

(B&W) PROTECTED BY MINNESOTA TOBACCO LITIGATION PROTECTIVE ORDER  
Brown & Williamson Tobacco Corporation  
INTERNAL CORRESPONDENCE

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

To: L. R. Lewis  
C. C. Middleton  
R. D. Sharp  
T. F. Riehl  
A. G. Forsythe  
D. R. Scott  
C. C. Neff  
A. Stone  
J. A. Eckmann  
G. A. Greenier  
L. Zamler

T. P. McAlevey  
C. L. Lomicka  
J. D. Woods  
D. N. Lapere  
L. D. Johnson  
D. V. Cantrell  
W. Vance  
T. J. Mooring  
J. Saviskas  
G. Roberts

cc: T. E. Whitehair  
L. W. Bitler  
B. E. Bacon  
F. Canary  
L. T. Haag  
J. Knoop  
A. J. Mellman

B. A. Sproule  
T. Ferguson  
M. A. Kah  
D. Bolding  
R. J. Miller  
D. A. Halverstadt

From: M. C. Canavan

Date: September 4, 1985

Subject: Minutes of August 29, 1985 KOOL Task Force Meeting

Purpose

To summarize the key points of discussion at the August 29, 1985 KOOL Task Force Meeting.

*Carrie*  
M. C. Canavan

0029CCbs

87 474475

1. Review of Week's Developments (Mr. Lewis)

- Mr. Forsythe reported that the brand is currently operating on a \$10.8MM budget for the Fourth Quarter, but that additional funding may become available for stickers to load volume at retail.
- Mr. Lewis stated the September 16 week National Sales Meeting has been redesigned and will deal specifically with Fourth Quarter volume sales targets.
- Mr. Lewis reported that a toll free 800 number consumer hotline will be available to consumers via marked product cartons. Some calls have been received on the new product improvement and this will be closely monitored as the new product becomes more widely available at retail.
- R&D stated new product samples for the first 10 days of production were hitting targets.
- Mr. Lewis reported that the CPC approved conducting product tests against Newport and Salem smokers. These tests will be scheduled for the Fall and depending on the results of the test tests, fine tuning of the product may be necessary.
- Mr. Forsythe requested R&D to provide product attribute comparisons (tar, menthol) of KOOL vs. competition for use by the Sales Force in pitching consumers. Mr. Forsythe indicated some Sales People believe KOOL Milds to be a better product to pitch competitive smokers. KOOL Full Taste is perceived as being too harsh and, therefore, a more difficult conversion.

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

2. KOOL Deluxe (Mr. Middleton)

- o - Mr. Lewis will select the particular packs for use in the test.

3. KOOL Product Improvement

- Mr. Forsythe indicated the MMR and PPL is being routed.

- Three Waves of buy one/get one free's totaling 13.7MM deals, sampling, set sales coupons, SIP test in Chicago TA and an 800 number free pack offer in Cincinnati TA are part of the Fourth Quarter promotion. POP for the Fourth Quarter will include a set of four window posters and a large Fourth Quarter calendar poster, both with dramatic biker imagery.

- Mr. Saviskas indicated that new advertising is being created and DOB will re-do the Box POP for two color, per Mr. Lewis' request.

- Ms. Canavan to confirm buy one/get one free banding schedule with Manufacturing.

B7 47449<sup>e</sup>

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

4. KOOL Milds Box (Mr. Lapere)

- Mr. Forsythe reported that the KOOL Milds Box promotion will include STP (5.6MM) and buy one/get one free's (6.6MM).
- Mr. Lewis requested input from Manufacturing as to whether the KOOL Milds Box mechanical has been taken to the engraving stage.
- Mr. Lewis also reported the Area Managers were not pleased with the simultaneous launching of both KOOL Milds Box and RICHLAND 100's. The April start retail date for KOOL Milds Box is, therefore, in question and Mr. Lewis is awaiting further notification on delaying or advancing the start retail date.
- Mr. Lapere indicated creative support on POP and advertising for the launch will be provided through a local studio and DDB.

5. KOOL 25's (Mr. Forsythe and Ms. Caravan)

- Mr. Lewis reported that the "early days" of the 25's test results show a 218 index to objective.
- Mr. Forsythe reported that his and Ms. Caravan's market visits to the test markets indicated distribution success mainly in outlets that already stock other 25's products, especially Marlboro 25's. Case markings indicating KOOL 25's stock is obscure and hand-applied large "25's" stickers will be printed and placed on the 1600 cases of product at Macon. (The current product labeling has already caused tax stamping mistakes and could create errors in ordering of KOOL Kings and Milds as well as the 25's test product.) Mr. Forsythe confirmed that the test product will also be placed in cold storage.
- Mr. Forsythe indicated that out-of-home advertising was visible but stronger color cues would strengthen its prominence.

87 47450

6. KMDP (Mr. Johnson and Mr. Vance)

- Mr. Johnson reported that Sales Planning is issuing a letter to validate the number of stores in the market expansion.
- Mr. Johnson is awaiting Mr. Woods recommendation regarding the use of Black consumer research to identify strengths and weaknesses of KMDP and to determine its payback.
- Mr. Forsythe indicated that Sales Force priorities on Generics is still inhibiting the effectiveness of KOOL<sup>®</sup> in KMDP markets. Mr. Lewis concurred with Mr. Forsythe that ACV targets for the markets should be set excluding the KMDP areas. This should increase KOOL priority in KMDP.

7. KOMP (Mr. Johnson and Mr. Forsythe)

- Mr. Johnson reported that the first Task Force meeting was held on August 21 for the newly developed KOMP (KOOL Opportunity Market Potential), targeting young White downscale adult smokers. Target pack outlets are convenience, liquor stores and gas stations.
- MRD will conduct a pre-test store audit in the four test market areas (Chicago, New Orleans, Pittsburgh and Columbus). A 70-100 store sample is agreed as sufficient to read, based on a universe of 700 stores. Store selection should be divided equally from among the test markets. Market audits will be read separately and in total.
- Cost estimate for the research is \$90,000 for six months (audit every other week).

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

87 47451<sup>c</sup>

8. Line Rationalization (Mr. Middleton)

- Mr. Johnson spoke with the Arkansas Division Manager who reported that most of the remaining retail product was in the Northeast area. The Division Manager is cutting off those distributors who are continuing to order in stock.
- Coupon mailing and research to begin September 9.  
MRD will be calling consumers regarding brand switching, prior to their receiving coupons.
- Mr. Lewis advised ordering additional BARCLAY Menthol materials for planned run-out of Ultras.

9. Special Markets (Ms. Zamler)

- Mr. Lewis will provide feedback to Ms. Zamler on recommendations for pack-oriented promotions for 1986.
- Ms. Zamler reported that KOOL is under-developed in the Military. Generics are a factor in commissaries but not in exchanges. A copy of the MSA distribution report by outlet type was distributed. The report indicated a need to concentrate on the exchanges and that KOOL is losing share to rapidly growing Newport Box.
- Ms. Zamler indicated that the KOOL Box sell-in is in progress although it must be sold in on a regional basis. Mr. Forsythe agreed to provide display support for the Military.

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

87 47452

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

10. Target Programs (Mr. Lewis and Mr. Scott)

- Mr. McAlevey indicated he will be meeting with Harley-Davidson representatives in two weeks to discuss sponsorship opportunities. The target audience is a perfect fit for the KOOL brand.
- Mr. McAlevey also commented that the KOOL Balloon should be maximized through increased usage at KOOL music events, i.e., the City Jams.
- Mr. Forsythe recommended that the Balloon usage should also be geared to local market opportunities with recommendations from the Sales Force.
- Mr. Lewis affirmed the target programs for 1986 are aimed at attracting White audiences to free events as well as making Military events even better.

11. Heavy Spend Test (Mr. McAlevey)

- Mr. Lewis informed the group that the spend test has been cancelled, effective immediately. Outdoor advertising will be left intact.

12. Distribution Analysis (Mr. Bolding)

- Mr. Lewis stated that filling distribution gaps will be a key piece of the Fourth Quarter promotion. Progress will be monitored through FRS to see how well we've done to close existing gaps.

B7 47453

Miscellaneous

- ○ Mr. Forsythe requests DDB to meet in Louisville to review POP development needs for 1986 and discuss concepts with the local studios.
  
- ○ Mr. Forsythe indicated the First Quarter 1986 promotion will focus on KOOL Box and KOOL Milds.

Next Meeting

- The next meeting of the KOOL Task Force will be determined shortly and a separate memo on a time and date will be issued.
  
- The agenda for the next meeting is attached.

0029Cbs

B7 47454

CONFIDENTIAL - MINNESOTA TOBACCO LITIGATION



AGENDA  
for  
KOOL TASK FORCE MEETING

3

2

- Review Developments since Previous Meeting (Mr. Lewis)
- C  
- KOOL Deluxe (Mr. Middleton)
- Fourth Quarter KOOL Product Improvement (Mr. Lapere and Mr. Riehl)
- KOOL Milds<sup>®</sup>Box (Mr. Lapere)
- KOOL 25's (Mr. Forsythe and Ms. Canavan)
- RMDP (Mr. Vance and Mr. Johnson)
- RMP (Mr. Johnson and Mr. Forsythe)
- Line Rationalization - Arkansas (Mr. Middleton)
- Special Markets (Ms. Zamler)
- Target Programs (Mr. Lewis and Mr. Scott)
- Heavy Spend Test (Ms. Canary)
- Distribution Report (Mr. Bolding)
- Miscellaneous

CONFIDENTIAL MINNESOTA TOBACCO LITIGATION

002900bs

87 47455