



Good afternoon. It is great to be with you all today.

This is my first time at the GTNF – and it's been a fascinating experience.

This is a unique gathering of business leaders, innovators, scientists, policy experts, regulators and – quite rightly – a few critics of this industry.

On behalf of the industry, I would like to give a big thank you to Dr Brian King and Cathy Crosby for joining us in Athens today and sharing their views. This dialogue is incredibly important to all of us.

We all have different perspectives, but we are united by a single purpose – reducing harm through the transformation of the industry.

In my address, I would like to focus on the person at the centre of this great endeavour – our consumer, the adult smoker! And I want to talk about the distinctive role of Imperial Brands as the challenger business in our industry.

Let me start by introducing myself.

I joined Imperial Brands' leadership team three years ago.

My first role was president of our region covering Africa, Asia, Australasia and Central & Eastern Europe – very different regions, very different consumers.

And I transitioned last year to become Chief Consumer Officer.

What particularly attracted me to Imperial Brands was firstly the way the business was fully committed to harm reduction.

As an ex-smoker myself, I have been on my personal journey to new generation products, and I see the importance of this journey for other smokers.

I could see the commitment of Imperial to harm reduction, visible in our company purpose: we talk about forging a path to a healthier future for moments of relaxation and pleasure.

And secondly, I loved the way Imperial Brands had chosen to take a challenger approach in everything it did.

What do we mean by this challenger approach?

The way this challenger spirit expresses itself is through a culture of high performance, a focus on agility, and, above all, a commitment to becoming the most consumer-centric company in this industry.

Previously, I spent 22 years at Procter & Gamble, a leading FMCG company, and all my career I have been passionate about consumers:

Studying their needs.

Thinking about their behaviours and...

Creating solutions to their pain points.

And it is this passion for consumers which brought me to this industry and to Imperial Brands.

I could see that the transformation of this industry meant that there was a greater need for a deeper understanding of the adult consumer.

Consumer acceptance is essential for the success of tobacco harm reduction – the more smokers choose to migrate to potentially less risky products, the bigger the impact to society.

And I could also see that innovative, and responsibly marketed products – a key theme of this conference – had a potentially huge role to play in building trust in next generation categories, and educating consumers.

I know this is not a new idea and many in this room share this view.

And I know that we have much more work still to do to develop our consumer capabilities.

But even in the past three years I have seen a lot of progress.

For example, in Imperial Brands, we have invested heavily in improving our consumer insights.

Over the past year – just one year – we have conducted 220,000 consumer interviews.

On any given day, we have at least 80 insights projects in flight.

And we have been adding new methodologies, which have a more nuanced understanding of consumer behaviour.

For example, through our demand space analysis we can now track consumers, not just by demographic and typology, but also during individual moments throughout their day...

What consumers use at the start of the day, when they are out and about, and when they get home in the evening.

So, pulling it all together, what have we learned?

Well, first, we have learned that smokers are actually not so different to consumers of other product categories.

They value their health – and they are seeking products which are potentially less harmful. This is the key driver.

The second thing we have learned is that consumers have varied preferences in their choice of categories.

All vaping, heated products and oral pouches all have important roles to play. There is no one size fits all.

And the third thing we have learned – and this is really important – is that, yes, consumers want products which are potentially less harmful – but they don't want to compromise on the sensory experience.

By this, I include a wide range of elements which come together to make up a nicotine moment: uptake into the bloodstream, taste, aroma and rituals.

The hard truth is that while, as an industry, we are making progress in harm reduction, none of us has yet developed a perfect substitute for the experience of a combustible cigarette.

And this means that, for all of us, continuing to listen to the consumer to understand their pain points is key to making further progress.

Also crucial is innovating with responsibility – and innovating with the focus on consumers' pain points.

In innovation, we at Imperial Brands have taken a different, challenger approach.

We are the smallest of the global industry players – and this means we can't match the R&D budgets of our larger competitors.

But we can get close to consumers – and we can work more smartly with third-party partners.

This is why we have established a new network of innovation hubs in Liverpool, Hamburg and Shenzhen.

These bring our consumers, our own people and our partners together in the same spaces – co-creating, iterating, and improving our propositions.

And it has been great to meet some of our partners here in Athens!

This way of working together has further sharpened our consumer insights, created greater agility and significantly accelerated product development.

We have gone from a position three years ago where, candidly, our products were not very competitive, to a point now where we have attractive propositions in all categories.

I can say this with confidence because we now have our own real world evidence from two recent surveys which show how our products are able to attract smokers away from cigarettes – and successfully keep them away.

We conducted a study in the Czech Republic of 300 smokers with no intention to quit and introduced them to our heated products.

We found that by week six, half of consumers had completely switched or cut smoking by at least 50%.

In the UK, we conducted a similar study where smokers were offered our blu vapes.

This found that one in three had halved their smoking in just three weeks.

And by the sixth week, up to 40% of them had either completely switched or substantially cut their cigarette consumption.

Joe Thompson, our director of science, and Thomas Nahde, head of harm reduction, are both here at the conference – and they would be delighted to discuss this research further with anyone who is interested.

We can see that our products are now having a meaningful impact on harm reduction.

Our success is founded on consumer insights, agile innovation and responsible science.

And we are now building scale.

Our next generation products are now available to more than 200 million smokers in 25 markets.

Since 2020, revenue from our next generation products has doubled in size.

Perhaps the best example of our success is right here in Greece.

In this market, our blu brand is the leader in vaping.

We have a strong, growing position in heated products, with our Pulze brand.

Overall, nearly half of our revenue in Greece now comes from NGP – a massive step change from where we were a few years ago.

And what's really exciting is that when I talk to our teams here they really feel they are making a positive difference to the lives of consumers.

Historically, smoking rates in Greece were among the highest in Europe and have fallen dramatically over the past few years.

And the growing availability of attractive, responsibly marketed NGP is an important reason for this shift.

As an industry, we can be proud of the progress we have made.

And I am pleased at the way Imperial Brands is now making a more meaningful contribution to harm reduction.

However, there remain more than 1 billion smokers in the world who have yet to choose to quit or to switch to potentially less harmful products.

And that is a challenge to all of us.

As I suggested earlier, we know that many of these 1 billion value their health but have yet to find an alternative to smoking which gives them the sensorial experience they seek.

Consumer focus, partnerships and innovation will be key to winning over those smokers in the future.

But there is another thing we all must do as an industry, and it is this.

We must continue making the case for the availability of responsible choice – and by listening to the different speakers today I believe there is a common ground.

However, as we have been discussing in this conference, there is a growing challenge from rogue actors who deliberately target underage users and sell illegal products.

These rogue actors undermine trust in the category, deterring smokers from switching and undermining the policy case for responsible choice. Unfortunately, this is leading to bans in some markets.

As an industry, we know our adult consumers best.

And we all have a role to play in the development and enforcement of proportionate regulation, together with policy makers, regulators and civil society.

PAOLA POCCHI, CHIEF CONSUMER OFFICER
ADDRESS TO GTNF
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This is regulation which balances the need to protect our youth and exclude irresponsible players, with the need to support harm reduction through the availability of a range of choices.

I know that making this case is not always easy.

But, as you might have gathered by now, I am an optimist.

The positive transformation of this industry over the past few years is an extraordinary achievement.

Yet, we are still at the early stages of this journey.

And, provided we continue to stay close to our consumers and we continue to act with responsibility, our greatest achievements are still to come.