

I.T.L. TREATMENT OF
ACTUAL vs. PERCEIVED STRENGTH

Attached, you will find the actual declared tar and nicotine values for major brands in the Canadian market. Beside this, I have placed the perceived strength levels of the brands as recorded in our annual Image Project (on a 1-9 scale, where 9 is more).

Based on this information, we have learnt that tar level isn't the only determinant of strength. Other main contributors would be the qualifier (strong, medium, light), packaging and other elements that contribute to the trademark image. A good illustration of this is Player's Medium versus Player's Light; the tar level of these two brands is practically identical (14 vs. 13) - yet in image terms, they are perceived to be significantly different on strength (6.4 versus 5.1). This phenomenon is repeated across the board - particularly when you look at the Medium versus Light segment.

When we position our brands, we use all the tools to place the brands at the desired position in relation to the parent and the competition. Therefore, a light version of Player's will not necessarily be positioned at an identical strength level to compete with a du Maurier. It will be true to the trademark positioning and in correct relation to the parent. Therefore, all the elements (tar level, packaging, product etc.) must conform to create the desired image.

A good example is Player's Light and Player's Extra Light. The intended positioning of both brands is to be at the top of their segment. In actual tar level terms - they are at the top of their segment. Player's Extra Light is way above the competitive brands in its segment (11 vs 8), while Player's Light is slightly above the competitive brands (13 vs. 11 and 12). However, in perceived terms, they are both positioned approximately .6 image scale points above the competition. Therefore, the intended position in relation to the parent and the competition has been accomplished by I.T.L. through use of actual tar level and image creating tools.

Should you need further elaboration - or wish to discuss it further, please feel free to call.

202200798