

# Lorillard

## MEMORANDUM

September 9, 1991

### CONFIDENTIAL

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FROM: S. T. Jones

SUBJECT: MINUTES OF THE SEPTEMBER 5, 1991 PDC MEETING

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A summary of our discussions follows:

I. **SALES/COMPETITIVE ACTIVITIES**

Currently sales are marginally ahead of budget; we anticipate finishing the year near our target on sales; it appears returns may come in slightly lower than budget.

Philip Morris' major efforts continue in support of the MARLBORO MEDIUM introduction. Some areas are reporting \$4 coupons on CAMBRIDGE.

Activities are R. J. Reynolds include significant efforts on the WINSTON "FRESH WRAP" (R&D reports the wrap does indeed extend shelf life), DORAL is being supported with a variety of coupon values -- up to \$5 in highly developed price-value markets. A new SALEM/CAMEL continuity program offers merchandise for U.P.C.'s.

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In addition to their price-value brands, Brown & Williamson is supporting KOOL with \$4 coupon in the mid-west; this program is affecting NEWPORT. American's activities continue to focus on the price-value category as do Liggett's (they now offer EAGLE at \$4 less than sub-generics).

It was reported that Lorillard has 19 packings which account for 4% of sales and 16% of returns; this ratio should improve with the availability of 2M cases.

## II. MANUFACTURING

It was reported that about 5% of STYLE'S box packings are sub-standard esthetically; a minor redesign should afford some improvement in this regard; however, it is felt that package quality will be a continuing problem with the existing (old) packers.

Future requirements for carton coupons (types, sizes, etc.) will be coordinated with Sales Promotion (R. Ryan). Future requirements for package coupon and stickers will be addressed after 1992 promotion plans are finalized; it is likely additional equipment will be needed.

A complete review of slims capacity and requirements and a manufacturing recommendation should be available by mid-September. The possibility of a NEWPORT SLIMS introduction impacts this project also.

Support for the SPRING test market (November launch) is adequate; the schedule is "tight".

## III. MARKETING

1. **SPRING** - The test market will run a minimum of six months; two menthol packings (KS and 100's) will be offered.
2. **NEWPORT** - Concept product tests are envisioned for the added flavor (lemon and mint) and added-value (Brazilian menthol/packaging/extra menthol) evaluations. The slims project will be restricted to highly developed NEWPORT geographies. The 10's pack test continues in Louisiana and Mississippi.

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3. **STYLE** - The project is on schedule.
4. **OLD GOLD** - Results to date in Montana are quite favorable.
5. **PROJECT TR** - A late first quarter '92 test market (two regions, 8-9 packings) is anticipated.
6. **HARLEY-DAVIDSON** - Test marketing in 1992 is tentatively planned.
7. **TRUE** - The "micro-lights" project continues to be viewed positively. Support for the parent brand in 1992 will focus on promotion.
8. **KENT** - A slight improvement in the historical decline rate was reported. Recent package research findings were more favorable for the two line extensions than the parent; however, the data did not indicate a strong feminine perception of the parent **KENT** package.
9. **MINOR BRANDS** - The possibility of using \$5 coupons to move more product and reduce returns was discussed re the B.I.C. program.

**IV. PROJECT STATUS UPDATE**

A copy of the hand-out is attached. It was agreed that the NEWPORT tar reduction project will be put on hold pending further (external) developments.

R&D will continue to work on the HARLEY LIGHTS project; the next round of testing may include CAMEL LIGHTS as well as MARLBORO LIGHTS. A re-evaluation of the panel data on the generic and sub-generic products is in progress. Our product (TR) may be tested in-home against DORAL.

The next meeting is tentatively scheduled for November 7, in Greensboro.



S. T. J.