

1975 Tareyton Sales Promotion Concepts

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## PURPOSE

The purpose of this document is to review a number of consumer promotion possibilities for Tareyton in 1975. Each program offers flexibility in terms of the desired level of Sales Department involvement, as well as anticipated levels of Trade cooperation. Accordingly, this review is primarily directional, and the promotions outlined in the following pages can be adapted to specific market or trade conditions.

## BACKGROUND

The most powerful promotional tool currently offered by ATCo. is the two free pack on-carton offer, handled by the Sales Department in direct cooperation with the Trade during the brand "blitz" periods. Due to the successful mechanics and attractive economics of this technique, particularly at the jobber level, the two free pack promotion has been viewed by ATCo. as stronger than traditional types of packaged goods promotion, e.g. cents-off, couponing, self-liquidators, etc.

Furthermore, there are problems unique to the tobacco industry which make some traditional forms of packaged goods promotion difficult to execute.

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For example, in the area of in-pack and on-pack premiums, the special tobacco industry problem of split shipments to avoid vending trade waste, coupled with possible premium pilferage stemming from reopening of cartons (for State tax reasons), have combined to discourage these types of promotion.

Thus, one of the first areas of consideration in any promotional plan is how well the mechanics of the program meet the special needs of the cigarette business in the Trade and at Retail. Equal in importance, of course, is the attractiveness of the offer to the consumer. ATCo. has found that the two free pack bonus is a powerful incentive to smokers, and as an "item" offering it is unencumbered by regional, sexual, or other demographic skews. It is a "smoking offer" to smokers.

Thus, any alternative must have comparable pulling power to generate sales increases, or it must at least offer the potential of fulfilling other important objectives such as new trial.

It is in this area that we believe Tareyton can benefit from an improved promotional "mix". For example, while the two pack deal generates legitimate sales increases, it has questionable value as a new trial device because it appears to be rewarding many existing customers.

## OBJECTIVES

Against the above background, these are the basic objectives of the programs outlined in the following pages:

1. To stimulate new trial and increase sales during the promotion period via the use of compelling consumer offers.
2. To encourage conversion through heavy proof of purchase requirements. Specifically, we believe the volume consumed and time spent with a brand are important factors in the conversion process, thereby making carton purchases the logical proof of purchase focus (in line with current practice).
3. To make the program attractive to the Trade, both from the standpoint of ease of handling, as well as immediate financial reward.

As a corollary objective to the above, some promotion executions will lend themselves to healthy increases in brand and advertising awareness via the use of Tareyton trademark graphics on premium items and/or reprinting of "Black-Eye"/smile photography.

Additionally, while it is not our aim to concentrate solely on tobacco related items, two of the four programs outlined in the following pages offer examples of unusual ways to stay within the tobacco theme.

PROMOTION #1

Three Variations on an Offer of Gillette "Cricket"

Disposable Butane Cigarette Lighters.

A. Free butane lighter strapped on-carton

The on-carton Cricket lighter, in authentic Tareyton color and design (accompanying this document) is conveniently mounted on a blister card which fits the Tareyton 100's carton end.

The free offer is attractive to a smoker and/or current butane lighter user because the normal retail value of any of the three largest disposable brands (Bic, Cricket, and Disposalite) is at least \$1.49 per unit.

PROGRAM MECHANICS

Much in the same manner as the current two pack bonus offer, Sales Department personnel would be responsible for physically attaching the premium lighter to cartons in quantities commensurate with pre-established per store/chain allowances.

It should be noted that the butane lighter, if used as extensively as the two free pack offer, should be affordable (e.g. in the 60 - 70 cent/item range). This would appear to be in line with the general range of expenditure (on a per carton basis) currently in effect during "blitz" periods.

While the butane lighter promotion might not be as economically attractive to the Trade as the current two pack deal, we believe the jobber will recognize the sound promotional value of the item. Budget permitting, it is expected that Trade incentives will be added by the Sales Department.

Assuming that both the volume of cartons promoted, and the duration of the promotion, would be comparable to the current two free pack program, total promotion costs should be in line with current "blitz" budgets.

#### PROGRAM ADVANTAGES

1. An attractive "smoking offer" to smokers - a comparable value to two free packs, with equal sales building potential.

2. A strong new trial device having appeal to smokers of competitive brands.
3. Easy to handle at the Sales Department and Trade levels by virtue of basic program mechanics similar to current promotions.
4. Attractive to the Trade in terms of the known sales building potential of the item, plus possible additional rewards.

B. Self-liquidating butane lighter offer

One year's supply (5) of butane lighters for only \$3.99 with two end flaps from a Tareyton carton (85 or 100mm).

PROGRAM MECHANICS

In-store display headers, carton cards, and shelf talkers (per layouts accompanying this document) inform consumers (smokers) of an exciting mail-in offer of a "year's supply" of butane lighters (5) for only \$3.99 with proof of purchase (carton end flap).

The normal retail value of the merchandise, well known to smokers, is over \$7.00. Importantly, the attention-getting "year's supply" copy claim is supportable.



## PROGRAM ADVANTAGES

While the promotion does not offer the large scale sales building potential of a free on-carton premium, it is a very strong new trial device which offers important efficiencies and budget controls (i.e. response is relatively predictable and quantity requirements are significantly lower than those required by a free offer).

In net, it is a comparatively smaller scale, less expensive, yet efficient way of attracting smokers of competitive brands to Tareyton.

### C. Free lighter plus self-liquidator

A combination of the two previous programs (Free lighter plus liquidating premium) should have the effect of adding substantial excitement at marginally higher cost.

More specifically, emphasis is placed primarily on the free "on-pack" premium as shown in the accompanying layouts, while the self-liquidator is incorporated mainly to add interest to the total promotion presentation to the consumer.

Experience with dual offers of this type suggests that most consumers attracted by the self-liquidator will settle for the free premium and never actually get around to redeeming the more expensive item.

Importantly, the self-liquidator, in this instance, as a "piggy back" to the free premium offer, would be positioned at a higher price than as a solo premium incentive (e.g. \$4.99 versus \$3.99) with a modest built-in "profit" to ATCo. to partially defray the cost of the promotion.

## PROMOTION #2

### Self-Liquidating High Value Premium Offer

A set of 6 high quality multi-ply vinyl placemats featuring nostalgic reproductions of famous Norman Rockwell Saturday Evening Post covers, with customized "Black-Eye" four color reproductions on the reverse side (samples accompany this document).

A minimum \$6.00 retail value (\$10.00 in some retail department stores and boutiques), the placemat offer at \$1.99 plus proof of purchase from one Tareyton carton represents an outstanding promotional incentive, particularly among adult female food store shoppers.

### PROGRAM MECHANICS

Details of the offer, and response mechanics are featured on special carton case display header, carton cards, and shelf talkers, all of which contain take-one order forms.

### PROGRAM ECONOMICS

The attractive \$1.99 promotion price level is based on favorable economics tentatively detailed by Pride of

America, Inc. (manufacturers), and includes a sufficient ATCo. profit margin to contribute to the cost of display.

Tentative pricing (including Rockwell royalties) based on realistic quantities, is as follows:

	<u>50M</u>	<u>100M</u>	<u>250M</u>
1. Stock per sample	\$1.50	\$1.21	\$1.10
2. 4 color Tareyton side	.15	.11	.07
3. Tareyton 4/C box	<u>.04</u>	<u>.03</u>	<u>.02</u>
Est. Total/unit	\$1.69	\$1.35	\$1.19

Key:

1. Stock placemat with checkered reverse side
2. 4 color reproduction of Tareyton theme -- reverse side
3. 4 color Tareyton theme on special gift box

PROGRAM ADVANTAGES

1. A practical and attractive consumer item, capitalizing on the current popularity of "nostalgia" themes.
2. Not limited in appeal to smokers, the premium will have strong appeal to non-smoking female shoppers

who purchase cigarettes for other members of the family. Obviously, the item should have equal or greater appeal to the 33% of adult women who do smoke.

3. Outstanding quantity pricing vis-a-vis normal and specialty retail prices (\$6 - \$10) and relative to the visible and tangible quality of the premium.

#### SPECIAL CONSIDERATIONS

1. FREE offer of a set of 4 placemats

Based on preliminary pricing, it would also be possible to consider the Placemat offer as a free premium, given the following:

- a) 4 placemats/set versus 6
- b) No Tareyton identification on the placemats
- c) Packaged in envelopes vs. boxes

Under these conditions, pricing at the 500,000 quantity level would appear to be close to affordable based on current ATCo. practice.

Economics are as follows:

#### 4 Placemat Pricing

Stock design, no custom graphics

<u>Quantity</u>	<u>Unit Price</u>
500,000	\$.775
1,000,000	.690

(Coincidentally, the length of a Tareyton carton is roughly the same as the short dimension of the placemat, thereby making the combination conducive to present strap-on mechanics.)

### PROMOTION #3

#### Self-liquidator

Table top tortoise shell cigarette carton case with do-it-yourself needle point lid (choice of 4 designs -- embroidery kit, instructions, and cigarette case all in one mailing).

#### ECONOMICS

\$3.99 plus proof of purchase from one Tareyton carton (85 or 100mm). Normal retail -- \$8.99 (save \$5.00)

#### PROGRAM MECHANICS

Carton case display headers, carton cards, and shelf talkers would announce to consumers the opportunity to purchase, at a \$5.00 savings, a carton case for table top use (designed to accept up to 100mm) with a choice of four needle point kit designs.

The basic concept and pricing also allow for the possible use of "name" designers (e.g. Erica Wilson, Roosevelt Grier) in connection with the promotion.

PROGRAM ADVANTAGES

As a female oriented promotion designed exclusively for food store exposure, the premium takes advantage of the current popularity of do-it-yourself needle point decoration.

The premium has the dual advantage of having great female appeal, as well as high "smoker interest".



PROMOTION #4

Self-Liquidator

High quality glassware with personalized hand etched initials.

Offer

Wine decanter plus a set of four wine glasses with hand etched initials - \$4.99 with proof of purchase from one carton of Tareyton King Size or 100mm cigarettes (a \$10.00 retail value).

DISPLAY/SUPPORT

As in the case of other suggested self-liquidator promotions, the glassware would be promoted via carton cards, shelf talkers, and, where possible, off-shelf display headers.

Additionally, the nature of the offer lends itself to alternate methods of promotion such as a carton insert (sample layout accompanies this review).

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## PROGRAM ADVANTAGES

Quality glassware, either at retail or as a premium, is timeless in appeal. Properly priced and promoted, glassware offers seldom fail, despite the fact that they are very ordinary and seemingly unexciting.

In the food chain atmosphere, positioned against the important female target who either smokes herself or buys cigarettes for other smokers, personalized glassware could generate surprising results.

## TRADE

The merchandise also offers potential is a loader -- possibly via direct mail promotion to wives of key dealers/jobbers.