

5 Year Plan 2/10/95



**PHILIP MORRIS U.S.A.**

**Inter Office Correspondence**

**TO: Julie Greene**

**DATE: January 23, 1996**

**FROM: Suzanne LeVan**

**SUBJECT: Five Year Plan - Premium Brands**

**This should replace pages 5 & 6 of your five year plan draft:**

During the Plan, while maintaining full marketing support to all four brands, we will seek to create a growth platform for one or more of these brands. We will continue to evaluate the positioning and levels of marketing support behind each of the brands in order to optimize our position in the Premium segment.

The Premium Brand strategy is to defend current brand franchises with equity building programs that encourage loyalty and maximize market visibility. As each of the brands has a distinct positioning and distinct consumers and market development we will skew support to those brands, those consumers and those markets that are most responsive to marketing activity.

Each brand will maintain a solid media presence and promotion calendar through direct mail, continuity and retail product and incentive offers. Retail visibility will be improved dramatically across the category behind a significant investment in permanent POS and a new pack merchandising system. These programs will be directed to geographies and trade channels in which the brands exhibit strengths.

**Virginia Slims** will use its unique style and attitude to reinforce its position as the #1 women's cigarette using all elements of the marketing mix. It will maintain its leading share of female media support behind a continually contemporized advertising campaign. Using the established equities of V-Wear and Book of Days, promotions will consist of direct mail continuity and coupons to reward a loyal user base and achieve competitive trial. Retail programs will use incentives and premium offers to reinforce these equities. While maintaining a leadership posture, FSI's, direct mail & retail price promotion will be utilized in highly developed Misty markets to reclaim outswitchers. Emphasis will be put on generating new competitive names via media and event, including Southern Women's show, offers. While Virginia Slim's sponsorship of professional women's competitive tennis has been discontinued, Virginia Slims will leverage it's 25 year tennis equity with the introduction of the Virginia Slims Legends. Legends is a six city entertainment tour and grass roots program that features the Legends of women's tennis and music.

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**Benson & Hedges** will continue to build its "empathy" positioning with 'the Length you go to for Pleasure' ad campaign with new executions and innovative media vehicles. It will defend its current franchise by focusing media and retail activity in key markets. Retail incentive and bonus product offers will be used in highly developed markets to reward loyal users and capture competitive 100's smokers. To build trademark relevance among adult urban smokers, B&H will use promotion incentives in pack outlets. A targeting menthol POS display program will also be fielded to increase presence in this segment. Direct mail and events will evolve the new "empathy" positioning to build and maintain a loyal user base. The Benson & Hedges Club Collection will reward loyal consumers with "smoking friendly" continuity offers. The "Benson & Hedges Club-Smokers Welcome" hospitality center and airport smoking lounges will further develop B&H's support of smoker accommodation. The "Benson & Hedges Club" will travel to popular venues in key B&H markets providing a friendly smoking environment, and provide a means for name generation.

**Merit** continues to be the largest free standing low tar brand and the only one to offer three good tasting low tar products. This unique product line up is the basis for the success of the "You've Got Merit" campaign that recognizes that smokers chose Merit to switch down in tar, but still want to enjoy a satisfying tasting cigarette.

With the campaign into its second year, Merit will continue to extend this positioning through retail and direct mail. The "Merit Awards" continuity program rewards current smokers and attracts key competitive smokers to the franchise. Retail programs will include product and incentive offers to encourage trial and repurchase, as well as an innovative matchbook program to generate new competitive names. Merit will continue to sponsor National Pro-Am Mixed Doubles Bowling and develop other grass-roots focused events to increase brand visibility and awareness.

**Parliament** Box continue to build strength among young adult smokers in the Northeast through the use of advertising, retail promotions and continuity offers. Parliament will extend its successful 1994 strategy to execute a different plan for each of its two distinct consumer bases. It will continue to run OOH and print advertising coupled with retail pack promotions and resort activities to appear to young adult smokers in key Northeast markets. To hold volume nationwide from older adult female 100M smokers, Parliament will continue the "Romance Saga", a continuing story communicated through direct mail continuity and coupon offers.

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Additionally, I have some other thoughts as I read through the document;

On page 2 -- paragraph 3 states "grow our share of discount"; while on page 6 it states "maintain our share of discounts". I sure hope that page 6 is correct!!!!

Also on page 2, it states that we will "begin to supplement our mass marketing strategy with a segmentation strategy....." I sure thought we've been doing that for years with retail key markets, selective choice of OOH markets, segmentation of the database in direct mail programs. I'm really confused about what is trying to be communicated here.

On page 15, it states that "we will recruit.....minorities & women so that our management and employee base better reflects our consumers". I would suggest that we check out that language with some of the HR experts that have been involved in the recent Diversity training. I believe that our objective for hiring minorities is not to "reflect the consumer population" but by being more reflective of the consumer population we will have a better, more effective work force that is more enabled to serve a diverse workplace.

I'm back in the office on Monday and will be happy to provide any further information you would like.

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