



Report On

Competitive Marketing Strategy of Japan Tobacco International



Submitted To

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Letter of Transmittal

Md. Hasan Maksud Chowdhury

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Subject: Submission of the Internship Report

Dear Sir,

It is a great pleasure for me to submit the internship report as a part of my BBA program to you that I am assigned to prepare under your direct supervision of the topic entitled “Competitive Marketing Strategy of Japan Tobacco International”. I am fortunate enough that I have got an experience and efficient professional team in Japan Tobacco International. I have got an opportunity to work with them at different Departments to learn their “activities and services that they provide to the customer” effectively.

I tried my best to show my skill, which is achieved in 3 months, practical experience of this report. Finally I would like to assure that I will remain standby for any clarification and explanation when required.

Thank you in advance for your kind assistance. I enjoyed working on the report and hope you will consider all my mistakes generously.

Sincerely Yours,

.....

Khairul Isalm

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Acknowledgement

My acknowledgement begins with thanking my academic supervisor Md. Hasan Maksud Chowdhury, who has provided me suggestions for making this Final Internship Report and also provided me with format for making and preparing the whole report. I like to thank sir for his generous cooperation and regular supervision that made me really confident about the desired outcome of my internship project.

I would like to show my warm hearted gratitude to the whole Department of Japan Tobacco International which has provided me with great deal of information's, adequate data and finally cooperated me for the accomplishment of the report successfully. I would like to thank each staffs of the different Department. I am especially grateful to my line manager Mike for his invaluable support and direction that lead me to the successful completion of my internship report. I have done my whole internship period under him and really grateful to him for a big time for helping me in my each and every step of work at office.

Without them it would not possible for me to complete this difficult task. I got all necessary guidelines, cooperation and advice from them to complete this complicated task.

I am very much thankful to Japan Tobacco International, its management specially the employees of the entire Department for their cordial support to prepare this difficult study with important information and data.

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EXECUTIVE SUMMARY

Japan Tobacco International- Dhaka tobacco Industries is now a joint venture. Japan Tobacco International one of the largest corporations in the world, serving for more than 120 countries in world. I have joined JTI-DTI as the Field Operation Officer (FOO) of Tangail. The position falls under the Marketing department and specifically the Trade Marketing & Distribution unit. The job profile of a Field Operation Officer is to lead a team of people towards achieving daily and monthly volume targets as well properly executing central instructions in their respective territories. I was given full power and resources to lead a team of 150 people towards achieving the overall performance goal of my territory. My role was to constantly deal with shipment, sale, service assurance, code of conduct and any malpractices. I made extensive efforts on knowing every tiny detail of my job profile by asking any question related or unrelated to my work. I am grateful to JTI-DTI for handing me this opportunity to work as a Field Operation Officer. Overall, the experience and learning that I earned will be embedded within me for the entire life. Starting from the way of communication to the discipline, I admire everything that JTI-DTI has taught me.

INTRODUCTION OF TOBACCO INDUSTRY

Bangladesh is one of the largest tobacco consuming countries in the world. A good amount of tobacco consuming population is present here. The tobacco consumption is not only limited in the male gender but also good amount of female are consuming it. Over 87% of the population of Bangladesh consumers tobacco in some form whether smoked (both cigarettes and biris) or smokeless amongst which with a higher percentage of 58% is men and the other 29% is women. In 2012, an estimated 46.3 million adults used some of tobacco product, smoked or smokeless. Most smokers are male 28.3% of adult men smoke manufactured cigarettes and 21.4% smoke biris. In contrast, smokeless tobacco use is substantial across both genders, while women having an upper hand with 27.9% being women and 26.4% of men using some form of smokeless tobacco. Most smokeless tobacco use is of betel quid with tobacco (zarda) nevertheless other forms of smokeless tobacco products, including gul, sadapta and khoinee are also commonly used.

TOBACCO INDUSTRY OF BANGLADESH

There are two main tobacco industry associations in Bangladesh. There are- Bangladesh Cigarette Manufacturers Association (BCMA) and Bangladesh Manufacturers Association (BBMA) representing the industry.

The main cigarettes manufactures in Bangladesh are:

- Dhaka Tobacco Industry
- British American Bangladesh Tobacco
- Abul Khair Tobacco
- Nasir Tobacco
- Azizudin Industry
- New Age Tobacco

The main Biri manufactures are:

- Akij Biri
- Abdul Biri
- Nasir Biri

- Karikar Biri
- Aziz Biri Hundreds of local biri manufactures.

1. THE ORGANIZATION

1.1 INTRODUCTION

JTI - Japan Tobacco International a leading international tobacco company with operations in over 70 countries around the world and our products are distributed in more than 120 countries. Our internationally recognized brands include Winston, Benson & Hedges, Sobranie, Glamour, Silk Cut, Camel, Mevius and LD. To achieve further growth, we will continue to make long-term investments, carry out focused marketing initiatives, improve product quality and strengthen our cost competitiveness and sales channels. (JT International, 2012)

JTI was formed in 1999 when Japan Tobacco Inc. purchased, for USD 7.8 billion, the international tobacco operations of the US multinational R.J. Reynolds. In 2007, Gallaher Group was acquired by Japan Tobacco Inc. for GBP 9.4 billion. At the time, this was the largest foreign acquisition by a Japanese company. Today, our company has over 26,000 employees, and operations in 120 countries. Our headquarters are in Geneva, Switzerland. Our diverse employee base is made up of over 100 nationalities building careers at JTI that span our worldwide operations. We are a truly international business. (JT International, 2012)

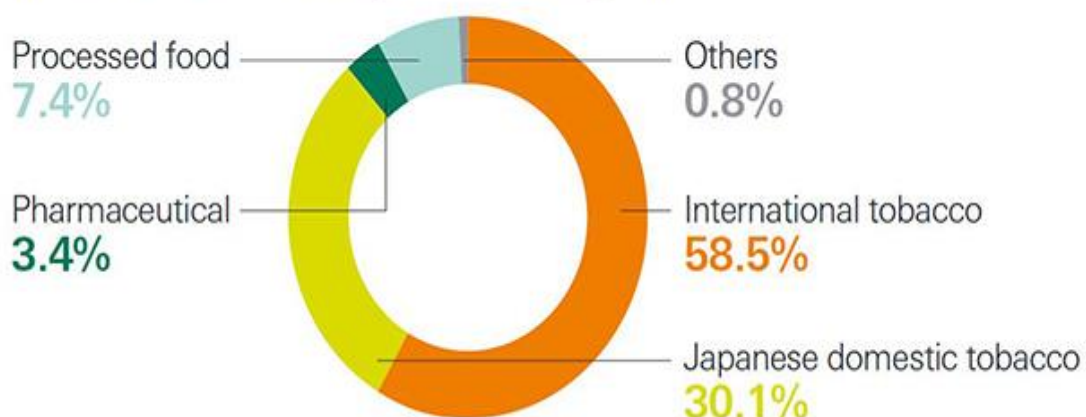
As of 2011, JTI employed about 26,000 people around the world at 90 offices, 24 factories (producing cigarettes), 6 research & development centers and 5 tobacco processing facilities.

JTI started its journey in Bangladesh in March 19, 2015. They entered Bangladesh jointly with Dhaka Tobacco Industries (DTI). An agreement was signed between them that JTI will use the whole distribution and administration of Akij Group. They are here with their only one brand named Winston but two different flavor, one in Winston Blue and another one is Winston Red. This brand was launched in the United States in 1954 by R.J. Reynolds. Within a year it was the country's best selling filter cigarette. Today it is at the number two position of consumer cigarette brand in the world, available in over 100 countries. In Bangladesh Winston is a premium cigarette. The main competitor of Winston is Gold Leaf, Benson & Hedges and Marlboro.

Revenue (Results in FY 2015)

JT also active in pharmaceutical and processed food businesses and we expect them to establish a foundation for future profit contribution, as we strive for sustainable growth.

Revenue breakdown by business segment



FY 2015 Adjusted Operating Profit (Continuing Operations)

¥ 626.7 billion

Adjusted Operating Profit = Operating profit + amortization cost of acquired intangibles + adjustment items (income and costs).

*Adjustment items (income and costs) = impairment losses on goodwill ± restructuring income and costs ± others (JT International, 2012)

1.2 HISTORY

JT's history in Japan dates back to 1898, when the government formed a monopoly bureau to operate the exclusive sale of domestic tobacco leaf. In the early 1900s, the government extended this monopoly to all tobacco products in Japan (and to the Salt business). (JT International, 2012)

In 1949, the Japan Tobacco and Salt Public Corporation (JTS) was established to help ensure stable supplies and tax revenues for the government. (JT International, 2012)

Changes to the Japanese monopolies and public corporations were proposed in 1982 and the relevant legislation passed two years later. As a result, in 1985, JT was founded and took over the business operations and assets of JTS. (JT International, 2012)

Japan Tobacco Inc. (JT) were created in 1999 after purchasing the non-US operations of the multinational R.J. Reynolds for 7.8 billion USD. (JT International, 2012)

At the time, the acquisition of R.J. Reynolds International (RJRI) was the largest overseas acquisition ever made by a Japanese company. The same was true when, in 2007, Gallaher, a FTSE 100 business was purchased for 9.4 billion GBP and became part of JTI. (JT International, 2012)

There have been many events that have influenced the shape and success of our business. However, it is the acquisition of RJRI that created us, and the acquisition of Gallaher that doubled our size, that are – so far – the biggest milestones in our history. (JT International, 2012)

We worked quickly to transform RJRI into JTI, making the most of that company's experienced people and high profile brands, including Winston and Camel. (JT International, 2012)

1.3 GLOBAL AMBITIONS:

JT's ambitions to become a global company led to the acquisition of a number of companies around the world – most notably R.J. Reynolds and Gallaher. These brought well-known tobacco brands and their individual rich histories to our company, such as:

- Sobranie, registered in London in 1879, making it one of the oldest cigarette brands in the world
- Camel, launched in 1913

- Winston in 1954
- Salem in 1956
- Silk Cut in 1964 (JT International, 2012)

1.4 PRODUCT & SERVICES OFFERINGS

We have over 100 tobacco product brands in our portfolio but our core strength lies in our nine Global Flagship Brands. These nine brands account for over 69% of our cigarette sales. Each of our Global Flagship Brands has played a significant role in making JTI the fastest growing global company in the tobacco sector. In just over a decade we have achieved 11% market share and become the third largest tobacco company worldwide (JT International, 2012).



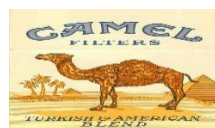
This brand was launched in the United States in 1954 by R.J. Reynolds. Within a year it was the country's best selling filter cigarette. Today it is the number two cigarette in the world, available in over 100 countries.



LD was launched in 1999 as an international value brand, offering reliable quality at an affordable price. It is a top 10 global international cigarette brand and available in more than 48 countries throughout Europe, Asia, Africa and the Americas.



Mevius was launched in 1977 and became the number one selling cigarette brand in Japan a year after its launch. It remains the most popular brand in Japan and the number one brand in Asia, and is growing in popularity around the world already occupying the number four global spot.



Camel has a history that stretches back more than 100 years. Launched in 1913, Camel was the first worldwide cigarette trademark. Today, it is JTI's main international premium brand. It is sold in over 100 countries.



Glamour is JTI's leading Super Slims brand. Since its introduction in 2005, Glamour has achieved remarkable growth, consolidating its No.1 position as a Super Slims brand in several Eastern European and Asian markets



Launched in 1964, Silk Cut became internationally recognized by its surreal and innovative advertising campaigns that ran for more than two decades.



The Natural American Spirit brand was born in Santa Fe, New Mexico in the U.S. in 1982, with the idea to provide the most premium, additive-free tobacco products with natural taste.



Established in 1873 in Old Bond Street, London, by Richard Benson and William Hedges, the company was dedicated to the craft of manufacturing high quality cigarettes.



Registered in London in 1879 by Albert Weinberg, Sobranie is one of the oldest cigarette brands in the world. Weinberg invented the first modern-style cigarette packaging for Sobranie and this Global Flagship Brand continues to be one of the pioneers in the luxury cigarette market today.

1.5 JTI PRINCIPLES

JTI recognizes the risks of smoking. JTI does not market its products to minors, and does not market its products in order to encourage anyone to take up smoking or to discourage anyone from quitting. JTI is committed to developing reduced-risk products, and to fostering accommodation between smokers and non-smokers.

Six core principles define JTI's attitude to smoking, such as:

I. Openness about the risks of smoking

Smoking is a cause of serious diseases including lung cancer, coronary heart disease, emphysema and chronic bronchitis. JTI supports efforts to advise smokers accordingly. Everyone should be appropriately informed about the health risks of smoking.

II. Transparency about our products

Smokers want to know what it is they are smoking. JTI provides information about the ingredients it uses in its products on this website. JTI also provides ingredient information when requested by governments, but asks that its trade secrets are respected and protected.

III. Commitment to the development of reduced-risk products

While the health risks of tobacco use cannot be completely eliminated, JTI is committed to the development of reduced-risk products that are acceptable to adult smokers.

IV. Youth smoking prevention

Minors should not smoke and should not have access to tobacco products. This belief is central to JTI's Code of Conduct, and to JTI's marketing practices, operational policies and the way JTI does business. JTI is committed to playing a full role in youth smoking prevention, but ultimate success depends on all elements of society working together.

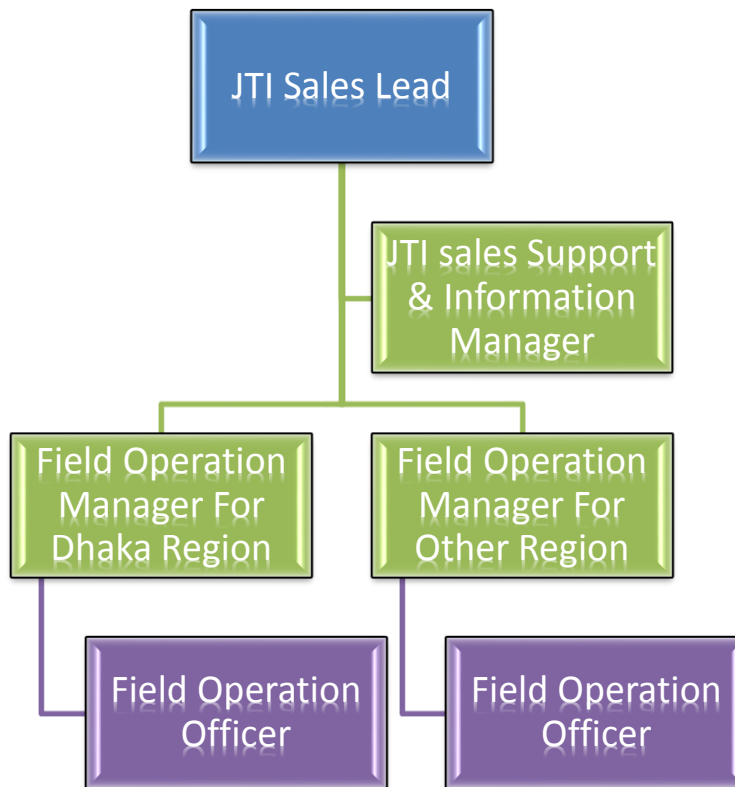
V. Accommodation between smokers and non-smokers

Many people have concerns about exposure to environmental tobacco smoke. All smokers should show consideration for those around them, and should not smoke when children are present. JTI advocates tailored, practical and effective solutions that separate smokers and non-smokers while accommodating the legitimate interests of both.

VI. Respect for local norms and cultures

JTI is respectful of each country's culture, norms, legislation and decision-making process. However, JTI has a right – and an obligation – to express its point of view regarding regulation that affects JTI's products and the tobacco industry. JTI actively seeks open and transparent dialogue with governmental authorities around the world, and where possible, offers alternative solutions if issue is taken with a government's proposed course of action.

1.6 HIERARCHY OF COMPANY



1.7 COMPETITIVE SCENARIO FOR JTI

Michael Porter's five forces model of competition is very useful in analyzing the competitive situation, and the strength of the competitive forces in the industry and also for JTI.

The rivalry among competing sellers:

Rivalry among competitors: There is rivalry among the main competitors yet at the same time this rivalry differs from those of other industries as they are directly linked to the preference of the customer, e.g., the popularity of their particular brand of cigarette. An example of this is Marlboro, owned by Philip Morris of Altria group; other companies such as British American Tobacco would like to match their popularity with one of their brands such as Rothmans.

Rivalry among competitors: There is rivalry among the main competitors yet at the same time this rivalry differs from those of other industries as they are directly linked to the preference of the customer, e.g., the popularity of their particular brand of cigarette. An example of this is Marlboro, owned by Philip Morris of Altria group; other companies such as British American Tobacco would like to match their popularity with one of their brands such as Rothmans.

There is rivalry among the main competitors yet at the same time this rivalry differs from those of other industries as they are directly linked to the preference of the customer, for an example the popularity of Winston cigarette brand. An example of this is Marlboro, owned by Philip Morris of Altria group; other companies such as British American Tobacco would like to match their popularity with one of their brands such as Rothmans. (Barnett, 2007)

Substitutability:

There is no close substitute for a cigarette and even if there was it wouldn't matter as one of the characteristics of the global tobacco industry is their low price. A slight change in price would not affect the buyer as the price would not change much anyway. (Barnett, 2007)

Entry Barriers:

There is little threat in the tobacco industry due to its forward integration it can directly choose which retailer to sell its product to whom then sells onto the consumer. Another argument is that most main companies have long established relationships with growers and a new entrant would

need to be able to compete with companies such as British American Tobacco who turn over billions of US dollars annually (Barnett, 2007)

- Huge capital investment and extensive R&D requirements.
- Ample resource requirements.
- Access to technology and specialized know how.
- The experience of learning and experience curve effects: lower unit cost is a result of experience in producing the product in a large quantity.
- Economies of scale: high economies of scale in manufacturing make new entry costly and risky.
- Brand image, preferences and customer loyalty.

Possible way of entering into this industry is through merger or acquisition or strategic alliances through licensing with international manufacturer.

Power of Suppliers:

There is not that larger degree of bargaining power of suppliers as all of the items they use are extremely available so tobacco companies have the ability to switch suppliers whenever they choose, for example suppliers of tobacco, filters or papers; these are all readily available products. (Barnett, 2007)

Tobacco for medium and low price segment cigarette is grown in Bangladesh and is capable of fulfilling the entire industry demand. 18-20% tobacco for premium priced cigarette is also grown in Bangladesh and around 80% high quality tobacco is imported from different tobacco growing countries. (Barnett, 2007)

Therefore, suppliers tend to have less leverage to bargain over price and quality.

Power of Buyers:

There is little bargaining power for customers in my opinion as they are not going to give up smoking, the only thing they can do is change brands of cigarette so this is a highly advantageous aspect for the global tobacco industry. (Barnett, 2007)

1. THE JOB

1.1 NATURE OF THE JOB

I was assigned under Mike, Sales manager. It is a blessing to work under a Senior Manager for the first time in your job. There is a lot of scope to learn and work for the entire area as well as the entire region. Hence, every contribution I made working under my line manager technically went for the entire country, rather than only Tangail area. The job profile of a Field Operation Officer is to lead a team of people towards achieving daily and monthly volume targets as well as properly executing central instructions in their respective territories. I was given full power and resources to lead a team of 150 people towards achieving the overall performance goal of my territory. My role was to constantly deal with sale, service assurance, code of conduct and any malpractices. I was handed with lots of confidential information about the company and its upcoming prospects for which I was always under strict supervision of my line manager in order to prevent any confidentiality breach.

1.2 ASSIGNED RESPONSIBILITIES

I was given a Daily point wise sales that recorded the regional and national sales and targets. Over periods of time, the different regional and territory wise reports were matched and some measures of success were provided by the Head of TM&D. I will be assisting the Sales & Marketing team activities in areas such as:

- Procurement, warehousing, distribution, disposal of stores and equipment, Inventory and stock control in accordance with the laid down government regulations and procedures.
- Give the sales representatives a brief about the programs they have and set them a target to achieve
- Ensure every outlets are covered by the sales representatives during market visit
- Ensuring stores have all the SKU of the product
- Ensure the merchandising in every outlets are visible
- Monitor the programs or supporting's that company provide to increase the sales
- Finding the opportunities in the market
- Analyze the competitors activities and programs and find the weaknesses

- Monitoring the consumer contacts
- Monitoring stock levels in the territory distribution house for the next day
- Any other duties as may be assigned by the director of Sales & Marketing officer in the department.

On the other hand, I was FOO lead of Mymensingh Region where I have to look after regional sales and monitor other FOO. Every new campaign of our brand I need to communicate with my other FOO mates and cascade them all allocation properly and monitor them closely.

1.3 PURPOSE OF THE JOB

Since I worked for the Sales & Marketing department, most of my jobs were sales related. My daily jobs were to keep the balance of sales and monitor my subordinates about merchandising and visibility of products. As JTI starts the journey in Bangladesh with Akij Corporation Limited as a joint venture, their major competitor is British American Tobacco Bangladesh. My job was to ensure every outlets are covered by the sales representatives during market visit, ensuring outlets have all the SKU of the products, Ensure the merchandising in every outlets are visible, Finding the opportunities in the market, Analyze the competitors activities and programs and find the weaknesses, Monitoring the consumer contacts are done properly or not, Monitoring stock levels in the territory distribution house for the next day, Any other duties as may be assigned by the director of Sales & Marketing officer in the department.

During different campaigns, many execution modalities and to-do-lists were sent. Based on the modalities, I had to brief my Field force on their specific roles and expectations. I had to monitor and keep track on every aspect during the execution. Different kinds of trackers are to be made to keep an eye on day to day execution and advancement. Market visit is one of the most important aspects of my job profile. I have to conduct market visits and rectify any errors and malpractices, if any, during the visits. I have to report the errors to my deputy supervisors and sales assistants to make things right as per my brief in alignment with the central team. Overall, my role is to manage the entire business of JTI-DTI in Tangail territory and ensure efficient and sustainable distribution system all across the area.

Every day I find some opportunities how to visible and available our products and share them with my line manager. The line manager gives some feedback and we work on that.

1.4 RECOMMENDATIONS

The major drawback of this company is they give more focus on sales rather than branding. Proper merchandising and consumer contact can introduce the product to the market and to the consumers. Then day by day the consumption will be increased. Besides this we have to reduce the number of damp products from the market. Consumers can have the damp products and it might change the flavor which can change consumers mind to switch to another brand.

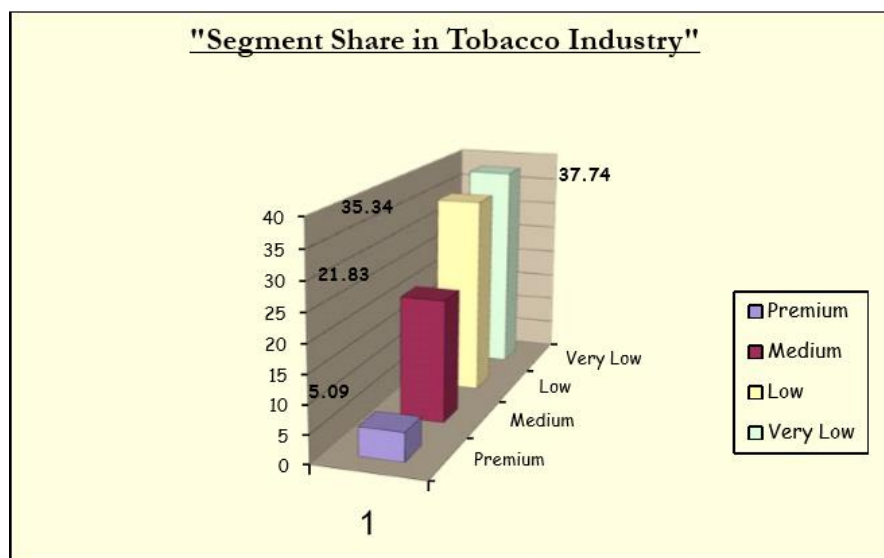
2. PROJECT

2.1 INTRODUCTION

One of the oldest industries of Bangladesh is the tobacco industry where most of the market share is owned by the British American Tobacco Bangladesh. And Japan Tobacco entered as a joint venture with Akij group. The basic economic traits in the tobacco industry are as follows:

Market Size: Total tobacco industry is segregated into two broad categories: Cigarettes and other tobacco related products like, Biri, Chewing tobacco (Jarda), Pipe tobacco etc. Dominating segment is the Biri, Jarda segment. Around 72.6% population who takes some kinds of tobacco products smokes Biri or takes other forms of tobacco products. Cigarette Market consists of the rests 27.4%. Industry trend indicates that cigarette segment is increasing gradually, as up trading from Biri and other tobacco products to cigarette is taking place.

Market Segment: The tobacco industry is divided into four-market segment: Premium, medium, low and very low. Very low is the most potential segment in volume terms, as this segment is the stepping-stone for up gradation from Biri to cigarette segment.



2.2 PROBLEM STATEMENT

As other reports, I did not conduct a survey on the customers of Winston and the demanded marketing strategies for this new entrant in the tobacco industry of Bangladesh. Since, it is a new entrant and the amount of information related to this product and the company is very limited. Through this report, I tried to bring forward all the benefits and drawbacks of the new entrant due to the implemented marketing strategies to attract the targeted customer and retailer base.

2.3 PURPOSE OF THE PROJECT

The purpose of this report is to find out all the benefits and drawbacks of Winston as a new entrance in the tobacco industry of Bangladesh due to the marketing strategies applied in the market by Japan Tobacco Internationals. For this report a broad objective and several specific objectives has been set out to be fulfilled. The objectives are as follows:

Broad Objective:

- Winston is a new brand in Bangladesh, through this project I am going to demonstrate how it gains competitive advantage over the other competitors.

Specific Objectives:

- Since Winston is a tobacco product and in Bangladesh their promotional activities is restricted, so I would like to show how the overall company will gain the competitive advantage as a new entrance just only depended on BTL marketing.
- To create awareness among the consumers and retailers and attract their attention towards the brand through different programs and marketing strategies.

2.4 LIMITATION

Limitation of time was one of the most important factors that shortened the present study. Due to time limitation and some confidential issue many aspect could not by discussed in the present study.

1. As I had more dependence on the primary sources, so there might be some levels of inaccuracy with this collected information.
2. The major problem that I faced is the amount of information about Japan Tobacco Internationals is very limited since it is a new company in Bangladesh. The comparative study that I did on Winston is very precise due to some reasons. Firstly, tobacco companies are not allowed to do direct marketing and secondly, assuming the below the line marketing strategies for a new entrant is very difficult with very limited information.

2.5 METHODOLOGY

Selection of topic: The topic was approved by my respective advisor and it was completely discussed with my advisor where sir provided his view so that an efficient report can be prepared.

Sources of data:

1. **Primary Sources**

- Face to face conversation with the customers, retailers and sellers: I choose this method to get detail idea about the customer's views.
- Direct Observation: I observed both the sellers and the customers on the basis of which marketing strategies they are more inclined to and get more attracted.
- Practical desk work: practical desk work helped me to learn about the different marketing strategies and the behavioral strategies required to communicate with the sellers and the customers.

2. **Secondary Sources**

- Japan Tobacco International's internal server and external websites
- Different documents provided by the concerned officers of the organization
- Relevant books, research paper, Websites.

2.6 FINDINGS AND ANALYSIS

2.6.1 COMPETITIVE MARKETING STRATEGIES

Long-term action plan that is devised to help a company to gain a competitive advantage over its rival. This type of strategy is often used in advertising campaigns by somehow discrediting the competition's product or service. Competitive strategies are essential to companies competing in markets that are heavily saturated with alternatives for consumers.

Every successful company has its own strategy to fit its specific situation. But that being said, there are still four major strategies, according to Harvard professor Michael Porter: cost leadership, differentiation, low-cost focus and low-cost differentiation. Most strategies used by firms are actually one of these four generic strategies.

Cost Leadership

The cost leadership strategy is typically only employed by large companies that can obtain products cheaply through economies of scale. They turn around and sell these cheaply purchased products to buyers, adding a minimal markup to keep the price low. The idea behind this strategy is to be the cheapest provider of a good or service making it difficult for your competitors to compete with you. Because this strategy requires economies of scale, it's poorly suited to most small businesses. (Arbuckle)

Differentiation

Companies that use the differentiation strategy offer unique products or services. Having a unique offering gives companies an advantage over their competitors because their competitors simply can't offer what they're offering. To develop unique products and services, companies often invest heavily in research and development something that many small businesses simply can't afford. Companies relying on differentiation need to be careful to not develop easily imitated offerings, because that can ruin the uniqueness. (Arbuckle)

Low-Cost Focus

The low-cost focus strategy is similar to the cost leadership strategy except that it focuses on a niche market. Instead of marketing a product to the entire population it is marketed to a

particular segment of the population. The aim of the strategy is to then be the cheapest provider in that segment. For example, an electronics store might focus its market on a single town; its goal would then be the cheapest in the town but not necessarily the cheapest overall. (Arbuckle)

Differentiation Focus

The differentiation strategy, like the low-cost focus strategy, also focuses on a specific subset of the market. But instead of marketing a product or service as the cheapest, it's marketed as being unique in some way. For instance, a company might develop a product that is specifically made for left-handed people. By focusing on a narrow market segment, a company can focus its efforts which may require fewer resources than developing a product for the broad market. (Arbuckle)

2.6.2 FINDINGS

Japan Tobacco is looking to grow its nearness in developing markets to further increment abroad deals, as household request relaxes.

In any case, a rough street is ahead for JT, with cutting edge economies fixing tobacco directions, and U.S. furthermore, European organizations picking up section into developing markets.

"We will organize speculation to strengthen the intensity of our abroad tobacco business which is the motor of benefit development," JT President Mitsuomi Koizumi worried at a general shareholders' meeting.

JT's abroad deals represent 60% of aggregate deals. A year ago, the organization sold 398 billion cigarettes abroad, down 4.7% from the earlier year, a moment back to back yearly decrease.

Cigarette price cuts

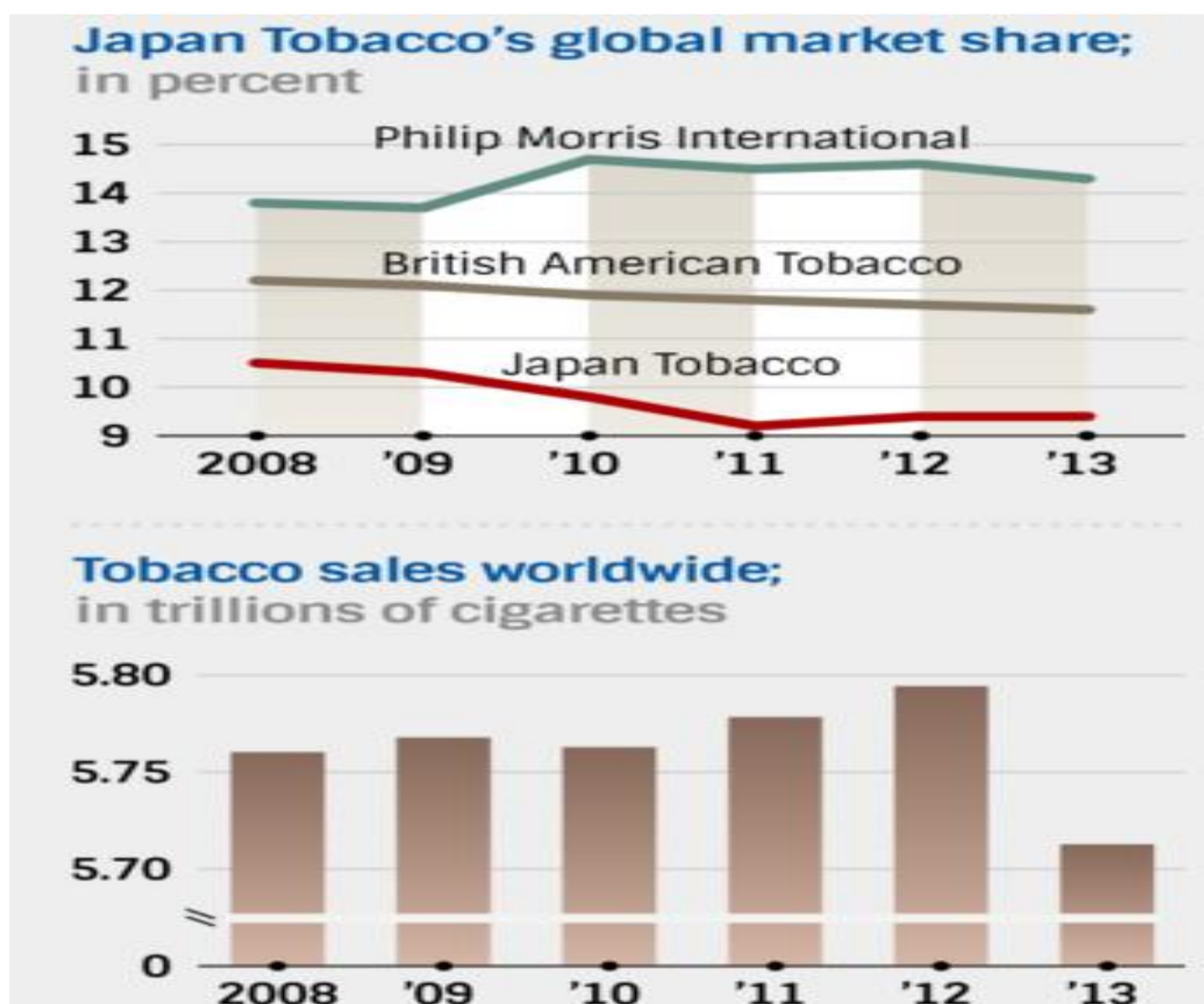
JT has been consistently growing profit to end up distinctly the fourth-biggest tobacco organization on the World. Acquisitions of RJR Nabisco's non-U.S. operations in 1999 and Gallaher of Britain in 2007 have helped it develop.

Be that as it may, JT, which has changed its book-shutting date from March 31 to Dec. 31, has had an income drop of late. The organization is required to post a working benefit of 539 billion

yen (\$4.45 billion) for the year through December, down more than 100 billion yen from the year to March 2014. The organization needs a quick income turnaround.

While JT has concentrated on the Northern Hemisphere, its pieces of the overall industry in South America, Africa and Southeast Asia have stayed low, as indicated by opponent organizations. To increment abroad deals, JT needs to grow its nearness in developing markets.

JT entered the Nepal advertise in 2014 and as of late started working in Bangladesh. The organization is additionally assembling a plant in Taiwan with an eye toward beginning generation there in summer 2016.



JT plans to expand its overseas market shares with refined pricing and other marketing strategies. In Turkey, it has already raised its market share by 2.4 percentage points to 29% by

cutting the price of Camel brand cigarettes to the equivalent of 300 yen per pack from 400 yen in May 2014. (KOSUKE IWANO, 2015)

Year of investment

Koizumi has portrayed 2015 as JT's "year of speculation." At the end of March, JT will close three plants in Japan to rebuild its household tobacco business, and in September will pull the attachment on its unbeneficial drink business. This will permit the organization more cash to develop its abroad operations.

English statistical surveying organization Euro screen International conjectures smokers around the globe will purchase around 5.88 trillion cigarettes in 2018, up 3% from 2013, reflecting rising livelihoods in developing markets.

Be that as it may, JT is confronting extreme rivalry from opponents. In Brazil, where JT secured an a dependable balance in February 2014, British American Tobacco, the world's third-biggest tobacco organization, has a piece of the overall industry of more than 70%, while Philip Morris International, the second greatest, orders a share of about 20%. It will be amazingly troublesome for JT to cut into their shares.

Cigarette deals under the name "CIS in addition to" in Russia, East Europe and different markets, which represent 40% of JT's abroad deals, declined 10% in 2014 from the earlier year. Despite the fact that the Winston mark stays prominent, JT expects an intense market environment with the Russian government's restriction on smoking at bistros and eateries, and the tobacco assess climb.

In Europe, where JT has accomplished an impressive market nearness, tobacco controls are likewise being fixed. In Britain, for instance, controls embraced for the current month incorporate a restriction on marking on cigarette packs, anticipated that would produce results in May 2017.

The European Union will likewise toughen directions. More extensive wellbeing notices on packs and a prohibition on menthol and other seasoned cigarettes, among others, will be presented in stages from 2017.

JT's abroad business 20 years prior was close to a market progress into Taiwan, however now the organization is working in somewhere in the range of 120 nations and areas.

April marks 30 years since JT's privatization. Although the company has maintained a high level of profitability, it can hardly take an optimistic view of its future.

A British hedge failed to get its proposals for greater shareholder returns, such as share buybacks, approved at the general shareholders' meeting, as shareholders supported JT's decision to prioritize investment.

JT will have to implement successful overseas strategies despite tough market conditions to prove its decision was correct. (KOSUKE IWANO, 2015)

2.6.3 MARKETING OFFERS

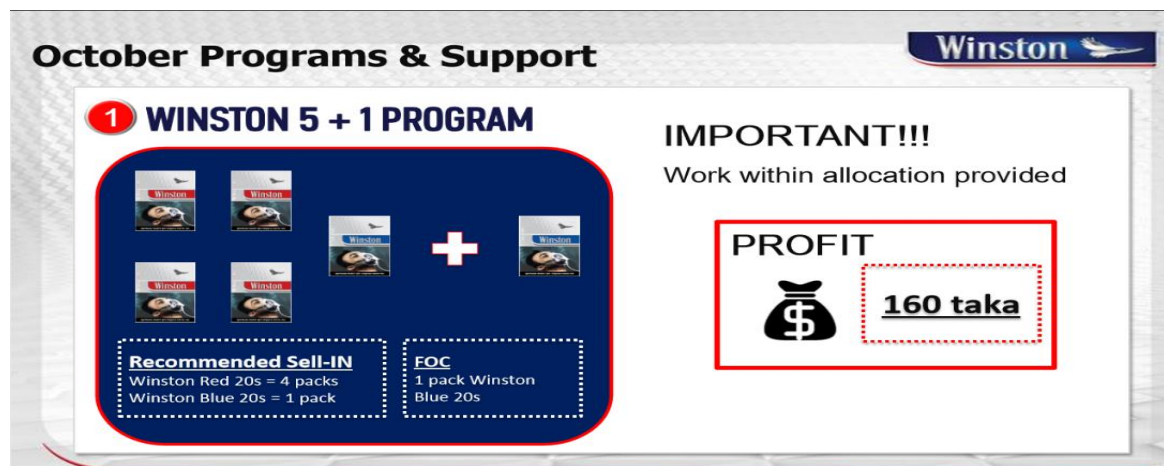
In this part of the report I have put forward all the findings of the given topic and would be analyzing accordingly.

In Bangladesh, tobacco industries marketing is banned. So they follow below the line marketing where they have to do niche marketing. They have to identify very specific target market for that. Winston is new in this market and it's very difficult to get the focus of consumers where there is a competitor like BATB. Although Winston is doing great. As a new entrance they are having multiple programs and supports to get focus to the customers.

Winston focuses on different programs for different segments. Like for retailers, for consumers and also for the people who works for Winston each and every level.

Programs for Retailers:

Winston 5+1 program



October Programs & Support **Winston**

1 WINSTON 5 + 1 PROGRAM

IMPORTANT!!!
Work within allocation provided

PROFIT
160 taka

Recommended Sell-IN
Winston Red 20s = 4 packs
Winston Blue 20s = 1 pack

FOC
1 pack Winston Blue 20s

The slide features a blue background with a white border. On the left, there are five packs of Winston cigarettes: four red packs and one blue pack, arranged in a 2x3 grid with a plus sign between the second and third columns. Below this is a dashed box containing the 'Recommended Sell-IN' and 'FOC' details. On the right, there is a red-bordered box containing a money bag icon and the text 'PROFIT 160 taka'. The top right corner has the Winston logo.

To encourage the retailers Winston arranges some programs and supports. This is how they encourage retailers to sell more Winston. Winston 5+1 program where retailers will get one pack cigarette free if they buy 5 packs. This is the modality you are seeing below where there will be four reds and two blues. This is the program where retailers will have 160 taka profit because one pack of Winston worth 160 taka from the retailers.

Winston Portfolio Bundle



October Programs & Support **Winston**

2 WINSTON PORTFOLIO BUNDLE

UPDATE!

4 packs SHEIKH 4 packs NAVY

4 packs WINSTON @ 1,000 taka

Recommended Sell-IN
Winston Red 20s = 2 packs
Winston Blue 20s = 2 packs

IMPORTANT!!!
Work within allocation provided

PROFIT
100 taka

The slide features a blue background with a white border. On the left, there are three packs of Winston cigarettes: two red packs and two blue packs, arranged in a 2x2 grid. Below this is a dashed box containing the 'Recommended Sell-IN' details. On the right, there is a red-bordered box containing a money bag icon and the text 'PROFIT 100 taka'. The top right corner has the Winston logo.

To encourage the retailers Winston gives bundle offers. As JTI is joint venture with ACL (Akij Corporation Limited), and the distribution they do with Akij, so they made a bundle offer. The offer is if any retailer take 4 packs Sheikh Cigarette, 4 packs of Navy cigarette and 4 packs of Winston, then he will get 100 taka less. The total amount of these cigarette would be 1100 taka

but the retailers have to give 1000 taka only. This is how this offer generate more interest to profit 100 taka.

Winston Icon Retailer



Winston is a pushing brand. Retailers have to push the cigarette to the consumers to sell. Retailers do that because they can have double amount of profit. So, the retailers who are very enthusiastic and can sell more Winston, our marketing team came up with something big offer for them. This is the program running the one whole month and retailers have the target to meet. If they can meet them they will get a prize for that. The target and the prize is mentioned in the agreement paper. There are 5 categories in this program. Beginner, Challenger, Loyalist, Follower and Leader. This is how the retailers can be encouraged to sell more Winston and create customers.

| Category | Lifting Target | | Gift Items | |
|------------|----------------|---------|-----------------|----------------|
| | Daily | Monthly | Option 1 | Option 2 |
| Leader | 144 | 3,600 | Microwave oven | TV |
| Follower | 100 | 2,500 | Electric Kettle | Electric stove |
| Loyalist | 72 | 1,800 | Pressure cooker | Dinner Set |
| Challenger | 52 | 1,300 | Table Fan | Blender |
| Beginner | 32 | 800 | Flat Iron | Plastic Table |

Winston Fresh Smoke



Here comes another modality for the retailers. To keep consumers fresh the marketing activation team providing a box of center fruit with some modality. If any retailers' buy two packs of Winston they will get a box of center fruit free.

Winston Tea Cup Program



This is another lucrative program for retailers, which is also help to promote our Brand. The modality of this program is, if any retailers' buy two packs of Winston then they will get a Winston Tea cup.

Winston Danish Program



Winston Danish program is one of the successful trade offer so far because this is very acceptable trade offer among retailers. The modality of this program is, if any retailers' buy two packs of Winston then they will get a Winston Danish Program.

Winston Wholesaler Program

| SL | Brand | Name of the program | Objective | DTI Area | Trade offer Margin | Merchandising | Tenure | Description |
|----|---------|----------------------------|-----------------------|--------------|------------------------------------------------------------|---------------|--------------|-----------------------------------------------------------------------------------------------------------------|
| 1 | WINSTON | WINSTON wholesaler Program | Weighted Distribution | Dhaka Region | 10 tk / 20s pack (Month end vol achievement = 1 carton) | Yes | Feb 2nd-28th | 10 tk/pack purchase, 100 tk/Carton 1 carton/100% Volume Achievement For Minimum 5000 sticks(For 20's pack only) |

To establish a wholesale development program that could support the volume and distribution campaign as well.

Program Duration:

- February to June 2017 (5 Months)

Modality:

- Wholesaler Development Program to be conducted to Dhaka Wholesalers only.
- Program will be executed by FOO's only.
- Coverage will be on a weekly basis.

Reward Scheme:

- 100 Taka discount (outright) per carton (10 Taka per pack) upon achievement of the agreed parameters – Visibility, Price Compliance and Achievement of Weekly target.
- 1 Carton Free upon achievement of monthly target for outlets with minimum 5,000 sticks volume.

Winston Hawker Program

October Programs & Support **Winston**

NEW

5 WINSTON HAWKER PROGRAM – DHAKA ONLY

The Modality
Tagging Along DTI Hawker Program
(creating awareness through hawkers)

- Winston will have a display in hawker's Dhala.
- Hawkers will have a daily target to meet.

AVAILABILITY + VISIBILITY

As JTI is jointly working with DTI, they could also combined some programs. DTI started a program called hawker program. JTI marketing team decided to be active with this program with hawkers. It will increase availability and visibility because the dummy packs will be focused on the cash box.

Winston Pack Redemption

Winston Pack Redemption


| | |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
|  20's প্যাক @ ৩০ টাকা প্রতি প্যাক |  20's প্যাক @ ২০ টাকা প্রতি প্যাক |
|  10's প্যাক @ ১৫ টাকা প্রতি প্যাক |  10's প্যাক @ ১০ টাকা প্রতি প্যাক |

To encourage the retailers JTI marketing team planned to give them more profit. The program is pack redemption. If retailers give back the blank packs then they will get 20 taka for blue one and 30 taka for red packs. This is how retailers can gain more profit. At least double profit from competitor's cigarette.

Programs for Consumers:



Winston Sampling

October Programs & Support



7


WINSTON SAMPLING – ONLY WINSTON RED 20S

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div style="text-align: center; border-bottom: 1px solid red; padding-bottom: 5px;"> <h3 style="margin: 0; color: white;">FOO</h3> </div> <div style="text-align: center;">  <p>ALL FOO 1 pack Daily</p> </div> | <div style="text-align: center; border-bottom: 1px solid red; padding-bottom: 5px;"> <h3 style="margin: 0; color: white;">BA</h3> </div> <div style="text-align: center;">  <p>DHAKA 2 packs Daily</p> <p>Outside DHAKA 1 pack Daily</p> </div> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

For creating new consumers, marketing team providing free sampling for all officers and the brand ambassadors. Each and every FOO (Field /operation Officer) and BA and MD (Market Developer) will get sampling to do free sampling to the consumers for increasing consumptions.

Winston BA & MD

October Programs & Support



8 WINSTON BA

FOOs are FULLY EMPOWERED to manage BA ensuring effectiveness & efficiencies of BA activations


BA Deployment Criteria:

- *The Right BA*
 - Recruit BA with the right passion, attitude & selling skills
- *The Right Place & Time*
 - Select the right place & time for BA deployment
 - Location with high traffic of people during a particular time
 - Store with the right target SOB (min. 1 ctn. sales for JPGL & B&H) & right Winston stock weight (min. 6 packs)
 - FOO can request for BAC to carry stocks for selling if required especially during night activations.

IMPORTANT!!!

To deploy right BA at the right place & at the right time

Train BAC to manage the BA more effectively. Enable FOO to focus on SRs



The activation team employed Brand Ambassadors and Market Developers who will work under the FOO (Field Operation Officer). The BA's will be deployed to the clusters like in front of universities, offices and the places where people are around. They will carry gift items and do consumer contacts. Through them the consumption rate will be increased. Besides these, the Market Developers are employed as a helping hand of FOO. They modality will be assigned by the FOO's.

2.7 RECOMMENDATIONS

The major drawback of this company is, this is new in Bangladesh and a pushing brand right now. They give more focus on volume rather than marketing side. To draw the attention of consumers they need to give more focus on consumptions and merchandising side. From my perspective some more things they need to do are given below:

- Company should focus more on consumption. They can hire more Brand Ambassadors to do consumer contacts and increase the consumptions but giving them proper brief about the cigarette and the brand message. They will work on cluster wise.
- Company should focus on more merchandising. Each and every outlet there should be merchandising with the stickers, danglers, dummy packs, pack displays. The merchandising should be proper and the placement should be more visible.
- From my perspective the most important thing the presence or the availability of the product. We should lift at least one pack at every outlet. We should focus on this rather than volume. People should get the product so easily that should be our goal.
- Market out the damp products so that consumers get the fresh taste. If consumers get the damp products they will not like the taste. So it's very important from my perspective to market out the damp product coz first impression is the last impression.
- Since Winston is the pushing brand. So it's difficult to sell to the retailers. So company can offer such a program where they can give some gifts with one or two packs. It will be easier to available the product rather than the volume generator program 5+1.
- Through the interactions with the consumers we got several feedbacks where the consumers informed us about the irritation after the consumption of the product. So on this basis they can improve the quality of the raw materials or they can manufacture it on the basis of Bangladeshi market.

2.8 CONCLUSION

JTI is a globally renowned tobacco company. But it's a new entrant in the Bangladesh tobacco industry. Due to this reason, the company is facing high competition and is having a hard time to attract the consumers. They have implemented several marketing programs for the retailers, wholesalers and consumers. In this report several recommendations has been given on the basis of consumer feedbacks. If JTI follows these recommendations, they can attract more consumers and fight against their competitors. After the study and recent survey the findings illustrate that the consumers are not fully satisfied with their product. At the end it can be concluded that if JTI implement these recommendation, they can achieve their targeted amount of consumers and the one of the leading tobacco companies in Bangladesh.

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