

1. GOOD MORNING! I'M DELIGHTED TO BE HERE THIS MORNING AND TO BE ABLE TO TAKE PART IN THIS IMPORTANT SEMINAR, AS I'M A FIRM BELIEVER IN PROGRAMS LIKE THIS TO DEVELOP TOP LEVEL MANAGERS FOR OUR INDUSTRY. THIS IS THE FIRST YEAR FOR THIS MANAGEMENT COURSE, AND I CERTAINLY HOPE IT IS THE FIRST FOR MANY YEARS TO COME.

THIS MORNING, I PLAN TO TALK TO YOU ABOUT MARKETING AT R. J. REYNOLDS TOBACCO COMPANY, AND I HAVE AN EXCITING STORY TO TELL YOU ABOUT OUR MARKETING EFFORTS AT R. J. REYNOLDS. IT SHOULD BE NO SECRET THAT I AM EXTREMELY PROUD OF WHAT WE HAVE BEEN DOING THE LAST FEW YEARS AND BY WHAT WE PLAN TO CONTINUE TO DO TO KEEP US NUMBER ONE IN THE U. S. TOBACCO BUSINESS.

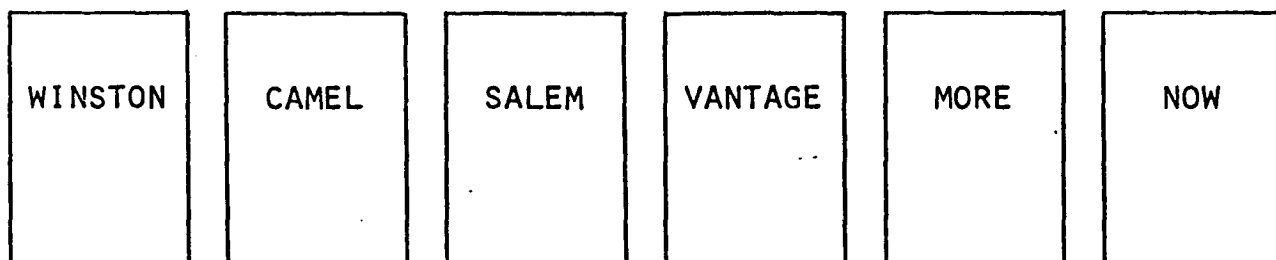
2. I WILL BE PROVIDING YOU THIS MORNING MANY EXAMPLES OF OUR MARKETING EFFORTS FOR EACH OF OUR CIGARETTE BRANDS. BUT FIRST, I WOULD LIKE TO SPEND A FEW MINUTES EXPLAINING HOW IMPORTANT I BELIEVE MARKETING IS AT REYNOLDS TOBACCO AND HOW WE GO ABOUT OUR MARKETING PROCESS. 3. TODAY, R. J. REYNOLDS TOBACCO COMPANY IS A MARKETING COMPANY. QUITE FRANKLY, WE HAVE NOT ALWAYS BEEN A MARKETING COMPANY.

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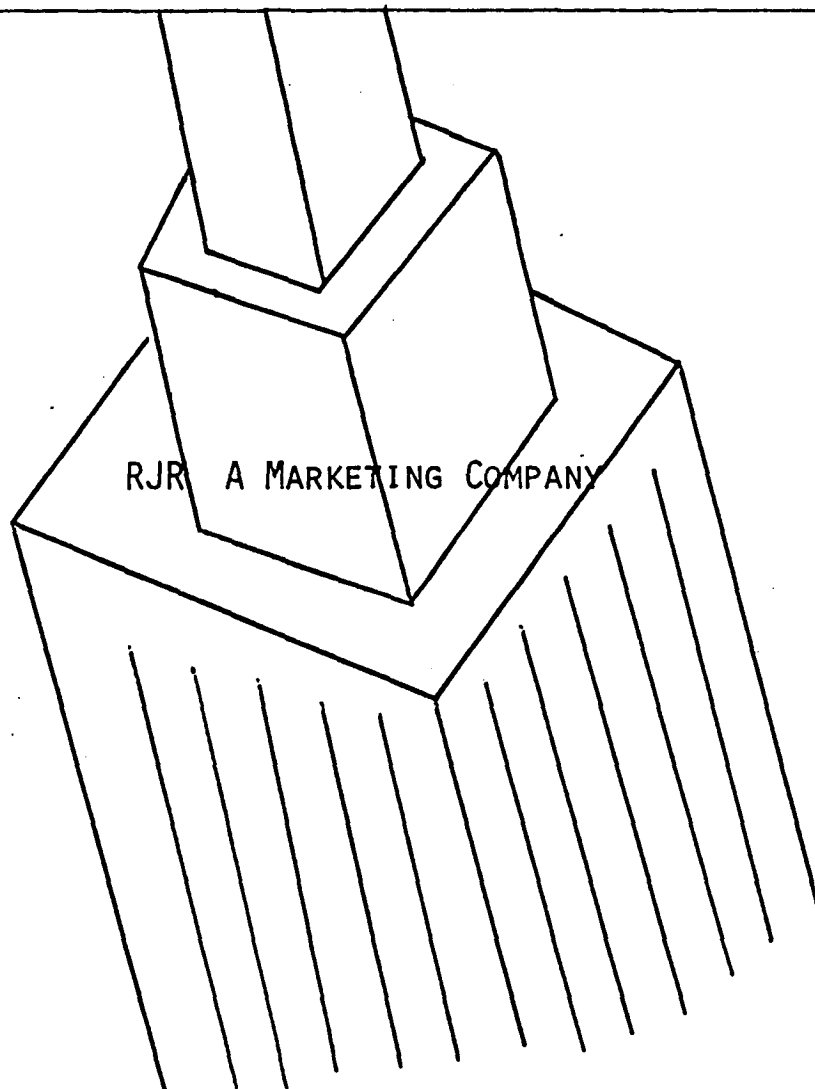


RJ Reynolds Tobacco Company

(SLIDE 1)



(SLIDE 2)



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(SLIDE 3)

IN FACT, I WOULD SAY THAT IN 1980 WE SAW THE "REBIRTH" OF
R. J. REYNOLDS TOBACCO, AS A MARKETING COMPANY.

I THINK IT IS IMPORTANT THAT WE ALL UNDERSTAND WHAT I MEAN BY
MARKETING. (4.) OUR DEFINITION OF MARKETING IS AS FOLLOWS:

MARKETING IS A COMBINATION OF ACTIVITIES DESIGNED TO
PRODUCE PROFITS THROUGH ASCERTAINING, AND SATISFYING THE
CONSUMER WANTS OF A SELECTED SEGMENT OF THE CONSUMER
MARKET.

AS YOU CAN SEE, SATISFYING THE WANTS OF THE CONSUMER IS OUR
GOAL. (5.) TO PUT THIS INTO MORE PRACTICAL TERMS, LET ME CONTRAST
A MARKETING ORIENTED COMPANY SUCH AS REYNOLDS TOBACCO WITH A
MANUFACTURING ORIENTED COMPANY. (6.) THE MANUFACTURING COMPANY
TENDS TO CONCENTRATE ON MAKING ITEMS AND STYLES IT IS MOST
EFFICIENT AT MAKING. IT STICKS TO TRIED AND TRUE MANUFACTURING
PROCEDURES AND EQUIPMENT BECAUSE IT IS MOST COMFORTABLE AND
MOST EFFICIENT WITH THOSE PROCESSES. IT CONCENTRATES ON MAKING
GOODS FASTER AND MORE ECONOMICALLY. SUCH COMPANIES ARE
SUCCESSFUL AS LONG AS THEY ARE MAKING A PRODUCT THAT CONSUMERS
WANT, AND SO LONG AS THE WANTS OF THE CONSUMERS DON'T CHANGE.
WHEN SUCH CHANGES DO OCCUR, HOWEVER, THESE COMPANIES OFTEN HAVE
A DIFFICULT TIME ADJUSTING.

MARKETING

"A COMBINATION OF ACTIVITIES DESIGNED TO
PRODUCE PROFIT THROUGH ASCERTAINING
AND SATISFYING THE CONSUMER WANTS OF
A SELECTED SEGMENT OF THE CONSUMER MARKET."

(SLIDE 4)

MARKETING COMPANY

VS.

MANUFACTURING COMPANY

(SLIDE 5)

MANUFACTURING COMPANY

- ITEMS AND STYLES MOST EFFICIENT WITH
- TRIED AND TRUE MANUFACTURING PROCEDURES
AND EQUIPMENT
- DIFFICULT TIME ADJUSTING TO CHANGES IN
CONSUMER WANTS

(SLIDE 6)

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7. I FEEL THE U.S. AUTOMOBILE MANUFACTURERS ARE EXAMPLES OF MANUFACTURING ORIENTED COMPANIES. THEIR MANUFACTURING PHILOSOPHIES CAUSED THEM NOT TO ANTICIPATE CHANGING CONSUMER WANTS.
8. THE U.S. AUTO MANUFACTURERS COULD NOT KEEP UP WITH CHANGES IN CONSUMER WANTS; THE FOREIGNERS DID AND THEY HAVE REAPED THE BENEFITS.
9. A MARKETING ORIENTED COMPANY DIFFERS FROM A MANUFACTURING ORIENTED COMPANY IN THAT THE MARKETING COMPANY RECOGNIZES THAT SUCCESS OR FAILURE DEPENDS PRIMARILY ON ONE AND ONLY ONE THING -- AND THAT IS PROVIDING THE PRODUCTS THAT THE CONSUMER WANTS. 10. THIS IS BECAUSE THE CONSUMER IS THE FINAL JUDGE WHETHER OR NOT THE COMPANY WILL SUCCEED. 11. THAT MEANS VERY SIMPLY THAT THE KEY ISSUE IS SATISFYING THE WANTS OF THE CONSUMER. MARKETING COMPANIES FIRMLY BELIEVE THAT THE CONSUMER IS KING. IF THE CONSUMER'S WANTS ARE MET, HE OR SHE WILL SPEND MONEY FOR THE PRODUCTS AND THE COMPANY WILL PROSPER. 12. IF THE CONSUMER'S WANTS ARE NOT MET, HE WILL NOT BUY THE PRODUCT. A MARKETING COMPANY KNOWS THAT IT CANNOT FORCE THE CONSUMER TO BUY A PRODUCT WHICH HE DOES NOT WANT, EVEN WITH ADVERTISING, PROMOTIONS AND DEALER INCENTIVES.

BIG CAR/SMALL CAR

(SLIDE 7)

NEWSPAPER CLIPPING -- 30% IMPORTS

(SLIDE 8)

MARKETING COMPANY

(SLIDE 9)

- RECOGNIZES THAT THE CONSUMER IS THE FINAL JUDGE OF SUCCESS OR FAILURE

(SLIDE 10)

- FOCUSES ITS ENERGY ON SATISFYING THE WANTS OF THE CONSUMER

(SLIDE 11)

- KNOWS IT CANNOT FORCE THE CONSUMER TO BUY WHAT HE/SHE DOESN'T WANT

(SLIDE 12)

A MARKETING ORIENTED COMPANY UNDERSTANDS THIS COMPLETELY, AND IT FOCUSES ITS ENERGY WITH SINGLE MINDED DETERMINATION IN SATISFYING THE WANTS OF CONSUMERS.

13. THE MARKETING COMPANY LEARNS AS MUCH AS IT CAN ABOUT THE CONSUMER AS A PERSON -- HIS SELF-IMAGE, HIS GOALS, HIS EMOTIONAL NEEDS, -- AS MUCH AS POSSIBLE TO ENABLE US TO VISUALIZE THE CONSUMER AS A REAL, LIVING PERSON. IT ATTEMPTS NOT ONLY TO MEET THE CURRENT NEEDS OF THE CONSUMER, BUT ALSO TO ANTICIPATE FUTURE NEEDS, SO AS TO AVOID SURPRISES AND NOT SIMPLY REACT TO ANOTHER COMPANY'S PROGRAMS.

THAT COVERS SEVERAL KEY DISTINGUISHING ASPECTS OF A MARKETING COMPANY. NOW LET ME TALK ABOUT HOW WE AT REYNOLDS TOBACCO GO ABOUT THE MARKETING PROCESS.

14. FIRST, ONE OF THE BIGGEST CHANGES WE MADE IN OUR MARKETING PHILOSOPHY WAS OVER TWO YEARS AGO, WHEN I CAME TO THE DOMESTIC TOBACCO COMPANY. AND THAT CHANGE WAS THE MOVE FROM A BRAND STYLE MARKETING APPROACH TO BRAND FAMILY MARKETING.

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- LEARNS ALL IT CAN ABOUT THE CONSUMER TO
UNDERSTAND HIM/HER AS A REAL, LIVING
PERSON

(SLIDE 13)

MARKETING PHILOSOPHY

THE BRAND FAMILY

(SLIDE 14)

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THE BRAND FAMILY MARKETING PHILOSOPHY HOLDS THAT ALL STYLES OF A BRAND FAMILY -- WHETHER THEY BE 100'S, LIGHTS OR MENTHOL -- SHOULD BE MARKETING UNDER AN UMBRELLA POSITIONING. EACH OF OUR BRAND FAMILIES HAS A PRIMARY BENEFIT WHICH IT OFFERS CONSUMERS. IF WE DILUTE THE COMMUNICATION OF THAT PRIMARY BENEFIT BY TRYING TO EMPHASIZE DIFFERENCES OF SPECIFIC BRAND STYLES, THEN WE ARE NOT BEING AS EFFECTIVE AS WE COULD BE. WE WOULD BE CONFUSING CONSUMERS AS TO WHAT THE BRAND NAME STANDS FOR. (15.) THE BRAND FAMILY PHILOSOPHY ALLOWS EACH OF OUR BRANDS TO PORTRAY A CONSISTENT IMAGE OVER TIME TO SMOKERS. RESEARCH HAS SHOWN US THAT WHAT A BRAND NAME STANDS FOR IS ONE OF THE MOST IMPORTANT CHARACTERISTICS A BRAND CAN HAVE.

- (16.) A SECOND IMPORTANT BENEFIT OF BRAND FAMILY MARKETING, IN ADDITION TO SHOWING A CONSISTENT IMAGE, IS THAT WE CAN SPEND OUR ADVERTISING AND PROMOTION MONEY MUCH MORE EFFICIENTLY. WE CAN FOCUS ON COMMUNICATING THE BRAND FAMILY MESSAGE CONTINUOUSLY RATHER THAN SPLINTERING OUR EFFORTS ACROSS DIFFERENT BRAND STYLE MESSAGES.

BRAND FAMILY PHILOSOPHY

- CONSISTENT IMAGE

(SLIDE 15)

BRAND FAMILY PHILOSOPHY

- CONSISTENT IMAGE
- ADVERTISING EFFICIENCY

(SLIDE 16)

50082 6920

THIS CHANGE IN PHILOSOPHY HAS HAD A VERY BIG IMPACT ON OUR MARKETING ACTIVITIES. (17.) AS AN EXAMPLE, LET ME TALK ABOUT CAMEL FOR A MINUTE.

(18.) IN THE LATE 1970'S, CAMEL WAS NOT BEING MARKETING UNDER A CONSISTENT IMAGE. CAMEL REGULAR HAD A SMALL ADVERTISING BUDGET AND WHEN WE DID ADVERTISE IT, WE SHOWED MEN AND THE LINE, "I'D WALK A MILE FOR A CAMEL".

(19.) CAMEL FILTER WAS BEING MARKETING VERY DIFFERENTLY THAN CAMEL REGULAR. WITH CAMEL FILTER, WE WERE TRYING TO ATTRACT THE YOUNGER ADULT MALE. AS YOU CAN SEE, CAMEL FILTERS' ADVERTISING DIFFERED A LOT FROM CAMEL REGULAR.

CAMEL



(SLIDE 17)

OLD CAMEL REGULAR AD

(SLIDE 18)



(SLIDE 19)

50082 6922

(20.) ALSO, LOOK FOR A SECOND AT THE PACKS. OTHER THAN THE ACTUAL CAMEL ITSELF, THEY WERE AS DIFFERENT AS THEY COULD BE.

(21.) IN 1977 WE INTRODUCED CAMEL LIGHTS UNDER ANOTHER STRATEGY. HERE YOU SEE CAMEL LIGHTS INTRODUCTORY ADVERTISING. WITH CAMEL LIGHTS, WE WERE STRESSING A PRODUCT BENEFIT THAT WAS DIFFERENT FROM EITHER OF THE OTHER CAMEL STYLES -- THE COMBINATION OF LOW TAR AND TASTE. (22.) A COMPARISON OF THE LIGHTS PACK WITH THE OTHER STYLES OF CAMEL SHOW BIG DIFFERENCES AGAIN.

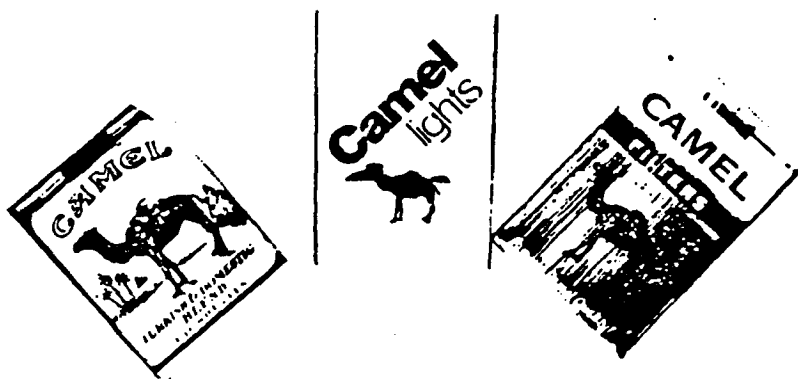


(SLIDE 20)

CAMEL LIGHTS INTRODUCTORY

- BIG HAND

(SLIDE 21)



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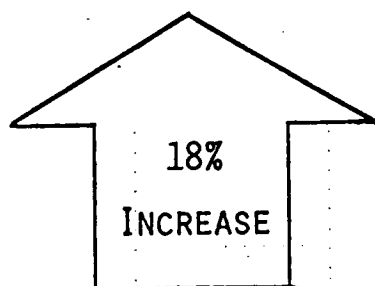
(SLIDE 22)

(23.) WELL, ALL-THAT CHANGED IN 1980. OUR MARKET RESEARCH SHOWED THAT CAMEL HAD A VERY STRONG IMAGE ON WHICH WE WERE NOT CAPITALIZING. WE KNEW THAT THE CAMEL IMAGE WAS REPRESENTED BEST BY THE ORIGINAL CAMEL PACK. SO, OUR FIRST STEP WAS TO TEST MARKET CAMEL FILTER IN THE TRADITIONAL PACK. (24.) AFTER ONLY SIX MONTHS WE HAD AN 18% INCREASE IN VOLUME. SO, IN THE BEGINNING OF 1981 WE WENT NATIONAL WITH CAMEL FILTERS IN THE TRADITIONAL PACK. (25.) THE RESULTS WERE SO GOOD THAT WE DECIDED TO DO THE SAME WITH CAMEL LIGHTS. AS WE SAW WITH CAMEL FILTER, VOLUME INCREASES ON CAMEL LIGHTS WERE VERY IMPRESSIVE. NOW, OUR CAMEL PACKAGING ALL SYMBOLIZES THE CAMEL IMAGE. INCIDENTALLY, PLEASE DON'T THINK FOR A MOMENT THAT ALL WE CHANGED WAS CAMEL'S PACKAGE. WE ALTERED ALL OF OUR MARKETING EFFORTS AS WELL, AND I'LL GIVE YOU MORE SPECIFIC EXAMPLES OF THIS LATER IN THE PRESENTATION WHEN I TALK MORE ABOUT CAMEL.

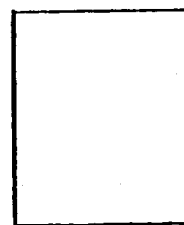
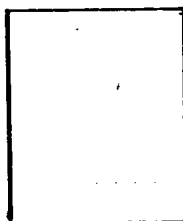
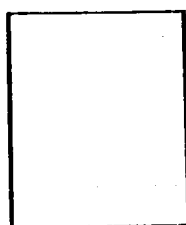
CAMEL FILTER
STRIPTease AD

(SLIDE 23)

CAMEL FILTER VOLUME



(SLIDE 24)



ALL 3 NEW CAMEL PACKS

(SLIDE 25)

50082 6926

(26.) LET ME NOW SPEND SOME TIME AND EXPLAIN TO YOU HOW WE GO ABOUT OUR MARKETING PROCESS AT REYNOLDS TOBACCO. TO MAKE SURE WE ARE THE MOST EFFECTIVE WE CAN BE IN OUR MARKETING EFFORTS, WE FOLLOW A DISCIPLINED MARKETING PROCESS. THIS PROCESS TAKES US THROUGH SEVERAL STEPS. (27.) THE FIRST STEP IS DEFINING A BRAND'S TARGET MARKET.

WE KNOW ALL SMOKERS ARE NOT ALIKE; AND WE KNOW THAT NONE OF OUR BRANDS CAN APPEAL TO ALL SMOKERS. BECAUSE OF THIS, WE HAVE SPENT CONSIDERABLE TIME AND MONEY STUDYING THE MARKET AND DETERMINING KEY OPPORTUNITY TARGETS FOR EACH OF OUR BRANDS. (28.) FOR EXAMPLE, THIS CHART REPRESENTS HOW WE MAY SEGMENT THE MARKET INTO DIFFERENT STRATEGIC GROUPS.

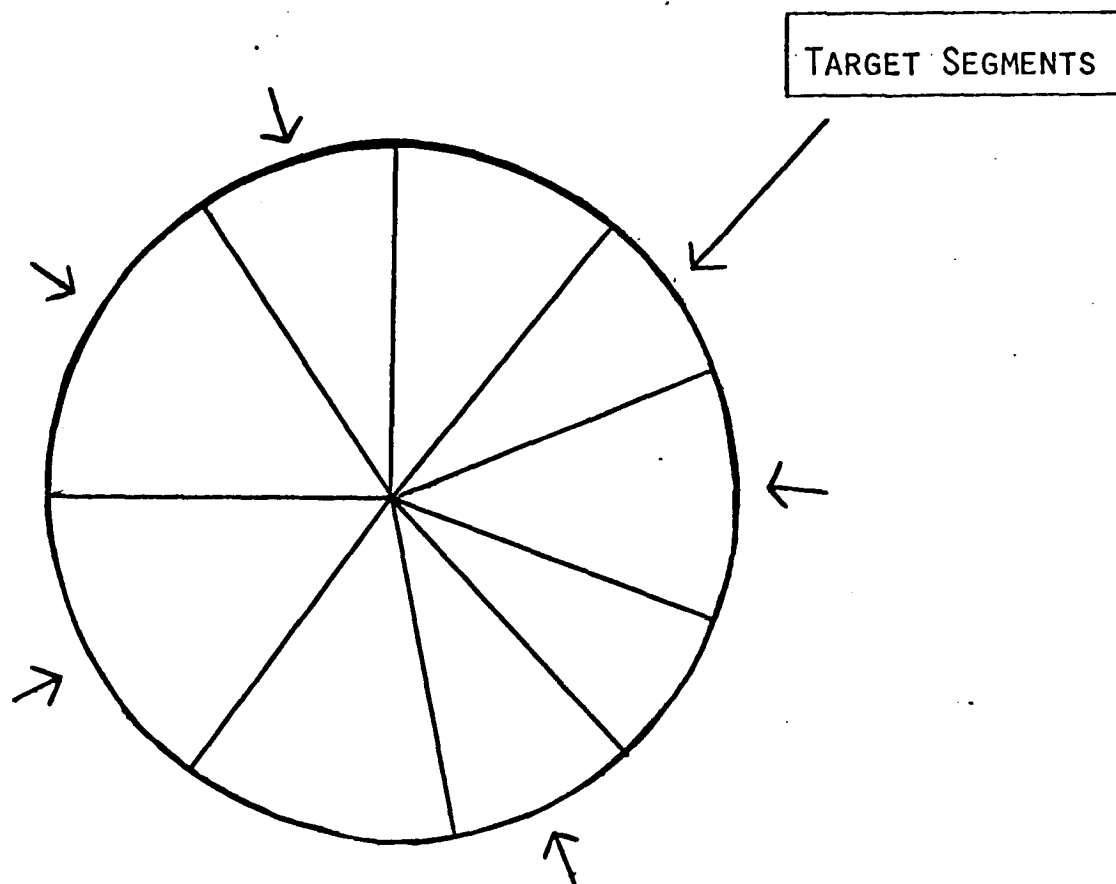
RJR MARKETING PROCESS

(SLIDE 26)

RJR MARKETING PROCESS

● TARGET MARKET

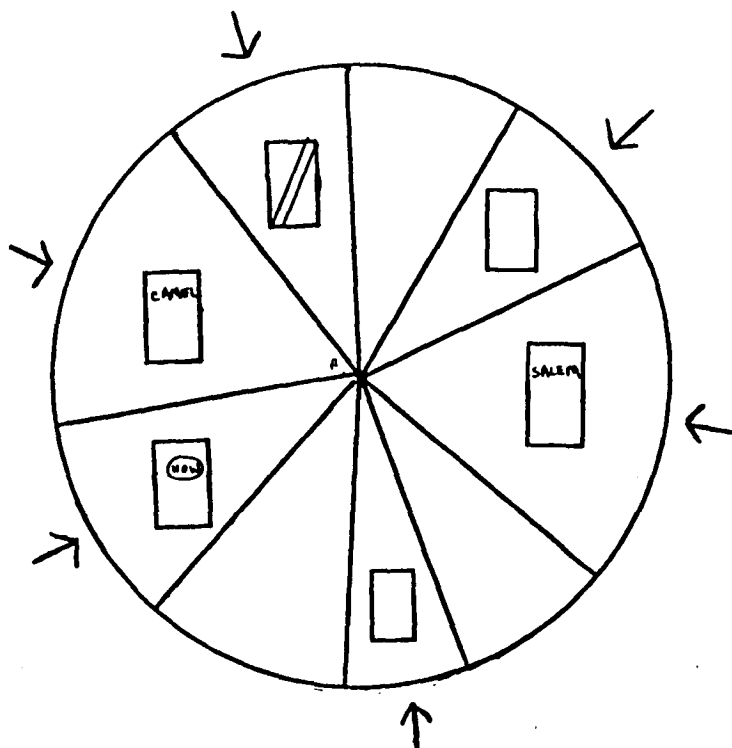
(SLIDE 27)



(SLIDE 28)

50082 6928

- (29.) AFTER COMPREHENSIVE MARKET RESEARCH AND ANALYSIS, WE TARGET EACH OF OUR BRANDS AGAINST IDENTIFIED OPPORTUNITY TARGETS. EVERYTHING WE DO ON A BRAND IS DONE WITH THAT SPECIFIC TARGET MARKET IN MIND.
- (30.) NOW, IT'S ESSENTIAL THAT WE UNDERSTAND EACH OF OUR TARGETS AS MUCH AS WE CAN. OUR LEARNING ABOUT THE TARGET GOES BEYOND CIGARETTES AND SMOKING. WE KEEP ON LEARNING ABOUT THEM AS PEOPLE, AND AS CONSUMERS IN GENERAL, AS WELL. THEIR LIFESTYLE AND PERSONALITY IS OF EQUAL IMPORTANCE TO US AS WHAT ATTRIBUTES THEY WANT IN A CIGARETTE.



(SLIDE 29)

UNDERSTAND THE TARGET CONSUMER

50082 6930

(SLIDE 30)

31. FOR EXAMPLE, WE LEARN ABOUT THE CONSUMER'S SELF-IMAGE, GOALS, LIKES, DISLIKES, CONCERNS, VIEW OF THE FUTURE, ASPIRATIONS, AND EMOTIONAL NEEDS - EVERYTHING ABOUT HIM OR HER WHICH WILL ENABLE US TO VISUALIZE THAT CONSUMER AS A REAL, LIVING PERSON.

ONCE OUR UNDERSTANDING OF THE TARGET MARKET IS COMPLETE, OUR NEXT STEP IS 32. TO PREPARE WHAT WE CALL A BRAND POSITIONING STATEMENT. 33. A BRAND POSITIONING STATEMENT FIRST DESCRIBES, IN DETAIL, WHO THE TARGET MARKET IS AND SECONDLY, EXACTLY HOW WE WANT CONSUMERS IN THAT TARGET TO PERCEIVE THAT BRAND.

34. IN TERMS OF DESIRED PERCEPTIONS, A BRAND POSITIONING STATEMENT COVERS DESIRED PRODUCT ATTRIBUTE PERCEPTIONS, SUCH AS LEVEL OF TASTE AND TAR; AND JUST AS IMPORTANTLY, IT ALSO PINPOINTS A PERSONALITY AND LIFESTYLE POSITION. LIFESTYLE AND PERSONALITY POSITIONING HELP US BUILD A BRAND USER IMAGE WHICH CAN BE DESCRIBED MANY WAYS: THE DEGREE OF SELF-CONFIDENCE SOMEONE WANTS TO PORTRAY; WHETHER A WOMAN WANTS TO BE SEEN AS STYLISH AND EMULATABLE, AND SO ON.

- SELF-IMAGE
- GOALS
- VIEW OF THE FUTURE
- ASPIRATIONS
- EMOTIONAL NEEDS

(SLIDE 31)

RJR MARKETING PROCESS

- TARGET MARKET
- BRAND POSITIONING STATEMENT

(SLIDE 32)

BRAND POSITIONING STATEMENT

- TARGET SMOKER
- DESIRED PERCEPTIONS

(SLIDE 33)

DESIRED PERCEPTIONS

PRODUCT ATTRIBUTES

AND

LIFESTYLE ASSOCIATIONS

(SLIDE 34)

50082 6932

THE BRAND POSITIONING STATEMENT IS A FRAMEWORK FOR ALL THE REST OF THE MARKETING EFFORTS FOR A BRAND. ONCE WE HAVE A SOLID BRAND POSITIONING STATEMENT WE CAN PROCEED WITH THE REST OF OUR MARKETING EFFORTS.

35. AFTER A BRAND POSITIONING STATEMENT IS DEVELOPED, NEXT COMES THE COPY STRATEGY. THE COPY STRATEGY IS INTENDED TO GIVE SPECIFIC GUIDANCE TO OUR ADVERTISING AGENCIES ON WHAT THE ADVERTISING CAMPAIGN SHOULD COMMUNICATE. IT IS IMPORTANT TO UNDERSTAND THAT WE NEVER WANT TO GIVE SO MUCH GUIDANCE THAT WE STIFLE AN AGENCY'S CREATIVITY. CREATIVITY IS THEIR PRODUCT. BUT THE ADVERTISING AGENCIES NEED DIRECTION, A STRATEGY WHICH RELATES TO THE BRAND'S POSITIONING. THAT'S WHAT A COPY STRATEGY IS INTENDED TO DO.

36. ONCE THE COMMUNICATION MESSAGE HAS BEEN DEVELOPED, THE FOURTH STEP IN THE MARKETING PROCESS IS DELIVERING THAT MESSAGE TO THE TARGET CONSUMER.

IN THE LAST TWO YEARS, WE AS A COMPANY HAVE PLACED INCREASED IMPORTANCE ON NEW AND INNOVATIVE DELIVERY VEHICLES IN BOTH MEDIA AND PROMOTION. 37. WE ALSO CHANGED OUR OVERALL SPENDING STRATEGIES VERY SIGNIFICANTLY AS WELL.

RJR MARKETING PROCESS

- TARGET MARKET
- BRAND POSITIONING STATEMENT
- COPY STRATEGY

(SLIDE 35)

RJR MARKETING PROCESS

- TARGET MARKET
- BRAND POSITIONING STATEMENT
- COPY STRATEGY
- DELIVERY VEHICLES

(SLIDE 36)

DELIVERY VEHICLES

- MORE EMPHASIS ON "LOCAL" SPENDING

(SLIDE 37)

50082 6934

WE STRESS LOCAL ADVERTISING MORE NOW THAN WE USE TO. (38.) AS YOU CAN SEE, THE PROPORTION OF OUR BUDGET THAT IS SPENT ON LOCAL ADVERTISING HAS INCREASED DRAMATICALLY IN THE LAST FEW YEARS. THIS IS BECAUSE LOCAL ADVERTISING CAN ALLOW US TO BE MUCH MORE EFFECTIVE AT PINPOINTING OUR EFFORTS, AND IT ALLOWS US GREATER CONTROL AND RESPONSIVENESS TO CHANGING CONDITIONS.

(39.) OUR PRIMARY VEHICLES FOR LOCAL SPENDING ARE NEWSPAPER AND OUT-OF-HOME MEDIA, LOCAL PROMOTIONS AND OUR FIELD MARKETING ACTIVITIES. I WILL SHOW YOU DETAILED EXAMPLES OF THESE LOCAL EFFORTS LATER.

(40.) THIS CHART SHOWS HOW WE HAVE CHANGED OUR SPENDING ALLOCATION FROM 1979 TO 1981. AS YOU CAN SEE, WE HAVE DRAMATICALLY INCREASED THE AMOUNT WE SPEND BEHIND NEWSPAPERS AND OUT-OF-HOME.

% INCREASE IN LOCAL SPENDING

	<u>1979</u>	<u>1981</u>
	<u>%</u>	<u>%</u>
NATIONAL	45	25
LOCAL	55	75

(SLIDE 38)

DELIVERY VEHICLES

- MORE EMPHASIS ON "LOCAL" SPENDING
 - MORE NEWSPAPER, OOH
 - LOCAL PROMOTIONS
 - FIELD MARKETING

(SLIDE 39)

	<u>1979</u>	<u>1981</u>
	<u>%</u>	<u>%</u>
MAGAZINE	45	25
NEWSPAPER	36	49
OUT-OF-HOME	19	26

(SLIDE 40)

41. THAT COMPLETES THE OVERALL MARKETING PROCESS AT R. J. REYNOLDS TOBACCO. HOWEVER, I DO NOT WANT TO MISLEAD YOU INTO THINKING THAT SUPERIOR MARKETING EFFORTS ARE ALL THAT WE CONCENTRATE ON.

42. PRODUCT QUALITY IS ESSENTIAL AS WELL. ALL THE MARKETING EFFORTS IN THE WORLD WILL BE USELESS IF THE CONSUMER DOES NOT LIKE THE PRODUCT WE HAVE TO GIVE THEM.

SINCE I HAVE COME TO THE DOMESTIC TOBACCO BUSINESS, I HAVE CONTINUALLY STRESSED IMPROVING OUR PRODUCT QUALITY. IT CAN BE ARGUED THAT PRODUCT QUALITY IS MORE IMPORTANT IN THE CIGARETTE

MARKETING PROCESS

RJR[®] TOBACCO

(SLIDE 41)

P R O D U C T

Q U A L I T Y

(SLIDE 42)

50082 6938

BUSINESS THAN IN ANY OTHER CONSUMER PRODUCT BUSINESS. THIS IS THE ONLY PRODUCT CATEGORY IN WHICH A CONSUMER EXPERIENCES PRODUCT PERFORMANCE FROM TWENTY TO THIRTY TIMES A DAY, EVERY DAY OF EVERY WEEK OF EVERY YEAR. AS A RESULT, RESPONSE TO A CHANGE IN PRODUCT QUALITY IN THE CIGARETTE BUSINESS IS INSTANTANEOUS.

43. I AM VERY PROUD OF IMPROVEMENTS WE HAVE MADE ON VIRTUALLY EVERY ONE OF OUR PRODUCTS IN THE LAST TWO YEARS. TESTS OF OUR BRANDS VERSUS OUR COMPETITORS HAVE SHOWN OUR IMPROVEMENTS HAVE BEEN DRAMATIC. ALSO, LETTERS WE GET FROM OUR CONSUMERS HAVE SUPPORTED OUR TEST RESULTS COMPLETELY. CONSUMER LETTERS ARE 17% LOWER THAN LAST YEAR.

44. I THINK THAT SHOULD GIVE YOU A FEELING FOR THE MARKETING PROCESS AT REYNOLDS. NOW LET ME SPEND A FEW MINUTES WITH EACH OF OUR BRAND FAMILIES AND SHOW YOU THE PROGRESS THAT WE HAVE BEEN MAKING.

PRODUCT QUALITY

(SHOW CIGARETTES)

(SLIDE 43)

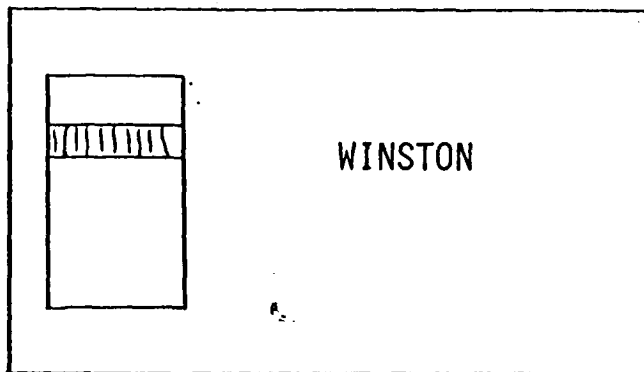
MARKETING AT R. J. REYNOLDS TOBACCO COMPANY

BRAND REVIEW

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(SLIDE 44)

45. LET ME START WITH WINSTON, OUR FLAGSHIP BRAND. CHANGES THAT WE HAVE MADE ON WINSTON IN THE PAST TWO YEARS HAVE BEEN DRAMATIC. THIS HAS RESULTED IN STABILIZED BRAND PERFORMANCE, AFTER SEVERAL YEARS OF DECLINE.
46. IN THE LATE 1970'S WINSTON ADVERTISING WAS TRYING TO SPEAK TO DIFFERENT TARGETS AND TELL DIFFERENT STORIES. WHILE WINSTON HAD INCREASED ITS EMPHASIS ON MASCULINITY AND PORTRAYED SOMEWHAT GLORIFIED OCCUPATIONS, THERE WAS TOO MUCH OF A RANGE BEING SHOWN. THE BRAND WAS OPERATING UNDER A BRAND-STYLE MARKETING APPROACH, AND THE IMAGE OF WINSTON WAS NOT CLEAR.
47. WINSTON'S NEW CAMPAIGN, WHICH WE CALL "MEN OF AMERICA," BRINGS THE BRAND TO A MUCH MORE FOCUSED POSITION. ADDITIONALLY, IT ADDS SOME VERY IMPORTANT DIMENSIONS TO WINSTON'S POSITIONING.



(SLIDE 45)

LATE 1970'S BRAND STYLE ADS

(SLIDE 46)

"MEN OF AMERICA" SPREAD

(SLIDE 47)

50082 6942

(48.) NOT ONLY DOES WINSTON STAND FOR A STRONG, MASCULINE USER IMAGE, BUT IT ALSO STANDS FOR ACHIEVEMENT. (49.) WINSTON'S TARGET LIKES TO GET THINGS DONE, AND WHEN THEY ARE DONE, TO ENJOY THEMSELVES. (50.) MALE COMRADERIE IS AN IMPORTANT ASPECT OF THE CAMPAIGN.

IN ADDITION TO THE ADVERTISING, WINSTON IS SUPPORTED WITH A VARIETY OF VERY TARGETED MARKETING EFFORTS.

"MEN OF AMERICA" AD

(SLIDE 48)

"MEN OF AMERICA" OOH

(SLIDE 49)

"MEN OF AMERICA" OOH

(SLIDE 50)

50082 6944

- (51.) FOR EXAMPLE, OUR LOCAL PROMOTIONAL ACTIVITIES AT BILLY BOB'S TEXAS NIGHTCLUB IN FORT WORTH ARE A GOOD EXAMPLE OF WHAT WINSTON IS DOING IN THIS AREA. BY THE WAY, I'M TOLD THAT BILLY BOB'S IS THE LARGEST NIGHTCLUB IN THE COUNTRY.
- (52.) AS SOON AS YOU ENTER BILLY BOB'S, AND UNTIL YOU LEAVE IT, YOU CANNOT HELP BUT FEEL A PART OF WINSTON.
- (53.) WINSTON ALSO PUBLISHES ITS OWN SPORTS MAGAZINE CALLED HUDDLE. IN THE FALL, THE THEME IS FOOTBALL. IN THE WINTER, THE NAME OF THE MAGAZINE CHANGES TO FASTBREAK, AND IT'S THEME IS BASKETBALL. (54.) THESE MAGAZINES ARE DISTRIBUTED FREE IN CONVENIENCE STORES AND OTHER BUSY OUTLETS DURING FOOTBALL AND BASKETBALL SEASON IN MARKETS COVERING SELECTED ATHLETIC CONFERENCES. WE ARE LOOKING TO EXPAND THIS PROGRAM SOON.

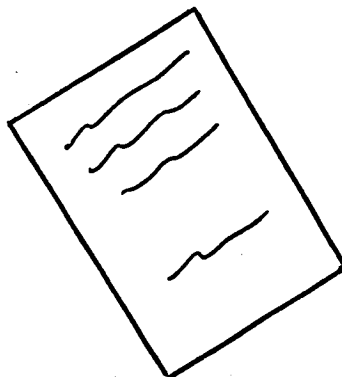
BILLY BOB'S - WINSTON DISPLAYS

(SLIDE 51)

BILLY BOB'S - WINSTON DISPLAYS

(SLIDE 52)

○ HUDDLE



(SLIDE 53)

HUDDLE DISPLAY IN STORE

(SLIDE 54)

50082 6946

STORIES IN THE MAGAZINE ARE RELEVANT AND UP TO DATE.
CONSUMER RESEARCH DONE LAST YEAR SHOWED AN EXTREMELY
POSITIVE RESPONSE AMONG OUR TARGET SMOKERS. IMPORTANTLY,
WINSTON IS THE ONLY ADVERTISED PRODUCT IN HUDDLE MAGAZINE.

WE ALSO HAVE AN AGGRESSIVE FIELD MARKETING PROGRAM WITH
WINSTON. (55) WE SAMPLE AT A VARIETY OF PLACES WHERE OUR
TARGET SMOKERS ARE LIKELY TO BE. (56) TARGETED RECREATION
SITE SAMPLING REACHES OUR PRIME PROSPECT DURING THEIR
IMPORTANT LEISURE TIME.

WINSTON PACK AT RACE

(SLIDE 55)

RECREATION SAMPLING

(SLIDE 56)

50082 6948

57. WINSTON'S SPONSORSHIP OF NASCAR RACING CONTINUES TO BE AN EFFECTIVE WAY WE REACH OUR TARGET SMOKERS WITH THE WINSTON MESSAGE.

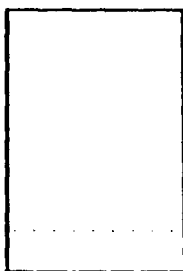
58. OUR SUCCESSFUL ADVERTISING CAMPAIGN, INNOVATIVE LOCAL PROMOTIONS, AS WELL AS IMPROVED PRODUCTS HAVE RESULTED IN IMPROVED SALES PERFORMANCE FOR WINSTON.

50082 6949

RACING SLIDE

(SLIDE 57)

WINSTON



(SLIDE 58)

50082 6950

59. LET'S MOVE NOW TO SALEM. SALEM IS CURRENTLY THE NUMBER ONE MENTHOL BRAND IN THE NATION. SALEM TOOK OVER THIS POSITION FROM KOOL, AS THE NUMBER ONE MENTHOL BRAND IN AMERICA IN 1981.

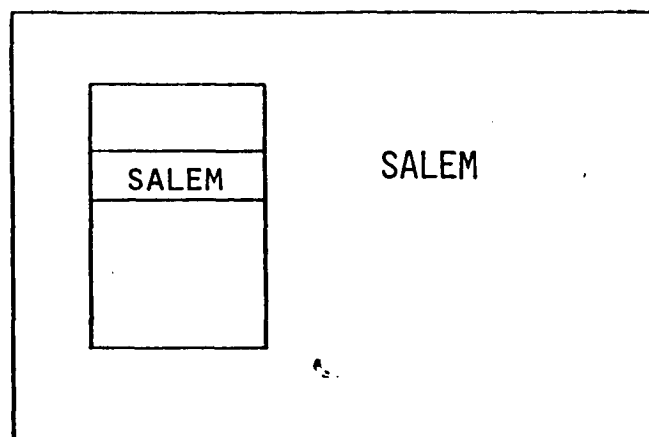
OUR RESEARCH SHOWS THAT SALEM HAS A VERY CLEAR AND MEANINGFUL PRODUCT IMAGE. WE KNOW THE IMPORTANT PRODUCT WANTS OF SALEM'S TARGET, AND SALEM SATISFIES THESE WANTS COMPLETELY. IN FACT, RESEARCH SHOWS THAT SALEM HAS A BETTER PRODUCT IMAGE AMONG ITS TARGET THAN PRIMARY COMPETITORS.

WHILE SALEM POSSESSES A CLEAR PRODUCT IMAGE, WE DETERMINED LAST YEAR THAT SALEM'S USER IMAGERY WAS NOT AS WELL DEFINED.

(TRAY CHANGE)

60. SALEM'S PREVIOUS ADVERTISING DID AN EXCELLENT JOB IN

50082 6951



(SLIDE 59)

HIGH COUNTRY ADS

(SLIDE 60)

50082 6952

COMMUNICATING IT'S PRODUCT CHARACTERISTICS. REFRESHMENT AND COOLNESS ARE CLEARLY SHOWN IN THESE VISUALS. HOWEVER, THE USER IMAGERY IN THIS ADVERTISING WAS NOT FULLY DIMENSIONALIZED.

TO CREATE A TIGHTLY FOCUSED USER IMAGERY, SALEM WAS REPOSITIONED IN 1982. (61.) THE REPOSITIONING RECOGNIZED THE IMPORTANCE OF OUR PRODUCT BENEFIT - REFRESHMENT, BUT ALSO ESTABLISHED A MORE DISTINCTIVE USER IMAGERY PRIMARILY CAPITALIZING ON TODAY'S YOUNGER ADULT SMOKER - BOTH MALE AND FEMALE. (62.) TODAY'S ADVERTISING PROJECTS A VITALITY, SOCIABILITY, AND UNPRETENTIOUS CHARACTER OF SALEM SMOKERS: ALL THIS IS ENCOMPASSED IN THE TERM, "SALEM SPIRIT".

(63.) IN ADDITION TO THE NEW CAMPAIGN, WE ALSO RECENTLY INTRODUCED NEW SALEM SLIM LIGHTS, WHICH HAS BEEN AN IMMEDIATE SUCCESS.

(64.) SALEM SLIM LIGHTS REPRESENTS A NEW AND EXCITING LINE-EXTENSION FOR SALEM WHICH WILL ALLOW THE BRAND TO BETTER PENETRATE TODAY'S STYLISH FEMALE SEGMENT.

SALEM SPIRIT SPREAD

(SLIDE 61)

SALEM SPIRIT - 2 ADS

(SLIDE 62)

SALEM SLIM LIGHTS AD
(BRAND NEW AD)

(SLIDE 63)

SALEM SLIM LIGHTS AD
(BRAND NEW AD)

(SLIDE 64)

50082 6954

AS WITH WINSTON, SALEM HAS SOME EXCITING FIELD MARKETING ACTIVITIES. (65.) RECENTLY, WE BEGAN THE SALEM COUNTRY GOLD MUSIC FESTIVAL. WE FIRST TESTED THIS CONCEPT IN 1981 AND WERE SO SUCCESSFUL THAT WE EXPANDED THE SERIES SIGNIFICANTLY IN 1982.

(66.) SALEM'S COUNTRY MUSIC FESTIVAL CONSISTS OF TOP NOTCH COUNTRY MUSIC STARS IN CONCERT, IN MAJOR CITIES THROUGHOUT THE COUNTRY. (67.) SINGERS LIKE MICKEY GILLEY AND (68.) JOHNNY LEE, AND GROUPS LIKE (69.) ALABAMA ARE SOME OF THE STARS SALEM SPONSORS.

50082 6955

COUNTRY MUSIC FESTIVAL

(SLIDE 65)

COUNTRY MUSIC SINGERS

(SLIDE 66)

MICKEY GILLEY

(SLIDE 67)

JOHNNY LEE

(SLIDE 68)

ALABAMA

(SLIDE 69)

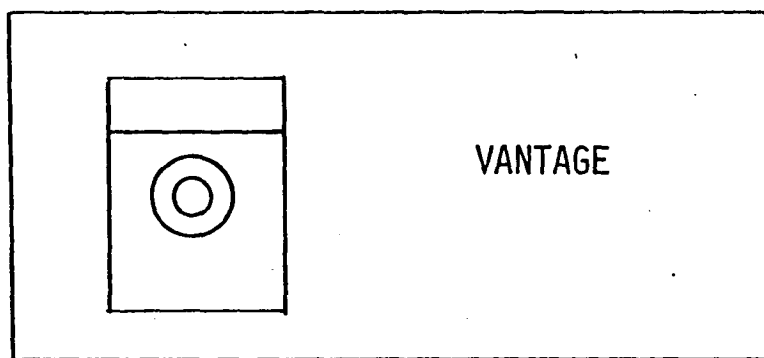
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- (70.) SALEM'S NEW CAMPAIGN, SUPERIOR PRODUCTS AND CONTEMPORARY SPECIAL EVENTS POSITION IT FOR LONG TERM LEADERSHIP IN THE MENTHOL SEGMENT OF THE BUSINESS.
- (71.) LET'S TURN NEXT TO VANTAGE. VANTAGE IS OUR INNOVATIVE LOW TAR BRAND THAT IS ALMOST SYNONYMOUS WITH LOW TAR AND GOOD TASTE. IT HAS ENTRIES IN BOTH THE FULLER FLAVOR LOW TAR AS WELL AS THE ULTRA LOW TAR CATEGORIES. (72.) AND, JUST RECENTLY, WE ROUNDED OUT VANTAGE'S PRODUCT LINE BY INTRODUCING TWO VANTAGE ULTRA LIGHTS MENTHOLS, (73.) AND JUST LAST MONTH WE INTRODUCED VANTAGE MENTHOL 100.

SALEM



(SLIDE 70)



(SLIDE 71)

VANTAGE ULTRA LIGHTS MENTHOL

(SLIDE 72)

VANTAGE MENTHOL 100

(SLIDE 73)

50082 6958

(74.) WE EXPECT VANTAGE TO DO VERY WELL THIS YEAR. IN FACT WE ARE
LOOKING FORWARD TO A GROWTH OF CLOSE TO TEN PERCENT VERSUS
LAST YEAR. (75.) CERTAINLY ONE OF THE MOST IMPORTANT REASONS
FOR VANTAGE'S CONTINUED GROWTH IS OUR ABILITY TO REACH OUR
TARGET WITH THE RIGHT PRODUCT AND THE RIGHT MESSAGE. THIS
INCLUDES SOME VERY (76.) EFFECTIVE PROMOTIONAL ACTIVITIES TO
REACH THE TARGET. ONE EXAMPLE OF THIS IS VANTAGE'S
SPONSORSHIP OF PROFESSIONAL GOLF.

50082 6959

VANTAGE PLEASURES
SEASHORE SPREAD

(SLIDE 74)

VANTAGE AD
GOLFERS

(SLIDE 75)

A GOLFER

(SLIDE 76)

IN 1982, VANTAGE SPONSORED 32 MAJOR GOLF TOURNAMENTS. AT THESE (77.) TOURNAMENTS, VANTAGE HAS 20 SOPHISTICATED SCOREBOARDS LOCATED THROUGHOUT THE COURSE. THESE SCOREBOARDS ARE ELECTRONIC AND FLASH UP CURRENT SCORES AS WELL AS (78.) INTERESTING MESSAGES. WE HAVE FOUND THAT THE SPECTATORS REALLY ENJOY THESE SCOREBOARDS, AND EVEN HAVE HEARD THAT SOME OF THE PRO-GOLFERS ARE BEGINNING TO FEEL THEY CANNOT GET ALONG WITHOUT THEM.

- (79.) SUPPORTING VANTAGE'S SPONSORSHIP OF PROFESSIONAL GOLF IS THE VANTAGE WORLD OF GOLF PROGRAM. THIS PROGRAM INVOLVES A TEN PIECE EXHIBIT WHICH INCLUDES ANIMATED TALKING ROBOTS,
- (80.) HISTORIC GOLF CLUB DISPLAYS, A SAMPLING BOOTH, A VIDEO PRESENTATION AND A PUTTING GREEN. ON THE PUTTING GREEN CONSUMERS CAN PUTT FOR VARIOUS VANTAGE PROMOTIONAL ITEMS.

VANTAGE SCOREBOARD WITH SCORES

(SLIDE 77)

VANTAGE SCOREBOARD WITH MESSAGE

(SLIDE 78)

VANTAGE WORLD OF GOLF

(SLIDE 79)

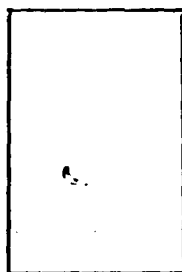
VANTAGE WORLD OF GOLF

(SLIDE 80)

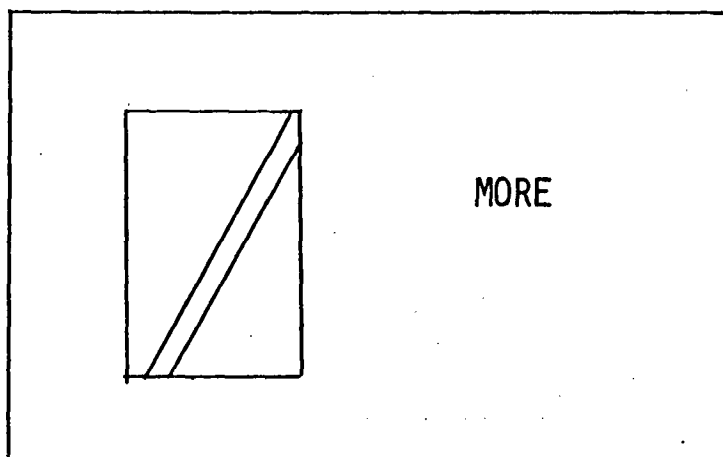
I AM SURE AT THIS POINT THAT YOU HAVE GOTTEN A FLAVOR FOR THE QUALITY OF THE FIELD MARKETING ACTIVITIES AND SPECIAL EVENTS REYNOLDS SPONSORS. NONE OF THE ACTIVITIES ARE IN ANY WAY SECOND RATE -- THEY ARE ALL FIRST CLASS IDEAS EXECUTED EXCELLENTLY.

- (81.) TO SUMMARIZE, VANTAGE CONTINUES TO PROGRESS IN THE MARKETPLACE - REPRESENTING THE BEST DECISION IN SMOKING FOR THOSE WHO WANT GOOD TASTE AND LOW TAR, TOO.
- (82.) LET'S MOVE NEXT TO MORE. IN 1975 MORE WAS INTRODUCED AS A VERY UNIQUE PRODUCT. AS MOST OF YOU KNOW, IT IS A LONG, THIN, BROWN, 120MM CIGARETTE. MORE WAS THE FIRST 120MM CIGARETTE INTRODUCED, AND IT IS THE ONLY TRULY SUCCESSFUL 120MM CIGARETTE ON THE MARKET. A LOT OF OTHER MANUFACTURERS TRIED TO INTRODUCE 120MM CIGARETTES - EITHER WHITE OR BROWN OR STRIPED - BUT NONE WERE AS SUCCESSFUL AS MORE.
- (83.) MORE HAS SHOWN CONSISTENT GROWTH SINCE IT WAS INTRODUCED. HOWEVER, OUR MARKET STUDIES SHOWED THAT WE COULD IMPROVE MORE'S PERFORMANCE EVEN MORE BY DEVELOPING A NEW MORE LINE-EXTENSION - MORE LIGHTS 100'S.

VANTAGE



(SLIDE 81)



(SLIDE 82)

MORE LIGHTS "GIRL ON A BANISTER"

(SLIDE 83)

IN 1980 WE SAW A REAL VOID IN THE MARKETPLACE, AND THIS WAS AMONG WOMEN. OUR RESEARCH SHOWED THERE WAS A MARKET GAP FOR A LOW TAR STYLISH CIGARETTE THAT WOULD CAPITALIZE ON TODAY'S TREND OF FEMALE SMOKERS WANTING THEIR OWN USER-IMAGERY IN A CIGARETTE.

(84.) MORE LIGHTS WAS SUCCESSFULLY INTRODUCED, AND CURRENTLY HAS A GOOD MARKET SHARE. IN FACT, THE ENTIRE MORE FAMILY WAS THE FASTEST GROWING BRAND IN THE MARKET, FOR 1981 AND THE FIRST HALF OF 1982.

(85.) MORE SPONSORS A VARIETY OF EVENTS INTENDED TO FULLY DIMENSIONALIZE ITS IMAGE. THE EBONY FASHION FAIR WORKS EXTREMELY WELL AMONG MORE'S BLACK TARGET - OF WHICH THERE IS A SIZEABLE SHARE - (86.) AND MORE'S FASHION EVENTS WORK AGAINST ALL OF MORE'S TARGET. THIS YEAR MORE'S FASHION EVENTS WERE HELD AT (87.) SELECTED MALLS THROUGHOUT THE COUNTRY, AND INCLUDED LIVELY FASHION SHOWS, WARDROBE BUILDING SEMINARS, AND MAKE-UP SEMINARS.

MORE LIGHTS SPREAD

(SLIDE 84)

MORE EBONY FASHION FAIR

(SLIDE 85)

MORE FASHION EVENT

(SLIDE 86)

MORE FASHION EVENT - MALL

(SLIDE 87)

50082 6966

(88.) MORE ALSO SPONSORS EXCITING SWEEPSTAKES. THIS YEAR WINNERS HAD SEVERAL PRIZES TO CHOOSE FROM. (89.) THE GRAND PRIZE WINNER WILL GET TO SELECT FASHIONS FROM TOP DESIGNERS, HAVE A SPECTACULAR PARTY FOR 50 FRIENDS, AND WIN A JAGUAR, PORSCHE, OR CADILLAC.

(90.) MORE SHOULD CONTINUE TO GROW AS WE KEEP ITS IMAGE, PRODUCT AND PROMOTIONS TARGETED TO TODAY'S STYLISH YOUNG ADULT FEMALE SMOKERS.

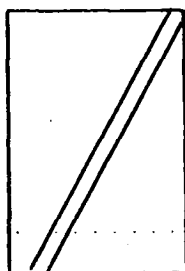
MORE SWEEPSTAKE

(SLIDE 88)

MORE SWEEPSTAKE PRIZES

(SLIDE 89)

MORE

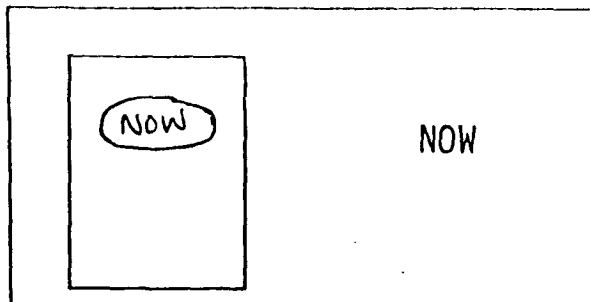


(SLIDE 90)

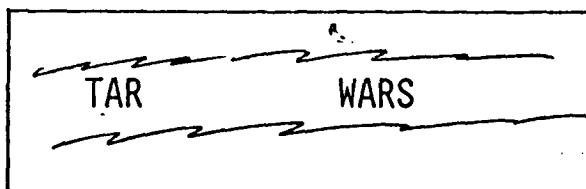
91. OUR NOW BRAND IS IN AN EXCITING AND COMPETITIVE PORTION OF THE MARKET. 92. NOW'S TARGET SMOKER IS VERY DIFFERENT FROM MOST SMOKERS AND IS VERY, VERY INTERESTED IN LOW TAR. WE UNDERSTAND THIS AND CONSEQUENTLY, NOW'S ADVERTISING HAS EVOLVED THROUGH THE YEARS.

93. NOW HAS CONTINUALLY MAINTAINED AN EFFORT TO COMMUNICATE LOWEST TAR, AND WHILE SOME OF ITS ADVERTISING EXECUTIONS HAVE CHANGED OVER THE YEARS, 94. THAT CHANGE HAS BEEN BASED ON THE DESIRE TO COMMUNICATE LOWEST TAR EVEN BETTER.

95. UNQUESTIONABLY, WE HAVE BEEN DOING THE RIGHT THING ON NOW, AND BY MAINTAINING OUR CONSISTENT POSITIONING, NOW HAS BEEN THE ONLY BRAND AMONG LOWEST TAR BRANDS WHICH HAS GROWN THIS YEAR -- ALL THE OTHERS HAVE DECLINED.



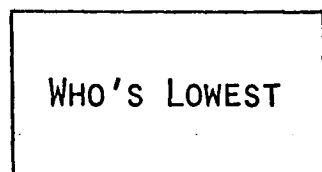
(SLIDE 91)



(SLIDE 92)

"LOWEST" CAMPAIGN

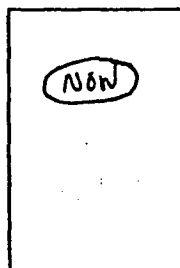
(SLIDE 93)



COMPARATIVE
CAMPAIGN

(SLIDE 94)

NOW



(SLIDE 95)

50082 6970

96. LET ME FINISH OUR BRAND REVIEW WITH CAMEL. WHEN I TALK TO YOU ABOUT CAMEL, I AM TALKING ABOUT OUR COMPANY'S EXTRAORDINARY MARKETING SUCCESS STORY.

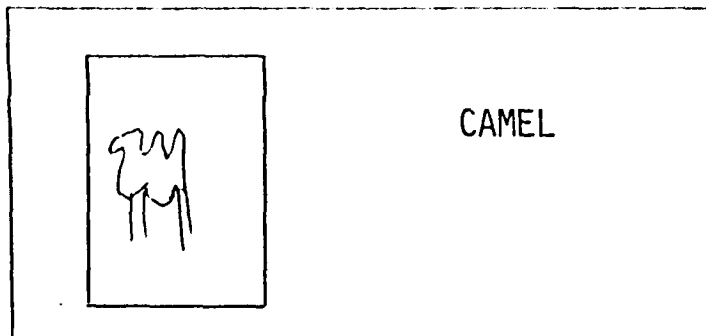
97. WHILE CAMEL DECLINED SLIGHTLY IN PAST YEARS, OUR RECENT EFFORTS HAVE TURNED THE BRAND AROUND AND CAMEL IS NOW ON A VERY STRONG GROWTH PATH.

AS I SAID EARLIER, THROUGH THE 1970'S CAMEL WAS BEING MARKETING WITH A VARIETY OF IMAGES. THAT IS NO LONGER THE CASE NOW. FRANKLY, I BELIEVE THAT TODAY CAMEL HAS ONE OF THE BEST TOTAL MARKETING PROGRAMS IN THE TOBACCO BUSINESS.

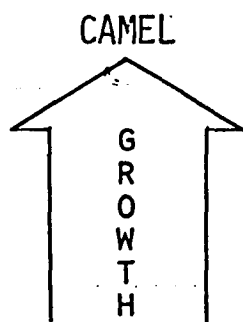
CAMEL REPRESENTS A CASE OF US CONTINUING TO WORK ON A BRAND'S STRATEGY UNTIL WE GOT IT JUST RIGHT. WHEN WE DETERMINED ALL THE POSITIVES ASSOCIATED WITH THE CAMEL HERITAGE -- SUCH AS MASCULINITY, A SENSE OF INDEPENDENCE, AND EXCELLENT TASTE -- WE KNEW WE HAD SOMETHING WE COULD WORK WITH. LET ME SHOW YOU SOME SELECTED CAMEL EXECUTIONS.

98. --- 99. ---

100. THE CURRENT CAMEL ADVERTISING HERE EMBODIES ALL OF CAMEL'S HERITAGE. HOWEVER, CAMEL ADVERTISING - IS ONLY ONE PART OF CAMEL'S MARKETING EFFORTS.



(SLIDE 96)



(SLIDE 97)

CAMEL SPREAD WITH BECK

(SLIDE 98)

CAMEL SPREAD WITH BECK

(SLIDE 99)

CAMEL SPREAD WITH BECK

(SLIDE 100)

50082 6972

(101.) FOR EXAMPLE, CAMEL SPONSORS THE CAMEL TROPHY. THIS YEAR, THE
CAMEL TROPHY COMPETITION TOOK PLACE IN THE WILDS OF NEW
GUINEA. (102.) TEAMS OF MEN HAD TO TRAVEL OVER THOUSANDS OF
MILES ACROSS UNTAMED NEW GUINEA. (103.) THE COMPETITION
PITTED MAN AGAINST NATURE, IN A TRULY EXCITING WAY.

CAMEL TROPHY

(SLIDE 101)

SLIDE OF NEW GUINEA CAMEL TROPHY

(SLIDE 102)

SLIDE OF NEW GUINEA CAMEL TROPHY

(SLIDE 103)

50082 6974

(104.) CAMEL ALSO SPONSORED AN EXPEDITION IN WHICH CLIMBERS
ENCIRCLED MT. EVEREST. (105.) THIS EXPEDITION TOOK FOUR
MONTHS TO COMPLETE AND IS THE FIRST TIME EVER THAT MAN HAD
COMPLETELY ENCIRCLED MT. EVEREST.

(106.) CONSISTENT WITH THIS TYPE OF IMAGE, CAMEL SPONSORS "CAMEL
GEAR". THIS IS A COLLECTION OF CLOTHING AND SPORTS GEAR
APPROPRIATE FOR A VERY ACTIVE LIFESTYLE.

MT. EVEREST CLIMBERS

(SLIDE 104)

MT. EVEREST CLIMBERS

(SLIDE 105)

CAMEL GEAR

(SLIDE 106)

50082 6976

(107.) CAMEL MAINTAINS A CONSISTENT PRESENCE BY USING HEAVY LOCAL
ADVERTISING AND MARKETING EFFORTS. (108.) FOR EXAMPLE, CAMEL
IS A DOMINATE FORCE EACH SPRING IN FLORIDA (109.) IN FACT,
IT IS HARD TO TURN ANYWHERE AND NOT SEE CAMEL IN DAYTONA AND
OTHER RESORTS THIS TIME OF YEAR.

50082 6977

CAMEL SPRING BREAK SLIDE

(SLIDE 107)

CAMEL SPRING BREAK SLIDE

(SLIDE 108)

CAMEL SPRING BREAK SLIDE

(SLIDE 109)

50082 6978

110. ALSO ON A LOCAL BASIS, CAMEL HAS NEW AND IMPACTFUL
OUT-OF-HOME ADVERTISING. 111. THIS BOARD - FOR EXAMPLE -
IS LOCATED IN MAJOR MARKETS THROUGHOUT THE COUNTRY. WHILE
IT MIGHT BE HARD TO TELL JUST BY LOOKING AT THE SLIDE, THE
CAMEL MAN IS ACTUALLY USING THE LANTERN TO LIGHT HIS
CIGARETTE. 112. THE LANTERN MOVES BACK AND FORTH AND AFTER
IT REACHES THE CIGARETTE A PUFF OF SMOKE APPEARS.

SMOKING LANTERN 00H

(SLIDE 110)

SMOKING LANTERN 00H

(SLIDE 111)

SMOKING LANTERN 00H

(SLIDE 112)

(113.) TWO OTHER PIECES OF LOCAL ADVERTISING WHICH CAMEL DOES ARE
SCOREBOARD AND SOUNDBOARD. (114.) BOTH SCOREBOARD AND
SOUNDBOARD APPEAR IN LOCAL NEWSPAPERS AND HIGHLIGHT EITHER
LOCAL SPORTS ACTIVITIES, (115.) OR LOCAL MUSIC ACTIVITIES IN
THE NEWSPAPER'S AREA.

50082 6981

SCOREBOARD/SOUNDBOARD IN PAPERS

(SLIDE 113)

SCOREBOARD CLOSE-UP

(SLIDE 114)

SOUNDBOARD CLOSE-UP

(SLIDE 115

50082 6982

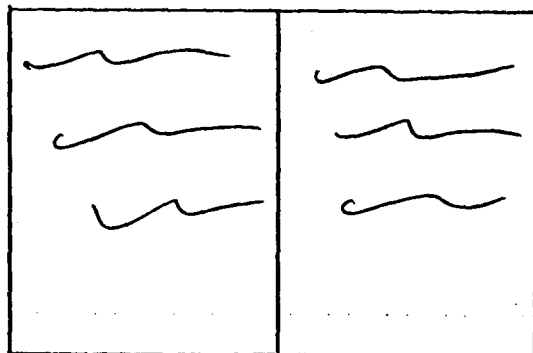
116. CAMEL ALSO SPONSORS MOVIEGOER MAGAZINE. MOVIEGOER IS A MAGAZINE WHICH IS DISTRIBUTED FREE AT MOVIE THEATERS FOR SELECTED MOVIES.

117. PERHAPS SOME OF YOU HAVE SEEN MOVIEGOER AT SOME OF YOUR LOCAL THEATERS. HOWEVER, UNLESS YOU GET TO THE THEATER AT THE RIGHT TIME YOU MIGHT NOT GET A COPY BECAUSE IT HAS BEEN SO POPULAR IT VANISHES VERY, VERY QUICKLY. IN FACT, WE ARE ALREADY INCREASING CIRCULATION SUBSTANTIALLY.

MOVIEGOER

COVER SHOT

(SLIDE 116)



MOVIEGOER

OPEN TO ARTICLE

(SLIDE 117)

50002 6984

118. THAT CONCLUDES CAMEL. I HOPE YOU HAVE ALL SEEN WHY WE ARE SO BULLISH ABOUT THIS BRAND. 119. AND THAT ALSO COMPLETES MY REVIEW OF ALL OF OUR BRAND FAMILIES AT R. J. REYNOLDS TOBACCO. HOPEFULLY YOU NOW HAVE A BETTER IDEA OF HOW WE GO ABOUT MARKETING OUR CIGARETTE BRANDS AT R. J. REYNOLDS TOBACCO. I HAVE EXPLAINED TO YOU THE KEY ELEMENTS OF OUR MARKETING PROCESS AND YOU HAVE SEEN IT HAS WORKED FOR EACH OF OUR MAJOR BRAND FAMILIES.

120. SINCE MARKETING AT R. J. REYNOLDS TOBACCO IS A TOPIC THAT IS BOTH CLOSE TO HEART AND CLOSE TO HOME, I COULD EASILY TALK ABOUT THIS SUBJECT FOR HOURS. HOWEVER, TIME IS LIMITED, AND I'D NOW LIKE TO ASK IF THERE ARE ANY SPECIFIC QUESTIONS THAT ANYONE WOULD LIKE ME TO ANSWER FURTHER.

CAMEL



(SLIDE 118)

WINSTON

CAMEL

SALEM

VANTAGE

MORE

NOW

(SLIDE 119)

RJR

R.J.Reynolds Tobacco Company

(SLIDE 120)

50082 6986