

2050852733

MANAGEMENT REVIEW - PROJECTS RX AND WIDES

JULY 24, 1992

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PROJECT RX

PROJECT RX

- A shorter length Marlboro, designed to appeal to young adult male smokers, that is sold at a retail price proportionately lower than king size full margin products.

OBJECTIVES

- Reduce alternate purchasing to discount brands by Marlboro smokers through an offering that reduces "sticker shock".
- Provide a compelling quality oriented alternative for competitive full margin alternate purchasers.
- Introduce a young adult male oriented product that is unique in the U.S. market — and fits with the times.

STRATEGY

- Price at 35 to 50 cents lower than existing king size products (see research plan).
- Capitalize on "sticker shock" pressures.
- Capitalize on trends of having less time to smoke.

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PROJECT RX

POSITIONING

- A new Marlboro that delivers famous Marlboro flavor, but, because it's shorter, costs less than king size cigarettes.

COPY STRATEGY

- Convince young adult male smokers that Marlboro Express is cool and different because it's short and costs less.

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PROJECT RX

PLAN

- Prepare for national -- 2Q 1993 launch.
- Full flavor and Lights -- 72mm length.
- Soft pack only
 - Requires sacrifice for box smokers.
 - Attacks weakest full margin competitive packings in most direct way.
 - Provides defense for Marlboro "soft packings".
- Extensive launch plan with "country derivative" imagery focussed against YAMS.
 - Maximize volume and competitive opportunity.
 - Capitalize on uniqueness of proposition.
 - Bring new "news" to Marlboro.

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PROJECT RX

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CURRENT STATUS

- Qualitative research undertaken May, June, and July 1992.
 - 22 focus groups in New York, Kansas City, Dallas, Los Angeles, and Minneapolis.
 - Among all smoker groups (YAMS, 25 to 34 year old males, discount smokers, 100's smokers, female and urban smokers).

KEY FINDINGS

- Strong appeal in three directions
 - YAMS who perceive a short cigarette to be "cool" (product is perceived to be higher in delivery than traditional king size products).
 - Marlboro price sensitive YAMS and 25 to 34 year olds.
 - Urban smokers including competitive full margin users who have fewer smoking opportunities. "The quick smoke".
- Polarized appeal among competitive full margin smokers.
- No appeal among "fully converted" price value smokers or 100's smokers.
- Critical that product is perceived to be a "real" Marlboro.
 - Flanker strategy consistently communicates cheap offering.
 - Key ingredient is quality of Marlboro - both in product and packaging.

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PROJECT RX

ACTION PLAN

- Quantitative pricing test 9/92 to identify optimum price level.
- Preparing for ad pack starting 9/92 with 4 packaging designs (2 x Red, 2 x Lights)
 - Separate tests to identify maximize competitive opportunity/minimize risk to marginal contribution.
 - Manufacturing product in Richmond semi-works 8/92.
 - Full results 11/8/92.
- Developing final product in Richmond.
 - Delivery, on a per puff basis, equal to king size products.
- Change-parts for national production ready for order.
 - Delivery to Richmond -- Jan., Feb., and March 1993.
 - Total Cost = \$3.8 Million.
 - Installation 1Q 1993.
 - 10 Billion capacity (2.0 share) -- 80% "worst case" cannibalization.
- Need management approval for order of parts.

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MARLBORO WIDES**MARLBORO WIDES**

- A defensive response to Camel Wides, is designed to appeal to young adult male smokers.

OBJECTIVES

- Defend against outswitching/alternate purchasing.
- Provide more value for young adult male smokers. (The male equivalent of 100's?).
- Provide a destination for competitive smokers to whom a wider cigarette is appealing -- but not from Camel.

STRATEGY

- Focus communications and imagery against YAMS.
- Capitalize on the awareness of a wider cigarette already created by Camel.

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MARLBORO WIDES

POSITIONING

- The Marlboro that delivers famous flavor and, because it's wider, even more value.

COPY STRATEGY

- Convince YAMS that Marlboro Wides delivers even more value because you get famous Marlboro flavor in a bigger, more masculine cigarette, i.e. every bit a Marlboro -- and more.

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MARLBORO WIDES

CURRENT STATUS

- Qualitative research undertaken in May, June, and July 1992.
 - 14 focus groups in New York, Kansas City, Dallas, Los Angeles, and Minneapolis.

KEY FINDINGS

- Product is of interest to some Marlboro smokers -- both full flavor and lights.
 - Many Marlboro smokers question why Marlboro would copy a small brand such as Camel but
 - Marlboro smokers would try and
 - Quantitative modeling from Camel Wides Ad Pack predicts share of around 1.5.
- Wides inherently communicates more value but fails to address "slicker shock".
- Wides descriptor most clearly communicates proposition. "XL" also (but to a lesser degree) communicates wider and potentially, better quality (different product?). "Extra" communicates more cigarettes.

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MARLBORO WIDES**PLAN**

- Prepare for national Introduction -- 2Q 1993.
- Full flavor and Lights -- 26.5mm circ/83.0mm length.
 - Perceptually, delivers even more value than Camel Wides -- and both Red Box and Soft packings.
- Box only.
 - Insures clear differentiation from 25's.
 - Best appeal to YAMS.
 - Best answer to Camel.
- Currently developing against 20's.
 - 10's/12's/14's = offensive and threaten total franchise stability
 - Wides 12's offer logical answer to (say) Camel 10's.
- Extensive launch plan against YAM Audience.
 - Capitalize on communication weaknesses of Camel Wides
 - Maximize volume opportunity.

MARLBORO WIDES

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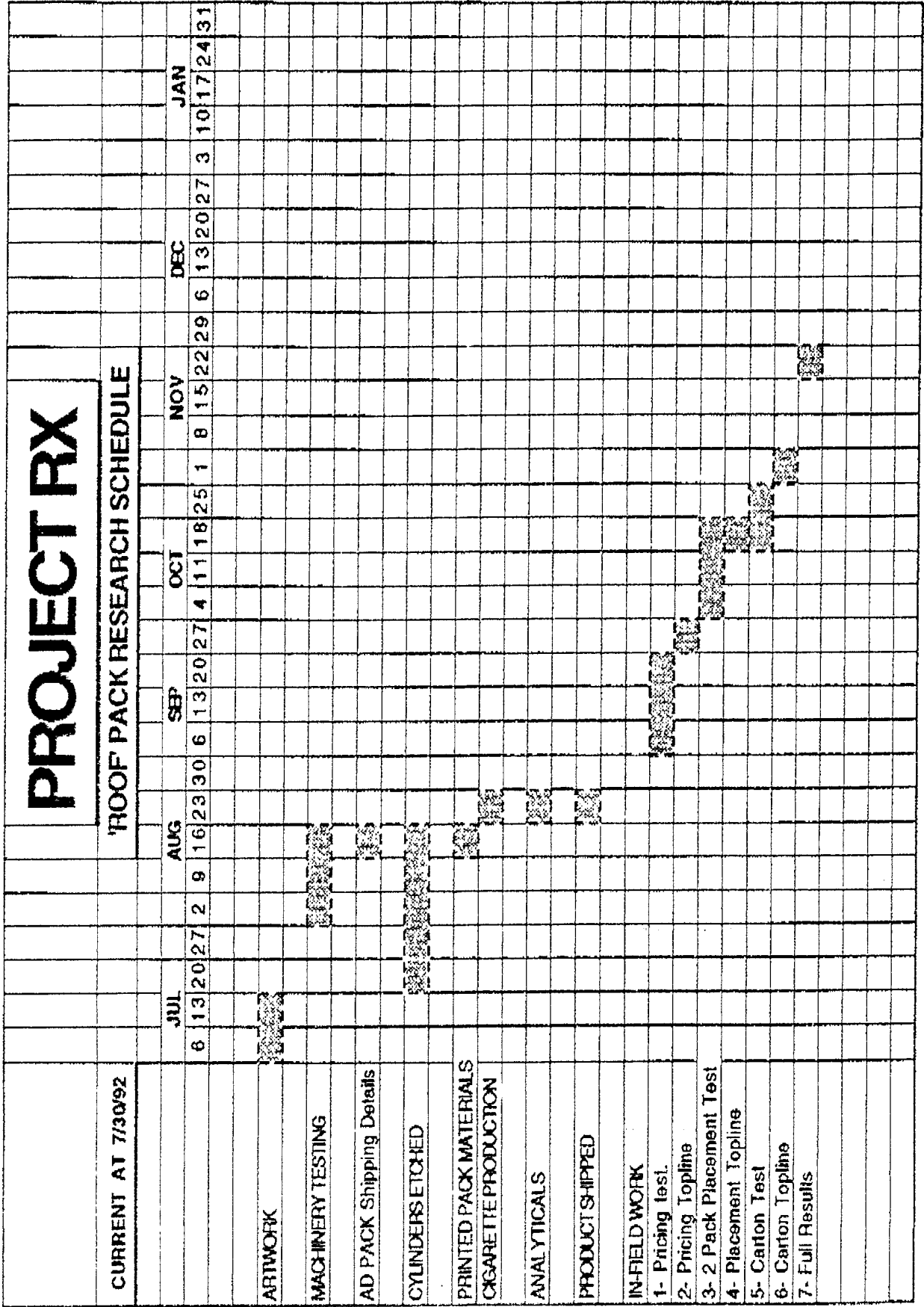
ACTION PLAN

- Quantitative pack design test covering three pack and three name directions 8/92.
 - Wides
 - XL
 - Extra
- Preparing for "front-end" of ad pack starting 9/92.
 - Pretrial study
 - Results to management mid October.
- Developing product in Richmond.
 - No production available until September or October on semi-works.
- Need management approval to order change-parts ASAP
 - 10 billion capacity (2.0 share)
 - 80% cannibalization
 - 80% box cannibalization

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PROJECT RX

'ROOF PACK RESEARCH SCHEDULE



EXTRA RESEARCH TIMELINE

		MARLBORO EXTRA																																	
		RESEARCH SCHEDULE																																	
		JUL			AUG			SEP			OCT			NOV			DEC			JAN															
		6	13	20	27	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	31			
CURRENT AT 7/30/92																																			
ADVERTISING TESTING																																			
1- Chicago																																			
2- New York																																			
PACKAGING/DESCRIPTOR TEST																																			
1. Materials to Field																																			
2. Fieldwork																																			
3. Topline Results																																			
AD PACK FRONT-END																																			
1. Materials to field																																			
2. Fieldwork																																			
3. Topline Results																																			

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