

1999 Savings / Full-Price Propensity Model

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Agenda

- Model Universe & Dependent Variable
- Data Explored
- Marginals for Key Database and Model Variables
- Model
- Model Performance & Validation
- Appendix
 - Profile of Model variables by decile



Model Universe & Dependent Variable

- Includes adult smokers who responded to both the 1997 and the 1998 Super Rescreens, AND whose 1997 UB Tier is Savings
- Universe was further limited to only those smokers who indicated a Full-Price propensity on the 1997 SR response

- 1997 Super Rescreen response
 - SB Tier = Full-Price
 - At least one F-P brand in 1997 SR P-Set
- OR, Had some activity with a RJR F-P (WCS/MN) in 1996 or 1997

(67%)

(16%)

brand

(18%)

100%

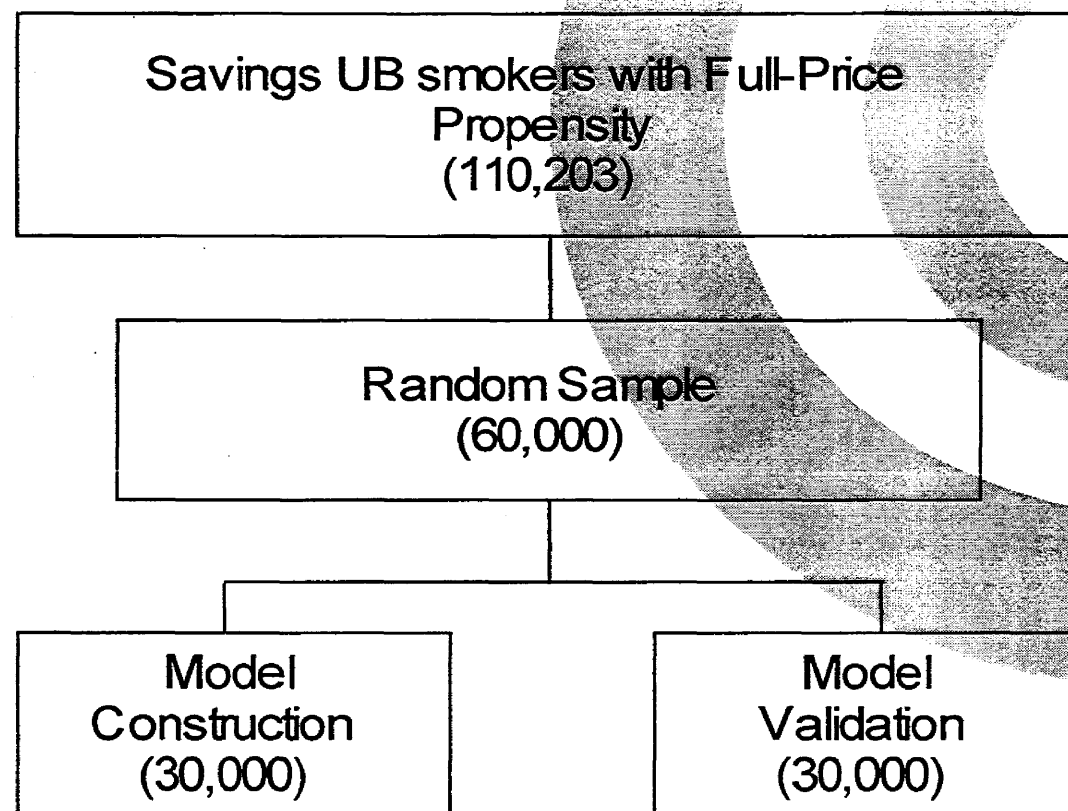
Post

1998 Super
Rescreen Response

16.2% switched to
a Full Price UB



Model Universe - continued



Variables Explored

4Q 97 Database Snapshot (used only when 1997 SR response not available)

- Age, gender, sales region, add date, update date, and source

1997 Super Rescreen Response

- Brand preferences
- Type and number of brands in purchase set
- Attitudinal questions

Historical Target Activity (counters and dates for 1994-1997)

- For all seven RJR brands (WCS/MND)
 - Seven activity counters (mailings, orders, coupons, screeners, others, mgms, total POPs)
 - Three activity dates (last mail date, last order date, last response date)
- Number of orders, coupons, screeners, and other responses prorated by the number of mailings received - by each year separately, combinations of years, summed and averaged across all years
- Number of POPs redeemed prorated by the number of orders placed - by each year separately, combinations of years, summed and averaged across all years
- Combination of response vehicles used - by each year separately, combinations of years, summed and averaged across all years



Variables Explored (continued)

PRIZM Overlay Data

- Explored individual clusters, 3 income groups, 5 geographical groups, 15 socio-economic groups, and the Booz-Allen affinity groupings identified for Doral, Camel, and Winston

1998 Super Rescreen Response

- Used for post only



1999 Savings Full Price Propensity Model

Variable

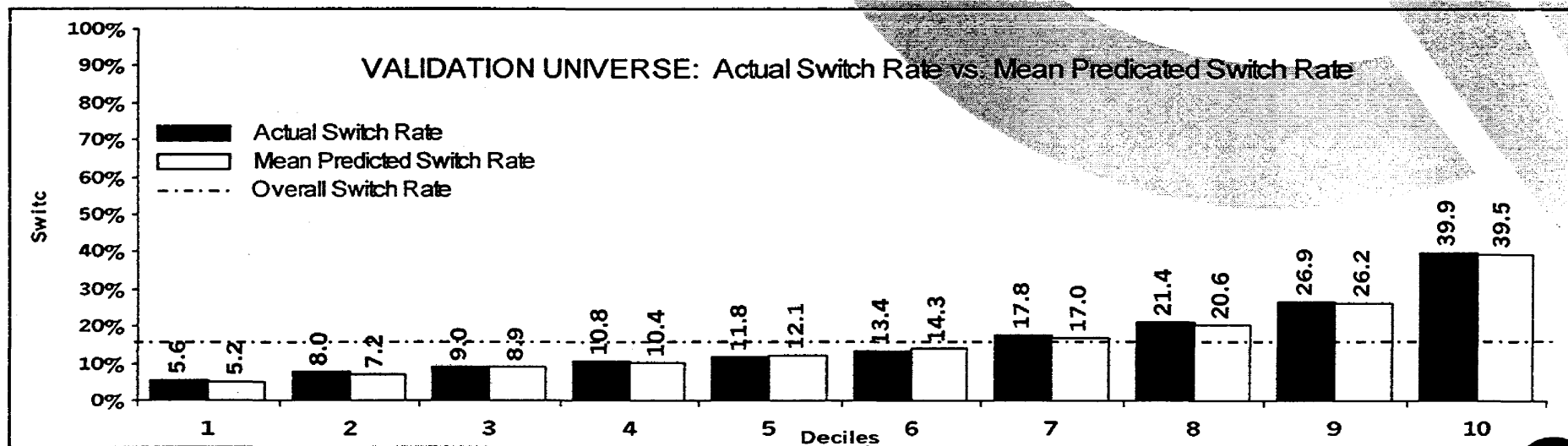
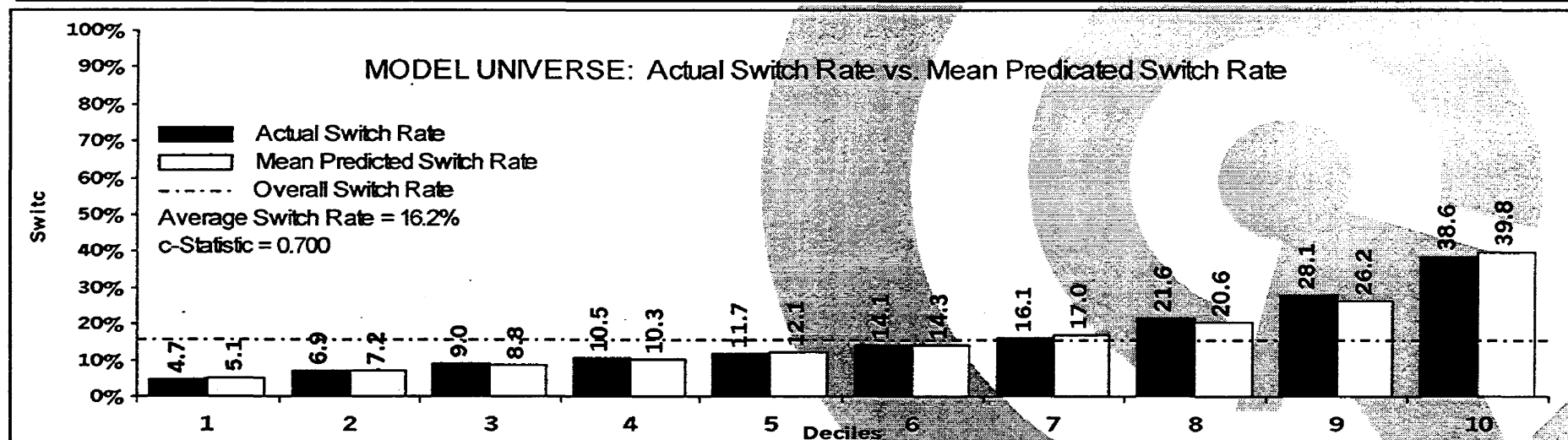
Univariate c statistic

Last Doral response date (1997)	0.616
Opportunity target	0.609
Usual Brand	0.594
Last 10	0.571
Number of full-price brands in purchase set	0.567
Second Brand	0.562
Marlboro in purchase set	0.554
Age by gender	0.553
Age	0.549

Overall Model c-statistic = .700



Model Performance & Validation





APPENDIX

New Data Available for Modeling

- Additional year (now four years) of target activity data
 - *No variables from year 4 (1994) were selected for this model*
- Booz-Allen affinity groups based on PRIZM codes
 - *Univariate analysis showed no association between any variables derived from PRIZM and switching behavior*
- Three interaction variables first explored by TSG were evaluated:
 1. Packcarton x SB Tier
 2. Age x SB Tier
 3. Packcarton x Age
 - *Although the univariate analysis showed there is an association between these variables and switching behavior, none of these three were in the final model*



Model 125

Model 125, Segment

0484