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BROWN & WILLIAMSON (EUROPE) S.A.
INTERNAL CORRESPONDENCE

To Mr. B. O'Hare From Michèle Verdoordt
 Date November 2, 1981 Brussels
 CC To Mr. C. De Wolf Subject Barclay Launch in Europe
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 DEC 11 1981

M.L.H.

We refer to your memo of September 22, 1981, regarding the Barclay launch in Europe and will try to answer in the absence of both C. De Wolf and J. Judge.

The major problem incurred is the high Dollar exchange rate which did not facilitate the negotiations with the duty free shops or airlines. Also, some duty free shops revise their assortment of brands once a year, early in the year, and are not prepared to include any new brands until the next year.

Another major problem is that duty free shops purchasing managers are reluctant to include a brand that is not available on domestic markets.

US citizens do not usually buy cigarettes in Europe tax free shops as prices are too high compared to US domestic prices.

We achieved introduction of Barclay King Size in :

- Orly (Cofec) airport, France SAS Qties shipped
 These were free goods granted to the shop in this new brand instead of in one of our brands they carry in their assortment. FG 100.000
- Frankfurt (Heinemann) airport, Germany SAS
 One free case was given to this duty free shop without any promotional support. 36 cartons were sold during the month of September. FG 10.000
- Pons, France SAS
 We managed to introduce Barclay at the Nice duty free shop. It is too early to have any results. 50.000
FG 5.000
- Sogeca (Chandler), France SAS
 Unfortunately, we have not as yet any official report on sales but we heard that only a small quantity had been sold to yacht owners. 50.000
(incl. 5.000 FG)
- Orly (Reflets de Paris), France SAS
 We managed to introduce this new brand in their assortment. Sales figures will not be available until the end of the year. 50.000
(incl. 5.000 FG)
- Theodoridis, Denmark SAS
 Customer placed first order for introduction in the diplomatic shops in Copenhagen. Goods will only arrive towards the end of the year. 50.000

M.L.H. Copy of the ^{original} memo to B. O'Hare 12-11-81

680593531

To Mr. B. O'Hare
cc Mr. C. De Wolf

November 2, 1981
Barclay Launch Europe

- Belgavia, Belgium SAS

Qty shipped

We have given this customer one case for trial free of charge. This customer is supplying airline crews out of Brussels airport.

FG 10.000

- Leemans, Belgium SAS

We have just now supplied this customer with two cases for delivery to the U.S. Embassy in Brussels and the Shape Shop.

20.000

A promotion has been scheduled in December for this brand at Shape. A gift will be attached to each carton.

Also, we have managed to introduce this brand in the assortment of U.S. Embassy in Paris (via I.B.S. France SAS) we anticipate receiving an order for

40.000
(incl. 5.000 FG)

We have offered Barclay King Size to Air France for their 1982 assortment as well as to UTA (via SGAE). We will be informed shortly if the brand has been accepted in their assortment.

It also seems that KLM duty free shop, Schipol, will introduce Barclay before the end of the year. We should receive the order from Alvana shortly. Since Alvana also supply diplomatic shops in Holland, we may be able introduce the brand in these outlets the same time.

DOMESTIC MARKETS

- Eliachar, Israel DP

Two cases were sold to Eliachar and cigarettes have been placed in four main retailer shops (see attached Eliachar invoices to :

Meir Cohen, Jerusalem; Orient House Ltd., Haifa;
Aroma Ltd., Tel Aviv; Shama, Tel Aviv.

Ads run in the daily press (Jerusalem Post) see attached tear-sheet. The invoice has been sent to L. Parks for settlement (copy attached). A further two cases will be shipped shortly. A promotion will be running before the end of the year.

20.000

- State Wine, Iceland DP

Samples of Barclay King Size have been sent to our agent and on order for this brand is to be expected shortly. At the same time, we may be able to introduce it at the Keflavik duty free shops.

680593532

To Mr. B. O'Hare
cc Mr. C. De Wolf

November 2, 1981
Barclay Launch Europe

- State Wine, Iceland DP continued

For the launch, as no advertising or promotions are permitted, in this market, we intend to present to about 300 retailers the pen block/message holder.

We were able to present Barclay to the main duty free shops' buyers at the Tax Free Symposium in Monte Carlo. To all of them we offered cartons of Barclay, the presented as well as the silk scarf we produced in Italy (for US Operations and Europe).

We felt it was good opportunity, while meeting all these customers (direct and indirect) in a relaxed atmosphere (on the MS Amazone, BWIT shared with BAT UK+E, Germany and H. Wintermans).

We hope this exercise will bring some tangible result in the near future.

We think it is essential that an on-carton gift offer is placed in all duty free shops as soon as Barclay is introduced in order to motivate European customers to buy a brand they do not know.

We have produced, for introduction at the the Shape shop, a checkbook holder, which we will affix to each carton on the shelf, but the price is too high (approximately \$2.00).

We should have an attractive give-away between approximately \$0.50 and \$1.00 that can be placed on each carton on the shelf. Is such an item being developed for use internationally or at least in all European airports, where brand is being introduced.

Duty Free managers are not prepared to introduce a brand that is taking shelf space and is not generating any volume. Also, if the brand is not moving, Barclay may be delisted a couple of months after the introduction. Once Barclay is introduced in some domestic markets, we stand better chances to introduce the brand in duty free shops.

As far as expenditures are concerned, very little has been spent.

ADVERTISING

The only advertisements we placed is in the magazine Duty Free International Summer and Fall issues. The Summer issue was available to all participants at the ISSA (Shiphandlers Association meeting) New Orleans. The cost for the two advertisements was \$2,754.00.

One page ad has been reserved in the Peter Justesen pricelist (Denmark SAS diplomatic catalogue). This catalogue should be produced end of this year. The cost is approximately \$2,000.