

CAMEL/WINSTON EVENT

CO-OP PROGRAM

EVALUATION

7/17/93

50868 8676

CAMEL EVENT CO-OP PROGRAMS

CAMEL GT

- o Fay's Weekend At The Glenn - 6/27/93

Fay's Drug Store received title rights to the Saturday Busch Grand National race in Watkins Glenn, NY.

RJR Costs:

- Title Rights*	\$125,000.00
- Co-Op Program Costs	
- Temporary Signage	15,000.00
- Branded Items	5,000.00
- Lodging (Fay's Rooms)	12,000.00
- Press Relations	4,000.00
- Cocktail Party	8,000.00
- Catering	11,000.00
- Miscellaneous	20,000.00
- Signage Conversion	<u>5,000.00</u>
Total Spending	\$205,000.00

RJR Benefits

- \$50.00 for UPM, although promotion capabilities allow an ECD payment of \$80.00. <i>Projected Savings Per Year</i>	72,000.00
- Non S/S Rate - using minimum payment of \$1.25 vs. \$3.00 <i>Projected Savings Per Year</i>	27,500.00
- TCM/Preferred Presence not being paid - a savings of \$225 per store per month <i>Projected Savings Per Year</i>	540,000.00
- 2 check lane displays at 200 stores being covered via Winner Requirements saving \$15 (ECD payment) x 200 <i>Projected Savings Per Year</i>	36,000.00
TOTAL PROJECTED SAVINGS PER YEAR	\$675,500.00

* Track signage covered by Winston Cup EPP Contract.

RJR SAVINGS

Total RJR Savings	\$675,000.00
Total RJR Costs	<u>205,000.00</u>
Total Savings To RJR	\$470,000.00

Conclusion:

This program pays out tremendously for RJR in a total savings of \$470,000 per year. In addition to these cash savings, our local sales has been able to work more closely with Fay's because of the relationship marketing this type of program enables us. In addition to the signage Fay's received, Camel retained dominant signage and exposure at the track.

Weather or not we continue our sponsorship of Camel GT, I would recommend we continue our co-op program with Fay's Drug Store.

CAMEL EVENT CO-OP PROGRAMS

CAMEL GT

- Piggly Wiggly Grand Prix - 7/11/93.

Piggly Wiggly Chain received title rights to the CAMEL GT race in Elkhart Lake, WI.

RJR Costs

- Title Rights Package	\$30,000
- Miscellaneous	\$15,000
- Pit tours	
- VIP Cloths	
- Catering	
- Suite	
- Tent	
- Signage Conversion	
*Total Spending	45,000

RJR Benefits

- Extend at no cost existing check lane sign agreement for 24 months	\$45,900
- Implement lane blocker or similar program for multi-pack promotions	NA
- Force ship 28 additional cases of CAMEL to 26 corporate stores	NA
- Schultz Sav-O will forgo RJR third Quarter contact payments	<u>\$30,000</u>
TOTAL \$ SAVINGS	\$ 75,900

RJR Savings/Losses

<u>- EPP Not Included</u>	
RJR Costs	45,000
<u>RJR Savings</u>	<u>75,900</u>
Net Savings	30,900

*EPP contract not included.

Conclusions:

A tremendous relationship was built due to Piggly Wiggly's tie in to the race. RJR was able to entertain 180 of their employees of which Piggly Wiggly paid for 120. In addition, both the President and Senior Vice President of Marketing and Sales were present for introductions, pit tours, pace car laps and victory circle. I feel Piggly Wiggly gained because they were able to tie into an important local event and RJR benefited not only in money saved but in building a strong relationship with an important chain.

NOTE: CAMEL signage remained dominant at the race track.

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CAMEL EVENT CO-OP PROGRAMS

CAMEL Pro

- CAMEL Pro Express Mart Twin Mile - 7/17/93.

Express Mart (40 stores) received title rights to the CAMEL Pro race held at the New York State Fairgrounds on July 17 and 18.

RJR Costs

- Title Sponsorship	\$10,000
- Co-op Program Costs	\$ 2,000
- Banners	
- Hospitality	
- Clerk Buttons	

RJR Benefits

- Floor base displays	835.00
- CAMEL Cash Standees (never placed before)	330.00
- Competitive smoker program using clerk buttons	
- Buy down (RJR .40/EM .10) (1st time chain contributed) 1,650 CARTON SALES ABOVE NORMAL	330,000PV
- Store stickered all product	NA

RJR Savings/Losses

	<u>Title Fees Not Included</u>	<u>Title Fees Included</u>
*TOTAL RJR Savings	1,155	1,155
Total RJR Costs	<u>2,000</u>	<u>12,000</u>
Loss	(845)	(10,845)

*PV not included in figure.

Comments

NOTE: CAMEL signage remained dominant at race track.

CAMEL EVENT CO-OP PROGRAMS

CAMEL Supercross

- Terrible Herbst (19 stoves) received a signage and hospitality package for the CAMEL Supercross in Las Vegas, NV on 6/12/93.

RJR Costs

- Signage	\$2,000
- Catering	
*Total Cost	\$2,000

RJR Benefits

- Exclusive co-op buy down (RJR .50/TH .20)	\$5,320 (RJR - \$13,300)
- Placement of full price PCD in all stores	
- Sales increase for CAMEL's from 11 cartons per store per week to 35 cartons per store per week	364,000 PV

RJR Savings/Loss

Total RJR Saving	\$5,320
Total RJR Costs	<u>2,000</u>
*Savings	3,320

*PV not included in figure.

Conclusions:

For a low cost co-op program this was a successful one. By placing full price PCD in all stores our Sales Force now has a platform to work future full price promotions. Sales has commented that because of this relationship, marketing the chain has been more receptive to RJR promotions.

*Does not include sponsor contract.

CAMEL EVENT CO-OP PROGRAMS

CAMEL Supercross

- CMS Mini-Mart received signage tickets and a suite at the Pontiac Supercross event on 4/17-18/93.

RJR Costs

- Four Banners	\$1,000
- Catering	<u>\$1,000</u>
 *Total	 \$2,000

RJR Benefits

- Buy down on all SME CAMEL promotional product (CMS contributed all).

<u>Premium</u>	<u>Packs Sold</u>	<u>Chain Contribution</u>	<u>Savings</u>
3 Pack Mug	4,800	.15	720.00
Lighter Set	4,900	.23	1,127.00
5 Pack T-shirt	5,690	.23	1,310.54
Additional 1 week buy down on 5 pack T-shirt	2,945	.15	441.75
Buy down (2 pack)	5,120	.15	<u>768.00</u>
 TOTAL			 4,367.29
- Additional 40.8 cases of CAMEL sold.			PV - 490,360
- Special CAMEL Supercross displays in all stores			NA
- Employee incentive program using suite tickets as incentive.			NA
- Additional advertising in all stores (i.e., pump toppers)			NA
 TOTAL SAVINGS			 4,367.29

* Does not include sanctioning contract.

RJR Savings/Losses

Total RJR Savings	4,367.29
Total RJR Costs	<u>2,000.00</u>
TOTAL SAVINGS	2,367.29

Conclusion:

This program was a definite win/win for both parties. RJR won because of the promotional dollars we saved through cooperative buy downs and chain contributions resulting in increased CAMEL volume. CMS won be the exposure they received through the event in increased store traffic due to special promotions.

NOTE: CAMEL signage remained dominant at event.

CAMEL EVENT CO-OP PROGRAMS

CAMEL SUPERBIKE

- o Holland Oil Camel Superbike Weekend Presented by Dunlop 7/11/93.

Holland Oil received title rights to the Mid-Ohio Superbike race in Lexington, OH.

RJR Costs

- Title Sponsorship*	\$30,000.00
- Miscellaneous	6,000.00 (approx.)
- Golf Outing	
- Banners	
- Hospitality Catering	
- Clam Shells	
- Tickets	
Total Spending	\$36,000.00

RJR Benefits

- 18 Camel door chimes on PM owned doors	NA
- 1 temporary floor display per store (2 months)	
- 2 Camel posters per store (1 month)	NA
- 1 banner placement per store (unable in past due to PM Maskers)	NA
- Camel moved to #1 platform position during ticket promotion (PM was #1)	NA
- Merchandise payment will remain @ \$110 per store. Approval was granted for \$200 prior to co-op. (12 month)	42,120.00
- \$.05 price spread between Monarch and Holland Oil Private Label (PM product). Spread previously \$.10.	NA
- B3GF race ticket (4,000 offers)	240,000 (PV)
* Track signage covered by Camel GT EPP contract.	

RJR Savings

Total RJR Savings	\$42,120.00
Cost to RJR	<u>36,000.00</u>

*Total Savings to RJR \$ 6,120.00

*PV not included in figure

Conclusion

This program pays out for RJR in cost savings. In addition, our local sales has been able to implement advertising and promotions which in the past have been blocked due to the PM Masters program. Our overall relationship has also benefited due to the Title sponsorship and relationship marketing tied to the event.

For 1994, I would recommend a co-op program with a chain in the Lexington area rather than Akron (1 hour drive). I feel this would be beneficial both to the chain and RJR. The chain would benefit because of local promotions the track runs, and may be more willing to do extra promotions around the event and tie in RJR.

NOTE: PM is currently paying \$572 per store for Masters Program.

HOLLAND OIL CAMEL SUPERCYCLE WEEKEND
AT TRACK PROMOTIONS

Camel Cash Store

SME/Camel Brand tested a Camel Cash Store to liquidate excess Camel Cash premiums. A 30' x 30' tent was rented from the track, and Group III was hired to implement the program. Cash, credit cards and c-notes were accepted for payment. In addition, a pack swap was implemented to convert competitive smokers, and a leather jacket raffle was conducted to generate smoker's names for the data base. Following is a recap of the costs and results of the program. Attendance for race weekend was in excess of 50,000.

RJR Costs

Total Operating Budget to Date \$17,131.00

RJR Revenue

- Cash	2,783.25
- Credit Cards	376.51
- C-Notes/PV	6,480.32
- Name Generation (@ \$.90 per name)	1,840.50
- Catalog distribution (1,200)	--
- Pack Swap (1,148 packs)	--
- Cigarette tax petition names (3,200 approx.)	--

Total Revenue \$11,480.58

Profit/Loss

Revenue	\$11,480.58
Costs	<u>17,131.00</u>

Loss (\$5,680.42)

Conclusions

Even through RJR incurred a net loss of \$5,680.42, I feel this program was a success for the following reasons:

- Direct interaction with consumer.
- Immediate gratification through direct sales.
- Builds Camel Cash exposure.

- Cash IV distribution.
- Liquidation of excess premiums.
- Ability to launch new promotions while not incurring additional costs.
- Convert competitive smokers through pack exchange.
- Excitement of consumers to meet Team Camel riders through autograph session.

Recommendations

- Utilize direct mail to increase awareness.
- Tie into track advertising to increase awareness.
- Evaluate and restructure price listing.
- Utilize signage more closely identifiable with the Camel Brand.
- Hand out announcement flier with all race ticket purchases.