

RJR
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May 27, 1983

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No. 259 By _____

TO: Mr. J. W. Johnston

FROM: H. J. Lees

SUBJECT: Weekly Status Report - New Brands and STP

The significant activities for New Brands and STP for the week of May 23, 1983 were:

New Brands

CENTURY

- VB press releases were issued for Tuesday delivery to the press. Simultaneous with the release, we met with key press in New York City and Atlanta. Interviews were held with the following publications:
 - Ad Age
 - AdWeek
 - AP
 - Atlanta Journal Constitution
 - Business Week
 - New York Daily News
 - New York Times
 - UPI
 - U.S. Tobacco Journal
 - Wall Street Journal
- I reviewed the VB background, proposition and marketing elements on Thursday with T. H. Brock and T. L. Ogburn of RJR International. International's specific interest was Duty Free. Next week, VB will be reviewed specifically for use in Puerto Rico.
- The Brand presented the videotaped version of the live Sales Presentation to myself and Ms. S. A. MacKinnon in Brand Management, as well as Mr. Ralph Angiuoli and Mr. Al Barnett in Sales Management, on Monday, May 23. The videotaped version was well received and was utilized in division offices to present the CENTURY proposition to the field sales force.
- Divisional meetings were held throughout the country early this week to communicate the CENTURY proposition to the RJR field sales force. The agenda for these meetings included the following:
 - Review of the videotape of the May 20 presentation.
 - Step-by-step review of the CENTURY fact book.

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New Brands (Cont.)

CENTURY (Cont.)

- Exposure to the Fairchild and flipchart profitability presentations that will enhance sell-in efforts to the trade.
- Review of all sales aids developed in support of the Brand.

CENTURY sell-in efforts to the trade began immediately upon completion of these meetings.

- The Brand Group and R&D held a series of presentations for the Manufacturing personnel in 64B who have been involved in the production of CENTURY. The purpose of these presentations was to familiarize these individuals with the CENTURY proposition. Special emphasis was placed in the following areas:
 - The importance of maintaining security (and the excellent manner in which that was accomplished) in order to preserve our ability to be first.
 - The necessity of producing CENTURY for introduction into the marketplace as rapidly as possible.
 - The importance of providing and maintaining consistency in the quality of CENTURY products, both now and in the future.

Project PF

- MDD presented results of the PF Communications Test to you Thursday. The results indicated that the "Porsche" ad successfully separated PF, in a positive way, from Players and B&H on key desired product and user imagery dimensions. You, therefore, approved the Brand/Agency recommendation to use the Porsche ad in Assessor and have the Agency develop Porsche into a campaign associating PF with other items with quality/image/lifestyle connotations similar to Porsche.
- Schechter Group presented their alternative PF pack exploratory to you. You approved our recommendation to test the cigarette case pack concept to assess the ability of this design to achieve greater distinctiveness among consumers versus the panel pack while maintaining the same level of quality perceptions and dual sex appeal generated by the current panel pack. Note that machineability testing of the cigarette case design will be conducted concurrent with the consumer test. Finally, cylinder

New Brands (Cont.)

Project PF (Cont.)

engraving for the cigarette case design will be implemented by the week of 6/6/83, prior to receipt of results of the consumer and machineability tests to put us in a position to test market ~~either the panel pack or the cigarette case design~~ in November, 1983.

- R&D reviewed Assessor Test PF product analyticals with the Brand and Sally MacKinnon. The product was deemed to be acceptable for the Assessor Test.

Project AA

- Brand asked Legal (Guy Blynn) to do a complete, thorough trademark search domestically on the names RITZ and TRAVELLERS (Trav'lers). Once this has been completed, International rights will be searched.
- The YSL negotiations are proceeding on schedule. There are three issues still outstanding:
 - Guaranteed minimum advertising/promotion spending.
 - Minimum guarantees for International rights.
 - YSL's desire that RJRT not market another designer brand for the length of our contract with them.
- Guy Blynn is working with YSL lawyer to draft a licensing agreement which is due early next week. Brand and I will review it and send a copy for your review. Renegotiations will be conducted as necessary.

Project Planning

Project LA

- Brand met with Established Brands, Purchasing and Manufacturing to discuss interest in, availability and cost of Kinki packing machinery. Machinery would be available one year from order date at a cost of \$500M per packing complex. New Brands will reconsider this alternative after machineability of the preferred LA9 design is resolved with Focke in mid-June.

New Brands (Cont.)

Project Planning (Cont.)

Project YAX

- Topline report for Project YAX qualitative research was released. Based on this research, premises in the area of freedom/escapism, self-orientation, "charmed lives", and intimacy will be pursued and refined.

Project DB

- Final package comprehensives were approved by Legal, Sally MacKinnon and me and are being routed for approval.
- Final Product Development Request for 85 and 100mm products, 13-15 mg. tar, was submitted and is being routed for approval. Product test field date is 6/13, with results available on 7/25.
- Critical path summary was finalized and submitted to you on Thursday, May 26. A go/no go decision on 7/28 will be required to accomplish a 9/19 military launch.
- Positioning, target and copy strategy were finalized and submitted for approval. Initial creative presentation is scheduled for the week of 6/20.

STP

WORK HORSE

Topline results of the WORK HORSE NFO Panel test indicate that both the current WORK HORSE blend and a modified WORK HORSE blend fail to meet the action standard of a significantly higher overall rating versus Red Man among 18-49 year old Red Man chewers.

NFO Topline Results
(18-49 Red Man Chewers)

<u>Product</u>	<u>7+ Rating %</u>
Current Red Man	76.4
Current WORK HORSE	67.5
Modified WORK HORSE (lab made)	63.1

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STP (Cont.)

WORK HORSE (Cont.)

- Original 1983 marketing support plans assumed, at a minimum, parity product performance versus Red Man. Consequently, because of the NFO product test results, the Brand cannot be optimistic about the ability of the new advertising and increased promotion support to generate volume and share growth. The Brand will forward a recommendation regarding the implications of the NFO test results on future marketing support the week of 6/13/83.

DAYS WORK

- Brand met with Sales Planning to discuss the DAYS WORK Retail Sales Opportunity report recently forwarded to the Sales Department regarding DAYS WORK retail inventory and out-of-stock levels. Because of the Sales work load between now and year's end, Sales Planning informed the Brand that they will be unable to act upon the DAYS WORK retail situation this year. Brand and Sales Planning will continue to explore alternate methods of addressing the DAYS WORK opportunity.

R. J. GOLD

- I approved an R. J. GOLD :30 spot to be aired within the Arthur Smith and BASS Masters Tournament movies scheduled for appearance on ESPN beginning in June.
- In conjunction with R. J. GOLD's sponsorship of the 1983 BASS Masters tournaments, Brand sponsored the LaCrosse Invitational in LaCrosse, Wisconsin as well as the Western Division Championship in Elephant Butte, New Mexico 5/25-27. Sampling, signage and premium items were employed to build brand presence and induce trial among target chewers attending the tournaments.

Established Smoking

- Manufacturing and Brand met to review status of current STP quality/cost savings programs as well as to explore future cost savings projects.

HJL/bm
H. J. Lees

HJL/bm

cc: Mr. G. H. Long
Mr. L. W. Hall, Jr.
Mr. M. L. Orlowsky
Mr. G. Novak
Mr. K. J. Keiser
Ms. S. A. MacKinnon
Mr. S. C. Wooten, Jr.

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