

A close-up photograph of a man with a mustache and blue eyes, wearing a light-colored cowboy hat and a dark jacket. He is wearing worn, tan leather work gloves and is lighting a cigarette with a lighter. The cigarette is a Marlboro. The background is slightly blurred, suggesting an outdoor setting.

Brand Finance[®] Brand Stories

Marlboro – “Thank you
for smoking”

'Thank you for smoking' Marlboro

Marlboro is the only tobacco brand in this year's Global 500 with a brand value of US\$5,5 billion, ranking 181st. Originally designed as a cigarette for women, the brand was repositioned in the 1950s to target the growing proportion of male smokers who wanted the perceived health benefit of filtered cigarettes. The initial advertising featured the now iconic imagery of an American cowboy, providing reassurance to male smokers that their masculinity was not undermined by using filters.

Marlboro and other cigarette companies are now facing an attack on three fronts from legislators. Firstly, an increasing number of jurisdictions are banning smoking in public places, with a handful of cities in the US state of California taking the most restrictive policy in prohibiting smoking on beaches and in public parks. And where the liberal, health-conscious West Coast goes, many follow.

Secondly, many national policy-makers banned conventional cigarette advertising and

overt sponsorship activity some time ago. However, this legislation is now sometimes going further; in Ireland, the government recently banned the display of any tobacco items in retailers, thereby further reducing awareness levels.

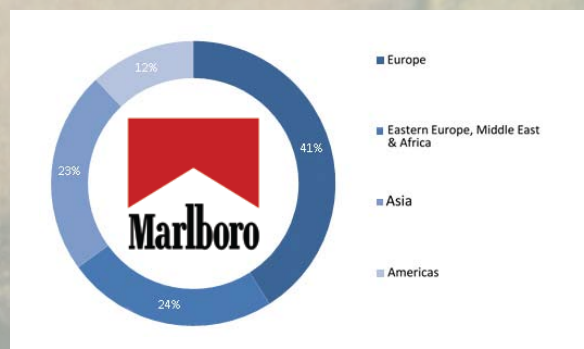
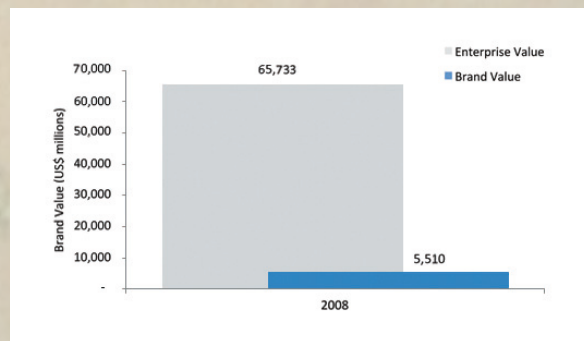
Thirdly, and perhaps most critically in terms of brand value, legislators are now considering implementing laws that drastically reduce the amount of on-pack branding that cigarette companies can employ. This immediately prevents companies from differentiating their products. Some reports suggest that companies will only be allowed to use the title of their product, written in a generic black font on a plain white background.

A brand is much more than simply the title of the product or service, particularly in the consumer goods sector. It is an indicator of a specific experience for the purchaser. If a company is unable to drive awareness or differentiate itself, it will struggle not only to attract new consumers but it will also become harder to charge a price premium. As a result, the

sector will become increasingly commoditised which has a calamitous impact on brand values.

However, there are positive signs for manufacturers. Brand loyalty levels remain high, propensity to switch between brands remains static and there are examples that the more aggressive legislation may not be universally implemented. New Zealand introduced and then abandoned restrictions concerning in-store display of tobacco products after research found there was no correlation between the ban and purchasing habits.

Unsurprisingly the developing world offers major opportunities. Although China has a lower per capita number of smokers than most countries, it consumes approximately one third of the world's cigarettes. Assuming legislation in these countries remains tolerant, there is no reason why Marlboro will not hold on to its position in the Global 500.



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