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THE MEDIA BUSINESS: Advertising; McCann Has 2 Big Losses And a Gain

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LEAD: MCCANN-ERICKSON U.S.A. lost two of its premier accounts yesterday when RJR Nabisco Inc. moved its Winston and Camel cigarette businesses, worth $55 million in billings last year, to two agences.

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The company's R. J. Reynolds Tobacco Company division assigned Winston to FCB/Leber Katz Partners, which already handles its Salem, Vantage and Ritz cigarette brands, and gave the Camel account to Young & Rubicam, the present agency for More and Now cigarettes.

Although RJR has been consolidating its advertising work, the reassignments surprised agency executives, particularly the Camel decision. Earlier this year, McCann introduced a new campaign for Camel meant to improve its image with younger smokers.

Publicly, McCann tried to soften the blow by announcing that it had hired Sean K. Fitzpatrick, the creator of Chevrolet's ubiquitous "Heartbeat of America" campaign, to serve as its vice chairman and chief creative officer. Since 1983, Mr. Fitzpatrick, 47 years old, has been the top creative executive at Lintas Campbell-Ewald in Detroit, McCann's sister advertising network in the Interpublic Group of Companies.

A big, bearded man who is regarded as one of the industry's most outspoken creative people, Mr. Fitzpatrick laughingly referred to himself as "Jerry Della Femina's Irish counterpart" in a telephone interview yesterday from his home in Bloomfield Hills, Mich. Besides his Chevrolet campaign, he is known for his "Cue Bias" theory. Mr. Fitzpatrick posits that people make decisions about the brands they buy based on subtle biases developed from a myriad of sources through their lives, rather than on emotion or reason.

"One of the mistakes made in marketing brands today is a failure to understand the cues that accrue over time to create these biases," he said. "A lot of agencies are sitting around writing headlines and saying, 'Isn't that a great headline?' Well, who cares? That's trivia for cocktail parties."

McCann's loss of the Winston and Camel accounts follows a troublesome period for the brands' manufacturer. Reynolds's shipments declined by 5.5 percent in the first quarter of this year, compared with the corresponding period in 1988, according to Emanuel Goldman, an analyst for Paine Webber Inc. in San Francisco. Mr. Goldman estimated that its shipments declined by 8 percent in the second quarter. By contrast, he said, the cigarette industry's shipments are down by 3.5 percent for the first half of the year, and those of the Philip Morris Companies, the world's largest cigarette manufacturer, are up by half a percentage point.

Although Winston is the nation's second-best-selling cigarette, its market share declined from 11.2 percent in 1985, when McCann won the account, to 10.7 percent at the end of last year.

"Winston's problem is Marlboro," Mr. Goldman said. Marlboro, a Philip Morris brand, has almost 25 percent of the cigarette market, and its share has been growing by 1 percent a year "for a long time," he said.

Stanley H. Katz, the chairman of FCB/Leber Katz Partners, said his agency's first job was to stop Winston's decline. "Winston lacks the dynamics of a growth brand," he said. "A growth brand has a momentum that sucks up smokers, because there's such a high rate of smokers switching from one brand to another, 25 or 30 percent a year."

A target will probably be adult smokers age 25 and under, whom Marlboro has been more successful in attracting. To woo them, Winston has switched its marketing approaches with alacrity in recent years. It recently changed its two-year-old slogan, "Real People, Real Taste," to "Winning Taste," illustrating it with artistic renditions of sports scenes.

Critics of tobacco advertising say these and similar ads are trying to associate smoking subconsciously with health, youth and vitality.

Reynolds's attempt to reposition Camel to attract younger smokers has been more blatant. This year, McCann introduced as the brand's symbol Old Joe, an anthropomorphic camel shown in black tie and on the beach, and always surrounded by bosomy young women - sort of a Spuds MacKenzie of the dromedary set.

Camel's market share has held steady, at about 4.4 percent in 1987 and 1988. Agency executives involved in Reynolds's advertising say the brand's reassignment has less to do with dissatisfaction with McCann than with a financial need to consolidate its advertising in fewer agencies. These executives say that Reynolds is planning to lower its overall advertising expenditures but wants to maintain spending at its remaining lead agencies so they can afford to continue to do good work.