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From: G. E. Nolan, Jr. /nck
July 3, 1972

Subject: TACONIS TEST MARKET PROGRESS REPORT
Cleveland-Syracuse Markets

Wednesday, June 28 - W/W Div. Mgr. T. J. Stalter

I found ample stock at retail, chain and distributor levels. Division Manager T. J. Stalter's recaps showed TACONIS distribution at 8.7% of his total annual calls, approximately 2,000 outlets. Retail sales are spotty, however, every retailer I contacted reported a slight increase in sales this week. Ninety-five per cent of the consumers contacted by our Salesmen in this area that have tried TACONIS stated that they liked the product.

Our TV commercials are beginning to have some impact. Buyers, retailers and consumers contacted by me mentioned seeing them and all commented favorably. This is the third week of TV. First ad ran Saturday, June 10. Approximately 13 commercials have been televised to date.

P. J. Stalter
TACONIS 6-pack and 12-pack displays are extremely difficult to identify when placed on the counter unless they have an exclusive spot. When TACONIS is placed in the rack with other aromatics, it gets lost. Looks just like Masterpiece and Saga from a distance. If we should go this route on a national launch, I recommend we have a display with a distinctive feature that will stand out in a crowd as well as on its own. There are so many new aromatics in this market that it is difficult for a person to pick out TACONIS even when you know what you're looking for.

TACONIS has had a fairly good sale in the better tobacco shops, drug stores and discount houses to date. We should make our greatest efforts in these areas when we go national. The sale of TACONIS in chain foods has been poor to date.

Thursday, June 29 - W/W Div. Mgr. R. J. Battaglia

Checked TACONIS sales in retail, wholesale and chain accounts. Two for one displays sales offer has had a great deal more success to date than no gratis

displays in the TV market. All retailers that have one of our talking floor displays commented favorably. All of them said, "This display sold merchandise". TACONIS sales in their stores far exceeded that of competitive brand's introductory sales. The speakers in the three floor displays I saw have held up well - much better than I expected. The floor display gets the product off by itself, it displays in mass, it's unique and dealers commented it holds the consumer's attention. Retailers report consumers are intrigued by it.

Sales went well in all stores that I visited while the floor displays were in place. As soon as they were removed, sales dropped drastically. I suggest that we change our horizontal poster to a vertical one. We could then place the posters on the base of the display so that it could be identified from the front and the side. I also suggest we print "introductory offer" on the floor display. This will discourage bargain hunters; they were very evident.

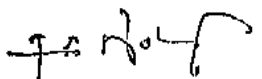
Our 1-dz. two for one display and our 6-pack two for one display parallel the displays in the Cleveland market; they get lost in the crowd. They need a brighter border or a red bull's-eye -- some kind of attention getter.

Sales dropped drastically in retail stores that had either a 12-pkg. free goods display or 6-pkg. free goods display when they were removed.

Division Manager Battaglia and Salesman Stoudenmyre report that sales have been spotty in this Division except for the floor displays. All chains in this Division that accepted TACONIS have given us distribution except for 13 Rite-Aid Discount Drugs. Rite-Aid headquarters in Harrisburg, Pa. Battaglia expects they will have distribution by next week. Chain food sales have been poor in this area. Battaglia and Stoudenmyre report some consumers complained that TACONIS bites and that it will not stay lit. These were the only complaints I've heard to date on this brand. Most consumers in this area like it.

I experienced difficulty in contacting pipe consumers. They are not available during normal working hours. No difficulty in selling them when you contact them. I suggest that when we go national we hold some kind of set consumer sales during the lunch hours in high traffic tobacco shops. I also suggest when we go national that we make an all out effort to promote TACONIS on the college campuses and in their immediate environs. This is the age and target groups we are after. This was not done in Buffalo or Syracuse; we launched between the spring and summer semesters. I am instructing Department Managers Fredericks and Williams to push TACONIS on all college campuses within the test market area after vacation and before the KOOL Milds launch.

To Recap... Sales are slowly increasing in Cleveland after a very slow start. Sales in Buffalo/Syracuse got off to a good start but dropped drastically when the two for one displays were removed. The retail trade has more than enough stock. Stock adjustment from store to store will be necessary in the smaller retail stores and in the slow moving chain stores. Our counter displays need some kind of identifier to make them stand out. We need to show two for one displays as an "Introductory offer". We should make a concentrated effort to reach consumers within the target group by thoroughly working all college and university campuses when we go national.


G. E. Nolan, Jr. /nck
7/3/72