

## "THE VICEROY PROBLEM"

Over the past several months, the "Viceroy Problem" has been of paramount concern to the Special Studies Group. Its investigation has included the following broad subject areas:

1. Product specifications, development, and preference testing.
2. Sales, sales trends, market segmentation, and proliferation.
3. Brand strategy, currently and historically.
4. Advertising strategy, copy, format, execution, and testing.
5. Marketing Research switching studies and Politz National Cigarette Study.
6. Competitive sales and advertising activity.
7. Budgets and profitability.

A problem of this magnitude does not suggest easy answers. It has been the Group's intention, first, to approach the problem from its many aspects; and, second, to form considered judgments and basic conclusions. We are, therefore, presenting this report in the hope it will serve to define our collective thinking to date:

### PERSPECTIVE:

Viceroy has apparently lost its vitality, showing a decline of about 5 percent a year. Without a change of strategy and the support of effective advertising, it would be unreasonable to assume that the brand can be turned around to perform with revitalized success.

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To accomplish a reversal of the sales trend, the following are viewed as essential considerations:

1. PROFILE. We find a lack of clear definition of what Viceroy is conceived to be as a competitive brand. Few, if any, brands have had so unfortunate a history in terms of image. Leaping out in front in the '50s as a filter brand, it became strongly health-oriented; then a "thinking man" advertising campaign subjected the brand to considerable ridicule, only to be followed by a scatological "at both ends" theme. All the while, a threatened Jewish boycott and a fiberglass rumor, both with elements of residual antagonism, imposed themselves on the brand.

After a 15-year history of such onslaughts, in a market of accelerating competition, it is understandable that Viceroy's profile is rather indistinct at the present time. We believe this is reflected in the wavering consumer reaction, as well as the brand's low performance in attracting new smokers. The only new element, apart from the recent change in package design, is an emphasis on taste. Although it has scored about equal to Winston and Marlboro in consumer tests, Viceroy nevertheless has been subject to such descriptions as "harsh," "rough," and "strong." To try to position Viceroy in the taste category solely through advertising would, therefore, seem to us to be unrealistic.

2. BLEND. The Viceroy blend should be further developed in order to eliminate all traces of harshness, to give a lighter smoke, and to impart a pleasant aroma. All these characteristics are, of course, related to "taste."

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We are aware of the attendant problems concerning filter, blend, additives, etc. But we see great necessity in applying all the available technology in changing Viceroy into a more acceptable smoke--one that delivers the promise of advertising and gives the consumer sufficient reasons to come to and stay with the brand.

3. IMAGE CHANGE. Viceroy must be given a more distinctive image--something that will lift it out of the rut as just another extensively advertised cigarette. We believe that image should combat the unflattering, confused concepts by giving the brand a youthful character.

This is not to be misunderstood as strictly youth appeal. We conceive youthful to mean a quality completely contrary to Bates' marketing plan for 1967; i. e., to appeal to the heavy, male smoker. In view of the admonitions about the health hazard, who will admit to being a heavy smoker?

We are using "youthful" in the sense of "having the appearance, freshness, vigor, spirit, etc., characteristics of one who is young or young in heart regardless of age." Thus our definition is not restrictive in market segment, in gender, or in advertising or package design. Rather, we see a youthful image as being in tune with this age of youthful spirit, in fashion, taste, attitudes, enjoyment, and appeal.

The main emphasis in creating this image should be to convey smoking Viceroy in a manner which is perceived as pleasant, light, romantic, and appealing by association with situations and activities that have those connotations.

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4. ADVERTISING. This is deemed to be a cogent part of the Viceroy problem. Almost unanimously, the Group describes the advertising over the past several years as "dull, ordinary, heavy-handed, lacking in verve, colorless," and other adjectives of a similar vein.

In discussing this complex matter, we have attempted to keep in mind the distinction between the brand's marketing strategy and the execution of this strategy as reflected in copy themes and media mix. We have also been conscious of the difficulties imposed by the Advertising Code.

There is little doubt that the frequent shifts in strategy during the brand's history have contributed materially to Viceroy's lack of a positive image in the consumer's mind.

It is our contention that Viceroy advertising should be of higher caliber in terms of creativity; that it urgently needs a successful copy theme, one that will take hold and become intimately associated with the brand. The brand must have a memorable copy tag equivalent to "Winston tastes good like a cigarette should," or "Come to Marlboro Country," or "Springtime fresh," or "the 7-minute cigarette."

In speculating why Viceroy advertising is not better, we believe the following questions are of the highest priority:

- a. Is there a deficiency of creative talent in the agency?
- b. Is the agency's basic philosophy of advertising at fault?
- c. Is there a company-agency relationship which obstructs the development approval processes?

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- d. Is too much reliance placed on results of testing services (Schwerin in particular)?

CONCLUSIONS.

As a result of this study, the Study Group has generally agreed that the following conclusions are pertinent to the Viceroy question:

1. The "taste" segment of the filter market, in which Viceroy competes, is deemed the proper segment for the brand and offers the greatest opportunity for volume increase.

2. Nevertheless, the current product, while acceptable, has some negative characteristics of "harshness" and "irritation," and thus Viceroy is not perceived to be superior to its major competition.

3. Viceroy does not have a clearly defined, positive image in the mind of consumers.

4. The "Taste That's Right" campaign, aired since 1962, and targeted to heavy smoking males, is suspect. It is believed that this strategy is largely responsible for Viceroy's failure to attract beginning smokers and for a disproportionate loss of female smokers.

5. While it is too soon to properly assess on the basis of market response, the current "Good Taste Never Quits" campaign is also suspect. It appears to be merely a refinement of the previous campaign, and it is felt that this campaign may not be sufficiently different to change the brand's performance among females and beginning smokers.

6. The "problem-solution" format, although highly successful for Kool, may not be the best means of building a strong brand awareness among

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younger, more sophisticated smokers. Unlike Kool, Viceroy does not have a distinct product differential which can be exploited with a "problem-solution" format.

7. The target audience for Viceroy advertising should be all cigarette smoking men and women, using the "youthful" theme and with emphasis on the "under 35" age group.

8. The most urgent requirement for Viceroy is to build a distinctive brand image that will cause consumers to regard Viceroy as a good tasting, up-to-date, fresh, vigorous and fashionable product which is superior in quality to ordinary cigarettes. The immediacy of this need dictates that we draw on any creative source available to us, within and outside of the present agency.

9. The failure of the present agency to revitalize Viceroy suggests that either there is a lack of creative talent at the agency or that the system for the approval of creative material is such that highly imaginative, revolutionary new material is never presented for final approval. We cannot rationalize this conclusion away by citing the success of the agency with Kool, because the products are distinctly different, having different problems, and therefore require different solutions to these problems.

10. Our most recent Politz National Cigarette Study was conducted in March 1965. It is the Group's feeling that the key to Viceroy's problem lies in the image area; to attack the problem, new marketing research information is needed which answers the following questions:

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- a. What is the demographic makeup of a typical Viceroy smoker?
- b. What is the demographic makeup of the Marlboro/Winston smoker?
- c. What are the significant demographic differences between these brands?
- d. What type of person does a Viceroy smoker perceive a Viceroy smoker to be?
- e. What type of person does a Marlboro/Winston smoker perceive a Viceroy smoker to be?
- f. What type of person do other cigarette smokers perceive a Viceroy smoker to be?
- g. What type of person does a beginning smoker perceive a Viceroy smoker to be?
- h. How do the smokers surveyed evaluate the Viceroy product?
- i. What effect have new brand introductions had on the attitude of consumers in relation to: total cigarette market, the filter segment, brand loyalty, and 100mm?
- j. Has the health controversy affected Viceroy more seriously than the industry as a whole? In what way?
- k. In cigarette advertising, what appeals motivate the consumer?

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In continuing to pursue the "Viceroy Problem," the Study Group sees an imperative need for answers to the above questions, and for additional exposure to specialized talent from within and outside the company. We shall, therefore, carry forward this project to those constructive ends.

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