

We supported a tobacco player to shift its portfolio from legacy classic tobacco towards next-generation products (NGP)

Client context

- NGP market evolving rapidly in largest sales country
- Current portfolio almost entirely focused on legacy products; limited NGP sales today
- Company lagging large competitors who have started shift towards NGP, as well as high number of smaller, often more digitally native players

Client name: X
Team set-up: X
Fees Structure: X

Approach

Prepare and build vision for the shift from legacy to NGP:

Build a consumer segmentation: who is the consumer, what is their consumer decision journey, why and how do they shift towards NGP, where do they shop when, etc.

Build a single view on revenue and profit pools across the value chain

Optimize the channel strategy and route-to-market

Across, define overall NGP strategy

What was unique: X

We built a bold vision to make a paradigm shift in growth

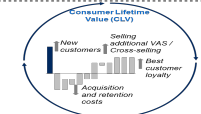
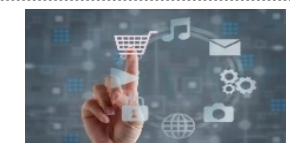
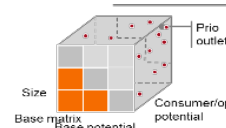
From ...

- **Product centric**, technology-led pushes
- **Stepping through a linear brand funnel**, focussed on traditional marketing channels
- **Legacy route-to-market** via kiosks and modern trade
- **Business plan logic** with annual perspective, incremental gains and yearly adjustments
- **Quarterly sales figures** and targets
- **“Us vs. Them”** with NGP profit pool vs. legacy profit pool

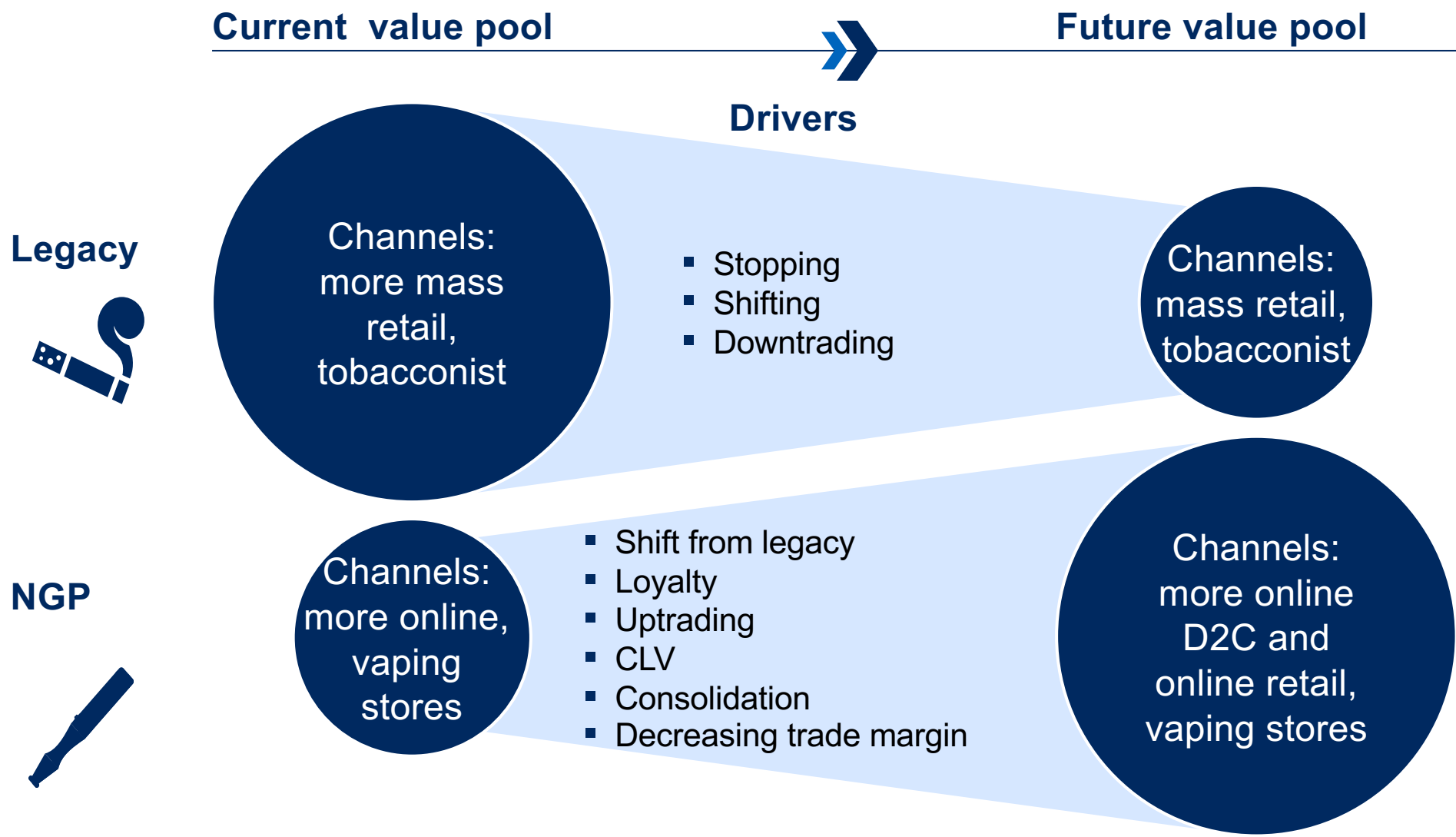


To ...

- **Consumer centric**, insights driven, segment-based approach
- **Engaging throughout the consumer decision journey**, with digital and direct-to-consumer communication at the core
- **Route-to-consumer** via more online D2C and online retail, and vaping stores on top of existing routes
- **Full potential, longer-term thinking, agile business empowerment**, continuous adjustments to market reality
- **Total consumer universe and customer lifetime value**, focussing on conversion, loyalty
- **Integrated company perspective based on total CLV** across business lines



Client revenue and profit pool will shift from almost entirely legacy towards majority NGP



Impact and actions

Consumer-first strategy

 **Consumer-led portfolio**

 **Optimise consumer touchpoints**


 **Improve online experience**

 **Build brand love**

+

New ways of working


 **More agile + cross-functional ways of working**

 **Focus on capabilities in digital + data**

Single view of the customer



Growth

 **10x**
Increase in market share (NSV)

 **15x**
Increase in consumers in 1.5 yrs

 **Happier customers**

How this can be leveraged at other clients

- ✓ Fast - quickly assess market growth potential + strategic options especially in new or emerging categories
- ✓ Multi-lens – put consumer at the centre + tailoring consumer journeys, GTM approach, financials and value proposition to optimise for consumer targets
- ✓ Focussed – prioritises and looks only at what it will take to win