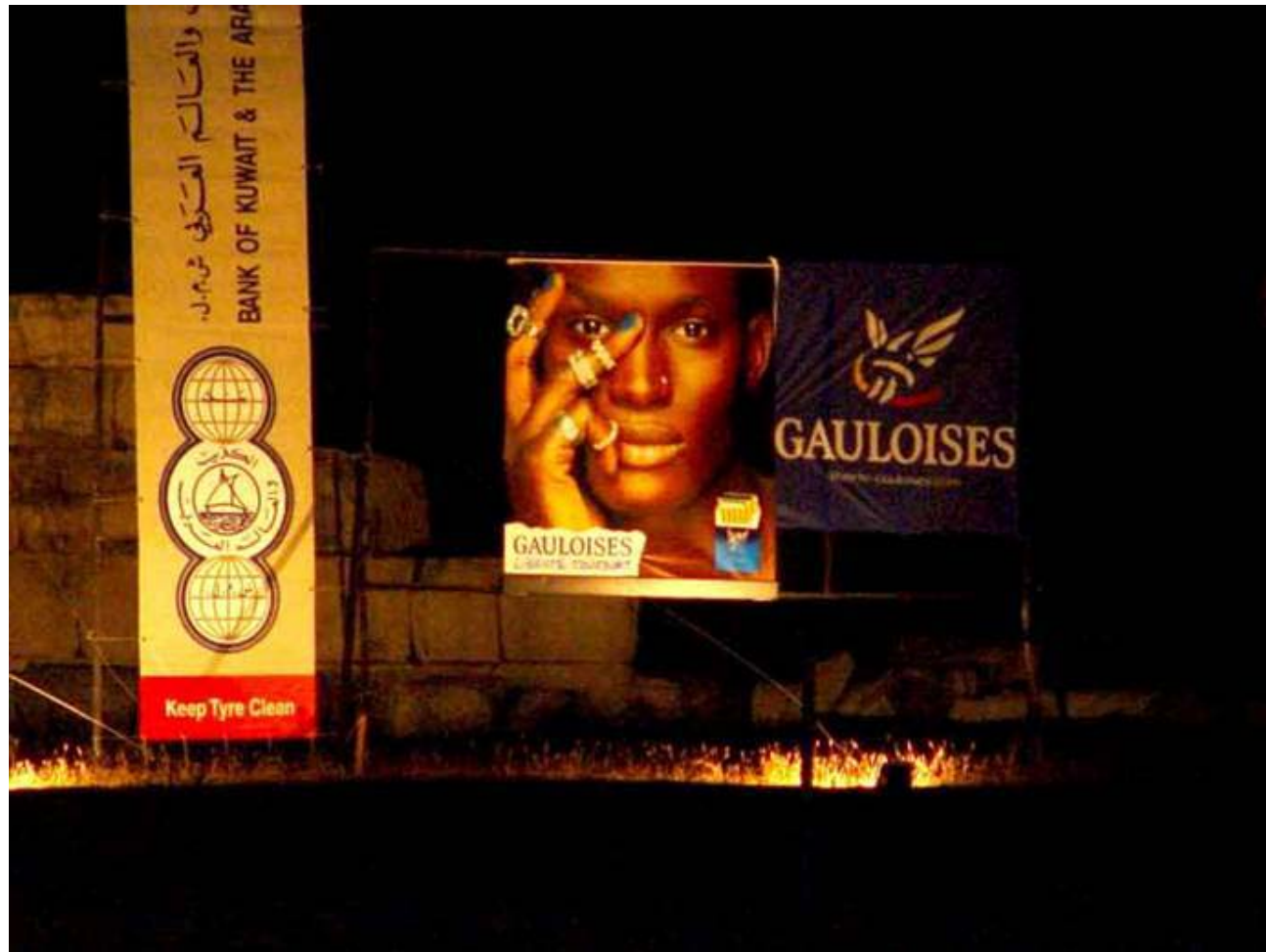
Gauloises Marketing activities

- Event Sponsorships / Summer 203



Gauloises Marketing activities

- Event Sponsorships / Summer 2003



Gauloises Marketing activities

- Event Sponsorships / Summer 2003



Gitanes

activities

overview

Gitanes Marketing activities

■ Permanent outdoor



Gitanes Marketing activities

■ 4x3 campaign visuals



Gitanes Marketing activities

■ Event Sponsorships / Summer 2033



Gitanes Marketing activities

- Sampling activities/ Summer 2003



Syria



Altadis

Key market trends

Country ID

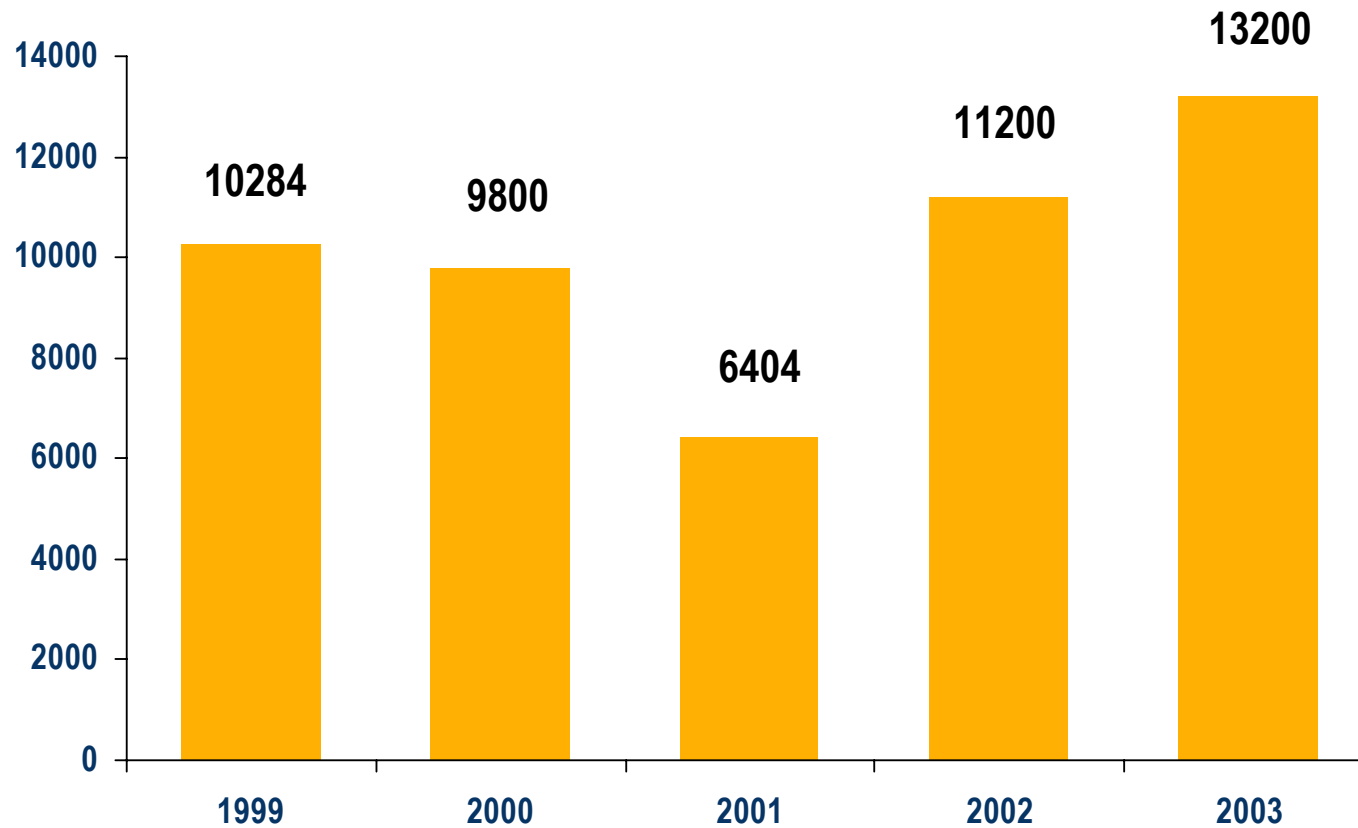
- **Total Area:** 185,180 sq.km.
- **Population:** 19,000,000
- **Government type:** Republic.



Key market trends

- **State Monopoly importation and distribution (GOT)**
- **Consumer prices & price structure are fixed by the state monopoly.**
- **All kind of cigarette advertisement is strictly forbidden.**
- **In-store promotions & POS are tolerated if pack or cigarettes are not shown**

Total market evolution



Gitanes Marketing Activities

- In-Store branding



Gauloises Marketing Activities

- In-Store branding



Gauloises Marketing Activities

- In-Store branding



Gauloises Marketing Activities

- In-Store branding



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