

September 1, 1982

To: J. W. Goss

The attached document addresses Mr. Hall's request for analysis/recommended action plans related to VANTAGE's 100mm vs. 85mm performance.

#### Executive Summary

#### Background

- Total Low Tar Category, Moderation Segment and VANTAGE Volume/Share since 1st Quarter, 1981, show consistent growth trends in favor of 100mm styles relative to 85mm styles. Especially significant were the following:
  - Low Tar Category volume on the 100mm styles outgrew the 85mm styles over each of the past six quarters.
  - Ratio of 85mm/100mm Low Tar Category SOM has moved from 59/41 to 57/43 on the FFLT styles, and from 54/46 to 50/50 on the ULT styles since the 1st Quarter of 1981.
  - Moderator Segment volume has exhibited greater increases on ULT 100mm styles and more moderate declines on FFLT 100mm styles vs. their 85mm counterparts over the past three marketing quarters.
  - The Brand's volume performance on the 100's has exceeded that of the 85's over each of the past six quarters, including a 10.9% increases vs. 3.9% for the 85's in the 1st Quarter of 1982.
  - The Brand's SOM trend on both the full flavor and ultra lights styles has shifted by four percentage points towards the 100mm styles over the past six quarters.
- Brand switching data supports this directional trend towards the 100mm styles as well.

#### Switching Data Through 1981

	Gains	Losses	%	Gains Outside		Losses Outside	
				Brand Family		Brand Family	
			Diff.	% From 85mm	% From 100mm	% From 85mm	% From 100mm
VANTAGE NM 85	72	103	(30)	80	17	82	19
VANTAGE NM 100	61	66	(8)	28	70	16	84


Thus, an opportunity exists for the Brand to capitalize on this growth trend through increased emphasis on the 100mm styles.

Recommended Action Steps

The Brand will place increased emphasis on its 100mm styles via the following programs:

- Media - The Brand has increased its media spending emphasis on the 100's vs. 85's from 36/64 in 1981 to 40/60 in 1982. There will be slightly greater emphasis on the 100mm styles to benefit from 100mm growth opportunities.
- Promotion - Two major promotional events are being executed in the 2nd Half of 1982. A July "Free Pack" offer has placed equal weight on 85's/100's in order to generate broadscale trial/retrial opportunities on the New/Improved Ultra Lights styles, while a September "Free Pack" offer will place primary emphasis on New VANTAGE Parent Menthol 100's.
- Product Improvement Program - VANTAGE's 100mm performance has been strong vs. the 85mm despite in-market products which show a loss/parity to Merit among target FFLT smokers. The Brand has conducted an extensive product improvement program which has yielded a superior VANTAGE Ultra Lights Menthol 100mm product, as well as an Improved VUL NM 100mm product, both of which were introduced nationally in July. In addition, an Improved VANTAGE Parent NM 100mm product is scheduled for national appearance in 1983, given successful product test results. These improved 100mm products should enhance the Brand's performance in their respective 100mm growth segments.
- Line Extensions - The Brand is introducing three line extensions in 1982, two of which involve 100mm products. Superior VANTAGE Ultra Lights Menthol 85's/100's were introduced nationally in July, while the national introduction of VANTAGE Menthol 100's is scheduled for September. These line extensions represent a significant opportunity for incremental volume/share for the Brand, especially in the 100mm segment.

Please advise should you require additional information.

  
K. A. Schmitt

KAS:fd

Attachment

cc: S. L. Snyder, B. G. Dewey, B. W. Forney, S. C. Nassar, R. J. Maddock  
~~B. G. Carpenter~~, J. E. Kinney