

**BENSON AND HEDGES**  
**Segmentation and Portfolio Issues**

**1st March 1995**

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# INTRODUCTION

- Following full away-day discussion with brand-team:
- Strategic overview of 1995/96
- A time of increased brand activity
- GRATIS becoming well established
- Remains a priority to stem share-decline of B&HSF

## BUT

- Require a change of emphasis
- From brand management to portfolio management
- Need to position sub-brands against key segments
- Aim must be to maximise the success of the Benson & Hedges 'House'

## **AREAS CONSIDERED**

- Brands and consumers: How is the market segmenting?
  
- The B&H portfolio
  - Special Filter (Gratis update)
  - Lights
  - Ultra Lights
  - Yellow
  - Super Kings
  - Unexploited opportunities
  
- Communication implications
  - Role for advertising
  - Media options
  
- Next steps/recommendations

## SEGMENTING THE MARKET : KEY BRANDS CONSIDERED

- Benson and Hedges Special Filter
  - Embassy No.1 King Size
  - Regal King Size
- } premium
- John Player Superkings
  - Lambert and Butler
  - Rothmans Royals
- } value
- Silk Cut
  - Embassy Mild
  - Marlboro Lights
- } low tar

**1993 LOSSES (%)**

	<b>L&amp;B</b>	<b>JPSK</b>	<b>Rothmans Royals</b>
B&HSF	4	5	14
Embassy No.1	8	-	21
Regal KS	8	-	28

L&B - 25% of gains from B&HSF  
JPSK - 19% of gains from B&HSF  
Royals - 25% of gains from B&H SF

**CDP****TOTAL MARKET PROFILE**

	1990	1991	1992	1993	1994
Male	47	46	46	47	46
Female	53	54	54	53	54
16-24	18	19	19	18	20
25-34	22	24	24	24	24
35-44	19	19	19	18	18
45-64	28	27	27	28	27
65+	13	11	12	11	11
ABC1	32	31	32	35	34
C2	30	30	29	27	26
DE	37	39	39	38	40

Source : OmniMAS

**CDP****BRAND PROFILE INDEX SHIFTS 94 VS 92  
(Value)**

	JPSK		L&B		Rothmans Royals	
	'92	'94	'92	'94	'92	'94
Male	91	94	85	87	100	102
Female	107	106	113	111	100	98
16-24	47 →	67	79 →	144	142	144
25-34	75 →	83	117	133	129	146
35-44	132	122	84	83	105	117
45-64	130	121	96	75	74	57
65+	108	109	117	55	17	27
ABC1	79	77	85	71	48	54
C2	107	107	107	100	100	96
DE	110 →	116	105	126	141	145



**CDP**

# BRAND PROFILE INDEX SHIFTS 94 VS 92 (Low Tar)

	SCKS		Marlboro Lights		Embassy Mild	
	'92	'94	'92	'94	'92	'94
Male	87	89	157 → 140		80	77
Female	111	109	52 → 72		117 → 136	
16-24	142	150	253 → 356		63	44
25-34	113	121	163	133	117	94
35-44	79	89	37	39	37	83
45-64	81	75	15	22	137 → 211	
65+	75	73	8	1	125	117
ABC1	158	154	230	226	67 → 97	
C2	79	89	41	23	110	91
DE	62	71	31	37	118	100

Source : OmniMAS

**ATTITUDES OF MOST-OFTEN BRAND-SMOKERS  
RELATIVE TO ALL SMOKERS****B&H SF**

- Can judge a person by the car they drive (132)
- Important to attract opposite sex (135)
- Make sure I take regular exercise (116)
- Designer label improves one's image (131)
- I consider myself very stylish (124)
- I like to keep up with latest fashion (149)
- I am a bargain hunter (85)

**Embassy No.1 KS**

- Make sure I take regular exercise (114)
- Designer labels improve one's image\* (152)
- Can judge a person by the car\* (67)
- I consider myself very stylish (147)
- I like to keep up with the latest fashion (138)
- I am a bargain hunter (83)

\* small sample base

Source : TGI 1994

**ATTITUDES OF M-O BRAND SMOKERS****JPSK**

- Can judge a person by the car they drive (140)
- Make sure I take regular exercise (63)
- I should do more about my health (133)
- I am a bargain hunter (127)

**L&B**

- Enjoy life, don't worry about the future\* (82)
- Enjoy owning really good things (84)
- Quality important, not quantity (78)
- I am a bargain hunter (102)

\* Low sample base

Source : TGI 1994

**ATTITUDES OF M-O BRAND SMOKERS****Marlboro Lights\***

- Important to attract the opposite sex (123)
- Have one expensive thing rather than lots of cheap ones (141)
- Enjoy owning really good things (119)
- Consider myself very stylish (169)

\* Low sample base

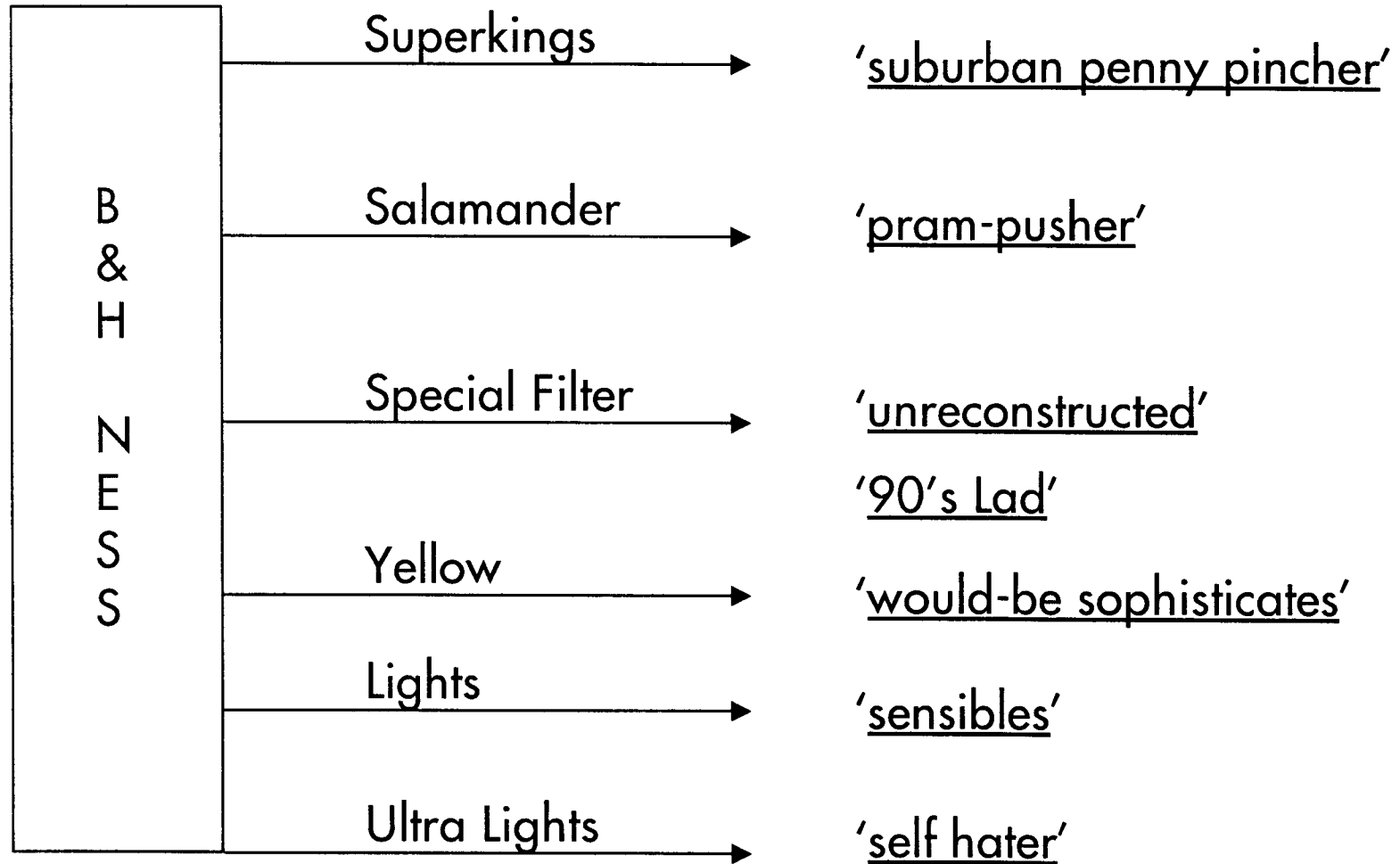
Source : TGI 1994

- Share plateau
- Questionable sales response to last advertising burst
- **But** consumer confusion:
  - 20% of B&H smokers believe JPSK to be a B&H brand  
(Market Trends Ltd, June 1994)
- Will continue to perform an important role within portfolio
  - particularly amongst older, down market females (cf. Gratis)

## B&H SK : ROLE FOR ADVERTISING

- To allow status conscious, value conscious consumers to buy into B&H values through mid-priced product
- Fight blow for blow with JPSK
- Announce new pack design
  - ↓
- May require short, sharp awareness burst
- Should consider leading with lights variant
  - growth in low tar
  - point of difference from JPSK
- Gratis?

## PORTFOLIO - CENTRES OF GRAVITY



## KEY MARKET GAPS

- The traditional male smoker looking for permission to cut down on tar levels
  - needs 'real cigarette' credentials
  - not light variant
- '90's lad'
  - Embassy/Regal territory
  - SF less relevant
  - Royals giving permission to trade down in price
  - Can Salamander aim here and at young women?
- 'Would-be sophisticates'
  - Yellow may be too niche
  - Lights can't have Marlboro cachet
  - could do with eg. a B&H 'Import'

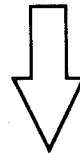


## **SUMMARY OF OVERALL ADVERTISING TASK**

- Help maximise volume and share for whole of Benson and Hedges portfolio

### How?

- Reinvigorate the image of Benson and Hedges
- By matching relevant sub brands to key market needs
- Underpinned by core values of 'B&Hness'



**THUS STIMULATING REAPPRAISAL AMONGST  
EXISTING, LAPSED AND NON-USERS**

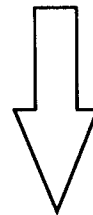
# **PRIORITISING INDIVIDUAL JOBS**

## Image Criteria

Lights  
Yellow  
Ultra Lights  
Special Filter  
SuperKings  
Salamander

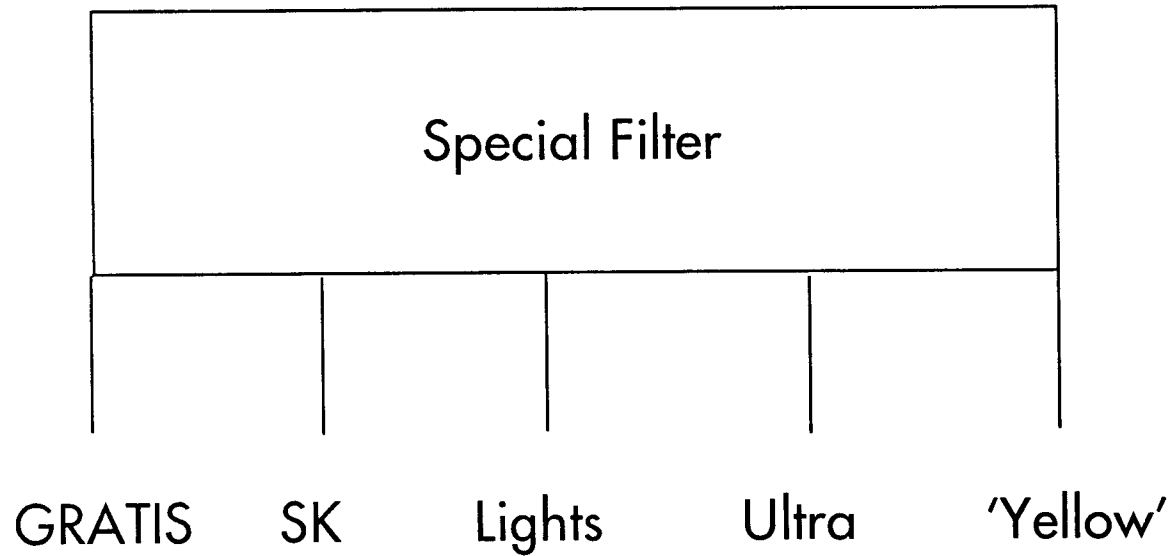
## Volume Criteria

Special Filter  
Salamander  
SuperKings  
Lights  
Ultra Lights  
'Yellow'



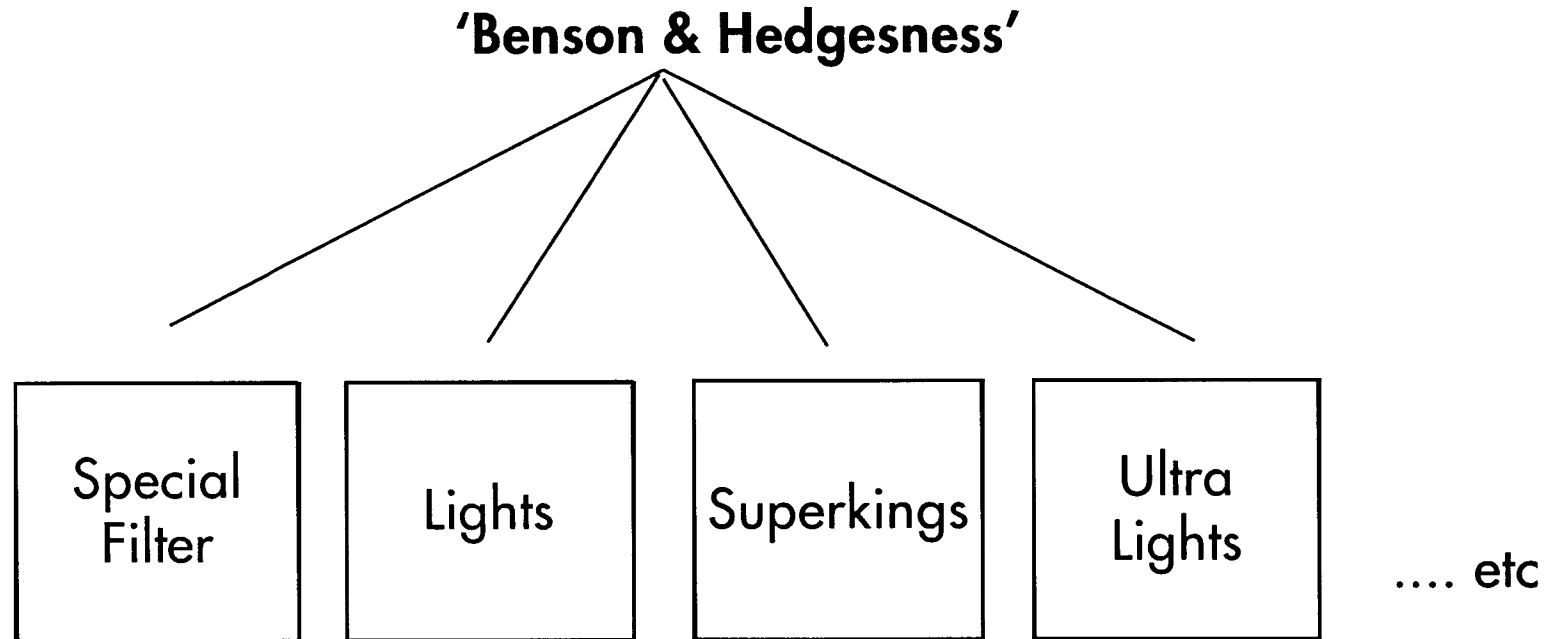
**TWO APPROACHES TO BUDGET ALLOCATION**

# OPTION 1 : 'HOUSE BRANDING'



- image driver
- bulk of funds

- 'Tactical' new product introductions
- Repack announcements
- Gratis new catalogue, etc

**OPTION 2 : 'PILLAR BRANDING'**

- Most potent expression of core values to discrete audiences
- GRATIS 'news' remains an intermittent tactical message (eg. new catalogue)

# IMPLEMENTATION ISSUES

- Budget : task related vs. budget related
- Support for Gratis
- Poster holding commitments
- Need for range announcement
- Creative treatment assumptions:
  - Special Filter/Gratis : 48
  - Range : 48/Spread
  - Superkings : 48/Page
  - Ultra Lights : Page
  - Lights : 48/Spread
  - Yellow : Page

**CDP**

# **AVAILABLE MEDIA BUDGET**

**CDP**

# **STRATEGIC OPTIONS**

**CDP**

# **USE OF MEDIA**



**GDP**

**SPECIAL FILTER  
1995 ACTIVITY JAN - MARCH**

**CDP**

**OPTION 1 A  
SPECIAL FILTER AS IMAGE DRIVER  
1995 BUDGET RELATED**

**CDP**

**OPTION 1A  
SPECIAL FILTER AS IMAGE DRIVER**

**CDP**

**OPTION 1B  
SPECIAL FILTER AS IMAGE DRIVER  
TASK RELATED**

**CDP**

**OPTION 1B  
SPECIAL FILTER AS IMAGE DRIVER**

**CDP**

**OPTION 2A  
VARIANTS AS B&H DRIVERS  
1995 BUDGET RELATED**

**CDP**

**OPTION 2A**  
**VARIANTS AS B&H DRIVERS**

**CDP**

**OPTION 2A**  
**VARIANTS AS B&H DRIVERS**  
**TASK RELATED**



**CDP**

**OPTION 2B  
VARIANTS AS B&H DRIVERS**

**CDP**

**SALAMANDER**

# TIMING IMPLICATIONS

## ■ March 30 Poster

- Approve Agency recommendation by 3rd March
- Production From 3rd March
- Supply to PCDS by 20th March

## ■ Lights & Ultra Lights Range Advertising

- Present to Client w/c 20th February
- Approval of Ad by 24th March
- Production From 24 March
- Approval of finished ad w/c 10th April
- Supply film for GFG 17 April

**B&H LIGHTS : MANY POSITIVE FACTORS**

- Low-tar 'drift'
- Stature of B&H name
- Flavour connotations from B&H
- Contemporaneity of 'Lights' descriptor
- Potential audience currently excluded from B&H by tar-level and perceived harshness

- Not a completely separate brand identity
  - But a real opportunity ...
- To broaden the B&H franchise
- To refresh the B&H name

## **TWO KEY AUDIENCES FOR B&H LIGHTS**

1. Mainstream, middle-class, female smokers, previously excluded from the B&H brand due to harshness, and more recently, tar levels
2. Relatively more upmarket, men/women, more 'modern' smoker

## **LIGHTS : ROLE FOR ADVERTISING**

1. To broaden the appeal of Benson and Hedges
2. By giving smokers more reasons to buy into the brand:

rationaly	:	reduced tar levels
emotionally	:	A fresher, more modern expression of B&H values

**B&H LIGHTS : ISSUES**

- More than an announcement role (?)
- Should warrant disproportionate spend relative to initial share
- Referencing Special Filter (cf. Silk Cut : 'Low, Lower, Lowest')  
May not broaden franchise : relies on interest in B&H
- Need to maximise potential
- Strategic development research could help find most potent 'Light expression' of B&H values



## B&H ULTRA LIGHTS

- Emerging market-growth pattern has yet to be established
- Qual research suggests significant 'rational' demand
- Scepticism centres on product delivery
- Audience motivated to give up ('Wish they'd never started')
- B&H branding will raise taste expectations and should stimulate trial
- Audience will self-select - based on awareness, not image
- Market sector, as yet too marginal to significantly effect B&H image (?)

## ULTRA LIGHTS : ROLE FOR ADVERTISING

To announce the availability of an Ultra low tar cigarette from Benson and Hedges



- Relatively upmarket, intelligent audience, who want to see themselves as making a more intelligent choice
- They will discover it
- Does not require fanfare or oversell
- Persistent, 'quiet' presence

# PROJECT 'YELLOW'

- Individualist brand aimed at urban, younger, upmarket style conscious smoker
- Requires a sense of
  - exclusivity/discovery
  - authenticity/provenance
- Limited, focussed distribution (eg. student unions)
- Premium product, distinctive imagery
- Lack of contrivance

# **PROJECT 'YELLOW' : ROLE FOR ADVERTISING**

- To promote a discrete and subversive expression of B&H values



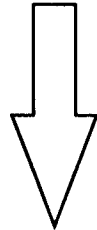
- Must encourage a sense of discovery

# **B&H SUPER KINGS : THE 'MID PRICE' SECTOR**

- Invented by JPSK
- 'More for less'
- Value for money
  - price
  - longer length
- Status reassurance
  - brand value
  - pack cues
  - 'quality' perceptions

# JOHN PLAYER SUPERKINGS

- Direct attack on Special Filter
- Pack 'imitation' (Gold)
- Aimed directly at price-sensitive consumer



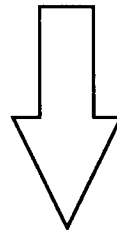
- Severe threat to Gallaher business

# JOHN PLAYER SUPERKINGS

- 90% share growth since 1990
- 19% of gains in 1993 came from B&H SF
- Accounted for 5% of B&H losses in 1993
- 8% of gains come from recruitment
- Older, downmarket profile (female?)
- Hit hard by L&B

## THE LAUNCH OF B&H SK

- Counter measure to JPSK
- Absorb losses from B&H SF
- Intended competitive advantage:
- All the value benefits inherent in a 'Superking', but with the added quality/status reassurance of the B&H name



**THE B&H OF SUPERKINGS**



## WHAT'S HAPPENING?

- Market polarising, ABC1 vs DE (Marlboro Lights vs L&B?)
- Fragmentation, shifting values
- Value consciousness spreading to youth market
- Royals providing 'permission' to be cheapskate, for 'lads'.
- L&B increasingly young, down market profile
- Drift of (middle-class, older) females towards low-tar

- Increasing
- Much overlap
- Often same people, different states of mind
- Same brand can satisfy different needs, but should have a 'Centre of gravity'
- Need for further study (volumetric?)

**CDP**

# HOW IS THIS MARKET SEGMENTING? (HYPOTHESIS)

'unreconstructed'

Suburban penny-pincher

C2D price conscious,  
status conscious,  
older ex-premium  
women (+ men)

Council-estate  
pram-pusher

DE Price conscious  
young women

Sensibles

'Traditionalist'  
mainstream  
young men,  
influenced by  
peer-group

Mid-market,  
health conscious  
low-tar wannabee -  
women (+ men!)

Really wish they  
didn't smoke, enjoy  
the ritual and the 'hit'  
no badge values,  
desperate to reduce  
tar levels

Would-be sophisticates

Young ABC1  
individualists  
students/urban

90's 'Lad'

'Life's too short'  
lads C1C2  
mainstream  
fashionable men

Self-hater

## IMPLICATIONS FOR BENSON AND HEDGES

- Currently wholly defined by Special Filter
- A resolutely mass-market brand in a segmenting market
- Ubiquitous, acceptable, quality
- But inevitably becoming less relevant at the margins:
  - ↓
  - Too bland
  - Too elitist
  - Too mainstream
  - Too expensive
  - Too strong
  - Too unhealthy
- Greater competition for recruitment, more reasons to leave the brand
- Under attack from all angles - cannot hope to fight off all comers

**CDP**

# **GRATIS IS BECOMING WELL ESTABLISHED**

## **Awareness**

## **B&HSF M.O.**

Spontaneous

79%

Prompted

84%

## **Action**

## **B&HSF GRATIS**

## **EMBASSY/REGAL FOCUS**

Collecting Points

55%

59%

Possess Catalogue

40%

47%

December/January '95

**CDP****HIGHEST UPTAKE AMONGST OLDER,  
DOWNMARKET FEMALES**

	<b>Collector Profile</b>	<b>B&amp;H Profile (OmniMAS)</b>	<b>Index</b>
Male	48	60	80
Female	52	40	130
18-24	24	29	83
25-34	30	31	97
35-64	46	39	118
ABC1	32	37	86
C2DE	68	63	108

## GRATIS : COMMUNICATION

- Advertising recall high, but little spontaneous recall for 'Gratis'
- 'Gratis' advertising seen as consistent with B & H heritage
  - Gold pack as icon, clever visual tricks
- Does not introduce 'Gratis' to smokers, but reminds those who already know
- Featuring low-value items can emphasize negatives of a 'Collection Scheme'
- Eyes were not drawn to black stripe across top
- Advertising conveys a confident brand
  - (brand leader behavior)

Source : SRG February 1995

# **GRATIS : ROLE FOR ADVERTISING**

- Ensure full awareness
- Then only as tactical reminder
- When there's news



- GRATIS is pretty well established
- Highest uptake amongst older, down market females (an important area to protect)

- In image terms
  - Remains a highly respected brand
  - Acceptable to most people
  - Represents confidence and quality
  - Mainstream yet premium
  - But, lost/losing its 'aspirational' or 'distinctive' qualities →
  - Brand leader → 'Bland leader'
  - Perhaps the inevitable consequence of being a huge, successful brand

## BENSON AND HEDGES (Continued)

- Will remain the most important Gallaher brand for many years to come
- Backbone of revenue/profit

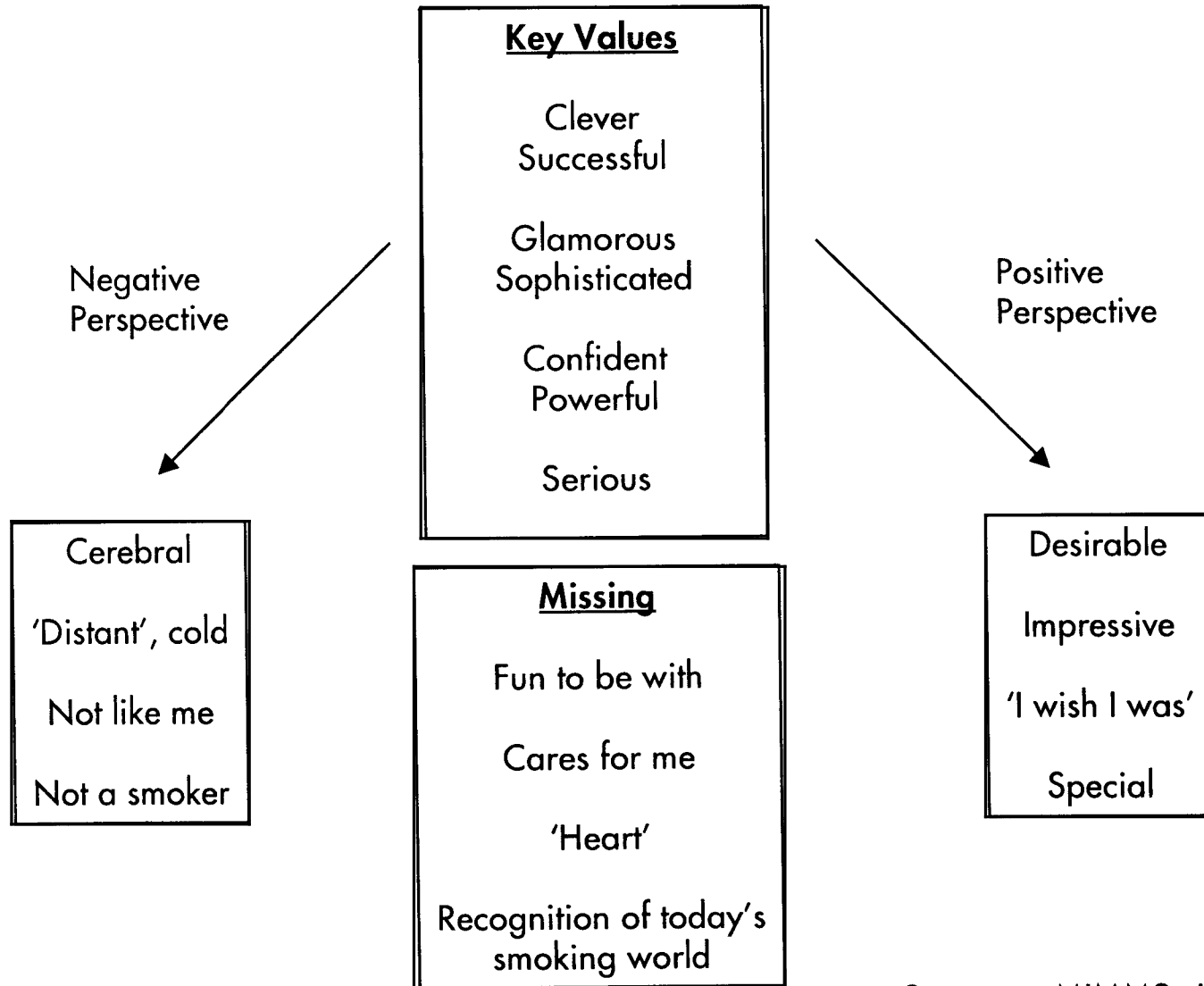
However,

- Needs to be viewed as a flagship brand within the Benson & Hedges portfolio
- B&H is the brand, SF is one expression of it (currently the most visible)
- The appeal of SF can be improved among key segments
- But alternative sub brands may be more 'distinctive' expressions of Benson & Hedges for some sub groups
- Sub brands as aggressive tools rather than defensive hole-plugging

## WHAT IS 'BENSON AND HEDGESNESS'?

- For whatever the audience, Benson and Hedges represents a stamp of quality, 'cut aboveness'
- It should be the gold standard for confidence, pleasure, quality and indulgence
- An underpinning for whatever particular format and segment being targetted
- Sub brands are specifically relevant 'routes in' to B&H quality

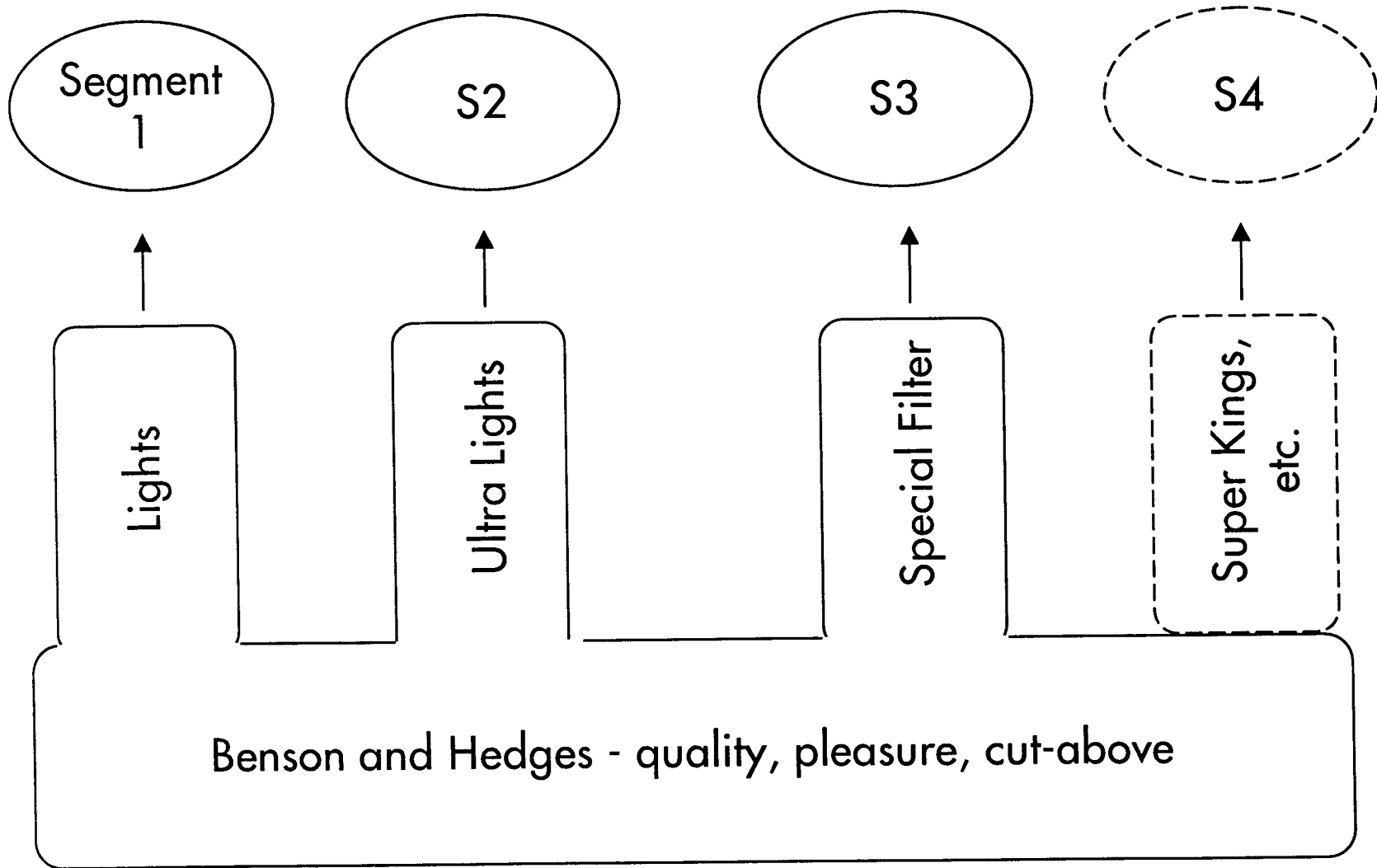
# B&H BRAND PERSONALITY



Source : MIMMS, June 1994

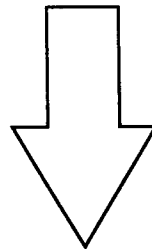
CDP

# BENSON AND HEDGES AS PORTFOLIO



**SPECIAL FILTER**

- The ultimate mainstream premium brand
- At the heart of the market
- Standard bearer for quality
- Unashamedly premium but accessible
- For core market that wants a real cigarette, with real quality, and is no cheapskate



**BROAD TARGET AUDIENCE, BUT SPECIFICALLY 18-30 YEARS OLD C2 MEN,  
TRADITIONALISTS, LOOKING FOR QUALITY, WANT AN ACCEPTABLE BRAND**

## **SPECIAL FILTER, ROLE FOR ADVERTISING**

1. To defend the price premium
2. Express new, relevant ways to maintain the stature and desirability of 'Benson and Hedgesness'
3. To add some distinctiveness to Special Filter for a young, male audience (?)
4. (Once optimum awareness reached) short-term Gratis announcement when there are new messages



ie. Specific to Special Filter and as a flagship for portfolio