

File 1

PRIVATE & CONFIDENTIAL

DEVELOPMENT COUNCIL MINUTES

FEBRUARY 6th, 1973

IN ATTENDANCE:

Messrs. L.E. Ricard
P.L. Paré
E.P. Gage
R.M. Gibb
T.R. Lamont
W.E. Sanders

Guest: P.L. Short (B.A.T.)
cc: S.C. Candlish

PROJECT CAMEL

Filter/Product

It was reported that the mechanical development work is on schedule. However, tests have indicated that there is a high percentage of "leakers" as the shrink filter activates earlier due to temperature and/or the adhesive not being strong enough to hold the film to the tipping.

A new PVC film has been received that may minimize the problem and work is continuing.

The final recipe has not been identified but J.P.S., du Maurier plus one other recipe are being considered. Along with the choice of recipe, a reduction in the tobacco rod density is being investigated which may help to make the filter activate earlier.

In order to work more effectively on the filter "leaker" problem it was agreed that the necessary machinery should be transferred to the R. & D. area in Montreal.

To ensure that the majority of the consumers are able to experience the shrink effect of the filter, the Council approved the recommendation to go to a 25 mm. filter length with a 29 mm. cork tip. This will activate the filter at approximately the 7th puff, whereas the 17 mm. filter may only work on the 9th and 10th puff. The 25 mm. filter will reduce the total effect on tar and nicotine by about 4 to 5 mgs.

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Filter Patent Application

The Council agreed that I.T.P.L. is to quickly forward to B.A.T. the results of the patent search in Canada. Also every effort is to be made to clarify the patent application, as our Patent Attorneys have suggested, to ensure that B.A.T. will obtain the patent, especially those parts of the application that effectively cover our planned use for the shrink filter and appear to be clearly patentable.

B. & W.

Approval was given to R. & D. to forward samples of the Gatwick filter rod to B. & W.

Sharing of Filter Concept

Mr. Short reported that four (4) countries, besides Canada, are currently interested in the new filter development - Switzerland is totally committed followed by Holland, Finland and Germany.

If the new filter is a breakthrough in smoking and health I.T.P.L.'s position is that it will eventually have to be shared with the opposition, but only after it is proven. B.A.T.'s position has not been decided as yet but current thinking is that they would like to establish a marketing advantage first, before selling or sharing the idea. This point will be discussed with Mr. P. Macadam.

Marketing - Gatwick

Phase I of the marketing development plan, the filter concept research phase, was presented and approval was given to proceed.

The project's objective statement has not changed significantly since last June, except for the following - the shrink filter is not truly visibly different and it only functions for the last part of the cigarette instead of the entire cigarette length. A mild(er) extension for Player's is still considered as the project brand.

The research phase will use four (4) filter concept statements, several varying graphic filter/product presentations, along with copy to obtain the consumers' responses necessary to refine the project concept and to develop all the other marketing components. The concept executions were developed to cover off the "over sell" as well as the "under sell" of the filter/product. The research will also center on the filter length which must now be 25 mm. long.

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All the concepts developed used several words like, tar and nicotine, which are not allowed within the current industry advertising code. But, the Council agreed that it would be difficult to communicate the brand without mentioning T. & N., and with the new thinking of the smoking and health people to have people smoke milder cigarettes perhaps the industry should review the advertising code.

The Council agreed that a trade mark application for the word THERMO FILTER is to be made prior to its exposure to consumers in the first group research.

It was agreed that an international or local P.R. release would be beneficial prior to the launch of the new filter. However there should be some similarities in claims and perhaps product names if it is an international P.R. release. Also the timing of the release is very critical. The use of a P.R. release will be discussed at the conference in Canada in March.

The U.K. development program for Switzerland is approximately at the same development stage as Gatwick. Their first research is completed and they have selected the shrink filter over the Monsanto filter. The project brand for all European countries will be Lucky Strike.

JOHN PLAYER SPECIAL

The Council approved the design and layout for the carton foil overwrap for the new J.P.S. 20's F.T.B. (The new carton was approved by Mr. Paré after the meeting.)

PROJECT TONY

The Council approved the following marketing plan for the project:

National Distribution

September 4, 1973. The revised date will allow time for further development work on the packaging and the product. It will also minimize the risk of old design Marinée wrapping material obsolescence and it will fit in with the total company field priority plans.

Packaging

The new foil pack is considered too expensive (\$.31 per M cigarettes more than the old Marinée package). The launch date of September 4th will allow time for the development of the new U.V. gold ink package and/or the use of bronze ink on the package. B.A.T. are currently experimenting with bronze ink on packages and I.T.P.L. is to obtain input from their project.

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Product

The research results are generally favorable on the new Tamy cigarettes. But one or two more months are required to determine whether the sales are confirming the consumer product research. This will also allow time for R. & D. to complete their current development program to improve the new Tamy K.S. cigarette which can then be tested and ready for the September national roll-out.

Tipping

A change in the new Tamy cork tipping colour to match the colour of the Millbank cork tipping was approved.

Advertising

The English campaign will remain unchanged for the extension, but a new French advertising concept is currently near completion and will be submitted for approval in the near future.

Costs

With the proposed revision in packaging, the new Tamy for the September roll-out will have a lower contribution, between \$.16½ per M cigarettes or a maximum of \$.20 per M cigarettes, from that of the current Matinée foil package.

Cost Breakdown:

Packaging	\$.08	or	\$.115 per M Cigts.
Tipping/Cigt. Paper	.04		
Leaf	.046		
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TOTAL:	\$.166		\$.201 per M Cigts.

Pay Back

To break even with Matinée's current level of contribution, Project Tamy must show a national share increase from 3.2% to 3.4%, which is an increase in volume of approximately 80 million cigarettes. (These calculations are based on the maximum increase in package of \$.20 per M cigarettes and not the minimum increase of \$.166 per M cigarettes.)

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February 8th, 1973

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