

M E M O R A N D U M

The American Tobacco Company
A DIVISION OF AMERICAN BRANDS, INC.

DATE	October 19, 1973
TO	Mr. Z. B. Teel, Jr., Controller
FROM	Dick McKeever, Marketing Director
REF	1974 Profit Forecast

Attached is breakdown of the "working" budgets for 1974 advertising expenditures which are to be used for the forecast now in preparation.

Attachment

cc: Mr. J. R. Costello

Estimated Advertising Expenditures - 1974

As of October 17, 1973

Product		Source of Estimate		Amount (000)
PHF 1005		Approved Budget		\$ 4800
PHX Mill Cup		Proposed Budget - 10/16		1539
Port		N.H.C. 10/16 - 10/17/73	2200	140
PMH / S. Thun, Manthol (Hawaii)		" "		40
Ragayton		Approved Budget		5491
Silver Thun Filter		" "		2469
Rucky 10 / Rucky 1005		" "		3256
Iceberg 10 / Iceberg 1005		Proposed Budget - 10/16		1389
Twist		Approved Budget		6279
Carlton Filter		" "		1201
Manthol		" "		275
Half & Half Filter				-
Safari - Manthol		Proposed Marketing Plan 10/16	Two Color Newspapers	66
Int'l Rollout - Lorraine		Same as 1973 Twist Out of Pocket Lorraine		1469
Total Cigarettes				28392

SMOKING TOBACCO			
BOURBON BLEND	Proposed Budget		120
RICH. BR. ORANGE	"		178
EXPORT ADV.	APPROVED BUDGET		460
MKT. DEPT EXPENSES			771
			\$ 29,861
LESS EST. AGENCY REBATE			1,050
NET ADV. EXPEND.			\$ 28,811

Total Advertising - Cigarettes

1994 28,392

1973 24,493

Increase - 1974/73 3,899

Less, Safari Rollout 1,469

Net Approved Increase 2,430

Less, decrease in Sales

Budget - 1974 vs. 1973 1,778

Net Increase - Cigarettes 652

Estimated Advertising Expenditures - 1974

As of October 17, 1973

Brands	Source of Estimate	Amount (000)
PHF 100's	Approved Budget	\$ 4800
PHX mild Cig	Proposed Budget - 10/16	1531
Box	NHC 10/16	140
PMH/5.7 Thru, menthol (Hawaii)	" "	40
Roseytor	Approved Budget	5491
Silver Thru Filter	" "	2469
Lucky 10/Lucky 100's	" "	3256
Seaburg 10/Seaburg 100's	Proposed Budget - 10/16	1389
Twist	Approved Budget	6229
Carleton Filter	" "	1201
Menthol	" "	275
Half & Half Filter		-
Safari - Miami	Proposed Marketing Plan 10/16 - Two Color - Newspapers	66
Lat L Rollout - Reserve	Same as 1973 TWIST Out of Pocket Funds	1469
Total Cigarettes		28392
Smoking Tobacco	Same as total 1973 Budgets	141
Export Advertising	Approved Budget	400
Marketing Dept. Expenses	" "	771
Total Advertising		29704
Less estimated agency rebates	JRC Estimate	1050
Net Advertising Expenditures		\$ 28654

Handwritten signature
10/17

Estimated Advertising Expenditures - 1974

As of October 16, 1973

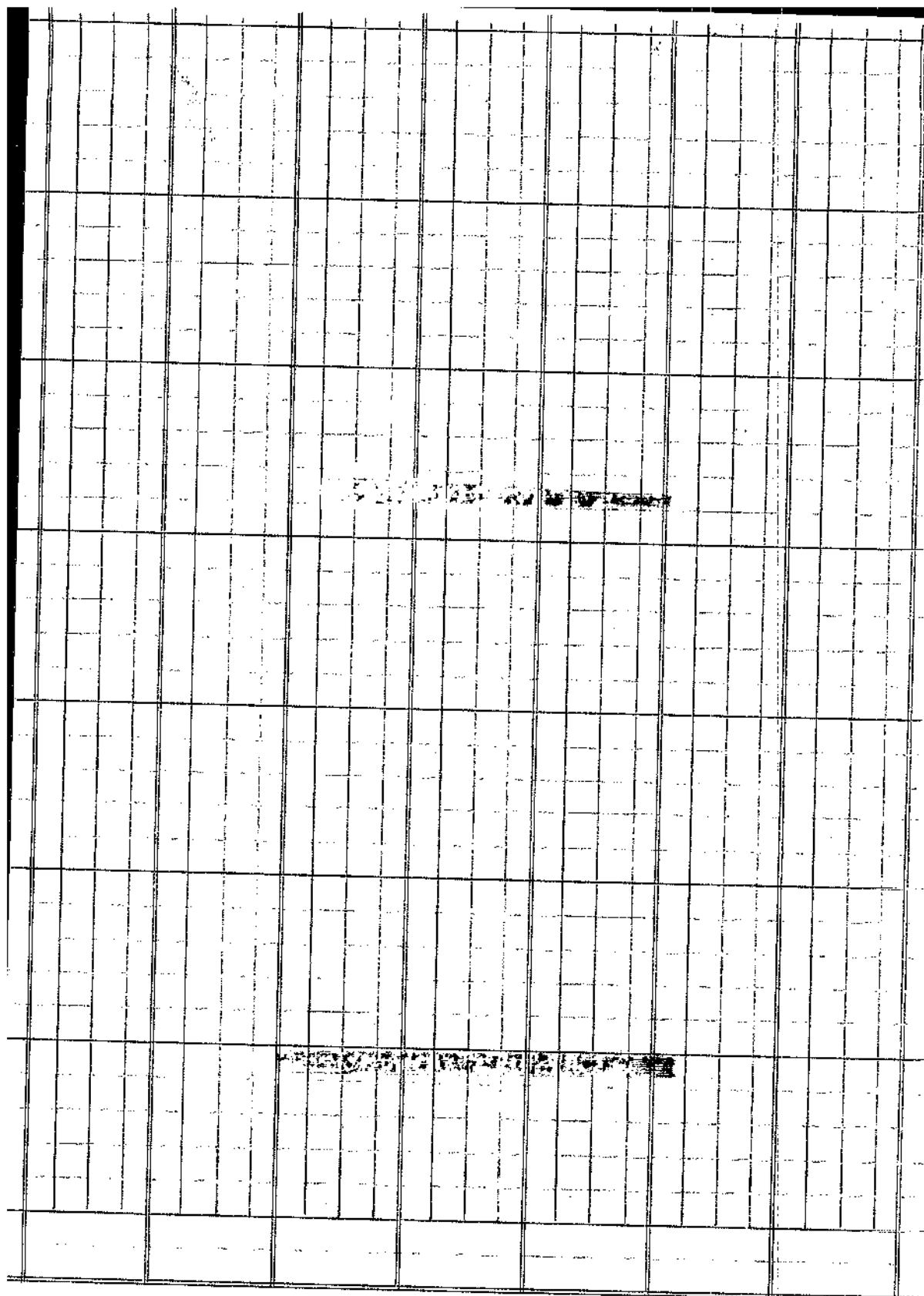
Brand	Source of Estimate	Amount (000)
PMF 100's	Approved Budget	4926
PMX mild Cup	Proposed Budget	1884
Pool	N.H.C. 10/16	140
PMH/STHua, menthol (Hawaii)	N.H.C. 10/16	40
Tareyton	Approved Budget	5599
Silver Theme Filter	" "	2469
Lucky 10/Lucky 100's	" "	3381
Lebanon 10/Lebanon 100's	Proposed Budget	1281
Twist	Approved Budget	6413
Carleton Filter	" "	1201
menthol	" "	275
Half & Half Filter	" "	-
Safari - Miami	CAT 10/16	74
" - Nat'l Rollout	Same as 1972 TWIST out of pocket	1469
Smoking Tobacco	Sept 6, 1973 Total	141
Export Advertising	Proposed budget which has tentative verbal approval	400
Marketing Dept. Expense	Approved Budget	771
Total Advertising		29851
Less estimated agency rebates		1050
Net Advertising Expenditures		\$ 28801

XEROX: 2 to DMK (1 for R.H.)
1 to NHC

10/16

10/16/73

~~CONFIDENTIAL~~
\$16,500 Allocation of 1974
Tuler Dept Budget to Cigar
Ver J Walbyphone 10/4



8mg to
JSM 10/2

Add'l data needed to complete 1974 advertising budgets

1. Outdoor and transit

A. For each brand involved segregation of costs as follows:

(1) Outdoor

(a) Space

(b) Production

(2) Transit

(a) Space

(b) Production

2. Seattle Y/C Cover Units

A. Number of insertions for

(1) Post Intelligence

(2) Times

3. Carlton Newspaper and Magazine Adv.

A. Space allocated between Filter & Menthol in following percentages:

	Filter	Menthol
TJ Guide - B & W	80%	20%
USN & W Report - Y/C	90	10
USN & W Report - Newsweek	80	20
Top 25 newspaper int - B & W	90	10
Nat'l Observer - Y/C		

B. Allocation of magazine and newspaper production between Filter and Menthol

4. Lucky Tan/Lucky 100's and Feabag 10/Feabag 100's

A. Allocation of dollar appropriations between 85mm and 16mm version of each brand.

1973 "Miscellaneous" Budgets (000)

Brand		Total	Policy majority off (B)	Factory Goods, (A)	General Sampling	Spec. efforts and miscellaneous
PMF 1005		12	1	8	2	1
PM Extra mild (cup)		1				1
Ball mall menthol	?	1				1
Torreyton		21	7	11	2	1
Silver Thrush Filter		4	1	2	-	1
" " menthol	?	-				
Lucky Ten		4	1	2		1
Seaberg 10		4		3	-	1
" J 1005		-				
Twist Lemon menthol 1005		1				1
Sancton Filter		4	1	2		1
" menthol		-				
Half & Half Filter	?	-				
Safari	?	-				
Smoking Tobacco (all)		-				
		52	11	28	4	9

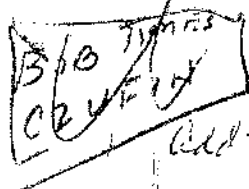
Notes: Above amounts have been adjusted to eliminate the following non-repetitive charges

- (1) Package changes - art and printing plates
- (2) Networks (mechanicals) for Madison Square Garden Displays
- (3) Torreyton Water Filter Premiums

(A) Prior to August reduction reflecting decision not to print and time in 1973

(B) Fees only. No production costs incurred in 1973

JLB
9/28/73



Rec'd from JTH 10/1/73

Add'l data needed to complete 1974 advertising budgets

1. Outdoor and Transit

A. For each brand involved segregation of costs as follows:

(1) Outdoor

(a) Space

(b) Production

(2) Transit

(a) Space

(b) Production

2. Seattle % Cover Units

A. Number of insertions for

(1) Post Intelligence

(2) Times

3. Carlton Newspaper and Magazine Adv.

A. Space allocated between Filter & Menthol in following percentages:

	Filter	Menthol
Tel Guide - B&W	80%	20%
USA 9.11.1968 - 1/2	90	10
USA 9.11.1968 - 1/2		
Top 25 newspaper list - B&W	80	20
Natl Observer - 1/2	90	10

B. Allocation of magazine and newspaper production between Filter and Menthol

✓ 4. Lucky Ten/Ruby 1005 and Feberg 10/Feberg 1005

A. Allocation of dollar appropriations between 85mm and 100mm version of each brand.

Charted

	<u>TOTAL</u>	<u>F. L. L.</u>	<u>MINOR</u>
TV Guide	314,000	253,000 (80%)	63,000 (20%)
U.S. News	<u>122,000</u>	<u>110,000 (90%)</u>	<u>12,000 (10%)</u>
TOTAL SPACE	438,000	363,000 (83%)	75,000 (17%)
Whispering Production	10,000	8,000 (80%)	2,000 (20%)
NY Post etc	56,000	50,000 (90%)	6,000 (10%)
NY Post Inside	9,000	7,000 (80%)	2,000 (20%)
Top 25 Countries	630,000	664,000 (80%)	166,000 (20%)
World OBSERVING	19,000	17,000 (90%)	2,000 (10%)
NY News	66,000	53,000 (80%)	13,000 (20%)
Whispering	33,000	24,000 (80%)	9,000 (30%)
TOTAL SPACE	1,010,000	815,000 (81%)	195,000 (19%)
Whispering Production	13,000	11,000 (85%)	2,000 (15%)

Spindle

	<u>PMU</u>	<u>Time</u>	<u>Twist</u>
Post Intelligence # Units	16	17	17
Cost Space	# 8	# 9	# 9
Times # Units	16	17	17
Cost Space	# 10	# 11	# 11

Castro Filter and Monthly

Approved Band Allocation of Copy Included from 3/1973 FIC Report

				70		
				Total	Filter	Monthly
<u>Magazines</u>						
B&W-TV Guide				100	80	20
Mc Newsweek				100	90	10
<u>Newspapers</u>						
150 line B&W - 75 markets				100	80	20
200 " B/C - N.Y. Post				100	90	10
420 " Mc B/C - Nat. L. Observer				100	90	10

PROPOSED [1974] File Budget Data

BRANDS	TOTAL	MAGAZINES NEWSPAPERS		OUTDOOR + TRANSIT Cost	Misc
	(000)	(000)	(000)	(000)	(000)
✓ Pull Wall Colo.	4,926	2,489	1,475	950	12
✓ Tarex Fed	5,612	3,144	1,482	950	36
✓ Twist	6,413	3,801	1,647	950	15
✓ Silva Tuna Film Menthol	2,628	1,638	984	---	6
✓ Lucy Fed 50	3,121	681	1,489	950	1
✓ Ichnic 50 160	1,132	603	525	---	4
✓ Pull Wall Extra Mda L	1,024	479	543	---	2
✓ Camelton F H	1,476	448	1,023	---	5
TOTALS	26,332	13,283	9,168	3,800	81

Rec'd from TIM 9/28

PROPOSED 1974

9/28/73

BRANDS	TOTAL	MAGAZINES NEWSPAPERS		OUT DOOR TRANSIT COST	MISC
	(000)	(000)	(000)	(000)	(000)
Pall Mall Cols	4,926 ✓	2,489	1,475	950	12
TREY F&S	5,612 ✓	3,144	1,482	950	36
Twist	6,413 ✓	3,801	1,647	950	15
Silver Tins Filter	2,128 ✓	1,638	984	—	6
Lucy Tins	3,721 ✓	681	1,489	950	1
ICBINE	1,132 ✓	603	525	—	4
Pall Mall Extra Mils	1,024 ✓	429	543	—	2
Carlton F M	1,496	448	1,023	—	5
TOTALS	26,332	13,283	9,168	3,800	81

Revised
10/24/73

9/17/73 Plan

REV 9/24/73

1974
Pull mall Cols

MAGAZINES# INSCRIPTIONS

TV Guide

26 ✓

TIME

13 ✓

Playboy

6 ✓

PENTHOUSE

6 ✓

SPORTS ILLUSTRATED

11 ✓

TRUE

4 ✓

SPORTS

3 ✓

SPORTS AHEAD

5 ✓

GUNS & Ammo

5 ✓

Popular Mechanics

5 ✓

Popular Science

10 ✓

Hot Rod

6 ✓

Gallery

6 ✓

Cosmopolitan

6 ✓

Woman's Day

6 ✓

EOG

4 ✓

Magazine Space (000) \$ 2,389

Production 100

Total Magazine \$ 2,489

NEWSPAPERS

1. ALL TV Loc Papers - 52 TV Loc UNITS
2. Top 25 R.O.P. Magazines (Same As 73) - 52 - 200 Line UNITS
3. NY News, Newsday, Phil News, Providence Tel Bulletin - 52 - 200 Line UNITS
4. N. Y Post - 43 Back Page UNITS - 9 Bonus 200 Line UNITS
5. EL Dineo - 52 Back Page UNITS
6. Seattle Post & Times - 16 Front Page Box UNITS each
7. National Enquirer - 17 Back Page UNITS

Newspaper Space \$ 1,440

Production 35

Total Newspapers \$ 1,475

1974
Full Mult Golo (Cur's)

OUTDOOR & TRANSIT

30 SHEET T. 25 MACHINES Plus Louisville 3 MONTHS
TRANSIT - N.Y. CHICAGO, BOSTON, ^{WASHINGTON} Louisville 3 MONTHS

SPACE COST	(000) \$900
PRODUCTION	<u>50</u>
TOTAL	\$950

Factory Bonds, Policy Macazines, Criminal Journals
& MISCELLANEOUS

\$12

Grand Total

\$4,926

8/14/73 Plan
Rev 7/24/73

1974
Pull Moll Extra Mils Cup

MAGAZINES

TISSOTIONS

NEWSWEEK
PLAYBILL
PERFORMING ARTS
STREETWILL

26
3
3
3

(000)
MAGAZINE SPACE \$ 439
PRODUCTION 40
\$ 479

NEWSPAPERS

1. TOP 35 ROP MMS (Same As 73) 52 - 200 LINE UNITS
2. NY TIMES 53 - 200 LINE UNITS
3. NATIONAL OBSERVER 8 - 200 LINE UNITS

(000)
NEWSPAPER SPACE \$ 503
PRODUCTION 40
Total Newspapers \$ 543

General Simulation & Misc

\$ 2

GRAND TOTAL

\$ 1,024

52
 250
 10400
 ÷ 80
 130000

1974
 TRAVEL (CONT'D)

NEWSPAPERS

1. ALL T.V. Loc PAPERS - 52 TV Loc UNITS
2. TOP 25 R.O.P. MARKETS (Same AS 73) 52-200 LINE UNITS
3. N.Y. Times, Newsday, Phil News, Providence JEL Bulletin 52-200 LINE UNITS
4. NY Post 43 Back Page UNITS & 9 Bonus 200 LINE UNITS
5. JEL DIARY - 52 Back Page UNITS
6. Seattle Post & Times - 17 Front Page Box UNITS
7. National Enquirer 17 Back Page UNITS

(000)
 Newspaper Space \$1,442
 PRODUCTION 40
 Total Newspapers \$1,482

OUTDOOR & TRAVEL

- 30 SHEETS - TOP 25 MARKETS Plus Louisville 3 MONTHS
 TRAVEL - NY Chicago, Boston & Louisville 3 MONTHS

(000)
 Space Cost 900
 PRODUCTION 50
 \$950

Energy Bonds, Policy MAGAZINES }
 General Insurance & more

(000)
 \$36

Grand Total

\$5,612

7/11/73 PLAN
REV 7/24/73

1974	
LUNCH TIME 100	
MAGAZINES	# INSERCTIONS
TIME	20
Camelion World	9
Playall	3
PERFORMING ARTS	3
STACERILL	3
	(000)
	MAGAZINE SPACE \$ 641
	PRODUCTION 40
	TOTAL MAGAZINES \$ 681
NEWSPAPERS	
1. ALL TV Loc PAPERS - 52 TV Loc UNITS	
2. TOP 25 R.O.P. PAPERS (SOME RE 75) 52- 200 LINE UNITS	
3. NY TIMES 53- 200 LINE UNITS	
4. NY POST 42 BACK PAGE UNITS + 8 BONUS 200 LINE UNITS	
5. EL DIARIO - 52 BACK PAGE UNITS	
6. NATIONAL OBSERVER 9- BACK PAGE UNITS	
	(000)
	NEWSPAPER SPACE \$ 1,449
	PRODUCTION 40
	\$ 1,489
OUTDOOR & TRANSIT	
30 SHEETS TOP 25 PAPERS PLUS LOUISVILLE 3 MONTHS	
TRANSIT, NY CHICAGO, BOSTON, WASHINGTON D.C., LOUISVILLE 3 MONTHS	
	(000)
	SPACE COST \$ 900
	PRODUCTION COST 50
	\$ 950
General Sampleline & Misc	(000)
	\$ 1
GRAND TOTAL	3,121

Rec 9/24/73

MACALINE Sales	(000)
PRODUCTION	100
TOTAL MACALINE	3,801

1974
Transit (Cont'd)

Miscellaneous

1. 3 All TV Loc Expenses - 53 TV Loc charts
2. Top 25 Pop magazine (Jan 1973) 53-200 Loc charts
3. NY Times, Wednesday, Paula Abdul, Expenses for Bulletin Board
4. NY Post 46. Green Pass June + 9. Bonus 200 Loc charts
5. EL Times 53 Green Pass June
6. Sunday Post + Times 17 - Heart Pass Box charts
7. National Geographic 18 Bonus Pack charts
8. Green Wednesday 40-200 Loc charts 139,000.00

Miscellaneous
Production
(000)
\$ 4,600
40
\$ 1,640

Outreach - Transit

30 Swirls - Top 25 magazine + Louisville - 3- months
Transit NY, Chicago, Boston, Washington DC 3 months
1

Space Cost
Production
(000)
\$ 200
58
\$ 950

Therapy Boncos, Policy, Appendix, Current
Structure & more

(000)
\$ 115

Census Form

6/1/73

9/19/93 2:20
Riv 9/24/73

<u>1974</u>		<u>FOUR</u>	
<u>MAGAZINES</u>		<u># INSTRUCTIONS</u>	
TIME	21	(000)	
		MAGAZINE SPACE \$	558
		PRODUCTION	45
		TOTAL MAGAZINES \$	603
<u>NEWSPAPERS</u>		(000)	
1. TOP 25 ROP MAGAZINES (SOME A.C. 73)	52-200 LINE UNITS	NEWSPAPER SPACE \$	485
2. NY TIMES	52-200 LINE UNITS	PRODUCTION	40
		TOTAL NEWSPAPERS \$	525
FACTORY BONDS, GENERAL SAMPLING & MISC		(000)	
			\$ 4
GRAND TOTAL			\$ 1,132

9/27/43 Plan
Rev 3/24/43

<u>1944</u> <u>Control</u>	
<u>MAGAZINE</u>	<u># INSTRUCTIONS</u>
TV GUIDE	20
US NEWS R	13
<div> <div>(000)</div> <div>MAGAZINE SPACE \$ 438</div> <div>PRODUCTION 10</div> <div>TOTAL MAGAZINE \$ 448</div> </div>	
<u>NEWSPAPERS</u>	
1. TOP 25 CONTROL MAGAZINES 74-150 Line Units *	
2. NATIONAL OBSERVER 9 BOON PACE UNITS	
<div> <div>(000)</div> <div>NEWSPAPER SPACE \$ 1,018</div> <div>PRODUCTION 13</div> <div>\$ 1,023</div> </div>	
Factory Boards Circular Sample Line - Misc	(000) \$ 5
Grand Total	1,476 7
* Includes 42 Boon Paces Units in N.Y. Post	
Note Daily Newspaper Costs Reflected Substituting Portland Ore, Phoenix, Dallas San Diego Kansas City, Fox Atlanta, Hartford / New Haven Buffalo, Cincinnati & Minneapolis	

1974 Production Budgets - Out of Home media

			Total Avg 9/28	Transit (Remarks)	Outdoor 1-30 sheet rates	
					Budget	Avg Cost Avg months
PMF 100's			50 000	26 000	24 000	3
Torington			50 000	26 000	24 000	3
Twist			50 000	26 000	24 000	3
Lucky Ten			50 000	26 000	24 000	3
			200 000	104 000	96 000	
(1) 1973 Avg + 5%						
(2) " " "						
(3) 1973 Avg for all breaks + 5%						

J. R. H. 25/1

1 Sheet

1977 Total

(3 sheets) N.Y.

Subways

9,000 / mo

108,000

Chicago TDI

2,580 / mo*

30,960

Chicago Rapid Transit

2,000 / mo

24,000

13,580

\$

162,960

Buses

Boston

3,720 / mo

44,640

Washington

1,580 / mo

18,960

Louisville

2,275.50 / mo

27,306

7575.50

\$

90,906

21,155.50

\$

253,866

* 10% contingency

1974
007D002

THE AMERICAN TOBACCO COMPANY

8/23/73

30 SHEET POSTER ESTIMATE

1974

Revised
11/19/73

	Jan	Feb	March	April	May	June	July
New York	55,754	55,754	55,754	55,754	55,754	55,754	56,240
* Philadelphia	13,621	13,621	13,621	13,621	13,621	13,621	13,621
* Los Angeles	28,203	28,203	28,203	28,203	28,203	28,203	28,203
* Chicago	21,263	21,263	21,263	21,263	21,263	21,263	21,263
Detroit	15,173	15,173	15,173	15,173	15,173	15,173	15,173
San Francisco	13,553	13,553	13,553	13,553	13,553	13,553	13,553
Washington	2,811	2,811	2,811	2,811	2,811	2,811	2,811
Pittsburgh	8,704	8,704	8,704	8,704	8,704	8,704	8,704
St. Louis	8,384	8,384	8,384	8,384	8,384	8,384	8,384
Boston	12,496	12,496	12,496	12,496	12,496	12,496	12,496
Cleveland	9,142	9,142	9,142	9,142	9,142	9,142	9,142
Baltimore	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Houston	7,101	7,101	7,101	7,101	7,101	7,101	7,101
Minneapolis/St. Paul	9,792	9,792	9,792	9,792	9,792	9,792	9,792
Dallas/Ft. Worth	8,390	8,390	8,390	8,390	8,390	8,390	8,390
Milwaukee	6,642	6,642	6,642	6,642	6,642	6,642	6,642
Cincinnati	3,616	3,616	3,616	3,616	3,616	3,616	3,616
Seattle/Tacoma	5,813	5,813	5,813	5,813	5,813	5,813	5,813
Atlanta	6,344	6,344	6,344	6,344	6,344	6,344	6,344
Buffalo	8,140	8,140	8,140	8,140	8,140	8,140	8,140
Kansas City	5,549	5,549	5,549	5,549	5,549	5,549	5,549
* San Diego	4,280	4,280	4,280	4,280	4,280	4,280	4,280
Miami	5,988	5,988	5,988	5,988	5,988	5,988	5,988
* Denver	5,417	5,417	5,417	5,417	5,417	5,417	5,417
New Orleans	2,835	2,835	2,835	2,835	2,835	2,835	2,835
Louisville	4,172	4,172	4,172	4,172	4,172	4,172	4,172
<u>Total</u>	279,183	279,183	279,183	279,183	279,183	279,183	279,669

* Estimated

	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total 1974</u>
New York	56,240	56,240	56,240	56,240	56,240	671,554
* Philadelphia	13,621	13,621	13,621	13,621	13,621	163,452
* Los Angeles	28,203	28,203	28,203	28,203	28,203	338,436
* Chicago	21,263	21,263	21,263	21,263	21,263	255,156
Detroit	15,173	15,173	15,173	15,173	15,173	182,076
San Francisco	13,553	13,553	13,553	13,553	13,553	162,636
Washington	2,811	2,811	2,811	2,811	2,811	33,732
Pittsburgh	8,704	8,704	8,704	8,704	8,704	104,448
St. Louis	8,384	8,384	8,384	8,384	8,384	100,603
Boston	12,496	12,496	12,496	12,496	12,496	149,952
Cleveland	9,142	9,142	9,142	9,142	9,142	109,704
Baltimore	6,000	6,000	6,000	6,000	6,000	72,000
Houston	7,101	7,101	7,101	7,101	7,101	85,212
Minneapolis/St. Paul	9,792	9,792	9,792	9,792	9,792	117,504
Dallas/Ft. Worth	8,390	8,390	8,390	8,390	8,390	100,680
Milwaukee	6,642	6,642	6,642	6,642	6,642	79,704
Cincinnati	3,616	3,616	3,616	3,616	3,616	43,392
Seattle/Tacoma	5,813	5,813	5,813	5,813	5,813	69,756
Atlanta	6,344	6,344	6,344	6,344	6,344	76,128
Buffalo	8,140	8,140	8,140	8,140	8,140	97,620
Kansas City	5,549	5,549	5,549	5,549	5,549	66,588
* San Diego	4,280	4,280	4,280	4,280	4,280	51,360
Miami	5,988	5,988	5,988	5,988	5,988	71,356
* Denver	5,417	5,417	5,417	5,417	5,417	65,004
New Orleans	2,835	2,835	2,835	2,835	2,835	34,020
Louisville	4,172	4,172	4,172	4,172	4,172	50,064
<u>Total</u>	279,669	279,669	279,669	279,669	279,669	3,353,112

* Estimated