

MEMORANDUM

TO: R. D. LEWIS

CC: A. R. NAGLE
R. O. STEWART
B. L. BROECKER
W. F. SCHOLZ
B. MORRISON

FROM: F. E. McKeown

DATE: August 24, 1977

SUBJECT: KOOL Image Research Evaluation

This confirms our discussion on August 23 re the above subject.

Basic agreement was reached among MRD, Market Facts, the Brand Group, and Ted Bates as to the sequence, timing, and responsibility for implementing the evaluation of product and smoker image on KOOL and competitive products in order to ascertain the movement in the product's image due to changes in marketing variables.

Our meeting concerned the first steps in this process which are as follows:

1. Product Image - MRD to ascertain if we can meaningfully split the Black and White segments of the current trade-off analysis to determine differing product image perceptions of KOOL and competitive products by these different segments. Also, MRD will determine if the current Black sample is sufficiently valid and reliable to yield meaningful Black smoker results or if further Black product image gathering is necessary. Based upon the above, we would begin our product image evaluation by exposing respondents individually to KOOL Americana ads to ascertain the change in perception on the key variables in the product dimension. The next step in this area is for MRD to inform us during the week of 8/29 as to the Black sample validity and to logistics for consumer exposure or subsequent Black smoker research.
2. Smoker Image Dimension - All parties agreed that it may be feasible to apply the conjoint methodology to the development of smoker image. Ted Bates' research has already done preliminary work on this dimension.


As to next steps, attachment A covers the four steps to be conducted during calendar 1977 to determine the validity of the application of conjoint analysis to this smoker dimension, together with the approximate dates agreed upon for completion of each step, as well as the responsibility for conducting each research stage.

As a general operating guideline, at the conclusion of each stage, all parties will reassemble to review the results of the stage and determine the appropriate progression to the next stage. Further, Bob Morrison from Ted Bates has asked permission to participate in the development of each research stage with MRD and Market Facts. All liaisons with Mr. Morrison will be conducted through MRD.

3. If No. 2 above is successful, an attempt will be made to merge the product and smoker image dimensions in order to ascertain if we can develop a hierarchical ranking of variables from both groups in order to provide the knowledge of the importance of each variable to serve as a guide for marketing mix changes.

Please let me know if the above conforms to your understanding of the agreement reached at our meeting.

Thank you for your help in this matter and for the kind assistance of Messrs. Abrams and Johnson.


F. E. McK.

FEMcK/gd

Attachment

Attachment A

KOOL Smoker Image Project

<u>Activity</u>	<u>Approximate Completion Date</u>	<u>Responsibility</u> (First organization named primarily responsible; other organizations con- tribute)
<u>Development of list of relevant smoker image variables</u> (a) combination of "expert" input as well as feedback from con- sumer interviews (b) separate lists for Black & White smokers	September 10	Bates, Brand Group, MRD
<u>Data reduction</u> (a) con- sumer interviews to reduce lists from No. 1 to most important dimensions (b) statistical data reduction procedure	October 15	Market Facts, MRD, Brand Group, and Bates
<u>Reduction to final variable list and development of brand differentiations</u> (a) further consumer interviews (b) statistical analysis (c) reduction of list to 10-15 key variables	November 15	Market Facts, MRD, Brand Group, and Bates
<u>Pilot run of conjoint analysis</u> (a) ascertain predictive level of product usage based upon smoker image variables	December 15	Market Facts, MRD, Brand Group, and Bates

NOTE:

1. Through all stages above, Black and White responses will be kept separate if meaningful differences appear.
2. Based upon above sequence, we should know validity of technique by December, 1977 and field major consumer study during first quarter 1978 if warranted.