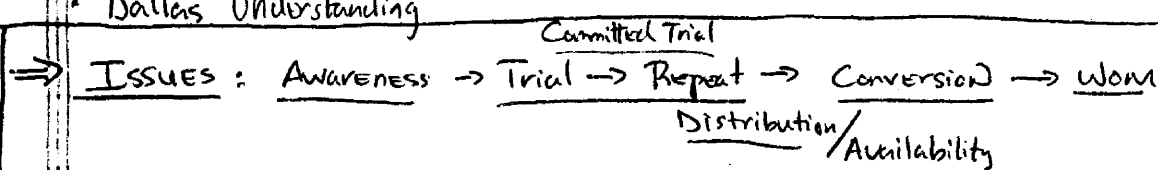


Assemble Truths - Universally appealing benefits

- Hard to get used to - Taste / Smoking ritual
- Need to have informed / educated trial
- Trial must be extended - 5 packs or greater
 - ↳ Trial Period needs commitment - smoke exclusively
- Convenient distribution & access

Facts to date ⇒ Distribution, COS, Profile Stores

- Model - Assemble fully
- Trial Rates
- Conversion - New Model & Historical
- Dallas Understanding



Options

- Super Premium Model - Demand Pull - Efficiently
- Entrepreneur Approach
- Profit / Volume Centric
- long term vision

Education Based Awareness

Convenient trial

Commitment Based trial (Quantity)

Repeat encouragement (maybe incentives)

Convenient availability (Repeat)

* Create positive WOM - Advocacy

IDEAS

- Market Based - Metro EC/WE
- DM Snail Mail -
- Multi-Brand Coupons & Mailers
- Retail Clam Shell - B3G2 Spk
- Send 5pk Trial Kit - Resp. Based
- Use Email / Web / Conversion
- Selective (Efficient Media)

Issues

Ideas

File

- ① Coupon Redemption
- ② Distribution - not convenient availability
- ③ Can we sustain nationally
- ④ Model: into site, Reg; Coupon Printing, Redemption

Research

① Coupon Redemption

- ↳ Online down loaders
- ↳ People that got DM

② Redemptions

- ↳ Conversion Rates

③ Customer Reach

- ↳ 9,000 that never re-ordered
- ↳ 9,000 Active

Media Star / Bellomy

} why - forgot, nobody buying

④ Urban/Rural \Rightarrow A/B Counties [Understand Metro/Non Metro]

⑤ Conversion Rates

⑥ Use best magazine rate #'s

⑦ OT drivers - Share fair

Dallas Retail Test Market

DM Test

- Pricing Offer Test \Rightarrow Buy packs to 19⁹⁵
- Findings - More lucrative offer \Rightarrow greater trial, but lower conversion
 \hookrightarrow Commitment
- BTC was inconvenient

Retail

Month 1: Information only - cigarette rods
Post cards with store information

Month 2: B2G1F Boxed - with lighter
Sold exclusively for 6 weeks - 8 weeks
Overestimated volume - 5-6 months volume
Direct Mail conversion program

Issues

- Selling In
- Keeping in stock \rightarrow ultimately forced out 7-11
- Grocery store - Had issues with execution

Learning

- All about demographics of store
- Common - study overdevelop FP ult.
- Pay - 7% - 10% Conversion \$150/person
- CTS intercept
- DM Conversion - 2% - 3% conversion
- Grocery good channel
- Grocery Chain Database

Jim Powers Discussion

- ① Model Stores
 - ↳ Pockets Selling
- ② Get on Plane & visit
- ③ Metro @ a time - Pay as you go