Zebras in Russia! Where next?

R Pollay

The zebra may seem an odd choice as a brand image for a new cigarette in Russia, but subtle tobacco marketing forces are, as always, at work.

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THE ECONOMIC ENVIRONMENT

Cultural context — The modern day Russia in which “the collectivism of the socialist past has been replaced by individualism.” A new generation of entrepreneurs and a new generation of young consumers, both with new values and perspectives.

Competition — Extreme and termed a “wild race” as the “massive invasion” of new investment in modern production facilities during the early 1990s has led to oversupply, some price wars, and factory closures. While production is high, demand “volumes are expected to decline as the health message starts to resonate here, too.”

Five multinationals (Philip Morris, British American Tobacco (BAT), Japan Tobacco International, Reemtsma, and Gallaher) now control two thirds of the market valued at US$5 billion, with some 60 Russian owned firms sharing the remaining third. Filters became the dominant product form in 2001, rising from just 23% of the market in 1995. Predictions are that “nonfilter cigarettes will be ousted by more profitable, filtered products” to the benefit of the foreign investors with their “brilliant marketing policies and huge advertising budgets”. As Russia experiences economic growth, the low price segment of traditional products is shrinking. Brands to date have tended to be “Russian” such as JTI’s Russian Style brand, with only two of the top 10 brands being international trademarks—L&M and Bond Street. Other brands present include Marlboro, Parliament, and Reemtsma’s Fabergé whose slogan is “Pursuit of Perfection”. Gallup Ad Fact reported ad spending of US$44 million in 2000, mostly by the international firms.

Regulation — The Russian parliament passed a Tobacco Smoking Restriction law, taking effect in January 2002, banning sales to minors under 18 years, prohibiting smoking in workplaces, on flights less than three hours, and in sporting facilities and government buildings. An amendment to the law on advertising to effect an ad ban was discussed in parliament, but “in October 2001, the decision was postponed as untimely and unsuitable for legals goods produced by one of the most dynamic branches of the local economy.”

THE FIRM AND ITS INITIATIVES

The firm — Trade Marks XXI (Yuri Kuchma, marketing director) is a firm created in the 1990s by Russian entrepreneurs who have “mastered the marketing alphabet while working for tobacco multinationals and cigarette importers”. The management sees the need for “audacity, persistence and patience” in seeking a niche in competition with the far larger transnationals, but they have faith that smaller start-up firms can be more nimble and have their “creativity, flexibility and drive” rewarded.

Budget — “Relatively small marketing and sales budget”, especially when compared to the deep pockets of the transnationals.

Research and development — Zebra is one of this firm’s “most remarkable creations” and is the result of “more than two years of research and development”. This research and development effort evidently dealt with both the product per se and its potential consumers. It has been “created with great care and professionalism”, showing “an excellent understanding of the end-users psychology”.

Test marketing — After the two years of research and development, the Zebra brand enjoyed “six-months of test marketing in three regions”.

THE MARKETING STRATEGY

Target audience — A “clear target audience” was defined primarily in psychographic rather than demographic terms as opinion and fashion leaders with an iconoclastic character. “They don’t care about others’ opinions, and they don’t ask if something is fashionable, because they dictate the fashion,” says Kuchma. These are “jaunty young adults – the restless, the unconventional and the imaginative. They live unconventional lives... As real ‘Zebroids’, they naturally separate...
freedom and independence so central to adolescent psychology and at the heart of the success of Marlboro among the young of the USA, or of Player’s in Canada.4,5

Packaging—The “eye-catching pack” is “stylish, elegant, sexy” with distinctive black and white stripes that are uniquely associated with this brand. It has a retail display advantage as it “stood out on the crowded shelves of Russian tobacco kiosks”.

THE FUTURE

Product extensions—Already launching a “Light” version with the encouragement that “twice as good” as the regular version to “corral the Zebras once loose.” Unfortunately, if it is many, we are likely to see Zebras exported from Russia into other neighbouring markets and perhaps even around the globe, as this marketing strategy is not uniquely Russian and hence can be readily exported.

The success of the Zebra brand is not guaranteed, however, despite the careful product development and the psychological sophistication of the targeting and positioning to date. The quality of the advertising executions communicating the meaning of Zebra to Russians, the budgets used to disseminate these, and the competitive responses of the transnational, among other factors, will ultimately determine how much influence this brand has on the new generation of Russians.

Whether or not Zebra thrives is not likely to be much influenced by public policies, either in Russia or elsewhere. Once launch marketing establishes the Zebra brand as uniquely cigarettes with a certain image, it is hard to imagine how stretching modes such as merchandise (for example, clothing), services (for example, travel agencies), locations (for example, nightclubs) and events (for example, contests or fashion shows).

DISCUSSION

One can only wonder how many young Russians seeking their own freedom and independence, and emulating the opinion and fashion leaders in their world, will make the tragic mistake of trying to play along with the “untamed” Zebras in this “playground”. Unfortunately, if it is many, we are likely soon to see Zebras exported from Russia into other neighbouring markets and perhaps even around the globe, as this marketing strategy is not uniquely Russian and hence can be readily exported.

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REFERENCES

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