

Promotion Department
Perspective on Preliminary Toplines

TO: D. N. Iauco
FROM: W. A. Blair
SUBJECT: CAMEL Six-Pack Research
DATE: January 7, 1983

I have reviewed with Tor Ostlund the preliminary topline results of the B1G1F/ Six-Pack research conducted in November. The conclusions and implications which I derive from discussing these results with Tor are as follows:

Summary of Product Movement/Trial in Test

1. The B4G2F version of the Six-Pack performed very poorly relative to the B3G3F version. Competitive trial on the B4G2F was less than half and product sell-through was three times slower than the B3G3F.
2. The B3G3F Six-Pack appears to have tremendous competitive trial potential for the CAMEL Brand, having scored significantly higher levels of competitive trial, particularly among males, than a traditional B1G1F. Furthermore, the B3G3F Six-Pack moved through at retail at least as fast (faster in supermarkets) than a B1G1F.
3. While the B3G3F generated similar numbers of multiple purchases for franchise vs. competitive smokers, data has not been tabulated as to how the volume of multiple purchase product compares for franchise vs. competitive. This will be completed 2/17.
4. Conversion results will not be available until the final report 2/17.
5. The mix of 50/50 Lights vs. Filters appeared to be appropriate based on MDD's in-store observations.

Evaluation and Implications

1. Topline competitive trial results for the Six-Pack concept are very favorable. Results further indicate that of the two alternative offers, B3G3F is far superior to B4G2F, to the extent that it is extremely unlikely that conversion study results would reverse that superiority.
2. While conversion study results are not available yet, all previous conversion studies indicate that as the number of packs smoked by a competitive trier increases, so does the rate of conversion. As an example, conversion rates for a coupon offer on a carton of CAMEL is more than double the conversion rate for a CAMEL coupon offer on only two packs (B1G1F):

Coupon Offer

\$1.00 Off Carton
B1G1F (Pack Offer)

Conversion Rate *

11.2%
5.2%

* Corporate Coupon Study

This would indicate that the conversion rate for Six-Pack should be higher than for a BIGLF, however, I would not necessarily predict that it would double since the conversion rate for BIGLF displays is already estimated to be very high (9.1% on the NOW study).

3. We need to keep in mind that even if conversion rates do exceed BIGLF, CAMEL's cost of the Six-Pack is three times that of a BIGLF, hence, the conversion rate would have to be three times that of a BIGLF (assuming equal competitive trial) to result in the same \$ cost per conversion. However, given Six-Pack's higher levels of competitive trial, and assuming significantly higher conversion rates, then it is reasonable to assume that the Six-Pack could result in a \$ cost per conversion that is acceptable, although still higher than a BIGLF.
4. Assuming that Six-Pack's conversion rates are such that the \$ cost per conversion is reasonable, then I feel that we have an excellent promotion opportunity here given the intangible benefits of the Six-Pack:
 - Uniqueness vs. a BIGLF
 - Young adult, masculine image which the Six-Pack package projects for the brand.
 - Increased volume load potential vs. a BIGLF.

Recommendations

1. CAMEL should proceed with developing revised creative for a B3G3F Six-Pack as well as a BIGLF for its planned May promotion, until the \$ cost per conversion results are available in February.
2. Assuming Six-Pack's \$ cost per conversion are reasonable, then Six-Pack should be substituted for a BIGLF in May as well as considered for use in the Summer Resort Retail Program and CAMEL's September regional retail promotion.
3. CAMEL should utilize a traditional BIGLF in May in the CAMEL FILTERS HARD PACK priority expansion markets for the following reasons:
 - The objectives of FILTERS HARD PACK introductory promotional support are "broadscale trial" and "communication of the new brand style introduction". Six-Pack would do a poorer job of accomplishing these objectives.
 - Six-Pack would reach fewer consumers than a BIGLF unless an unreasonable amount of FILTERS HARD PACK were loaded in the displays.

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- Communicating "New CAMEL FILTERS HARD PACK SIX-PACK, B3G3F" would be very confusing to consumers and do a poor job of announcing the new brand style.


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