

Strategic Issues

1) Changes in Young Adult Attitudes

In observing recent trends in young adult rock music/culture, it would appear that a cohesive, growing movement representing a change in attitudes is beginning to take shape. Following the massive changes in social structure that resulted from the 60's movement, we have been experiencing a rather calm period since the early 70's. In fact, there has been some evidence of a return to more traditional values among young adults (e.g., renewed interest in preparing for responsible career/increase in affiliation with organized religions, etc.). Recently, there are indications of a growing rebellious attitude among younger adults as evidenced by trends in music, fashion and political philosophy. Possibly fueled by the deterioration of the economy over the past decade, it's almost as if a growing faction of younger adults wish, once again, to disassociate themselves from established society. If indeed a major movement is in the beginning stages of development, it would be to our advantage to explore it now to better understand its foundation and plan accordingly.

2) Price/Value Sensitivities of Younger Adult Smokers

The doubling of the FET and accelerated price increases by the industry have led to speculation that cigarette volume will, in the future, be negatively affected due to price sensitivity. RJR has little knowledge concerning which smoker groups will be most affected by these increased costs. In order to effectively address potential changes in consumer behavior via new brand introductions and/or established brand strategies, we need to learn more about smoker price sensitivity. Specifically, information on relative price sensitivity by demographic group, smoker segment and current brand would aid in strategic planning. Additionally, some insight into how smoker behavior might be affected would be of value (e.g., will smokers smoke less in total? Change purchase patterns? Switch brands? Switch styles? Etc.). Also, more information on generic usage/perceptions is needed.

3) Emerging Re-Definitions of Masculinity by Age Group

The 1982 research study concerning the changing definitions of masculinity in today's society described broad changes taking place in our country today. However, the study did not address differences in definitions of masculinity by demographic group which would greatly enhance the usefulness of the study to RJR. Specifically, an analysis by age groupings which correspond to our brand's prime prospect definitions (CAMEL 18-24 males, WINSTON 25-34 males) would

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Emerging Re-Definition of Masculinity by Age Group - Cont'd.

enable RJR to better address this important psychological need of our user. Additionally, it may help us determine if more than one definition of masculinity exists among our prime prospects and if so, which is the more salient definition.

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