


TO: Distribution  DATE: March 3, 1993

FROM: Arun Sinha/ Steve Vasquez

SUBJECT: Testing an Alternate Method of Cambridge Pack Couponing --  
"Pack Subscription Program"

### Overview

Cambridge will conduct a test for three months in Section 43 in which pack couponing will be completed at the pre-con. This program replaces any pack couponing by the Field Sales Force in the section. Once the percent of store volume to be couponed is determined, the FSF will pre-book couponed product at retail (predominantly Retail Masters account) as a part of retailers' inventory for delivery every month. After pre-booking, they will reconcile the commitments and group by wholesale supplier. With order tallied, they are sent to PM customer service for shipment to wholesaler. Wholesaler receives couponed product in white cartons and delivers only to the pre-determined retail outlets.

### Objective/Strategies

The objective of the test is to evaluate an alternative method of Cambridge pack couponing that would require minimal PM FSF involvement.

The program entails a 40¢ factory coupon on each pre-book pack delivered to the distributors. The top five packings will be included in the test. This alternate method of couponing should maximize the pack sales of Cambridge and also reduce FSF work caused by normal "licking and sticking" of the pack coupons. It will be critical to evaluate if all the couponed products do indeed go to the designated retailers from the wholesalers and if there is any resistance in carrying extra SKUs.

### Program Details

Only Retail Masters accounts are eligible to participate in this program. The program allows 40¢ factory coupon on Cambridge packs. The sales rep will pre-book couponed product to be delivered one time per month for a test period of three months. Retailer will be responsible for placing product on the counter displays and providing prominent price call-outs. The monthly order will be delivered to the retail the weeks of 4/26, 5/23 and 6/21 in the entire monthly quantity as a standing order.

### Couponed Product Quantity

Top five packings of Section 43 will be included in the test. The quantity that Richmond will coupon is based on Section planning by different markets and territories. All quantities are based on per month delivery.

<u>Packing</u>	<u>12M Cases Quantity Per Month Delivery</u>	<u>Time For Wholesale Delivery</u>
Cambridge Lt. 100's	293	4/19, 5/17, 6/14
Cambridge Lt. KSF	280	4/19, 5/17, 6/14
Cambridge Ult. 100	202	4/19, 5/17, 6/14
Cambridge Lt. 100 Menthol	183	4/19, 5/17, 6/14
Cambridge FF KSF	<u>175</u>	4/19, 5/17, 6/14
Total	1,133	

### Program Procedure, Sequence and Responsibility

<u>Procedure</u>	<u>Responsibility</u>	<u>Time Line</u>
1. <b>Coupon Budget Allocation</b> Based upon brand contribution, SDI, desired sales volume, goals, etc.	<b>Brand Management</b>	<b>3/5/93</b>
2. <b>Pack Contribution Calculation</b>  Depending upon trade class composition within the section competitive activity and other pertinent market factors.	<b>Brand Management Section Management Trade Marketing</b>	<b>3/5/93</b>
3. <b>Pre-Con Product Assembly</b> Brand advises Pre-Con on the total quantity and specific packings of product to be couponed. This is then sent to finished goods.	<b>Brand Mgmt. Pre-Con</b>	<b>3/5/93- 3/16/93</b>
4. <b>Pack Resource Allocation w/ Section</b> Utilizing marketplace knowledge, a priority allocation is made...first with active chains and then to Units based upon brand sales, demographics, etc. Retail Masters accounts should be the basis of this resource allocation.	<b>SSD, DM's, SOM, SAM's</b>	<b>3/7/93</b>
5. <b>Subscription Selling Drive</b> With the amount of product clearly communicated to each selling level -- the actual program sell-in is conducted.	<b>SAM's, UM, Sales Reps</b>	<b>3/7 thru 3/21/93</b>
6. <b>Subscriptions Compiled</b> All subscription program commitment are compiled and grouped by wholesale supplier. (Dee Smith processes orders to customer service.)	<b>SOM, DM's, UM's</b>	<b>3/23/93</b>
7. <b>Product Ordered/Scheduled</b>  With orders tallied, they are sent to PM customer service for shipment to wholesaler.	<b>SOM, Sales Operations NY</b>	<b>3/7/93</b>
8. <b>Product Processed at Wholesale</b> Once the specified number of cases is received at wholesale, the distributor should stamp it and stage it for delivery. This step should be overseen by the PM account manager or sales rep.	<b>Wholesaler, SAM, UM, SR</b>	<b>4/15/93</b>
9. <b>Wholesale Delivery to Subscription Retailers</b> The product is delivered <u>only</u> to the pre-determined retail outlets. Sales Reps should monitor this process especially during the first phase of the program.	<b>Wholesaler, Sales Rep</b>	<b>4/19 thru 4/23/93</b>
10. <b>Retailer Merchandises Product</b> As agreed upon, the retailer must merchandise and display the product in the PM fixture. Sales Reps Should monitor compliance.	<b>Retailer, Sales Rep</b>	<b>4/20/93</b>
11. <b>Evaluation &amp; Adjustments</b> As the subscription program progresses, we need to evaluate its effectiveness. Adjustments may be necessary in the amount of product sent to each store.	<b>SR, SAM, SOM</b>	<b>5/5/93</b>

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Once the program is completed, the Section will issue an evaluation of the program in terms of effectiveness, complication and sales impact if any.

If you have any questions, please call me at (212) 880-3957 or Steve Vasquez at (212) 878-2138.

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