

**Business communication: aka how a customer gets engaged/committed to a product or service**

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### Declaration of thesis authenticity

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## **1. Introduction:**

### **1.1. Description of the topic:**

The main topic of my dissertation is how a customer gets engaged or committed to a product or service in terms of a challenging industry, the tobacco industry. I would like to guide my research through an alternative smoking device IQOS which is quite widespread nowadays.

Some of my main questions will be whether their communication is effective and successful, what the consumers think about it, what kind of tools the brand can use to engage people, what are the differences in marketing communication compared to the original tobacco products, and how can a brand overcome the regulations facing this industry? All in all, my main goal is to investigate this special and important sector, how consumers behave, and how the company functions as it is an important field that cannot be missed due to its risks besides its high popularity.

### **1.2. Justification for choosing the topic:**

Being a marketing student specializing in the communication field it became interesting to me how a product especially in this very limited and regulated field can connect with customers on such a high level. I would like to investigate some further questions about IQOS, their consumers, and generally the Hungarian market overall. Also, from the company's point of view, it is crucially important to communicate in a socially responsible way as it is a bad addictive substance, and in my opinion, that is one of the main reasons why it is so important and interesting to research this field.

On the other hand, before diving into this topic, it is important to emphasize that I don't want to promote smoking or the use of any kind of tobacco products in any way. Smoking is a generally known health-risking habit, and numerous studies have shown that it harms the individual and their environment. The main goal of my research is not to promote the use of IQOS or any other tobacco-related product but to investigate the communication and marketing tactics of the company. With the increasing presence of these alternative products, I believe that research for new innovative products is a must for us to better understand their operation and their communication, especially as they can be highly influential for many people.

### **1.3. The actuality of the topic:**

The culture of smoking has been part of our lives since very early ages. Firstly, tobacco was used to “heal” people, later it became an everyday habit. With the development of technology and with the more depth discoveries of the several health consequences caused by consuming tobacco, alternative smoking devices have entered the market. Of course, with the entry of these products, many questions were raised in connection with the effectiveness, safety, and long-term effects on health. As a result, the branding, marketing, and communication of these products also raised some new questions compared to regular tobacco products. What’s more, my research can be relevant also to the aspect of Hungary always having a smoking culture. Unfortunately, many people smoke in Hungary, and we have a powerful habit, so it is also interesting how companies can turn people towards a healthier version while having such a set practice.

## **2. Research questions:**

### **2.1. Research questions:**

1. What kind of communication tools do IQOS use to get customers engaged with the products, in their limited communication abilities?
2. How have communication tools changed with the invention of the tobacco industry?
3. How do customers get committed to a specific product in the wide range of possibilities in the industry?
4. What do people think about the effectiveness of the communication tools implemented by IQOS?
5. What kind of regulations do tobacco-related brands have to face regarding their communication and commercials?

## **3. Planned research methods:**

During my research, I would like to implement questioner as my research method to correctly investigate the topics mentioned earlier.

### **3.1. Questioner**

In connection with my research methods, I would like to use a questionnaire to measure within the IQOS user community (closed groups on Facebook and other socials) to investigate the following questions: satisfactory questions about the product, connecting services, customer support, online platforms; about the effectiveness of the company's communication on socials and direct promotional messages and whether the customers are committed to this product and if they are what are the reasons for it.

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## 6. Overview of technical literature:

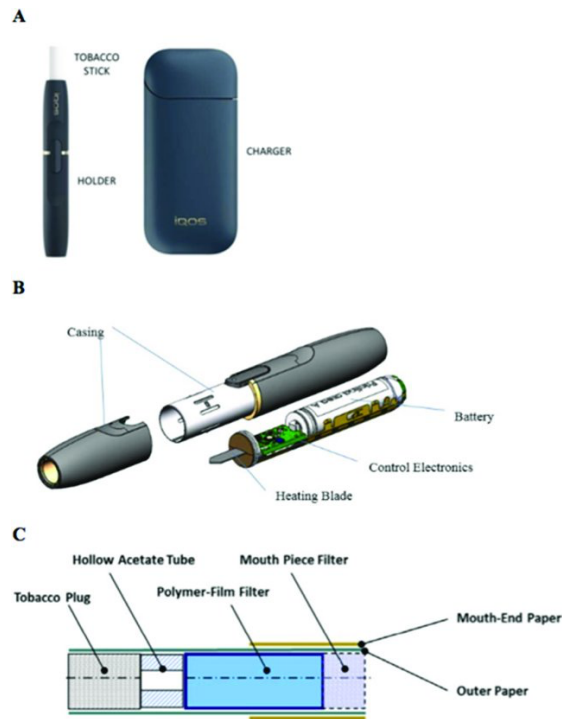
### 5.1. About the product IQOS

With the evolution of the tobacco industry, the consumption of regular tobacco products is decreasing, the sector has to face more regulations and the rules facing them are much stricter as well. As a result, there are new innovative and alternative devices in the picture. Firstly, electronic cigarettes, later disposable cigarettes, and finally heat-not-burn devices became popular among users.

One of the main brands in the tobacco industry is IQOS which is a heating tobacco product, creating a smokeless “smoking” experience produced by one of the biggest tobacco companies Phillip Morris. The device unlike normal cigarettes is heating the tobacco at a very high temperature not creating any burning which means no smoke, no smell, and no cigarette tar. According to Trenda: it is an innovative, more classy, new way of tobacco consumption. (Trenda, 2024)

The product uses a heating stick, which releases aerosols filled with nicotine when they are heated up to 350 °C with the device’s heating element. The heating sticks are usually flavored, they are much shorter than regular tobacco sticks. In Europe, they have two types of devices one is named IQOS Originals, which has a metal stick in the electronic heating element of the device, and it can be used with tobacco sticks called Heets. This device requires cleaning as the tobacco particles from the sticks eventually fall into the device, as you can see in Figure 1. The other newer device is called IQOS Iluma, which doesn’t have the metal stick inside the device and can be used with the heating sticks called Terea or Delia,

where the metal stick is included inside the tobacco sticks itself. As Figure 2 shows, the tobacco particles are covered, and it doesn't fall into the device, which makes the device more timeless with fewer technical problems, and it doesn't have to be cleaned at all (Leigh, et. al., 2024).



1. Figure: A) The Philip Morris International IQOS charger, holder and HeetStick (tobacco stick). (B) Schematic drawing of holder. (C) Schematic of HeetStick tobacco stick.

Source: Glantz SA, 2018, p. 2



2. Figure: Terrea HeetStick



Source: Philip Morris International

This device was introduced in Hungary in the second quarter of 2019, and it very quickly boomed in the market partly thanks to good marketing and media communication. (Phillip Morris International. n.d.) As I got introduced to IQOS and got more details on the product the brand and their whole operation it was clear to me that the brand has a very strong identity, and their marketing, and customer service are very good. I watched people around me turning to IQOS devices from all the competitors and being very fascinated and satisfied by it. I was always amazed how some brands for example Apple, Dyson, or Tesla can create a very strong brand image with a very high quality and engaging customer experience and loyalty, and I felt and noticed similar things with IQOS as well.

### *5.2. Relevance of heat-not-burn products*

To justify the relevance of the research made by the devices using the heat-not-burn (HNB) technology, I present some data from a Hungarian commission, the Szabályozott Tevékenységek Felügyeleti Hatósága (SZTFH) which was listed by 24.hu. In Hungary, after the introduction of the product in April 2019, the number of sales grew month after month, the numbers show it the best in yearly terms. In January 2020, 38,3 million pieces of heating cigarettes were sold, and for the next year, in July of 2022, numbers grew sixfold, meaning 229,3 million pieces of heating tobacco. According to the data, 24.hu writes that the numbers for next year are also showing that 2022 is going to be a record year again as the sales are already 1446 million pieces just in the first seven months. Comparing the sales of regular tobacco products, the article presents data from each year investigating the same period. In 2020, in the studied period, there were 4,438 billion pieces of regular cigarettes sold, while in 2021, only 3,968 billion pieces, and finally, in 2022, 3,836 billion. This shows a decreasing tendency of the consumption of regular tobacco products. In conclusion, adding up both heating and regular tobacco products, the general sales of cigarettes haven't changed yet, but at least people are turning to less harmful options (24.hu, 2022).

Since 2019, the introduction of IQOS in Hungary, the product had several market advantages compared to regular tobacco products. National Tobacco shops offered a featured spot inside the store, and they also offered sales for multiple purchases. The flavors can also be mentioned as an advantage, as a previous EU restriction has banned flavored tobacco products not like heat-not-burn products. To add to this, the packaging is colorful, represents the flavor, and does not have to include graphic pictures of the health protection inscriptions.

Besides these, compared to regular tobacco products, heating products have less taxation (Joó, et. al., 2021).

Regarding the Hungarian market, an interview was made with people working at Japan Tobacco International (JTI), which is the world's and the Hungarian market's 3<sup>rd</sup> largest tobacco company. They collected, among other things, information about the future of the tobacco market. The JTI representative says, "heated tobacco technology is the future, but it will require generational changes to establish a significant presence in the market. The current generation of smokers may not switch to heated tobacco products, and the shift towards these products will likely be driven by younger consumers. (Kulcsár & Molnár, 2023, p. 17)." The relevance shows also that since the introduction of these products in just three years, the portion of users is 25% of the Hungarian smoking community. JTI says that the lower costs, the novelty, and the possibly lower risks might captivate customers however, later decreases can also be predicted due to new players appearing on the market with lower costs. (Kulcsár & Molnár, 2023)

### *5.3. Marketing communication of the brand*

With the introduction of this new product in 2018 on the Czech market, Phillip Morris started to promote it to the public. Of course, they used influencers and social media marketing as one of their main sources of advertising as the main target group in the first place was the younger generation. According to the previously already mentioned research by Hejlová, the pictures posted on social media could differ in terms of the perception of the content, but they all showed some similarities. Some posts showed the product as a gift or a partnership from the company, some showed it in connection with a healthy lifestyle photographing the product next to healthy food, and some showed it on holidays, with celebrities. Still, all in all, it all shows a luxury lifestyle and, modern, healthy product. To see an exact example, the study says "Czech celebrities and influencers have been actively presenting IQOS in their posts and videos since 2018 on Instagram. They present IQOS as a gateway to an aspirational, healthy, attractive, and celebrity lifestyle." (Hejlová, et al., 2019, p. 7)". However, in the Czech area, it could work I would like to further research in terms of Hungary and from the influencer's point of view. (Hejlová, 2019)

If we look at the efficiency of the campaign in a study made by Illésóvá people said: "Practical, stylish, innovative, odorless, and healthier were the most frequently associated words with heated tobacco products from the respondents' point of view (Illésóvá, et al., 2023, p. 137.)". Of course, viewing these findings with caution, generally reflecting on the

previous quote, people seem to love the great stylish product and can resonate with the strong brand identity showed by the product itself but also by influencers and promoters.

In another study done in America, which includes 75 retail stores selling IQOS, they investigated the point of sale (POS) marketing of IQOS. They found out that 98,5% of the stores had some kind of internal marketing promoting the brand, more specifically they had branded signs in 97% of the stores and had brand displays in 60,6%. To add to this, among the stores that had internal marketing, 28,8% promoted the product to be a healthier option than regular tobacco products. They describe that Philip Morris (PM) has always had aggressive marketing and although they claim they follow the guidelines of the age restriction of the product, they use techniques that seem the opposite. They created the product to be chic and elegant, made the tobacco products packaging according to the colorful flavors, and use young adults in their social media marketing and social events and presences. This can possibly lead to them not promoting to the people who can potentially switch to an alternative healthier option but rather promoting to people who are not even smoking, what's more, they might be youngsters. To further investigate this topic, more research is justified in the future (Henderson, et al., 2023).

Considering Hungary, during a purchase of an IQOS device, you “must” give your home address, phone number, and e-mail address as part of the registration procedure. This way, they are instantly building a closed community and reaching direct channels for further questionnaires, interviews, and promotions. They even send out gifts on birthdays, celebrations, or even as a return for filling out some tests or giving valuable information to them. By this, they create a satisfying, appreciative feeling in the customer while earning crucial information regarding the product, the usage, and the habits of the customers. The company has an active social media presence in private, closed groups where people share their experiences, news, updates, etc. Since introducing IQOS in Hungary, they have built a significant online and offline information pile with articles about the new healthier and innovative “smokeless” future. (Joó, et. al., 2021).

#### *5.4. Social communication of IQOS*

It is important to mention that smoking is a very bad habit, it has several terrible health consequences. My research is not trying to promote smoking or any kind of alternative way of it, but I think it is important to mention that even though we do not surely know the long-term effects of the alternative forms of smoking, it has been proven by much research for example in case of IQOS that it has much less harms than regular tobacco products.

Also, from the company's point of view, it is crucially important to communicate in a socially responsible way as it is a bad addictive substance. Talking about social responsibility, according to research made by Hejlová where they analyzed to social media posts of influencers used in the campaign, they tried to include some hashtags in all of the posts to remind people about the danger related to the product. Some of the hashtags used were: #notriskfree, and #onlyforadults, but the results showed that it was not enough as they promoted it to all Instagram users including children and also non-smokers. This raises some important questions in my mind. Firstly, why can influencers promote addictive, tobacco-related products freely to the social media feed where everybody sees them? Secondly, why did the company feel that it was okay to just use a few hashtags to raise awareness about the negative health effects of the product?

I have already mentioned the number of articles shared by the company online and offline. Phillip Morris International states that the articles do not qualify as promotions or advertisements they are only informative reports and social enlightenment for users (Joó, et al., 2021). These claims, while convincing, may oversimplify the risks involved. "Between February of 2019. and September of 2020. 330 such articles appeared on various platforms, reaching a total of approximately 6 million people." (Joó, et al., 2021, p. 74)

##### *5.5. Regulations the tobacco industry must face regarding marketing communication*

With more in-depth research about tobacco products and their negative, addictive effects, it was quite clear that regulations and limitations in connection with advertisement and promotional actions must change. In an international aspect, one of the first major steps in this topic was initiated in 2003 by the World Health Organization (WHO) which accepted the Framework Convention on Tobacco Control (FCTC). FCTC aims to minimize the nonstop spreading of tobacco products, to stop the increasing number of tobacco users, and to decrease the effects that lead to harm to health. Until 2005 already 40 countries joined the convection, also our country was Hungary in 2004. One of the main measures of the agreement is that every promotional, advertising, and sponsoring action concerning tobacco products must be banned within 5 years of their entry into force. There are countries where the basic legal system already has some measures on advertising and promotions, in case of them they have to adapt to the FCTC as much as the legal system lets them. (Verebélyi, 2018)

Talking about the EU the first concrete policy came into action at the same time in 2003 when Germany raised the question which was banning all types of advertising and

promotion of tobacco products. Finally, the EU didn't introduce the full ban, they just limited some communicational channels such as in the press, in printed publications, on the radio, etc. where tobacco products cannot be advertised. (Verebélyi, 2018)

Concerning our country, Hungary the first action was taken in 1978 when they banned the different advertisements which promoted and encouraged people to the consumption of tobacco. However finally in 2001, the regulations connected to advertising were changed, and the full ban on the promotion of tobacco products started. (Verebélyi, 2018)

Later the next more significant step was taken by the European Parliament when the packaging of the tobacco products was changed. The general brand associating packages had to be changed to a format that raises awareness of the possible bad consequences of using the product. Later the next government order (291/2011. XII. 22.) was to emphasize the consequences even pictures should be added to the product to more visually and clearly describe the possible causes of use. As for the results, research was made on the effects of the changes. The questionnaire form research was oriented toward the younger generation, more specifically to two target groups: the ages between 12-18 and the 18 and above smokers. Results have shown that approximately half of the respondents in both age groups said that they regularly read the warnings on the packaging of tobacco products, and for the younger group three-quarters of the smokers usually read the warnings. As for the population generally 60% of the 18 and above agreed with the different warnings put on the package, while in the student population a bit higher 72,7% agreed with the ordinations. (Verebélyi, 2018)

Also, with the introduction of flavored tobacco inserts, many youngsters tend to have more interest in trying out some tobacco products. To prevent this, according to Kulcsár & Molnár, 2023 the EU is considering banning these flavored products, such as they did to regular flavored cigarettes earlier. Since the publication of this article, Hungary also signed the EU's regulation, and they are going to forbid all characterful flavors in heating sticks. Hopefully, this will solve or at least improve the decreasing number of youngsters smoking. (Kulcsár & Molnár, 2023)

#### *5.6. Motive for people to use IQOS*

As a base for my questioner, I want to investigate previously done research with people using the product. Research done in the UK examined people's opinions on the factors influencing the usage of IQOS for smokers and non-smokers. The main categorization of the recipients is current IQOS users/former IQOS users, daily/weekly/monthly/less than monthly

smoking. Also, in cases when the customers stopped smoking combustible cigarettes, they refer to them as former smokers. They interviewed 30 people, both face-to-face and telephone interviews. While generally accepted, these findings should be viewed cautiously due to potential biases.

Mostly, people said that they wanted to stop smoking, that's why they started to experiment with this new product. Some said that their intention never was to stop smoking they just wanted a healthier, different way of doing this bad habit. Most people could quit smoking combustible cigarettes, but they continued using IQOS, some could quit internally, but there were also a few people who continued to use regular cigarettes besides IQOS.

Considering the perception of harm, many participants said they tried the device because it was 'better, less harmful, healthier'. They explained that the well-perceived and communicated generally known harms were more alarming than the 'cleaner,' 'healthier' communication of IQOS by Phillip Morris International, and on the packaging as they don't have to include the graphic pictorial warnings. "*I looked into IQOS and it did claim that it had... fewer harmful chemicals than a regular cigarette... That was part of the appeal. And I think that's how it was marketed to me, that it was less harmful.* (Alison, 35, ex-IQOS user, former smoking)" (Tompkins CNE, et al., 2021, p. 19). This behavior separated people as there were customers who smoked twice as much Terrea as they did in cigarettes. Still, it also happened that someone, because of reading about the unknown effects rather, turned back to combustible cigarettes. Of course, customers said that they were all aware that the product was harmful and the possible harms, but it affected everyone differently.

Apart from the health risks, physical health indicators play a role in people's decision-making. Participants often reported feeling fitter and healthier after switching to heating tobacco products. They felt more energized, had fewer breathing difficulties, or coughed less. As a result of these improvements, they continued to stick with IQOS, believing that the product is really a safer option, as the company advertises. No recipients reported any negative effects remarked by the product.

Talking about financial factors, people regularly reported that they considered the product expensive and only bought it because of the several promotions, sales, and free Tereas along with the device. All in all, they said that even though it was more expensive, they chose to spend more for their health. During the use of the device, participants had different opinions about prices. Some said the price of Terrea is expensive; others said it's cheap depending on their previous choice of tobacco. The key driver for not stopping

smoking IQOS was the package order discounts through the PMI website or ordering it from another country offering lower prices.

Generally, about the satisfaction of smoking, users insisted that it feels “smoother, lighter, more elegant, less harsh” compared to combustible cigarettes. On the other hand, some of the customers were unsatisfied for the same reasons, such as it felt too light for them.

The design was quite a strong factor in choosing IQOS, as it was a stylish, slick device compared to the previously used e-cigarettes, which are quite bulky, ugly, and huge. Also, the smell was very pleasing for many as it is in between the harsh cigarette smoke and the weird fruity candy smell. Considering the “cleanliness,” people mostly answered that it’s equal to or even better than regular tobacco, as it doesn’t leave stains on the finger, clothes, or the actual smoking part, and it doesn’t come with ash at all. *“You can use IQOS and not feel bad about yourself afterwards in terms of like the aftertaste, the smell... you just feel nice. (Yulia, 19, current IQOS user, less than monthly smoking)”*, *“If there was a headline that says that IQOS was actually more harmful than cigarettes... I probably would still use them... there’s less smell, there’s no ash, it’s cleaner. (Sanjay, 43, current IQOS user, less than monthly smoking)”* (Tompkins CNE, et al., 2021, p. 20). Few participants reported an unpleasant experience with the smell as it has a weird fart, burnt-like smell.

Talking about the smell, some said that it is an advantage for them that it is undetected, they can use it more places like in their homes, cars, or even in public places. The ritual is also a bonus because, unlike e-cigarettes, it gives the feeling of normal tobacco consumption. You have to open the packet and take out each piece, and it has a start and an end as well.

Talking about social factors, trendsetting also arose as it is a new innovative way of smoking, and people trying it out could feel like early adopters. According to the participants, relationships also spread the popularity of IQOS. If someone tried the device out, they often recommended it to other smoker friends and family members. People also discussed the more positive social acceptance among non-smokers. The use doesn’t come with smell and harmful smoke effecting secondhand smokers. *[I] feel less guilty smoking the IQOS around other people because... as far as I know it’s not as harmful to secondhand smokers as cigarettes. (Yasmina, 25, current IQOS user, weekly smoking)* (Tompkins CNE, et al., 2021, p. 21). From another perspective, socially, some users mentioned that it’s a different experience compared to regular tobacco products, as you can’t ask for a piece of cigarette at a party or on the streets.

In conclusion, from the first independent study in the UK, people would rather have positive experiences with the product, and more people who tried it stuck to the product. The most positive factors were the health factors, design, and cleanliness, and the most negatives were the unknown possible negative causes and the availability and prices. (Tompkins CNE, et al., 2021)

### **3. Research Methodology:**

As in any research, the choice of methodology is crucial to make sure that the findings are relevant and accurate, considering the topic of choice. For this topic, which is communication strategies of the brand IQOS and customer satisfaction, I decided to apply questionnaire as a method. This includes quantitative research to ensure that the customers can be effectively investigated. As the base of my topic is communication and people, after in-depth secondary literature research, primary research is a crucial part. For my primary research, I chose a questionnaire because this method can reflect people's ideas and opinions best and can be approached firsthand from the customer's point of view. This method will help me to understand the target audience's reviews. To justify my choice, primary research is an effective tool to capture a broad palette of opinions and behaviors, and it allows anonymity. As a result, participants can give more honest feedback. Also, questionnaires can be distributed to a large number of people this way, I can collect diverse responses.

Following the Hungarian and EU standard my filter in terms of age is going to be above 18 years old and as for a modern device it will end at 65 years old. Participants younger than 18 years old are excluded because of the prohibition of nicotine consumption, and people older than 65 are left out because of the lack of knowledge in terms of technology, as they are not likely to use the product, and they are hard to reach through social media. My sampling will also focus only on the people who are currently using IQOS as a habit and are in the IQOS user community which I am reaching through closed social media groups such as Facebook. As a result of this, I can reach people who are engaged, active users and likely have strong opinions about the brand's communication as they are the target group and are familiar with it. By focusing on these people, I can gather insightful and relevant information.

Considering the design, firstly, after the demographic questions, the topic will be in connection with the purchasing power, the first impression of the product, and the communication tools IQOS uses, such as direct phone calls, email-based questionnaires, digital and print advertisements, and on-site promotions. They have to state what kind of way



they first heard about the product and what was the motivation for the purchase. Respondents will have to evaluate on a scale their satisfaction with these internal and external tools and how their brand loyalty, purchasing behaviour, and overall engagement were influenced by them. These questions will highlight what kind of communicational tools are the most effective and which are the ones that need improvement. I will then touch on the influencer's question to find out how much foreign influencer marketing is reaching the Hungarian market, and then we will continue with the question of regulations according to the tobacco market.

Moving on, I will focus on how differences in design in connection with the packaging of regular tobacco products and IQOS products influence the purchasing power of consumers. This way, I can collect data on the effectiveness of the approach to highlight some health-damaging factors of the product. People will get a few questions about the direct promotions and discounts given by the brand. Finally, the middle section will end with questions about the smoking behaviors of users and the motivation behind them. In this part, the respondents will get questions according to their answers to highlight the answers separately of previous smokers and previous non-smokers.

Also, some questions include the commitment and exceptionalism of the product, and how much people tend to use only this tobacco type. How much the brand can grasp them, and if they can what are the factors leading to this? IQOS is marketed as a unique device, a modern device, so it is important to detect people's brand loyalty compared to other tobacco products. There will be questions that describe the customer's relationship with the product and the brand itself. Finally, respondents will be asked about the overall experience of IQOS and how they feel about the brand identity. The final question will give participants the option to freely answer the question in their own words to let people express their exact and free opinions.

## **4. Research results:**

### **4.1. Interpretation and analysis of results**

Building on the primary research in the literature review, this section will dive into the survey to further investigate the questions left unanswered and to analyze the most important parties, the customer's point of view. By interpreting these results, we will have a clear image

of 135 people's ideas and opinions about crucial questions about the brand IQOS. The questions will raise views about how the customers got introduced to the product and their motivation. Concerning advertising, they were asked about external and internal advertising tools and their effectiveness and also about direct and indirect communicational tools. We also touch on the topic of packaging and other factors that are affected by the different advertising regulations for tobacco products in Hungary. Besides satisfactory type questions, we also focused on the commitment and engagement with the product and the company. Finally, we will analyze former smoking history and how and why people changed and from what to the new alternative device. When creating the questionnaire, I tried to implement the option for choosing "other" as an answer, where people can fill their answers in. This way, I tried to give the possibility for everybody to give their ideas and not necessarily force them into a required choice.

It is important to say that the sample size of the survey participants in the study is not statistically representative of the whole IQOS user community. The answers are only showing an extracted insight of the users. These answers show a glimpse into the IQOS community and how they think, behave, and what could be their customer habits, so it just works as an illustrative example.

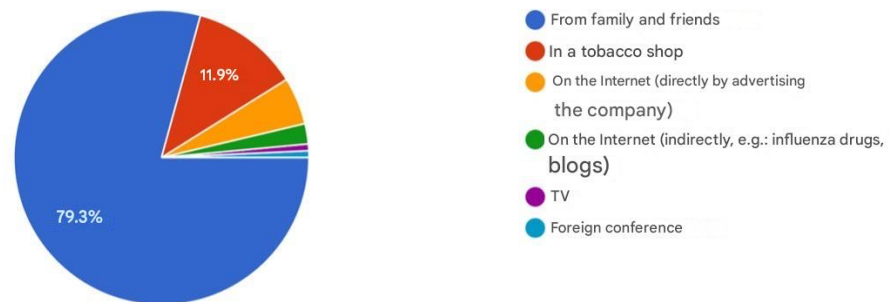
After the demographic questions, the first main question was, "How long have you been using an IQOS device (any model)?" The answers were quite evenly divided. Results have clearly shown that the company already had a strong introduction year in 2019 as participants almost one-third got their devices in that year, but in the following years, in 2021 and 2022, they followed even stronger with 41,5% of people using the device from that year. Still, in the previous and this year, many new people were using the product. These results clearly show that the new innovative product using the heating technique is showing an increasing tendency. We can see that the numbers are very high, so the company's efforts are still going strong in our country as well. On the other hand, we can see the boom in the 2021-2022 period, which can possibly be because of the entering of the new second device, IQOS Iluma. This device uses a different technique compared to the first-generation ones. The first generation also heated the tobacco, but it had a pin inside the device that was heating the tobacco stick. The negative side of this product was the constant cleaning of the device from the falling tobacco particles, which also usually covered the airhole making the product hard to suck, and they often left a burnt taste. What's more, the heating pin could easily get damaged or could break. The new device was introduced with the tobacco sticks already heaving the metal heater inside them, so the tobacco particles are not falling into the device.

With this, the product doesn't have a metal pin, and it doesn't need to be cleaned at all. Probably, the better, more convenient device with a newer, better design was more appealing to customers, and that is the reason for the increase in those specific years.

The following question was, "In what form did you first hear about the existence of the IQOS device?" The most frequent vote was from friends and family, with 79,3%. The second most voted answer was in the tobacco shops, with 11,9%. From these answers, we can infer that people were quite satisfied with the product when trying it out as they highly advised it to their family and friends. This also shows that people tend to share good experiences with their loved ones, and as the participants got the IQOS according to them, people count on their loved ones' words. Also, a big purchasing power could have been that people had the option from friends and family to try the device out and knew that they liked it before the purchase. Also, a few people stated the other answers, which were "internet (directly from the company advertising)," "internet (indirectly, for example, influencers, blogs)," and one person said from TV and an international conference, but these answers were not significant. As we finalize these answers, the first impression of the device is not the most important marketing aspect the brand has to focus on, and as word of mouth does its work itself, this also means that advertising is quite hard for people who are not already part of the IQOS family. This can partly be because of the limited fields that the tobacco industry has to face and that outside some registration and without any direct contact from the target audience, it is almost impossible to promote and advertise tobacco products organically. This means two things: the government is taking the right actions regarding the restriction of the spreading of smokers, but it also means that the new alternative forms of smoking, which might be better for health in the long term, can't be promoted in any way. What's more, talking about these from the company's future point of view, the very high number of friends and family's influence can be very important, as this means that people are very satisfied with the product even after purchase. That is the main reason they give it to their loved ones. If you think about it, people only recommend very good things, and they believe this is the best, especially to those who they know. So, this can be crucial for the future of the company, as positive feedback can keep the business alive for a very long period. If this is becoming an ongoing phenomenon, the quality of the product is not changing, and customers are still this satisfied, this can create a cycle that is making itself work.

### How did you first hear about the existence of the IQOS device?

135 answers

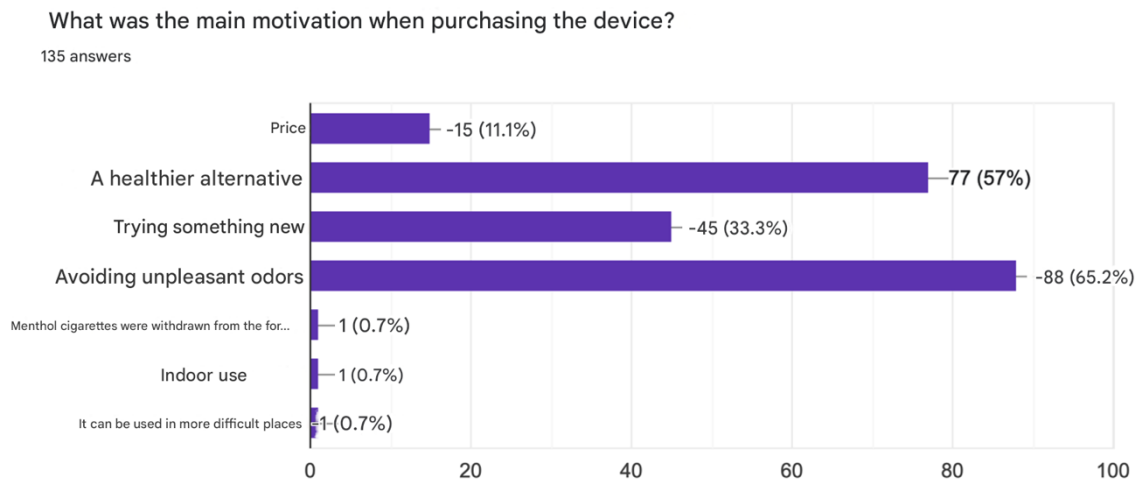


3. Figure: How did you first hear about the existence of the IQOS device?

Source: Author's own editing

Moving on to the next question, it was “What was the main motivation when purchasing the device?”. In the fourth place we had the “price” with 11,1%. Right now, the prices of the device range from 10.990 Huf to 19.990 Huf (iqos.com, 2024), so we can say that the device itself is not a cheap one. What’s more, the cigarette inside is around 2000 Huf, so a bit cheaper than a normal packet of cigarettes. Adding these together using IQOS is not a cheap choice so, and also the similar alternatives on the market offering the same technique are significantly cheaper. According to these, people could choose the price point because of the long-term cheapeners according to regular cigarette use. Other results have shown that most people who choose price as an answer previously smoked regular cigarettes. As you can see on the graph, the second most chosen answer was trying out something new, with 33,3%. When buying something new is always a big motivation for people to get the “new” feeling and the accomplishment of trying something new out. With 57%, the second was that it’s a healthier alternative, and the first was 65,2% the avoiding of the negative smell of regular tobacco sticks. Health factors are playing a huge part in the tobacco sector generally, this way, it is also an important point when choosing a device for a smoker. Phillip Morris tries to critically implement every detail about the health benefits in their communication, and it seems people are noticing and considering it. It is important to inform customers about possible healthier options, but on the other hand, they have to be careful not to overcommunicate it as it can appear that it is not as harmful and addictive as a tobacco product. It can lead to misinforming the customers and making them believe that the product is not even unhealthy in general. The negative smell of cigarettes is quite a disturbing side

effect, so understandably, people tend to be motivated to get rid of it. Some promotions of IQOS highly state that the bad smells cease. Besides these answers, one person stated that he/she chose IQOS because they have banned regular cigarettes, which had a menthol taste, and two other people said that they bought it because of the indoor usage possibility.



4. Figure: What was the main motivation when purchasing the device?

Source: Author's own editing

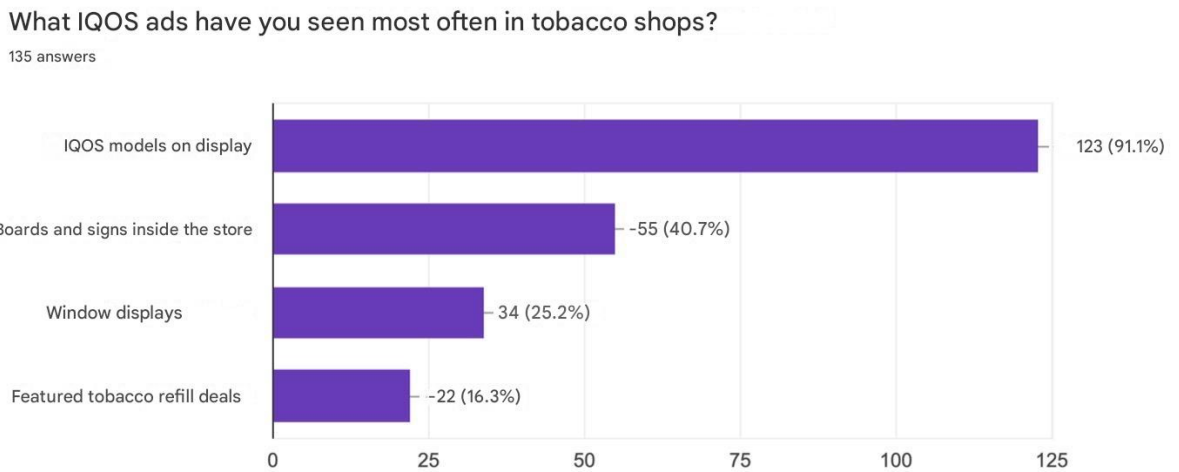
The following question was, “Have you ever seen an IQOS advertisement promoted by influencers?”. This question was experimental. In Hungary, as a result of the regulations and restrictions of the tobacco industry, influencers can’t promote tobacco products either. This way, the company is not using any influencer marketing here in Hungary, compared to other countries like the Czech Republic, they have some marketing on social media. As I do my research on the Hungarian market, I wanted to see how much international media is getting to the Hungarians and how much foreign influencers promoting the product are influencing the public here. The results were that people chose no 91,1%, so just a very few people stated that they had seen influencers promoting the brand. This can mean multiple things, which are quite important, as promoting a tobacco-related product on social media can be quite risky, and the company has a huge responsibility. Firstly, the Hungarian government doesn’t have to worry about international forces that are promoting smoking. Secondly, the company has a much harder job because, nowadays, influencer marketing and social media marketing are booming, especially among the younger generations. Youngsters can be easily influenced by different kinds of catchy slogans, good photos, and aesthetics, especially by people who they consider their role models. If their big favorite is smoking and promoting

IQOS, they can think that they will get famous and cool if they use the same device. They might not even think through what they are actually doing, as it doesn't look and feel as bad and dangerous as a regular cigarette. That is why I believe that it is a very good regulation to limit the promotion of tobacco products. On social media, there are not enough guidelines that offer the possibility to show adult content only for adults, and simply stating a few words in the caption is not going to make any difference. According to these answers, hopefully, youngsters are also not reaching some of these tobacco- and smoking-related advertisements on social media.

The next question is, "How much do you think the restrictions on communicational and marketing activities for tobacco products in Hungary affect the company's effective communication?". Here, people could vote from 1-5, one being the least influential and five being the most influential. People mostly answered three, which is in the middle, which means multiple things. Customers probably know that tobacco products are somewhat regulated, but they get enough communication from the brand that they don't feel the absence of it. Also, I think that we have been living for a very long time in these regulations, and we all our lives have got used to the fact that they are not as much advertised compared to other products. Generally, if people don't think deeply inside, they might not even realize how many possibilities there are to promote a certain product, compared to, for example, me, who is constantly learning about these advertisements. The second most common answer was 4 with 18,5%, meaning that people would rather think that the company is regulated quite in a strong way.

After this question, we continued with the type of advertisements people mostly meet in connection with the brand. The first area was advertisements used inside the tobacco shops, with this question: "What types of IQOS advertisements have you encountered most often in tobacco shops?". The most common answer was the displayed IQOS model, which got 91,1%. Understandably, people seem to see this type of ad the most, as it is a quite recognizable one. A huge separate display shows each type of IQOS device in colorful colors, stating the prices with also colorful colors. It is eye-catching, easy to remember, and very recognizable. According to the results, it is a very powerful type of display for the company as almost everybody notices and remembers it. On the other hand, we have to mention that other competitor brands, for example, Glo or Hiits, which use the same type of heating technology, have the same kind of displays as well, but they usually have smaller ones or place in a worse spot inside the store. In my experience, IQOS's displays are placed front, they are quite big, and they are in much more focus compared to the competitor brands. The

next answer was posters and signs inside the store with 40,7%. The company uses colorful, greatly designed pictures and big signs inside the stores next to their products and packets of cigarettes. These are very similar to other regular kinds of tobacco product promotions, but the IQOS ones are colorful and more noticeable. The third one was shopwindow displays with 25,2%, which means the placement of certain displays. Finally, the last one was the highlighted tobacco stick sales with 16,3%. These are displays that are placed on the counter right in front of the cashier, and there is always one certain packet placed behind a plastic cover showing the price that has a sale. In my opinion, this is a very good method, but according to the result, the company should make it more emphasizing as customers rarely notice it.



5. Figure: What IQOS ads have you seen most often in tobacco shops?

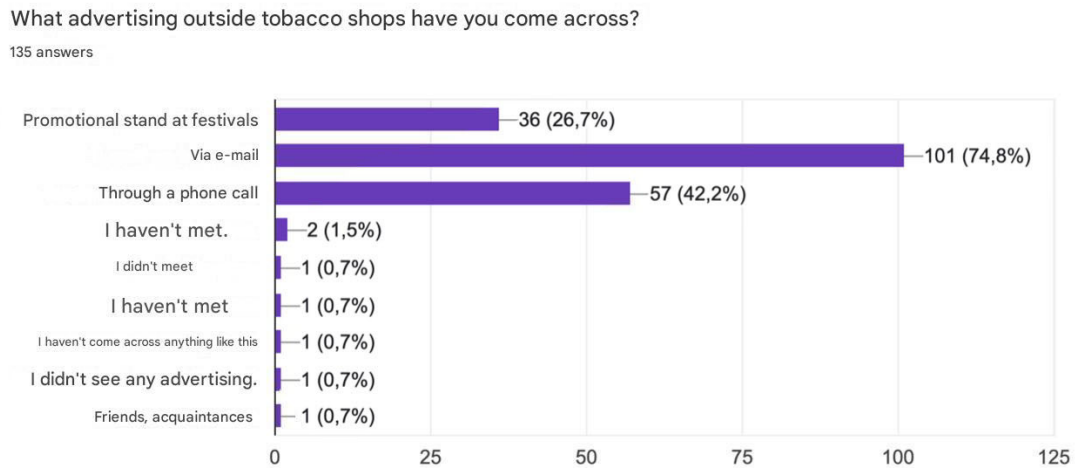
Source: Author's own editing

Moving on to the field focusing more on the direct communication tools, the next question was about the advertisement outside the store. The exact question was: “What types of advertisements outside of tobacco shops have you come across?”. As there are bans for any advertising on the streets or in the media, “ads outside the tobacco shop” can only mean direct advertising for the user’s family and the IQOS club members. There were three concrete answers to the question, which were promotional booths on festivals, through e-mail, and phone calls. Generally, when buying an IQOS device in tobacco shops, it is obligatory to register the product to your name, and for that, they get your email address and phone number almost right after purchasing it. The first answer was the e-mail with 74,8%. Based on this, people get promotions mainly through this channel. It is the easiest; people usually check their e-mails, and as you are automatically signed up when purchasing, the

emails do not go into the spam folder. It is one of the most informative types of communication; the company can regularly inform people about the different news on the products and on the tobacco stick in terms of seasonal sales and price changes, new devices, new tobacco flavors, some new accessories, and even in the summertime information about some flavor options available in the current country's most typical holiday destinations. What's more, they usually send out some questionnaires about satisfactory topics and smoking behavior changes from time to time, sometimes even with earning the completion with some gifts. An e-mail can fit the most information within a short period, it can be designed to be more appealing to read, and it usually contains things that are important to the users in general. On the other hand, if someone is not interested, e-mails can be quite easily skipped, and it is harder to catch attention or to create a closer connection. The second most answered was the phone calls with 42,2%. As the numbers show, the company is taking telephone marketing quite seriously, I have never experienced such aggressive phone call communication from any other brands previously. It is an understandable choice as Phillip Morris is trying to grab every option to communicate with the customers as there are not many possibilities. Phone calls from the company are usually about the changing smoking behaviors of a certain user. To what extent have they changed to the alternative form of smoking, are they still smoking regular burning cigarettes, and how do they like the experience? And they try to tell you the basic information all over again and encourage the user to exclusively use IQOS. Also, phone calls are used in special cases, for example, when offering a special deal to change your old device to an upcoming one. As a result of the very elevated phone call marketing system, the customer service is also very professional. The answer is almost immediate, and the colleagues are always helpful and can solve almost every problem occurring. With this type of communication, the company can create a more personalized experience, making the customer feel exceptional, important, and part of a family. Finally, the third answer was the promotional booths in the festival, which got 26,7%. Probably, this high percentage is in connection with fillers, mostly youngsters. The festival booths are small buildings appearing at all the bigger Hungarian festivals, offering some tasks, tests, and games for users, awarding them with custom presents. What's more, people can bring their devices to charge, and there is also an option to personalize your product with engraving names or sayings. These booths don't have a sign on them that says IQOS; it's a blank white building as a result of certain promotional regulations, but the customers are informed previously in e-mail about the current dates and locations. These booths are quite a big effort and can strengthen the personal feelings of the brand, but with not being able to



label it, I believe that most users don't know about its existence. Another, not significant number of answers, with only a few percent, was that they had never seen any kind of advertising outside the tobacco shops. This could happen when you are buying a used device, and you skip the registration process at the purchase.



6. Figure: What advertising outside tobacco shops have you come across?

Source: Author's own editing

The next question strongly connects to the previous one as a question: “If you have come across the company’s promotional stand at a festival, how much did it strengthen your connection to the company? (optional question)” with the answer one meaning it didn’t strengthen their connection and five meaning it strengthened it very much. I was curious that compared to the high effort and cost of a festival stand, how effective can this method be by seeing how people feel? The results have shown that it was quite balanced out across all five options. The most answers were one, which was that it didn’t strengthen their connection at all with 29,3%. Numbers 2 and 5 got the same results with 15,5%, 3 got 17,2%, and 4 got the second most answers with 22,4%. These answers show that the brand might have to reconsider the way they are doing festival promotions, as most people didn’t have any stronger feelings after this promotion. This can be important to the company as promotional stands are one of their most effort and expensive forms of marketing as they have the building costs and rent cost for the building, they have to make accessories and gifts, they have to create games and employ many people to handle the event.

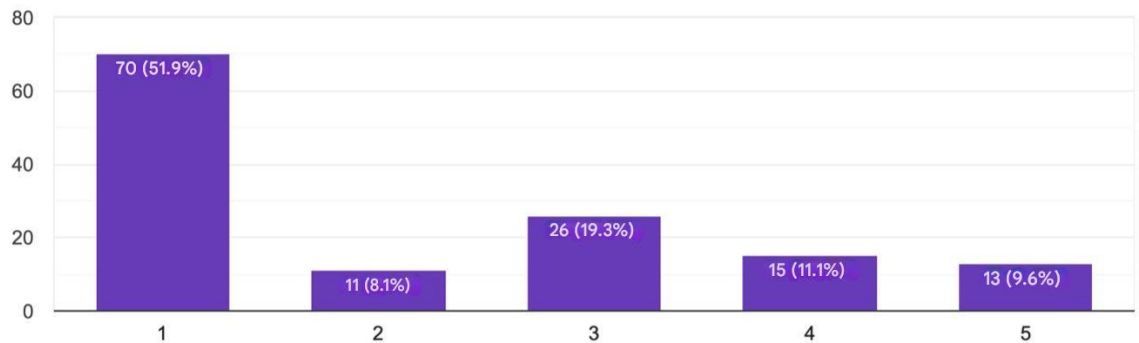
Moving on in the research, the next questions will touch on the topic of the communication of health-harming effects. The next question was, “To what extent do you

find the company's information about the product's health risks satisfactory?". Number one being the least satisfactory and number five being the most satisfactory. Only 3,7% stated number one, and 10,4% said number two, so we can generally say that the company is not doing the worst in communication health-harming effects. This is a crucially important thing, as for a tobacco and addiction-related brand, it is very important to have a strong and clear image of their product's negative effects. 22,2% of people said number four, 31,1% said three, and finally, most answers, 32,6%, said number five, being very satisfied with their communication. Based on these results, people mainly answering the middle and better tell that users are more or less satisfied and feel well informed or at least informed enough about the health consequences caused by the product. It is also positive that the highest number of votes states that people are very well informed about these, and as a result, the company is taking great steps to reach this clarity. They need to stay on this path and even strengthen sharing information on the topic to keep up this important aspect.

Staying at the health concern topic but moving to the packaging part, the next question was: "To what extent does the fact that the product does not illustrate potential health risks influence your purchasing decision?". This question is very important as I already wrote in the literature review in Hungary that the regulations force regular tobacco products to make their packaging black and illustrate the health risks with images to deter customers from the bad habit. In contrast, these regulations do not yet apply to heating tobacco products, so Terrea doesn't have images. As you can see on the graph, more than half of the people answered that it doesn't influence their purchasing behavior, and also, 19,3% stated a neutral answer when choosing number three. These answers mean that the regulations concerning negative pictures are not as effective as they first seem, but it also means that the company does not necessarily benefit from not having them. Probably only a few percent of sales can be influenced by this benefit.

To what extent does the fact that the product's packaging does not illustrate possible health-damaging effects affect you in your purchase decision?

135 answers



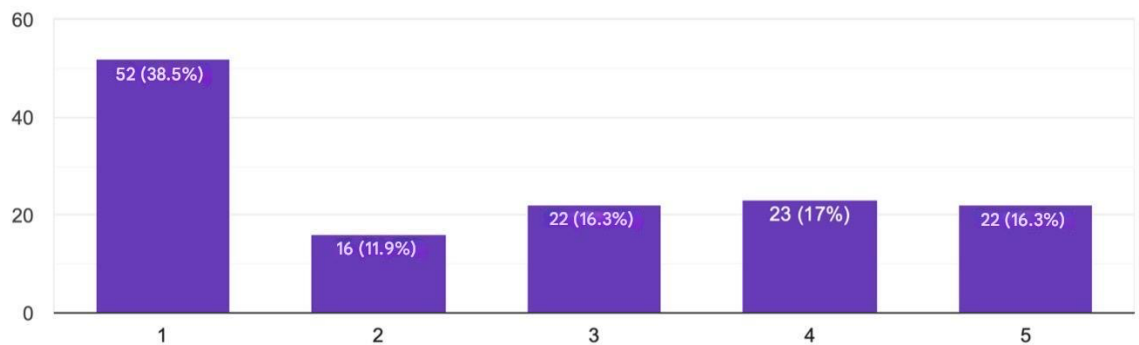
7. Figure: To what extent does the fact that the product's packaging does not illustrate possible health-damaging effects affect you in your purchase decision?

Source: Author's own editing

Connecting to this with a similar question, the next question was: “To what extent does the colorful and aesthetic packaging of the product, as opposed to the plain black packaging of traditional tobacco products, influence your purchasing decision?”. However, the results do not show as dramatic differences as in the previous question they look very similar. Most people said number one, meaning that their purchasing decision is not influenced by the colorful packaging. On the other hand, the neutral so middle answers and up all ranging from 16,3% and 17%. So this means that colorful and more aesthetic packaging seems more appealing to customers and is more influential than not having negative health images on the packages. These two results show that generally, people who smoke are not highly focused on the packaging of the product; they are not smoking either because of the colors or the pictures, and they are specifically not going to not smoke because of the black color and bad images. These regulations are probably targeted to and can be more successful for youngsters, first-time smokers, or underaged people who are hesitant to buy cigarettes, pictures and colors can maybe turn down their already hesitant purchase choice.

How much does the colorful and aesthetic packaging of the product influence you in your purchase decision compared to the simple, black packaging of traditional tobacco products?

135 answers



8. Figure: How much does the colorful and aesthetic packaging of the product influence you in your purchase decision compared to the simple, black packaging of traditional tobacco products?

Source: Author's own editing

Connecting the two previous questions in connection with people saying that their purchases are not influenced by negative pictures and colors, the logic behind this is much more complex. The black color and the negative images are for tricking the mind mainly. By this, I mean that even if you are not feeling any different when you see the pictures, and you are sure about the fact that you are not influenced, you are influenced anyway. These things are made to affect your brain, not consciously. So, whether you think that these methods are not making any difference, and you believe that it doesn't affect you, it does just not to your conscious mind.

The next question of the survey was, "How many times have you received promotional or discounted offers directly (via e-mail or phone)?" The answers given to this question were quite balanced out. Most answers were given to number five, which means they have received multiple promotions through their journey with IQOS, but on the other hand, almost the same number of people chose number one, which means they have never received any discounts or promotions. The middle numbers received an increasing number of votes, which shows that 74,8% percent of people got at least one or multiple promotional discounts or offers. This shows that the company is trying to offer great deals to almost all of its customers, trying to strengthen their relationship with the brand and to navigate them

towards buying something new. People who have not received any promotional offers might have bought the device used by another customer, and their registration can be messed up. Also, it can happen that they didn't watch the warranty videos after registration, and the system is not focusing on them. I can also imagine that people simply cannot find the e-mails sent out, or they are not picking up the unknown phone numbers calls, and that's why they are missing out on the promotions.

The connecting question was, "If you have received such offers, did you take advantage of them?". 25,2% of people said that they hadn't received such offers, and 28,1% said they didn't take advantage of these discounts. Most people, more specifically 46,7%, said that they did take advantage of the offers received. According to these results, the company's team is sending out great, convincing deals, which people tend to take into consideration. A company needs to have great sales and offers as if customers are usually taking their offers, they can create an ongoing phenomenon in people's heads. Customers will get used to having some great options; they feel that the company is trying to help them save some money, and they feel welcomed, for example, trying out new flavors and new devices. This is a great tool to get customers to feel sympathetic towards the brands, as this can give the feeling that the company's main effort is to give out the best discounts to people.

Moving on, the next question was about ranking the different types of communicational tools of the brand. The exact question was: "How satisfied are you with the company's various types of communication? (1 – least satisfied to 5 – most satisfied)". As you can see on the graph, the first option was E-mail. E-mail got the most satisfactory answers from all the options. The second most answers were in the middle, so neutral answers. From the options, one and two got no significant votes. Based on these answers, we can say that e-mail marketing is working the best for people. It is informative, regular, and well-structured, and people seem to appreciate it. On the other hand, another significant portion of people gave a neutral answer, which means that e-mails are not disturbing or too much for customers. They either don't care about it, or they are not forced to communicate and react to it. Generally, people mainly chose number three and above, so we can say that all in all, e-mail marketing is a communicational tool that is used correctly, and it doesn't need big changes or reconstruction. The next option was phone calls, which received quite interesting results. Most of the people chose the neutral answer, but completely the same, 31 people chose number one and number five as well. The situation is the same with two and three as the same number of people voted for both. This shows that most people are normally satisfied with phone calls, or they don't care about it specifically. The least and the most

satisfied answers divided people, and in my opinion, this is a question of personality or IQOS usage. By personality, I mean that some people are willing and like to be a part of something; they like to be involved, and they are interested in every aspect of the product they are using.

On the other hand, some people simply use IQOS as an everyday device, which is a basic need for them. They don't want to be involved in phone calls; they don't like to put much effort into an everyday habit. Maybe as a consequence, the company should do a method that firstly detects what customers are willing to take part in with a first phone call to every user, and then based on the first call, the assistant could decide whether the customer should be called again or not. This way, the upcoming calls in the future can only target the people who are interested and can be influenced, and people not interested are not disturbed, and from the

company's point of view, assistants don't waste time and energy on them. The third communicational tool was the promotional festival stand, which, as you can see, got very mixed answers. Here also the middle satisfaction was the most chosen, but almost the same number of people chose the least satisfied one. This answer is not a surprising one, as the previous question about the festival booth also didn't get very positive feedback. People who

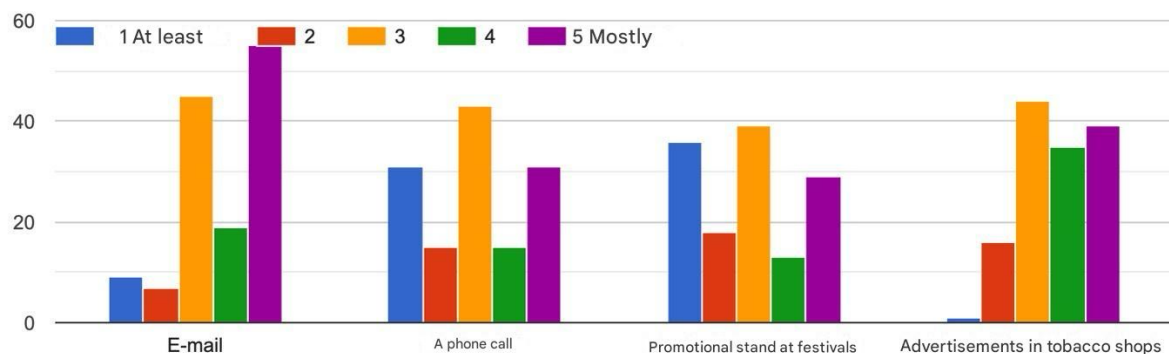
chose the neutral answer probably have not met with this type of marketing earlier, so the high number of numbers three can be explained by this. Results show that the festival approaches need to be changed and improved in some form, as people are not necessarily satisfied with them. Here also, not a significant number of people chose numbers two and four, which means that people rather have a strong opinion about this marketing tool. The most satisfied answer also got quite a great number of votes, so for some people, it seems to be a positive experience when visiting the IQOS stand. Maybe these answers can also mean

that the festival booths had some differences at different times and locations, and this can cause quite different answers. All in all, we can say that the festival marketing of IQOS should be improved and reconsidered, as the general feedback could be more positive. They might need to change their games, or the possibilities offered at the scene, and they can also make a questionnaire about the experience and force people to select how they review the experience. The last tool was advertisement inside the tobacco shops. This marketing tool

received the least number of ones, and compared to the other answers, not a significant number of choices of two. Most people chose number three here as well, so we can say that the people mostly say that they are moderately satisfied with these efforts. Numbers four and five received almost the same number of votes, which tells that users are mostly satisfied. As a result, the company doesn't have to focus or make big changes in their inside tobacco shop advertisement as people remember it and are satisfied with the current structure. In

conclusion, we can say that according to users, the most effective and satisfying tool is e-mail marketing, and the least effective is festival stand, strongly followed by phone calls. Concluding all the results, every type of communicational tool received neutral satisfaction in a high number, so customers are normally satisfied with all the communicational tools offered by the brand.

How satisfied are you with the company's different types of communication? (from 1-least satisfied to 5-most satisfied)

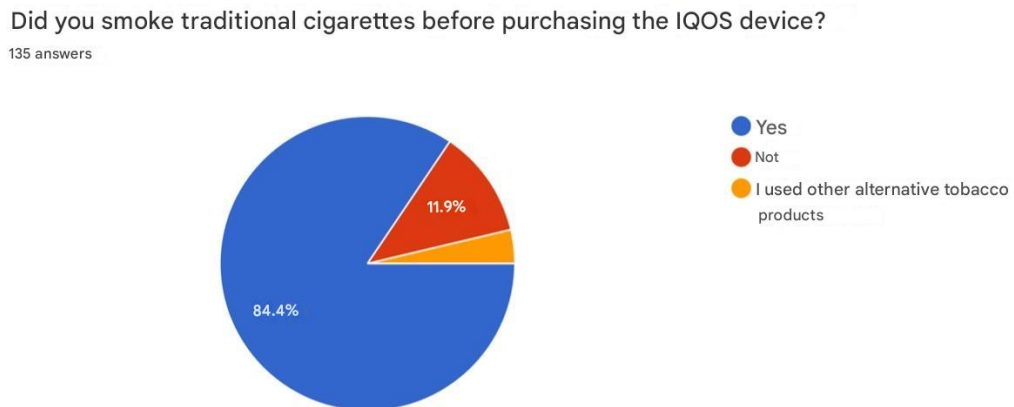


9. Figure: How satisfied are you with the company's different types of communication? (from 1-least satisfied to 5-most satisfied)

Source: Author's own editing

After advertising methods, we are going to move on to tobacco consumption habits. The first question on this topic was: “Did you smoke traditional cigarettes before purchasing the IQOS device?”. 3,7% of people smoked an alternative tobacco product, and only 11,9% of people did not smoke before IQOS. From these numbers, we can say that the company is going on the right track, as they are not trying to attract nonsmokers to try out smoking. With this attitude, they are strengthening the fact that this product is made to try to stop people from this bad habit. The possible communicational tools used also support this phenomenon, as they are reaching people who have registered IQOS devices and who are going inside the tobacco shops. A very high number, 84,4% of people, have smoked traditional tobacco products before using IQOS devices. From this, we can see that most people turned from regular tobacco products, so the main goal of the company, which is to turn people to a better health alternative, is working. According to the graph, only a few people turned to IQOS

from another alternative, which can mean that they have already found the positive effects of another alternative.



10. Figure: Did you smoke traditional cigarettes before purchasing the IQOS device?

Source: Author's own editing

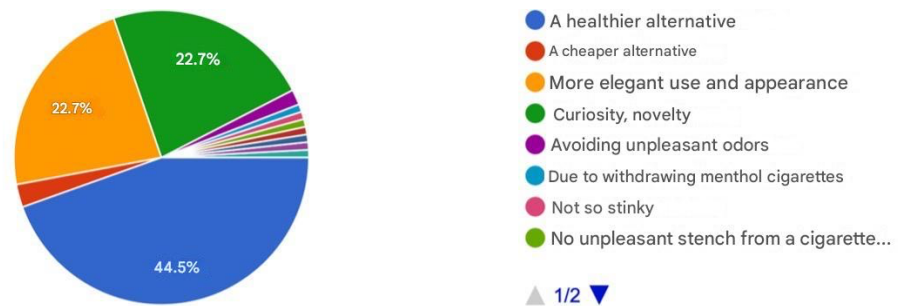
Continuing this question, the next question differed for people according to their answers. Who answered that he/she was smoking previously the next question was: “Why did you switch from the tobacco product you previously used to IQOS?”. As you can see on the graph, the three main answers were more elegant usage and look, curiosity and novelty, and the highest, healthier alternative. One of the given answers got only three votes, which was the cheaper option, probably as the product itself is quite an expensive one, and if you add the tobacco stick, this is considered a pricy option. Besides the main, already given answers, there were a few custom answers like inside usage, avoiding the smell of the breath, clothes, hands, and hair, and even the banning of menthol cigarettes. Curiosity, novelty, and more elegant look and usage got the same number of votes. Curiosity and novelty are very understandably got one of the strong numbers, as in the tobacco industry, there weren't any big innovations before IQOS. I already mentioned at the start of my research that smoking has been in our lives since very early ages, and since then, of course, there have been some smaller changes like flavored cigarettes and electronic cigarettes, but these were not significant as the base method was the same. The case of electric cigarettes made some big changes in terms of the mechanics of smoking, but on the other hand, it was very different from the original feeling and taste; it had many problems, and it needed continuous refilling and installation. On the other hand, many people got interested when they heard that Phillip Morris, which is one of the biggest regular tobacco product distributor company, introduced a



new product that promises to be the closest to the original cigarette use. Also, they have created a product that is easy to use, fluid, looks slim and elegant and doesn't need constant keeping up. This new introduction understandably made the smoker community interested; probably, this is the reason for the many votes in the survey. As I already talked about it, the elegant and clean look and easily understandable usage were also very famous among people. It is a small, convenient product compared to some electrical cigarettes with huge power banks. The part of the actual smoking device is small and slim. It is very similar to a normal cigarette, but it is not disposable, you don't have to waste material and don't have to constantly buy a new one. The elegant usage includes the long battery time, the convenient case and stick structure, and the lack of bad smell and the lack of ash from normal cigarettes. The device, all in all, assures you of a more elegant, pleasing experience. Moving on to the main answer, which is the healthier alternative, the company's key message is that the product has some health benefits in the long run. Of course, we have to consider this information with caution, as these are not fully researched long-term information, and like every company, IQOS is also trying to boost sales and increase revenue with these, but they seem to be very convincing for users. Also, many cigarette consumers feel that they have to stop smoking as it is generally known to be a very unhealthy habit, and people constantly fight with the thought of needing to stop. I think many people believe that if they are not stopping, at least they are using something that is likely healthier and causing less harm. From the company's point of view, it is a very risky game to promote a product with health benefits intensively as the key communicational direction, as it has not been proven to be 100% in the long run. They have to carefully state the facts and consider these as they can easily turn their device into something healthy and not cause any harm at all. People can easily not feel with this intense health communication the pressure that can be felt when smoking a regular cigarette. This is a crucial point that the brand has to always keep in mind.

Why did you switch from the tobacco product you used before to IQOS?

119 answers



11. Figure: Why did you switch from the tobacco product you used before to IQOS?

Source: Author's own editing

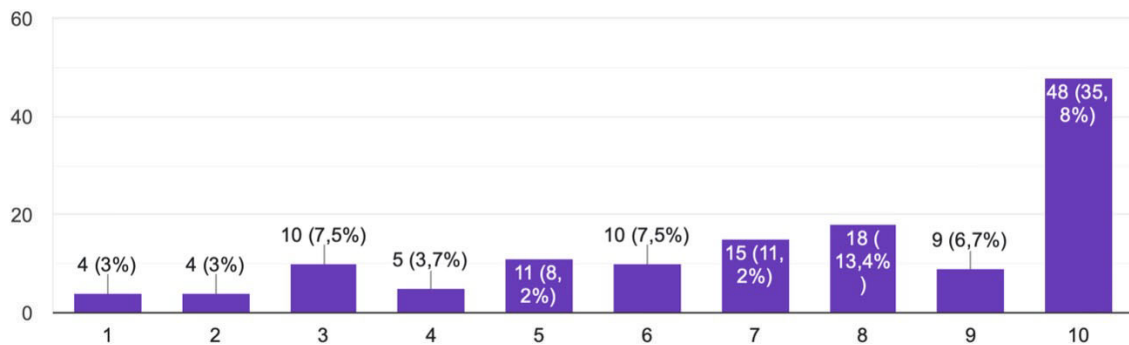
The other question was for people who answered they did not smoke prior to using IQOS: “Why did you start using the IQOS device?”. Of the 16 people who did not smoke before, 50% said the power of friends and family, 43,8% said curiosity and novelty, and only 6,3% said the stress release. As in previous questions, we can also state here that the influence of family and friends plays a key factor in customers purchasing behavior. People trust their close ones; they can easily pick up each other’s habits and practices. As I already explained, curiosity and novelty can influence people highly. If people see everybody in their close circle and on the street with something new, they can be easily influenced, and they feel that they need to hop on the trend as well. Stress relief can usually be heard as a typical reason why people start smoking in the first place. This answer highly disagrees with that, as very few people chose this as the reason for starting smoking IQOS.

The next question, which is a question for everybody, is “On a scale of 1 to 10, how dedicated/committed would you say you are as an IQOS user?”. For this question, I gave options from 1, meaning the least committed, up to 10, meaning the most committed, to put people in harder choices with more variations of options. The answers are ranging from all different options. The second most answers said number eight with 13,4%, which tells that people are quite satisfied with the product. The most answers with great dominance were number ten with 35,8%. This is very positive feedback for the company. This question not only means that people are satisfied with the brand and the product itself but that they are dedicated and they are hard to turn. They probably exclusively use IQOS, and they are likely to purchase and stick with the brand in the future as well. The widespread answers could

mean that there are still some pinpoints at the company that have to be improved, but in case of a high number of respondents, there will always be some people who can't be satisfied and convinced. On the other hand, with this great number of superiorities, we can say that people are very committed and dedicated, which is crucial in building a strong brand identity and follower base.

On a scale of 1 to 10, how dedicated/dedicated would you say you are as an IQOS user?

134 answers

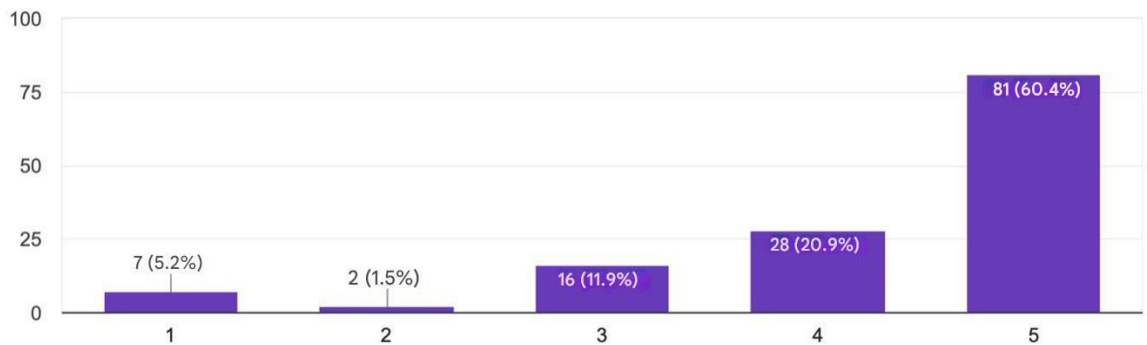


12. Figure: On a scale of 1 to 10, how dedicated/dedicated would you say you are as an IQOS user?

Source: Author's own editing

The next question is strongly connected to the previous one, just in a more specific way. "How likely are you to purchase an IQOS device again as your next device in the future?" This question is researched the same. In this question, the most votes came back as number five, which means the highest possibility of repurchasing. This is even more important feedback than the previous one as this means real spending and purchase decisions from the customers. Most people are satisfied enough that they are willing to pay and spend money again on the product. This answer strongly contributes to the company's long-term remaining of the company, as revenue is constantly flowing, which allows the brand to improve. This can lead to the development of new, more innovative devices, which can be healthier, slimmer, better looking, and more user-friendly and can influence and change the tobacco industry again.

How likely is it that you would buy an IQOS device again in the future as your next device?  
134 answers



13. Figure: How likely is it that you would buy an IQOS device again in the future as your next device?

Source: Author's own editing

Regarding these last two questions, I was curious to see how the customer's age is related to their dedication and commitment to the product. Because of the very great feedback according to these last two questions and because of the high number of younger respondents, I wanted to see what the differences are between different age groups in this question. The reason for this is that I believe IQOS is more suitable for younger people in terms of communication tools and marketing ideas, as the more traditional ways of communication and advertising are banned in this sector. Older generations might not be familiar with the online platforms and applications; they might not so regularly take part in festivals, and my main idea is that they handle this product as they handle their cigarettes. By this, I mean normal cigarettes work like you light it, smoke it, and throw it out. Nothing special, you don't need to register, "care about it" in a sense. They might feel that IQOS is just a tool of use rather than your special accessory, which the company wants you to feel. That's why I correlated the age groups to the commitment issue. As you can see on the table, I had age groups like 18-25, 26-35, 36-50, 51-65, and 65+. Because of the high number of tens, I'm going to focus on those answers. The answers were quite surprising, as the older generations stated that they are much more dedicated and committed than the younger generations. The youngest generation group has given the most widespread answers between 1-10, with the least numbers of tens at 26,68%. The next group, 26-35, gave a much stronger answer by saying ten with 49,5%. The next group, 36-50, said tens 57,86%, the 51-65 group said 50% of

tens, and finally, the 65+ group said 33,3% of tens. Of course, as the number of participants is not the same, the percentages might differ, but in general, we can say that my theory of older generations not being that committed is completely false. Maybe the reason could be that older generations are much more committed types in general, if they get used to something they like, they are hard to change. This is, by the way, true for regular tobacco products as well; that's why it is hard for the company to reach them, but their health is also important to them as well. The reason also could be that younger generations are still more likely to try out new things, and they are more critical as they know about new technologies and devices. All things considered, Phillip Morris can count on the older generation just as much as younger ones, and they have to focus just as much on them as every age group.

Age group: 18-25	number of answers	level of commitment	Age group: 26-35	number of answers	level of commitment	Age group: 65+	number of answers	level of commitment
2,32%	2	1	5,5%	1	1	0%	0	1
2,32%	2	2	0%	0	2	0%	0	2
10,44%	9	3	0%	0	3	33,3%	1	3
4,84%	4	4	0%	0	4	0%	0	4
6,96%	6	5	16,5%	3	5	0%	0	5
6,96%	6	6	11%	2	6	33,3%	1	6
15,08%	13	7	0%	0	7	0%	0	7
15,08%	13	8	16,5%	3	8	0%	0	8
9,28%	8	9	0%	0	9	0%	0	9
26,68%	23	10	49,5%	9	10	33,3%	1	10
According percentages		86	According percentages		18	According percentages		3
Age group: 36-50	number of answers	level of commitment	Age group: 51-65	number of answers	level of commitment	134		
5,26%	1	1	0%	0	1			
10,52%	2	2	0%	0	2			
0%	0	3	0%	0	3			
0%	0	4	12,5%	1	4			
5,26%	1	5	12,5%	1	5			
5,26%	1	6	0%	0	6			
5,26%	1	7	12,5%	1	7			
5,26%	1	8	12,5%	1	8			
5,26%	1	9	0%	0	9			
57,86%	11	10	50%	4	10			
According percentages		19	According percentages		8			

14. Figure: The relation between age and dedication

Source: Author's own editing

The last question of my survey was about further information, thoughts, and pieces of advice people maybe didn't have the possibility during the questionnaire but wanted to share. The question was: "Do you have any additional comments or suggestions regarding IQOS's communication and marketing activities? (optional question)". At this question, people could form their answers with their own words to let everyone free. One funny answer stated that: "They should advertise with attractive women!" which is a great idea as lovely ladies can boost sales in some cases, but there were better ideas too. One very good idea that I received was: "The website could indicate which stores have specific types and colors of devices available.". In my opinion, this is an amazing idea as sometimes people have to visit multiple tobacco shops to find the exact type and color of IQOS device they would like to purchase, or even in worse cases, they visit multiple tobacco shops that are not selling any devices at all. Having a platform on the website is an easy, cheap, and convenient method of keeping track of the current supplies, not only for the customer but even for the company itself. Many

companies are using the same technique, for example, clothes shops, shoe shops, etc. The last comment that I received for this question is my personal favorite, so I would like to end the analysis of the questionnaire with this. This sentence perfectly closes all the results and concludes my overall opinion according to these survey results. The sentence was:

*“Advertising tobacco products is walking a fine line, but it seems they managed to pull it off.”* I couldn’t agree more, according to the number of positive answers regarding their tools, their product, their advertisement, their communication, and the brand itself, not to mention the commitment and dedication proven of their target group. I’m surely not trying to promote any tobacco-related products at all, but I believe from watching just the company and the limited sector from a strategic point of view, besides the difficult options available, they did the job.

## **15. Conclusions, proposals:**

Progressing to the conclusions and proposals part in this section, I will conclude the findings and answer the research question which I aimed to study at the beginning.

7. What kind of communication tools do IQOS use to get customers engaged with the products, in their limited communication abilities?

Throughout my research, I collected all the communicational tools that they are using. The brand is using both direct communicational tools such as e-mail, phone calls, and festival booths and also indirect communicational tools like advertisements in tobacco shops and packaging. Generally, we can say that the regulations limiting the market are highly influencing the communicational tools used. This way, the company is mainly leaning on direct communicational tools, which are on the platforms that were given by the customers at registration when purchasing the product. It is important to note that when purchasing the product, it is obligatory to give out these direct platforms, so the company has this data from the very start of having the device. On the other hand, because of the restrictions, almost the only advertising communication option is inside the tobacco shops. In connection with this, I found that these communicational ads are noticeable, and people are more or less satisfied with them. One thing is sure: they are the company that leads the “in-tobacco store” communication with customers compared to other brands. While other brands have a few signs in the store, and they are usually black. Meanwhile, IQOS has big, colorful signs and displays showing the different types of devices with prices. Also, they have a display for the

tobacco sticks as well, focusing on the decreased price of the exact one. What's more, another way of indirect communication is the packaging, which, compared to the traditional tobacco product's black packaging, is colorful without warning pictures. These tools contribute to customer engagement and commitment and build a continuous notice of the product for the users.

8. How have communication tools changed with the invention of the tobacco industry? According to my research, the main change in this question was the regulations and restrictions, which appeared parallel to the discoveries of the negative health effects caused by tobacco products. This way, all the traditional communicational tools, for example, posters, billboards on the streets, promotions, ads on products, or advertisements in movies or with influencers, are banned. This was a great step from the government as this way, youngsters are not getting as much marketing pressure and influence as previously. As a result of this and with the development of digitalization, new, innovative methods appeared on the market. Tobacco companies started to promote online, and IQOS is developing applications and using e-mail as a main form of communication. Simultaneously with the purchase of the product, an IQOS Club registration is available for users. This way, the company gets the e-mail address, phone number, and some personal details of the consumer. These are the direct platforms which the company can mainly communicate through. This process is a must for every purchase, so the system is greatly planned from the company's point of view.

9. How do customers get committed to a specific product in the wide range of possibilities in the industry?

Firstly, according to my findings, smokers are likely to turn to a healthier alternative as they believe that if they are smoking, at least they are smoking something potentially healthier. Also, the effect of word-of-mouth plays a crucial role in the spreading of the product, and because people trust in their friends and family, their loved ones, they get more connected to the product firsthand. On the other hand, a well-designed, compact, good-looking, slick design with great features also plays a big role in commitment. With being the best-designed product with the least technical problems on the market, people usually choose this instead of competitors in the alternative smoking device field. Lastly, by continuously reaching out to the users, offering promotions and discounts, and informing them about new devices and possibilities, the brand can create a great and loyal customer base who are regularly updated and communicated with. All in all, with a great product, good customer service, and regular

communication with users, people can be long-term users and even, according to my results, regular repurchasers.

10. What do people think about the effectiveness of the communication tools implemented by IQOS?

Respondents generally stated a neutral answer to almost all the communication tools used by the company, so we can say that they are normally satisfied with them. E-mail marketing got the most positive results, so we can say that a consistent, informative, well-designed, but on the other hand not too pushy way of communication that doesn't require significant effort from customers is the most appreciated by users. Summarizing the given answers, festival booths are the approach that needs to be improved the most, as respondents were the least satisfied with them. Phone calls mainly depend on the individual's personality as the results were quite equally split, so in my opinion, the company should firstly do some measurements on the willingness of customers to take part in it. Tobacco shop advertisements received the least negative feedback, probably because it is a different kind of communication, it can't be disturbing. This communication tool got the most even votes, so we can tell that this is the most neutrally satisfying way of advertising. All in all, results have shown that IQOS is mostly going on a promising track and has great potential. However, it still has some room to grow and make some adjustments to improve.

11. What kind of regulations do tobacco-related brands have to face regarding their communication and commercials?

Concluding my findings, in recent years, parallel with the development in technology and with the research on tobacco consumption and its negative health effects, governments and the EU have made significant changes and restrictions in the advertising and promotion of these products. Firstly, around the millennium, the first restrictions appeared concerning advertising and commercials as the full ban on promoting tobacco products came into force. Of course, the ban on smoking inside public places, the ban on purchasing tobacco products in every shop, and the introduction of tobacco shops made a very big change in the perception of smoking. A few years later, the next remarkable step was the introduction of obligatory health warning pictures and signs on the packages of tobacco products to more deeply visually emphasize to consumers the possible negative side effects. Finally, the next step was to ban every flavored tobacco product to prevent the "pleasant" taste of cigarettes. Also, with this, many youngsters got discouraged from the product, as the good flavors, for example, fruits or menthol, can be quite tempting to try out. All in all, with these strict rules and the complete change in the world of smoking, not only did the parties in the tobacco



industry have a much harder job, but also the smokers itself was introduced to a brand-new smoking culture. These regulations have severely decreased the number of people smoking, and later, new devices, for example, IQOS, made people tend to turn to possibly healthier ways of tobacco consumption. To tell the truth, the tobacco industry is an industry financially standing on people's bad addictions and in some way getting rich from people ruining their health, so the harder and more limited market is understandable for them.

## 12. Summary:

To finalize my research on this topic, we can conclude many things. The tobacco industry is quite a complex field to research, as we can preview it from many different angles. Firstly, we can see it from the non-smokers, doctors, health researchers, and the decision-maker's point of view. Their main goal is to raise awareness about the many negative health effects, possible diseases, and even deadly outcomes of this addiction, which might seem like a "little bad habit" for many. Their motive is to stop as many people from doing this as possible, and understandably, they are fighting for more and more regulations and restrictions against it. They see this as a billion-dollar industry making a profit from the addiction of people and, of course, at the cost of people's health. Talking about the companies working in the tobacco field, they have a completely different point of view. They might see this just as if they were any regular company. These companies still have to make a profit, they still have to be profitable, and they still have to create promotions and advertisements, and they have to focus on their customers and making a brand as the best as they can be. Of course, it is a very controversial industry, and they must market responsibly and be conscious about their operation, but if they meet these requirements, we can say that they are fulfilling a need in the market. Talking about Phillip Morris's actions taken forward, making a product healthier than regular cigarettes is a great example. The company tries to create a healthier version of smoking, and they are constantly doing research and experiments according to the health effects and possibly better health results caused by using the product. To tell the truth, according to my primary research, they have a really hard job as they have to face strict restrictions and regulations, but it is understandable as people's health is at risk. Finally, looking at users' perception as a result of the previously mentioned regulations, people more and more seem to understand the health consequences caused by smoking. This led to many stopping this bad habit, which is, of course, the best possible outcome. On the other hand,

there are still many people addicted, but many of them wish to improve. This can also be confirmed according to my results, as most people started smoking IQOS in the hope of changing to a better alternative. This means that people are mostly aware of the negative effects, and they have a motive for, if not stopping, at least to change.

Focusing more on the brand, IQOS seems to greatly navigate through this heavily regulated sector. They are using new, innovative forms of communication through the registration process, more specifically, with the help of IQOS Club. With this, they are successfully forming a loyal customer base, which, according to the results stating that they are committed and engaged, what's more, most of them are likely to buy their next product from the company. The key motivation for people to purchase was the sleek and compact design, trusting the word-of-mouth and changing to a possible healthier option. Personalized communication tools and customer-focusing tactics used by the brand seem to work well, but there is still room for improvements to reach overall satisfaction. IQOS is a great example, demonstrating that in this restricted sector, with great tools, good marketing, and generally being a responsible brand, it is possible to achieve goals and be a leader in the market.

Further studies with a higher number of respondents are needed in the future to have a representative number, and it could highlight more specifically the long-term effects of the communication tools implemented and detect and analyze future trends and potential new tools. On the other hand, IQOS itself could do more in-depth research regarding the health consequences caused by the product in the long term. This way, the company can discover new, innovative ways to make the smoking experience less harmful, to benefit and contribute to society in this burning question.

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