

Zebras in Russia! Where next?

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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

Zebra may seem an unlikely brand name and symbol for a new cigarette, especially in Russia where the animal is not native. The Zebra image may also seem innocuous, as largely irrelevant to tobacco and related public health concerns. Recent enthusiastic and highly complimentary comments in the tobacco trade press, however, indicate otherwise. These comments, and the disclosures of the marketing executives which stimulate them, indicate that the marketing sophistication of the transnationals is now being well employed by smaller firms in countries once very hostile to capitalistic marketing. More importantly, the marketing strategy for Zebra cigarettes explicitly seeks to influence the new generation of opinion and fashion leaders and, hence, has the potential for modernising the cultural acceptance of smoking and thwarting efforts to discourage tobacco use.¹

To see this, a quick review of the firm and its marketing strategy is in order, quoting from the trade commentary. This also provides a case study of a recent new product launch in Russia.

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Cultural context—The modern day Russia in which “the collectivism of the socialist past has been replaced by individualism.”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.”² 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.³

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 legal goods produced by one of the most dynamic branches of the local economy”.³

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

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Figure 1 Sample advertisement for the Zebra brand of cigarettes.

themselves from the pack. They are self-sufficient and self-confident individualists.”

Product—An American blend of tobaccos with a Baumgartner made cavity filter, using the trade named Cavitec technology. This filter appears impressive to consumers but is sold as allowing manufacturers either improved performance or cost savings depending on how the cavity is filled. Thus while “improved performance” may seem implied by its appearance, it is by no means assured.

Pricing—Initially sub-premium, along with international brands such as Pall Mall, Winston, L&M. After a six month trial introduction, the retail price was cut by 40% as “a temporary measure . . . the price we have to pay to pull [trial sales] through with an unknown but good product”.

Communications strategy—Emulating the “great marketers [who] sell not just a product, but also emotions, a lifestyle”, Zebra’s communications strategy aims to “establish strong customer loyalty by evoking a deep emotional response.” A sample advertisement appears in fig1.

Brand image—A zebra is seen by management as symbolic of an untamable individualism, as the zebra is “well-known for its untamable wild nature” and “the pattern of stripes is as unique to that individual as fingerprints are to people”. The ad here shows the Zebra against the contextual background of horses, which are typically domesticated.

Slogan—The brand slogan “Get Loose!” “triggers the same feeling of freedom and independence”. At least in English, “Get Loose” also suggests getting relaxed, as well as getting away from the crowd and/or away from responsibilities. Note that the trade treats the “freedom/independence” as the dominant (intended?) meaning which echoes the need for

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 “two weeks of limited promotion in Moscow” generated the same volume as the test markets.

Future strategy—Oriented toward global, not just local, possibilities and anticipating functioning in a highly regulated environment. The Zebra brand is registered with the World Intellectual Property Organization, based in Geneva. “Ultimately, we are looking to create an entire Zebra World. Our approach will provide us with a playground in a future world that will be hostile to tobacco.” The “entire Zebra World” they already contemplate will likely involve some or many brand 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.

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 transnationals, 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 regulation can much restrict the use of the animal itself or the stripes that can represent it abstractly. It will be most difficult to corral the Zebras once loose.

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