

A large red circle is positioned in the upper left quadrant of the page. It contains the text 'AR: Review 2010' in white, bold, serif font.

**AR:  
Review  
2010**

A new  
framework for  
best practice  
annual report  
information  
design.

Truly Deeply  
Brand Strategy & Design



# Competitive Landscape; what's happening in your Marketplace?

**Few organisations combine external sources of research with internal knowledge to provide a qualified market perspective for their shareholder reporting.**

Market insight is strategically critical in clarifying business strategy – it helps you shareholders understand why it is you do what you do. Market context informs business strategy, brand strategy, market proposition and future vision. Market context helps to identify approaching threats, challenges, trends and opportunities.

Given the vital role market intelligence plays in the life of an organisation, it's disappointing that most annual reports deliver such a limited view of the competitive landscape.

## **Best Practice Principles**

- What is the context/environment in which the organisation operates and what are the main challenges and opportunities?
- What is the market positioning of the organisation? What is its competitive market proposition?
- Who are your organisations major competitors? What is the market share of the organisation and its major competitors?
- What major events and trends affected the organisation's performance during the year?
- Have you provided benchmarking comparisons through the report with the performance results achieved by competitive organisations?
- Has your market intelligence been verified by external sources or supporting evidence?

*'The OFR should include discussion of matters such as the entity's major markets... and the significant features of the legal, regulatory, macroeconomic and social environment.'* Reporting statement: Operating and Financial Review. Accounting Standards Board (UK).

*'The report allows comparisons with... the achievements of other comparable organisations.'* Criteria statement: NSW Premier's Public Sector Annual Reports Award.

**World Tobacco Market**

The world tobacco market is stable with near five billion cigarettes consumed each year.

**Industry Overview**  
The sector has seen significant change during the reporting period, including the merger of British American Tobacco and Imperial Tobacco to form British American Tobacco (BAT). This has resulted in a more integrated global tobacco manufacturer.

**Summary**  
The world tobacco market is stable with near five billion cigarettes consumed each year. The market is dominated by a few major players, including BAT, Philip Morris International, and Japan Tobacco.

**Market Share %**

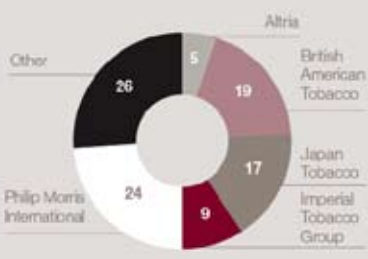


Other tobacco companies include BAT, Philip Morris International, and Japan Tobacco. The market is dominated by a few major players, including BAT, Philip Morris International, and Japan Tobacco.

> In the emerging markets volumes are growing and consumers are upgrading to international brands.

> Diversification across tobacco products is an increasingly common strategy.

**Global market shares %**



**Imperial Tobacco Group PLC**  
Annual Report and Accounts 2008

06

**Market context**

With the transition to digital and the economic downturn, the competitive pressures are intense. However, the opportunity for content-led growth remains.



**John Cooney, Chief Operating Officer**  
By the end of the year, the transition to digital has been well advanced. The market is dominated by a few major players, including BAT, Philip Morris International, and Japan Tobacco.

The transition to digital has continued to erode the audience shares of the five main terrestrial channels – BBC1, BBC2, ITV1, Channel 4 and five – all of which experienced audience share reductions in 2008. However this has been mitigated by continuing digital growth in audiences on their affiliated digital channels and the main free-to-air broadcasters maintain a significant

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**Penetration of UK television platforms**



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**Free-to-air broadcast and pay-TV**

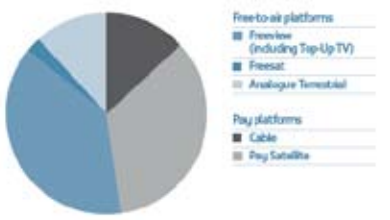


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**ITV plc Report and accounts 2008 Market context**

**Penetration of UK television platforms**



Note: Excludes ADSL homes. FreeSat includes Freeview from Dig TV. Source: Ofcom, September 2008.

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**ITV**  
ITV plc Report and Accounts 2008

If you would like to know more about our methodology for transforming good annual reports to great shareholder communications and how it may be applied to your report, call our client services director Malcolm on (03) 9693 0000.