

Power of the packet

A case study for plain packaging

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Question:

Could a relatively minor brand in Australia substantially increase its market share without any media advertising?



Outline of presentation

- Tobacco advertising restrictions in Australia
- Marketing of the *Dunhill* brand from early 2007
- *Dunhill* market sizes & shares in 2007 compared to 2006
- Policy recommendations



Tobacco advertising restrictions

- *Tobacco Advertising Prohibition Act (1992)* bans advertising apart from
 - Cigarette packaging
 - Product displays at point-of-sale
 - Trade communications



Dunhill marketing campaign, 2007

Throughout 2007 BATA aggressively marketed *Dunhill* through

- Cigarette packaging
- Product displays at point-of-sale
- Trade communications



Innovative package formats & styles

- New package formats
 - Split packs



Split packs



Innovative package formats & styles

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 - Split packs
 - Spring-loaded lids and internal pop-ups



Spring-loaded lids & internal pop ups

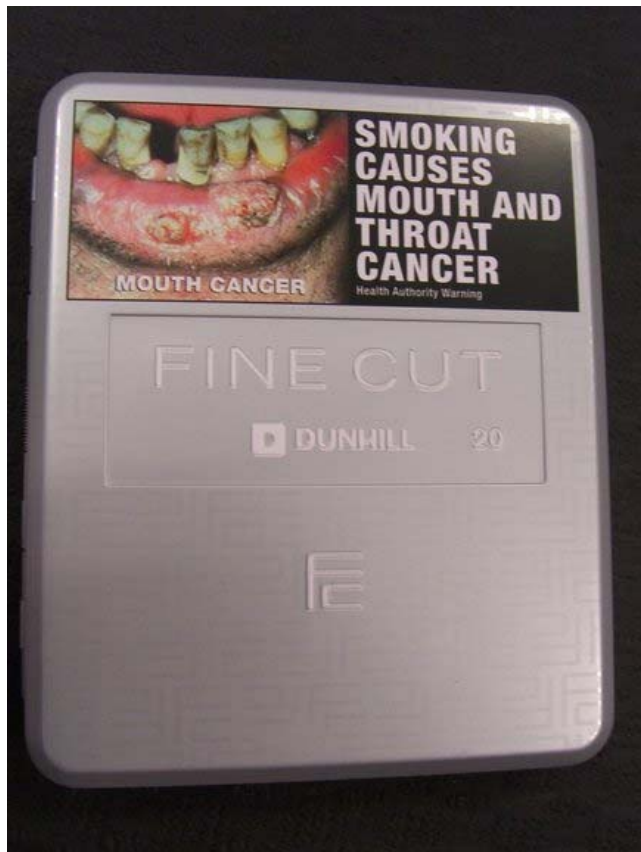


Innovative package formats & styles

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 - Split packs
 - Spring-loaded lids and internal pop-ups
 - Double-sided cases



Double-sided cases



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- New package styles were introduced
 - *Signature* series



Signature series



Innovative package formats & styles

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- New package styles were introduced
 - *Signature* series
 - *My Mixture* series



My Mixture series



Point-of-sale displays

New packs featured prominently



Advertising in trade magazines

- New package formats & branding heavily promoted to retailers in *The Australian Retail Tobacconist* trade magazine thru 2007



Feb/March 2007 – *Signature series*

100 YEARS | *Dunhill*
■ Perfectionists in tobacco™

The classics
are being rewritten.

To mark our 100th year, your customers will soon be able to celebrate their choice of perfection with our limited edition Signature Series packs.

SMOKING IS ADDICTIVE
Government Health Warning
FOR THE INFORMATION OF TOBACCO RETAILERS ONLY

April/May 2007 – Signature series



Celebrating 100 Years.

In 2007, DUNHILL celebrates its 100th year as the perfectionists in tobacco.

To mark our centenary and to continue our tradition of creating interest in the tobacco category, DUNHILL is launching a line of limited edition packs.

Introducing the Signature Series



Premier

Distinct

Refined

- Stylish and ultra-modern new pack designs for DUNHILL Premier, Distinct and Refined King Size 20s.
- These new packs are sure to help drive DUNHILL sales in your store.
- The packs contain exactly the same popular blends, to deliver exactly the same popular tastes – and the codes all remain the same, too.
- Only the packaging has changed (for a limited time).
- Available during April and May only.

How can you take advantage of this event to maximise your sales?

Ensure your store is well stocked with the new packs, display them prominently and watch out for more exciting news over the coming months as we continue to celebrate our centenary by raising category interest via innovation.

Perfectionists in tobacco™



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DUNHILL

Dec 2007/Jan 2008 *My Mixture* series

100 YEARS | *Dunhill*
Perfectionists in tobacco™

DUNHILL *My Mixture*

Limited Edition Pack & Product

Inspired by the 33,000 tobacco blends recorded in our *My Mixture* log books over the past 100 years, we chose three of the best to form our latest limited edition range for 2007.



- Mediterranean tobacco from Greece, Turkey and Macedonia
- Smooth, mellow, aromatic taste with a complex finish



- Tobacco from the Bahia region in North East Brazil
- A hearty yet elegant blend with a rich and earthy taste



- Fire-cured tobacco tempered with mellow leaf
- Dynamic mixture with bright, vibrant notes



- Innovative 20s spring-box format
- 20/100 stick carton size

SMOKING

KILLS

Government
Health Warning

FOR THE INFORMATION
OF THE TYPICALLY DETAIL EDD ONLY

Did it work?

	2006	
	2006	
PREMIUM	Value	Volume
Grocery value	\$706.4m	
Grocery volume (Sticks)		1.8bn
BRAND % SHARES		
Dunhill	17.1%	17.0%



Source: Retail World December, 2006 & 2007

Did it work?

	2006		2007	
PREMIUM	Value	Volume	Value	Volume
Grocery value	\$706.4m		\$793.7m	
Grocery volume (Sticks)		1.8bn		1.9bn
BRAND % SHARES				
Dunhill	17.1%	17.0%		



Source: Retail World December, 2006 & 2007

Yes. It did work!

	2006		2007	
PREMIUM	Value	Volume	Value	Volume
Grocery value	\$706.4m		\$793.7m	
Grocery volume (Sticks)		1.8bn		1.9bn
BRAND % SHARES				
Dunhill	17.1%	17.0%	19.8%	19.5%



Source: Retail World December, 2006 & 2007

Dunhill's market size & share – 2007 vs. 2006

Value (\$s)

2006: 17.1% of \$706.4m = \$120.8m

2007: 19.8% of \$793.7m = \$157.2m

+ \$ 36.4m (41% of total premium increase)

Volume (sticks)

2006: 17.0% of 1.8b = 306.0m

2007: 19.5% of 1.9b = 371.0m

+ 65m sticks (65% of total increase in volume)



Source: Retail World December, 2006 & 2007

TOP 100 GROCERY BRANDS

2004/05 Rank	2007 RANK				
1	1	Winfield	Tobacco	British American Tobacco Australia	750+
3	2	Coca-Cola	Carbonated beverages	Coca-Cola Company	750+
2	3	Longbeach	Tobacco	Philip Morris	750+
4	4	Peter Jackson	Tobacco	Philip Morris	500 – 750
5	5	Horizon	Tobacco	Imperial Tobacco Australia	500 – 750
6	6	Benson & Hedges	Tobacco	British American Tobacco Australia	250 – 500
8	7	Holiday	Tobacco	British American Tobacco Australia	250 – 500
10	8	Tip Top	Proprietary bread	George Weston Foods	250 – 500
9	9	Cadbury Chocolate	Confectionery	Cadbury Schweppes	250 – 500
7	10	Huggies	Disposable nappies	Kimberly-Clark	250 – 500
11	11	Nestlé/Peters	Ice cream	Nestlé	150 – 250
14	12	Pauls	Fresh white milk	Parmalat	150 – 250
19	13	Nescafé Blend 43	Coffee	Nestlé	150 – 250
21	14	Smith's	Snack foods	The Smith's Snackfood Company	150 – 250
13	15	Yoplait	Yoghurt/desserts	National Foods	150 – 250
18	16	Kleenex Cottonelle	Toilet tissue	Kimberly-Clark	150 – 250
12	17	Pura	Fresh white milk	National Foods	150 – 250
16	18	Pedigree Pal	Dog food	Mars Australia	150 – 250
29	19	Dunhill	Tobacco	British American Tobacco Australia	150 – 250
17	20	McCain	Frozen veg & potatoes	McCain	150 – 250
15	21	Sorbent	Toilet tissue	SCA	150 – 250
22	22	Whiskas	Cat food	MasterFoods	150 – 250
20	23	Birds Eye	Frozen veg & potatoes	Simplex	150 – 250
23	24	Colgate	Toothpaste	Colgate-Palmolive	150 – 250
24	25	Pepsi	Carbonated soft beverages	Cadbury Schweppes	150 – 250
33	26	Bega	Cheese	Fonterra Brands	150 – 250
25	27	Kraft	Cheese	Kraft Foods	150 – 250
27	28	Dairy Farmers	Fresh white milk	Dairy Farmers	100 – 150
28	29	Ski	Yoghurt	Dairy Farmers	100 – 150
45	30	Streets	Ice cream	Unilever	100 – 150

Dunhill ranked 19 in 2007, up from 29 in 2004/05

Source: AdNews, 11 January 2008

Could there be any other explanation?

- Other forms of promotion?
 - No use of Dunhill in films
 - No promotions in nightclubs
- A general shift to premium brands?
 - No other premium brand increased markedly in brand share
 - No other premium brand changed packaging or increased advertising to the same extent



Could there be any other explanation?

- Price?
 - RRP of *Dunhill* increased at same rate as other premium brands (with CPI increases)
- * Limitation – extent of any retail discounting of *Dunhill* unknown.

Question:

Could a relatively minor brand in Australia substantially increase its market share without any media advertising?

Answer:

Yes, through innovations in packaging, highlighted by retailers at point of sale and extensive trade advertising.



Policy implications

- Introduce plain packaging as a matter of urgency to eliminate this powerful advertising form (FCTC Arts. 11 & 13)
- Immediately ban point-of-sale advertising (FCTC Art. 13)
- Limit trade communications to factual information such as price and quantity and ban all advertising (FCTC Art. 13).

