

PHILIP MORRIS INTERNATIONAL

INTER-OFFICE CORRESPONDENCE

120 PARK AVENUE, NEW YORK, N.Y. 10017

TO: Mr. R. Roper

DATE: October 25, 1987

FROM: Ed Finck

SUBJECT: MERIT II PRODUCT TEST VS. MILD SEVEN LIGHTS
.....

BACKGROUND

This report is a summary of the performance of Merit II vs. Mild Seven Lights. Merit II is a Kent flavored blend without fluted filter and Mild Seven Lights represents the light positioning of Mild Seven. Mild Seven Lights is the leading growth brand in the Japanese market.

MANAGEMENT SUMMARY

Merit II performed at preference parity vs. Mild Seven Lights among the three smoker groups tested -- Mild Seven smokers, Mild Seven Lights smokers and Caster smokers. However, the statistical split favoring Mild Seven Lights among Mild Seven smokers bordered on statistical significance.

OVERALL PREFERENCE

	<u>Mild Seven Smokers</u>	<u>Mild Seven Lights Smokers</u>	<u>Caster Smokers</u>
Bases: (100)	1	1	1
Merit II	34 (43)	39 (45)	46 (51)
Mild Seven Lights	45 (57)	47 (55)	44 (49)
No Preference	21	14	10

Merit II generated above average ratings among Mild Seven and Mild Seven Lights smokers and well above average ratings among the Caster group on the monadic seven point "excellent"-1 to "poor"-7 scale. On a comparative basis the scales are all parity.

2057089982

OVERALL RATING ON THE SEVEN POINT "EXCELLENT"-1 TO "POOR"-7 SCALE

	<u>Mild Seven Smokers</u>	<u>Mild Seven Lights Smokers</u>	<u>Caster Smokers</u>
Merit II	3.63	3.76	3.52
Mild Seven Lights	3.73	3.67	3.54

Merit II also attained statistical parity among all three smoker groups on the Comparison with Regular Brand measure.

	<u>Mild Seven Smokers</u>		<u>Mild Seven Lights Smokers</u>		<u>Caster Smokers</u>	
	<u>Merit II</u>	<u>Mild Seven Lights</u>	<u>Merit II</u>	<u>Mild Seven Lights</u>	<u>Merit II</u>	<u>Caster Smokers</u>
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Liked More Than Regular Brand	10	7	14	8	10	10
	>37%		>42%	>45%	>49%	>47%
Equal To Regular Brand	27	35	31	41	37	34
Liked Less Than Regular Brand	63	58	55	51	53	56

Different user groups reacted differently to the qualitatives.

MILD SEVEN

Mild Seven's tar delivery is in the 14-15mg. range. Thus it is not surprising that Mild Seven smokers found Merit II to be somewhat "insufficient in flavor." In addition, Merit II's "packing," "burning speed," and "sweetness level" was found wanting. On the other hand, Merit II's mildness level was deemed a bit better resulting in "less irritation."

MILD SEVEN LIGHTS USERS

This group, used to an 11mg. delivery generally assigned parity qualitative ratings but gave an edge to their own brands' "taste" and "flavor per puff."

2057089983

CASTER USERS

Caster (7mg.) is, of course, the most successful low tar brand on the Japanese market. Caster smokers preferred Merit II on a wide variety of qualitative dimensions including "level of bitterness," "full/rich taste," "aromatic strength," "dryness" and in contradistinction to the other two groups -- "flavor per puff."

CONCLUSION

Taken as a whole, Merit II tested well. However, its performance among Mild Seven users pales by comparison versus Merit III which is shown under separate cover. Merit III is the clear choice if deemed economically feasible.

Ed

EF/ab

New York

E. Butson
L. Greher
A. Liu
J. Myracle
M. Serrano
P. Wang
B. Webb

Richmond

O. Harmana
D. Heretick
C. Irving
D. Newman

Hong Kong

D. Davitre
G. Gibson
T. Keim
F. So
B. Tuscher

Japan

G. Aelvoet
Y. Suzuki

2057089984