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CONFIDENTIAL

December 14, 1984

TO: Mr. M. L. Orlowsky  
FROM: H. J. Lees  
SUBJECT: Weekly Status Report - Brand Management

This reports Brand Management activities of significance during the week of December 10, 1984.

WINSTON

1. NFO results for WINSTON Box Prototype #222-B indicates that the prototype was rated superior to both Marlboro Box and current WINSTON Box among competitive smokers aged 21-34. The prototype was rated at parity versus the current product and Marlboro Box among the WINSTON franchise. The prototype utilizes the current WINSTON Box blend with a filter additive designed to decrease harshness and increase smoothness and mildness.

OVERALL % 70+ ACCEPTANCE

	<u>Competitive FFNM 85 Smokers, 21-34</u>	<u>WINSTON Box Franchise, 18+</u>
WINSTON Box	53	55
Prototype 222-B	60	57
Marlboro Box	54	58

→ Significant at 80% confidence.

Franchise smokers rated the products at parity and perceived no attribute differences between the current product and the prototype nor between the prototype and Marlboro.

Among competitive smokers, no attribute rating differences were seen between the prototype and the current WINSTON Box product despite the overall superior rating for the prototype. However, among these smokers, the prototype's superior rating versus Marlboro was supported by attribute advantages on strength, tobacco taste, satisfaction, artificial taste and rich taste.

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WINSTON (Cont.)

Based on the overall competitive superior rating of the prototype, the Brand is evaluating the prototype as a replacement for the current box product. Given that the prototype contains a new filter additive, R&D and Manufacturing are exploring the possibility of a limited run (in Manufacturing) prior to full-scale national production to ensure that the product can be made efficiently and consistently. The Brand's recommendation to implement this product change will be forwarded next week.

- NFO results for WINSTON 100's Prototype #271-A indicate that the prototype was rated at parity to Marlboro 100's but inferior to current WINSTON 100's among competitive smokers aged 21-34. Among franchise smokers, the prototype was rated at parity to the current product and to Marlboro 100's. Prototype #271-A incorporates tow item and casing modifications as well as G13-22 and was designed to maintain strength and tobacco taste perceptions while reducing harshness and increasing smoothness.

OVERALL % 70+ ACCEPTANCE

	Competitive FFNM 100 Smokers, 21-34	WINSTON 100 Franchise Smokers, 18+
Prototype 60B	60 ←	60
Prototype 271A	55 —	60
Marlboro 100	57	59

—————> Significant at 90% confidence.

Based on the prototype's inferiority versus the current product (#60-B which began national manufacturing in early November) as well as attribute disadvantages among both competitive and franchise smokers in the areas of smoothness, harshness and aftertaste, the prototype is not recommended for national manufacturing or further development.

- NFO results for WINSTON Lights 85's Prototype #345-D indicate that the prototype was rated at parity to current WINSTON Lights 85's and inferior to Marlboro Lights 85's among competitive smokers aged 21-34. Among the franchise, the prototype was rated at parity to both the current product and to Marlboro. Prototype #345-D utilizes the current WINSTON Lights 85's blend modified by burley casing. G-4 stems were removed and casings/top dressings added to address key attribute deficiencies of harshness and lack of smoothness.

WINSTON (Cont.)

OVERALL % 70+ ACCEPTANCE

	<u>WINSTON Lights</u> <u>85mm Franchise, 18+</u>	<u>Competitive FFLT</u> <u>85mm Smokers, 21-34</u>
WINSTON Lights 85	61	52
Prototype 345-D	62	49
Marlboro Lights 85	58	57

—————> Significant at 90% confidence.

No further action is recommended on this product given that it offers no improvement versus the current product in terms of absolute ratings, and despite improvements on harshness and smoothness attributes among both smoker groups, the prototype is deficient in terms of tobacco taste, strength and satisfaction. Future WINSTON Lights 85's prototype development will focus on improving the product's strength and tobacco taste perceptions while maintaining improved ratings on harshness and smoothness. Two new prototypes are currently in NFO testing with results due the week of 1/14.

4. Preliminary results of WINSTON's Quality Focus Test in the Marion, Indiana test market were presented to G. W. McKenna and the Brand this week. Preliminary data indicates that the combined effort of advertising ("Facts" campaign), media and promotion support designed to provide support/reinforcement of the WINSTON franchise appears to have had a positive impact on WINSTON's performance at least short-term in the test versus control cell (where activities were withheld). Final results of the test (to be presented in late January) will further determine: (1) the effect of newspaper support behind "The Facts" creative apart from promotion; (2) the ability of the program to protect the WINSTON franchise as well as convert competitive smokers; and (3) identify residual/continuing effect (long-term business impact) of the program following the conclusion of support in early November.
5. Focus groups were held in Tampa, Florida on December 12 and 13 to identify additional product development direction on the WINSTON "X" product. Representatives from Brand, MDD and R&D were in attendance at these groups, which are intended to explore additional consumer taste desires and smoking characteristic parameters for the WINSTON "X" product. Results of these groups and additional research being conducted to determine the product wants of WINSTON trier-rejectors versus trier-acceptors will be incorporated into the brand's final WINSTON "X" development recommendation next week.

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WINSTON (Cont.)

6. William Esty presented its recommendation for "warm weather" pool outs on the "America's Best" creative to the Brand, G. W. McKenna, you and me on 12/13. Focus of this creative was on strengthening the effectiveness and depth of WINSTON's Out-of-Home executions and on strengthening the communications value of the campaign on an overall basis. While we were in agreement with the overall pool-out recommendation made by the Agency, additional development work was determined to be required in the Out-of-Home area. The agency will provide the refinements for our review late next week and the creative will be available for you to review with Mr. Long in early January.

SALEM

1. The SALEM Brand held a team meeting on Wednesday, with all departments in attendance. A status report update was given by each department to inform the Brand team how current 1984 and 1985 programs are progressing including Project Phoenix.
2. On Tuesday, the sample post "Kissing/Trophy" (30-sheet) was approved by you and I. The execution had been revised to enhance readability and clarity and will begin appearing in the general market commencing in January, 1985.

CAMEL

1. Brand visited the field this week to assess CAMEL's new packaging situation. Hartford, New Haven and Springfield markets were visited. Consumer/retailer reaction to the package change was minimal; however, full distribution of the new package has not yet been achieved in a number of accounts. Current packaging only is available in several chain accounts, inhibiting a meaningful assessment of the package test. Brand will discuss this situation with MDD, Sales and Traffic to determine possible solutions to this problem. Brand will forward its recommendation regarding next steps on the CAMEL packaging change next week.
2. Agency presented the complete Africa pool to you and me 12/13, including magazine, OOH and permanent point-of-sale materials. This creative will be reviewed with Mr. G. H. Long on 12/18.
3. Phase III production was begun this week on the CAMEL Lights 100's product, utilizing the current WINSTON Lights 100's blend. This product was rated at parity among 21-34 competitive smokers. CAMEL's female business building free-pack coupon delivered this month in West Coast editions of selected female books will be fulfilled with the improved CAMEL Lights 100's product.

CAMEL (Cont.)

4. Brand and Promotion reviewed with the Agency tissues for CAMEL's 2nd quarter temporary point-of-sale. Direction was given to ensure creative development focuses on both simplicity and impact for all POS materials. Recommended visuals and tissue layouts of the 2nd quarter temporary POS was reviewed with you and me this week. They received approval to proceed to final comps.

VANTAGE

1. The Agency presented their recommendation for VANTAGE "High Performance" OOH, POS and print advertisements to you and me. The following creative was approved:
  - OOH: "Car Driver" bulletin
  - POS: "Car Driver"
  - Print Advertisements (with minor revisions): For DAR and Communications Testing
    - . "Car Driver"
    - . "Actress"
    - . "Windsurfer" (2 executions)
    - . "Speedboat" (2 executions)

Next Steps: The Agency will present the final, revised Family print advertisements and Family OOH (30-Sheet) to the Brand in New York on 12/14. The Agency will begin production of OOH units immediately in order to make April posting dates. Print advertisements will appear in late April weeklies and May monthlies, assuming successful DAR and communication testing. Final comps will be available for you to review them with Mr. Long next week.

2. The Brand received approval to proceed with a First Quarter Direct Mail Program designed to move incremental volume. The program will break March 4, 1985 through Carol Wright Direct Mail and will contain a live \$1.75/Cartron coupon good on any style of VANTAGE and a mail-in offer good for three \$1.00/Cartron coupons. The program is expected to move 487.5MM incremental units.

MORE

1. The Brand's recommendation to sponsor the second annual MORE Fashion Awards show was approved this week. The first annual program was very successful at generating publicity for the Brand while reinforcing MORE Lights fashion image, as well as providing a tie-in for post-merchandising opportunities. This year, the MORE Fashion Awards Show is scheduled to be held on Monday, April 29 at the Pierre Hotel in New York City.

NOW

1. No significant activities to report this week.

DORAL

1. DORAL placed cartons with revised graphics into production this week on all DORAL brand styles except Menthol 85's. The change removes the word "new" and emphasizes DORAL's low price with a bright yellow moon shape consistent with the Brand's sustaining point-of-sale creative. This change was implemented earlier than anticipated due to DORAL's increasing shipments and, therefore, earlier depletion of current materials.
2. The first of two DORAL ROP-delivered promotions appeared in 88% of the U.S. this week. The copy emphasized the additional savings offered (\$1.25/carton) beyond DORAL's already low generic prices. The offer will generate 94MM units of promoted volume. In addition, the Brand ran a Family Weekly supplement insertion nationally on Sunday, December 9, with a total circulation of 12.8MM. This ad was the result of a 50% makegood from the publisher.

CENTURY

1. To generate trial and carton usage/conversion, CENTURY implemented on 12/9 a dual \$.75-off two packs/\$1.50-off carton FSI coupon in all areas of Brand distribution (89% U.S. pop.). The total program is projected to move 158MM units. In addition to the promoted volume benefit to CENTURY, the promotion headline equally reinforces the immediate savings value of the coupons and the Brand's everyday carton savings proposition. This will be a consistent theme throughout all CENTURY promotions in 1985.

CENTURY (Cont.)

2. To accelerate the consumer pull through of year-end volume and defend against Richland's conversion to a 250-unit carton, CENTURY will execute a December 28 toll free carton coupon promotion via FSI. This program will encompass key Brand priority markets where Richland is converting its carton configuration from nine to ten packs (8.26% U.S. population and 14.5% of CENTURY brand volume). Total promoted volume is projected at 44.5MM units with a budget of \$2,200M.
3. Per my request, the Brand presented to me a complete outline of proposed CENTURY 1985 action plans which encompass key plan adjustments recommended in light of the accelerated competitive activity expected in the first half of 1985. Key topics discussed were appropriate brand responses to the Richland 250's and Marlboro 25's expansions, including the introduction of Marlboro comparative advertising, with an exploratory to identify a more positive statement of the Brand's price advantage, and a 1985 heavy-up promotion marketing plan. Final comps of the Marlboro comparative advertising will be forwarded to you on Monday, December 17. Media and promotion objectives, strategies and tactics for the 1985 heavy-up promotion marketing plan, within current budget, will be presented to me the week of 12/17.

In addition to the action plans, the Brand also presented key research issues for 1985. Research topics which the Brand will pursue are an investigation/quantification of the Brand's promotional sensitivity and/or dependency, and a communication test of the Marlboro comparative "Costs Less" and "Positive Price Advantages" creative and the "Value Without Compromise" campaign. Results will be available regarding the Brand's promotions dependency in April, based on a January test start. Communication results will be available 3/1/85.

*HJL/bm*  
H. J. Lees

HJL/bm

cc: Mr. G. T. Barody  
Mr. G. W. McKenna  
Mr. J. R. Shostak  
Mr. J. T. Winebrenner  
Mr. L. W. Hall, Jr.  
Ms. S. A. MacKinnon  
Mr. C. R. Hill  
Mr. Y. W. Ford, Jr.  
Mr. P. J. Hoult

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