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Trone, Donohoe & Johnson

A Full Service Advertising Agency

DORAL

June 2, 1987

Contents

I. Situation Analysis

Doral is a branded cigarette priced competitively with the generics (black and whites). However, Doral does enjoy a competitive edge in that it's taste was rated better than generics. The brand is positioned as the lowest priced brand name cigarette.

In order to maintain a low price strategy, the brand group does not advertise the brand and accepts lower margins than normally expected from full price products. The key means of support is promotions, specifically a one dollar off instant redeemable coupon on carton, at point of purchase. Other areas of support are merchandising and distributor performance payments.

The low price strategy coalesced with the promotional support has enabled the brand group to build Doral to a healthy three percent share. The brand is now growing at a rate of approximately two tenths of a share point per month. At this time forty percent of the franchise are occasional users. Ninety percent of sales are carton sales and ten percent are sold as packs.

Also of significant help, has been the ability to place the free standing "Savings Center" display in virtually all major carton outlets. Doral has the prime location at the top of this display and dominates the number of facings versus competitive brands.

Doral's target audience can be profiled as having a life style similiar to the stereotypical K-Mart shopper:

- Lazy shopper
- Price shopper
- Free time spent watching TV
- Not very social

They split fifty percent male and fifty percent female. Most are 25 years plus in age.

The major competition is Cambridge, a "me too" entry by Phillip Morris. Cambridge appears to be mirroring the strategy employed by Doral, even to copying the $1.00 off instant redeemable coupon on their cartons.

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II. Objective

To develop several promotional vehicles that will:

* serve as an alternate to the $1.ØØ off carton coupon
* differentiate from competition
* build brand loyalty

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III. General Approval

The agency will take the following general approach in developing the specific promotional options. There will be three separate phases. R.J.R. tobacco will have the option to stop the project after any one of the phases.

		Phase
A.	Competitive Field Review	1
B.	Exploration of Concepts	1
C.	Rough Color Layouts (6-7 different concepts)	1
D.	Presentation to Doral Marketing Team	1
E.	Revised/Refined Concepts	2
F.	Rough Color Layouts	2
G.	Presentation to Doral Marketing Team	2
H.	Tight Comps of Final Approved Concepts	3
I.	Presentation to Doral Marketing Team	3

IV. Timing

	Weeks of
Present Proposal	June 1,1987
Phase I (3 weeks)	
Begin	June 22, 1987
End	July 6, 1987
Phase II (2 weeks)	
Begin	July 13, 1987
End	July 20, 1987
Phase III (2 weeks)	
Begin	July 27, 1987
End	Aug 3, 1987

V. <u>Estimated Cost</u>

	Cost	Cum. Cost
<u>Phase I</u> Field analysis will be conducted in order for the agency to completely understand the environment in which Doral is sold. This includes how the product is fixtured as well as the competitive situation. Rough color layout will be developed for each of 6-7 concepts and presented.	$6,500	
<u>Phase II</u> Revised/refined concepts will be developed. This may include generating new concepts. Rough color layouts will be developed for those concepts selected.	$5,000	$11,500
<u>Phase III</u> Super comps will be developed from several final selected concepts.	$3,500	$15,000

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