

## I. Marketing Conditions (cont'd.)

Region 5

During the month of May Region unit sales increased 3.6% for an 8.4% increase through 5 months of 1980. Our full flavor Marlboro, Benson & Hedges and Virginia Slims packings continued to decline while our low tar brand packings are showing excellent growth. Overall, all major brands in the Region are up with the exception of Parliament Lights, which is down -13.3% YTD. Parliament, however, accounts for only 1.7% of PM business in Region V. Saratoga 120's are showing excellent growth (+8.2% YTD) and have sold 158 million units in 5 months compared to Parliament Lights 179 million.

Through 5 months we are even in shipping days with 1979 - 109 shipping days. During 1980 we will have one more shipping day vs. 1979.

### Region Sales Performance (5 months 1980)

Brand	Actual % Change	1980 Standard
Marlboro	+ 4.8	+ 2.5
B & H 100's	+ 3.9	+ 4.5
Merit	+13.4	+12.5
Virginia Slims	+44.8	+10.0
Parliaments	-13.3	- 4.0
All Others	- 1.7	- 4.0
All Brands	+ 8.4	+ 4.3

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## II. COMPETITIVE ACTIVITY

### 1. AMERICAN:

9.53 S.O.M. 1st quarter 1980, -.18 S.O.M. compared to '79 Avg. S.D.I. 85, share change index -62.

Manpower - Continue to receive reports that American is adding Sales Representatives. SSM's Lance Jones and Charlie Finch report that American is realigning their 18 sections and adding 140 SR's nationally.

Carlton - American announced a new 1 mg. Carlton 100's Box which they advertise as "Lowest tar of all 100's". Special introductory price \$17.65 per M, packed 6M case - available for direct accounts 5/19. Carlton 100's - Working brand in temporary and permanent counter displays, buy 2 packs, get 1 free. Promoted Carlton 100's Regular and Menthol in 15 carton counter displays in Southland 7-11 Stores. Also setting supermarket checkout displays, 1 free with 2 pack purchase and setting 30 carton floor displays on Carlton (all packings) 2 free packs with carton purchase, - \$7.50 payment.

In San Antonio and Southern Texas, American using Spanish P.O.S. and have an excellent outdoor showing on the Carlton brand. Carlton reported increasing in sales throughout the region.

Tareyton Lights - Placing 30 pack counter displays, 1 free pack with 2 pack purchase. Consumer pickup slow.

Carton Rack Contracts - American does not appear to be adhering to their published national contract. Examples: In the Dallas market, paying up to \$18.00 a month for 3 side boxes on extended fixtures - no space on primary fixture. Jackson, MS market - Plan-O-Gram issued by Lewis Grocery, Indianola, MS indicates American paying \$37.00 for 15.1% of capacity on extended fixtures.

## 11. Competitive Activity (cont'd.)

### 1. American (cont'd.)

Vending - Pushing the Carlton 100's vending offer throughout the Region. Have gained participation, however sales reported spotty and some vendors are pulling the brand out after payment is received. Excellent promotion which includes a free starter carton, \$4.00 annual payment plus \$2.00 placement allowance.

### 2. BROWN & WILLIAMSON

16.03 S.O.M. 1st quarter 1980, -.60 S.O.M. compared to '79 Avg. S.D.I. 114, S.O.M. Change Index -125.

Manpower - Added a SR in Alton, Jacksonville, Quincy, Illinois. Have assigned a Black SR to work minority areas.

Golden Triangle of Texas and San Antonio - The SR's work calls once a month.

Brown & Williamson has two key account managers in Section 53, one headquartered in Houston, one in San Antonio. B & W has 5 divisions - 3 in Houston (19 SR's), 2 in San Antonio (10 SR's). Department Manager headquartered in Houston. New starting salary effective 4/80 \$13,600. It is reported that DM's can offer up to \$16,000 for highly qualified applicant.

Kool Lights and Arctic Lights - Brands featured in permanent counter displays. Free Flair pen with 2 pack purchase on Kool Super Lights. Coupon offer for an ice chest -Arctic Lights.

Rich Lights - Working 20 pack Set/Sells, \$2.00 payment. Special consumer offer on All-Weather Duffels. In addition, 25¢ off pack purchase coupons. Also featuring a "Win Your Own Island" sweepstakes. This promotion being worked in 20 - 30 carton floor displays. Promotion includes 50¢ off per carton, distribution/retailer promotion.

Kool Milds - Setting 20-pack Set/Sells, free Flair pen with 2 pack purchase. Mail-in offer \$1.00 for 2 empty packs of Kool Milds. Kool Super 100's - Free deck of playing cards with carton purchase and free lighter with 3 pack purchase. Offers in 60-carton floor displays. B & W has strong showing on Kool in Black minority markets.

Corpus Christi Market - Week of 7/4, plan Resort coverage in Padre Island areas - sample 20's, Kool visors, Kool lighters, Frisbees, T-shirts, etc.

Package Racks - Have noted increased acceptance of B & W package spinner floor racks (chains and independents) in Eastern Missouri including the St. Louis market.

Counter Balance Signs - Light weight units advertise Kool and Rich Lights. Reported to be not of the same quality of our Marlboro Counter Balance signs.

Special Function - Engraved invitations sent to distributors/vendors State of Arkansas. Charter buses will transport accounts to Pine Bluff Mel Tillis and Margo Smith entertainment. All expenses paid by B & W. "Kool Country on Tour" held at Pine Bluff Convention Center 5/9/80.

## II. Competitive Activity (cont'd.)

3. LIGGETT &  
MYERS

1.72 S.O.M. 1st quarter 1980, -.23 S.O.M. compared to '79 average.  
S.D.I. 72, S.O.M. Change Index -70.

All Brand Floor Displays - Setting 30 (\$5.00) - 60 (\$10.00) carton floor displays. Attaching 50¢ off carton purchase coupons.

Eve - Setting 30 pack Set/Sells, \$1.00 payment. Offering consumer a \$3.95 scarf with 2 end panels.

L&M Lights - 20 pack Set/Sells, \$1.00 payment - free lighter with 2 pack purchase. Also continuing to run the coffee cup coupon promotion offered earlier.

4. LORILLARD

6.25 S.O.M. 1st Qtr. 1980, no change compared to '79 average.  
S.D.I. 64, no change compared to +.14 total U.S.

Sampling - Hired 5 part-time girl Samplers to mass sample the Houston Open Golf Tournament at Woodlands. Sampled all packings Golden Lights and Kent III - 20,000 people attended. Hired Summer Sampler in Memphis area to sample Kent 20's, all packings. Sampler also gave 25¢ off coupons.

Golden Lights - Sampling 4's with coupon offer worth \$1.00 off carton purchase. In Set/Sells, offering lighter or deck of cards with purchase of 2 packs. Setting Kent floor displays 20 - 60 cartons (10¢ per carton payment). Free lighter or free deck of playing cards with carton purchase.

Kent III and Golden Lights - Brands in permanent counter displays. Also setting Set/Sells. Free lighter with 2 pack purchase. Running 3/4 page ads on Kent III.

5. R. J.  
REYNOLDS

34.69 S.O.M. 1st quarter '80, -1.12 S.O.M. compared to '79 average.  
S.D.I. 109, S.O.M. change index -114.

Exterior P.O.S. - Pushing new pole signs and Counter Balance units throughout the Region. Photographs taken in New Orleans market sent to Tom Keim. RJR attempting to place units where we have ours. No Marlboro Counter Balances reported lost anywhere in the Region.

Metal Signs - Placing "Lumberjack" Winston metal, Salem, Vantage, and More metals throughout the Region. RJR aware our Sales Representatives are out of metals and cannot retaliate. We are losing many placements.

NOW - Outstanding newspaper and outdoor exposure throughout the Region except in Mexican/American and Black areas of inner city. RJR pushing full flavor and Menthol brands in these areas in their outdoor campaign.

NOW 100's - Running \$1.50 off carton purchase newspaper coupons. Setting 4 carton counter displays, payment \$4.50. Features all 4 packings. Securing distribution on new NOW Box, however no effort to gain visibility Mass sampling NOW 20's. Using case cutters and pocket protectors with retailers to secure cooperation on NOW.

180-carton Generic - Features all brands with emphasis on low tar brand packings. No consumer offer. Floors to tie in with Memorial Day coupon campaign.

## II. Competitive Activity (cont'd.)

5. R. J.  
Reynolds  
(cont'd.)

Salem - Setting 20 pack Set/Sells on Salem Lights, \$1.50 payment.  
Also have significant showing on Salem outdoor.

Distributor Program Test - Arkansas - Distributor SR's placing easels in store windows or near carton fixtures throughout the State. Have secured many distributors participate. SSM Charlie Finch reports they are getting a payout from this promotion. Distributor Sales Rep accomplishments and S.O.M. data will be available by the end of July.

Matches - SSM Lance Jones reports RJR ordered 1,900,000 boxes of stick matches advertising Camel Lights and Winston Box to be used on the West Coast. Purchase made from Trans/Match Corporation, Kenner, LA.

New Pack/Carton Racks - RJR securing placements on new package/ carton display racks in Mississippi. Payment details unavailable at this time.

### MILITARY COMPETITIVE ACTIVITY

1. AMERICAN

Carlton - Featuring floor displays and on-rack promotions offering 2 free packs on Carlton 100's in AAFES exchanges. Using VPR's in Commissaries, 50¢ off and week of 5/12/80 set up 150 carton floor in Commissaries on Carlton 100's, \$1.00 off carton. Military price \$2.44 carton. This promotion reported throughout Texas.

Tareyton Lights - On-rack promotion - 2 free packs with a carton.

Sales Reps working Military Accounts that fall in their territories. Call frequency based on volume with Commissaries called on weekly.

2. BROWN &  
WILLIAMSON

Kool Super Lights - Offering 36 oz. bottle of Coke with carton purchase.  
Kool, all packings - Attaching Webster's pocket dictionary free with carton purchase.

Raleigh - Free dog tag offer with carton purchase.

All Brands - Free flashlight or 5 piece screw driver set with carton purchase.

3. LIGGETT  
& MYERS

On-rack promotion and 60-carton floor displays with \$5.00 payment. Floor display offer featured \$1.00 off coupon toward 1 lb. of coffee and free coffee mug offer. Using 50¢ off VPR's on all products.

4. LORILLARD

Placing checkout displays in AAFES outlets on Golden Lights. Free deck of playing cards with one pack purchase. \$1.00 payment. 50¢ off VPR's on all brands in Commissaries.

Lorillard contacting San Antonio Commissaries weekly.

5. R. J.  
REYNOLDS

All products - 50¢ VPR stickers on all brands. Emphasis low tar brand packings. Ran 180 carton floor displays in May with free lighter with carton purchase on low tar brands.

Salem Lights and Winston Lights - Placing checkout displays, \$1.50 payment per checkout.

RJR working Commissaries weekly. Ordering, stocking shelves, setting up displays.