

TO: Suzanne LeVan
Nancy Lund
Bob Mikaulay

DATE: September 9, 1993

CONFIDENTIAL

FROM: Diane Cimine

SUBJECT: **Time Inc. Selective Binding Recommendation**

We are currently planning a trial use of a custom designed magazine program created by PM Media/ Direct and Time Inc. through a merger of our smoker database and the subscriber list of their magazines. The test will be funded within current brand plans for '93 and would involve Marlboro, Merit and Virginia Slims.

Background

PM and Time Inc. entered into a confidential agreement last June which enabled our smoker database to be merged with subscribers of Time Inc.'s publications based upon age, sex and primary brand. The objective was to create "smoker" editions of Time's publications to enable the company to a) cut out of pocket expense by limiting advertising to audiences that are prime prospects and b) longer term, speak to smokers in innovative and highly targeted ways.

Such an attempt at merger was initiated several years ago and was not used since the match was deemed too small for worthwhile application.

While we have had discussions with other companies about this matter (Times-Mirror, Hachette, Conde Naste and Meredith), Time Inc. is the first to be ready, able and willing to enter into such a partnership. There are several reasons for this: Time Inc. has the widest and largest selection of titles*; it is the company that PM does the most business with (in '93 dollars, upwards of \$32mm); additionally, they are the best equipped with the database capability to make this happen.

* TIME INC. produces TIME, SPORTS ILLUSTRATED, PEOPLE, ENTERTAINMENT WEEKLY, FORTUNE, MONEY, LIFE, SOUTHERN LIVING and COOKING LIGHT

Recommendation:

We recommend running a series of 3 ads in each of 3 titles during 4th Quarter '93 to give us trial on the long term viability of this program.

MAGAZINE SELECTION:

TIME, Sports Illustrated and People are recommended since they provide the largest smoker audiences of those measured and are currently being used Merit, Marlboro and Virginia Slims, respectively.

TIMING:

In order to begin learning on this project in '93, we will schedule an insertion for each brand in one publication once each in October, November and December (specific dates TBD). We will attempt to time insets in conjunction with ongoing schedules.

COSTS:

Funding for this trial would be met predominately from a transfer of spending within the print plan - each brand will receive particulars once a decision to go is given.

2045482256

Subject
Date
Page 2

For perspective, however, the following outlines the out of pocket differences and efficiencies that are involved in such usage.

TIME

NATIONAL PAGE COST:	\$111,435.
NATIONAL CIRC CPM:	\$27.36
CIRCULATION:	4,000 (29% of which are smokers)
SMOKER CPM:	\$96.07

SELECTIVE RATE COST:	\$46,803.
SELECTIVE CIRC CPM:	\$98.33
CIRCULATION:	476 (100% of which are smokers)
SMOKER CPM:	\$98.33

NOTE THAT EFFICIENCIES COULD IMPROVE CONSIDERABLY AS WE FIND PARTNERS (IDEALLY WITHIN PM COMPANIES) TO TAKE ADVANTAGE OF THE REMNANT SPACE.

Keep in mind, however, that while the economies of scale seem quite attractive, this method of delivering advertising can only be used for a small portion of overall print spending for several reasons:

- a) our maximum reach can not currently exceed 45% of all smokers (the size of our database)
- b) such carving of readers is limited to subscription only copies
- c) so far, only **Time Inc.** is ready to go with this concept

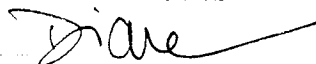
Next Steps

With your approval, we will meet with each brand manager involved to determine copy usage.

Presuming a successful trial of this project, we would incorporate a more extended program with creative applications into our '94 plans.

Please advise of any issues or concerns.

cc: D. Beran
J. Eibon
J. Morgan
R. Stirlen
J. Hanrahan (Leo Burnett)



2045482257