

AGENDA

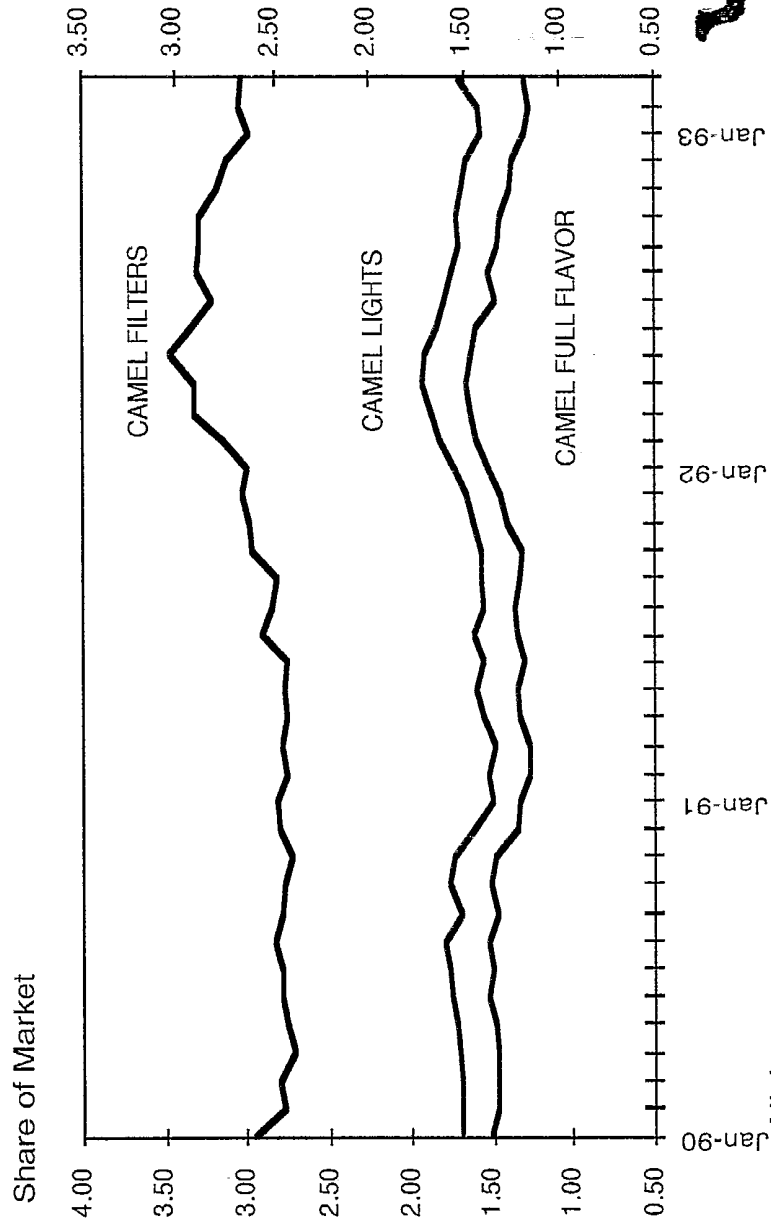
1. Why is Camel a concern?
2. How have they done this?
3. Where are they going?



1. WHY IS CAMEL A CONCERN?



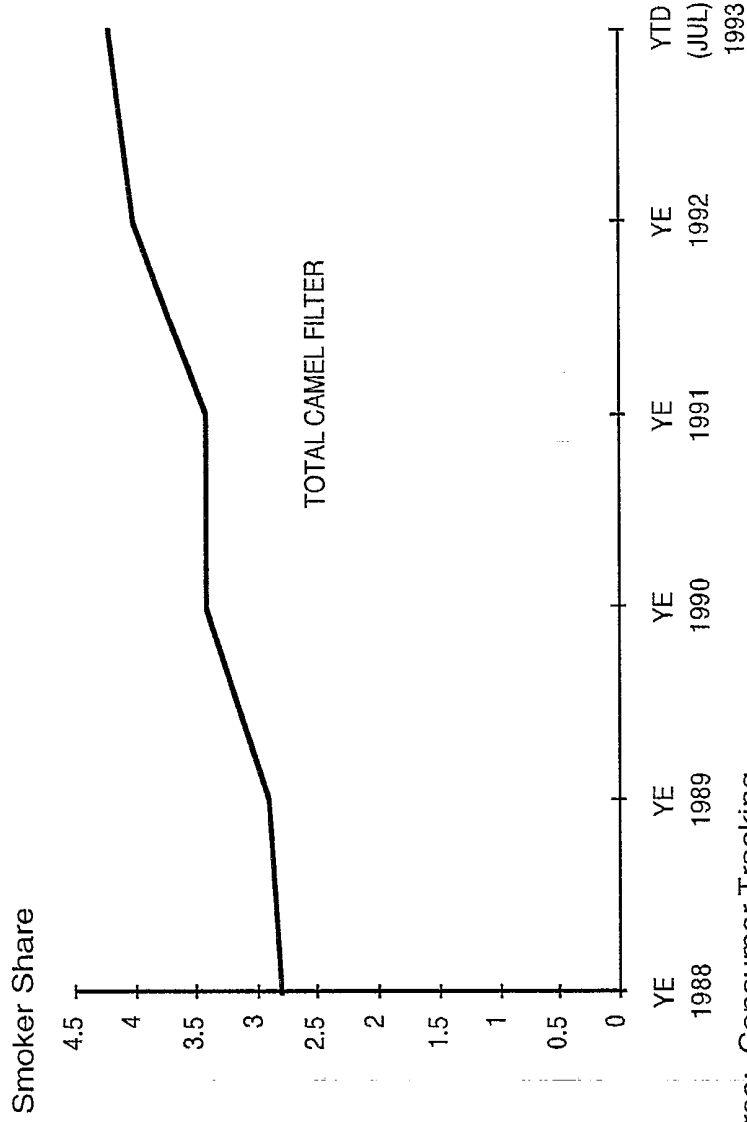
Through YE 1992, Camel's Nielsen share declined



Source: Nielsen



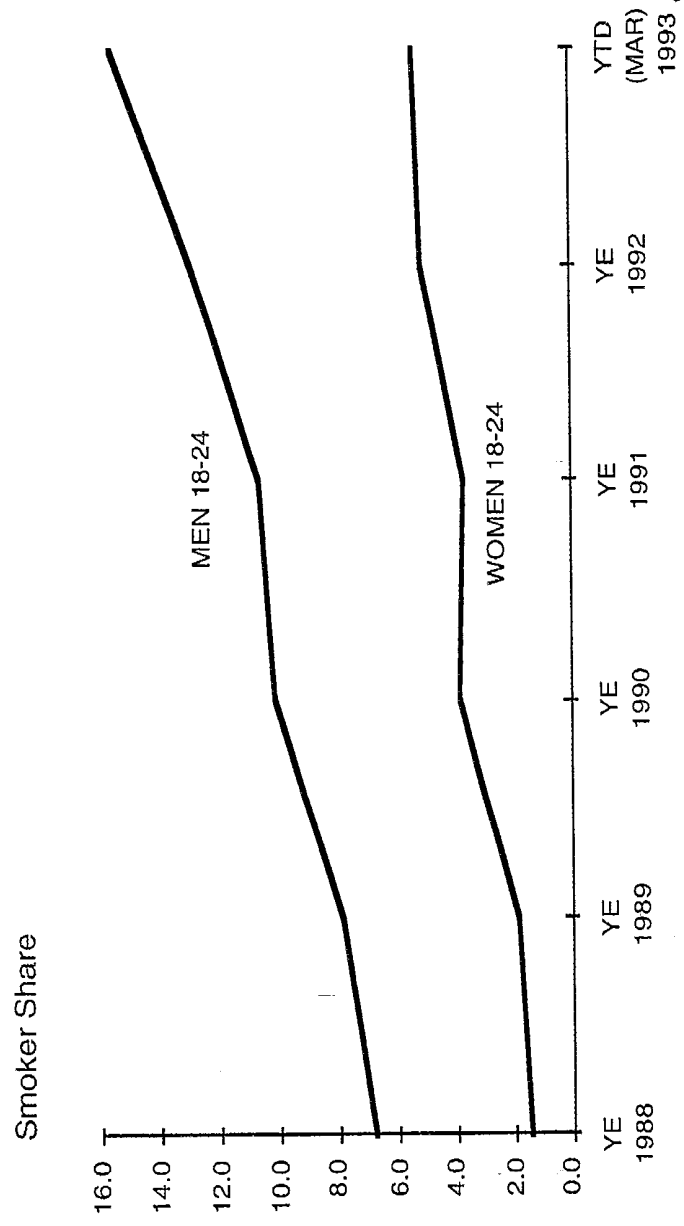
However, focusing on Nielsen share masks important smoker share trends



Source: Consumer Tracking



Smoker share increases are evident among KEY consumer segments, specifically, YASSs.



Source: Consumer Tracking



2. HOW HAVE THEY DONE THIS?

- IMAGE
- PROMOTION



Understanding Camel imagery is clearly critical to understanding the success of the brand

REASONS STARTED BUYING REGULAR BRAND

	<u>CAMEL</u>	MARLBORO <u>RED</u>	MARLBORO <u>LIGHTS</u>
Advertising/Packaging	41%	19%	15%
Appeals to my individuality	44%	30%	22%

Source: YAM Study 1992



In-depths were used to gain understanding of Young-Adult interaction with Camel advertising

51 one-hour in depths were conducted in late April 1993 among
Marlboro and Camel YAS (18-24) in Phoenix and LA (high
development Camel markets)

Marlboro

16 Marlboro Lights women
10 Marlboro Lights men
4 Marlboro Reds men

Camel

11 Camel Lights women
4 Camel Lights men
6 Camel Full Flavor men



METHODOLOGY

Choose 24 ads to represent campaign efforts to-date

- 75th Anniversary Announcement
- Smooth Character
- Introductory advertising (Ultra Light and Wides)
- Hard Pack
- Catalogue
- New Pool



METHODOLOGY

Top 3-5 liked and disliked ads discussed one at a time to understand:

Reasons for appeal

Perceived story

Brand communication

"Joe" personality

Copy communication



METHODOLOGY

Additionally, discussed following issues if not discussed in likes/dislikes

"Smooth Character" copy line/theme

"Hard Pack"

"Wides"

Camel Cash Catalogue



BRAND PERCEPTIONS (among all smokers)

MARLBORO

Image varies depending on packing

Reds generates Young-Adult, "macho" male imagery

Lights seen as more "Young-Adult female"

CAMEL

In these high development markets, seems to have shed remnants of "older male" imagery--now consistently Young-Adult

"Young-Adult male" and "unisex" among Camel smokers

"Young-Adult male" among Marlboro smokers



ADVERTISING AWARENESS/APPEAL MARLBORO

Limited recall of Marlboro Lights advertising

Most recall Reds advertising, but reactions generally neutral

Vague cowboy/horse

A few Camel smokers negative

About 1/2 aware of "Adventure Miles" or "Adventure Bucks"

A few were saving

Camel smokers mentioned similarity to Camel Cash



ADVERTISING AWARENESS/APPEAL CAMEL

Camel advertising consistently generates strong positive reactions among YAS (except Red smokers)

Exceptionally strong enthusiasm among Camel/Marlboro males

While quite positive, less enthusiasm among females



ADVERTISING AWARENESS/APPEAL CAMEL

The overriding theme among YAS is that Camel is "For Them."



ADVERTISING AWARENESS/APPEAL CAMEL

Positive reactions focus on:

1. Variety of appealing situations/activities and portrayal of character
 - Personality relevant to many
 - "Something for everyone"
2. Approachable illustrated character encourages fantasy/vicarious participation
 - Men want to be like him/hang out with him
 - Women want to hang out with him



ADVERTISING AWARENESS/APPEAL CAMEL

3. Strong multidimensional personality
 - Infused with relaxation, fun, lack of responsibility
 - Confident
 - Sociable
 - Aspirational
4. Strong "larger than life" presence
 - Print/Outdoor
 - Camel Cash
5. Differentiation/uniqueness via "bizarre," admittedly phallic character
 - Irreverent, anti-icon
 - Controversial
 - Provocative



AD SORTS

Creative shifts/developments maintain topicality over time--
not allowed to become dated

Among both YAMS and YAFS

And among Marlboro smokers

Campaign evolution evident in sorting

With a few exceptions, newest pool best liked...

Older ads liked least--but only within the context of
the new executions



AD SORTS

NEUTRAL

75th Anniversary
Announcement
(Exception, Pop-ups)

Camel Cash
Announcements

Ultra Announcements

NEGATIVE/POLARIZING

Smooth Character

"Urban Joe"

"GI Joe"

Special Lights
Billboard

POSITIVE

Kicked Back Joe
(New Pool)

Special Lights
Fold out

Camel Cash
Catalogue

Wides

Pop-ups

Hard Pack



AD SORTS

Neutral response

"Announcement" rather than "personality" focused

Little story value or context

Relatively few cues regarding situation inhibit relevance

Sparse interesting detail

Less single minded (75th/Camel Cash Announcements)

Cluttered copy

Several messages



AD SORTS

Negative/polarizing reactions

"Smooth Character" ads generally unappealing, in light of current campaign

Juxtaposition of poorly illustrated reality with Camel Joe

Particularly offensive to women due to blatant "sex sell"

"GI Joe" interpreted as military theme

Again, was topical, but is not currently "understood"

Lack of "shades" inhibits appeal--weird eyes unappealing



AD SORTS

Positive reactions

Key driver of appeal is multidimensional nature of campaign
Relevant/appealing situations for YAS ("for me")

Portraying multifaceted personality

Cool/Confident

Aspirational/"The Good Life"

"Bad boy"

Provocative

Sociable



AD SORTS

Positive reactions

Importantly, all infused with relaxed, fun, "kicked back" attitude

Detail, context and story value all enhance enthusiasm for campaign



CATALOGUE/POP-UPS

Difficult to understand value/appeal of creative in impact advertising

Pop-up device overwhelmed reaction to specific "Joe" elements

Consumers focused on Merchandise/"cool stuff" in catalogue



Catalogue

Well liked due to perceived value of merchandise

Wide variety

"Stuff I can use"

High and low end items

Something for everyone

Pop-Ups

Appealing due to high involvement with device

"Cute," "funny," "a riot"

Unique

Keeping with Camel brand character



CONCLUSIONS

"Camel Joe" an evolving campaign
Executionally updated over time
And strategically evolving...



CONCLUSIONS

Cool, young hip smoker brand character vision apparent in evolution

"Smooth Character" first step

Heavy handed "macho cool" appealing to YAMS

Somewhat unappealing to YAFS

Fine tuned to include aspirational, "kicked back," good life dimensions

More relevant/appealing to YAMS

Appealing to YAFS



CONCLUSIONS

Attention to detail in campaign evolution demonstrates remarkable understanding of YAS target

Fantasy

Entertainment value/humor

Relevant situations/context

Rebellious -- "for us, not them"



HOW HAVE THEY DONE THIS?

- IMAGE
- PROMOTION



PROMOTION

Since the 75th Anniversary relaunch, promotions have played a critical role in attracting Young-Adults

- Camel promotions are "wrapped" in Camel imagery or free product offers, so value is added to the brand equity without negative "discount" associations
- Young-Adults, not traditionally price sensitive, but with little discretionary income, welcome "image deals," and begin to EXPECT or ANTICIPATE added value



PROMOTION

- 25% of Camel YAM smokers report that promotions played a role in the decision to begin smoking the brand

REASONS STARTED BUYING REGULAR BRAND

CAMEL

Price/Promotions/Economy 25%

Saw it on sale and decided to buy 14%

Had a coupon 6%

Less expensive than other brands 4%

Were offering gift/premium 15%

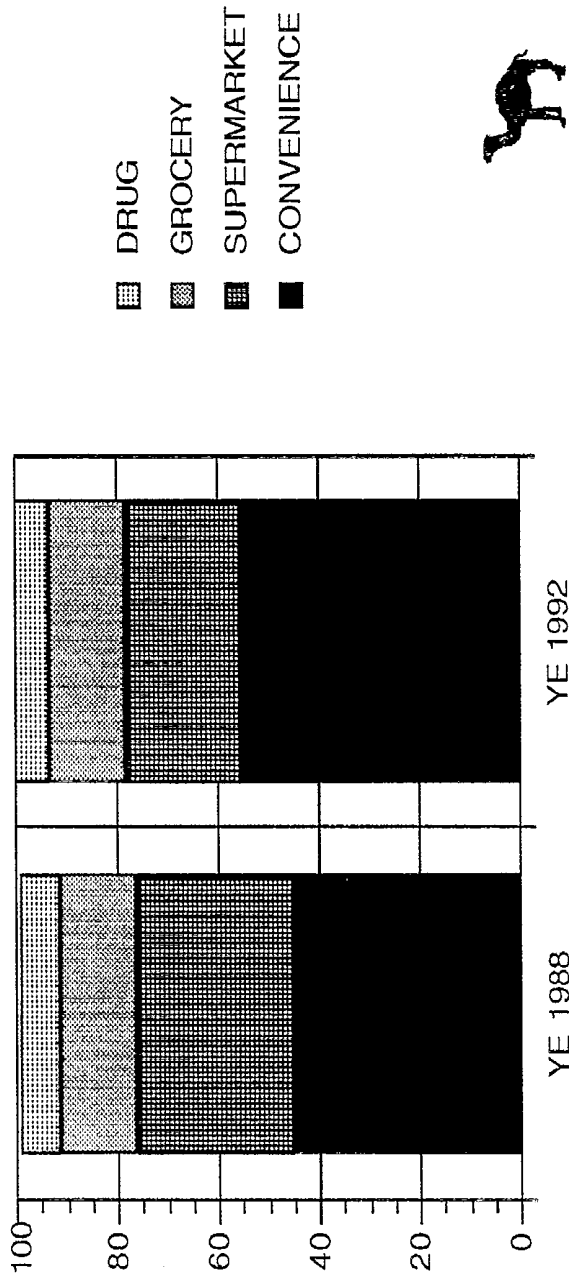


Source: YAM Study 1992

PROMOTION

Used Young-Adult high traffic pack outlet environment as platform for promotional programs.

Camel Filter Source of Volume



Source: Nielsen

3. WHERE ARE THEY GOING?



HISTORICALLY, RJR HAS FOCUSED ON MARLBORO AS SOURCE OF INCREMENTAL VOLUME

- "Anticipated" Marlboro Ultra Lights, and introduced Camel Ultra Lights
- Wides expectation to impact "value" sensitive YAM Marlboro smokers (and shield franchise from Discount)



Camel Special Lights



2041755717

CAMEL SPECIAL LIGHTS

- DEPARTURE from "traditional" Camel

"Romantic Joe" advertising

White Tip cigarette

Blend closely resembles Marlboro Lights

Tar same as Camel Lights and Marlboro Lights (11mg)

Packaging



CAMEL SPECIAL LIGHTS?

- To whom is it designed to appeal?
Women?
Marlboro Lights smokers?
- How does CSL fit with Camel smokers perceptions of their brand?
- Will CSL disenfranchise traditionally male Camel smokers?



CAMEL SPECIAL LIGHTS

Reactions to Advertising

While distinctly different, men and women find "Romantic Joe" an appealing campaign extension

Particularly appealing to YAFs

Somewhat less appealing to men

Most felt a good fit with Camel



"Romantic Joe" pool adds two dimensions to Camel

1. Romance

For men, romance is either 'suave, ladies man' :

"He's not trying to be a stud, he's waiting for his lady with a rose"

...Or, 'for women':

"The lipstick on the cigarette tells you it's for a women"

For women, romance provides greater access to the brand; Joe is softer, more mature

"He's going from carefree to starting a relationship"

"This guy will treat you right"



2. Aspirational

Both men and women perceive appealing "upscale"--*but not inaccessible*-- qualities

Joe's character: "He's a guy who's made it"

The setting: "Beautiful house on the beach--I'd like to be there"

The pack: "Copper, silver and gold--all rich materials"



PACK REACTIONS

Dimensionalized as "upscale," "refined"

To most, quite appealing

And to some, "retro"

Secondarily, feminine

Gold trim

White pack, rather than earth tones

"Toned down"

Finally, pack similar to Marlboro Lights



REACTIONS TO TRIAL

Perceived taste closer to Marlboro Lights than Camel Lights

Some smokers perceived taste as LIGHTER than ML and CL

CSL taste perceived by Camel smokers as smoother than Camel Lights

PROMOTIONS

Promotion (B1G1F) primary incentive to trial

Importantly, female Marlboro Light smokers indicated promotions may impact purchase behavior



MEANING OF "SPECIAL"

"Special" communicates "something new from Camel;" but what is not clear

1. "Lower in tar/nicotine than Lights--"between Light and Ultra Light"
2. A different blend/taste
3. Unique, different, "aspirational"



SPECIAL LIGHTS?

Designed to appeal to Marlboro Lights smokers, primarily women

Camel offers these women an image they find appealing
...With "added value" in the form of merchandise/free product

"Romantic Joe" is clearly different, however, Camel smokers are comfortable with him as an extension of the campaign

He's more mature, but still a guy they like/*aspire* to be like

CSL is NOT disenfranchising to the current Young-Adult franchise.

Some men perceive CSL to be "for women," but that does not impact their perception of the brand

Camel Lights smokers (men and women) agree that CSL is too light/mild relative to the Camel taste they are used to



CSL PURCHASER DEMOGRAPHICS

CSL PURCHASERS APRIL-JULY

	<u>PURCHASERS</u>	<u>INDEX</u> *
N=	502	
MEN	69%	92
WOMEN	32%	128
18-34	60%	86
35+	40%	133

*CAMEL LIGHTS



CSL SOURCE OF VOLUME

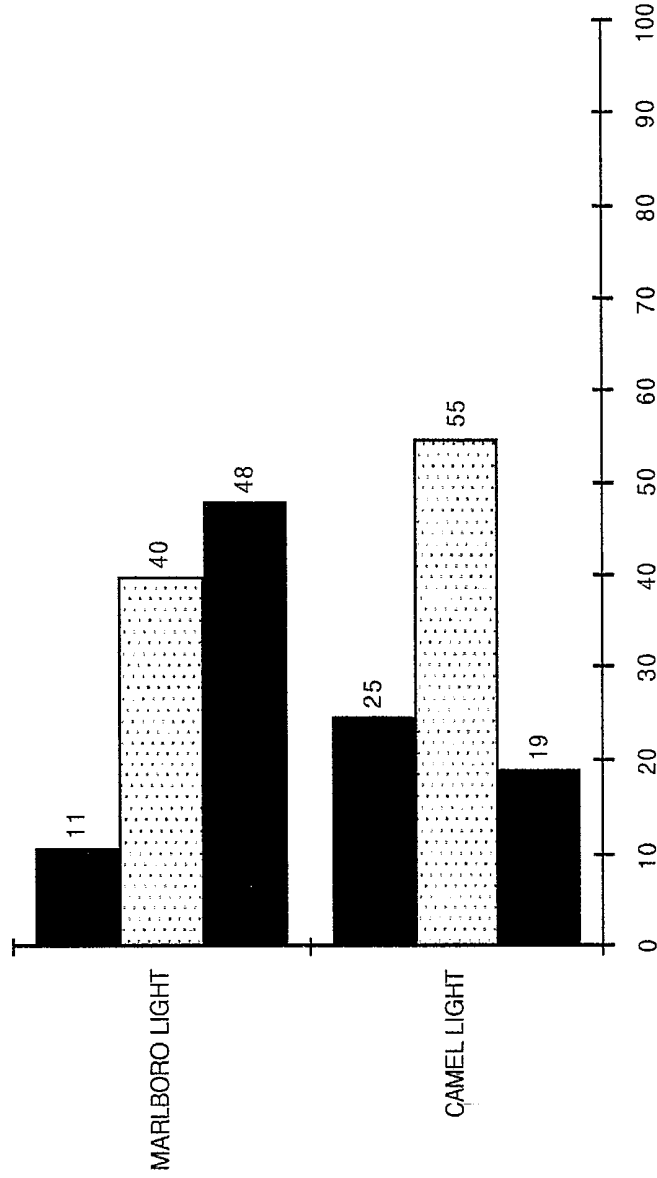
CAMEL SPECIAL LIGHTS VOLUME APRIL-JULY

	<u>TRIERS</u>	<u>PURCHASERS</u>	<u>CONVERTERS</u>
N=	922	502	37
MARLBORO LIGHTS	<u>40%</u> 21%	<u>35%</u> 19%	<u>27%</u> 24%
CAMEL LIGHTS	<u>23%</u> 13%	<u>31%</u> 18%	<u>46%</u> 32%
DEEP DISCOUNT	<u>10%</u>	<u>10%</u>	<u>11%</u>



DIAGNOSTICS

How did CSL perform to your expectations (among triers)?
May/June 1993

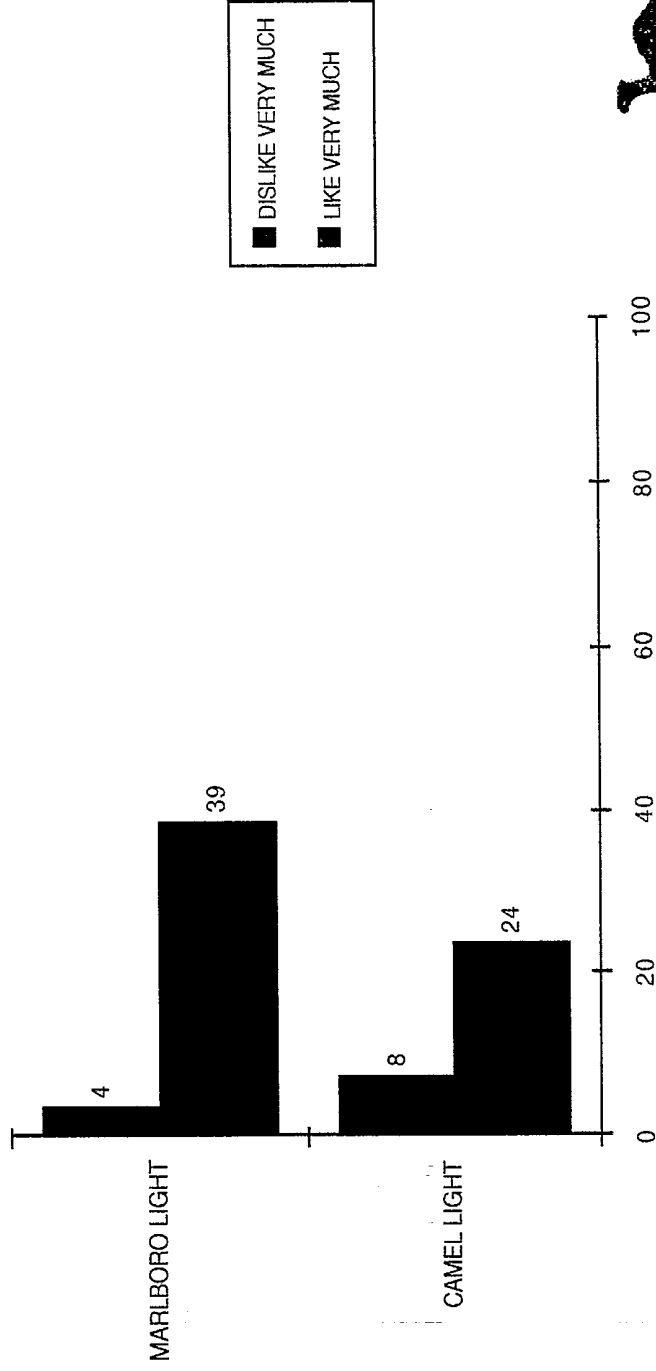


Source: Consumer Tracking



DIAGNOSTICS

How did you like the taste of CSL (among triers)?
May/June 1993



Source: Consumer Tracking

CONCLUSIONS

1. Camel focuses on Young-Adult smoker group via dual tactics of image and promotions.
 - Basically a Discount brand wrapped in image
2. Special Lights, designed to appeal to the Marlboro Lights smoker, is a potential threat
 - Image is acceptable to Marlboro Lights smokers
 - Availability of promotions creates incentive to trial/repeat
 - Taste is acceptable to Marlboro Lights smokers



IMPLICATIONS

1. Marlboro (Lights in particular) will need support

Follow Camel's lead and offer support in local markets,
pack outlets and geographies where vulnerable to Discount

Add value through tactical support:

- Events
- Direct
- In-store

