



Inter Office Memo

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TO: Winston BU
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FROM: Jack Bellis

Attached is research report on Free Carton Sampling from
Daytona. Let me know if you have any questions.

Jack

Attachment

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1999 Daytona 500 Free Carton Sampling Study
(May, 1999)

Background

- This study assessed conversion, occasional use and brand perceptions among competitive (non-Winston) NM smokers receiving a free carton and 1999 Nascar calendar at the Daytona 500 on 2/14. These smokers were interviewed by telephone 8 weeks after the race (which was 3 weeks after they received a bounceback mailing containing two coupons).
- A total of 378 NM smokers were interviewed---235 having a Direct Marketing classification as Target Smokers and 143 being non-Target smokers. All of these smokers claimed a UB other than Winston at the race, with 85% of the Target smokers claiming Marlboro as UB and two-thirds of the non-Target claiming either Camel or a non-Doral Savings brand as UB. The Target and non-Target smokers interviewed were representative of all Target/non-Target from Daytona with respect to gender, age, UB and state of residence.

Target smokers received two follow-up trial mailings 5/99 and a second wave of research among these smokers is planned 6/99 to assess the incremental conversion/usage generated by these mailings.

- Although the intent of this study was to measure the conversion effectiveness of one free carton, diagnostics from Direct Marketing name processing and from this study suggest that the average sampled smoker received two free cartons. This is due to smokers visiting multiple sampling booths at the race and to other ways of getting multiple free cartons.

Conclusions/Next Steps

- The free carton sampling is having its intended effect of disrupting the purchase behavior of competitive smokers (for 2-week period):
 - The average smoker participating in Winston's sampling program is receiving two free cartons.
 - The vast majority (75-80%) of sampled smokers are smoking all the Winston product they receive.
- The desired conversion level (20%) is being met and this is on a par with conversion levels the brand has achieved from past single and multi-carton sampling programs (18-22%).

Occasional usage of Winston among non-converts is far higher relative to past carton sampling programs (34% vs 14%) and this is due, in part, to the bounceback mailing that sampled smokers received about 5 weeks after the race.

- Although the free carton sampling is converting its fair share of Marlboro smokers in total, total converts are skewing ^{age} 35+. The sampling program does not seem to be converting its fair share of 21-34 smokers.

This is one of the reasons why the Winston BU is pursuing a new creative approach for Nascar fans...a creative approach that is about Nascar fans that will show fans being "bonded by a common release".

- The sampling program is generating significantly better brand perceptions than is the case among Winston Cup smoker attendees in general. Product based perceptions are the most improved...awareness of no additives, good overall taste rating and smooth taste rating.
- Sampled smokers who also attend Thunder Theater have the most favorable opinions of Winston. This is further evidence of the value of the film/video in building Winston's positioning and lends further support to use of video as an add-on to retail promotions.
- A financial analysis of Nascar Conversion Program will be completed when fuller learning is gained.
 - Results by 7/9 on incremental value of trial mailings and on retention of converts from Daytona
 - Results by 6/25 on conversion level from 5-pack sampling at Houston and Richmond drag races

Conversion/Usage

- The total conversion level of 20% for the Free Carton Sampling compares favorably to past Winston free carton offers. The higher conversion level among non-Target smokers (23% versus 15% among Target) traces to non-Target skewing older in age and having a high proportion (34%) of Savings UB.

Occasional Usage among non-converts was significantly higher than seen from past Winston carton offers. This is due, in part, to the bounceback mailing (\$2 off 2 packs and B1G1F coupons) that these smokers received about 3-4 weeks before the fieldwork for this study.

Share of Requirements (SOR) for Winston converts also compares favorably to past Winston free carton offers.

	<u>'99 Daytona Free Carton</u>			<u>'96 Select SME Pack Swap/Ctn Mailing</u>	<u>'96 Select Expert panel 1-2 Carton Reward</u>	<u>'97 Fla. Grassroots Pack Swap and 6 Carton Placement</u>	<u>'97 Fla. Jumpstart 5 for 1 Pack Swap</u>
	<u>Total*</u> %	<u>Target</u> %	<u>Non-Target</u> %	%	%	%	%
Conversion Level	20	15	23	18	22	18	7
OU Level Among Non-Converts (Bought Winston past 30 days)	34	41	29	14	NA	14	11
- Using Bounceback Coupons	15	19	11	NA	NA	NA	NA
Winston SOR Among New Converts	89	88	89	NA	NA	93	93
Winston SOR among OU's	33	32	33	NA	NA	53	13

*Total is weighted based on number of Daytona smokers classified as Target versus non-Target in DM files (i.e., 7,200 vs. 10,400, respectively) not on research sample size (235 vs 143).

Profile of Converts/OU's

- 85% of Target smokers were Marlboro UB at the track. Winston converted and achieved occasional usage from this fair share of Marlboro smokers.
- Among both Target and non-Target smokers, Winston seemed to be more effective in converting 35+ smokers and less effective in converting 21-34 smokers.

	'99 Daytona Free Carton					
	Target Smokers			Non-Target Smokers		
	<u>Total Sample</u>	<u>Winston Converts</u>	<u>Winston OU's</u>	<u>Total Sample</u>	<u>Winston Converts</u>	<u>Winston OU's</u>
	(235)	(36)	(95)	(143)	(33)	(41)
	%	%	%	%	%	%
Male	73	86	73	76	82	78
21-34	31	17	35	17	3	27
35-49	47	64	43	53	42	54
50-64	22	19	22	30	55	19
<u>UB at Track</u>						
Marlboro	85	81	91	24	18	27
Camel	-	-	-	30	27	29
Savings (non-Doral)	-	-	-	34	45	34
Attended Thunder Theater	29	33	34	42	48	51
Attended 3+ WC Races Past 12 Months	46	47	58	55	67	68

Brand Perceptions

- Smokers receiving the free carton, '99 calendar and interaction with SME staff had significantly better brand opinions than Winston Cup attendees in general. As might be expected from carton placement, product based perceptions showed the largest improvement...i.e., awareness of no additives, good overall taste ratings and smooth taste rating.
- Perceptions of non-Target smokers were directionally higher than for Target smokers and this traces to the higher proportion of Savings smokers within non-Target.
- Smokers who attended Thunder Theater had the most positive perceptions with ratings significantly higher than for smokers who did not see this film.

	2 nd Half '98 National Perception Tracking (1352) %	'98 Nascar/WC Attendee Study (777) %	21+ Competitive (non-Winston) Smokers			
			'99 Daytona Free Carton Study			
			Total Target (235) %	Total Non-Target (143) %	Thunder Theater	
<u>Top 2 Box Agree</u>					<u>Attended</u> (139)	<u>Non Attend</u> (239)
Is a No Bull Brand	29	70	76	84	88	76
Has No Additives	28	53 →	72	76	82	← 70
Is Smooth Tasting	21	40 →	69	75	77	69
Has Good Overall Taste	25	41 →	67	78	82	← 69
For a Straight Forward Person	20	50	55	62	66	← 55
For Person Who Rejects Phony or Artificial Things	19	36 →	43	50	54	← 43
Reflects an Attitude You Like	18	43 →	54	61	69	← 52
Brand friends would smoke	20	46	54	55	64	← 49

Usage of Free Carton

- The vast majority (75-80%) of smokers smoked all of the free product they received with subsequent converts and occasional users more likely to have smoked all of the free product than smokers who did not go on to purchase Winston.

# Free Packs Smoked	Target Smokers			Non-Target Smokers		
	<u>Total</u>	Winston Converts and OU's	Winston Non- Buyers	<u>Total</u>	Winston Converts and OU's	Winston Non- Buyers
All Packs	<u>75</u>	89	← 58	<u>80</u>	92	← 68
8-9 Packs	6	5	7	6	4	8
3-7 Packs	11	5	18	6	2	10
< 3 Packs	8	1	17	8	2	14

Calendar

- All smokers remembered receiving the '99 Nascar calendar with the Free Carton; 82% said they liked the Calendar a lot (i.e., Top Box Likeability Rating) and 79% claimed that they hung the calendar to use.

Thunder Theater

- 37% of smokers receiving the Free Carton claimed to have attended Thunder Theater.
- The Theater appears to be attracting its fair share of male, 21-34, and Marlboro UB smokers.

	Total Sample (Target and non-Target) %	Attended Thunder Theater %
Male	75	68
21-34	22	18
36-49	51	47
50-64	27	35
Marlboro UB	49	45