

**KENT**  
**HEAVY-UP TEST PROGRAM UPDATE**

**MARCH 28, 1996**

91901767

**KENT**  
**HEAVY-UP TEST PROGRAM**

**MARKETING OBJECTIVE**

- **GENERATE INCREMENTAL KENT VOLUME OVER TIME TO INCREASE KENT'S PROFIT CONTRIBUTION TO THE CORPORATION.**

**GOAL**

**DELIVER A 20% INCREASE OVER THE CURRENT YEAR I TREND AND ESTABLISH LONG-TERM GROWTH POSTURE.**

**KENT**  
**HEAVY-UP TEST PROGRAM**

**MARKETING STRATEGIES**

- **IMPLEMENT AN AGGRESSIVE PROMOTION DRIVEN SUPPORT PLAN DIRECTED TO COMPETITIVE LOW TAR SMOKERS AND CURRENT KENT SMOKERS (OCTOBER '95 THROUGH SEPTEMBER '96) IN THE FOLLOWING REGIONS:**

<b><u>REGION</u></b>	<b><u>HEADQUARTERS</u></b>	<b><u>POP.</u></b> <b>(%)</b>	<b><u>KENT VOL.</u></b> <b>(%)</b>
11	MINNEAPOLIS	4	3
17	TAMPA	5	6
21	SYRACUSE	<u>5</u>	<u>6</u>
		14	15

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**MARKETING STRATEGIES (CONT'D)**

- **PROVIDE CONTINUOUS MARKETING SUPPORT USING A VARIETY OF PRICE INCENTIVES IN SELECT (FIELD SALES IDENTIFIED) PACK AND CARTON OUTLETS.**

# KENT HEAVY UP TEST PROGRAM '95 - '96

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
<b>FSI's</b>	X 2-\$1 Pk \$3 Crtn	X 2-\$0.75 Pk \$5 Crtn	X 2-\$0.50 Pk \$3 Crtn	X 2-\$0.50 Pk \$3 Crtn	X 2-\$1 Pk \$3 Crtn	X 2-\$1 Pk \$3 Crtn						
SFHOs - B1G1F												
\$.50 PK												
\$2 CTN, Mail-in 2-\$2 CTN												
B1G1F												
5 PKs FREE w/CTN or \$2 CTN, Mail-in 2-\$2 CTN												
\$.50 PK												
\$5 CTN, Mail-in 2-\$2 CTN												
\$.75/2 PKs												
\$5 CTN, Mail-in 2-\$2 CTN												
Cigarette/Indian/Tax Stores												
\$.50 PK												
\$5 CTN, Mail-in 2-\$2 CTN												
<u>Purchase Plus</u>												
\$.50 PK: scanner buydown												
\$5 CTN: scanner buydown												
<u>Direct Mail</u>												
Cpns and Phone Card Offer												

**KENT**  
**HEAVY-UP TEST PROGRAM**

**RETAIL PARTICIPATION OVERVIEW**

<u>REGION</u>	<u>TOTAL CLASSIFIED CALLS</u>	<u>KENT HEAVY-UP PROGRAM</u>	<u>% TOTAL</u>	<u>INDIAN RESERVATNS</u>	<u>CIGARETTE STORES</u>	<u>TAX DIFF.</u>	<u>TOTAL # %</u>	
11	6,101	2,666	44	45	14	12	71	1
17	9,788	2,236	23	30	22	0	52	1
21	9,789	2,844	29	88	44	0	132	2
<b>TOTAL</b>	<b>25,678</b>	<b>7,746</b>	<b>30</b>	<b>163</b>	<b>80</b>	<b>12</b>	<b>255</b>	<b>1</b>

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**HEAVY-UP TEST PROGRAM**

**SALES PERFORMANCE OVERVIEW**

- **VOLUME GOAL OF 20% ACHIEVED OR EXCEEDED IN ALL THREE REGIONS (+ 29%).**
- **MSA MARKET SHARE UP 25% (+ .26 SHARE PTS.).**
- **KENT GOLDEN LIGHTS SHARE % CHANGE GREATEST, UP 32%.**
- **100'S OUTPERFORMING KINGS + 34% VS. + 14% RESPECTIVELY.**
- **IRI MARKET SHARE UP 19% OR + .39% SHARE PTS.**
- **IRI PACK SHARE PERFORMANCE EXCEEDING CARTON SHARE GAINS (+ 30% VS. + 15%).**
- **INDIAN RESERVATIONS HAVE HAD A SIGNIFICANT IMPACT ON KENT'S PERFORMANCE.**

**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW**

**MSA VOLUME**

- FOR THE 4 MONTH PERIOD ENDING JANUARY '96, OVERALL VOLUME % CHANGE FOR THE 3 REGIONS IS UP 29%, WITH REGION 17 AND 21 OUTPERFORMING REGION 11.

**VOLUME % CHANGE**  
**(86 SELECT ACCOUNTS)**

	<u>TOTAL</u>	<u>REGION 11</u>	<u>REGION 17</u>	<u>REGION 21</u>
<u>BASE*</u>	<u>-8</u>	<u>-7</u>	<u>-12</u>	<u>-6</u>
OCT'95	+ 22	+ 26	+ 19	+ 23
NOV'95	+ 35	+ 13	+ 34	+ 42
DEC'95	+ 29	+ 24	+ 36	+ 22
JAN'96	+ 29	+ 24	+ 36	+ 22
<b>4 MTH TOTAL**</b>	<b>+ 29</b>	<b>+ 20</b>	<b>+ 30</b>	<b>+ 31</b>

\* 12 MONTHS ENDING SEPTEMBER '95 VS. YAG.

\*\* ACTUAL VS. EXPECTED VOLUME



**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**

**MSA SHARE**

- FOR THE 4 MONTH PERIOD ENDING JAN '96, OVERALL MSA SHARE IS UP +0.26 SHARE POINTS OR 25% WITH LARGEST GAINS ACHIEVED IN REGIONS 17 AND 21.

	<u>TOTAL</u>	<u>REGION 11</u>	<u>REGION 17</u>	<u>REGION 21</u>
BASE	1.02	0.77	1.16	1.01
OCT '95	1.20	0.91	1.33	1.20
NOV '95	1.35	0.85	1.53	1.41
DEC '95	1.26	0.85	1.49	1.26
JAN '96	1.31	0.94	1.58	1.21
4 MTH TOTAL	1.28	0.89	1.48	1.27
<b><u>VS. BASE</u></b>				
SHARE PT. CHG.	0.26	0.12	0.32	0.26
SHARE % CHG.	+ 25	+ 16	+ 28	+ 26

**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**

**MSA SHARE BY KENT BRAND**

- **KENT GOLDEN LIGHTS HAS ENJOYED THE GREATEST SHARE % GAIN FOR THE 4 MONTH TEST PERIOD, UP .09 SHARE POINTS OR +32%.**

	<b><u>TOTAL</u></b> <b><u>KENT</u></b>	<b><u>KENT</u></b>	<b><u>KENT GL</u></b>	<b><u>KENT III</u></b>
<b>BASE</b>	<b>1.02</b>	<b>0.43</b>	<b>0.28</b>	<b>0.30</b>
<b>OCT '95</b>	<b>1.20</b>	<b>0.52</b>	<b>0.33</b>	<b>0.35</b>
<b>NOV '95</b>	<b>1.35</b>	<b>0.54</b>	<b>0.40</b>	<b>0.40</b>
<b>DEC '95</b>	<b>1.26</b>	<b>0.50</b>	<b>0.37</b>	<b>0.39</b>
<b>JAN '96</b>	<b>1.31</b>	<b>0.51</b>	<b>0.40</b>	<b>0.40</b>
<b>4 MONTH TOTAL</b>	<b>1.28</b>	<b>0.52</b>	<b>0.37</b>	<b>0.38</b>
<b><u>VS. BASE</u></b>				
<b>SHARE PT. CHG.</b>	<b>0.26</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>
<b>SHARE % CHG.</b>	<b>+25</b>	<b>+21</b>	<b>+32</b>	<b>+27</b>

**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**

**MSA SHARE BY KENT PACKING STYLE**

- TOTAL KENT 100'S PACKINGS ARE OUTPERFORMING TOTAL KENT KINGS PACKINGS IN SHARE PT. CHANGE (+.18 VS. +.08) AND SHARE % CHANGE (+36% VS. +15%).

	<u>TOTAL</u> <u>KENT</u>	<u>KINGS</u>	<u>100'S</u>	<u>BOX</u>	<u>BOX</u> <u>100'S</u>
BASE	1.02	0.52	0.50	0.02	0.02
OCT '95	1.20	0.59	0.60	0.02	0.03
NOV '95	1.35	0.61	0.73	0.02	0.03
DEC '95	1.26	0.58	0.68	0.02	0.04
JAN '96	1.31	0.61	0.70	0.03	0.04
4 MONTH TOTAL	1.28	0.60	0.68	0.02	0.03
<b><u>VS. BASE</u></b>					
SHARE PT. CHG.	0.26	0.08	0.18	0.00	0.01
SHARE % CHG.	+25	+15	+36	+0	+50

**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**

**IRI SHARE**

- 7 IRI MARKETS REPRESENT THE 3 TEST REGIONS. THE TOTAL SHARE GAIN IN THESE COMBINED MARKETS FOR THE 17 WEEK PERIOD ENDING 2/11/96 IS +.39 SHARE PTS. OR +19%.

	<u>REGION 11</u>			<u>REGION 17</u>		<u>REGION 21</u>		
	<u>TOTAL</u>	<u>DES MOINES</u>	<u>MINN/ ST. PAUL</u>	<u>ORLANDO</u>	<u>TAMPA/ ST. PETERS</u>	<u>BUFF/ ROCH</u>	<u>HART/ SPFLD</u>	<u>SYRACUSE</u>
BASE	1.94	1.90	2.12	1.47	1.97	1.61	2.77	1.59
OCT '95	2.10	2.01	2.17	1.62	2.27	1.84	2.93	1.79
NOV '95	2.40	2.51	2.42	1.83	2.49	2.19	3.37	2.00
DEC '95	2.33	2.33	2.60	1.76	2.36	2.06	3.09	1.79
JAN '96	2.19	2.40	2.29	1.75	2.28	1.88	2.79	1.62
FEB '96	2.35	2.42	2.44	1.85	2.50	1.98	3.07	1.78
17 WEEK TOTAL (ENDING 2/11/96)	2.33	2.40	2.43	1.80	2.43	2.05	3.11	1.84
<b>VS. BASE</b>								
SHARE PT.CHG.	0.39	0.50	0.31	0.33	0.46	0.44	0.34	0.25
SHARE % CHG.	+19	+26	+15	+22	+23	+27	+12	+16

**KENT**  
**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**

**IRI SHARE - CARTON VS. PACK**

- FROM A SHARE % CHANGE, PACK SHARE GROWTH EXCEEDS CARTON SHARE (30% VS. 15% RESPECTIVELY).

	<u>TOTAL</u>	<u>CARTON</u>	<u>PACK</u>
<b>BASE</b>	<b>1.95</b>	<b>1.49</b>	<b>0.46</b>
<b>OCT '95</b>	<b>2.49</b>	<b>1.76</b>	<b>0.73</b>
<b>NOV '95</b>	<b>2.40</b>	<b>1.77</b>	<b>0.63</b>
<b>DEC '95</b>	<b>2.33</b>	<b>1.72</b>	<b>0.61</b>
<b>JAN '96</b>	<b>2.19</b>	<b>1.63</b>	<b>0.55</b>
<b>FEB '96</b>	<b>2.35</b>	<b>1.75</b>	<b>0.59</b>
<b>17 WEEK TOTAL</b>	<b>2.33</b>	<b>1.72</b>	<b>0.60</b>
<b>VS. BASE (ENDING 2/11/96)</b>			
<b>SHARE PT. CHG.</b>	<b>0.39</b>	<b>0.23</b>	<b>0.14</b>
<b>SHARE % CHG.</b>	<b>+ 19</b>	<b>+ 15</b>	<b>+ 30</b>

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**HEAVY-UP SALES PERFORMANCE REVIEW (CONT'D)**  
**INDIAN RESERVATIONS**

- IN REGION 17, THE SEMINOLE INDIAN DIRECT BUYING ACCOUNT REPRESENTS 56% OF KENT'S SHARE GAIN OR A SHARE INCREASE OF 154%.

**REGION 17 - TAMPA**  
**SELECTED ACCOUNT PANEL**

	TOTAL KENT		
	<u>SOM</u>	<u>SEMINOLE</u>	<u>REM. ACCTS.</u>
6 MOS BASE	1.12	0.13	0.98
% OF TOTAL		12	88
OCT '95	1.33	0.29	1.04
NOV '95	1.53	0.33	1.20
DEC '95	1.49	0.33	1.16
JAN '96	1.58	0.40	1.18
4 MOS TEST	1.48	0.34	1.14
% OF TOTAL		23	77
PT.CHG.VS.BASE	0.36	0.20	0.16
% CHG VS.BASE	32	154	16
% OF TOT.PT.CHG	100	56	44

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**INDIAN RESERVATIONS**

- IN REGION 21, THE DIRECT BUYING ACCOUNT (ATTEA) THAT REPRESENTS SALES TO INDIAN RESERVATIONS ACCOUNTS FOR 53% OF KENT'S SHARE GAIN OR A SHARE INCREASE OF 63%.

**REGION 21 - SYRACUSE**  
**SELECTED ACCOUNT PANEL**

	<b><u>TOTAL KENT</u></b> <b><u>SOM</u></b>	<b><u>ATTEA</u></b>	<b><u>REM. ACCTS.</u></b>
6 MOS BASE	1.02	0.21	0.81
% OF TOTAL	100	21	79
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OCT '95	1.20	0.31	0.89
NOV '95	1.41	0.39	1.02
DEC '95	1.26	0.34	0.92
JAN '96	1.21	0.34	0.86
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4 MOS TEST	1.27	0.35	0.92
% OF TOTAL	100	27	73
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PT.CHG.VS. BASE	0.25	0.13	0.12
% CHG.VS. BASE	25	63	15
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% OF TOT. PT.CH.	100	53	47

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**OVERALL CONCLUSION**

- THROUGH JANUARY, VOLUME GOAL OF 20% HAS BEEN ACHIEVED, HOWEVER, WHILE IRI INDICATES SOLID SALES IMPROVEMENT IN THE GENERAL MARKET (+ 19%), INDIAN RESERVATIONS ARE PLAYING A SIGNIFICANT ROLE IN THE BRAND'S OVERALL MARKET PERFORMANCE.



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**HEAVY-UP TEST PROGRAM**

**RECOMMENDED NEXT STEPS**

- **CONTINUE TO IMPLEMENT IN REGION 11 AND 21 THE CURRENT PLAN AND READ THE SALES IMPACT OF THE \$5 CARTON COUPON IN THE GENERAL MARKET.**
- **REDUCE THE \$5 CARTON COUPON TO \$2 IN INDIAN RESERVATIONS IN REGION 17 AND EVALUATE THE INFLUENCE OF A LOWER CARTON COUPON VALUE ON SALES PERFORMANCE.**

**TIMING: APRIL**