Tobacco use is a preventable death and disease killer.

UNFILTERED
A REVEALING LOOK AT TODAY'S TOBACCO INDUSTRY.

Over $215 million is spent each year in Minnesota to treat health care conditions caused by secondhand smoke—such as respiratory illnesses and heart disease. Tobacco use is the leading cause of preventable death and disease across the country and around the world. Each year tobacco claims 480,000 lives. 
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No one decides at age 15 or 25 to become an addict. Yet that’s the path we started on with our first cigarettes.

Most people now know enough about the dangers of smoking to quit or never start. Tobacco ads aren’t allowed on television or billboards anymore, and you can’t smoke in most public places. But to say that “no one smokes anymore” just isn’t true. Most people don’t smoke, but a lot still do – over 600,000 in Minnesota alone.

People may think that they don’t see tobacco advertising these days, but the industry still spends almost two hundred million dollars in Minnesota every year to create new smokers and hold on to those it already has addicted.

We should know: we have been addicted to cigarettes.

The four of us are all very different people from different walks of life – a suburban mom, a college senior, a former Army soldier, an African American businesswoman. And there’s a range of reasons we each started smoking: “I was a rebellious teen . . . I wanted to be skinny like the women in the ads . . . Everyone around me smoked . . . I liked the taste of menthol . . . Smoking was part of my stylish image, like an accessory.”

At the time we started smoking, we thought we were making the choice to smoke all on our own. But looking back, all of us had some kind of positive association with cigarettes – confidence, rebellion, fitting in with our peers, pleasure – before we even took a single puff. Why? Because the tobacco industry spent billions of dollars to create those images and associations.

The tobacco industry would love you for you to think that tobacco isn’t a problem anymore. They want you to believe that no one smokes anymore, and that they aren’t spending billions to get people hooked. They’re happiest flying under the radar.

Well, we can tell you – tobacco is still a problem. As we write this, two of us still smoke, two of us have quit. Tobacco hooks you before you even realize it. And that’s why we are asking you to wake up, open your eyes, and realize that tobacco ads and images are all around you.

We all know what nicotine addiction feels like and how incredibly difficult it is to stop smoking. We just thought you should know. We learned the hard way.

Kelly, Brad, Steve, Pamela
POP QUIZ

Question: Imagine that you are a major consumer products industry that is prohibited by law from advertising in traditional ways. How do you continue to reach customers?

A. Make your products among the most addictive of all legally consumable products, and continually manipulate their ingredients to make them even more addictive.

B. Redesign your products and packaging to maximize brand loyalty among users.

C. Identify loopholes in the laws, and pour as much money as possible through those loopholes to exploit them.

D. Create links between your products and defining events and social changes, positioning the products as symbols of independence, cultural identity and freedom.

E. Give away samples of your products at places where people gather for recreation. Offer free merchandise branded with logos and attractive designs, so that people become walking advertisements for your products.

F. Fund programs that benefit youth and poor communities to buffer claims that your industry only cares about making money, regardless of the societal costs.

G. All of the above.

Answer: If you are the tobacco industry, the answer is “G.”

The tobacco industry still spends more than $12 billion a year marketing its products to Americans.

THE TOBACCO PARADOX

The landmark Surgeon General’s Report that first linked smoking with disease was released in 1964, more than 45 years ago. Within six years, Congress had passed a law to prevent cigarette manufacturers from advertising on radio and television. Since that time, scientific research and aggressive health education efforts have created almost universal awareness among the public of tobacco’s harms.

The landscape around tobacco use in America continues to change. Recent examples of progress include the U.S. Food and Drug Administration (FDA) being granted authority to regulate tobacco in 2009—the most comprehensive tobacco law to date—and more than half of U.S. states passing strong statewide laws protecting people from secondhand smoke and helping motivate smokers to quit. Over the last decade, the federal government and the vast majority of states have also increased excise taxes on tobacco products. (Research has shown that raising cigarette prices is one of the most effective ways to reduce smoking.)

During the same period, cigarette manufacturers also incurred new expenses in the form of large legal settlements. For more than a decade, the tobacco industry has faced lawsuit after lawsuit, brought by states and individuals looking for accountability from companies that produce deadly, addictive products and market them to kids. Over and over, the industry has paid settlements running into the billions.

Here in Minnesota

In a landmark case in 1998, the tobacco companies paid a $6.1 billion settlement to the state of Minnesota and $469 million to Blue Cross and Blue Shield of Minnesota. The lawsuit accused them of deceiving Minnesotans about the harmful nature of tobacco products.
Most recently, in May of 2009, a federal appeals court unanimously upheld U.S. District Judge Gladys Kessler’s 2006 opinion that the tobacco industry had deceived the public with its marketing practices. In the scathing 1,683-page opinion, Judge Kessler wrote:

[This case] is about an industry...that survives, and profits, from selling a highly addictive product which causes diseases that lead to a staggering number of deaths per year, an immeasurable amount of human suffering and economic loss, and a profound burden on our national health care system. [The] defendants have known these facts for at least 50 years or more. Despite that knowledge, they have consistently, repeatedly, and with enormous skill and sophistication, denied these facts to the public, to the government and to the public health community.

She went on to observe that, as of 2006, the tobacco companies were still engaging in deceptive marketing, noting that:

The evidence in this case clearly establishes that [the] defendants have not ceased engaging in unlawful activity...Their continuing conduct misleads consumers in order to maximize [industry] revenues by recruiting new smokers (the majority of whom are under the age of 18), preventing current smokers from quitting and thereby sustaining the industry.

So, how is it possible that despite decades of research, education, lawsuits, settlements and laws, the tobacco industry remains one of the leading consumer product industries in the world? Smoking-rate declines appear to have stalled, as 46 million Americans—more than one in five of the total U.S. population—continue to smoke. Knowing that public awareness of tobacco’s harm has continued to rise, and that restrictions on tobacco companies’ ability to market to youth have been tightening for decades, how can 20 percent of high school students and 6 percent of middle schoolers still be using tobacco?

The answer is that the tobacco companies haven’t stopped viewing young nonsmokers as prospective consumers, and that they never stopped marketing to them and other groups as target audiences. The industry has simply adapted to the times. Arguably, no other business in history has been more astute in discovering how to adapt to a changing marketplace. Its ingenuity and resilience in the face of a shrinking domestic market—and its willingness to find new markets in the developing world—explain why the tobacco industry continues to thrive in spite of the decades-long health campaign against it.

The industry also continues to have deep pockets. In 2007, long after strong regulations were put into place, it spent $12.8 billion marketing its products in the United States. And its reach is expanding. In China, the total number of smokers is greater than that of the entire U.S. population.

The cost from these efforts remains devastating. Tobacco use is still the leading cause of preventable death and disease, across the country and around the world. Each year, tobacco use claims 5 million lives worldwide and costs at least $200 billion in health care costs and lost productivity.

**Here in Minnesota**

- 634,000 adults are current smokers.
- 28.4 percent of young adults (18-24 years old) are current tobacco users.
- 85,000 middle and high school students smoke.
- More than 5,500 people die every year of diseases caused by tobacco use.
- Tobacco-related illness and disease cause more than $2 billion in excess health care costs.
Tobacco use is a social phenomenon largely propelled by mass media over the past century, led by tobacco industry professionals who constantly change strategies to reach their goals.

They combine the resourcefulness of a profit-making industry with a changing media and regulatory landscape to sell a product that remains our greatest public health challenge. We will not remove tobacco from our society unless we are willing to understand the industry’s constantly changing tactics.

— Dr. Tim Johnson, ABC News Medical Editor, August 2008

THE RULES MAY CHANGE, BUT THE GAME IS THE SAME

Just because tobacco products aren’t advertised on American television or billboards or in ballparks anymore, it’s easy to think the tobacco industry has scaled back its efforts to attract and keep its customers. Nothing could be further from the truth.

The hallmark of the tobacco industry is its ability to adapt to restrictions placed on it and its products. The tobacco industry focuses on five strategies:

1. **Making tobacco use a part of our cultural landscape.**

   By making tobacco part of mainstream American culture, the industry makes its products more acceptable and accessible. And products that are seen as an integral part of American life are much harder to regulate or campaign against.

2. **Using targeted marketing campaigns.**

   Creating campaigns for specific groups has been an important strategy for tobacco companies. Men, women, youth, young adults and minorities are all targeted with specific messages and products from the tobacco industry.

3. **Launching public relations campaigns.**

   The tobacco industry spends billions on community giving to improve its public image. It has even funded campaigns alleging to help tobacco users—its own customers—quit smoking. Through these efforts, tobacco companies position themselves as “good corporate citizens,” but such tactics also insulate them from criticisms and regulations.

4. **Reinventing itself and its products to adapt to a changing landscape.**

   New, addictive products are being developed in response to social and cultural changes, such as smoke-free laws and health concerns about cigarettes.

5. **Creating spheres of influence beyond the United States.**

   As the tobacco market in the United States has declined due to increasing public awareness and legal restrictions, the industry has set its sights on the developing world. Strategies that are no longer tolerated in the United States are now at work in these countries, where knowledge of tobacco’s health impacts is not yet widespread.

   Again and again, these strategies have been executed to the benefit of the industry’s bottom line and to the detriment of health. This report provides an unfiltered look at how tobacco companies have ingrained themselves into our culture and gives new examples of how they are targeting nonsmokers and young people and keeping existing customers hooked. Despite decades of momentum in lowering smoking rates, we must still be vigilant about the tobacco industry’s changing tactics. With this report, we hope to start a conversation about a problem that increasingly is hidden in plain sight.
CULTURAL INTEGRATION

“Just What the Doctor Ordered”

TOBACCO IS INGRAINED IN OUR CULTURE

The history of tobacco use in our country is long and complex. Historically, tobacco played (and still plays) a sacred role among American Indian tribes, for whom the plant is a source of spiritual guidance. Within 60 years of arriving in North America, European settlers recognized the commercial viability of tobacco and were exporting it back across the Atlantic. The slave trade was built on plantation owners’ desire for cheap labor to work in their tobacco fields. Tobacco is ingrained so deeply in American history that the plant’s leaves are carved into the columns of the U.S. Capitol.

By the late 19th and early 20th centuries, cigarettes were being mass-produced, and tobacco companies embarked on unprecedented marketing campaigns to promote them, employing tactics like advertising on baseball trading cards. And, indeed, the tobacco industry’s greatest success in the past century has been to position smoking as an integral part of American culture, something as American as baseball. For the past 100 years, the tobacco industry has had a hand in defining the events and social changes of every era.

Free cigarettes distributed to soldiers during wars.

During World Wars I and II, the Korean War and the Vietnam War, free cigarettes—often donated by the tobacco companies in a display of “patriotism”—were a part of combat rations and hooked generations of soldiers. The U.S. Department of Defense stopped the practice in 1986, but the tobacco industry has continued fighting to maintain its ties to the military. In 2000, the Department of Defense ordered that tobacco prices on military bases be kept at least 5 percent cheaper than those at the closest retail store, and as recently as 2007, research found that tobacco lobbyists were pressuring lawmakers to keep tobacco prices in military stores as low as possible.

And throughout conflicts in the 1990s and 2000s, soldiers stationed in the Middle East continued to receive free tobacco products from companies like Philip Morris, Brown & Williamson and Swisher International.

You ask me what I need to win this war. I answer tobacco as much as bullets.

— World War I General John J. “Black Jack” Pershing

I am with the Galveston, TX, Marine Corps unit currently deployed in Iraq. I wanted to say thank you for the box of your products and the Christmas card. You have no idea what a surprise it was to receive them. You have made a lot of Marines VERY happy around here. Especially me and my close buddies. . . . Everyone was digging through the box like scavengers, looking for their favorite cigars and dip. Little things like this take our mind off of this stressful situation. Kind of reminds us of being at home.

Thanks again for sending us all the products. The unit was really impressed that you would do that for us. I know you will definitely have some loyal customers from our unit once we get back to the States.

— An American serviceman writing to Swisher International, circa 2005

Photo credit: Galveston.org

Photo credit: GrandTradition.net
Celebrity endorsers of brands to represent a sought-after appearance and lifestyle.

In the 1930s and 1940s, when movie studios controlled their stars, tobacco companies paid Hollywood A-listers big money to endorse certain brands of cigarettes. In exchange for the endorsements, movie studio heads received nationwide print and radio ads in lucrative “crossover” deals. In all, almost 200 of the most popular actors—including Lucille Ball, Jimmy Stewart and Clark Gable—took part in cigarette endorsements in those two decades. And celebrities didn’t have to be of flesh and blood to get endorsement deals; even Santa Claus was drafted as a cigarette pitchman.

Doctors’ endorsement of brands to quell health concerns.

As public concern about tobacco’s health risks emerged in the 1940s, cigarette companies used doctors and dentists to endorse the products. Actress Barbara Stanwyck pitched newly filtered L&M cigarettes as “Just What the Doctor Ordered.” And R.J. Reynolds’s “More Doctors Smoke Camels” campaign sought to alleviate health concerns by showing that respected physicians were also smokers.

Marlboro Man as a symbol of rugged independence.

Marlboro actually started as a premium cigarette for women, but the brand was never able to take hold. Not, at least, until Philip Morris re-imagined the brand as one appealing to men.

The Marlboro Man image was crafted to present American men, who increasingly viewed themselves as overly domesticated, with fantasy reflections of themselves as free spirits, cowboys and pioneers.

Tobacco products placed in movies, television shows and video games.

Smoking has always figured in motion pictures, but it isn’t simply a case of art imitating life. By the 1940s, tobacco companies were paying to have their products placed in films, knowing that a cigarette in the hands of movie stars like Humphrey Bogart and Lauren Bacall would be more influential than advertisements could be.

Television soon became another medium for cigarette promotions through tobacco companies’ sponsorship of popular programs. When Congress banned cigarette advertising from television in the early 1970s, cigarettes continued to turn up on TV in the hands of actors. Even after restrictions further tightened on tobacco marketing to kids, smoking is still present in a huge volume of movies aimed at them, and cigarettes are even featured in popular video games.

I said, “What’s the most masculine symbol you can think of?” And right off the top of his head, one of these writers spoke up and said a cowboy. And I said, “That’s for sure.”

— Advertising executive Leo Burnett, whose agency created the Marlboro Man

Photo credit: Stanford School of Medicine, Trinkets & Trash, The Visual Telling of Stories (fulltable.com)
MARKETING PIONEERS

Tobacco companies have long enjoyed a reputation as the most able marketers in the world, and for good reason. Not only do tobacco companies excel at developing iconic symbols and slogans, no other industry can match the war chest they have to work with. In fact, in 2007—decades after it was barred from placing ads on television, the most expensive advertising venue—the tobacco industry was still spending $12.8 billion a year marketing its products domestically. Again, this is money the industry spent long after legal restrictions designed to prevent it from marketing broadly went into place.

As with any business, communicating with existing and potential customers is central to the tobacco companies’ ability to survive. With traditional modes of communication cut off, what is responsible for the industry’s continued marketing success?

Target marketing should be given a significant amount of credit. In the early 20th century, the tobacco industry abandoned a “one-size-fits-all” approach to advertising when marketers realized tying tobacco to images with resonance for particular groups was far more effective. Over the decades that followed, ads targeting specific markets have allowed tobacco to penetrate a wide diversity of groups and communities. Although the messages and messengers might be different in today’s changing media landscape, tobacco marketing is no less effective today than it was in the 1950s.

In Minnesota, the tobacco industry spent $196.6 million marketing its products in 2007.

WOMEN

The tobacco industry tied its products to the concept of women’s equality, independence, beauty and weight control in the early and mid-20th century. That approach did not stop with the classic Virginia Slims ads of the 1960s and 1970s, and it did not stop with the increasing limitations on the industry’s ability to market in the late part of the century.

In 2007, R.J. Reynolds launched a new brand aimed at women and marketed with an air of Sex and the City-style glamour. Camel No. 9s (the name echoes Chanel’s numbered fragrances) are packaged in shiny boxes with pink and teal decorations. Slogans include “Light and Luscious” and “Now Available in Stiletto” for “the Most Fashion-Forward Woman.” Free samples were given out at “launch parties” at nightclubs across the country, often with free massages and gift bags. According to Camel representative Cressida Lozano, Camel No. 9s were developed for women who said they liked Camel’s “irreverence” and “authenticity,” but didn’t feel Camel products were “meant for them.” In truth, Reynolds had realized only 30 percent of its customers were female and wanted to improve its bottom line by reaching women.

Not to be outdone, Philip Morris USA unveiled yet another makeover of Virginia Slims (the 11th) in 2008, with new “purse packs”: small, rectangular cigarette packs containing...
“Superslim” cigarettes. The purse packs resemble cosmetics packages and fit easily into small purses. The cigarettes are available in “Superslims Lights” and “Superslims Ultra Lights”—the terms “slim” and “light” as well as the design of the cigarettes themselves continuing the tobacco industry’s history of associating smoking with weight control.

Another thing these campaigns for women all have in common: they downplay or avoid the impact of tobacco on women’s health. And it’s not just women who are targeted. Despite being ostensibly “for adults,” the marketing—with its associations of glamour, freedom and sexual attractiveness—has great appeal for girls who are also seeking to be attractive, mature, independent and thin.

**MEN**

Two words: Marlboro Man. Could there be a more iconic representation of what a strong and masculine man desires to be? After five decades, the Marlboro brand remains one of the most valuable and well-known consumer product brands in the world.

For decades, tobacco advertising for men has depicted them as powerful, adventurous, rugged and independent. “Marlboro Country” became synonymous with masculinity, and the iconic images created for the brand depicted an idealized western frontier—pure Americana. Even during the 1950s and 1960s, when American culture was becoming more complicated, the Marlboro brand appealed to American sensibilities and the desire for freedom and simplicity in an increasingly urbanized society.

The Marlboro Man has come and gone, but tobacco ads that target men still use many of the same messages—playing to their desires to be strong and masculine, successful and athletic. Men continue to dominate tobacco consumption, smoking more and using more smokeless tobacco than do women in all demographic groups.

Tobacco marketing also seeks to create an impression among male consumers that tobacco products make them sexually attractive to women. Perhaps the most notable examples come from smokeless tobacco manufacturers, which are not bound by the same marketing restrictions as cigarette makers and which frequently use sexually provocative images in their advertising. A 2008 promotion campaign for Skoal—which slogan is “Welcome to the Brotherhood”—partnered with Playboy magazine, giving participants the chance to vote for one of 12 Skoal models who would be featured in a pictorial.

The promotion was intended not just to appeal to existing smokeless customers but also to lure new ones who had previously used cigarettes.

**RACIAL AND ETHNIC POPULATIONS**

The prevalence of tobacco use among some communities of color is considerably higher than that of the general population; rates of quitting are much lower. Not surprisingly, tobacco companies have been extremely proactive in researching and developing strategies to reach these groups.

Brown & Williamson started advertising its Kool brand of menthol cigarettes to African American men in the late 1960s, using African American models and language that reflected the “black experience.” It quickly became the top-selling...
Even though buying tobacco products has long been illegal for people under 18 years of age, the battle among the tobacco companies for this demographic group has been—and remains—fierce. Because most smokers do not change brands once they have settled on their first steady choice, it’s strategically important for manufacturers to hook them as early as possible.

“Rio” and “Dorado” have been used to target this specific group. And Philip Morris’s 1994 “Marlboro Hispanic Marketing Plan” recognized that car racing was a popular sport among this population; as a result, racing concepts were used heavily in promotional materials and advertising for Marlboro cigarettes at that time.

Even though opposition to this kind of targeted advertising has been loud and visible, the tobacco industry has countered it with image-management tactics, such as significant corporate giving to community groups and social causes that are important to these populations.

**GAY, LESBIAN, BISEXUAL AND TRANSGENDER (GLBT) INDIVIDUALS**

GLBT individuals are 40-70 percent more likely to smoke than non-GLBT people, exceeding nearly all other demographic groups. Tobacco companies began to target this population with ads that were covert and coded to be sexually ambiguous in ways that would resonate with GLBT audiences but avoid charges of blatant targeting. Eventually, the industry would get more direct in its messages and imagery, and place its ads in GLBT publications.

Similar to the strategy used for racial and ethnic populations, the GLBT-focused advertising efforts have been complemented with donations to events and organizations, especially HIV/AIDS-related charities, which help create goodwill toward tobacco companies and foster loyalty to their brands. In fact, loyalty to tobacco brands and tobacco companies is significant among the GLBT community because traditional advertisers and corporate sponsors have typically neglected them.
TOBACCO IN MOVIES AND VIDEO GAMES

Filmmakers and actors were recruited to pitch cigarettes during Hollywood’s Golden Age, but the practice of placing tobacco products in movies still exists. The motion picture industry today is aiming for a far younger audience than it was in the 1940s. At a time when box-office blockbusters like *Jaws* and *Star Wars* were drawing kids to movie theaters like never before, tobacco companies were paying Hollywood agencies many hundreds of thousands of dollars a year to have cigarettes placed in films. Between 1978 and 1988, Philip Morris products were placed in more than 191 movies, many of which had PG-13, PG or even G ratings from the Motion Picture Association of America.

Facing criticism, the tobacco industry claimed it stopped paying for product placements in films in the 1980s. But documents that came to light as part of the tobacco trials of the 1990s show that as late as 1994, companies were still paying large sums to place cigarettes in movies without reporting it to the Federal Trade Commission. A study by the National Cancer Institute found that as late as 2002, smoking was still depicted in 74 percent of all movies. A study by the University of California, San Francisco, concluded that “in 2002 smoking in movies was as common as it was in 1950” and that “the total amount of smoking in movies was greater in youth-rated (G/PG/PG-13) films than adult-rated (R) films.”

Movies aren’t the only venue for modern tobacco promotions. Video games are a $9.4 billion business in the United States, with sales higher than that of the movie box office. Research shows that younger audiences regard video games as an even more important form of entertainment than television. Because of that, advertisers will pay giant sums of money to place products in video games. Strong evidence links adolescent smoking with tobacco products in films, video games and television.

In the game *The Chronicles of Riddick: Escape from Butcher Bay* (rated “Mature”—i.e., intended for 17 and older—but also appealing to younger teens), cigarettes are used as a reward, with each pack found by the player revealing bonus materials. In the game, cigarettes are made to seem cool and health warning labels are mocked.

CASE STUDY: Joe Camel

The cartoon character Joe Camel was introduced to U.S. consumers in 1988 and quickly became one of the most recognized images in popular culture, even among very young children.

A 1991 Journal of the American Medical Association study revealed that “Old Joe” was more recognizable to five- and six-year-olds than Mickey Mouse. From 1987-1991, Camel’s share of under-18 customers rose from 0.5 percent to 32.8 percent.
A 2007 study on point-of-sale advertising in Ramsey County found an average of 14 tobacco ads per retail store. The highest number of advertisements found in a single retail store was 81.

BECOMING A PART OF THE SOCIAL FABRIC

There are two parts to any successful marketing strategy: developing the right message for the right audience and then delivering the message with efficiency. The tobacco industry has mastered the ability to become part of the fabric of existing and potential customers’ lives.

When the industry was blocked from using traditional avenues of marketing, such as television, it simply developed new methods. Most people don’t comprehend that the industry still spends $12.8 billion a year marketing its products. That is because the marketing seems all but invisible to nonsmokers and policymakers. But, in reality, the industry has pioneered marketing methods that speak directly to its target audiences, including promotions and events, and direct consumer and point-of-sale marketing. Here are examples of promotions targeting young adults.
Here in Minnesota—Minneapolis Camel No. 9 Event

The Camel No. 9 launch event came to Minneapolis in November 2007. It was called the “Camel No. 9 One Night in Vegas VIP Party,” with guests invited to attend “8-10 p.m. . . . free drinks, food and hair and make-up, we’ll also be shuttling people to the [First Avenue nightclub] Annex event starting around 10 p.m.”

(P. Heuring, personal communication, October 29, 2007)

CASE STUDY: Cigarette Fairies and FUBYAs

Have you ever met a “Cigarette Fairy”? If you’re not in the 21-30 age group, your chances are slim.

“Cigarette Fairies” are young, attractive individuals, usually female, who are hired by tobacco companies to go to bars and promote tobacco products. Their job is to socialize with young adults, learn about their tobacco preferences, collect their personal information, and offer samples of or coupons for the latest brand of cigarettes.

On its website, R.J. Reynolds doesn’t list “Cigarette Fairy” in its job openings section. However, the position “Sales Representative/Trade Marketing” has very similar responsibilities. The company seeks:

... energetic salespeople who can engage, educate and connect with our adult tobacco customers. We want to engage adult tobacco customers in a “1 to 1” manner with the purpose of gaining trial and conversion to RJRT brands.

The job requires “a willingness to work untraditional (after 5:00 p.m.) business hours” and “a passion for tobacco.” The job is also lucrative, particularly in these tough economic times: $41,652 yearly base pay plus a $4,165 bonus, full benefits, company car and cell phone allowance.

Whether it’s a Cigarette Fairy or a Camel Sales Representative, the strategy is the same, and it’s not new. It’s called trend influence marketing, and it is one secret to the tobacco industry’s marketing success.

The tobacco industry also knows that one of the most important and consistent characteristics of smokers is that most of them stick with the first brand of cigarettes they use regularly. Young adults (18- to 24-year-olds) are a very important target population because this age group is going through a time of transition and experimentation, and is tremendously influenced by its peers. In tobacco industry documents, this group has been referred to with the acronym “FUBYAs,” which means “first usual brand, young adult smokers.”

Tobacco companies spend millions marketing to FUBYAs and researching the best ways to do so. In their attempts to reach young adults, the companies rely heavily on trend influence and direct marketing. This kind of marketing depends on strong alliances with bars, clubs and alternative newspapers, making this strategy particularly effective with young adults. In 2005, the tobacco industry spent more than $1 million a day sponsoring events and giveaways targeting college students, and today, nearly 20 percent of today’s college students are regular smokers.

A good example of outreach to FUBYAs would be the events R.J. Reynolds sponsored as it launched its new Camel No. 9 cigarettes for female smokers in 2007. Elaborate parties were held in bars and clubs across the country and promoted as “girls’ nights out,” with women receiving free cigarettes, massages and hairstyling services and taking home gift bags that included makeup, jewelry and other Camel-branded items.

I get paid to hand out cigarettes, go to free gigs and to smoke. Camel [is] clever about the smoking ban. We’re all over the place... all over America. It’s a sweet job.

WOLF IN SHEEP’S CLOTHING

Traditionally, public relations has been a critical tool in the tobacco industry’s toolbox. Corporate sponsorships of events and social causes, from women’s rights to HIV/AIDS research, have long been used as a key public relations strategy for tobacco companies. These campaigns encourage people to view them as less dishonest, less culpable for smoking among adults and children, and more responsible and favorable overall. While overall public opinion of the tobacco industry has been very poor, image campaigns have been successful in garnering support among some individuals and communities. And whenever new government regulations on tobacco are proposed, the industry’s lobbyists are quick to remind lawmakers of the charitable giving that would be lost if the companies suffer.

Image Campaigns: Is the Tobacco Industry Really That Bad?

The tobacco industry’s image campaigns don’t try to tell people that tobacco products are safe or even to promote the products. Instead, they use clever marketing tactics to bolster the industry’s public image and instill doubt that the tobacco companies are really as bad as some have made them out to be.

The tobacco industry has spent billions of dollars on corporate sponsorships for various philanthropic and social causes, ranging from sporting events and arts and entertainment, including many efforts that benefit youth. This money is well spent because in addition to expanding awareness of the company names and logos, corporate sponsorships increase perceptions that the tobacco companies are socially responsible and care about their customers and the issues that are important to them.

And the industry works very hard to spread the word about its contributions. In 1999, Philip Morris spent $100 million on a corporate image campaign to tout its charitable giving—more than the $75 million it spent in actual donations.

CASE STUDY: Keep America Beautiful

Keep America Beautiful is the best-known litter awareness organization in the nation. The national nonprofit is committed to preventing littering and encouraging recycling and environmentally responsible trash disposal methods. What isn’t as well known is that for decades, it has received much of its funding from the major tobacco companies, which use this relationship to help downplay the environmental issue of litter from cigarette butts.

Nearly 370 billion cigarettes smoked in the United States each year result in about 135 million pounds of cigarette butts, and most cigarette filters aren’t biodegradable. By creating a funding partnership with Keep America Beautiful, the tobacco industry seeks to enrage people about cigarette litter... but it also shifts the conversation away from itself so that it doesn’t have to address its own responsibility for the waste. (Since their development, filters have been an important marketing tool to make cigarettes seem “lighter,” “healthier” and easier to smoke.)

Local elected officials are especially interested in addressing litter issues in their communities, so they are often eager to receive resources from Keep America Beautiful. And the perception of goodwill created by this campaign helps to blunt arguments for local tobacco control policies. After all, the argument goes, if they are helping us reduce cigarette litter in our communities, how bad can the tobacco companies be?
CASE STUDY: Operation Ranger

In 2002, the U.S. Smokeless Tobacco Company (UST), maker of Skoal and Copenhagen products, started its Operation Ranger program, which provides off-road utility vehicles to emergency response services across the nation. These vehicles are tremendously expensive, and since most small communities have meager resources and often rely on volunteer responders, a free vehicle is a tremendous gift. According to UST’s website:

The Operation Ranger program exists both to recognize the service of our nation’s emergency responders and to provide a versatile, practical vehicle that will enhance emergency response capability at the community level.

More than 400 vehicles have been provided across all 50 states, including nearly a dozen vehicles in Minnesota. At face value, giving utility vehicles has little to do with marketing tobacco products. But the positive image of UST for its generous donation has everything to do with the way it is perceived in the community. And these gifts aren’t given to the volunteers themselves; instead, they are given to the law enforcement agencies whose job it is to enforce tobacco laws.

CASE STUDY: Philip Morris USA QuitAssist

Another recent example of a tobacco industry image-management tactic is a surprising one: a quit-smoking website run by Philip Morris USA.

Billing itself as a quit-smoking “information resource,” the Philip Morris-branded site, called QuitAssist, provides links to quit-smoking programs and testimonies from former smokers. Copy on the site acknowledges QuitAssist’s inherent conflict of interest:

QuitAssist is a voluntary effort by Philip Morris USA. We realize that to some it may seem contradictory for a cigarette manufacturer to help smokers who have decided to quit succeed. But, smoking causes serious diseases and is addictive. It can be difficult to quit smoking and many smokers who try to quit do not succeed. We hope that this QuitAssist resource will help smokers who have decided to quit be successful.

Not mentioned on the site is that “helping smokers quit” is one way for the world’s largest cigarette maker to try to distance itself from the harm, disease and death for which its own products are responsible. By casting itself as part of the solution, Philip Morris is deflecting attention away from itself as the direct cause of the problem.

More than that, because the QuitAssist site does not sell tobacco, Philip Morris can advertise the site—and its corporate image—on television and radio, which it does in both English and Spanish. As if that weren’t bad enough, Philip Morris even went so far as to have QuitAssist brochures placed in doctors’ and dentists’ offices and advertised on the popular online health portal WebMD.

This is one of the proposals we shall initiate to show that we as an industry are doing something about discouraging young people to smoke. This of course is a phony way of showing sincerity as we all well know.

— From a 1973 memo summarizing a meeting of representatives from the major cigarette companies, including Philip Morris, R.J. Reynolds and British America Tobacco

With these tactics, the company is not only reaching millions of new potential customers with the Philip Morris brand, it is associating that brand with health and wellness—the antithesis of the death and disease that are the true nature of its business. And other cigarette manufacturers are following Philip Morris’s lead: in 2009, R.J. Reynolds announced it was buying a company that makes nicotine-replacement gum intended to help people quit smoking.
CASE STUDY: The Most Important Image Campaign of All—Kids

Perhaps the most shocking example is how tobacco companies have given—and continue to give—hundreds of millions of dollars to educational and other youth-serving groups, including some of the nation’s largest youth organizations. From 2005-2009, Philip Morris USA gave $25 million to the National 4-H Council. Since 1998, Philip Morris has donated $230 million to other youth-serving organizations, such as Big Brothers Big Sisters of America, the Forum for Youth Investment, and Boys & Girls Clubs of America.

The tobacco companies say the funding is for “youth smoking prevention” and “healthy development” programs, including teaching kids to resist peer pressure. But there is a basic and obvious conflict of interest between organizations committed to the development of young people and an industry committed to selling its addictive products to them. After all, the future of the tobacco industry depends on its ability to attract a generation of new customers.

Accepting tobacco industry support for youth programs also sends a dangerous mixed message to kids: It’s wrong to smoke cigarettes, but it’s OK to take money from the very industry that is trying to addict you.

Still, this has been a tremendously effective marketing strategy for the tobacco industry. Not only does it allow the companies to raise their brand awareness with kids, it also creates a perception among communities and lawmakers that the industry is part of the youth-smoking solution, rather than what it actually is—the cause of the problem. How bad can the tobacco industry be when it is so generously investing in the wellbeing of our children?

When organizations accept tobacco industry money, they are giving legitimacy to the tobacco industry. They may well be compromising their own mission.

— Bernadette Chlebeck, Community Organizer with Ramsey Tobacco Coalition (Minnesota), 2009

They represent tomorrow’s cigarette business. . . . As this 14-24 age group matures, they will account for a key share of the total cigarette volume—for at least the next 25 years.

— From a 1974 R.J. Reynolds marketing plan presented to the company’s board of directors
NOT YOUR GRANDPARENTS’ CIGARETTE

Many current tobacco marketing tactics have emerged in response to positive developments in recent decades: widespread knowledge of the dangers of cigarettes; record low smoking rates and less smoking in public places; and the release of internal documents exposing tobacco companies’ deceptive practices and their knowledge of cigarettes’ deadly and addictive qualities. But as awareness of smoking’s harm has grown, and as American markets have gradually turned away from old-fashioned cigarettes, the industry has responded by adding sweet flavors to existing products to appeal to younger palates. Historically, flavored cigarettes have been a gateway for many children and young adults to become regular smokers; studies have shown that 17-year-old smokers are three times as likely to use flavored cigarettes as smokers over the age of 25. But flavoring cigarettes is not the industry’s only trick. Tobacco companies are also now developing new smokeless products that, while still harmful and addictive, do not carry the stigma that cigarettes have earned in this country.

“It Doesn’t Even Taste Like Tobacco”

In a move that shows how interested the industry remains in reaching young people, tobacco manufacturers have developed many products with strong, sweet, artificial flavors. These products are designed to appeal to “young adults” who are likely new smokers and not accustomed to the strong taste of tobacco. Once again, R.J. Reynolds in particular has shown itself to be a master innovator, creating Camel “Exotic Blends” in more than a dozen flavors, including “Twista Lime,” the coconut and pineapple-flavored “Kauai Kolada,” “Warm Winter Toffee” and “Winter Mocha Mint.” Another popular line of Camel cigarettes is liquor-flavored, with catchy names such as “SnakeEyes Scotch,” “ScrewDriver Slots” and “BlackJack Gin.” The company’s direct-mail marketing campaign for these cigarettes included drink coasters with cocktail recipes and messages that encouraged drinking.

Reynolds is not the only company experimenting, however. Brown & Williamson introduced flavored versions of its Kool cigarettes with names like “Caribbean Chill,” “Midnight Berry,” “Mocha Taboo” and “Minttrigue.” And the U.S. Smokeless Tobacco Company created spit tobacco with flavors including berry blend, mint, wintergreen, apple blend, vanilla and cherry.

External developments are already affecting the tobacco industry’s ability to develop in this way. In September 2009, acting under its new authority over tobacco, the FDA banned all cigarettes with fruit, candy or clove flavors.

They’re a mechanism to introduce a new generation of young people to tobacco products. You never see a long-term smoker smoking a chocolate, mocha mint, vanilla or strawberry cigarette.

— Matthew Myers, President of the Campaign for Tobacco-Free Kids, September 2009

“They’re Not Cigarettes”

Cigar manufacturers are already capitalizing on the FDA flavor ban, which only applies to cigarettes. Their “little cigars” are filtered products that are the same size as cigarettes and that often include candy or fruit flavoring. One popular brand, Swisher Sweets, are little cigars with colorful packaging and sweet flavors,
including strawberry, chocolate, peach, grape, rum and tequila. These products are hard to distinguish from candy displays, which they’re often near in convenience stores.

As cigarette excise taxes have been increased, including a 62-cent hike imposed by the federal government in 2009, these products have also been marketed as “little cigars that resemble cigarettes,” to maximize their appeal to cigarette smokers frustrated by higher prices. Research has also shown that cheaper tobacco products have a higher appeal to children.

Flavored cigars are currently not restricted by the FDA, but the agency will be reviewing these products to see if they are also subject to the existing flavor ban.

Marketing campaigns for products with sweet candy and fruit flavors can mislead young people into thinking that these products are less addictive and less harmful.

— Dr. Joshua Sharfstein, a pediatrician and the FDA Principal Deputy Commissioner, September 22, 2009

NEW TOBACCO PRODUCTS—SNUS AND ORBS, STICKS AND STRIPS

The use of smokeless tobacco predates the invention of cigarettes. Throughout the 19th century, Europeans inhaled it as snuff, while in the United States the “chew and spit” form has always been preferred. Chewing tobacco’s cultural significance is seen in its long association with the American “national pastime,” baseball—an association that continues today.

Research has unequivocally shown that these traditional smokeless products are harmful to health. Dozens of carcinogens have been identified in chew and sniff, and a 2008 study from the World Health Organization International Agency for Research on Cancer concluded that users of these products have an 80 percent higher risk of oral cancer and 60 percent higher risk of pancreatic and esophageal cancer.

Those sobering health statistics have not stopped tobacco industry giants like Philip Morris and R.J. Reynolds from embracing the smokeless tobacco market and its huge growth potential. In recent years, major cigarette manufacturers have purchased traditional smokeless tobacco companies and are using them to extend well-known brands like Marlboro and Camel into the smokeless market. In 2009, Philip Morris’s parent company Altria spent $11.7 billion to acquire UST, manufacturer of Skoal and Copenhagen. With this move it became the largest cigarette and smokeless tobacco company in the country, controlling 50 percent of the cigarette market and 55 percent of the smokeless market.

While the major cigarette companies continue to promote traditional smokeless tobacco products, they are also using their new smokeless acquisitions to innovate, and a whole new generation of tobacco products is emerging. One such product, new to America, is called snus—the Swedish word for snuff. Snus comes in a tea-bag-like pouch that the user sticks between the upper lip and gum. It can be kept there for up to 30 minutes and requires no spitting. Snus is not generally detectable by anyone but the user, making it easy to use in offices, airplanes, restaurants, classrooms—anywhere people want a nicotine fix but can’t light up.

And this is how tobacco companies are marketing snus: a way around smoke-free laws. Ads for Camel Snus use the slogan “Boldly Go Everywhere,” and pitch it as “your flight just got canceled friendly,” including strawberry, chocolate, peach, grape, rum and tequila. These products are hard to distinguish from candy displays, which they’re often near in convenience stores.

PHOTO CREDIT: CLARITY COVERSdale Fury, Oral Cancer News
“ridiculously long conference call friendly” and “fancy hotel friendly.” Companies also see snus as a way to get around traditional cigarette advertising bans.

Both R.J. Reynolds and Philip Morris have developed snus products. Reynolds has also created several other smokeless dissolvable tobacco products that resemble candy—including Orbs, tiny mints in “fresh” and “mellow” flavors; Sticks, shaped like toothpicks; and Strips, which melt on the tongue.

Research is still emerging on the potential harms of these products. But what’s clear is that the tobacco companies are trying to have it both ways: seeking FDA approval to label their products as “less harmful” than cigarettes, while at the same time marketing them in such a way as to keep consumers using cigarettes as well. And a 2007 review suggested that, because of the wide variety of smokeless products on the market (all with varying levels of toxins and nicotine), even promoting them as substitutes for smoking could do more harm than good.

The tobacco industry’s focus on smokeless products might be new, but already the marketing shift is working. As cigarette business continues to drop, sales of smokeless tobacco are skyrocketing. Revenue for smokeless tobacco products more than doubled from 1986 to 2006, growing from $798 million to $2.6 billion, according to the Federal Trade Commission. Over the same two decades, tobacco companies more than quadrupled their advertising and promotional spending for smokeless products, from $77 million to $354 million. Perhaps most alarming, a 2009 study found that use of smokeless products among U.S. teens is on the rise.

We do not advertise cigarettes in print right now and have not done that for a couple years, but Camel Snus is not a cigarette. This is a different product, and if ultimately you want your adult tobacco consumers to be aware of the product and its attributes, clearly you have to advertise.

— David Howard, R.J. Reynolds spokesman, 2009

Photo credit: Trinkets & Trash
GLOBAL OPPORTUNISM

“The American Dream”

INTERNATIONAL MARKETS—A NEW FRONTIER

As cigarette sales in the United States and other Western countries begin to dwindle with the rise of smoke-free environments and broader understanding of tobacco’s health dangers, developing countries have become a new market for the tobacco industry. Minimal government regulations on tobacco products, as well as little knowledge of the serious health problems they cause, make the global marketplace a playground for the tobacco industry to market products and hook new customers. Already, smoking has become a cultural norm in many developing nations. Just as tobacco companies adapted their products and marketing to become a part of American culture, the global marketplace is now viewed as a clean slate for the industry to use methods that are outlawed in the United States.

In 2008, Philip Morris International split from Philip Morris USA to free the company from increasing legal and public relations problems that had hindered its growth in the United States. As a separate entity with headquarters in Switzerland, PMI’s operations are exempt from U.S. tobacco regulations. More importantly, it can develop and market products in countries that have far fewer constraints and less public health knowledge about tobacco.

PMI is fast-tracking the introduction of new products in overseas markets, as well as streamlining manufacturing so its entire line of products can be produced internationally. Stringent import quotas restrict the volume of cigarettes it can ship into countries, so PMI has set up more than 40 new manufacturing centers around the world, the largest of which are in the Netherlands, Russia, Germany, Turkey and Ukraine. And smoking rates have already shot up in some developing countries where PMI is a major player, including Pakistan (up 42 percent since 2001), Ukraine (up 36 percent) and Argentina (up 18 percent).

There is also huge profit potential in China, where there are more than 350 million smokers—50 million more cigarette buyers than the total population of the United States. PMI worked for years to negotiate with the Chinese government to market its products in the country, where hundreds of varieties of cigarettes were already being produced by the state-run China National Tobacco Corporation. PMI agreed to market Chinese brands internationally in exchange for the right to produce its own Marlboro brand at state-owned factories. In 2005, the Chinese government reported $30 billion in tax revenue from tobacco sales.

In 2008, Philip Morris International had revenue of $63.6 billion, compared with $19.3 billion at Altria, the parent company of Philip Morris USA.

[Philip Morris International] stock is going to be a cash cow. People in other countries smoke like chimneys. This company sells an addictive product legally. The dividends are high, profits are climbing. What’s not to like?

— The Motley Fool investment website, July 2009

NEW PRODUCTS FOR OVERSEAS MARKETS

More than a third of Indonesia’s population smokes and the country’s $8 billion tobacco industry provides jobs for 7 million people. To get in on the action, Philip Morris International developed a Marlboro brand cigarette flavored with cloves, just like the sweet-smelling kretek cigarette that is part of the country’s identity.

The cigarette is called Marlboro Mix 9 and it has nearly double the nicotine and tar of ordinary cigarettes. Incidentally, the number nine is considered lucky in Chinese culture, which isn’t a coincidence as the brand heads for other Southeast Asian markets.
In 2008, the World Health Organization (WHO) issued a report on tobacco’s global impact. The report noted that during the 20th century, 100 million people worldwide died as a direct result of smoking, and warned that unless current trends could be reversed, the death toll for the 21st century would be higher than one billion. The report identified the tobacco industry’s outreach into the developing world as a major cause for the projected increase, predicting that by 2030, more than 8 million people will die annually from tobacco use, with 80 percent of deaths occurring in poorer countries.

But the report also offered hope for the future. In an introduction, WHO’s Director-General Dr. Margaret Chan wrote that “We hold in our hands the solution to the global tobacco epidemic,” and the report identifies six areas that are key to reducing the harms of tobacco around the world. They are:

- Banning tobacco advertising;
- Increasing tobacco prices;
- Implementing policies to protect people from secondhand smoke;
- Educating people about tobacco’s harm;
- Providing access to cessation services; and
- Conducting ongoing research on tobacco use.

New products have been launched in other countries as well. Marlboro Intense, a “snack-size” mini-cigarette, was launched in Turkey where it is marketed as a quick way to get a nicotine hit when stepping outside smoke-free environments. Although smaller, the mini-cigarette delivers the same amount of nicotine as the full-size version. Marlboro Filter Plus, which is sold in South Korea, Russia, Kazakhstan and Ukraine, has a special filter that claims to lower the tar level while giving the smoker a smoother taste.

The report called on world governments to take action to prevent this escalation, noting that while more than $200 billion in tobacco taxes are collected by countries every year, less than one fifth of 1 percent of this money is used for tobacco control purposes.
FINAL THOUGHTS

Very few people dispute the negative health effects of tobacco use anymore. Even the tobacco industry admits that it produces and markets hazardous products. But the industry continues to aggressively market cigarettes to nonsmoking kids and adults, and to develop new addictive and dangerous products to maintain its profits and its grip on individuals, communities and cultures at home and around the world.

The 2009 federal law giving the FDA authority over tobacco is an important step forward in regulating these products and reducing their devastating impacts. But, as this report reflects, for a century the tobacco industry has been ingenious in its ability to circumvent legal restrictions, to adapt to cultural shifts, and to market and expand its products.

This report gives a comprehensive, unfiltered look at the tobacco industry’s mass marketing strategies, which influence people every day without their realizing it. We hope to draw attention to the ongoing tactics of the industry, in the hopes that the public and policymakers will not become complacent in the face of its campaigns to reinvent itself. We have seen specific examples of how the tobacco industry is morphing and shifting to achieve its ends—and we must not forget what those ends are. To lose focus on tobacco as an urgent problem to be addressed—and on the tobacco industry as its cause—would be to lose ground on all the gains made after decades of work to educate the public about tobacco’s dangers and how to quit smoking.

Beneath all its transformations and campaigns to reinvent itself, the tobacco industry at its core has exactly the same motivation as it did 100 years ago: to make money by addicting people to deadly products. The simple truth is that as long as this is true, the greatest hazard to human health isn’t from any particular product. The greatest hazard is the tobacco industry itself.
UNFILTERED: A REVEALING LOOK AT TODAY’S TOBACCO INDUSTRY

Notes

2. INTRODUCTION


3. CULTURAL INTEGRATION


4. TARGET MARKETING


"Brands with names like . . . target this specific group." Centers "Brown & Williamson started . . . the most popular today." "The prevalence of tobacco . . . quitting are much lower." "The point of 'Welcome' . . . be a part of." Beirne, M. (2008).


Not to be outdone . . . smoking with weight control." "In a world that was . . . a world he owned." Schalch, K. (2002).


6. INNOVATION


