

Parliament Geographic Expansion

UK Cluster

Agenda

- Review of 1999 Full Flavor Expansion
- Overview of 2000 Expansion Plans
 - Objectives and Strategies
 - Expansion Elements
 - Expansion Criteria
 - Geographies
 - Octagonal Pack Test
 - Topline Marketing Plan
 - Timeline
 - Brand Contacts

Then file -
Parliament -
2000 expansion

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1999 Launch:

- **Marketing Objectives:**

- Accelerate king box packings growth
- Strengthen Parliament's positioning and relevance among competitive YAS of Camel, Winston & Newport
- Maintain 100's volume

- **Strategies:**

- Introduce new Full Flavor line extension in existing markets
- Leverage Parliament Lights Kings Box packings
- Introduce new flavorful positioning with new advertising campaign in existing markets

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2000 Expansion:

Objectives:

- Leverage brand momentum
- Grow box packing share among YAS
- Gain incremental volume

Strategy:

- Reintroduce brand in test geographies outside of currently supported markets

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2000 Expansion Elements

- New positioning
- New advertising campaign
- Four kings box packings
 - Two new full flavor
 - Two existing lights
- Octagonal box packings

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2000 Expansion Criteria

- Potential new Parliament brand success:
 - YAS appeal, peer acceptance and perception of popularity
 - Box and premium category development
 - Discount category underdevelopment
 - Prevalence of white, 18-34 year old, upper income consumers
 - Focus in Metropolitan area

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Geographies

Rationale

- In Section 21
 - Delaware
 - Maryland
 - Washington DC
 - Virginia
- Contiguous Geography to Strength Markets
- Base of Share
- Base of Distribution
- Average to well developed Premium Category
- Underdeveloped Discount Category
- Average development of Box Category
- Average Marlboro development
- Well developed and growing Newport
- Average developed Winston
- Metropolitan areas

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Geographies (cont.)

Rationale

- In Section 45
 - Wisconsin
 - Minnesota
- Contiguous Geography to Expansion Market
- Base of Distribution
- Average developed Premium Category
- Underdeveloped Marlboro
- Well developed and growing Camel
- Well developed and growing Newport
- Metropolitan areas
- Pittsburgh
 - Completes the state of Pennsylvania

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Octagonal Packaging Test

- Quantitative research among YAS (August 1998)
 - Preferred by 7 out of 10 Competitive and Parliament smokers (both among Full Flavor and Lights)
 - Considered unique, cool/hip, contemporary, eye-catching, attractive, crush-proof, innovative and high quality
 - Offers enhanced product perceptions
 - Smoother, more satisfying and “the right strength”
 - Generated higher purchase interest than Camel
 - 50% Parliament Octagonal/41% Camel/
40% Parliament FTB
- Test market in both a current geography and a new geography
 - Chicago
 - Wisconsin and Minnesota

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Topline Marketing Plan - 2000

	Jan	Feb	Mar	Apr	May	Jun
PRINT & ROP Advertising	←	Launch Levels		→	Sustaining Levels	
RETAIL	Distribution Drive ←	→ BIGIF		Retail Promotion ←	→	
DIRECT (in-home)			YAS & OWL Mailing (3/1)			YAS & OWL Mailing (6/1)
FSI					←	→
EVENTS		←	→			←
CATALINA	←					→

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Timeline - February

- Legal approval 5/24
 - Sales Meeting material initiation (Andrea) 6/1
 - February promotion initiation (Lynell) 8/1
 - Sales meetings / Sell-in Samples (Trade Mktg, CS&D, Andrea) 9/11-9/22
 - Octagonal box production begins (Richmond) 9/17
 - Advertising due in production (Y&R) 11/1
 - Product shipped to public warehouse (Richmond, CS&D) 12/1
 - Product shipped to distributors 1/3
 - Product arrives at retail 1/17
 - Promotion 2/1
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- Timelines due from all groups on 6/8/99