

TO: Distribution

DATE: May 9, 1994

FROM: Jennifer Lichtman

SUBJECT: Nielsen Retail Pricing Update - 4/30/94 (week ending)

Weekly Highlights

Michigan state excise tax increase

- Currently, Michigan price gaps are below the average national price gaps. In pack outlets, the average net pack price gap between Marlboro and the Lowest Discount brand is 49¢ or 38%, which is 9¢ or 6% below the national price gap. In carton outlets, the average net carton price gap is \$4.08 or 35%, which is 65¢ or 6% below the national price gap.

	PACKS	CARTONS
MARLBORO	1.81	15.65
LOWEST DISCOUNT	1.31	11.56
\$ GAP	0.49	4.08
% GAP	38%	35%

- Basic's price gap with competitive brands is smaller in Michigan than nationally possibly due to Basic's high share in this geography (17.7% as of 4/23). Basic is at a price disadvantage by more than 10¢ with the Lowest Discount brand in 46% of C-stores in Michigan compared to 70% of C-stores nationally.
- One week prior to Michigan's +50¢ excise tax increase, promotional support at retail has increased on private label brands (American and Liggett) and menthol brands (Kool and Newport) while RJR and B&W promotional activity has been prevalent over the past few weeks.

	Packs		Cartons	
	% Stores	Avg. \$	% Stores	Avg. \$
Winston	0%	#N/A	8%	3.00
Winston Select	10%	0.36	11%	2.67
Camel	7%	0.20	5%	2.67
Kool	7%	0.30	7%	3.00
Newport	7%	0.40	10%	3.80
Doral	31%	0.25	✓17%	2.00
Best Value	20%	0.15	0%	#N/A
Monarch	8%	0.23	9%	0.73
GPC	14%	0.17	✓36%	1.46
Liggett P/L	0%	#N/A	✓25%	3.00
American P/L	25%	0.10	0%	#N/A

Premium prices remained stable while Lowest Discount decreased in C-stores.

- The national Premium pack price remained unchanged for the ninth consecutive week at \$1.91 while the Lowest Discount pack price decreased -1¢ to \$1.33, offsetting the prior week's increase as the lowest price point decreased in more stores than it increased in. The resulting price gap increased +1¢ to 58¢ or 43.6%.

The \$ price gap increased in region 1, offsetting the prior week's decrease, as Marlboro's price increased while the Lowest Discount's average price remained unchanged. In region 4, both Marlboro and the Lowest Discount's average prices decreased -1¢, leaving the price gap unchanged.

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