

NORTH CENTRAL SALES AREA
MONTHLY AREA VICE PRESIDENT'S REPORT

JUNE, 1990

I. Volume

	<u>Total of</u> <u>(Millions of Cigts.)</u>		<u>Actual</u> <u>% Change</u>
	<u>1989</u>	<u>1990</u>	
June	3,896	2,366	- 39.26%
June YTD	15,621	15,113	- 3.26%

- o Regional Managers have reported that personnel were very positive after viewing Mr. Jim Johnston's tape. They were in full agreement that the changes this far, and the ones mentioned for the future, are very motivating.
- o The Value Added Program is beginning to pay big dividends. Listed below are results from Tripifoods, a jobber in our Buffalo Region:
 - 13,500 premiums delivered to 346 outlets in three states (679 cases of T-shirts).
 - 68 cases of Camel product prepacked in the above premiums.
 - Cost of program was \$1,360, or 10 cents per 3-pack deal.
- o In our Detroit Region, Philip Morris has stepped up their efforts on promotional packs of Marlboro in C-stores/gas outlets in defense of our Camel promotions. They have been instructed to secure displays everywhere we have a free dump bin display.
- o The Menthol Initiative Program continues to generate positive comments relative to advertising, premiums and PDI in our East Cleveland Division. After being on the program for over one year, our Sales Reps report increased inventories which means increased business as they do not stock more than they need.

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- o The Doral ICC Program with bonded warehouse out-of-stock problems and the account's inability to substitute non-ICC product due to

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different case codes has caused problems with some direct customers.

- o RSM L. T. Poole reports that our Division Managers who attended the "Smooth Moves" Nightclub Program were very impressed with the quality of the program and the professionalism of personnel conducting the program.
- o The 115 preferred presence displays currently on location in the 158 Garb-Ko/7-Eleven stores in our Detroit Region are paying dividends. Volume numbers for four Camel brand styles versus the same period in 1989 are:

Camel Lt. 85's	+ 40%
Camel Filter 85's	+ 54%
Camel Lt. Hard Pack	+338%
Camel Filter Hard Pack	+147%

Although the total Marlboro franchise remains strong in this chain, it is obvious that the Camel promotional programs have had an effect as Marlboro Lt. 85's for the same time period has declined by more than 1%.

II. New Brands/Test Brands (RJR & Competitive)

- o Salem Gold - Sales on non-promoted product is virtually non-existent. Very little movement on our B2G3F in fringe Metro areas in calls that cater to low-income deal-seeking consumers.
- o Salem Box - Through 6/8/90, Detroit Region distribution in K/A/B accounts is 88%. Division Managers report little movement in the five Divisions not working the MIP Program and a slight increase seen in the Central Detroit Division which is working the MIP Program.
- o P. Lorillard has presented Heritage King Lights and 100's for introduction during July, 1990. This full-price brand will come with a prefixed \$4.00 coupon and ten \$.30 stickers which would be affixed to packs upon opening of the carton. Redemption would be either \$3.00 or \$4.00, based upon the removal of the \$.30 stickers which are attached to the coupon. Also, a B1G1F offer will be forthcoming during the 4th Quarter.

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- o Bristol - Distribution continues to grow with sales increasing. Selected outlets are being offered a B1G1F which is stimulating trial.
- o Raleigh Extra - Beginning to show fairly steady movement due

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mainly to the use of \$1.00 coupons.

- o Montclair - Continues to show exceptional gains in distribution through the use of BlG1F and \$.25-off packs in our Pittsburgh Region.

III. Merchandising

- o United Marketing/Kwik Fill (344 stores - Buffalo Region) - SCAM R. L. McComas sold Convenience Store Preferred Presence counter unit to 23 identified high-volume locations that were formerly Stop n' Go stores. This brings the total amount of stores in this chain participating in the program to 56.
- o Dairy Mart Southeastern (75 stores - Cincinnati Region) - SCAM D. L. Murley sold Convenience Store Preferred Presence counter unit to 30 identified high-volume locations.
- o Thornton Oil (110 stores - Cincinnati Region) - SCAM D. L. Murley sold PCD Plan 4K to 91 locations. Average carton volume in this chain is 400 cartons per week.
- o Next Door Foods (37 stores - Detroit Region) approved our Convenience Preferred Presence floor units for an additional seven stores. We now have the program in 29 of the 37 stores and have experienced a 15% increase in cigarette sales due to the program.
- o Mirabito Quickaway (27 stores - Buffalo Region) - ASR Duszynski has sold this chain on co-existence of displays. Philip Morris gets overheads, non cash register PCD with \$50.00 per month overhead payment. RJR will have lighted signage PCD at the cash register and promotional unit. RJR units only were placed in nine highest volume outlets. Philip Morris is paying for full service gas stations with no visibility for signage.

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IV. Competitive Information

- o SCAM D. L. Murley, Louisville Chain Division, reports Philip Morris is taking a more active role in consumer sampling in Louisville. They are assigning Sales Reps to work the chain store grand openings. The Sales Rep encountered recently was assigned to a new Winn-Dixie Marketplace from 10:00 a.m. to 4:00 p.m.

The basic function was to stand by the carton fixture and offer consumers a free T-shirt, lighter and/or general market premium plus she was also giving out a coupon brochure with an answer

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card. No purchase was necessary to receive any of the general items. They were just simply offered to anyone who came by.

- o Philip Morris is offering a summer volume program to increase inventory of Marlboro brand cigarettes (Washington Region). A 15-cents prebooking allowance is offered for extra orders of all Marlboro brands.
- o Philip Morris is also working the following promotions in the NCSA:
 - Bristol - BlG1F as part of their introduction.
 - Alpine - \$1.00-off 2-pack purchase.
 - Cambridge - \$3.00 coupon seen in West Virginia and Kentucky.
 - Cambridge - "Bag It" coupon - \$2.00 off a carton plus.
 - Cambridge - \$2.00 off at retail on any item in the store except tobacco or liquor.
- o American Tobacco is working the following promotions:
 - Montclair - \$1.00 coupons.
 - American Lights - \$2.00 off a carton coupon.
 - Lucky Strike Filter - \$2.00 off a carton coupon.
 - Malibu - \$3.00 off a carton coupon.
 - Pall Mall - \$3.00 off a carton coupon.

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- o Liggett & Myers is working the following in the NCSA:
 - Pyramid - \$1.00 off carton coupons.
 - Quality Seal - \$2.00 off a carton coupon and 25-cents per carton distribution allowance (retail).
 - Class A - \$2.00 off a carton coupon.
 - L & M and Eve - \$3.00 off a carton coupons.
- o Brown & Williamson is working the following:
 - Raleigh Extra - BlG1F, \$1.00 carton coupons, and 25-cents off pack coupons.
 - Belair - \$3.00 off carton coupons and 30-cents off pack coupons.
 - \$2.00 off a carton coupons on Capri, Kool and Richland.
 - \$2.50 off a carton coupons on Barclay and Viceroy.

V. Action Plans

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- o Regional Managers are addressing Supermarket Package Bonus Program to lock in our UPM/Express Checklane Displays.
- o We are continuing to present Convenience Store Preferred Presence on a priority basis.
- o We are continuing a concentrated effort on placement of Express Checklane and UPM merchandisers.
- o Regional Managers/Division Managers continue to monitor and reduce back room inventories.

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