

Exha Silk results to be taken on board.

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Background

Silk Cut King Size is increasingly under sales pressure which is explained in part by smokers migrating to cheaper brands of 'Light' (or Lite) cigarettes such as L&B Lights, J. Player Superkings Lights, Mayfair Lights, Sovereign Lights, etc..

Gallaher wish to explore the current nature of the consumer appeal of these cheaper Lights brands, and of L&B Lights in particular, and the nature of any 'loyalty' to them. For example, is interest in these brands driven largely/mainly by price, or do some of these brands command genuine loyalty in their own right? Do consumers believe that some of these cheaper Lights brands are giving them quality that is comparable to Silk Cut but at a lower price? Is interest in Lights strongly linked to a desire for low tar cigarettes, or have Lights simply become a fashionable sector/badge in their own right? Are Lights challenging Silk Cut as the new focus for milder flavoured or low tar cigarettes, and replacing 'low tar' as a benchmark?

More specifically, and partly through answering the above issues, Gallaher wish to explore the potential for launching a new brand or variant from the Silk Cut stable to challenge some of the lower price Light offerings. Gallaher are open-minded about the nature of this potential new offering, and it is the task of this research to help guide its development. However it would be important that any such offering does not undermine the perceived premium status and quality of Silk Cut, or encourage its current loyal smokers to migrate to the new cheaper option. The underlying aim of the research is thus to use the findings about the nature of lower price Light brands to help construct an appropriate Silk Cut response to them.

Research should give guidance, but not necessarily explore the opportunities of a new SC offering

Research Objectives

Amongst a sample of consumers who are 'most often' smokers of lower price Lights, to explore

1. **overall perceptions and understanding of the manufactured cigarette market in terms of benchmark brands and how the market is perceived to segment, e.g., in terms of different price sectors; and/or sectors based on brand personality (is Silk Cut seen as 'old' by some in comparison to some 'Lights' brands); and/or any Lights or low tar sector and how these are defined.**
2. **their own individual smoker identities, e.g., do they perceive themselves as being smokers in the 'Lights' sector (and are they brand promiscuous within such a sector), or are they simply loyal to one or two brands without much interest in, or awareness of, broader market references.**
3. **the nature of their current 'loyalty' to a brand, brands, or sector. E.g., the degree to which this is price driven and, if so, the degree to which they seem open to trade down further in price terms. Or alternatively, the degree to which brands such as L&B Lights genuinely satisfy in product terms, or provide appropriate and attractive brand values, or benefit from association with a fashionable Lights sector. Hence to assess the strengths and weaknesses of brands such as L&B Lights.**
4. **the role of 'low tar' or notions of 'Lightness' or mildness in their overall approach to the market and their choice of a brand or brands.**
5. **their perceptions of Silk Cut as a brand and as a 'house'. E.g., does Silk Cut retain higher status than their chosen cheaper brand and is Silk Cut perceived to be of higher product quality. Hence if Silk Cut was the same, or closer to, the price of their current 'most often' choice, whether they would switch (or revert back) to smoking Silk Cut. Also to explore whether Silk Cut is felt to lead the low tar sector.**

*if at all
is SC still part
of worked set
of L&B smokers!*

skill

- Shouldn't this be the outcome of the research? i.e. the research should indicate whether or not there is an opportunity rather than explicitly touch on it. Moreover, maybe you need to explain it also explicitly if you want to be able to answer the question.*
6. **hence to explore**
- **whether there appear to be any potential gaps in the market that could be filled by a Silk Cut variant with a unique proposition which would be highly relevant to the respondents**
 - **what would constitute a relevant Silk Cut rival to respondents' current most regularly smoked brands, e.g., in terms of price (somewhat above, same as, or just below L&B Lights), product delivery, strength, positioning, role which 'Silk Cut' can relevantly play in giving value to the new product, role of 'Lights' as a descriptor, etc. Whether product features such as 'charcoal filters' might play a role in giving the new product a rationale and relevant point of difference.**
 - **expectations of any variant or offering from the Silk Cut 'house', e.g., in terms of quality, mildness, low tar credentials, etc.**
 - **and the likely impact of any such new variant on perceptions of the parent brand's status. Hence to explore the relationship between the new product and the mainstream Silk Cut brand, whether the new variant ought to be in a cheaper looking pack, etc. Also to explore, in as much as this sample will permit it, whether the new variant seems likely to steal from Silk Cut (which some respondents may smoke as their special occasion brand).**

Hence overall to explore how a lower cost Silk Cut offering could be positioned in order to

- **give it value and appeal in its own right (esp. to those smoking lower price Light brands)**
- **avoid damaging the reputation, perceived quality, and status of the mainstream Silk Cut brand, and avoid encouraging its smokers to migrate to the new lower price product**

Methodology and Sample

Given the need for sensitivity, and an exploratory and diagnostic approach, a qualitative methodology is clearly required.

The ultimate focus of the research is to aid development of a new Silk Cut response to the growing threat posed by lower priced Lights. However, as the list of research objectives indicates, the task of understanding motivations amongst those smoking such Lights, together with their understanding of, and approach to, the market, and their views on a new Silk Cut initiative aimed at them, is potentially a sizeable one. The list of research objectives is lengthy, and the task of answering them may involve considerable sensitivity across a range of quite complex and subtle territory. Moreover behaviour and attitudes may vary somewhat by region, sex, and age. For example, Silk Cut may prove to have less authority amongst younger smokers who have come to the Lights market when it is relatively mature and who are thus less likely to have been introduced to milder and lower tar cigarettes via the Silk Cut brand. While in an ideal world a sizeable sample and research effort may be required, a modest sample size and budget is currently proposed, and may hopefully prove adequate.

Groups seem appropriate in 'hot-housing' issues such as the nature of brand personalities (such as that of L&B Lights) and of loyalty to such brands, and in exploring the nature of an appropriate Silk Cut offering in terms of product characteristics, positioning, and packaging. However individual depth interviews seem better suited to exploring the true nature of people's understanding of the overall market and how it segments, of the particular brands that they are genuinely aware of, and of how their behaviour and attitudes are conditioned by the specifics of price and product characteristics. It is therefore suggested that the project should commence with a series of individual depths amongst 'most often' smokers of Light brands such as L&B, J.P. Superkings, Mayfair, and Sovereign. Given the need to cover 'most often' smokers of this range of

pre-dominantly

brands, both men and women, and a wide age range, a minimum of twenty individual depths are recommended.

It is felt that these depths could usefully be followed by some group discussions of the following likely composition. It is currently suggested that all four groups should be conducted amongst 25-45 year old 'most often' smokers of L&B Lights, with two groups being conducted amongst men and two being conducted amongst women. A group with each sex would be conducted in the North and a group with each sex would be conducted in the South. However a flexible and evolutionary approach to the sampling and methodology seems advisable so that learning from the initial depths can be reflected in the later fieldwork such as the composition of the groups.

Throughout it is suggested that most respondents should be recruited on the basis of having in the past been occasional or regular smokers of Silk Cut. It is envisaged that the individual depths might be of 45 minutes duration and that groups would each last for one and three-quarters to two hours.

unless they have moved down from a FF survey.

Costs and Timings

With a sample of twenty extended-length depths and four extended-length groups, the cost of the project would be £16,400 plus travel and related costs, with VAT on the total. Assuming that depths can begin week commencing 10th May, this should allow initial learning to steer the composition of the later fieldwork and still facilitate a debrief on the 10th June.

before