

April 15, 1986

TO: W. K. Neher  
FROM: P. F. Knouse, Jr.  
RE: WINSTON vs. CAMEL Performance

This provides the latest performance data for 1985 WINSTON and CAMEL direct marketing programs and the Product Line Volume Group's perspective/recommendation regarding the WINSTON versus CAMEL issue.

Background

The CAMEL Brand Marketing Group recently recommended that CAMEL replace WINSTON in all direct marketing mailings targeted to the following smoker groups:

- PMSA Virile Segment males, 21-34
- Traditional segment smoker 21+ nationally.

The CAMEL Group recommended that this change be effective for the August 25, 1986 initial mailings.

On March 12, the PLV Group forwarded a recommendation that this change should not be made until direct comparison testing between WINSTON and CAMEL could be conducted among newly-screened competitive smokers. Though not strictly comparable, redemption data for 2nd Half, 1985 WINSTON and CAMEL programs was compared, suggesting that WINSTON performed at parity or better than CAMEL among these smoker groups. Redemption data for the CAMEL offer (which was mailed out in late October) was based on a period of 18 weeks since program mailout, i.e., before at least 70% of final redemption data was available.

Latest Data/Recommendation

Latest data (attached) through 23 weeks (+80% of final redemption) now indicates that CAMEL performs directionally better than WINSTON among these smokers. As you know, redemption data is highly variable during the period of 15-25 weeks following program mailout, due to variability in coupon fulfillment/redemption patterns. This best explains the shift in performance for CAMEL. (Since the WINSTON program was mailed out much earlier than CAMEL, the WINSTON data already reflected nearly final redemption.)

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Latest Data/Recommendation (cont.)

In spite of the apparent more favorable CAMEL performance, we maintain our earlier recommendation -- namely that WINSTON should remain targeted to these smoker groups until more definitive, direct comparison testing among newly-screened smokers can be conducted. As you know, this test is already planned for mailout on April 28, with preliminary results due in late August.

Our recommendation is based on the following:

- While the latest data would appear to favor CAMEL, the data shown relates to programs which are not strictly comparable due to differences in the demographic profile of smokers, mailout/base sizes, source of names and timing of offers, etc. Importantly, the WINSTON program was mailed to newly-screened competitive smokers, whereas the CAMEL offer was delivered to previous CAMEL responders, identified via 1984-1985 CAMEL brand promotion events. These smokers, therefore, had already demonstrated a strong propensity to buy CAMEL. Certainly, it is entirely logical that smokers who had previously responded to an offer by CAMEL would be predisposed to respond again (hence, higher redemption rates) if sent another offer.
- As we stated earlier, the performance of any brand in direct marketing depends greatly upon the nature/value of the offer and the demographic profile of newly-screened smokers. RJRT database smokers tend to be primarily over 35 and very responsive to promotion. It is important to recognize the older age skew of the database as well as the broader appeal of WINSTON among older smokers. Short of direct testing, we believe that these two factors may contribute to WINSTON performing as well or better than CAMEL among these smokers. In net, we need to test WINSTON versus CAMEL among newly-screened smokers, since these smokers are the "target" of the corporate direct marketing effort.
- Since the objective of the Product Line Volume Program is to deliver significant promoted volume to the company, and since Direct Marketing's charge is to deliver incremental competitive volume, it is only reasonable that we carefully test the CAMEL versus WINSTON issue, prior to making this change in the program.

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Summary

In net, we maintain our recommendation to test WINSTON versus CAMEL among these smoker groups prior to any decision to replace WINSTON with CAMEL. As stated earlier, preliminary results of this test will be available in late August, at which time the PLV Group will forward a recommendation regarding CAMEL's role in the program.

  
P. F. Knouse, Jr.

kb  
Attachment

cc: V. D. Perez  
D. C. Cohen

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WINSTON vs. CAMEL Performance

PMSA Virile Segment Males, 21-34				
	<u>Response</u> (%)	<u>Redemption</u> (%)	<u>Avg. Coupons Redeemed</u>	<u>Promoted Volume</u> (M)*
<u>WINSTON/Checkbook</u> <sup>(1)</sup> (T7270-T7275)	15.9%	9.4%	3.54	11,280
<u>WINSTON/Shingle</u> <sup>(1)</sup> (T7531-T7536)	13.4%	7.9%	3.54	9,480
<u>CAMEL/Shingle</u> <sup>(2)</sup> (T7870-T7875)	17.1%	8.7%	3.06	10,440

\*Based on 100M mailings.

Traditional Segment, 21+				
	<u>Response</u> (%)	<u>Redemption</u> (%)	<u>Avg. Coupons Redeemed</u>	<u>Promoted Volume</u> (M)*
<u>WINSTON/Checkbook</u> <sup>(1)</sup> (T7270-T7275)	31.3%	20.7%	3.95	24,840
<u>WINSTON/Shingle</u> <sup>(1)</sup> (T7531-T7536)	23.8%	15.5%	3.92	18,600
<u>CAMEL/Shingle</u> <sup>(2)</sup> (T7870-T7875)	33.4%	19.7%	3.54	23,640

\*Based on 100M mailings.

(1) Redemption data through 32 weeks.

(2) Redemption data through 23 weeks.

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