



**IQOS**

TOGETHER. FORWARD.

**SMT**

May 2021

# This is a time of great opportunity for IQOS

There are still a considerable numbers of LAS (~25m across Top 10 markets) who **are unaware of IQOS**, or who are **aware but not progressing** into the category.

Motivating smokers who are unaware of IQOS (or are unconvinced of its benefits) to begin their journey is our **biggest opportunity to grow the IQOS franchise**.

Each **1PP improvement** from 'Unaware' to 'Aware on Journey' will support over **600k smokers** to become users and bring an estimated yield of **\$180-200 Mio MC1**.

In parallel, addressing **emotional pain points** and **bonding** with LAU will help to grow a **meaningful, differentiated brand** that endures growing competition.

To achieve this growth,  
we must reflect on  
performance to date  
and react assertively

# Early indications show that the creative and the investment strategy works...



**Recall rate** 10% vs benchmark 7-9%



**CTR** ~0.17% vs benchmark 0.11%



**eCRM open rate** >50% **CTR** 5%



+60% **impressions** for unbranded keyword searches; 4.4% **CTR**



+13pp **YOY Aware** and +14pp **Aware On Journey** after increasing media investment; **6x ROI** acquisition per user

Yet only 5% of markets' RRP investment is dedicated to category motivation, educated awareness & brand campaigns

	Consumer Journey		2021 RF3	vs OB - Fav / (Unfav)	% Total Market OPEX
	Aware - not	Not Aware on journey			
<b>Ukraine</b>	<b>20</b>	<b>17</b> %	<b>(\$11)</b>	<b>(\$5)</b>	<b>16%</b>
Israel	61	18	(2)	(1)	15%
Germany	43	13	(31)	(9)	13%
Switzerland	45	13	(8)	(0)	10%
Spain	42	26	(4)	(1)	7%
South Africa	85	0	(1)	-	5%
Kazakhstan	33	9	(2)	(1)	5%
Italy	19	10	(8)	(2)	3%
Czech Republic	16	8	(3)	-	3%
Russia	41	22	(10)	(3)	3%
Japan	11	4	(20)	(4)	3%
Korea	20	43	(2)	(1)	1%
Portugal	10	30	(1)	-	1%
Romania	57	13	(1)	-	1%
Poland	55	6	(1)	(0)	1%
Greece	37	14	-	-	0%
<b>PMI</b>			<b>\$ (149)</b>	<b>\$ (29)</b>	<b>5%</b>

There is opportunity to more than double paid media spend (+\$60m YOY), by spending up to the media market's full potential in the Top 10 markets.

# Therefore we are expanding the scope of the campaign

With improved targeted investment, we must continue deploying the proven category motivation assets at scale, complementing them with experiences and addressing the constraints of dark markets, while adding new critical topics:

1.

## Clarifying 'nicotine' & its role in RRP

A new toolbox that will address misconceptions about **the role of nicotine in RRP** and establish **the right sequencing** of the educational journey

September 2021

2.

## Exploring how to land "impact" on others around you

A new toolbox including never-before-covered secondary topics of the category story: **indoor air quality, second hand smoke, the differences between smoke & aerosol**

September 2021

3.

## Combining & amplifying impactful comms with meaningful experiences

Merging the successful CO pilot in Korea with with the newly released CO communication messages, and translating it into **a digital experience** for reach and scalability

August 2021

4.

## Extending the reach of methodology & topics

Into other topics such as **IQOS VEEV**, whilst maintaining differentiation

July 2021

# Coupled with expansion into third party ecosystems

There are separate, tailored education programmes for consumers, the public, and professionals

## LAS & LAU

Education to provoke intrinsic motivation to switch (or never return to smoking) at an individual level



## General public

Education to engender societal understanding and acceptance of HNB as a better alternative for adults who would otherwise continue to smoke



## CCPs

Education to equip professionals with the knowledge they need to motivate others to change their behaviour



CCP engagements are led by the EA teams in the markets and strict adherence to guidance and DO's and DON'Ts provided in the **RULES OF SCIENTIFIC ENGAGEMENT WITH HEALTHCARE PROFESSIONALS** is mandatory.

**We look forward.  
We keep moving.  
We IQOS.**

No smoke means you can get closer to the ones you love. No wonder millions of adults have switched from cigarettes to IQOS.

For more, visit [iqos.com](http://iqos.com)

**I stride out.  
I'll make tonight  
my night.  
I IQOS.**

Join the millions of adult smokers who have switched from cigarettes to IQOS.

For more, visit [iqos.com](http://iqos.com)

**We push hard.  
We strive for better.  
We IQOS.**

Stay there in the moment with no smoke and less smell in the way.

For more, visit [iqos.com](http://iqos.com)

**I am passionate.  
I make every  
moment count.  
I IQOS.**

Get lost in the moment with no smoke in the way.

For more, visit [iqos.com](http://iqos.com)

**We settle in.  
We go for 10  
episodes.  
We IQOS.**

Stay there in the moment with no smoke and less smell in the way.

For more, visit [iqos.com](http://iqos.com)

**I express myself.  
I do it my way.  
I IQOS.**

Stay in the moment with real tobacco satisfaction and no smoke in the way.

For more, visit [iqos.com](http://iqos.com)

With our TOGETHER. FORWARD. brand campaign, we have laid the foundations for success by creating an ownable and meaningful brand idea beyond being just a category leader.

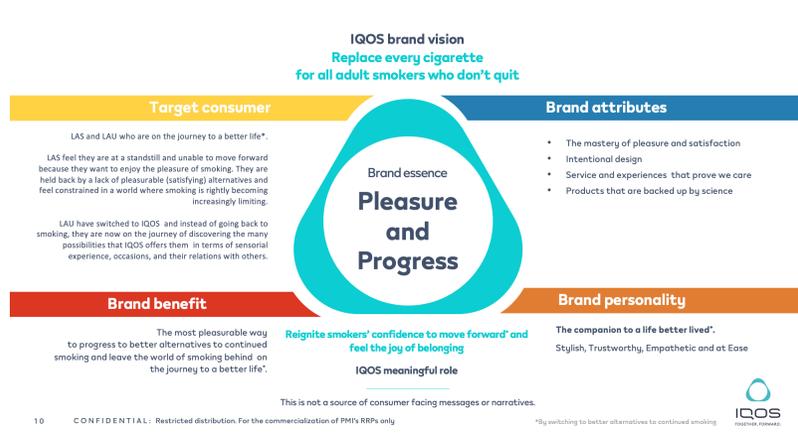
A brand idea which comes to life through relatable moments, where we credibly and authentically dramatize IQOS' emotional brand benefits.

Using the IQOS name to create a distinctive platform with the flexibility to capture the sense of pleasure, progress and belonging users feel.

Already launched in over ten markets, early responses are extremely positive...

Insert consumer insights here

# For the next wave of our brand campaign we will build on the foundations of success laid by our brand framework, brand world, and brand idea: TOGETHER.FORWARD.



We must continue to add meaning to the brand to strengthen emotional bonds and protect our leadership status.

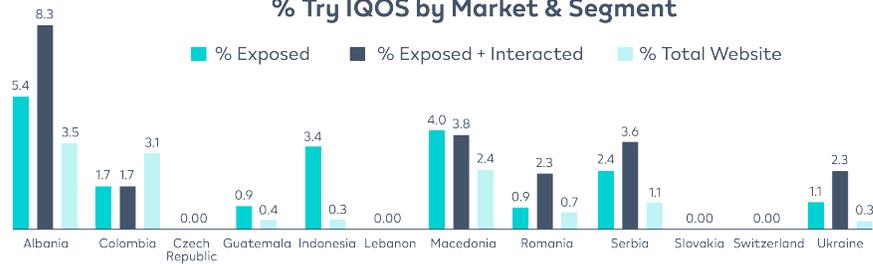


To do this we will give a voice to our users to become our greatest endorsement, and position TOGETHER.FORWARD. as a rallying cry for our movement.

# Why user generated & inspired content?

Proven potential to inject authenticity & credibility whilst nurturing an emotional bond.

% Try IQOS by Market & Segment



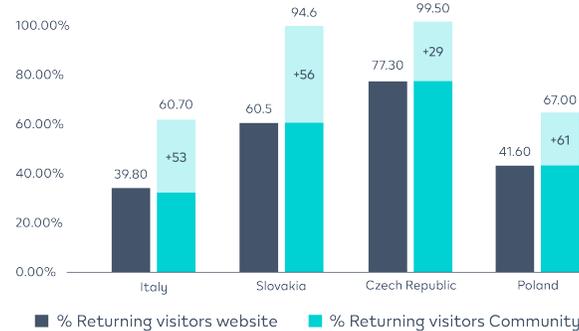
% Conversion Rate by Market & Segment



Higher conversion & try rate on IQOS.com for visitors exposed to UGC

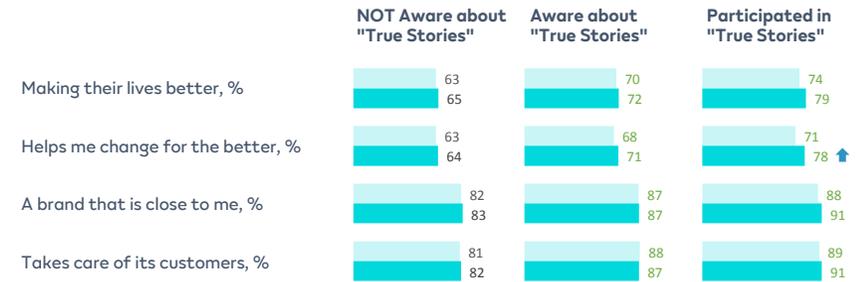
Market	Exposed	Exposed + Interacted	Total Website	Exposed + Interacted vs. Exposed
Colombia	07:16	08:49	01:40	+01:33
Czech Republic	09:08	10:35	03:19	+01:27
Slovakia	09:01	10:40	03:28	+01:39
Switzerland	06:55	08:50	03:13	+01:55
Romania	11:48	16:51	03:36	+05:03
Ukraine	06:33	10:07	01:20	+03:34
Guatemala	09:54	11:17	01:51	+01:23
Serbia	06:27	10:58	02:11	+04:31
Albania	07:05	09:13	01:51	+02:08
Lebanon	08:43	13:25	03:00	+04:42
Indonesia	11:22	N/A	01:28	N/A
Macedonia	06:36	11:23	01:56	+04:47

% Returning Visitors on IQOS Community



>3x higher average session duration and return rate on iqos.com community page

RU true stories impact on brand attributes



True stories campaign succeed to improve IQOS brand perception on targeted brand image aspects and strengthen the emotional connection to the brand even for LAU **just aware** of the project

Base: Stories collection stage: 1213 | 982 | 644  
Premiere & Roll-out stage: 706 | 428 | 186

86 - higher than NOT aware about "True Stories"  
↑ - higher than Stories collection stage

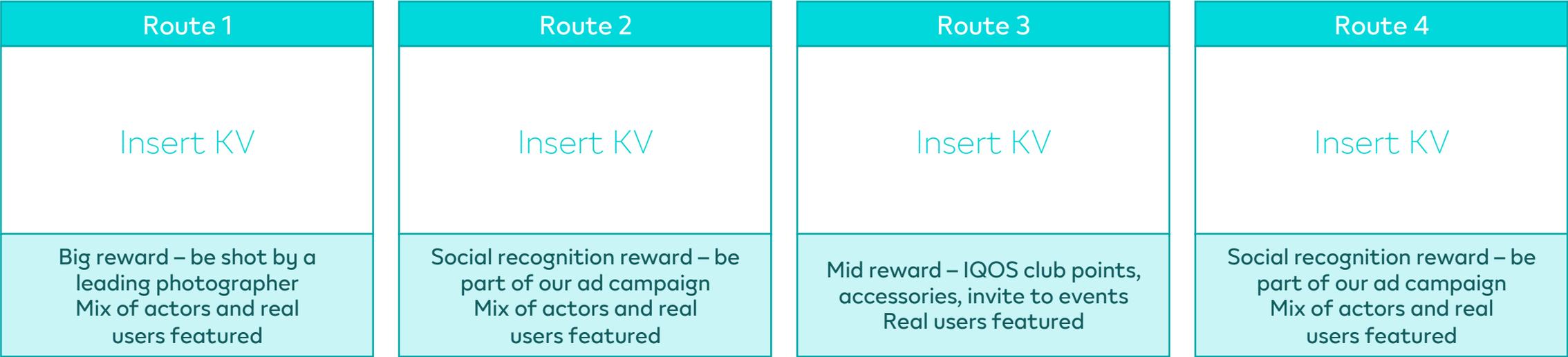
Positive impact on brand equity attributes, for both UGC participants and those just aware

User Inspired Content (UIC) has the potential to combine the relatable and approachable values of UGC, whilst retaining our aspirational and premium brand positioning.

# We are testing four creative directions where we shift the focus of our campaign to users' "true stories of progress, pleasure, belonging"

LAU true and impactful stories of pleasure, progress and belonging

LAU snackable and light-hearted content, based on relationship with brand and product





**IQOS**

TOGETHER. FORWARD.

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