

PROMOTION RESEARCH PROPOSAL
(MDD #85-33410)

WFF

TITLE: WINSTON PACKAGE OUTLET CONTINUOUS PROMOTION TEST

PURPOSE: Assess WINSTON's performance in package outlets resulting from continuous and exclusive promotional and point-of-sale support.

BACKGROUND: Package action outlets (convenience stores and service stations) represent a strong opportunity for incremental volume growth for RJR at the direct expense of PM, the Company's primary competitor. The Company and WINSTON are somewhat underdeveloped in convenience chains versus total food store share development while PM and Marlboro are dramatically overdeveloped.

<u>AC Nielsen Food Store SOM (May, 1985)</u>			
		<u>All Food Stores</u>	<u>Convenience Chains</u>
RJR Total	32.69	<-----	28.95
WINSTON	11.25	<-----	10.03
PM Total	33.34	----->	44.70
Marlboro	19.75	----->	29.41

Moreover, the importance of package action outlets is reflected in their recent growth in cigarette volume in general and in the overdevelopment and growth of package outlets among younger adults - an important strategic target group for the Company.

<u>Estimated Outlet Share</u>			
		<u>Total Adults</u>	<u>18-24</u>
		<u>1980</u>	<u>1984</u>
Conv. Chains	8.5 -> 14.4	17.3	25.1
Serv. Stations	7.3 -> 10.4	11.8	15.8
Total	15.8 -> 24.8	29.1	40.9

Given the Company's underdevelopment in these critical outlet types, a program has been developed to provide WINSTON with continuous and exclusive promotional, POS and display support. It is desirable to test this program on a small scale basis to assess share impact and consumer reaction prior to committing funding and sales manpower resources necessary for broadscale implementation of the program.

RESEARCH OBJECTIVE:

- Assess Brand and Company outlet share impact resulting from three months of continuous and exclusive display, POS and promotional support for WINSTON in identified convenience outlets.
- Assess consumer (i.e., franchise + competitive smoker) reaction to the program in terms of:
 - Awareness of in-store display/advertising and promotional activities
 - Participation in and attitudes toward promotion events
 - Brand trial/purchase/occasional use/regular use/attitudes

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ACTION STANDARD: Stores with the continuous promotion should show a significant increase in WINSTON's outlet share during the promotion period relative to WINSTON's outlet share in a matched store panel without the continuous promotion program.

RESEARCH PLAN:

- Overview: The convenience store test program will be implemented in a total of 50 identified Lawson's convenience stores located in Ohio.

In these stores, from October through December, 1985, all display and POS activity will be devoted to WINSTON. Additionally, three promotion events will be implemented to further generate heightened consumer interest in the Brand.

- Outlet Share Tracking: Program impact on outlet share will be assessed via a pre/post test/control audit approach. Specifically, two audits of cigarette sales will be conducted in the 50 stores in which the program is implemented for three weeks prior to the start of the test program and for four 3-week periods during the test. Sales from the test stores will be compared to audit sales from a panel of 50 control stores, selected to match the test stores, in order to determine the incremental impact on outlet share due to the program.
- Consumer Tracking: A base of store patrons will be generated prior to implementation of the test to conduct a pre-wave and three monthly post waves of telephone interviews to assess changes in key measures of awareness, trial, purchase, regular usage, and attitudes among identified smoker patrons of both the test and control stores. Each wave of tracking will be conducted among a minimum of 200 test store smoker patrons and 200 control store smoker patrons.
- Source of Promotion Participation: It is desirable to gain a more precise understanding of who participates in the three promotional offers (particularly in terms of franchise vs. competitive participation) beyond what can be estimated from the planned telephone tracking. To that end, we plan to obtain information among actual promotion participants relating to:
 - Usual brand (prior to promotion participation)
 - Potential switching of outlet shopping habits to take advantage of the promotion (this information will provide directional input to assess the degree to which promotional programs shifted volume into the test stores)
 - Prior promotion participation
 - Age
 - Sex

In addition, eight weeks after the completion of the total program, telephone callbacks to competitive promotion participants will be conducted to assess subsequent conversion.

(See Appendix for details on how consumer tracking and promotion participation sample will be generated and for other uses and limitations of the overall research program.)