

TO: Robert Mikulay
FROM: Sonya Rush
SUBJECT: Young Adult Smokers (YAS) - Revised

DATE: April 15, 1993

The following highlights the performance of young adult smokers (YAS) in 1992 based on smoker share and smoker volume. (YAS defined as 18-24.)

Findings:

- In 1992, YAS represented 10.2% of Industry volume, 5.8% of Discount volume, and 6.3% of Deep Discount volume.
- YAS represented 16% of PM's total volume, 9.4% of PM's Discount volume, and 14.9% of PM's Deep Discount volume, and 11.1% of Basic's volume in 1992.

Among YAS:

- PM-USA held a significant portion of YAS (both male and female) as compared to its competitors.
- Based on three ethnic groups - White, Black, and Spanish Speaking - PM had the largest portion of White and Spanish Speaking in both sexes. Among Blacks (both male and female), Lorillard had the largest portion.
- Marlboro was a primary contributor to PM's performance in 1992. Marlboro performed well among all groups except Blacks (male and female) who favored Newport.
- Discount Brands attained an 8.0% smoker share up from 5.3% in 1991.
- More females preferred Discount Brands than males. More Whites preferred Discount Brands than the other ethnic groups.
- Among YAS who smoked Discount Brands, RJR had the highest smoker share, whereas PM had the highest smoker volume.
- RJR had the highest share of females who smoked Discount, while PM had the highest share of males who smoked Discount. Based on smoker volume, PM had the highest portion of females and males.
- Based on smoker share, RJR captured a higher share of Blacks (both sexes), Spanish Speaking (both sexes), and White females. However, PM exceeded RJR slightly among White males. It should be noted that RJR's smoker shares were not commanding among some groups. For instance, among White females, RJR's share was 29% whereas PM's and American's were 22% each.

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- Based on smoker volume, PM captured a larger portion of Whites (both sexes) and Spanish Speaking males. RJR captured a higher portion of Spanish Speaking females, B&W had a higher portion of Black males and Lorillard had a higher portion of Black females.

IMPLICATIONS:

If PM's objective is to grow its share of Discount to 37% and its share of young adult discount smokers to 60% by 1997, then PM will need to:

- Develop the positioning of existing Discount trademarks. PM's existing trademarks - Cambridge, Alpine and Basic - had a limited reach beyond Whites in 1992. However, Doral was able to reach and appeal to all ethnic groups due to its size. PM's trademarks also did not have an "image" (a factor important to YAS) and were not priced competitively.
- Establish new Discount trademarks. These new trademarks should have an image and be able to reach and appeal to diverse groups. Either one brand or multiple brands can be targeted against each group. PM's opportunity exists in developing trademarks that will capture Black (males and females) and Spanish Speaking (males and females) smokers, groups which are growing somewhat in population. Also, PM should further enhance its positioning among Whites.

cc: M. Mahan

Attachments