

Goldflake:

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GOLDFLAKE: GoldFlake was launched by ITC in India in the seventies and as the years progressed it gained popularity and is now the largest selling brand in the world. It was launched as a premium cigarette for the adult men of the elite class as the brand was compared with Gold for the quality and purity of experience. Today, the cigarette has a place in premium as well as economy category and its target market has shifted from just adults to both adults and youth of all. The GoldFlake sold in India has more tar content, of 15mg, as against less than 8mg for international brands. It is being sold in India in 3 variants : - Gold Flake Premium FT -45 /49 (49 in Rajasthan) - Gold Flake Kings - 58 - Gold Flake Kings Lights -58

COMPETITIVE MARKET OF

GOLDFLAKE: In India, Cigarette is not the major form in which tobacco is consumed. Infact, Cigarettes account for only 14% of the total tobacco consumption. In India, the cigarette market is ruled by four locally established companies but most companies have tie-ups with international tobacco companies as well. ITC has the leading cigarette manufacturer in India with a market share of 72% of the market and has increased its cigarette production to 65. 8 billion sticks in 2009 as compared 57. 1 billion sticks in 2001, which marks an increase of 15%.

MARKETING TRENDS:

ITC makes different cigarettes in the portfolio for the economy class to the premium class. This has given it presence in rural as well as urban market. ITC Group launched Wills Classic Verve slim cigarettes targeted at women and first time smokers. ITC describes the brand packaged in a shiny red as “ India’s trend setting cigarette [that] defines uber cool urban style. ” The ITC group uses two of its popular cigarette brands, Wills and John Player, as the brand name of lifestyle retailing stores that sell clothing. The Wills Lifestyle

brand is a well-established brand and also sponsors India's annual Fashion Week, stretching the cigarette brand name so that it is associated with the glamour of fashion and not just the tobacco product. After rise in the duties in unfiltered cigarettes in India, ITC stopped the production of unfiltered cigarettes in India forecasting the strong decline in demand in unfiltered cigarettes.

CONSUMER DETAILS AND ANALYSIS

Decision Unit: The sources which influenced the consumers in decision making were their Friends/Family members, shopkeepers. Majority of the respondents said that they started smoking cigarettes early during their college days and were influenced by their friends/family members. The other sources of influence being the shopkeeper and in some cases the consumer himself went on trying different brands until he settled for GoldFlake. The other factors which helped the consumer in his decision making process were

1. Ease of availability :

Consumers believe that Gold Flake is easily available at all places

2. The Brand :

Since GoldFlake is an old & trusted brand, Consumers were influenced by the word of mouth from other consumers of the brand. The other benefits of GoldFlake observed are detailed under the Consumer's consumption frequency and buying preference behaviour of the respondents.

Demographics: We surveyed 14 people out of which 12(86%) users of Goldflake are male. Age group of the respondent lies in the range 18 to 35 with 7% consumers in the 18-21 years age group, 29% in 21-25 , 43 % in 25-30 and remaining 21% in 30-35. There was only 1 student and the remaining were salaried or self-employed. Among those who are employed, 50. 0% have a salary bracket of Rs. 250000-50000 and 29% between Rs. 500000 to Rs. 700000 and remaining 21% above Rs. 700000. Gender of users Age of

Users Occupation of users Post Purchase behavior: Consumption Frequency & Buying Preference: According to the survey, 50% of the respondents smoke between 6 to 9 cigarettes in a day which is also evident from the GATS (Global Adult Tobacco Survey) report which shows that an Indian above the age of 15 smokes, on an average, 6.3 cigarettes in a day. The main reasons for smoking GoldFlake given by the Consumer were broadly into 4 categories : 1. It gives a good Kick — 1 respondent 2. Its a smooth cigarette — 4 respondents 3. It has Low Tar Content — 1 respondent 4. Easily Available — 6 respondents Majority (72%) of the respondents preferred to buy Gold flake in packs rather than loose (21%) and the remaining(7%) have no specific choice. Also, everyone agreed that Gold Flake Cigarette is easily available in the market wherever they go. Buying Preference & Availability Post Purchase behavior: Consumer Loyalty & Satisfaction We can get the idea of the Loyalty and satisfaction Level of the Consumer by the number of years since when they have been smoking GoldFlake. On being asked about the duration since when they have been smoking our brand in focus, we came to know that most of the consumers have been smoking GoldFlake for over 3 years, the median lying in 5+ year range. When we asked them about the satisfaction level from the Brand, 2 respondents were highly satisfied with the brand and will continue with the same brand going forward, 9 were satisfied and are likely to continue with the same and the remaining 3 were neutral about the satisfaction level. But the good part was that no one said that they were dissatisfied with the brand. SWOT ANALYSIS: STRENGTHS: 1)The main strength of the company is the brand Image of Gold Flake. It is the largest selling Cigarette brand in the world by volume. 2)It is for the

premium customers and has high perceived quality; It is affordable by the target consumers. 3) The distribution channel of the company is very good and ensures that the product is readily available. 4.) Smoking is addictive.

WEAKNESS: 1.) Ban on the advertisements has dampened the promotional activities. 2) The manufacturing process, which is very time consuming. 3) The price is on the higher side. 4) ITC is manufacturing other cigarettes also such as Navy Cut, Classic, and Bristol etc so it becomes difficult to differentiate the different products. 5) The tar content is higher as per international standards.

OPPORTUNITIES 1) If the price of the cigarette is reduced and the same quality is offered then it can penetrate in the less expensive market of cigarettes and this will increase in sales volume. 2) India is a potential market because of its population size. Cigarette industry is only 14% of the total tobacco industry. 3) ITC is a reputed brand and they can target the international market. 4) ITC can make the cigarette less harmful (by decreasing the tar content and nicotine content) to attract more consumers who prefer international brands. 5.) If the smokers who currently smoke bidi switch to factory made cigarettes, then India's cigarette consumption would increase to around 640 billion sticks. This increase would make India the second largest volume cigarette consumer in the world behind China. 6) It can expand in the cigar market which is largely dominated by Godfrey Philips.

THREATS: 1.) The main competitors are Marlboro, Marlboro Lights, and 555 cigarettes. These are the international brands with high quality. These come in the same price bracket of Gold Flake Kings. Moreover the promotional activities of these brands are at the international level such as Ferrari is sponsored by Marlboro in Formula one.

2) Lot is to done to create awareness about the ill effects of the changing habits of the consumer; if consumers quit smoking due to its ill effects and hazards then the sales can go down drastically. This may affect the sales as well as the brand image of the product 3) Considering the ill effects of tobacco the government may completely put ban on advertisement of cigarettes or on the sponsorship by cigarettes and may also increase the taxes to check the cigarette consumption of the consumers.

RECOMMENDATIONS: 1) Consumers want cigarette manufactures to make cigarette which are less harmful for their health and ITC GoldFlake should look into decreasing the tar content of the cigarette. 2) The survey data showed that consumers wanted the packaging to be changed and make it attractive 3) ITC can focus on expanding to international market by meeting the international standards of quality such as by reducing the tar content in a cigarette.