

# Valuing A Tobacco Brand: Matrix

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**Focus of the Organization**  
 The Company focuses on the following operational targets:

- Continued strong volume and profit growth/Revenue/Share and productivity
- Long term focus on the 2nd cycle of new asset acquisition (disposable assets, capacity, government investments, PPA's & other long-term assets)

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**Major Brands**

Companies are ranked by tobacco by filter or by length. Or by brand class.

**Brand Class**

Brand class is defined by the filter length. The filter length is also included in the brand name.

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**Asma Ghous**  
 2009-06

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**Sibra Anwar**  
 Roll No 45

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**Abdul Rehman**  
 Roll No 55

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**Abdul Ghaffar**  
 Roll No 30

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**Mohsen Siraj**  
 Roll No 23

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# Valuing A Tobacco Brand: Matrix

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**Focus of the Organization**  
 The Company focuses on the following operational targets:

- Continued strong volume and profit growth
- Increased focus on productivity
- Strong growth of the 3rd party of our social reporting
- High quality operational excellence
- Customer Experience, Health & Safety
- Operational

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**Major Brands**

Major brands are classified by tobacco, by filter or by length. The major brands are classified according to price quality and length.

**Premium Class**

Premium class is made by one of the most premium Gold Leaf is considered in the class. The price of these cigarettes is higher than the other class. It is also included in the class.

**Standard Class**

Standard class is made by one of the most premium Gold Leaf is considered in the class. The price of these cigarettes is higher than the other class. It is also included in the class.

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**Asma Ghous 2009-06**

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**Saira Anwar Roll No 45**

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**Abdul Rehman Roll No 52**

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**Abdul Ghaffar Roll No 30**

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**Mohsen Siraj Roll No 23**

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# Abdul Rehman

## Roll No 58

### History of PTC

Pakistan Tobacco Company was founded in 1948 with a view to merge the business of Imperial Tobacco Company of India, in the territories of Punjab, West Bengal, Assam, Bihar, Gujarat, Madhya Pradesh, Madras and Mysore, into one in one local level address. The parent company of PTC is British American Tobacco which is a well known company of the world in terms of its position in the global cigarette market. PTC is the part of a producers group which has worldwide sales activities through its tobacco and operations in more than 80 countries.

- PTC was the first foreign company to set up business in Pakistan. A pilot enterprise plan was set up in a warehouse in Karachi for a small quantity production of 30 million cigarettes against cost of 100 million PKR. The enterprise of cigarette market led to establishment of PTC factory in 1955. This same year PTC became a public limited company in the name of Pakistan Tobacco Company Limited.
- The main objective of the local level enterprise was to perform the role of a joint venture with the local tobacco growers and to provide a cheap supply of tobacco to the local market and to provide a cheap supply for local market. PTC is also going work in the field of E&T.

### Structure/ Departments of PTC

PTC is led by the Chairman/Chief Executive, and then there are departmental heads that are responsible for their departments. Following are the departments of the PTC:

- Corporate & Regulatory Affairs
- Finance
- Human Resources
- Information Technology
- Production
- Sales
- Marketing
- Sales Marketing
- Brand Marketing

# Major Brands

Cigarette may be classified by tobacco, by flavor or by length. On Pakistan Cigarettes are classified according to taste quality and length which are as follows;

## **Premium Class**

It is the Cigarette produced by the best available tobacco. Gold Leaf is considered in this class. After getting the right of Benson & Hedges by PTC now it is also included in this class.

## **Middle Class**

The tobacco of these cigarettes is little hard and in this class Wills, Red & White, Morven Gold is included.

## **Lower Class**

In this class Embassy K-2 Royal and all Mardan Wala brands such as Daily, Time Square, Rangers etc. are included. The taste of these Cigarette is very hard and lower income group people smoke mostly these brands.

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Some brands are classified according to length and sizes. Brands of PTC classified according to size and length are as follows;

- KSFT King size filter
- RSFT Regular Size Filter
- LSFT Long size filter

The Packing is also given different names according to their classification and their variety.

- HL Hidge Lid
- SS Shell & Slide
- SC Soft Cup
- EP Emperor Pack

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## **Focus of the Organization**

The Company focuses on the following operational targets:

- Continued strong volume and profit growth. Increased focus on productivity savings. Launch of the 3rd cycle of our social reporting dialogues. Improved corporate governance. Environment, Health & Safety Organizational

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# Sidra Anwar

## Roll No 45

### External Analysis of Pakistan Tobacco Company

#### Industry Overview

Pakistan tobacco company is a source of revenue, foreign exchange and employment. The Industry has to pay very high excise duty and sales tax while complying with government regulations. during-2007-2008 it contributed above Rs 68 billion as contract excise duty and sales tax. Despite its contribution to economy the industry is highly criticized for its negative impacts on society.



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#### Structure of Industry

In Pakistan the industry consists of farmers who grows tobacco, firms that convert raw material into finish goods ,exporters and importers of tobacco and its products.

#### Size and numbers of sellers

In Pakistan tobacco cultivation occupies a relatively small area of 0.27% of total irrigated land. The major firms involved in manufacturing of cigarettes includes:



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- Pakistan Tobacco Company
- Lakson Tobacco Company
- Khyber Tobacco Company
- Universal Tobacco Company



#### Number of buyers

The firms that convert raw material into finish goods are considered as primary buyers. Pakistan society of cancer prevention says that 37% of men and 4% of women are smokers. In Pakistan tobacco consumption is five times higher than in India. Alongside this, various countries are also acting as buyers for tobacco industry.

#### Product differentiation

The major product differentiation exists between chewing tobacco and cigarettes and cigars. The main differentiation exists between the manufactured goods in the form of branded cigarettes.

#### Entry Conditions

There are no entry conditions as such but when a company enters the industry, it has to abide by all the rules and regulations of government. This is very costly especially in terms of advertising.



#### Demand and supply

The tobacco board also manages the demand and supply of tobacco in the industry.

#### Image

The industry has a negative image among its consumers and the general public. This is due to the various health hazards associated with tobacco consumption. But recently Pakistan tobacco company is indulged in various programs like youth prevention program.

#### Price

The government fixes the lowest price that firms can pay to growers. There is a restriction that price for the current year cannot be lower than that paid in the preceding year. The tobacco board has specified the criteria for fixing prices.

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