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BROWN & WILLIAMSON TOBACCO CORPORATION

100 West Hill Street, P.O. Box 100, Winston-Salem, North Carolina 27102

October 12, 1977

Mr. Bill Scholz
Ted Bates

Dear Bill:

Since I promised to keep you apprised of our view of Bates' service on a timely basis, I feel an update is in order now since it has been three months since our last "formal" discussion.

I continue to be pleased at the progress Bates is making in servicing the total KOOL business. Our feeling is that your creative efforts in the development of Americana, as well as the back-up campaigns and the ingenuity utilized in developing a variety in our creative pool for KOOL Super Lights, has been of the highest caliber.

You are also to be congratulated on the leadership position that you have taken in advancing the level of our research "state of art" through your fine efforts in spearheading the Americana Evaluation technique, procuring and analyzing the Telecom research and your proposal for KOOL Super Lights perception mapping research.

We are also extremely pleased with the media planning input generated by Mr. Kates in support of the KOOL Menthol plan which was invaluable in helping us optimize our limited media funds allocation.

To date, your production efforts on the Americana campaign have been entirely satisfactory in end result but I encourage you to exercise more control during the proofing stages.

In order for Bates' service of KOOL to be clearly outstanding, I encourage you to consider the following comments and see if we can reach agreement on how these areas can be improved.

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First, I feel that a decided improvement in our strategic planning is in order. Right now we are operating on a yearly plan cycle but are not considering the long term changes in the cigarette market which could have a major impact on our marketing planning. Our goal is not only to anticipate relevant changes in the market, but also to plan our activities such that we can actually preempt competitive activities in areas believed to have the highest potential for incremental business. Since my Brand Groups are encumbered by the myriad details of logistical management, I feel that you must exert the leadership in this area by planning alternative strategies and scenarios which track not only current competitive activities, but attempt to put into perspective their future moves and a recommendation as to our own best share maximization activities.

Second, I would like to see a higher level of initiative on Bates' part in developing detailed recommendations both strategic and creative, as to how we may take advantage of changing trends and short-term competitive activities. A specific example is the new Salem campaign in test. While you provide an early indication of this campaign's existence and submit a series of questions, would it not have been appropriate to make specific recommendations as to whether and how we should counter this new trend? You have my assurance that any recommendation of this nature will be seriously entertained by the client and a timely directive response will be forthcoming.

Third, I still think we need better development of our strategic planning in the area of the thoughtful development of creative strategies, and the application of discipline against those strategies so that we may be better served to evaluate your creative efforts against the purpose for which they were developed.

Fourth, while your group's interest and enthusiasm for our key ventures may be high, I believe that we need to have greater intellectual and emotional reassurance of this interest. Specifically, I am disappointed at the lack of Bates' initiated communications regarding KOOL Super Lights. In my past new product activities, I am used to the agency of record constantly not only calling for progress updates on the new product, but also analyzing sales data, research information, etc. and making continuous recommendations toward the success of these projects.

In general, we are extremely pleased with the progress that we have jointly made in advancing the KOOL business and are proud of the contributions that Ted Bates has made as specified above, as well as in the most basic manner your spearheading the total creative development of both KOOL Naturals and KOOL Super Lights. We do feel, however, that there is still room for improvement in our relationship as specified.

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Please continue to keep the channels of communication open between us so that I may be continuously aware of progress on both the Agency and Client sides.

Bill, please let me know if you would like to discuss this letter in greater detail and please accept my thanks for your continuing service to Brown & Williamson.

Warm regards,


F. E. McKeown
Group Product Manager

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