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## **Iranian cigarettes market: opportunities and challenges for a multibillion-dollar fantastic business**

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Iran with over than 75 million populations, is located in one of the most strategic regions in the world, Middle East, between richest Arab countries and Russia, Iran has very significant potentials of national and international trades in different areas such as telecommunication- transportation- oil and gas- petro chemistry and of course tobacco. As a professional marketing and sales expert and analyzer, I have being work for the second and third global ranking cigarette manufacturing companies in Iran since 2003. My experiences during these years show that Iran has very good potentials to develop a legitimate network for direct marketing and sales of original cigarettes products in a huge demanding market with over than 15 billion sticks increasing demand annually. Good news is that Iran regulations are suited (yet) for advertising and illustration of cigarettes into the supermarkets, free shops, groceries and other hot spots, which are most favorable places to introduce new and existing brads to entire consumers, especially ASU30<sup>1</sup> (as the most important grade of consumers). I have individually the experience of installation over than 100 stands (show off units designed to show cigarettes' pockets) into high and average quality supermarkets and groceries in big cities such as Isfahan, that results were quite significant to change consumer behavior and taste. Today, the critical concern for all participants in Iranian cigarettes market is counterfeit and fake cigarettes, that are easily and abundantly smuggled from the west, east, south and north boundaries into the country. In addition to its serious damages for smokers' health, counterfeit cigarettes could destroy legal cigarettes market in Iran. This article aims to determine problems and opportunities in the increasing demanding cigarettes market of Iran. As the largest country in region and second cigarettes market in Asia (after Japan), we introduce a novel approach for direct marketing and sales into specialized cigarettes free shops all over the country, which provide original, fresh and duty free cigarettes to end consumers modeling from "United cigarettes shops" in United States.

Since Iran market is still a traditional market with conventional rules and behavior, it is clear that adopting modern marketing and management strategies is very hard and challenging task for every international company that plan to enter this market. Several years ago (around 2001) after second election of reform government in Iranian (2001) some international companies opened up subsidiaries in Iran (concentrated in Tehran and some other big cities) aiming to develop their products and services in Iran demanding market. Therefore, for the first time modern marketing and management methodologies were introduced to a traditional old behaving market.

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<sup>1</sup> Adult Smokers Under 30 years old

The concept of direct marketing and sales was offered now, and companies that previously used to delegate all marketing and sales activities to a third party company, gradually started to establish a department for marketing into their organizational structure and hire some trained, young, energetic staff to present their recent and new products/services to end consumers, directly.

British American Tobacco (BAT) was a pioneer in this front line, that started direct marketing and representation to end consumers by specialized trained staff called TMR (Trade Marketing Representative) in Iran. After one year, a third party survey and research company gathered related marketing and sales information from over than 3000 outlets in Tehran and some big cities, that was among the first systematic attempts to analyze market information. Results of this survey strongly recommended that this new marketing approach was very effective to change consumers' behavior and taste, this impact was very deeper for ASU30 consumers.<sup>2</sup>

After that time, annual reports of third party survey and Research Company confirmed repeatedly the positive significant impact of direct marketing and representation and stand installation to show off cigarettes pockets on changing consumer behavior and increasing the market share. For instance, Beta coefficient results showed that each single unit change in direct marketing and sales variable, more than 0/6 unit change in consumers' behavior and 0/564 unit change in market share occurred, which demonstrates significant impact of direct marketing on these two variables.

These results were confirmed in several studies, which I have conducted for cigarettes market in different cities of Iran between 2007 to 2014.

According to the mentioned results in this article and facts provided about Iran market potentials and increasing demand, we conclude that cigarettes markets in Iran is increasingly growing and the risk of counterfeit products is also growing up. Since, by the time there is no legal inhibition or ban to advertise and present cigarettes for end users. Therefore, it is reasonable to think about a practical solution that offer direct selling of fresh, original, duty free cigarettes from producer to end user consumers. This plan in first phase is performed in some selected sales stations, which could be tested in Tehran and some Iranian big cities such as Isfahan and Shiraz and Mashhad, which designed according to the United cigarettes chain shop in United States.

All interested cigarettes producing or distributing companies, which have certification to sale inside Iran market, can participate in this plan and be sure about significant results of this to increase market share and change consumers' behavior.

Additional information and professional consultancy about the plan are available by the author of this article. All requests should be sent to this E.mail address:

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<sup>2</sup> Due to confidential nature of this information, I cannot provide them in this article. But, information could be provided by request, from BAT Iran head quarter.