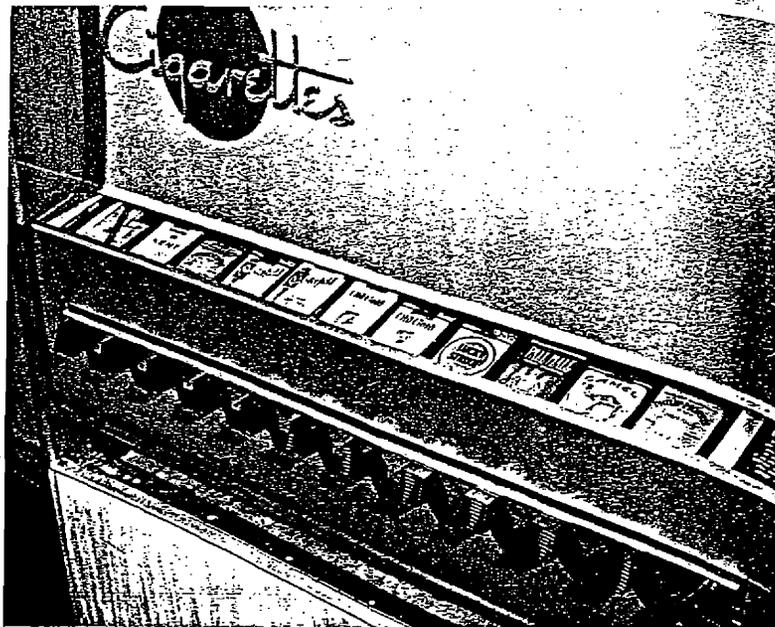


The kings and filter-tips are rampaging over the cigarette market, and customers are switching brands as never before. Business is fine now—but what if the commotion is due to public suspicion of the product?



The spread of cigarette sales over more brands and sizes is the reason for this new Rowe vending machine, which offers eleven different items at two prices. But an eleven-column machine today covers a smaller share of the cigarette market than the standard eight-column machine did five years ago.

## The Uproar in Cigarettes

The cigarette industry today finds itself in greater turmoil than it has experienced for a generation. Even the swift rise of the "economy" brands in the 1930's (they were as swiftly done to death by rising income levels and raw-material costs) was but a flurry compared to the changes of the past few years. These changes, centering around the growth of the king-size and the filter-tip cigarette, indicate the sharpest drop in brand loyalty in the history of the modern cigarette industry. And there is no sign of halt in the trend. In the words of R. J. Reynolds' President Edward A. Darr—a man not noted for expressing his opinion on industry matters—any hope for an early return to peace and quiet "is wishful thinking of the first order." Here are a few measures of the extent of the change:

*Item:* The five largest-selling brands of regular-size cigarettes—Camel, Lucky Strike, Chesterfield, Philip Morris, and Old Gold—have barely two-thirds of the cigarette market today, compared with seven-eighths at their postwar peak in 1948; and most of the shrinkage has occurred within the last two years. Among the three largest regular-size brands, only Camel has shown any volume gain at all since 1950, a period during which the industry's total sales ex-

panded by some 12 per cent to about 435 billion this year.

*Item:* King-size cigarettes have quintupled their market share in the last six years—from 5.5 per cent in 1948 to an estimated 27 or 28 per cent this year—and their climb has become steeper as their total volume has mounted. Pall Mall, which ousted Old Gold from fifth place in 1950 and Philip Morris from fourth place in 1952, has a good chance of passing regular-size Chesterfield this year. Four of the ten largest-selling cigarettes are now king-size.

*Item:* This year the filter-tips, insignificant only three years ago, should show output of 11 to 12 billion cigarettes, predominantly Viceroy, Kent, and Parliament. Though still under 3 per cent of the industry, filter-tips are growing at a faster rate than the king-size. To get a running start in the field, last month Philip Morris in effect paid \$22 million for Benson & Hedges, producer of Parliament.

*Item:* Not for decades has the industry seen so many major product changes, all dealing with the last half-inch of a cigarette. Last year P. Lorillard introduced filter-tip Kent.

\*Cigarette manufacturers rarely disclose their brand sales. The brand sales data in this article is based on the work of independent consultant Harry M. Wooten, modified by material from other sources.

and the first major brand (Chesterfield) appeared in a king-size version. This year brought the introduction of a king-size Philip Morris; the change of filter-tip Viceroy from regular to king-size; the replacing of standard Raleigh by king-size; the introduction of a king-size Old Gold; and the launching of Liggett & Myers' filter-tip L & M. King-size Kools and Parliaments are being tested in a few markets.

#### The shape of 1955

Where is this turmoil taking the \$4-billion cigarette industry? Two years hence, for example, what might king-size and filter-tip sales be, if total industry sales are unchanged? If the kings increase by the same average amount as in the last two years, total king-size production would be some 180 billion by 1955, or about 40 per cent of the industry. If king-size output continues to increase at the rate of the last two years, then 1955 output would be close to 250 billion, or some 50 per cent of the industry. Under similar assumptions the filter-tip market might be 20 billion (5 per cent) or 40 billion (10 per cent). Theoretically, then, total king-size plus filter-tip production could be predicted at between 45 and 70 per cent of the industry total by the end of 1955.

These projections can be supported by cogent reasoning. Since both kings and regular sizes are manufactured on essentially the same machinery, any company can increase its output of one size at the expense of the other—given the demand. Further, the trend has strong self-generating aspects. R. J. Reynolds and American Tobacco have refrained from introducing king-size versions of their top brands (Camel and Lucky Strike), Reynolds because of its phenomenal feat of holding Camel volume steady in the face of the kings, and American Tobacco because its Pall Mall and Herbert Peyton brands are already riding the crest of the king-size market. But further growth of king-and-filter sales would probably cost both Camel and Lucky Strike so heavily as to force their introduction in king-size versions—and the new millions of king-size smokers created by such an event would guarantee the market dominance of the king-size cigarette.

Output of filter-tip cigarettes, on the other hand, is now sharply limited by lack of machinery. But the major cigarette companies are known to have installed or on order enough filter-tip equipment to make nearly 60 billion such cigarettes a year, or nearly 15 per cent of present industry output—and all of it is scheduled for installation no later than the first half of 1955. Liggett & Myers' L & M brand will support the trend, as it achieves national distribution in the near future; and the only two large companies still without filter-tip brands (now that Philip Morris has Parliament) will be powerfully impelled to enter the field, both to protect their market position and because of the wide profit margin the filter-tip currently yields. Finally, the filter-tip field has the same self-generating factors as king-size. As Liggett & Myers' President Benjamin Few said of his new filter-tip entry, "We brought out L & M, and started in New York, only to protect Chesterfield. If Chesterfield consumption is to be drained off by king-size and filter-tip cigarettes, let it be by our own brands."

#### Uneasy prosperity

Changes of such magnitude are not uncommon in an industry that is in the doldrums, but the cigarette industry since the end of World War II has been enjoying good business even beyond its traditional prosperity. Total output rose from about 350 billion in 1946 to some 435 billion estimated for 1953, with half the increase occurring since the end of 1950. Unit output for 1953 will show little if any gain

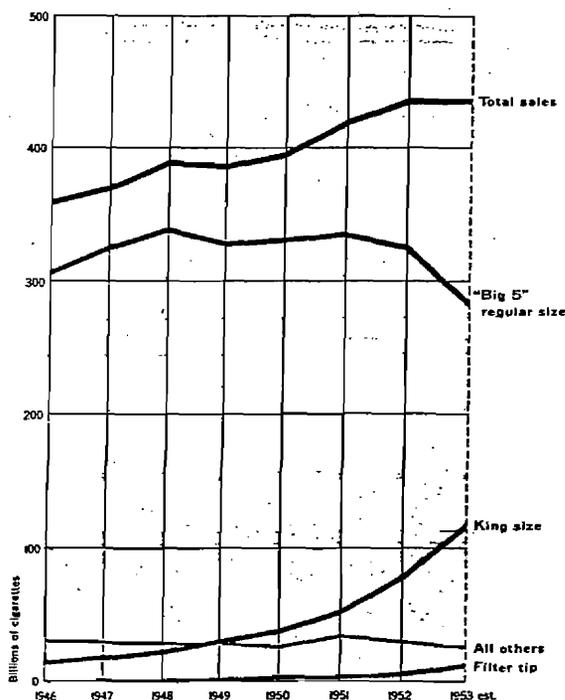
over 1952, but because of the growth of the king-size cigarette the consumption of cigarette tobacco should be higher by some 3 or 4 per cent.

In only one respect has the industry been seriously laggard. As OPS pointedly remarked during price hearings in 1952, the industry failed during the first five postwar years to increase its own prices nearly so much as its costs increased. The after-tax profit on sales of the largest company (American) slid from about 10 per cent in 1940 to 3 per cent in 1952. And the increase in volume was insufficient to prevent some decline in dollar earnings.

This lack was largely made up last February, when company margins were fattened by a 5 per cent increase in net wholesale prices (38 to 43 cents per thousand on the most popular regular and king-size brands, or about a penny per pack). Since then, average operating net has jumped to about 10 per cent, and 1953 earnings before taxes estimated at over \$300 million (the highest in the industry's history) will push most of the larger companies into fairly high E.P.T. brackets. R. J. Reynolds, for example, will pay its corporate tax at a combined normal-plus-E.P.T. rate of 65 per cent or better,\* while American's rate should reach 60 per cent. With E.P.T. scheduled to end this month, the

\*Reynolds' high E.P.T. rate is behind the promotional offering of 100 king-size Cavaliers for 50 to 55 cents retail (plus state and local taxes). The company can absorb the 40-cent federal excise tax at a net cost of 7 or 8 cents. The offer will die before the end of 1953.

Cigarette Sales: Kings Up, Filters Coming



Through 1952 the five leading regular-size brands managed to maintain their total volume fairly well by accepting a smaller percentage of a steadily growing industry output. This year, however, their volume will take a precipitous tumble caused by the sharp growth of the king-size and the filter-tip cigarettes.

industry's 1954 net after taxes should be exceedingly lush.

This much-improved profit picture is reflected in the industry's attitude toward its financing. Because of the necessity for aging cigarette tobacco an average of two to two and a half years, a dollar of annual sales requires at least half a dollar of inventory. (The 8-cent-per-pack federal excise tax need not be paid until the tobacco is made into cigarettes, or the inventory burden would be higher.) Financing this inventory, usually by a combination of bank loans and debentures, is a vital operation for any cigarette company. But profit prospects have convinced company treasurers that they will be able to get their financing at rock-bottom levels.

Thus despite the rush of changes in the product itself, and the increasing fickleness of the consumer, cigarette executives should be in their happiest frame of mind. However, a brief account of how the changes occurred, and particularly an analysis of the reasons behind them, will suggest that the industry may be in for some worrying in the future.

#### The American kings

The first of the modern king-size\* cigarettes was Regent, introduced in 1938 by Riggio Tobacco Co. One of the interested observers was the greatest cigarette innovator and promoter of all, the late George Washington Hill of American Tobacco. Regent was well enough received to encourage Hill to bring out king-size Pall Mall in 1939 and Herbert Tareyton in 1940. Pall Mall was placed under the management of Paul Hahn, who rode the brand right into the presidency of American.

The king-size cigarette could never have been considered but for an accidental gap in the tax laws. The federal excise tax is levied on cigarettes that do not weigh more than three pounds per thousand; the 70-mm. cigarette, on which the

\*The term king-size dates at least as far back as 1913, when it described a long version of the old luxury Pall Mall.

industry had standardized, weighed about two and a half pounds per thousand. Thus the regular-length cigarette could be increased by 21.4 per cent to a length of 85 mm. without additional tax, provided its diameter was reduced so that it contained only 17 per cent more tobacco.

The most baffling aspect of the king-size cigarette is how long the other major companies left the market to American. The only explanation, other than complete blindness, lies in the wartime and postwar strategies of the various companies. Neither Pall Mall nor Herbert Tareyton seemed real threats at the time the U.S. entered World War II. (Tareyton output was in fact suspended for several months.) The civilian cigarette shortage, due mainly to heavy military requisitions, led the other big companies to concentrate available output in their strongest and most profitable brands; and the smaller companies did likewise, scenting the chance that their own best brands might make some permanent inroads during the shortage period. After the war, both the larger and the smaller companies were intent on playing out their respective strategies—the big ones driving to regain their former civilian position, the smaller attempting to hold some of their gains.

As for individual companies, Reynolds was engaged after the war in a bitter struggle to replace Lucky Strike with Camel as the top selling brand (finally successful in 1949). Philip Morris' regular-size cigarette was still making the impressive gains it had made prewar. And all the sizable companies hesitated to give the king-size trend a further boost by bringing out king-size brands of their own.

One of the strong consumer appeals of Pall Mall and Tareyton also discouraged emulation. While their greatest selling point was their greater length and resultant filtering effect, a second was more smoke for the same money. Since a king-size cigarette demands roughly one-fifth more material and manufacturing time, to retail it at the regular-size

*In filter-tips the smaller companies started the commotion . . . He led with a king*



Lorillard's Halley and Kent

"We didn't bring out Old Golds until 1926, and the other companies had a long lead on us. That's why we have pushed Kents so hard. . . In a couple of years filter-tips might add up to 10 per cent of the industry, as people get more health-conscious every day. And I'm sure the other companies will get their feet wet, too."



Benson & Hedges' Cullman

"Why the deal with Philip Morris? If you have ever played stud poker you'll know what I mean: with Parliament we had an ace in the hole and no chips to play with. This way Parliament will have a greater future—better distribution, a bigger sales force, more machines. But the product will stay just the way it is."



Brown & Williamson's Hartnett

"We got into the filter-tip business [Viceroy] in 1936 because we realized that to compete we'd have to find something different. The filter-tip might eventually amount to 15 or 20 per cent of the business—and it could go higher. We welcome any change like that, since it gives us a chance to increase our share of the industry."



American Tobacco's Hahn

"Pall Mall and Tareyton have grown so fast that advertising costs have lagged behind sales. At the present time we have no intention of bringing out a king-size Lucky. . . If we can find a good filter—a really good one, that doesn't take all the taste and flavor out of a cigarette—we'll have a serious look at it."

price requires one or more of the following economies: (1) lower material costs; (2) lower advertising and promotion costs; or (3) lower margins for the manufacturer, distributor, and dealer. (American got by on much smaller advertising and promotion costs, trimmed its own margin and, slightly, that of the retailer as well.) Thus the introduction of competing king-size brands by other companies would have required them to exchange here-and-now profit for problematical future market position.

All these factors conspired to leave American free of effective king-size competition as late as 1950. Liggett & Myers, whose President Few is forthright about his dislike for the king-size cigarette (see below), halfheartedly switched its old Fatima brand to king-size in 1947, but without real sales steam. The same applies to Lorillard's Embassy, out the next year. R. J. Reynolds' President Darr, though recalling with pride a prediction he made in 1939 that "the long cigarette is here to stay," also admits that his company brought out Cavalier with reluctance in 1949—and within a year was forced to change the blend. Philip Morris' Dunhill did not appear in king-size until 1951, while Brown & Williamson (Raleigh, Kool, and Viceroy) had no king-size brand besides its economy Wings until 1952. Thus in 1950, when Pall Mall's output was 26 billion and Herbert Tareyton's seven billion, their most serious competition was from Fatima (less than two billion) and Cavalier (less than one). And 1953, with Chesterfield, Philip Morris, Old Gold, and Raleigh all available in king-size, will be the first year in which Pall Mall and Tareyton will get less than three-quarters of the king-size business.

#### The climbers

If the king-size cigarette to date has been the story of one big company getting the jump on the rest of the industry, the filter-tip is an example of the smaller companies doing

the same to the three largest. The U.S. cigarette industry divides naturally by size into three groups: (1) a Big Three consisting of American Tobacco, R. J. Reynolds, and Liggett & Myers, with annual volume (including federal excise taxes) ranging from \$600 million to over \$1 billion; a Middle Three, consisting of P. Lorillard, Philip Morris (including newly acquired Benson & Hedges), and Brown & Williamson, with \$200 million to \$400 million volume; and an under-\$50-million group of specialty and economy-brand manufacturers, chiefly Larus & Brother, Stephano Brothers, and Riggio Tobacco. Practically all the filter-tip business to date has been done by Viceroy (Brown & Williamson), Kent (Lorillard), and Parliament (now Philip Morris).

The first of today's crop of filter-tips was Parliament, introduced on a tiny scale by Benson & Hedges as far back as 1931, and Brown & Williamson's Viceroy, which first appeared in 1936. (Du Maurier also appeared in 1936, but it was discontinued during the war and has never regained status as a leading filter brand.) Parliament fitted neatly with Benson & Hedges' character as a carriage-trade specialty manufacturer. Brown & Williamson, though many times larger, was also a specialty manufacturer in one important respect—it could not afford a slugging match with the Big Three. Therefore it has always sought some special product appeal, such as Raleigh's redeemable coupons or Kool's menthol, to strengthen its competitive hand.

While Viceroy has done more than half the U.S. filter-tip business since its appearance, Parliament set the tone for the filter-tip market in two important respects. First, Benson & Hedges' canny old President Joseph Cullman Jr. was an eminently sound salesman when he marketed Parliament at a price well above that of the standard product. (A post-war British boom in filter-tips quickly petered out because they were designed primarily to use less tobacco and therefore to sell cheaper.) Second, a happy result of this price

*continued page 161*

*Two are hesitant . . .*

*. . . one bought in.*



*Liggett & Myers' Few*

"The king-size cigarette is the worst thing that has happened to the industry. We can't sell Chesterfield kings for enough to make as much money as on regulars. That isn't good for the business . . . Chemists say filter-tip cigarettes can't be made with less irritating factors than Chesterfield. But if the public wants it, so long as it isn't harmful, we'll give the public what it wants." (His company has just introduced the filter-tip L & M.)



*R. J. Reynolds' Darr and Whitaker*

"There's less brand loyalty today than ever before, but not because the consumer is more receptive. There are more brands, more appeals from different angles, and that's why people switch . . . Curiosity accounts for many initial purchases, but king-size cigarettes are past the curiosity stage. We brought out our king-size Cavalier reluctantly—with Camel we had all our eggs in one basket, and it was a pretty good basket."



*Philip Morris' McComas and Lyon*

"It's wise to wait a while and see how a trend develops. As for the kings, when they reached a stage that was beyond a fad, we decided to get into them . . . We bought Benson & Hedges because that's the fastest way to get into the filter-tip business. The other way you can spend \$5 million or \$10 million on a brand and still have it flop. The pioneer doesn't always get the best of everything—often the fellow after him does better."

## Cigarette Uproar

continued from page 133

policy, followed by later entries, has been to give the filter-tip an unusually good profit margin.

In 1952 Benson & Hedges, whose profit was derived almost entirely from Parliament, made an estimated \$1.40 (before taxes) per thousand cigarettes, while the five largest publicly owned companies averaged a little over 50 cents. Lorillard, producer of the filter-tip Kent, is understood to have the highest advertising costs per thousand cigarettes among the five top companies; yet as a result of Kent's rapid growth, Lorillard's net per sales dollar is increasing much faster than that of its competitors.

Yet profit margins plus growth prospects could not have made the filter-tip cigarette a volume product but for a major advance in manufacturing technique. The slowest method of making a filter-tip cigarette (used on Parliament, and presumably to be continued) is to form the paper tube and then insert filter and tobacco into opposite ends; the somewhat faster but still expensive "assembly" method, used for years by Brown & Williamson

on Viceroy, is to make the cigarette and filter separately and then join the two by means of a special cork or paper tipping material. But the Molins Machine Co., Ltd., of London, one of the largest builders of cigarette machinery, developed a new process by which its standard machine with a special attachment could make the cigarette complete with filter in a single operation. And in the early part of 1951 Molins, after finding little interest among other U.S. manufacturers, entered into negotiations with Lorillard and with Brown & Williamson, the latter through B. & W.'s parent company, British-American Tobacco.

### The Kent push

Brown & Williamson's interest in the new Molins machine sprang from the desire to cut the cost and increase the output of Viceroys, already a fairly substantial brand. Lorillard's interest was more special. Lorillard had its hands on an interesting new filter, tradenamed Micronite, which was so effective that in its original form it let no visible smoke particles through. Lorillard planned to introduce a new cigarette utilizing a modified version of the new filter. But while the brand could be (and was)

made for a time by the "assembly" method, the newest Molins machinery was needed for the kind of production that Lorillard sought.

A second reason for Lorillard's headlong plunge into the filter-tip field was the company's unfortunate history of being late. Lorillard did not bring out Old Gold until 1926, so long after Camel, Lucky Strike, and Chesterfield were solidly established that it never became real competition. The company's king-size Embassy, introduced in 1948 with very slight promotional push, never got off the ground. Therefore Lorillard's management pushed its filter-tip entry all the harder, determined not to be late again.

The push paid off when Lorillard's new filter-tip Kent, named for the company's chief executive officer, hit the market near the end of March, 1952. For the next year Lorillard's chief problem with Kent was production enough to meet demand: the half billion Kents turned out during nine months of 1952 became well over a billion in the first six months of 1953, and production should be running at an annual rate of well over four billion by the end of this year. The results of this rise are already happily apparent in Lorillard's volume (up 15

per cent) and profit before taxes (up 63 per cent for the first half of 1953—far better than the industry average, despite one of the heaviest introductory advertising campaigns in the industry's history. Kent's premium price (\$12 per thousand from the wholesaler, versus \$9 for the top three regular-size brands) made it a highly profitable item almost from its inception.

Another result is to be found on Molins' order books, which are reported to contain orders for 400 to 500 filter-tip machines. (To hurry the introduction of its new L & N brand, Liggett & Myers had its first twenty-six sets of filter-tip attachments flown over from England. Molins' order picture was helped by the versatility of the new machine, which is but a modern version, with filter-tip attachments, of the standard Molins machine used in producing perhaps half of a U.S. cigarettes. "A lot of our old machines," explained Liggett & Myers President Fox, "have nothin' wrong with them but lack o' speed. We'd like to replace them anyway, so if we don't use the new Molins equipment for making filter-tips we could use them to replace our other machines."

continued page 14

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When a new class of products has just been introduced, the promotion of any one tends to benefit the class as a whole; and filter-tip cigarettes are no exception. Sharp gains by Parliament have accompanied the enormous Kent campaign, but it was Viceroy that really cashed in. Just before (and perhaps in anticipation of) the appearance of Kent, Brown & Williamson was cautiously testing a new cellulose-acetate filter for Viceroy, worked out jointly with Tennessee Eastman; and the change was made official shortly after the Kent debut. Then, in February, 1953, Viceroy became the first king-size filter-tip cigarette. The resulting "double protection" promotion plus a much lower retail price—3 to 5 cents a pack under Kent, and more than a nickel below Parliament—has Brown & Williamson snowed under with orders. Despite a sharp cut in advertising and promotion, and two fifty-eight-hour shifts per week on its filter-tip equipment, Brown & Williamson is still allocating Viceroy, whose current production rate of over seven billion a year makes it the undisputed leader among the filters.

Whether it will remain so depends in part on the potential new entries in the filter-tip race. Each of the major filter-tip brands now on the market employs a different filter: Parliament, a plug of treated cotton; Kent, treated asbestos on crepe paper; Viceroy, pure cellulose acetate; and L & M, cellulose acetate with the addition of some modified alpha-cellulose powder. Each company entering the field will want a filter that is obviously different, or can be promoted as being different, from those now in use. Since all the present filters are physical rather than chemical in their action, there is reason to credit industry hints that new ones will aim at chemical filtration.

### Market motion

Any new cigarette brands, filter-tip or not, will get groans from tobacco wholesalers and retailers. According to Joseph Kolodny, founder and patriarch of the National Association of Tobacco Distributors, the 2,800 U.S. wholesalers who specialize in tobacco products find that today's average cigarette order is for fifteen to twenty-five different brands and sizes compared with only eight a few years ago, which results in higher operating, inventory, and capital costs.

spread of sales over more brands has cut cigarette turnover in supermarkets—which base their cigarette business on a few brands, low carton prices, and heavy volume from small floor space. Vending-machine operators will probably get less of the total business than their present 16 per cent; for their six and eight-column machines cover less of the total consumer demand, and it will take years to acquire very many of the eleven-column jobs shown on page 130. The greatest benefit from the increasing brand spread of the industry will probably go the small tobacco-stationery-candy store, of which there are over a million.

### The flighty consumer

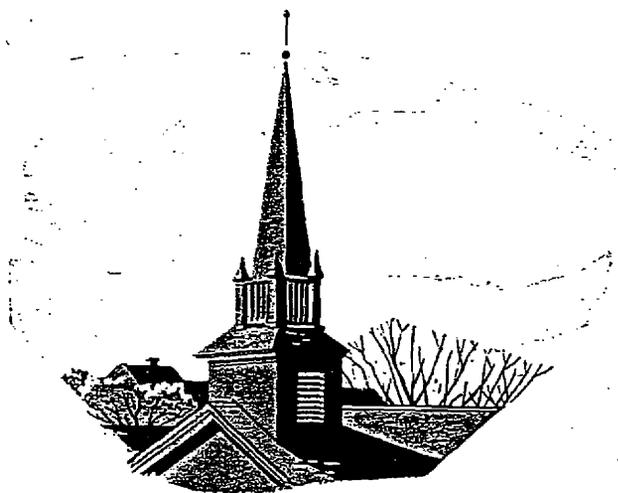
The notable growth in "switch smokers," who leap from brand to brand, is attributed by one industry executive entirely to the war. "When World War II came along the Big Three brands disappeared to the armed forces, and the other brands had an opportunity to become known to the public. This was Pall Mall's greatest opportunity and the beginning of the period of diversification. By the time the Big Three came back from war, so to speak, Philip Morris had become a good-sized brand, Old Gold had picked up, and Pall Mall's cheap price plus many people's notion that it was snooty to smoke something different made the king-size cigarette."

The cardinal flaw in this theory is the fact that the present market turmoil reached impressive proportions only after the Big Three had come home from the war, and had established (in 1948) one of the highest market percentages that they have ever enjoyed.

Another commonly proffered theory is that the proliferation of brands has itself created the growing army of switch-happy consumers. This, too, seems inconsistent with the unsuccessful and all but forgotten efforts to establish new brands a few years back. For example, the attempt to launch its 80-mm. Life brand in 1948 cost Brown & Williamson more than half a million dollars in New York City alone, before the company gave up and switched its promotional efforts to Raleigh. New brands like L & M do not appear in the hope of moving customers so much as in the belief that customers are already on the move.

Could the industry's advertising be responsible? The sated consumer may feel that there is too much

*continued page 164*



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### Cigarette Up roar cont.

of it, but it has been voluminous for three decades. And nothing that has happened elsewhere in the economic world seems to threaten the axiom that advertising is an indispensable business tool. Serious questions are being raised in the industry, however, about the nature of cigarette advertising.

From the consumer's viewpoint—and omitting the advertising that depends solely on the incessant appeal "Buy Blotto"—the cigarette campaigns have become increasingly riddled with warnings and appeals to fear. In the last few years various cigarettes have been heavily promoted on the grounds that they contain less nicotine, or travel the smoke further and thus protect your throat, or have no unpleasant aftertaste, or remove harmful tars and irritants, or are less irritating, or do not endanger the nose, throat, and sinuses. The implication is that these dangers are inherent in cigarettes in general.

The temptation of this negative approach for the cigarette industry lies in its effectiveness. There is a strong current of opinion in American popular psychology that cigarettes are expensive, perhaps dangerous, and possibly even wicked. The carnival side shows that portrayed Hapless Harry the Cigarette Fiend, and the casual popular description of cigarettes as "coffin nails," are still within the memory of most of today's smokers; and the attitudes these represent have undoubtedly been passed on to later generations. The industry's "medical" or

"health" advertising derives its strength from these half-conscious popular beliefs.

There is wide conviction within the industry that the basic appeal of the king-size cigarette—in addition to its economy for the smoker, which most manufacturers shrink from mentioning—lies in the much-promoted claim that the extra length acts as a filter and thus lessens throat irritation. As for the filter-tips, one observer familiar with all the cigarette companies remarked that "with all the postwar health advertising and the talk about lung cancer, it seems as though the manufacturers have jammed the filter-tip cigarette down the public's throat." In this sense, the present cigarette turmoil could be considered an inside job.

### Back to purity?

For all its bubbling prosperity, the cigarette industry may be promoting itself toward a dead end. The long cigarette that protects the throat is well on the way to industry dominance; the filter-tip cigarette that protects the throat still better is racking up the biggest percentage gains. The logical next step—protecting the throat best by not smoking at all—just might become popular. That this could happen to any substantial fraction of American smokers is difficult to imagine; for *Nicotiana tabacum* is among the hardiest plants that man ever discovered. But the possibility of even a moderate long-term decline would be disconcerting to an industry that has known nothing but growth for the last forty years.

END

### The First Modern Filter

Though handmade filter-tip cigarettes were common in Europe by 1900, the machine-made product is credited to two Englishmen, Abraham and Michael Wix, and an émigré Russian named Aivaz.

In the early Twenties the Wix brothers were scouring the Continent for some specialty cigarette that would ensure the position of their small family company. In Budapest in 1924 they met Aivaz, whose newly invented machine made a filter consisting of two layers of pure cellulose interleaved between three layers of crepe paper. At the time, Aivaz and one helper were turning out filter-equipped cigarette tubes, into which the smoker inserted his own tobacco. The Wixes, surmising that filter-tips "might change the smoking habits of the world," made a deal with Aivaz to patent his device in various countries.

The first cigarette with the Ai-

vaz filter was put out by the Wixes in 1926, but later withdrawn until the brothers could improve the manufacturing and assembly process. They finally developed a remarkable device that pinched some tobacco from a completed cigarette and then inserted the filter. Du Maurier, their first popular-priced filter-tip was introduced by the Wixes in 1930, trading under the name of Peter Jackson (Tobacco Manufacturer) Ltd.

The Wixes have since relinquished their machinery lead to Molins, which beat them on perfecting an assembly-type machine (see page 161). They also sold du Maurier's British rights to Gallahers, a large British tobacco house. But as Peter Jackson (Overseas) Ltd., they still make du Maurier's for sale over the rest of the world. And the idea picked up in Budapest in 1924 has made the Wix family a fortune.