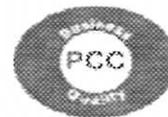




PIP - Product Introduction Process



Mainstream PID CONCEPT
- Project Initiation Document-

Project Co-ordinator: Jackson, Christopher R
[Redacted]
Project Category: Change to Product Specification

PROJECT OVERVIEW

Region	Americas		
Market	United States (USA)		
Product Group	Pipe Tobacco		
Brand House	Bali		
Initiator	Parsly, Amy		
PID Status	Feasibility Phase	PCC Status	Open
		Confidential	No
Project Name	Bali Shag USA - Pipe		

CONCEPT PROJECT APPROVAL

ComDir	Name	Mercer, John
	Approval Date	Friday, February 27, 2009
MarketDir	Name	Cox, Jonathan
	Approval Date	Monday, March 02, 2009
Marketing	Name	Jones, Tim (approved by Parsly, Amy)
	Approval Date	Monday, March 02, 2009

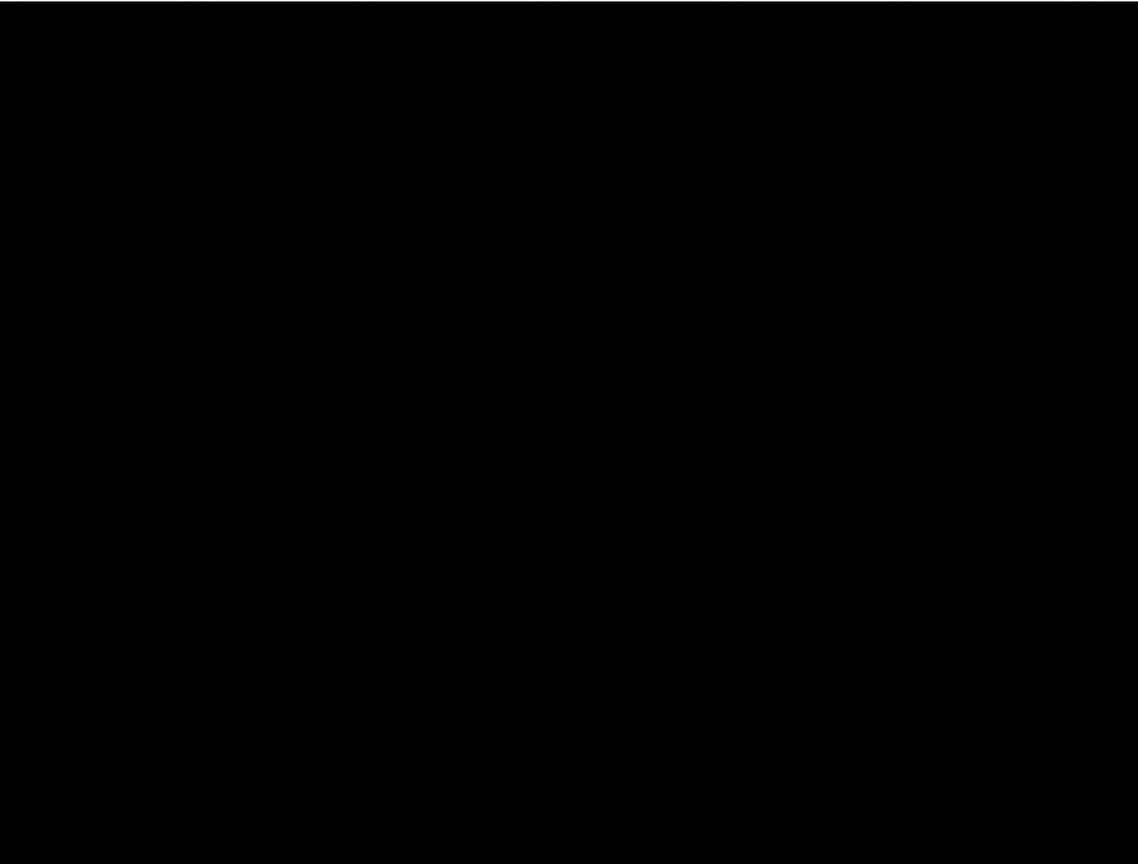
FINAL PROJECT APPROVAL



PROJECT DESCRIPTION

Project objectives and strategy

In January 2009, the SCHIP (State Child's Health Insurance Program) was passed. This bill drastically increases the tax on roll-your-own tobacco (which is calculated by weight). This bill goes into effect on April 1, 2009. Commonwealth has decided to take action to combat this tax increase by changing Bali Shag to pipe tobacco to allow it to operate in the lower taxed category of pipe tobacco.



MARKETING DETAILS

Brand Idea

In January 2009, the SCHIP bill was passed which drastically increases the tax on RYO tobacco. This bill goes into effect on April 1, 2009.

Commonwealth has decided to take action to combat this tax increase by changing Bali Shag to pipe tobacco, which is taxed at a lower rate.



Strategic Intention

Change the specification of Bali Shag tobacco to make it pipe tobacco which is taxed at \$2.83 per lb instead of \$24.78 per lb with RYO.

Market Context

Bali Shag is a more premium brand than most loose tobacco. The market largely consists of discount tobaccos.

Price

Bali Shag will still be a pricier brand, but operating as a pipe tobacco will help with the cost to consumers.

Consumer Benefit

Consumers will still be able to purchase a quality tobacco, a recognized brand at an affordable price.

Price Rationale

Bali Shag will be an affordable more premium tobacco brand.

Competitor Status

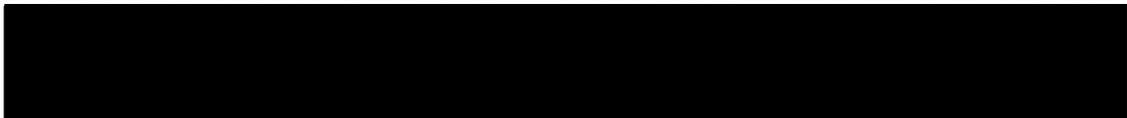
At this point, it is unknown exactly what competitors will do with the SCHIP tax increase looming.

Source of Business + Benchmarks

MARKET & PRODUCT RESEARCH

Type of Test to be conducted

TBD



LAUNCH STRATEGY

Target Launch Date

Monday, April 13, 2009



Special reasons for specific launch date

The SCHIP bill takes effect April 1, 2009

Distribution Information

Distribute the new product as quickly as possible, nationwide.

IMPLEMENTATION DETAILS

Launch stock requirement

TBD

Launch volume rationale

Initial print run quantity

TBD

Delivery point(s) and date of first delivery

PRODUCT DESCRIPTION

Product description

Revised packaging for all variants. Graphics remain the same, but UPC's and some of the wording has changed.

Benchmark

Format

Pipe Tobacco; 5.29 oz tins, 1.31 oz pouches

Tipping	
---------	--

Developments required	
No longer include papers in packaging	

Others	
--------	--

Nic (mg)	
----------	--

Tar (mg)	
----------	--

CO (mg)	
---------	--

PACKAGING DESCRIPTION

Type / Content / Format

Pack	
5.29 oz tins and 1.31 oz pouches	

Outer carton or outer wrapper end label	
Pouch cartons contain 5 - 1.31 oz pouches	

Shipping case	
Pouches: 20 cartons per case Cans: 24 cans per case	



Mandatory Markings	
Pack	Separate Brief Sent
Outer carton or outer wrapper end label	
Shipping case	Separate Brief Sent

Design Details	
Pack	Separate Brief Sent
Outer carton or outer wrapper end label	
Shipping case	Separate Brief Sent

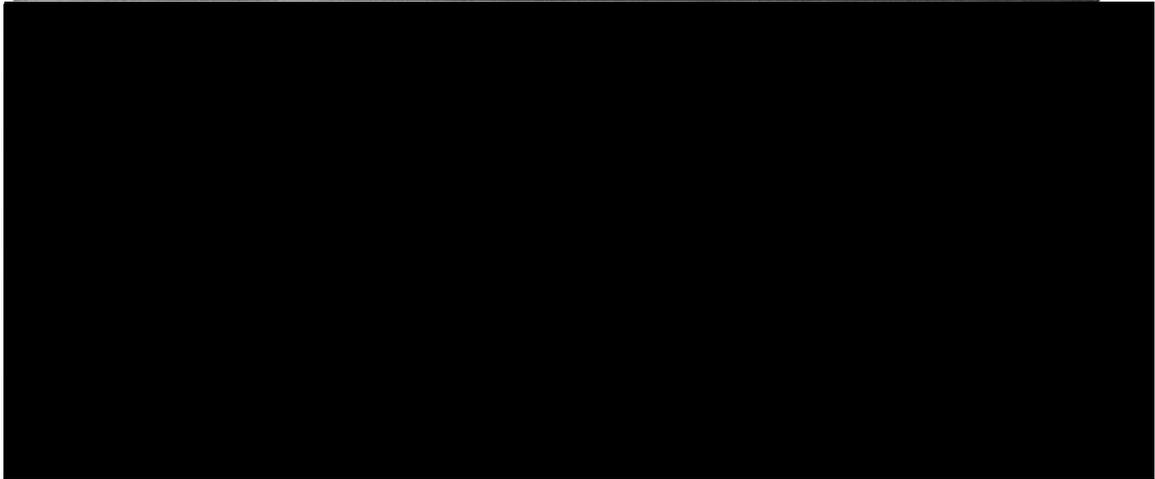
Descriptor Details	
Pack	Light Halfzware changes to Light Taste Golden Shag stays the same Halfzware Shag changes to Blended Shag
Outer carton or outer wrapper end label	
Shipping case	Light Halfzware changes to Light Taste Golden Shag stays the same Halfzware Shag changes to Blended Shag



Barcodes	
Pack	Golden Shag 1.31 oz 0 90600 46101 1 Blended Shag 1.31 oz 0 90600 46102 8 Light Taste 1.31 oz 0 90600 46103 5 Golden Shag 5.29 oz 0 90600 46104 2 Blended Shag 5.29 oz 0 90600 46105 9 Light Taste 5.29 oz 0 90600 46106 6
Outer carton or outer wrapper end label	Golden Shag 1.31 oz 0 90600 46101 1 Blended Shag 1.31 oz 0 90600 46102 8 Light Taste 1.31 oz 0 90600 46103 5
Shipping case	Golden Shag 1.31 oz 0 90600 46001 4 Blended Shag 1.31 oz 0 90600 46002 1 Light Taste 1.31 oz 0 90600 46003 8 Golden Shag 5.29 oz 0 90600 46004 5 Blended Shag 5.29 oz 0 90600 46005 2 Light Taste 5.29 oz 0 90600 46006 9
Environmental Symbols	
Promotional request	None
Others	
Tax or decoration seal	

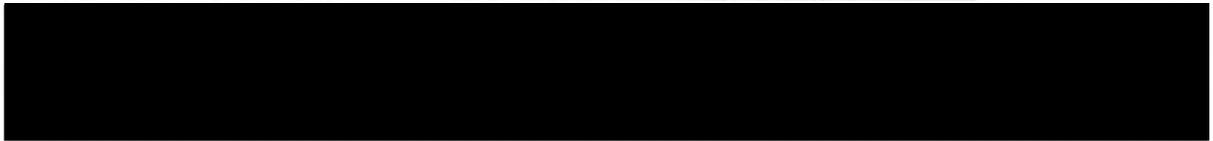


LEGAL CHECKLIST



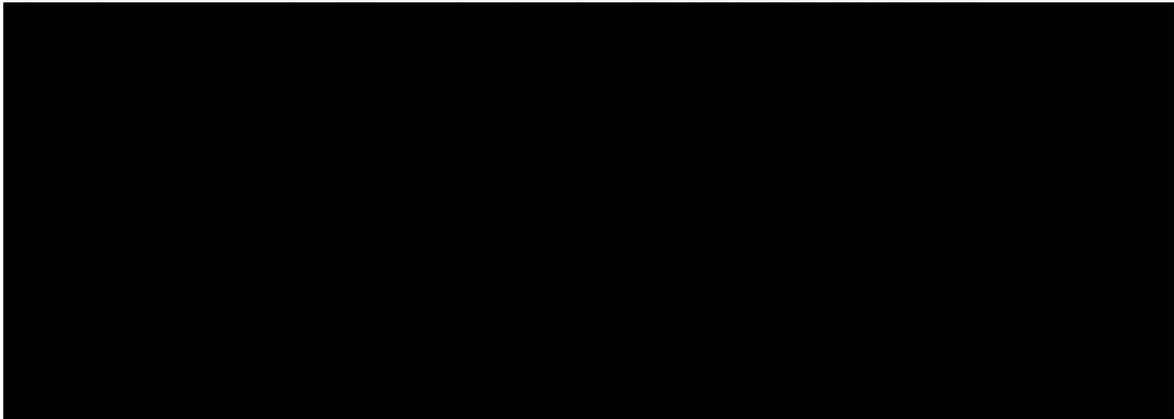
Do the pack or specification changes comply with market specific/local legislation or regulation?

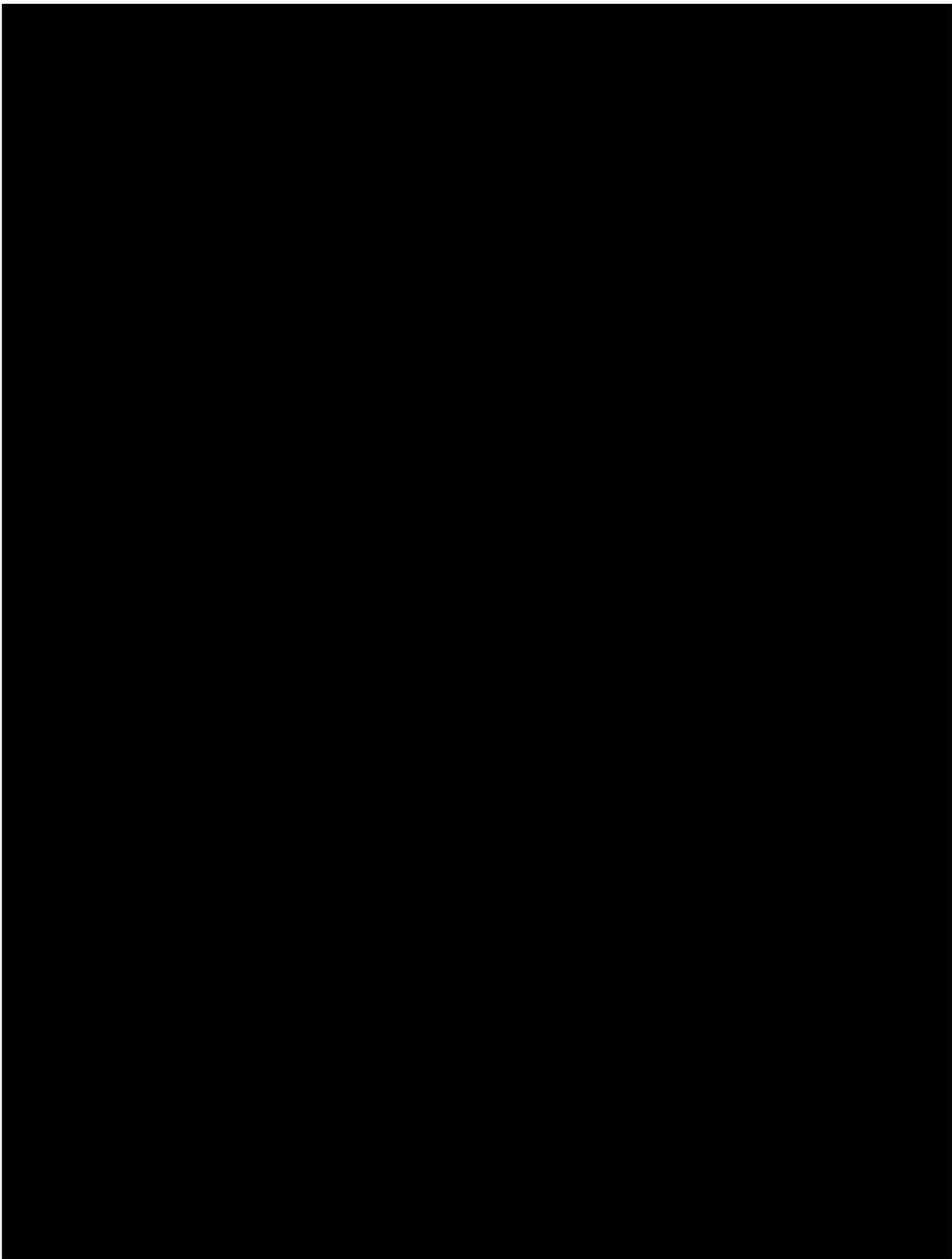
Yes

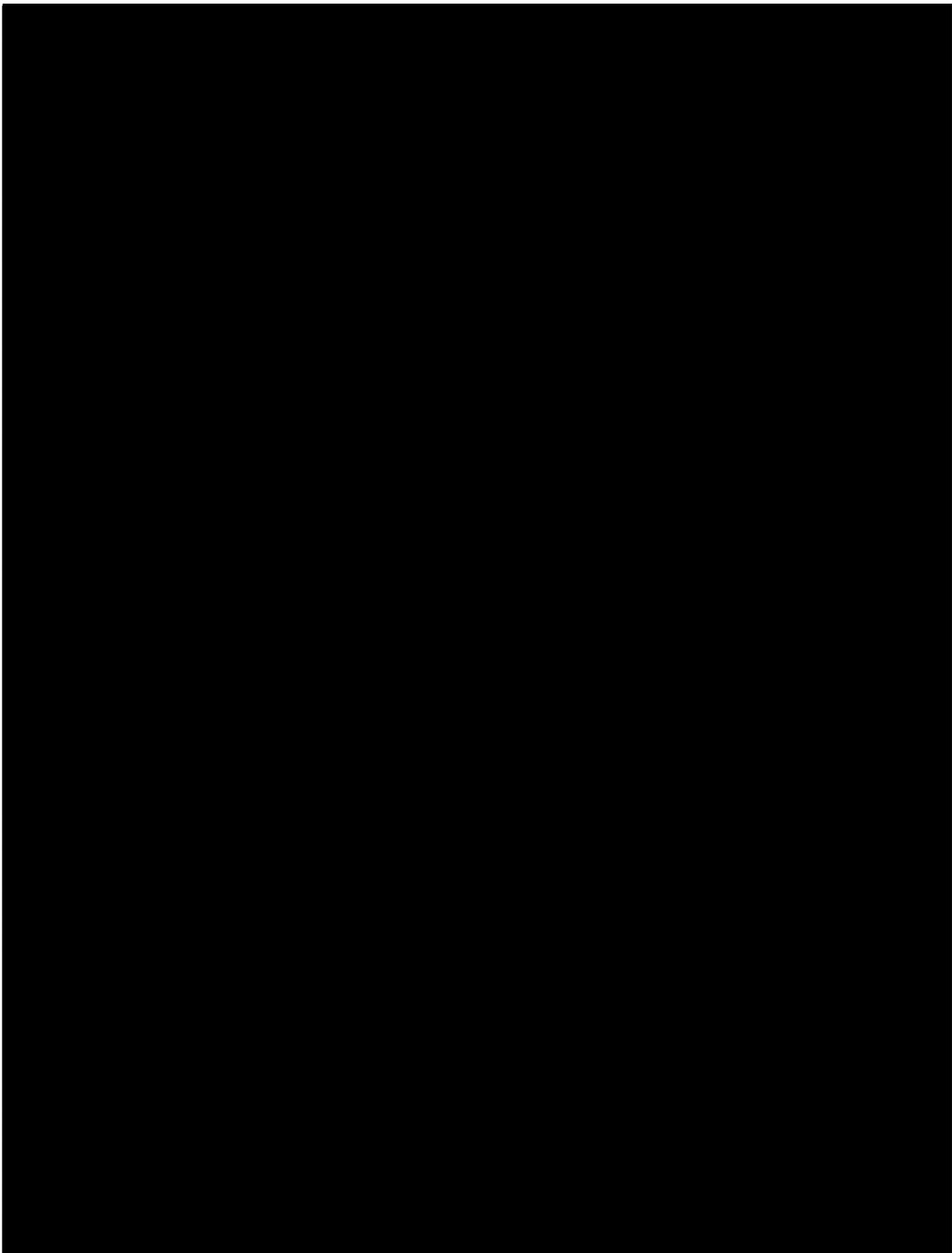


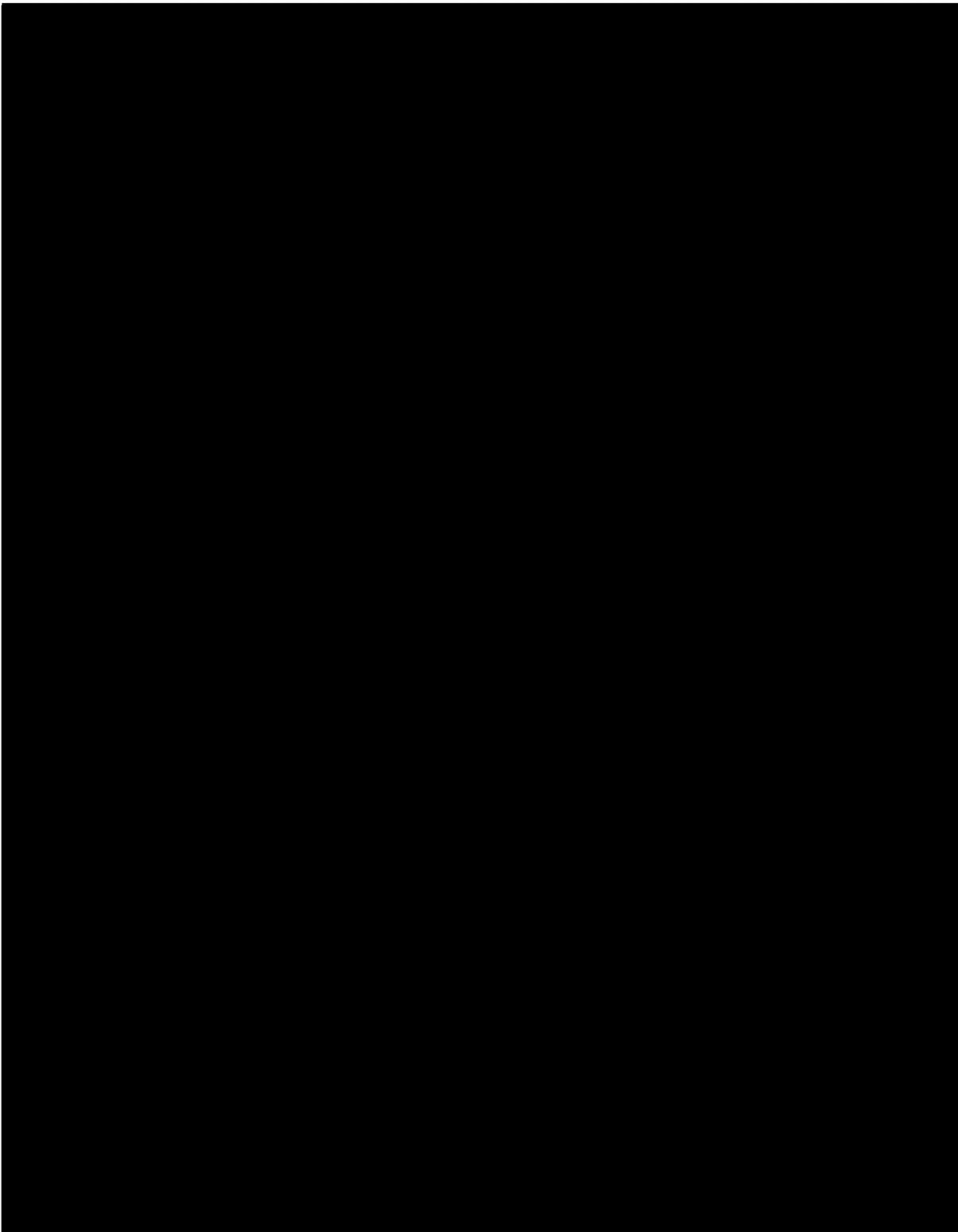
Will the pack or specification changes encourage the attention of the tobacco control organisations or regulators?

No









[Redacted]

