

**PHILIP MORRIS U.S.A.**

**INTER-OFFICE CORRESPONDENCE**

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TO: Rick Stirlen

DATE: April 15, 1985

FROM: Richard M. Harvell

*FILE*

SUBJECT: Marlboro Red 100's Test

Marlboro Red 100's were converted to the Gold packings in Altus, Oklahoma effective February 22, 1985. A two week hiatus period followed allowing the data to settle. Four weeks of readable data has been received and the following initial observations have been made:

- Retail - The Marlboro 100's package change has had little effect on sales at the retail level.
- Military - Sales of Marlboro 100's at the Altus Air Force Base have remained at a constant level since the package change was initiated.

In the following table, some loss is noted for both the Marlboro 100's and 80/85's packings, therefore the difference may not be a function of the package change.

|                                   | <u>Retail - Share of Industry</u> |                                 | <u>Military - Share of PM</u> |                                 |
|-----------------------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------------------|
|                                   | <u>Marlboro<br/>100's</u>         | <u>Marlboro Red<br/>80/85's</u> | <u>Marlboro<br/>100's</u>     | <u>Marlboro Red<br/>80/85's</u> |
| Base Period<br>(4 Wks. 1/25-2/22) | 6.00                              | 13.66                           | 10.71                         | 27.35                           |
| <u>Week</u>                       |                                   |                                 |                               |                                 |
| 1                                 | 7.73                              | 18.42                           | 8.33                          | 29.16                           |
| 2                                 | 3.28*                             | 10.48                           | 13.55                         | 27.11                           |
| 3                                 | 4.35                              | 9.55                            | 9.80                          | 25.48                           |
| 4                                 | 5.38                              | 12.85                           | 11.12                         | 25.01                           |
| Average                           | 5.19                              | 12.83                           | 10.70                         | 26.69                           |
| Difference                        | -.81                              | -.83                            | -.01                          | -.66                            |

\* Financial difficulties have forced Jiffy Convenience Stores to buy cigarettes on a limited, cash only basis from Altus, Wholesale. The decrease in order size of Jiffy has caused a decline in market share values. Jiffy (6 stores) represents 22% of the total panels volume.

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Since the test began, market checks have occurred on two occasions. The following test market highlights are of interest:

- Marlboro Red 100's continue to be completely unavailable in Altus. The inventory levels of the Marlboro Gold 100's packings were above adequate.
- Some consumers continue to complain about the package change. However, they tend to purchase the gold packings or switch to the Marlboro Red 80/85's packings. We do not appear to be losing customers from the Marlboro family.

The data involving the Marlboro 100's test will be tracked for at least the next four to eight weeks. Another report will be distributed in approximately four weeks.

Should you have any questions please call.

*Richard M. Howell*

RMH/sl

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