

BERMAN AND COMPANY

SUITE 1110
607 14TH STREET, N.W.
WASHINGTON, D.C. 20005-2000

(202) 347-3900
FAX: (202) 347-5250

RICHARD B. BERMAN
DIRECT DIAL
(202) 347-5180

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Ms. Barbara Trach
Senior Program Manager/Public Affairs
PHILIP MORRIS U.S.A.
120 Park Avenue
New York, NY 10017-5592

Dear Barbara,

While you read this fax I should be on my way to New York. I'm sending it ahead so that you and Janice have an opportunity to reflect on my "research" and some resulting recommendations that were not available when we last spoke.

If you're interested in the suggested change in program direction, I suggest it first be tested as a supplement to current activity without loss of momentum in the Accommodation program.

Accommodation Program (AP) "Snapshot"

While the AP is a good idea to expand protection of smokers rights, it has not met your goal of widespread acceptance by the restaurant community. The restaurant business is highly diverse with many niche markets and different customer bases. Obviously, a projected broad-based (or localized) smoking ban presents these operations with vastly different visions of impact.

Some of these differing (and low-level) fears of economic impact from a ban are evidenced by operator lack of interest in the AP. Perhaps more tellingly, operators do not see any offset to legislative/regulatory bans from a program that makes smokers comfortable.

In any event, objective analysis and research with key industry operators over the last two weeks suggest the following profile of the AP:

POSITIVE

Helpful early leadership
"White hat" theme
Soft, non-intrusive image
Sharing information
Promote societal acceptance
of smoking

NEGATIVE

Perceived as a "tobacco" program
Pro-smoking theme
Unaggressive image
Minimal level of useful information
No connection to government smoking bans

may be different than 1989

Tobacco Co. as a natural part of the industry influence

*① Darden - (formerly Gen Mills)
② Brinker*

*- Team mentality on unpopular issue
- just like → already pre-disposed to do it*

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Our analysis and recommendations are based on much more information than is capsulated above. In general, we suggest a new test approach that operates alongside the AP.

We believe that if you want to gain more ground quickly for the smokers' rights issue, the program must create a proactive, aggressive mentality by operators regarding government smoking bans.

Specifically, we recommend that we establish a restaurant-driven program that connects instantly with restaurant operators. (Additional benefit--if externally perceived as driven by restaurant interests, there will be more flexibility and creativity allowed than if it is "owned" by Philip Morris. The American Beverage Institute, which opposes overly aggressive DWI laws, enjoys this profile.)

The program would obviously carry a different name which we suggest should be "Guest Choice" (GC). While "Accommodation" is perceived to accept smoking, "Guest Choice" defends consumer rights. As one CEO suggested to me, "Accommodation" starts out on its heels. "Guest Choice" starts on its toes." (The RJR program that uses the "Lifestyle Police" to defend consumer rights is overdone in this regard. We believe it's too cute and too transparent to appeal to moderate interests.)

GC has other attributes as well. Its acceptance will be partially driven by the pre-selling of its identity. "Guest focus" is a common mantra in the restaurant industry. "Choice" is the positive operative word in many current contexts, e.g., abortion, health care. You immediately access the high road by being associated with "choice."

While one may have to initially ask "Who?" or "What?" is associated with the AP, GC is easily understood.

GC has another big advantage over the AP. It can be sold to industry operators as being potentially broader than smoking. Food and drink issues are continually being toyed with by government. GC therefore becomes easily understood as another "Government Choice vs Guest Choice" paradigm that taps into existing strongly held beliefs.

The information flow that the AP provides through newsletters is good but should be improved on in many ways that are sensitive to the industry. With a better communication tool, the eventual goal of successful grass roots activism can be leveraged much more successfully.

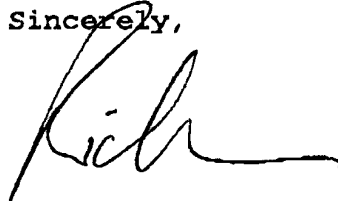
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In the end, our observations and analysis have led us to see the AP as a pro-smoking program. GC can be established as a program but more properly positioned as a consumer philosophy. As one operator reflected to me, he could comfortably say, "Proudly known as an establishment that protects 'Guest Choice'." He was not so inclined on "Accommodation."

I recognize all of this as a new tack and not a substitute for a our more in-depth discussion. I'll see you in a few hours and we can discuss all of this as well as your proposal for us to help on the AP if these (admittedly brief) ideas have not resonated with you.

Sincerely,



RBB/dlb
cc: Janice McDaniel

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