

OFFICE MEMORANDUM

POST-KEYES-GARDNER INC

TO Fred Willson DATE: May 4, 1970

CC L. Arkema/J. Arnold/A. Hebel/L. Herman/
S. Hickman/D. Johnson/F. Keyes/D. Pearson

FROM Joan Baer

SUBJECT AN ANALYSIS OF SIR WALTER RALEIGH AND ITS SEGMENT

The following is an analysis of brand and segment shares in the pipe tobacco market. The analysis, based on jobber reports, has its limitations: market share is expressed as a percent of pouch sales, not total sales; and the shares are not based on equivalent weight units (pounds).

The pipe tobacco market is divided into two segments:

- the non-aromatic (no flavoring added), accounting for 70 percent of the market,
- the aromatic (flavoring added), accounting for 30 percent of the market.

The share trends for the last three years indicate that non-aromatics are losing share to aromatics.

Share of Market		
	<u>Aromatics</u>	<u>Non-Aromatics</u>
1969	29.5%	70.5%
1968	29.4	70.6
1967	27.9	72.1
Percentage change 1967 to 1969	+ 5.7	- 2.0

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Chart 1 seems to show a seasonal difference in the two segments, such that the segments' yearly trends run counter to each other.

- Aromatics' share is greatest in Fall and Winter.
- Non-aromatics' share is greatest in Spring and Summer.

The difference in share patterns may be due to:

- pipe smokers going in and out of the market at specific times (for example, aromatics may be smoked more by college men whose pipe smoking may decrease in the warmer months).
- pipe smokers changing brands seasonally, in warmer months choosing a tobacco without a strong aroma and in colder months choosing one with an aroma.

Sir Walter Raleigh, a non-aromatic brand, seems to be following the same declining trend as its segment. The other two major non-aromatic brands, Prince Albert and Half and Half, seem to be declining in share as well, but to a lesser degree.

Share of Market			
	<u>Sir Walter Raleigh</u>	<u>Prince Albert</u>	<u>Half and Half</u>
1969	15.3%	21.9%	12.9%
1968	16.0	21.6	12.6
1967	16.1	22.5	13.3
Percentage decline			
1967 to 1969	- 5.0	- 3.0	- 3.0

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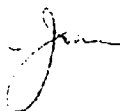
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Chart 2 shows Sir Walter Raleigh's market share in relation to its market segment for 1969. Sir Walter Raleigh no longer seems to follow the segment's seasonal pattern as it once did and as Prince Albert and Half and Half currently do.

Please call if you have any questions about this material.

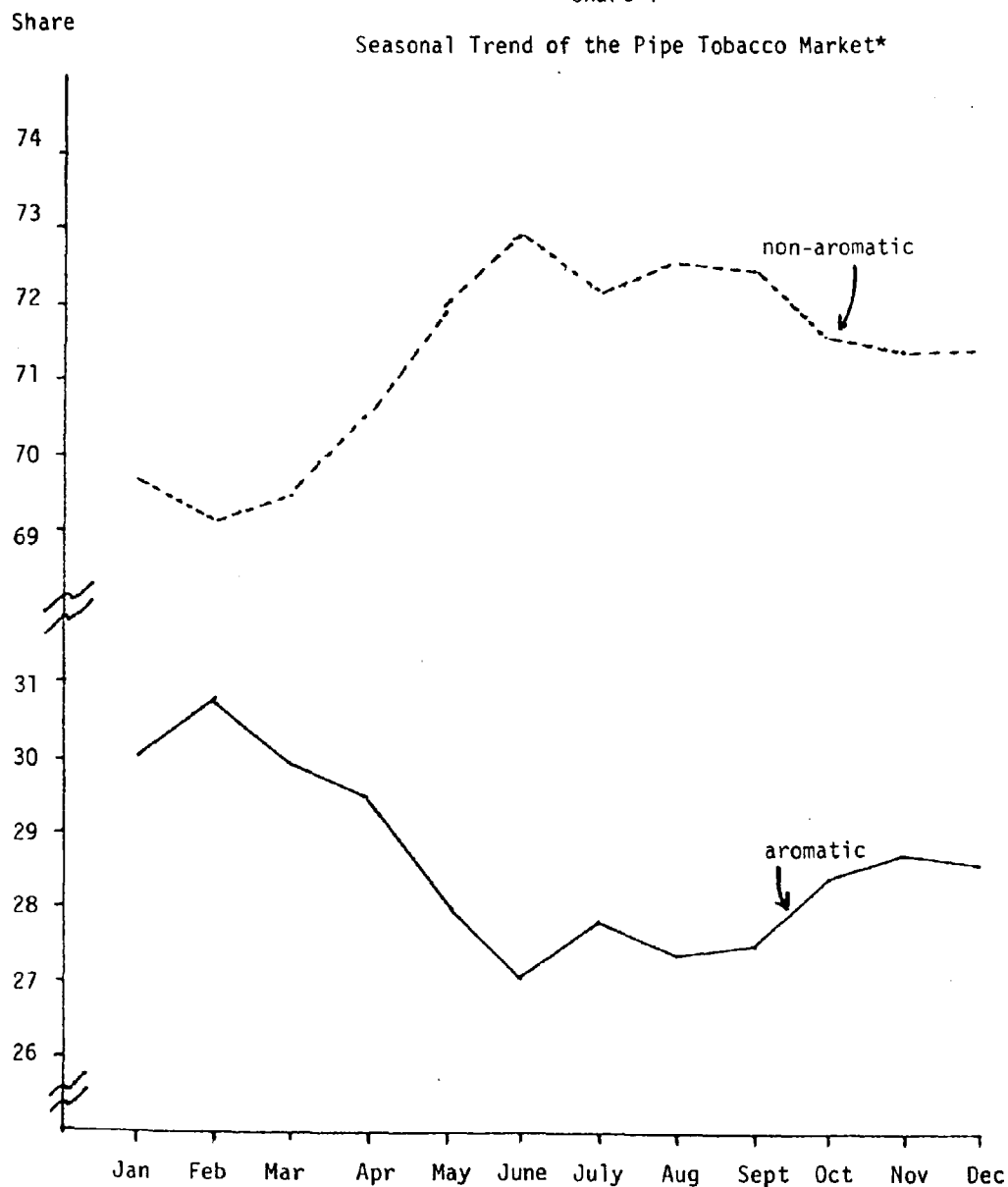


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Chart 1

Seasonal Trend of the Pipe Tobacco Market*

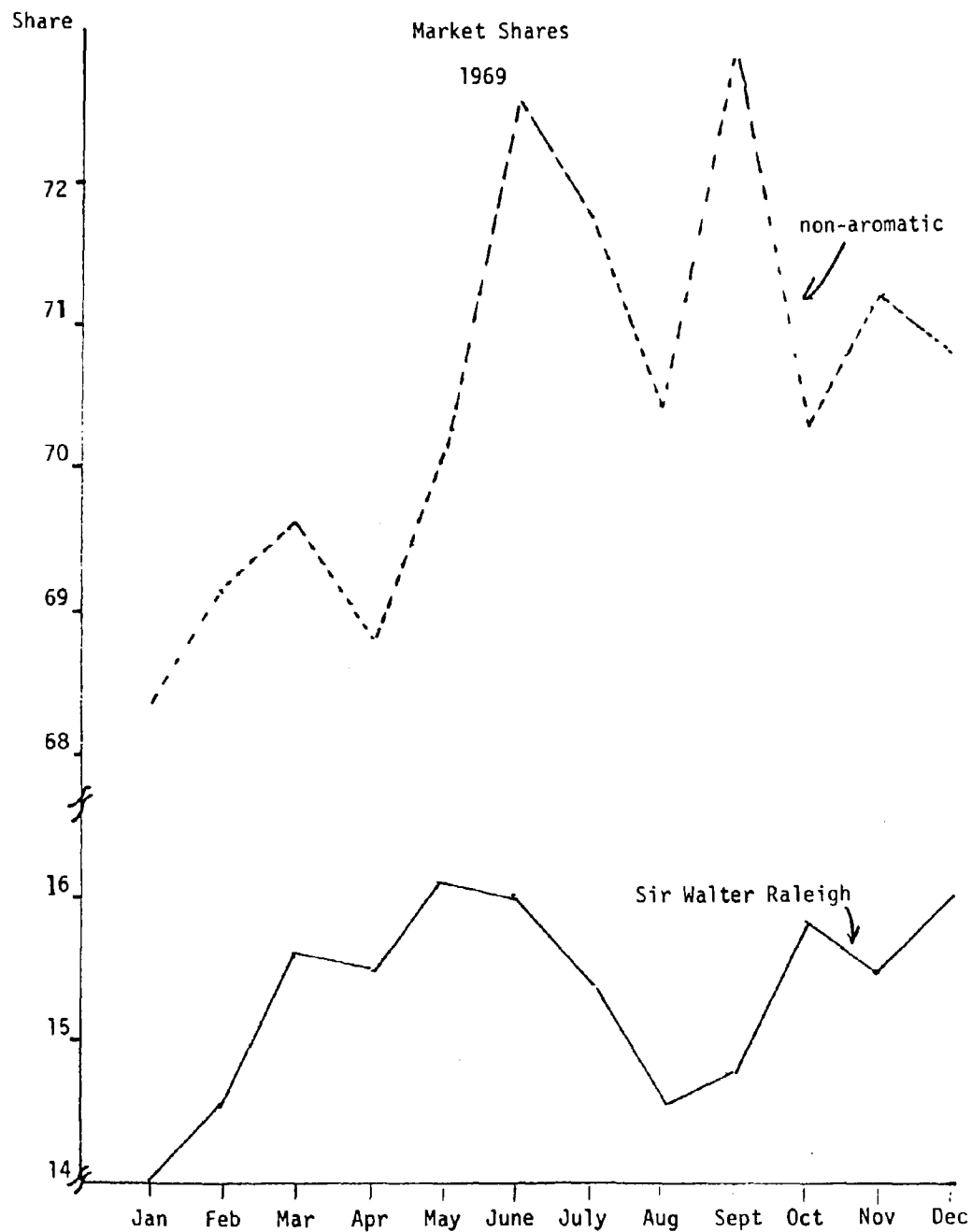


*Each month represents average of Four years: 1966 through 1969.

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Chart 2

Sir Walter Raleigh and Non-Aromatic Segment



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