

CRITICAL ENABLERS



# PUTTING THE CONSUMER AT THE CENTRE OF THE BUSINESS



**We're investing to support a more rigorous approach to consumer insight, innovation and marketing.**

A critical enabler for our strategy is to place the consumer at the centre of the business. Our refreshed focus on starting with the consumer is a key element of our challenger mindset. The tobacco and nicotine environment has undergone transformative change recently. Consumer tastes are becoming more eclectic – choice matters more. The pace of innovation is accelerating and there is now a broad NGP ecosystem where partnering is important to success.

We're building a holistic approach to understanding our consumers by developing a multi-disciplinary community to design and develop products. This means investing in capabilities, data and insights to ensure that the voice of the consumer shapes and influences our decision-making and becomes part of the fabric of our culture.

Since the creation in 2021 of our Global Consumer Office (GCO) we have successfully attracted talent from a range of blue-chip consumer goods firms who are bringing best practice to the team and combining it with our

**8,600**  
consumer  
interviews



existing deep knowledge in tobacco and local markets. The GCO team, collaborating closely with the wider business, is supporting our vision by listening carefully to smokers and next generation product users, and we are challenging on behalf of these consumers to provide them with more choice.

In June 2023, we hosted our “Start with the Consumer” capital markets day in New York to demonstrate our progress on consumer centricity. The event provided insight into how we are putting the consumer at the centre of the business with presentations on insights, marketing, innovation and NGP. The full slides and transcript are available on our website, [www.imperialbrandsplc.com](http://www.imperialbrandsplc.com)

### ENHANCING OUR CONSUMER INSIGHTS

We have refreshed our consumer insights and how we analyse new opportunities now follows a consistent global approach applied across markets and categories. At the centre of this new approach is our investment in one of Imperial’s largest ever pieces of consumer research.

We used an approach called demand spaces, a type of analysis which is well established in other consumer sectors but is still quite new in tobacco and nicotine. This method, which internally we call “Dimensions”, breaks down the lives of our consumers into individual moments when they enjoy our products, for example, morning or evening, in the home or out and about, alone or with friends. We interviewed 8,600 consumers across eight countries, collecting in-depth information on 15,800 different consumption occasions. By analysing these different moments of consumption we are better able to differentiate our offerings to the same consumer.

In addition, we have created new data and analytics tools and made these available across the organisation. This is a clear example of how we are

putting technology to work in the consumer space. Having piloted the tracker in 2022, we launched the revamped dashboard this year to strengthen our ability to compare brand funnels and understand switching and other brand dynamics.

### UNLOCKING OUR PORTFOLIO

We are embracing our role as a challenger, by taking control of our portfolio. Imperial is transitioning from a business which only prioritised global brands to one that also embraces its portfolio of local jewels, widening consumers’ choice with brands reflecting their national identity or their global tribe. We are a business with a clear portfolio strategy where each brand has a clear role and targets a specific consumer and price, tying into the new Dimensions framework developed by the insights team.

We have reinvested in our brands, increasing investment in marketing as an overall percentage of net revenue. This is delivering results, as demonstrated by the success of brands such as Nobel in Spain, together with Winston and Kool in the US.

### A NEW APPROACH TO INNOVATION

Our innovation capabilities have been reoriented to provide consistent and coherent consumer experiences across combustibles and NGP. A new and differentiated approach to innovation has been developed. It is one that is consumer led and involves close collaboration across functions. We are now delivering NGP in a more sustainable way, and at pace. In improving our agility, we can respond to the needs of consumers more quickly.

We have created and embraced a partner ecosystem, and these partners are working with us on our innovation agenda across flavour, device, digital, sensory and packaging. We are building deep partnerships that allow us to be unencumbered by ownership of an entire value chain in a sector where technologies and products are evolving quickly. We are operating innovation

centres in Liverpool, Hamburg and Shenzhen, which will accelerate the feedback loop by giving us the ability to test and learn from consumers as we innovate.

### A CHALLENGER APPROACH TO NGP

Collaboration between the NGP team and our insights, innovation and marketing teams has enabled us to leverage consumer insights from combustibles, and develop a holistic view of consumer behaviour and preferences. This financial year has been a breakout year for NGP launches: we have successfully rolled out our blu 2.0, blu bar and Pulze 2.0 devices. There has been a noticeable increase in the pace of innovation.

Our market roll-out strategy is clearly defined. We will only enter markets where the category has already been created and we have an existing route to market. Product development in vapour and heated tobacco has been complemented by new flavour roll-outs in our oral nicotine products in Europe. In June 2023, we completed the acquisition of a US oral nicotine product range from TJP Labs, and we are excited about launching our new brand, Zone, in 2024.

Looking ahead, we will optimise the organisational design to make sure the consumer centre of excellence is working in tandem with the markets to continue to deliver maximum benefit for the business and our consumers.

“The Global Consumer Office is supporting our vision by listening carefully to smokers and next generation product users.”

TRANSFORMATION IN ACTION

#### October 2022

Launch of Nobel Super Slims in Spain

#### First half of 2023

First launches of blu 2.0, blu bar and Pulze 2.0

#### Throughout 2023

Increased flavour roll-out across the OND portfolio

#### February 2023

New JPS campaign launched in Germany

#### March 2023

Davidoff Double Crushball launched in the Middle East

#### Q4 2023

Premium non-menthol variant of Kool launched in the US