



- deal in volumes for retail - direct sk
- would DA want to see if selling B in deal.
- would it really

- specific promotional designated quantities that ~~will~~ be indicated.

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TO: W.F. Tucker
RE: Sniped Product

4/10/96

The execution of our promotional plans and pricing strategies are key factors to protecting and growing our market share. Our current methods for implementing Retail Accrual and Price Gap include: Retail Rep VPR/couponing at store level; VPR/Sticker at the Direct Account (using their labor, paying vap assembly) with payment for the discount being made at retail; and, Buydowns at retail for specific time frames.

Some drawbacks to these methods are:

- 1) labor intensive
- 2) levels of pv inconsistent if frequency of account is not achieved
- 3) promoted product is often not incremental (thus creating out-of-stocks)
- 4) unmarked product being purchased by other retailers and resold at an unpromoted price (maybe even unknowingly promoted again by us)

An alternative to these methods is to snipe identified brand styles during manufacturing with a "special offer" or, "special price" carton and flap and pack tear strip. This product could be produced by our sales force only. The payment for the discount would be paid at retail based on the paid invoice for that prebook. We would only pay for what we prebooked, not the complete brand inventory. The product could have a different upc. The agreed to discounted deal not price or the discount amount would be price communicated and the product displayed.

Benefits to this method are:

- 1) significantly reduces the labor intensity
- 2) we could sell amounts of pv that are adequate and meet our objectives for that account
- 3) the promoted product would be incremental
- 4) the indirect purchasing and promotional double dipping would be eliminated because we are only paying for the product that we prebook (regardless of what is in the store).
- 5) If the gap changes, we are not stuck with product at a specific denomination. We only need to change the price (inventory may on hand product to pay the difference) and communicate it.

The emphasis at retail now becomes selling the right amount of promoted product and ensuring adequate non-promoted inventory levels on our brands, display, effective price communication and ongoing brand presence, and, a lot less "licking and sticking".

The brand styles I would recommend are Camel FR / Fl Box, Camel Light / Lt Box, Winston, Winston Light, Winston 100, Winston Lt 100, Select king, Salem, Salem Lt, Salem lt 100, Doral FF, Doral FF 100, Doral Lt, Doral Lt 100, Doral Uk lt 100.

Please let me know your thoughts on this matter

Sincerely,
Kevin

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