

Research - SUMM

GE 218 L (6-82)

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FROM R. P. Medicus DATE June 3, 1983

SUBJECT SUMM Strategies for KOOL

I. BACKGROUND

A. WHAT IS SUMM

SUMM (Single Unit Marketing Model) is a model that determines what characteristics of a brand should be advertised to a consumer in order to increase the probability that they will buy that brand. In early 1982, approximately 1000 smokers were identified through a national random sample. B&W smokers were oversampled to increase reliability and then weighted back to their true share of market. All smokers were weighted by the amount of cigarettes they smoke.

The model is based on 32 pre-determined attributes - 26 product and 6 imagery - related. These attributes are used to establish 2 types of profiles - a desire profile and a belief profile - for each smoker.

- . The desire profile indicates what a smoker wants and how much he wants it. (Each respondent rates the desirability to him of each variation of the 32 attributes and the importance of the attributes overall.)
- . The belief profile indicates the extent to which a smoker believes various brands have the attributes he wants. (Each respondent rates his own brand plus 12 "banner" brands*, indicating which attributes he perceives each brand to have.)

The model is used by conducting "what-if" simulations. Several simulations have been played for KOOL and are reported in this memo.

B. LIMITATIONS OF SUMM FOR KOOL

Two important factors must be taken into account when applying SUMM to KOOL.

*KOOL Filter King, BARCLAY, BARCLAY Menthol, BELAIR, RALEIGH, RALEIGH Lights, VICEROY, VICEROY Rich Lights, Marlboro, Virginia Slims, Carlton and More.

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- 1) Only KOOL Filter King is rated by all smokers. Therefore all simulations are based on this style only.
- 2) The demographic profile of KOOL Filter Kings and SUMM differs markedly from real world:
 - a) Blacks may be underrepresented in the model as a whole.
 - b) Young smokers are underrepresented in the SUMM KOOL Filter King franchise.

	<u>AGE OF KFK FRANCHISE</u>	
	<u>SUMM</u>	<u>LEAD MKT - 1½ yrs.</u>
	%	%
Under 35	34	57
35 and over	64	43

While these subgroups are underrepresented these data do provide useful insight into possible future actions. Simulations should be used as guidelines or for hypothesis generation from which further testing can be done.

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II. OVERALL FINDINGS

Of the product-related simulations, the following yielded the most positive results for KOOL:

- increased satisfaction
- package change
- improved aftertaste
- improved tobacco quality
- more pleasant aroma

Of the simulations that required creation of a KOOL line extension, the following yielded the most positive results:

- increased low tar awareness (KOOL Filter King was the only KOOL style rated. In order to determine the leverage for increased Lights awareness, it is necessary to treat "low tar" as a line extension.)
- 10's pack

Imagery related attributes, by themselves, do not appear to have much impact in terms of brand share change.

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III. HOW TO INTERPRET THE TABLES

Four columns are listed on the table of simulations: topic, strategy, simulation, and net share change.

- TOPIC - the attribute(s) that is being changed.
- STRATEGY - the reason for the change.
- SIMULATION - the "input" into the model based on assumptions of the KOOL research group.
- NET SHARE CHANGE - the output from the model; i.e., the result of how our changes impact consumer beliefs and desires. Net Share Change should not be interpreted as an absolute number. Rather, it indicates the magnitude of one change relative to others.

NOTE: Given that KOOL is a large established brand, it is probably not realistic to expect that all smokers beliefs can be changed. Therefore, all simulations have been played with the assumption that only 30% of smokers who have a belief about KOOL will be affected.

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How to read the table of simulations:

(An example)

<u>TOPIC</u> (1)	<u>STRATEGY</u> (2)	<u>SIMULATION</u> (3)	<u>SHARE CHANGE</u> (4)
Tar/Flavor	Increase Lights Awareness	Copy KOOL into new product slot, shift beliefs to "low/tar/a lot of flavor"	+ .20

- (1) Tar/Flavor is one of the 32 attributes smokers evaluated KOOL on. Given the performance of KOOL low-tar styles to date...
- (2) a strategy might be "what happens if we make smokers more aware of a KOOL low-tar line extension".
- (3) The simulation is to take existing beliefs about KOOL Filter King and create a line extension with the same characteristics...except for tar/flavor. Here, smokers now perceive that this line extension offers low-tar and a lot of flavor.
- (4) The result is a net gain of +.20 for the KOOL family.

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<u>TOPIC</u> <u>PRODUCT CHANGES</u>	<u>STRATEGY</u>	<u>SIMULATION</u>	<u>SHARE</u> <u>CHANGE</u>
Tar/Flavor	Increase lights awareness	Copy KOOL into new product slot, shift beliefs to "low tar/a lot of flavor".	+ .20
10's Pack - low price	Offer KOOL 10's pack as a <u>low price</u> alternative for not-heavy smokers and/or price sensitive smokers	Copy KOOL into new product slot, then make all believe it is available in 10's pack, is very suited to the type of person I am and it is a low price brand that is always less expensive than the standard price brands	+ .15
10's Pack - low price (with increased awareness)	Offer KOOL 10's pack as a <u>low price</u> alternative for not-heavy smokers and/or price sensitive smokers.	Copy KOOL into new product slot, then make all believe it is available in 10's pack, is very suited to the type of person I am and it is a low price brand that is always less expensive than the standard price brands and increase awareness by 10%.	+ .15
Package attractiveness (with increased awareness)	Modernize existing KFK package	Move beliefs one step closer to "color and design of the package is very attractive" and increase awareness 10%.	+ .15
Package attractiveness	Modernize existing KFK package	Move beliefs one step closer to "color and design of the package is very attractive".	+ .14
Satisfaction	Make KFK a more satisfying cigarette	Move beliefs one step closer to "is a cigarette that leaves you with a very satisfied feeling".	+ .12

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Aftertaste	Make KOOL with a more pleasant aftertaste	Move beliefs about aftertaste one step closer to "has a pleasant aftertaste" but maintain time it lasts.	+12
Aroma	Make KFK with a pleasant aroma regardless of strength	Increase perceptions of pleasantness, maintain amount of strength.	+10
Tobacco Quality	Advertise KFK with the best quality tobacco you can get in a cigarette	Move beliefs about KFK tobacco quality to be as good as Marlboro or own brand (whichever is higher).	+10
10's Pack	Offer the KOOL 10's pack as an alternative for a not-heavy smoker	Copy KOOL into new product slot, then make all believe it is available in 10's pack and is "very suited to the type of person I am" and increase awareness by 10%.	+08
10's pack (10 only)	Offer the "KOOL 10's pack" as an alternative for not-heavy smoker	Copy KOOL into new product slot, then make all believe it is available in 10's pack and is "very suited to the type of person I am".	+05
Conformity	KOOL for those "who don't give a damn what anyone thinks"	Move all beliefs to "it is a brand smoked by people who have strong personal tastes and do not care what anybody else thinks".	+05

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Age	KOOL is the brand of the young	Move beliefs one step closer to "smoked mainly by young people".	+ .03
Fashion	Convince smokers that KOOL has been around a long time but is still relevant, still very popular	Move all beliefs to "is a brand that has been around a long time and is still popular".	+ .02
"Slims"	Create "KOOL Slims" line extension	Copy KOOL into new product slot, and give it traits of Virginia Slims on: - Length - Thickness - Ease of draw - Male/Female	NO CHANGE
Menthol Taste	KFK advertise as "a pleasant menthol taste"	Move beliefs closer to "it has a pleasant menthol taste, while <u>maintaining</u> perception of <u>strength</u> ."	NO CHANGE
Ease of Draw	Make KFK easier to draw	Move beliefs one step closer to "the cigarette is very easy to draw on".	- .02
Smoothness and Satisfaction	Make KFK smoother and more satisfying	Move beliefs one step closer to "the cigarette is very smooth" and "the cigarette leaves you with a very satisfied feeling".	- .04

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IV. SIMULATION DEMOGRAPHICS

In simulations that resulted in large share gains (>.10) or losses (-.08), we have examined where these gains or losses are coming from. Four demographic breaks are addressed: gender, age, tar level, and type (menthol vs. non-menthol). Simulations that result in gains primarily from a given subgroup are summarized below

GENDER

MALES

Increased Satisfaction
10's pack
Increased smoothness (loss)

FEMALES

Increased package attractiveness
Improved aroma

AGE

UNDER 35

Improved aroma
Improved aftertaste

35 AND OVER

Increased package attractiveness
Increased tobacco quality
10's pack
Increased low tar awareness
Increased smoothness (loss)

TAR LEVEL

FULL TASTE

Improved aftertaste
Increased low tar awareness
Increased smoothness (loss)

HI-FI

Increased package attractiveness
Increased satisfaction
10's pack

TYPE

MENTHOL

Improved aroma
Improved aftertaste
Increased low tar awareness

NON-MENTHOL

Increased satisfaction
10's pack

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V. CURRENT PERCEPTIONS OF KOOL VS. OTHER BRANDS

KOOL is better known than most of the remaining 11 brands (except Marlboro) rated by all consumers.

Relative to Marlboro, KOOL is perceived to have

- a less attractive package
- a less easy draw
- lower quality tobacco
- less smoothness
- a less pleasant aftertaste
- less satisfaction



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GAIN (LOSS) ATTRIBUTED TO...

SIMULATION DEMOGRAPHICS
(On selected simulations)

Simulation	Net Share Change		Gender		Age		Tar Level		Type	
	Male %	Female %	Under 35 %	35+ %	Full %	Hi-Fi %	Menthol %	Non-Menthol %		
Package Attractiveness										
Satisfaction (optimum)										
Smoothness										
Smoothness and satisfaction										
Aroma										
Aftertaste										
Tobacco Quality										
10's Pack (Price & I.D.)										
Increased low tar awareness										

	+ .14		33	67	19	81	44	56
	+ .22		48	52	8	92	12	88
	- .08		1	99	66	34	34	66
	- .04		-	100	49	51	51	49
	+ .10		66	34	47	53	79	21
	+ .12		80	20	94	6	94	6
	+ .10		20	80	50	50	53	47
	+ .15		27	73	26	74	36	64
	+ .20		37	63	62	39	62	38

CURRENT PERCEPTIONS OF KOOL VS. OTHER SELECTED BRANDS
(On selected topics)

	<u>KOOL</u>	<u>BARCLAY</u>	<u>VICEROY</u>	<u>MARLBORO</u>	<u>VIRGINIA SLIMS</u>	<u>CARLTON</u>
<u>Package Appearance</u>						
Don't know	29	54	38	23	30	44
Not attractive	18	19	13	10	14	27
Very/moderately attractive	53	27	49	67	57	29
<u>Ease of Draw</u>						
Don't know	45	74	59	34	59	64
Very/moderately hard	6	8	4	6	12	16
Very/moderately easy	49	18	37	60	29	19
<u>Tobacco Quality</u>						
Don't know	65	81	69	52	74	78
Low/moderate	24	15	22	25	20	19
High	11	3	9	23	5	3
<u>Smoothness</u>						
Don't know	45	74	57	33	62	69
Very/moderately harsh	28	8	22	29	4	8
Very/moderately smooth	28	17	21	38	34	24
<u>Aftertaste (Pleasantness of...)</u>						
Don't know	49	76	64	39	66	71
Unpleasant	24	13	18	24	13	15
Pleasant	25	6	15	31	15	7
<u>Satisfaction</u>						
Don't know	50	75	61	39	63	69
Very/moderately unsatisfied	18	17	13	11	18	22
Very/moderately satisfied	32	8	26	50	19	8

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