

Obstacles/Enemies of a swing to low tar

1.1 Advertising bans

If we are unable to inform our consumers about our product it will be difficult to get them to change. We must, therefore, ensure that we can advertise not only today but indefinitely into the future.

The special case of Finland is noteworthy. There has been a complete advertising ban but, nevertheless, a considerable growth in low tar smoking. The special circumstances here are that government has run an extensive health education programme. In one sense, therefore, there has been government advertising about low tar. We need to avoid government taking over the advertising of our products and losing competitiveness.

ACTION - Maximum care must be taken to ensure that our advertising does not provoke further restrictions by authority.

1.2 Traditional local cigarettes

High delivery cigarettes such as kreteks and biris militate against low tar. In addition we have political problems in

- a. Presenting a cigarette of lower delivery which competes with a local "cottage" product.
- b. The attacks of the anti smoking movement if we try to launch products which although lower in tar are within striking distance of the local product and, therefore, much higher than the usual machine made cigarette.

ACTION - Develop credible rationales to support our attacks on these products.

1.3 Low per capita consumption

Where people buy very few cigarettes they are unlikely to be interested in buying low delivery because they wish to get value for money and full flavour products.

ACTION - Ensure that we explain this problem publicly and credibly.

1.4 Tax problems

In the UK, the change in the tax structure meant an increase in deliveries because cigarettes increased to king size which

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represented better value for money. While this is an individual example similar unexpected events may take place elsewhere.

ACTION - Monitor changing policies carefully and provide cogent arguments to protect our position.

1.5 Full flavour brands at medium delivery

The case of Germany is relevant here where we have a slight upturn in deliveries. People have got used to smoking a full flavour where the delivery is somewhere between ten and fifteen mgs. It is possible that people will not go much further down the tar scale in such circumstances.

1.6 Production difficulties

We are likely to find that in certain countries we are unable to introduce the sophisticated machinery for making low delivery cigarettes. This is normally more because of restrictions in currency than in the technical competence required to run the machinery. Restrictions on importing leaf may cause a similar obstacle.

1.7 Scientific opinion

There are those who say either that low tar is no safer or that low tar is, in fact, more dangerous. There are also those that say that the downward trend in smoking associated diseases would have occurred anyway. These opinions, if widely published, would tend to undermine the credibility of low tar cigarettes. Compensation will also be put forward by our opponents as a reason to resist low tar products.

ACTION - Develop and publish credible arguments about compensation which support our case.

1.8 Anti smoking movements

There are those who wish to eliminate smoking at any cost - included amongst these is the WHO. We shall have to ensure that their views are countered with governments.

a. By exposing the continuing controversy.

b. By pointing out that stopping smoking altogether is unlikely ever to be a successful policy, whereas reduction in tar is much more practical.

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- c. By emphasising the economic and social impact of smoking. By the same token the removal of the tobacco trade could have far more serious effects on the health and well being of the population in many countries.

1.9 Social acceptability and Passive Smoking

At present there is no difference between a low tar and full flavour cigarette as regards smell, dirt, irritation from smoke etc. Some may even say that low tar is less acceptable than high tar because the sidestream is more "dangerous". Furthermore the very discussion of low tar products may exacerbate the smoking and health climate.

ACTION - (i) Develop products with less sidestream.

(ii) Encourage the smoker to be courteous.

(iii) Ensure that authorities and the public understand our concern and responsible attitude over providing a range of products.

1.10 Costs

Where there is little demand for low tar cigarettes, a company management may be reluctant to spend money without return on the advertising of low tar brands.

ACTION - We must be clear on how much money we are prepared to spend in advance of a noticeable trend to low tar in markets which are still very predominantly high tar.

1.11 Allies

In certain countries, the industry's allies - growers, co-operatives, leaf merchants - may not be fully aware of international trends towards low tar cigarettes and of the other influences which militate towards low tar. Such lack of awareness can create a built-in headwind for companies seeking to move towards low delivery cigarettes.

ACTION - Ensure allies are fully briefed.

1.12 Company Resistance

Where there are few or no smoking and health pressures, and where competitors also manufacture higher tar cigarettes for a significant part of the market, BAT managers may be reluctant

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to risk loss of market share by attempting to accelerate the development of a low tar sector.

ACTION - Ensure that companies understand how rapidly threats and attacks can arise. Ensure that they prepare themselves adequately in advance.

1.13 Competition

Non-international competitors in particular may seek to exploit the introduction of low tar brands by actively publicising their own full flavour high tar products in markets where there is a predisposition towards strong cigarettes.

ACTION - Wherever possible establish dialogue with local competitors preferably through the formation of MMAs.

2. OTHER CONSIDERATIONS

2.1 Tar bands

These have the advantage that the vocabulary used shows that people are moving down from high to low. Further words such as "very low" "ultra low" can be used and may have political and social impact to the benefit of the industry.

2.2 Numbers

Numbers indicate, apparently scientifically and clearly, exactly what people are getting. However, they may also lead for competitive reasons to a more rapid decline in tar levels than we might otherwise wish. This may have a counter-productive effect on the consumer. Also, 5 mgs for instance may one day be called high tar.

2.3 Bands versus numbers

It is likely that consumers get used to the particular vocabulary and system that is used in any given country. Nevertheless, wherever possible it may be preferable to keep bands.

2.4. Action by manufacturers

It seems clear that to some extent at least, manufacturers can influence the consumer's tar level by the actual brands available on the market, eg. Du Maurier in the UK. At the same time there is a risk in going too quickly if it is thought the consumer may quit.

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2.5 Quitting

It is possible that there are smokers who may take the reduction in tar to the ultimate limit. That is to say, to quit smoking. If this is so quitting is a very serious obstacle to the marketing of low tar brands since we would be destroying our own market.

On the other hand, it seems more likely that, if people are reducing their tar intake because of concerns for health, low tar brands are helping to maintain the market. It seems likely that there are smokers who would have quit for health fears had tar not been reduced. It also seems likely that some smokers, as they reach various lower levels of tar, may reconsider whether they still believe there is a health risk and thus wish to reduce their tar intake further. At some stage, the smoker will have to decide whether he feels he has reached a "safe" level. This raises the whole question of the credibility of low tar brands.

2.6 Maintaining Balance

There will always be those who smoke full flavour cigarettes as well as those who smoke low tar. We must establish how much, if at all, the full flavour smoker will be prepared to move down the tar scale. We must also establish what we believe to be the finite limit in terms of market share for low tar brands as against full flavour brands. Where is the natural limit for low tar likely to fall? Will there, for instance, be a psychological barrier at approximately 10 mgs?

- ACTION - (i) We must continue to find a way to keep up satisfaction and flavour despite lowering tar.
- (ii) We must develop arguments and statements that make low tar cigarettes credible.
- (iii) We must use the public affairs function not only to cope with political and social attacks but also to support the marketing strategies and actions.

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