

100 YEARS OF
PHILIP MORRIS



Mill

Philip Morris

Philip Morris U.S.A.

(000 omitted)	1971	1970	1969
Operating Revenues	\$1,035,178	\$920,323	\$800,949
Operating Income	166,734	138,051	106,435

Philip Morris U.S.A. achieved record results in 1971, indicating clearly that the transition from the broadcast-oriented advertising programs of prior years to the new era of non-broadcast marketing was successfully accomplished.

Marlboro, the leading Philip Morris brand, also had its best year, moving into second place in unit sales among all brands and accounting for more than 11% of the total U.S. cigarette market. Filter brands—representing 97% of Philip Morris unit sales—accounted for

more than 80% of all industry cigarette sales at the end of 1971. Largely through its success with filter brands, Philip Morris's share of the overall U.S. market—which was 10.3% at the end of 1965—was more than 18% at the end of 1971.

Your company is the leader in the industry's fastest growing filter category—the 100mm brands—which accounted for more than 20% of overall U.S. unit sales last year. Our Benson & Hedges 100's moved close to the number one position among 100mm brands in the U.S., and other U.S.A. brands—principally Parliament 100's and Virginia Slims 100's—further expanded their individual market shares during the year.

With the removal of cigarette commercials from television and radio, print and outdoor advertising have been

expanded, although total advertising expenditures per 1,000 cigarettes have been reduced. The number of people reached through print advertising was smaller than the number reached previously through the electronic media. Our promotional activity was intensified in 1971 through the sponsorship of events such as the Virginia Slims Women's Tennis Circuit. Special promotions such as sweepstakes, contests and in-store display advertising have been expanded. Our sales force was reoriented toward our new promotional efforts.

While the broadcasting ban has made it more difficult to heighten brand awareness, Philip Morris has the advantage of having established strong, clear-cut brand identification for its products through effective marketing.

supplements, Marlboro Lights was test-marketed in New England with good results, then introduced nationally. Marlboro Lights is designed specifically for smokers who prefer lighter tasting, low "tar" and nicotine cigarettes but still desire flavor.

The continuing growth of our cigarette business and the increasing demand for our high-quality products were the major factors influencing our decision to build a new factory, now under construction in Richmond, Virginia. This facility, which will be the largest and most modern cigarette manufacturing plant in the world, is scheduled for completion in 1973. It should enable Philip Morris to meet its estimated requirements for a number of years.

The vast new factory and five other buildings of the new manufacturing complex are being designed by Gordon Bunshaft of the New York office of Skidmore, Owings & Merrill. Its cost

will be in excess of \$80 million. The complex will cover an area of about 18 city blocks.

Two major considerations govern the design: One is efficiency, and the other is people. The plant is being built with the well-being of those who will work there in mind. No reasonable expense is being spared to insure that it will be a pleasant place in which to work. Indeed, we hope to make it one of the most beautiful working environments in the world, and at the same time to insure that it is highly adaptable to human needs, and technologically flexible.

Complementing the new factory, and in keeping with our belief in the importance of research and development as an integral part of our business, a new \$6 million, 8-story research tower is also under construction in Richmond. This new research facility—designed by

1) New research and development tower, Richmond, Va. 2) New outdoor advertising for Parliament. 3) Benson & Hedges 100's sponsors professional skiing. 4) Virginia Slims is major Women's Tennis sponsor. 5) The Marlboro Family—Reds, Longhorn 100's, Menthol and Lights.

1) Parliament 100's packages on the line. 2) New Virginia Slims subway poster. 3) Marlboro cigarettes on the production line. 4) Marlboro Lights—low tar entry in Marlboro line. 5) Model of new cigarette factory under construction in Richmond, Va. 6) Ross Millhiser, Philip Morris U.S.A. President, tours new plant construction site.

