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***How Cigarette Advertising Works:
Rich Imagery and Poor Information***

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(October 30, 2000)

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1. Personal Qualifications

- 1.1 **Roles.** I am currently Professor of Marketing at the Faculty of Commerce, University of British Columbia, where I am also Curator of the History of Advertising Archives. I have a MBA and a Ph.D. in Consumer Behavior from the University of Chicago and have published research extensively for over 30 years in the areas of advertising and its effects, consumer attitudes toward advertising and advertising history. I teach courses at the undergraduate, MBA and Ph.D. levels concerning advertising and its practical management and the related research methodologies, both in industrial practice and in academic research. I am a member of the American Academy of Advertising and the Association for Consumer Research. I serve on the editorial boards or review manuscripts for many academic journals, e.g. the Journal of Advertising, the Journal of Consumer Research, and the Journal of Marketing. My complete Curriculum Vita as of May 2000 is Attachment 1.
- 1.2 **Tobacco Knowledge.** Of note is my role as Curator of the History of the Advertising Archives, as this research institution holds the Tobacco Industry Promotion Series (TIPS), an extensive collection of materials on cigarette promotion. TIPS includes (a) thousands of cigarette ads and related merchandising materials, (b) related documents obtained in the course of serving as an expert witness in various trials, (c) notes taken from both tobacco and advertising trade sources (e.g. Advertising Age, Advertising & Selling, Marketing and Media Decisions, Printers' Ink, U.S. Tobacco Journals), (d) compilations of research done by others, and (e) a special interest library on tobacco advertising, including government reports, among other holdings.
- 1.3 **Research Writing on Tobacco Marketing.** For the past 13 years I have been working extensively on cigarette advertising and its history, publishing over 100 research work products as working papers or in peer reviewed journals. Of note are my contributions on the role of advertising to the Surgeon General's Reports on youth (1994), minorities (1998) and women (2000). I have also drafted materials on the marketing of so-called "light" cigarettes for the (US) National Cancer Institute (2000). Other research and reports have explored current practices and historical aspects of the various aspects of cigarette marketing such as the targeting of youth, the targeting of racial minorities, the failures of self-regulation, the use of public relations, the marketing of filtered and seemingly safer "low yield" cigarettes, event sponsorships and promotion, sports stadium signage, media plans, packaging, distribution, and warnings. These research work products are included in my CV but, for convenience, are also isolated and listed in Attachment 2: "Chronological Listing of Research Work Products re: Cigarette Advertising, PR and Related Topics" [April 2000].

- 1.4 **Access to Corporate Documents.** My research experience has been augmented by the rare opportunity to access and review corporate documents for tobacco firms, their market research contractors, advertising agencies and public relations firms. Some of this was the result of my own research initiatives uncovering archival materials, e.g. the industry's public relations efforts to counter the "health scares" of the 1950s and 1960s. On other occasions my access to corporate documents resulted from my role as an expert witness in litigation. In Canada, I testified in "Imperial Tobacco Limitee & RJR-Macdonald Inc. c. Le Procureur General du Canada" (Quebec - 1989). Discussion of corporate documents not otherwise identified herein can be seen in my expert report for that trial, "The Functions and Management of Cigarette Advertising" [Pollay 1989 - Attachment 3] and in a peer reviewed published form, "Targeting Youth and Concerned Smokers: Evidence from Canadian Tobacco Industry Documents." [Pollay 2000 - Attachment 8]
- 1.5 **Invitations and Awards.** My expertise in cigarette advertising has led to many invitations to speak at various conferences, professions and universities. The last includes the Emerson Electric Lecturer on Business Ethics, St. Louis University (1995), University Lecturer at the University of Wisconsin (1993), Center for Research in Journalism and Mass Communications Lecturer, University of North Carolina (1992), Donald W. Davis Lecturer at Pennsylvania State University (1990), Walter Schmidt Lecturer at the University of Santa Clara (1988), and numerous other unnamed lecturing at more than 20 other Universities abroad and in North America, such as Harvard, Rutgers and Columbia. This research on cigarette marketing has been recognized by the University of British Columbia as deserving of the Professional Research Excellence Award, 1994. Most recently, I was recognized by the American Marketing Association for the Best Article in Advertising Award.
2. **Scope of Report.** This report addresses the various promotional tactics employed by the cigarette industry and the psychological mechanisms of persuasion and attitude change that the industry consequently relies upon. These tactics and processes will be illustrated with Canadian examples and data discussing the nature and volume of information in cigarette advertising; the images and associations employed to reassure concerned smokers; the images and associations employed to recruit new smokers, i.e. "starters," and the role of repetition over time and across multiple media to create "friendly familiarity."
3. **Conceptual Foundations: How Promotion Works**

- 3.1 **Routes to Persuasion.** Promotional communications in general, and advertising in specific, can create a matrix of knowledge and perceived attributes, opinions, attitudes and beliefs about a product or service, that collectively constitutes an image of the brand and, consequently, its users. Promotional communication is commonly understood to work in several complementary ways: through transmitting information (aiding learning and decision making, i.e. cognitive effects); by modeling and shaping attitudes, perceptions and feelings (changing feelings, i.e. affective effects); and by triggering impulse and planned purchases (stimulating behavior, i.e. conative effects). According to the contemporary psychological model, persuasion from communication occurs along either or both "central" and "peripheral" routes. This distinction is not about comparative efficacy, but rather between persuasion resulting from (1) information presentation and argument structure leading to cognitive processing and rational reflection, and (2) associative persuasion cues and influences such as attractive models, settings, activity and scenery leading to attitude and behavior change independent of any rational reasoning. In information based persuasion attempts, the communication's intent and message are explicit and overt and require consumer engagement, so called "high involvement." In associative persuasive communications, the intent and message are implicit and covert and affects consumers with far lower levels of cognitive and psychological engagement, i.e. so-called "low involvement." These latter persuasion devices can be experienced and taken in at a glance, in the simple apprehension of imagery, with its portrayals, tonalities and style.
- 3.2 **Imagery.** Imagery, such as a photo, drawing or cartoon, enhances advertising effectiveness. The importance of imagery in advertising, the art as opposed to the copy (i.e. words and data), lies primarily in its dual roles in attracting attention and conveying attitudes and lifestyle associations. Images and artistic layout provide an organizing function, enhancing an advertisement's ability to be taken in at a glance and registering the brand name in association with the experience. Imagery in advertising is perceived without the same level of cognitive processing and consumer counter-argumentation that is usually triggered by verbal assertions requiring cognitive processing, such as information assimilation. Imagery is experienced rather than thought about. Literacy is not even required. The aphorisms that "A picture is worth a thousand words" and "Seeing is believing" illustrate this idea.
- 3.3 **Lifestyle Advertising.** As used in marketing and advertising textbooks, "lifestyle" refers to "the pattern of living that reflects how people spend their time, energy, and money" (Wells, et al. p120). It becomes manifest in their activities (work, hobbies, social events, vacations, entertainment, club membership, shopping, sports), interests (family, home, job, community, recreation, fashion, food, media, achievements) and opinions (social issues, politics, business, education, future, culture)(Wells, et al., p138, Table 5.3). Lifestyle advertising is the association of products and brands with these behaviors and/or traits, or the symbols or those behaviors or traits. These may be reflections of either the

actual or aspirational lifestyles of either current or prospective consumers of these products or brands. As a leading Canadian text states, in trying to "'fit in' or match the life style of the user" one may appeal to "their looking-glass self" (Tuckwell, p113). Lifestyle advertising can be accomplished through the portrayals of either people, settings or objects, or combinations thereof.

3.4 Transformational Advertising. Some leading textbooks on advertising do not make extensive use of the phrase "lifestyle advertising," preferring other terminology such as "image advertising" or "transformation advertising," as contrasted with information advertising. "Transformation advertising," builds a "product personality and image" with the function "to make the experience (of consumption) richer, warmer, and more enjoyable" (Wells, et al., p207-9).

Consistent with this is the evidence in the contemporary Canadian industry documents about "borrowed imagery," "personality" and "associative marketing," showing that this is the function of advertising featuring sponsorships, too. "Associative marketing" is accomplished by sponsorships because they provide "image advertising potential" allowing RJR to "alter a brand's image." [RJR-0708, 1996]. When seeking to strengthen their own public perception, the psychological dynamic of "borrowed imagery" is described as acquiring "the perceived 'personality' of the sport" [RBH-002232, 1990, p5].

"Depending on the event sponsored, the company appears young, self assured, master of itself, classical, adventurous, etc." [ITL-491, 1990]

"Use sponsorships as a means to establish and build upon lifestyle image associations through targeted selection, strong promotional programmes and professional execution, all of which reflect the desired character and image." (RBH-001144, p.24)

"Well selected and managed sponsorships provide parallel communications vehicles which create excitement around and serve to energize a brand. When used in concert with traditional media advertising and promotions, sponsorships contribute towards a 'big brand' synergy in the minds of consumers.... Well selected sponsorship programs should provide the following:

- Enhancement of brand awareness
- Reinforcement of brand image
- Complement to traditional brand communications
- Free press and broadcast media exposure
- 'Alibi' and co-op advertising opportunities
- Appeal to the brand's target consumer
- Local in-market exploitation opportunities"

(p. 201818144, File # HT 0234, Box # GU 0188, HC Request #325, 1991)

- 3.5 **Objects and Settings.** Lifestyle portrayals and associations can easily be accomplished by objects and settings, with the people absent and only implied or, if present, dominated by the objects and setting (cf. theatrical "props" and "staging.") For example, consider the different consumer types evoked by images of a brand of cigarettes with ballet tickets on the dashboard of a BMW; (b) with rock concert tickets on a motorcycle; or with (c) movie tickets in a school book on a bus seat. For another example, Marlboro menthol was advertised to African-Americans not with cowboys but with a herd of black stallions, symbolizing vigor, sexual power and communal solidarity (Wells, et al., p208). Brand imagery can also be accomplished by the use of exotic or ornate typography and inventive layouts, even in the absence of imagery, as is evidenced by some ads now targeting young "Generation Y" consumers.

Consistent with this is the evidence in the contemporary Canadian industry documents. "Lifestyle creative" and imagery is recognized by Canadian firms as conveyed by sponsorship communications [ITL-176, 1992; ITL-267, 1992].

"How do the sponsorship events contribute to Player's image (stressing modernity) and lifestyle portrayal (freedom and independence)? How does the advertising for the sponsorship events contribute to Player's image and lifestyle portrayal (freedom and independence)? " What do prototype sponsorship ads express in terms of image? Lifestyle?" (ITL-131, 1990, p.9)

Lifestyles are also communicated through the promoted use of cigarettes in movies, or thematic promotions, e.g. escapist vacation sweepstakes.

"Seek and exploit innovative promotional opportunities not covered by the TPCA, such as the conveyance of lifestyle imagery through the use of cigarettes in movies, and direct marketing of sweepstakes style vacation resort thematic promotions based on Export's 'escapist' brand image." (RJR-0299, 1989, 80144-1531)

- 3.6 **Repetition.** Influencing consumers through transformational devices, rather than by providing information, requires repetition of exposures. Ideally this repetition occurs in diverse multiple media, obtaining both persistence and pervasiveness of promotional communications. Thus, firms prefer to see their brand names appearing in multiple media and venues: newspapers, billboards, retail stores, bike racks, magazines, TV, radio, at entertainment venues and facilities (and mention of same in the media and conversation), etc. It is important to note that image, lifestyle or associative advertising does not seek or create a sudden, dramatic conversion of intentions as the result of a single exposure to an highly informative and persuasive argument and its evidence. Rather, repeated advertising exposures provide the product and brand with an associated "brand imagery" that

strengthens with repetition and time. Because of this it is difficult to see advertising's effects in the short run, even when they are critical to the industry and its firms in the long run.

"Advertising seems to have no direct effect on brand choice except during the launch of a new brand in encouraging trial. Indirectly, advertising is very important in communicating brand imagery." (ITL-317, 1988, p.7)

- 3.7 **Continuity and Consistency.** Because of the need for repetition to shape brand and product attitudes, changes in the magnitude and character of this type of advertising lead to concrete results only after a sustained period of time, i.e. after a thorough campaign, or the cultivation of a new "crop," generation or cohort of consumers. For example, Marlboro's campaign featuring the cowboy in Marlboro Country has been running repetitiously for 35 years, and has been highly effective at making Marlboro highly popular as a "badge product" conveying an "image of independence" among several generations of children. A leading textbook, using Marlboro as an example of transformational advertising, states:

"Transformation is the secret to building a brand personality and image. It is an expensive objective. One of the requirement of transformation advertising, or image advertising, is a big budget. Frequent exposure is the price of success. Furthermore, the process takes time because the effect is cumulative. ... Because the effects of images advertising build up over time, consistency is critical to the process. You can't say one thing today and something different tomorrow... every ad contributes to the image. The message must focus on what the image is supposed to be, and should be consistent over a long time" (Wells et al, p207).

For examples, the relaunch Export "A" in 1996 using sponsorship programs specified that sponsorship vehicles should be picked that "spread throughout the year to provide continuity" and that "support the brand sell message that is the same in non-event periods" (RJR 684, p3904). This echoes similar criterion used in 1995 in evaluating a Sportsman "Outdoor Experience" (p008568). Similarly, RJR's 1996 criteria for judging sponsorship opportunities included "duration" and "timing seasonality", as well as "viewership for television is maximized" (RJR 1370, p2832-3).

4. The Purpose and Justifications of Promotion and Advertising

- 4.1 Definitions.** Promotion and advertising are terms that are sometimes used interchangeably, as all forms of both have the central purpose of advancing sales of a product (or service). The roots of the words "advertising" and "promotion" mean "to turn toward" and to "move forward" respectively. Promotion and advertising work by attracting attention, creating awareness, shaping perceptions and creating favorable attitudes, all toward the end of increasing the likelihood of purchase and consumption. Note that transmission of information, and cognitive processing by consumers (i.e. thought), are not necessary elements in this inducement to consume. Promotional communications can have their impact through the use of either imagery and/or information. In this report, as in Canadian law, promotion will be treated as the larger concept, covering all activities leading the communications, including advertising sponsorships, public relations, retail displays, contests, etc. Advertising is a narrower concept referring to communications appearing in or on purchased locations, such as billboards, TV spots, magazine pages, direct mail, transit shelters, retail signage, etc. Sponsorship is a particular type of promotional activity, whereby sponsored events or organizations, and their commercial sponsors, provide a reciprocal endorsements of one another. The payment of fees as a sponsor yields the return of favorable association with the sponsored, and legitimates advertising spending calling attention to this relationship. The sponsorship association thereby provides and basis for "brand imagery."
- 4.2 The Corporate Perspective.** From a profit seeking firm's perspective, the justification of advertising expense and activity is its role in fostering sales revenue. The advertising expenditure makes economic sense only if the net profit from sales, current and future, is greater given the promotional expenditures than without it. Sales enhancement is the ultimate rationale for budget expenditures by profit maximizing firms, but the operational goals are often intermediate, such as affecting consumer awareness, perceptions, attitudes, opinions, feelings and/or beliefs. In the case of cigarettes, the common goals for advertising are (a) the reassurance of existing customers, many of whom have health concerns, through shaping their attitudes and perceptions to retain their patronage lest they quit or switch; and, for other brands in a firm's product mix, (b) the building of awareness, perceptions and attitudes ultimately recruiting new young "starters" to replace those who are dying, quitting, or switching away.
- 4.3 The Public Interest Perspective.** The central justification for advertising and promotional activities from society's perspective is its potential role in providing consumers with marketplace information, allowing them to make better informed choices so as to advance their own well being and to more optimally allocate their scarce resources, such as time and money, so as to maximize personal utility. The legal principle

of caveat emptor, buyer beware, presumes the buyers have access to information of sufficient quality and relevance that they can indeed exercise their individual judgments and be wary, as they may deem appropriate. In reality, industries, media and advertising styles differ greatly on the extent to which this potential informativeness is realized and the theoretical consumer and public benefit obtained.

4.4 Sponsorship is Image Advertising. Contemporary Canadian industry documents view sponsorship as just another form or means of advertising. One IITL document from the BAT Archives states while the form may change, the function persists.

"In a very real sense the company's expectations are that C-51 will not end tobacco marketing, but will bring about very major changes in how that exercise is conducted.... Imperial's extensive sponsorship portfolio is being restaged under new corporate names that will allow them to continue exploiting the huge equity in their investments in this area." (p. 201825042-3, File # HT 0344, Box # GU 0200, HC Request # 290, 1989)

Because sponsorship, just like other advertising and promotional communication, can "reinforce brand strategy, provide broadcast brand i.d. (identity), (and) focus in-store communication" it is unambiguously described as "SPONSORSHIP = ADVERTISING." [RJR-0705, 1997]

"Use sponsorships as a means to establish and build upon lifestyle image associations through targeted selection, strong promotional programmes and professional execution, all of which reflect the desired character and image." (RBH-001144, p.24)

"We have already begun the transition from event advertising to more image based advertising. We still need to fully exploit the communications value inherent in our sponsorship involvement. Until further regulatory change, this is the means by which we will replace traditional brand/trademark image advertising." (IITL-267, 1992, p.39)

"In terms of understanding, it is very clear that while the event itself is a communications vehicle, the true value is the amount of targeted imagery communications which surround the event. It gives us the legitimate excuse to promote. In analyzing event operation costs, the goal will be to identify expenditures which will not effect our image, and re-channel to communications." (IITL-176, 1992, p.10)

The brand promotional aspects of sponsorships are so important that they dominate the objectives, and budgets. In sponsorship advertising the primary objective is to communicate image, while selling tickets to the sponsored event is only a secondary objective:

"Specific Objective: To communicate relevant sponsorship imagery to its target group - national versus local. To maintain year-round presence of this imagery on a national basis.... A secondary objective is to promote ticket sales for the events." (ITL-178, 1994, p.15)

"Associative marketing allows us to associate the brand with images which we are prevented from using in brand advertising. In other words, the actual sponsorship is simply the price we pay in order to feature a particular image in our advertising. Although there are many additional benefits to traditional sponsorship programmes such as promotional extensions, our primary concern is with the image advertising potential around the sponsorship. We are attempting to alter a brand's image and, in our view, this is best achieved through advertising which we control." (RJR-0708, 1996, 80154-2472)

"Today (1988-) sponsorship is the only means whereby company trademarks can be exposed to the public. The image of the activity and the broadcast exposure received in large part determine trademark awareness. ITCO event inventories are being streamlined and investment is being made in broadcast programming and broad scale image communication." (RBH-003761, 1996, p.22)

ITL listed the objectives of sponsorship as including political contact and support, in addition to brand imagery.

"Sponsorship Objectives: Corporate Goodwill / Community Relations; Political Contact/Support; Employee, Customer, Supplier Relations; Trademark (Brand) Imagery; Trademark (Brand) Communications" (p. 202235156, File # HB 0159, Box # GU 0459, HC Request #204, 1991)

5. Badge Products and Brand Image.

- 5.1 **Images Make Brands Meaningful.** Put simply, the promotional communications (advertising, sponsorships, etc) work to establish a brand image that the user or potential user will appreciate and can easily appropriate by the simple acts of purchase, possession and consumption. By communications, the brand is given meaning and made to symbolize some desirable trait. The consumption, in turn, communicates something about the

brand's social meaning to other potential users. The brand's image is built slowly and collectively by all of the accumulated associations and images of the advertising and sponsorship - associations of status, sophistication and social acceptance, associations of athleticism and healthfulness, associations of glamour and fashion, associations of rewarded risk taking and adventure, associations of masculinity or femininity.

"Borrowed Imagery: Association with sporting events creates a situation where, because of the perceived 'personality' of the sport, sponsoring corporations can 'borrow' imagery from that personality in order to strengthen their own public perception." (RBH-002232, 1990, p.5)

"Use sponsorships as a means to establish and build upon lifestyle image associations through targeted selection, strong promotional programmes and professional execution, all of which reflect the desired character and image." (RBH-001144, p.24)

"With regard to the brand or corporate image, the sponsor gives the impression of seeking to associate itself with the image of the event or of those who participate in the event. When a company sponsors a tennis or golf tournament, a regatta or the classical arts, this is interpreted by the public as a kind of expression (by the sponsor) of the temperament of the company. Depending on the event sponsored, the company appears young, self-assured, master of itself, classical, adventurous, etc." (ITL-491, 1990, p.20)

5.2 Badge Products. The brand image is of particular importance for products like cigarettes which have a high degree of social visibility, leading them to be known as "badge products." There are two basic reasons for this greater importance. [1] When a user displays a badge product, this is witnessed by others, providing a living testimonial endorsement of the user on behalf of that brand and product. [2] The use of a badge product associates the user with the brand image, giving the user some of the identity and personality of the brand image. After the promotional activities have given a brand an identity and meaning, with research to insure that this identity is indeed meaningful to a target consumer segment, the targeted consumer and others can easily acquire this "meaning" and display this to both themselves (reflexive) and others (expressive). The corporate documents reveal that this brand imagery plays a dual role: (1) providing the individual with a sense of self and (2) providing an identity when seen by others.

"In the cigarette category brand image is everything. The brand of cigarettes a person smokes is their identity. Cigarettes tell others who they are as a person. There is a strong emotional connection to the brand, the image it projects about the smoker, not only to themselves but to others." (RBH-003911, 1996, p.2)

The importance of the "identity" function of badge products is most pronounced among adolescents and decreases consistently with age.

"Judgementally it is believed that imagery plays an important role among the 18-24, is somewhat important among the 25-39 and seems less important among the 40-69." (RBH-001138, 1994, p.7)

Brand imagery and identity are so important that this factor can drive the product development process. Concerns about brand imagery can dominate other concerns, such as the technology of product improvements, i.e. making cigarettes actually safer. A brand personality that can be made to seem to meet a consumer psychological need is the essential first step in identifying market opportunities.

"Must think imagery/brand personality first and then develop the products with taste qualities/product and package attributes that reinforce image." (RBH-003587, 1994, p.8)

- 5.3 **Insiders' Views.** Tobacco industry insiders use these concepts to make similar observations. Cigarettes are "badge products with which the consumer identifies personally and which he uses to communicate his own identity to others" (Joy 1992). As one advertising analyst has said: "The creation of a brand image involves the manufacture and assembly of prepackaged elements of a sort of daydream - a set of visual and aural associations that will be launched from Madison Avenue into the minds of millions of actual and potential smokers." He went on to quote an unnamed Marlboro executive: "The consumer who lights up the product - we've conditioned him" (Whiteside 1974). Canadian market researchers in the industry reporting the findings of Project Eli in 1982 made virtually the same statement:

"Graphic design, colors, lettering, etc. combine to form a picture smokers constantly carry in their minds." [See Pollay 1989, Attachment 3]

"Advertising seems to have no direct effect on brand choice except during the launch of a new brand in encouraging trial. Indirectly, advertising is very important in communicating brand imagery." (ITL-317, 1988, p.7)

- 5.4 **Merchandising.** Merchandise such as clothing and paraphernalia bearing cigarette brands, identifiable colors and/or trademarks offer the firm several potential benefits. They can be seen as rewards and the means to perceived image enhancement for brand loyal consumers. Branded gear can be the source of very high repetition of exposure to the commercial imagery for both the smokers and others. For example, RJR estimated

that in 1996/7, \$150,000 dollars invested in branded matches would buy "up to 400mm (million) impressions" (RJR-837, p0983). When worn or used the merchandise gear becomes "walking billboards" or advertising in action. The distribution of this merchandise can provide cigarette firms with promotional access to retail venues not otherwise available, e.g. "sporting goods stores, bars, automotive centres," etc.

Contemporary Canadian document display that all three Canadian cigarette operations have some understanding of these potentials.

"Event Merchandise: Should C-51 restrictions permit the sale of event identified merchandise, this may generate some additional methods of promoting the event to the public." (RBH-001128, 1992/93 Sponsorship Review, Benson & Hedges Inc., Symphony of Fire - Vancouver, dated October 26, 1992, p.7)

"Disposable lighters are excellent communication vehicles. A lighter is like a mini walking billboard that the consumers look at each time they light a cigarette. A disposable lighter will also change hands 3 to 4 times during its life span. Therefore, for each lighter sold we reach 3 to 4 consumers and we send them a message 20-25 times a day. Quite a nice piece of communication that fulfil consumers' needs and allow us to make some money as well." (ITL-214, "Memo dated Sept. 4/96," p.1-2)

"Merchandising is an inexpensive way of broadening one's scope into non traditional areas, such as sporting goods stores, bars, automotive centres and other areas where the target market would shop. There are two elements to merchandising which are driven by separate types of items: (1) Motorsport fans will be driven to buy items from winning teams and home town heroes. (2) The general target will be driven to buy items which position them against the image they wish to have. Fashion items not motorsport will drive these sales." (ITL-176, "Player's Ltd.," 1992, p.3)

Clothing items are highly versatile as promotional vehicles and can be used to promote the basic the position of fashionability, as in the case of Matinee, or to express a variety of other brand images, such as when used by Player's Racing or Export 'A'.

"Investigate to develop line of clothing (relaxation type clothes) through the Matinee Fashion designers to be sold in The Bay or other retail stores as well as creating a 'Canadian Designers' section." (ITL-065, 1997, p.68)

"Merchandise of various kinds has been used in conjunction with various events sponsored by du Maurier. The main intention behind this has been to make objects available to the public that have something to do with the events themselves, while

at the same time underlining the chief attributes involved in the positioning strategy. That is to say, the merchandise is expected to transmit supportive messages that contribute towards the belief that '...du Maurier Ltd. is a progressive company involved in cultural/sporting entertainment activities through the expression of contemporary classic quality, depicted as an aspirational, attainable lifestyle as it pertains to a quality of life which is relevant to the target group.'" (ITL-494, 1995, p.1)

"Trademark Diversification—Full program planned for 1994. Standard materials: Racing jacket, Racing sweatshirt, Racing T-shirt, Racing hat, Racing watch, Racing key chain, Prints" (ITL-195, 1994, p.12)

"The purpose of this catalogue is to provide a central source of branded Export 'A' items in order to ensure quality and consistency of every piece used for merchandising and promotional activity within Sales and other internal departments. ... Categories to be included: Skins/golf items (clothing/other items), General clothing (sports/Compete event oriented), Bar/Club program items, Tobacco/trade related/miscellaneous items." (RJR-0908, 1996, 80151-0972 & -0973)

6. The Strategic Situation and Dilemma of Cigarette Marketing

- 6.1 **No "Real" Virtues or Differences in the Brands.** Brand images are particularly important for products like cigarettes for two compelling reasons. [1] The addictive nature of nicotine, the grave health consequences of smoking, and the absence of a safe cigarette means that almost nothing that is honest, factual and fully disclosing can be construed into a positive selling message. [2] There are not many meaningful physical differences between competing brands of cigarettes. Without image based promotional communications and branding, the product would be more accurately seen by consumers as nearly a generic commodity, with the currently perceived differences and "benefits" largely an illusion created by promotional communications and packaging. For example, nothing inherent in a cigarette product makes it "masculine" or "feminine." These perceived traits are established by the advertising and promotional messages. As the Marketing V-P of Imperial Tobacco, Donald Brown, testified in 1989:

"So the discrimination in product terms, pure blind product terms, without any packaging or name around it is very limited ... it's very difficult for people to discriminate, blind tested. Put it in a package and put a name on it, and then it has a lot of product characteristics."

This echoes statements appearing in documents such as in ITL's 1971 Marketing Plan;

"In a market with minimal product differentiation, advertising becomes a disproportionately important part of the marketing mix as compared to most other mass consumer products."

- 6.2 **The Great Dilemma.** Filters first became popular in the mid-1950s in response to "health scare" triggered by some publicity regarding epidemiology studies. Any smokers made anxious by such news found relief in the technological fix of adding filters to cigarettes. When first introduced in the 1950s, some filters did indeed greatly reduce the nicotine available to consumers addicted to it, but this frustrated those customers as it failed to produce smoking "satisfaction." This disinclined these customers to continue smoking that brand and inclined them to continue trying other brands in their search for a satisfaction of the nicotine intake levels to which they had become habituated.

The dilemma facing cigarette firms, then as now, was how to market a product that was less harmful to health, *or at least could be made to seem so*, while still delivering sufficient nicotine to be satisfying enough to retain trade. This had to be done carefully, so as not to aggravate consumer anxieties and not to encourage the use of healthfulness as the criteria for evaluating cigarettes. This delicacy is still required many years later, as evident in the findings of product development research for Vantage, even when the "benefits were presented in a **simple, itemized and smoker-friendly** manner, with endorsement of the recent consumption tendency toward "less", and without hard scientific notes."

"The original EW story used in this piece of research was found to bring to smokers' attention several ideas which struck them as **frightening**. They were reminded of the alleged negative side of cigarette smoking by being taken to the idea of cigarette smoke containing, **other than tar and nicotine**, substances which are identified as harmful by such an authority as the Minister of Welfare and Health. This was all the more **surprising** to smokers because tar and nicotine were generally all they knew about the content of cigarette smoke." [RJR-1389, p3116, Project Simos Management Summary, bold emphasis in original]

R. J. Reynolds' 1978 Business Plan for Canada stated:

"As consumers shift from full flavour cigarettes to brands with lower tar and nicotine levels, they will desire as much flavour and satisfaction as possible while easing their concerns about the smoking/health controversy."

Consistent with this is the evidence in the contemporary Canadian industry documents. Smokers "believe that a move down the scale to lower tar and nicotine cigarette will be healthier." [ITL-104, 1990]

"The prime motivation in smoking a low tar cigarette appears to be health related." [RBH-001138, 1994/95]

"Sensitivity to personal health risk generates a range of responses including attempts to quit, consumption rationing and moves (real or perceived) to a lower T & N count. Among those who move 'down' some are aware of a specific T & N count but many are not, relying more on nomenclature." (RBH-002234, 1991, p.5)

"Were it possible to deliver a modicum of taste at 1 mg, as the competitor Accord apparently has achieved, there may be some gratitude expressed by this unhappy group." (ITL-231, 1988, p.44)

- 6.3 **"Pre-Quitters" and "Starters" are Important.** Strategic analysis indicates that the cigarette firms should be far from indifferent to the dynamic phenomena of starting or quitting. The high rate of quitting and dying means that sales for this industry would drop precipitously were it not for a continuing influx of new starters. Concerned smokers who contemplate quitting, known in the trade as "pre-quitters," need and get reassurances from the advertising of profit maximizing firms.

Consistent with this is the evidence in the contemporary Canadian industry documents. Estimates of the proportion of smokers who want and attempt to quit vary over time, across firms and depending on definitions and research methods, but all show a high fraction of smokers as "concerned."

"In the past approximately 80% of smokers claimed to have tried quitting." [RJR-0101, 1995]

"Two thirds or more of smokers have tried to quit at some time. About one-half of these report a relatively high degree of seriousness in quitting desire." [ITL-076, 1988]

Only about 1/3 of smokers are described as "traditional, committed smoking population," with another third portrayed as "Potential Quitters" (27%) or "Reluctant Smokers." [RJR-0006, 1990] Choosing a milder or lower-tar brand may serve as an "interim step" for potential quitters:

"These users were highly committed to the Rothmans brand. When asked if they

thought they would change, they said they might for a milder cigarette, most probably a Rothmans Light or Special, as an interim step to quitting." (RBH-002197, 1994, p.6)

"Starters," whose brand loyal patronage might be enjoyed for many years to come once they settle on a preferred brand, are therefore seen as a critical success factor.

"I.T.L. has always focused its efforts on new smokers believing that early perceptions tend to stay with them throughout their lives. I.T.L. clearly dominates the young adult market today and stands to prosper as these smokers age and as it maintains its highly favorable youthful preference." (p. 201825039, File # HT 0344, Box # GU 0200, HC Request #290, 1989)

"Marketing activities have historically been and continue to be targeted at younger smokers due to their greater propensity to change brands." (ITL-441, 1995, p.47)

"A strong regular length business is key to attracting younger users and ensuring a healthy future franchise." (RBH-001137, Craven Trademark Business Review, 1993, p.2)

"The younger segment represents the most critical source of business to maintain volume and grow share in a declining market. They're recent smokers and show a greater propensity to switch than the older segment. Export has shown an ability to attract this younger group since 1987 to present." (RJR-1339, 1989, 80118-3931)

"New smokers are critical to continued growth in the market" (RJR-0299, 1989, 80144-1496).

"In order to make further inroads into the younger segment, we must continue to project an image that is consistent with the needs and values of today's younger smokers." (RJR-1339, 1989, 80118-3934)

In discussing "Critical Success Factors," the 15-19 year old market is identified as a key "must" group, while acknowledging others.

"Although the key 15-19 age group is a must for RBH there are other bigger volume groups that we cannot ignore." (RBH-001134, "Critical Success Factors," 1997, p.7)

A partial document in BAT files describes the segments of the Canadian market, and the

strategic objectives for each, as follows:

<u>"POTENTIAL AREAS OF INVESTIGATION/ACTIVITY"</u>	
<u>GROUP</u>	<u>'OBJECTIVES' ...</u>
4. Existing Canadian smokers	- Expand industry volume via maximization of <u>usage</u>
5. Starters/potential starters	- Expand industry volume via maximization of <u>starting - relevant products</u>
6. Starters/potential starters	- Expand industry volume via maximization of <u>starting - attitude change</u>
7. 'Quitters'/potential 'quitters'	- Expand industry volume via minimization of <u>quitting - relevant products</u>
8. 'Quitters'/potential 'quitters'	- Expand industry volume via minimization of <u>quitting - attitude change</u>
9. Confirmed quitters	- Capitalize on unfulfilled needs via <u>tobacco</u> products.
10. Confirmed quitters	- Capitalize on unfulfilled needs via <u>non-tobacco</u> products"

(p. 400929427, File # AQ 1239, Box # GU 2621, HC Request #206, 1984)

- 6.4 **Brand Loyalty is High and Brand Switching is Low.** The cigarette industry is also well known for its phenomenally high brand loyalty, the highest of all consumer products (Alsop 1989). A relatively low rate of brand switching that is evident, typically 10% or less a year, even when including the nominal switching only within brand families (e.g. from Brand X milds to Brand X lights) that is of little or no consequence to either the brand's or the firm's net profit or to public health. High brand loyalty results from the reliable "satisfaction" that nicotine provides to those addicted, a brand loyalty that makes it difficult and expensive to convert competitors' customers.

"... loyalty to cigarette brands remains very strong... Only 3% of all smokers are considered 'convertable' (RJR-1418, p2410: 1995 ad agency recommendations)

This high brand loyalty is evident even in analyses for low(er) tar products sold to health concerned smokers, like Vantage. —

"Smokers exhibit extremely high levels of brand loyalty." (RJR-367, p5203: 1997 ad agency proposal)

When "starters" or "new smokers" are included in the definition and tally of "switchers" this number was around 10% in 1990, and has never been more than 20% in the last two decades, and then only due to the most unusual circumstances of vigorous price competition..

"When we talk about a switcher we are talking about someone who has been smoking his usual brand for less than 12 months. This definition includes starters (did not smoke before) and smokers that has no regular or particular previous brand. The annual switching rate among total smokers in 1990 is at 10% ... A historical peak in switching rate was reached in 1986 caused by the price war ... This annual switching rate jumped abruptly from 11% in 1985 to 19% in 1986." [ITL 1991 Switching Analysis, p465043166-3170: from B&W web site, not produced by ITL.)

Aside from the experimentation of young new smokers, much of the brand switching that does occur is the behavior of older, health-concerned or symptomatic smokers trading down, typically within a brand family, to products with lower tar and nicotine labelling, in the misguided belief that those products are safe(r). Because these consumers are few in number, frail(er) in constitution and demonstrably fickle, the net present value of the trade of these older customers is very low compared with the value inherent in attracting young starters, the vast bulk of whom will be highly brand loyal for many years once settled down after experimenting while young. This can be seen in the Canadian corporate documents.

"Overall, due to the sensitivity and awareness about the 'health' issues surrounding smokers, they believe that a move down the scale to a lower tar and nicotine cigarette will be healthier." (ITL-104, "Memo dated March 19, 1990," p.2)

"Potential Quitters: 27% of smokers. They claim to want to quit smoking, have few friends that smoke, accept the negative health/social connotations associated with smoking and do not find non-smokers too aggressive in their stance. ... Most likely to be female, single, a lighter smoker, higher education level, a white collar occupation and higher income." (RJR-1293, 80122-6026)

"The participants in this study were smokers of cigarettes in the 7 to 9 tar range: B & H - DUL and du Maurier Extra and Ultra Light. Complete category exit was a future goal of most of these smokers. Approximately half had quit one or more times for at least a week over the past two or three years." (RBH-002051, 1994, p.5)

Switching patterns in the 1990s seem attenuated by contemporary factors affecting consumer inclinations toward "lighter" and more expensive products. Ad previewed by ITL in 1991, general switching rates

"would decrease automatically because of two main factors. The first factor is the aging of the population, which has lower switching rates than younger smokers and therefore, by representing an increasing proportion of the population, it would

put downward pressure of switching rate (sic) ... The second reason is price. As price keeps on increasing, smokers are less willing to take a chance with a new brand" Also "qualitative research tells us that smokers switching to a lighter cigarette find themselves smoke more cigarettes to get the same satisfaction (costing more) ... Another attitude observed among smokers is that having fewer opportunities to smoke (work, public places) people want to get the most satisfaction out of a cigarette." [ITL 191 Switching Analysis, op cit: 465043172-3174, 3190]

- 6.5 **The Inside Private View.** This strategic situation, and its implications about the strategic importance of the young, has been evident to the industry for some time. In 1973, R. J. Reynolds' research and development officers wrote: "Realistically, if our Company is to survive and prosper, over the long term, we must get our share of the youth market". More contemporary Canadian corporate documents echo this idea in stating that "young smokers represent the major opportunity group for the cigarette industry," and "if the last ten years have taught us anything, it is that the industry is dominated by the companies who respond most effectively to the needs of younger smokers." [Pollay and Lavack 1992; Attachment 6] The dominant example of this is Marlboro's success which in a few decades has carried the Philip Morris Company from being a minor player in the U.S. industry to dominating its global market. In Canada, these marketplace dynamics feature the success of Imperial's brands: Player's and DuMaurier.

Consistent with this is the evidence in the contemporary Canadian industry documents. RBH describes the 15-19 year old market as a "Critical Success Factor" [RBH-001134, 1997] and has data that Imperial Tobacco "owns the 14-17 age segment with over 90% of consumers." [RBH-001146, 1996/7] Imperial Tobacco, of course, sees its own success and its long term benefits.

"ITL's share performance has occurred as a result of rapid growth within the younger part of the market." [ITL-436, 1992]

Many documents discuss those of minor ages and/or make reference to "Generation Y (13-19)," "starters," "starter smoker segment," or "entry level users," knowing that smokers begin acquiring their addiction in their teens. Because of its strategic importance, the 15-19 age group is also tracked in terms of smoking prevalence.

"Smoking prevalence has witnessed a declining trend over the past two decades for all age groups ... with one exception: The 15-19 age cohort appears to have reversed from declining to increasing prevalence, starting in the late 1980s. As this cohort ages over the next several years, it is projected that the 15-19 growth trend will be reflected in the 20-24 cohort." (RBH-003546, 1996)

An RBH document describes competitor IITL's strengths as being its large share of the youth market.

"Imperial Tobacco - Strengths - ... Owns the 14-17 age segment with over 90% of consumers smoking du Maurier or Players." (RBH-001146, 1996/97, p.S1)

One study reports that the average yearly expenditure among Canadian Youths aged 13-24 on tobacco/cigarettes is \$520 in 1992, up from \$468 in 1991 and 1990 (ITL-548, 1992, p.66). The attitudes and lifestyle of Teenagers 13-17 years old are described in ITL-271 (1994, p.8). Generation Y, which consists of 13-19 year olds, is discussed in ITL-329 (1993, p.3).

Fortunately for the industry, adolescents tend to go through a period of "reckless/experimentation" and, in recent years, be preoccupied with social and health problems other than those associated with tobacco usage.

"In the mid-90's, Boomers are all in their 30's and 40's and their children are pre to late teens. Mid-90's the baby boom echo kids are entering the reckless/experimentation years. Tobacco should attract a larger number of new customers than during the period when the baby busters entered their experimentation age - could see a 28% increase in the number of starter smokers over the next 15 years (D. Foot, Boom, Bust, Echo)" (RBH-001134, "Volume/Share Projections," 1997, p.4-5)

"The lessened negativity around smoking is evident among young smokers especially. Those people in Generation X (18-30 years old) and Generation Y (13-19 years old) have and are growing up in a time of unprecedented social problems. Issues such as high crime rates, divorce, AIDS and poor education are much higher on these peoples' agenda than is smoking. They simply have more important things to worry about. Additionally, these people are not terribly idealistic or positive about the world in which they live or their future. Given this outlook, the positive benefits of smoking outweigh the negative, helping to create an environment in which smoking is becoming less of an evil than it used to be (or indeed than it may still be for their parent's generation)." (ITL-261, "Memo dated October 27, 1994," p.9)

- 6.6 **The Public Posture: The "Mature Market" Hypothesis.** In courts and public relations, but not in internal documents, the cigarette industry contends that the market dynamics for cigarettes constitute a so-called "mature market." This classificatory description, making an analogy to human life cycles from birth to death, is from the product-life-cycle theory, and implies a stable marketplace with little attrition or recruitment of consumers, nor any new meaningful technological developments. In such a

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stable market, corporate growth can be realized only by enticing existing consumers to switch away from a competitor. This "mature market" theoretical classification is at the heart of industry contentions that cigarette advertising, in both intent and effect, only influences brand loyalties and switching among existing smokers, a contention they seem to make in all jurisdictions when facing regulation or litigation, regardless of the specifics of each jurisdiction. Their contention that advertising affects only switching behavior, and neither starting nor quitting, is both untenable and impossible to reconcile with industry definitions which consider starters to be "switchers."

"When we talk about a switcher we are talking about someone who has been smoking his usual brand for less than 12 months. This definition includes starters (did not smoke before)." [ITL 1991 Switching Analysis, p465043166-3170; from B&W web site, not produced by ITL.]

- 6.7 **Failed Diagnostics.** The product-life-cycle theoretical and pedagogical concept of a "mature market" is untenable when applied to the specific industry of cigarettes, given its dynamics of dying, quitting and starting. The cigarette industry also fails two of the key diagnostic tests held to be indicative of competitive mature markets: diminished profitability and diminished advertising spending. Further, a spokesman/lobbyist for the U.S. advertising industry, John O'Toole, stated unambiguously that advertising strategies for mature products "always specify the competitive brand from which the volume will be taken" and the industry fails this diagnostic test, too. [Colford 1986] The senior researchers at J. Walter Thompson, one of the world's largest transnational advertising agencies, tried to apply this to the cigarette industry. They concluded that others should "Forget the Product Life Cycle Concept." They found that whether considering product class (e.g. cigarettes), product form (e.g. filter cigarettes), or brand (e.g. Winston), "it is not possible to validate the model at any of these levels of aggregation." [Dhalla and Yuseph 1976] Indeed, "the empirical evidence of the existence and pervasiveness of the product-life-cycle concept (the foundation for the mature market classification) is quite uneven" [Lilien, Kotler and Moorthy 1992, p513, with parenthetical added].
- 6.8 **No Known Corporate Documents Employ this Concept.** Moreover, to the best of my knowledge, no corporate documents have ever been produced in litigation or discovered in historical research that indicate that the mature market classification ever was or now is an element in the industry's internal strategic analyses, much less the central governing factor. This is the case for both Canada and the U.S., despite the great volume of cigarette marketing documents surfacing there recently. Even the industry's own U.S. "expert", when challenging the Tobacco Product Control Act, failed to present any supporting corporate documents justifying this as a "fundamental law" (Reid 1989).

7. The Limited Role of Information to Date

- 7.1 **Poor Information, but Rich Imagery.** Cigarette advertising in all jurisdictions is notoriously uninformative, with characteristic forms using veiled health implications and pictures of health along with promises of taste and satisfaction [Pollay 1989, 1994]. Occasionally ads for new technological developments in filter design called attention to the filter, with allusions to filter effectiveness but almost always without being specific about what constituents of tobacco or its smoke were being filtered, what degree of filtration effectiveness was being realized, or what health or safety consequences were warranted. Only the tar and nicotine information, as mandated by regulation and generated by conventional test methods, is given, without interpretation. Many cigarette ads contain no information whatsoever, save for the implicit reminder that a brand exists.
- 7.2 **Canadian Data.** All cigarette ads published in 1987 in 15 Canadian magazines, such as Canadian Living, Flare, Maclean's, Saturday Night, Time, TV Guide, were studied for their informativeness, using a standard and well developed content analysis methodology (Pollay 1984; 1990: Attachments 4, 5). This methodology accepts all assertions and other representations as valid. The content analysis of these 394 Canadian cigarette ads found that there is very little information manifest in ads. The healthfulness of the product and the associated life styles of its consumers is displayed in several ways, typically with visuals of bold and lively behavior in pure and pristine environments, and sometimes with descriptors like "light" or "ultra mild." More than two thirds of the ads (68%) manifest healthfulness in one or more of these ways. The behaviors displayed included mountain climbing, cycling, skiing, canoeing in rapids, personal submarining, ballooning, flying bi-planes upside down, and windsurfing.
- 7.3 **The Images are the Important "Information."** The only "information" in cigarette ads appearing with any frequency are vague assertions regarding performance (almost always "taste"), product variations ("regular and king size"), contents absent ("ultra light, extra mild, etc.") and quality. Each of these appear in about half of the ads, although often the information about product variations, or absent contents, appears only in fine print or on the displayed packages. The bulk of the space and attention is given over to visuals. The Matinee campaign, as one example, scored as informative along each of the common dimensions because of its use of this terminology, yet the three ads were dominated by vivid color illustrations that showed a woman as a cross country skier, a cyclist and a wind surfer.
- 7.4 **Consumers are Left Ignorant.** Consumers are generally ignorant of (a) the constituents of cigarettes, typically believing cigarettes to be exclusively a naturally derived agricultural product, i.e. "shredded leaf." They are largely unaware of (b) the fact

of tobacco processing and reconstitution, (c) the many additives used to enhance flavors, aromas, burn characteristics, shelf life, bio-availability of nicotine, etc or (d) residues from pesticides, herbicides and other contaminants. They are also largely unaware of (e) the complexity of the constituents of smoke, and the many hazardous substances therein, such as cyanide, formaldehyde, nitrosamines, metals, etc., whether these are naturally occurring substances, additives, or contaminants. Recall the earlier research finding by RJR that:

"tar and nicotine were generally all they (smokers) knew about the content of cigarette smoke." [RJR-1389, p3116, Project Simos Management Summary]

Smokers are also ill informed about the variety of health consequences from smoking (e.g. impotence), and the risks of these (e.g. the increased probabilities of circulatory illnesses like hearts attacks or strokes). Neither the industry, nor the public health community has succeeded in informing the majority of the public on these matters. While some lung cancer risks are now recognized by many if not most consumers, they are often underestimated and the major sources of fatalities, heart disease and strokes, are less well recognized.

Research on public attitudes and concerns was done in 1988 for ITL's Project Viking, in anticipation of "a public relations solution to the industry's problems." It found that less than half of smokers (48%) thought smoking was a major factor in inducing heart disease, and only 18% of smokers thought smoking was a major factor in inducing strokes. While from a public health perspective these seem low, given the facts, from the industry's perspective they were too high. They could take some comfort, however, in the fact that the proportion seeing these associations was falling, and that smokers were less inclined to accept these associations than non-smokers.

"While adults unquestionably attribute lung cancer to smoking and see smoking as a major factor in the disease, there has been over the past two years some fall off in the proportion associating heart disease with smoking... The pulmonary diseases, lung cancer and emphysema, are increasingly attributed to smoking ... Smokers, naturally, tend to be less willing to associate any of these diseases with their behavior." (ITL-076, 1988, p.52, 54)

7.5 Confusion about Light Cigarettes. Corporate documents acknowledge the illusion and confusion of consumer perceptions of "light" cigarettes and that consumer rely on this nomenclature.

"Most appear to have gone through a lengthy, gradual and conscious move down the T & N ladder, often starting within a stronger, mainstream parent and making several stops/ switches along the way. They do not know what determines T&N level (process, blend, filter) but that appears unimportant. They simply want a

healthier product." (RBH-002224, p.4)

"Sensitivity to personal health risk generates a range of responses including attempts to quit, consumption rationing and moves (real or perceived) to a lower T & N count. Among those who move 'down' some are aware of a specific T & N count but many are not, relying more on nomenclature." (RBH-002234, 1991, p.5)

"These smokers remain reliant upon nomenclature as well as T&N counts for guidance in brand selection. Many had 'noted' the actual T&N numbers as part of (but often after) their last switch. However, none had checked since then; almost none could remember their own brand's counts; and some had never looked at any brand's numbers." (RBH-002051, 1994, p.5)

"The majority of Export, Player's and duMaurier smokers do not know the actual T&N delivery of their respective regular brands. Approximately 18% of consumers responded in the correct range. Most (66%) consumers do not know the meaning of the CO declaration although 8% correctly identified CO as carbon monoxide." [RJR-0791;1990; p6618]

BAT, reporting on IITL's Project Greendot and Project Day stated:

"It is also important to note that consumer knowledge of pack data on deliveries is generally accepted as very low." (p. 401039848, File # AA 0199, Box # GU 0560, HC Request # 180, 1988)

This consumer confusion and reliance on the unreliable nomenclature of "light" is attributed by a competitor to IITL's marketing of Player's Light.

".... In 1976, all hell broke loose in the cigarette category with Imperial's launch of Player's Light. The introduction of nomenclature revolutionized the category in a number of ways. It began a proliferation of line extensions across all brands which served to fragment the market and dilute the share strength of smaller trademarks. But perhaps the greatest impact Player's Light had was on consumer perception. The use of nomenclature to differentiate brand strength shifted focus away from tar levels and precipitated a swing back to higher tar. The idea of 'Light' was a much more comfortable way for the consumer to rationalize their brand choice versus physical attributes (lower tar, special filters) they did not want to fully understand." (RBH-003824, 1996, p.3)

Because there are no standards or conventions to the use of the terminology describing

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cigarettes in Canada, consumers are confused and this makes consumer "strength perceptions" at variance with, and more important than, actual tar deliveries.

"There are no regulated 'tar' bands or structures, nor maximum levels in Canada. Manufacturers use descriptors such as mild, light, extra light, ultra light, etc. as they decide, usually for brand positioning reasons. ... Although 'tar', nicotine and CO numbers are printed on all packs and used by consumers for reference, perceived strength measured through image studies is a more important brand positioning measure for us." (p. 202200796, File # HB 0040, Box # XMA 0341 Q, HC Request # 220, 1993)

"Based on this information, we have learnt that tar level isn't the only determinant of strength. Other main contributors would be the qualifier (strong, medium, light), packaging and other elements that contribute to the trademark image. A good illustration of this is Player's Medium versus Player's Light: the tar level of these two brands is practically identical (14 vs. 13) - yet in image terms, they are perceived to be significantly different on strength (6.4 versus 5.1). This phenomenon is repeated across the board - particularly when you look at the Medium versus Light segment." (p. 202200796-8, File # HB 0040, Box # XMA 0341 Q, HC Request # 220, 1993)

To marketers, these "strength perceptions" can be, and have been, influenced by "image creating tools."

"A good example is Player's Light and Player's Extra Light. In actual tar level terms - they are at the top of their segment. Player's Extra Light is way above the competitive brands in its segment (11 vs 8) while Player's Light is slightly above the competitive brands (13 vs. 11 and 12). However, in perceived terms, they are both positioned approximately .6 image scale points above the competition. Therefore, the intended position in relation to the parent and the competition has been accomplished by I.T.L. through use of actual tar level and image creating tools." (p. 202200796-8, File # HB 0040, Box # XMA 0341 Q, HC Request # 220, 1993)

- 7.6 Consumers are Kept in the Dark.** The cigarette industry has not voluntarily employed its advertising to inform consumers in a consistent and meaningful way about any of the following (1) the technologies employed in fabricating the products, (2) the constituents added in the manufacturing processes, (3) the residues and contaminants that may be present in the combustible column, (4) the constituents of smoke that may be hazardous, (5) the addictiveness of nicotine, or (6) the health risks to which its regular consumers and their families are inevitably exposed. Their advertising, instead, has relied

on pictures of health and images of intelligence, and has misled consumers into believing filtered products in general, and low tar products in specific, to be safe(r) than other forms without knowing exactly why. This is known among students as following the Mushroom Model for Consumer Management, with the cynical philosophy: "Keep the consumers in the dark and feed them lots of bull shit."

8. Images and Associations: The Creative Solutions

8.1 **Images and Art, not Logic and Copy.** When the Marlboro brand image was being repositioned as "male," the researcher who worked on the packaging concluded that "logic does not play a major role in marketing cigarettes" (Cheskin 1967, p135). A famous motivation researcher, describing a typical Marlboro ad said "the significant meanings are coming from the illustration. The copy logic is strictly after-the-fact" (Martineau 1957, p18). "They the (visuals) are emotional supports which ... make smoking seem reasonable, justifiable, and highly desirable. They obviously cannot be thrown in people's faces in their bare essence; but when they are implied, when they are communicated, they are understandable and satisfying." Filters were first introduced with explicit health premises, such as "Just What the Dr. Ordered," "Better for Your Health," "Double-Barreled Health Protection," or "Health Protection" sometimes even with implied endorsement from medical communities such as the American Medical Association. Motivation researchers and other trade analysts advised the industry to shift from explicit verbal assertions of health to more implied healthfulness and visual imagery, veritable "pictures of health." As the result, one of the major consequences of the early "health scares" was to cause the industry to shift from explicit verbal health claims in advertising copy, to implied health claims and visual representations, as these eluded both consumer cognitive defenses and extant advertising regulations, but still managed to convey positive associations with cigarettes and, when employed with persistence, establish these in the public's perceptions and attitudes.

ITL's philosophy with regard to this issue prefaced its 1989 Marketing Plan and many other documents.

"Support the continued social acceptability of smoking through industry and/or corporate actions (e.g. product quality, positive lifestyle advertising, selective field activities and marketing public relations programs)." (ITL-431, 1989, p.2)

RJR also engages in efforts to increase the social acceptability of smoking:

"Increasing the social acceptability of smoking is a sound goal. Smoking has become less socially acceptable. Any new product or packaging ideas that can

help with this concern should be of interest. Potential candidate areas of interest include low/no sidestream, reduced/invisible smoke, pleasant/no odour, and environmentally friendly packaging." (RJR-0004, 1992, p.4)

Sponsorships also provide "associative imagery," whereby the firms can obtain innocence by association, or other traits desirable to attract users.

"Associative marketing allows us to associate the brand with images which we are prevented from using in brand advertising. In other words, the actual sponsorship is simply the price we pay in order to feature a particular image in our advertising.." (RJR-0708, 1996, 80154-2472)

"How do the sponsorship events contribute to Player's image (stressing modernity and lifestyle portrayal (freedom and independence)? How does the advertising for the sponsorship events contribute to Player's image and lifestyle portrayal (freedom and independence)?... What do prototype sponsorship ads express in terms of image? Lifestyle?" (ITL-131, 1990, p.9)

8.2 **Common Images.** Common images include, but are not limited to, veritable "pictures of health" where people are "Alive with Pleasure," images of independence, adventuresomeness and risk taking, sophistication, glamour, sexual attractiveness, thinness, social approval and popularity, rebelliousness, and being "cool." In addition, cigarette promotions often associate brands with popular music and sports events, and their stars. So-called "starter brands" appeal to adolescent needs for autonomy and self-reliance, breaking free of parental and other authority, with imagery of independence.

8.3 **High Energy and Expensive Photography.** The U.S. Vantage campaign sought to reinforce an "energetic, action oriented" image. Because "the appeal is purely visual, making the photography the most critical element of almost every campaign" they hire photographer Peter Turner to (according to Art Director Alan Goodman) "bring out the high energy and supersaturated color we wanted ... (in) a bold graphic statement. It's important that people thumbing through these magazines see the ad and immediately realize what it's about." The campaign shows female "athletes involved in risky, high action, non-team sports ... the ads suggest Vantage smokers lead high energy life styles." All models wear red to emphasize pack colors. The actual shoot takes a staff of 25, and three tightly scheduled days, starting at dawn, including some shooting from helicopters. The pre-shoot planning takes months to scout location and select talent (Kaplan 1987). The pictures used in the Canadian Matinee campaign mentioned above [¶7.3] involved five casting agencies and 1984 budget amounts for photographers fees of \$37,221 (bicyclist), \$45,250 (wind surfer) and \$52,210 (cross country skiing). [See Pollay 1989, Attachment 3; Pollay 2000, Attachment 8]

8.4 Reassuring Concerned Smokers

8.4.1 Escaping the Dilemma Creatively. The industry invented a number of creative marketing tactics to cope with the dilemma of simultaneously satisfying consumers addicted to nicotine and reassuring them regarding the relative healthfulness of their continued consumption. Most of these created the impression of health benefits to consumers, or capitalized on the consumer perceptions and expectations that filters offered health "protection," their only apparent purpose or reason for existing. Tactics employed included the following:

8.4.2 Loosening Filters. Kent offered several successive generations of product in the 1950s that were heralded as if "new and improved," but in fact were offering ever more tar and nicotine. Similar filter "loosening" was observed by Consumer Reports tests and was the subject of U.S. Congressional inquiry. [Blatnik 1958]

8.4.3 Using Ineffective Filters. Some brands launched later relied on the credibility of filters established by the pioneering brands, and offered filtered products where the filters were essentially cosmetic, without notable efficacy, with delivered tar and nicotine not appreciably reduced. Both Winston and Marlboro, for example, were launched with filters of little efficacy, but massive advertising budgets, and soon became leading brands. U.S. Congressional investigations [Blatnik 1958] found reversals in which some firms' filtered products delivered *even more* tar and nicotine than their unfiltered traditional products. Reversals even occurred within brand families, with Brand X filtered versions yielding higher tar and nicotine than the unfiltered Brand X products they ostensibly improved upon.

8.4.4 Using Menthol. Menthol was introduced into some products capitalizing on its "pseudo-health" benefit, a consumer perception derived from experiencing menthol elsewhere only in the context of cough and cold remedies, and reinforced with selling slogans like 'soothes sore throats.'

8.4.5 Fooling the Official Smoking Machines. Filters and papers were developed which "air-conditioned" the smoke and allowed for dilution of the smoke column by the entry of side-stream air. Holes were placed by manufacturers in locations where fingers naturally fell when held by human consumers, obstructing them. When smoked by machines these generated low tar and nicotine numbers, desirable for promotional purposes, but delivered higher yields when smoked by real people, producing greater addictive satisfaction.

8.4.6 Using "High Tech" Imagery. New filters were developed and offered that seemed to be the fruits of scientific research and to have meaningful technological innovations, such as charcoal filters, dual filters, chambered filters", ever more "filter traps," recessed "safety

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zoned" filters, "gas trap" filters, etc, but almost none of these specified the hazardous elements being filtered.

8.4.7 Using Virtuous Brand Names and Descriptors. Brands were given names that implied that they represented state of the art technology and/or offered consumers a virtuous product; e.g. Life, Merit, Now, True, or Vantage. The text of the ads for these products implied healthfulness, such as presenting the options of "quitting or smoking True" as if equivalent competitive choices. Vantage described the campaign's purpose as targeting those "extremely concerned about their health, and would like to quit smoking." In a similar manner, product variations were and are given technically meaningless but seemingly virtuous descriptors like "natural," "additive-free," "mild," "ultra," "light," or "super-light."

Consistent with this is the evidence in the contemporary Canadian industry documents. Smokers are confused by the terminology of "light," but take comfort in it. Rothmans notes that the introduction of Player's Light was a "much more comfortable way for the consumer to rationalize their brand choice" with the result that thus "use of nomenclature ... precipitated a swing back to high tar." [RBH-003824, 1996] "Among those who move 'down' some are aware of specific T&N count, but many are not, relying more on nomenclature." [RBH-002234, 1991] Similarly, Imperial Tobacco's du Maurier Special Mild has an image it doesn't deserve, but which it takes advantage of.

"In addition it is important to remember that du Maurier Special Mild is perceived to be milder than its true position on the TAR scale. This anomaly has worked in favour of the brand ..." (p. 303542239, File # FF 1245, Box # XMA 0075, PFSFC Request #118, 1989)

Other documents show that "Ultra" is also nomenclature relied upon by consumers for its implications of safety and healthfulness.

"Nevertheless, there were smokers found, particularly women, who made a conscious choice to experiment with du Maurier Ultra Light and purchased the brand once it was on display in the store. Their motives would seem to be mainly in the area of a desire to cut down on strength, to move to a lower tar level either for general reasons of well-being or for reasons of heading toward quitting." (ITL-136, 1990, p.14)

8.4.8 Adding and Promoting a "Virtuous" Product in a Product Line. Some product lines had wide ranging tar and nicotine deliveries in the same brand family, allowing the seller to use the best of these for advertising purposes to reassure consumers when in reality selling other product varieties. In the U.S., both Carlton and Cambridge ads featured the product in a regular sized hard box package, while the bulk of its sales were of soft packs and longer sizes, which consumers might reasonably assume to be the same product. In fact, these alternative packages contained product delivering many times higher levels of tar and

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nicotine, a fact discernable only occasionally in the fine print of some ads. At times, the difference in yields between the advertised and commonly consumed varieties has been 100-fold or more.

8.4.9 Changing Constituents and Chemistry to Affect Nicotine Uptake. The ingredients combusted to produce smoke in many cigarette products evolved subsequent to the introduction and adoption of filters. This type of product development has a long history among the research projects at ITL, as evidenced by a 1971 document:

"Fortification of Nicotine in Smoke. To increase the acceptable physiological satisfaction of smoke from normal cigarette blends, by increasing the transfer to smoke of total and extractable nicotine, relative to that of tar, using chemical additives on the blend and the filter. The results will be valuable in decreasing the tar/nicotine ratio of smoke from reconstituted sheet. A number of additives have been found to increase the nicotine transfer, extractable nicotine delivery and smoke pH from flue-cured cigarette blends. These include diammonium phosphate, urea, sodium aluminate and sodium carbonate. Different levels of each additive will be examined on a number of cigarettes, particularly on Player's Filter Regular and Matinee Regular cigarettes, to find the relationships between the additive level and the effect on nicotine transfer, smoke pH and extractable nicotine delivery. The effects of the additive on subjective smoke impact and acceptability must also be determined, in collaboration with the Product Development Group." (p. 402452215-6, File # AW 2950, Box # GU 2838, HC Request # 287, 1971)

8.5 Canadian Examples of Reassuring Imagery

8.5.1 Matinee = Healthy and Fashionable. "Due to continuing anti-smoking publicity, the public continues to be aware of and concerned with the suggested hazards of cigarette smoking. Matinee ... (will) capitalize on present smoker awareness of Matinee as a low tar and nicotine cigarette and exploit this U.S.P. (Unique Selling Proposition) in a positive manner in relation to smoking and health." The Matinee ad campaign in the 1980s featured pictures of health - solo female wind surfers, bicyclists and cross country skiers. Each image depicted active forms of leisure that were in keeping with people who value a sense of physical well-being. Recently, the creative thrust has shifted to a focus on fashionability, with major publicity given to the created Matinee Fashion Foundation.

8.5.2 Macdonald Select = Sophisticated. The initial strategy of RJR-Macdonald and its ad agency for this brand, J. Walter Thompson was to build a strong "imagery personality" for Macdonald Select to set it apart from other low tar brands. "It was therefore decided to stress 'unique emotional rewards' within the context of a romantic, sophisticated and elegant aura." Market research found that low tar smokers have a "desired self-image of intelligence,

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sophistication and individuality." Macdonald Select anticipated consumer responses were: "I'm concerned about the alleged health risks associated with smoking. ... 'Select' is a new kind of cigarette that has been specially designed and formulated with me in mind." [See Pollay 1989, Attachment 3].

- 8.5.3 Vantage = Intelligent.** The target or "prime prospect" is "Female, white collar, extremely concerned about their health, and would like to quit smoking." The communications strategy was "positioning Vantage as the only contemporary choice for intelligent smokers." The tactic was to "to establish a consumer perception that Vantage is a contemporary cigarette for intelligent smokers." Apparently this was accomplished, for more recently the goal for a target audience with a "high amount of quitters" was "to maintain consumer perception that Vantage is a contemporary cigarette for intelligent smokers." Vantage ads positioned the brand as "the intelligent choice" in their Contemporary Taste campaign.

"Research indicates that a positioning against 'intelligence' is extremely aspirational to the Vantage source smoker. Likewise, that 'intelligent people' are best symbolized as individuals pursuing 'creative occupations.'... In the initial campaign stage the product will be positioned as 'hero' to transfer imagery and enjoyment values." [See Pollay 1989, Attachment 3].

This is also seen in the current batch of Canadian documents.

"A market segmentation study conducted in 1990 indicated that Vantage was heavily overdeveloped in the Potential Quitter segment (index 200) and hence the brand of choice for smokers who were considering exiting the market." (RJR-0589, 1996, 80151-0600)

- 8.5.4 Viscount = Guilt Off-set.** The Viscount brand is also targeted at smokers who are concerned about health, or who are feeling guilty. An internal RBH document specifies that:

"The target audience is healthier/guilt driven. At this time of year, they are moving into 'New Year's Resolution' time, and so are beginning to rethink their brand choice. By moving to the lowest brand available, they off-set some of the guilt factor." (RBH-003829, p.2)

- 8.5.5 Medallion = Least Bad.** Some smokers choose apparently low tar and nicotine yielding products in lieu of quitting.

"The other group is one which wants to quit but cannot, and feels guilty about this. It chooses the lowest tar option available because it is the **least bad** for it (in line with the Medallion strategy). (ITL-231, 1988, p.44)[Bold emphasis in original]

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8.6 Researching and Recruiting Starters

8.6.1 The Psychological Needs of Adolescents. Both ITL and RJR researched starters, with some research documents discussing the behavior of 11, 12 and 13 year olds. Project 16 was conducted at hotels where "closed circuit television observation facilities were in use for observers from Imperial Tobacco, McKim Advertising Limited, and Spitzer Mills and Bates [ITL's advertising agencies]." Among the insights into starting that were revealed:

"The adolescent seeks to display his new urge for independence with a symbol, and cigarettes are such a symbol." RJR-Macdonald's major study, Youth Target Study '87, reported four volumes of data on subjects 15-24, including the measurement of personality traits with a sophisticated clinical psychometric instrument. [Pollay and Lavack 1993, Attachment 6]

ITL's research includes a series of studies called project Plus/Minus, focused on the young aged 15-19, as discussed in BAT files in a partial document.

"The purpose of project Plus/Minus is to update our portraits of starters and quitters, explore starters' smoking history, attitudes and behaviors, explore causal factors leading to quitting and ultimately provide better predictors. A two-pronged approach will be taken on this project, one involving quantitative desk research on starters and quitters among the young as well as qualitative work on the youth, both smokers and non-smokers." (p. 102687031, File # G 2142, Box # 239, HC Request #78, 1979)

Consistent with this is the evidence in the contemporary Canadian industry documents. So important is knowledge of the youth market, that regular repeated "tracking studies" were conducted by Imperial Tobacco, even while simultaneously denying youth targeting in the courts when challenging the Tobacco Products Control Act.

"THE 1988 TRACKING STUDY is the second of a planned series of research studies into the lifestyles and value systems of young men and women in the 13 to 24 age range." [ITL-230, 1988]

Imperial Tobacco continued to research youths, studying Generation Y, 13-19 year olds, [ITL-329, 1993] and the attitudes and lifestyle of teenagers 13-17 [ITL-271, 1994]. "Generation Y" youth were seen as preoccupied with "unprecedented social problems," so that they are not much concerned about smoking and associated "negativity," explaining in part why "starting is up, especially among the young." [ITL-261, 1994]

The industry seeks to understand the motivational factors influencing the uptake of smoking.

"When young consumers first experiment with smoking they are prone to select a brand which they perceive as having an image which is 'mainstream, youthful'." (RJR-0088, 1994, 80093-9376)

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"Most claimed that they started when they were around 14 to 16 years of age. A few (more often males) started as young as 10. ... Motivation: Motivation to try smoking related to one or more of the following factors:

- Experimentation: 'curiosity to see what it was about; perceived as something others appear to get pleasure from (like drinking)
- Considered Normal: feel that smoking is a normal behaviour for adults (parents) and that they had reached an age when they can start to participate
- Contributes to Self Esteem: smoking looks cool (mature, sophisticated, in control)
- Trying to Fit In: desire to participate in a group behaviour; share an experience with a close friend; feel socially awkward and smoking gives you something to do with your hands
- Coping: to pass the time/relieve boredom (mentioned by those who started in late teens early twenties); feeling that it helps deal with stress
- Rebellion: doing something that parents/authority figures wouldn't approve; image with peer group as a renegade, daring, anti-establishment"
 (RJR-0088, 1994, 80093-9359 & 80093-9360)

8.6.2 Images of Independence Work. The applied advertising and marketing research indicates that the most pressing psychological need of adolescents is the need for autonomy, self-reliance and independence. The brands most successful with teenagers are those that offer adult imagery rich with connotations of independence, freedom from authority, and self-reliance. Cigarette ads typically feature veritable pictures of health, depicting vigorous people in pristine outdoor environments, or cigarette brand names in promotional association with sporting events. The image themes of these ads (e.g. independence, adventure seeking, social approval, success and sophistication, healthfulness) are known to appeal to young people, as they are particularly resonant with the characteristic need of adolescents for autonomy and freedom from authority. The imagery of independence and heroic risk taking are well captured by the current ads used by Player's - Josh Freund, a racing car driver, shown dangling on a rope off the face of a cliff.

In the U.S., the Marlboro Man is the brand image most successful among the young, as he is totally and autonomously free - usually alone and interacting with no one, and always with no parents, no older brothers, no foreman, no bullies, indeed no one at all with authority. There's not even a sheriff in Marlboro Country. The President and CEO of Philip Morris International, Mr. R. W. Murray, discusses the Marlboro Man in terms consistent with the above:

"The cowboy has appeal to people as a personality. There are elements of adventure, freedom, being in charge of your destiny" (Trachtenberg 1987).

More recently, the Executive Vice-President of Phillip Morris stated that the Marlboro Man is appealing because he's "lived his life by his own rules and principles and wasn't dictated to." (Kanner 1999, p60).

Similarly, The brand most successful with Canadian youth, Player's [discussed in more detail below] also has a brand image of self reliance and has long used a slogan expressing this.

"'A taste you can call your own'. In 1971 we adopted this statement as an expression of what the typical Player's Filter smoker was all about - a self reliant, confident young male smoker, doing his own thing." (p. 303542245, File # FF 1245, Box # XMA 0075, PFSFC Request #115, date not stated)

"Freedom and independence are at the core of Player's positioning. Self-reliance is indicated by consumers as an added dimension that provides a logical extension of freedom and independence and makes the two more relevant." (p. 102692367, File # G 2081, Box # 253, HC Request #91, 1985: Executive Summary. Document missing technical appendix.)

8.6.3 The Role of Peers. While the young seek independence from authority (parents, teachers, etc.), they also need the support of their peers. Because cigarettes are a visible "badge product," how peers view your brand of cigarette is also important, especially to the immature young who are emergent and insecure in their identity. The firms are aware of this delicate dialectic, and the dual role of advertising in communicating to both the young potential consumer and his or her peers. The 1988 summaries of the IITL's research projects includes one with code named Project Sting.

"Project Sting will address the potential for developing a proposition with overtly masculine imagery, targeted at young males ... Young males are going through a stage where they are seeking to express their independence and individuality under constant pressure of being accepted by their peers." (Pollay and Lavack 1993, Attachment 6]

IITL's Project Stereo/Phoenix Final Report, written by a research firm for IITL, showed awareness that Canadian youth are not like adults.

"As mentioned earlier, the young age of the subjects has a lot to do with what they see. Their view of the world directs our attention to this re-emerging emphasis on affection without the fear of being hurt, on sharing as a means to fighting failure, and on helping each other as a vehicle for interaction. Advertisers should be mindful of this concern of young people; it gives them considerable creative latitude if they wish to penetrate the younger generation's realm of concerns" (p. 102692376, File # G 2081, Box # 253, HC Request #91, 1985)

8.7 Images to Recruit Starters and Young Smokers. Promotional communications for cigarettes, whether directly merchandising the product, as in traditional forms of advertising, or more indirectly promoting consumption, as in sponsorship forms of advertising, share the basic traits of providing rich imagery to attract attention, to develop brand and product awareness, to shape perceptions and attitudes, and ultimately to increase

the likelihood of consumption. For brands appealing to the young, these images and "positions" differ from those seeking to reassure and retain existing concerned smokers.

8.7.1 Craven "A" = Fun and Young. Craven 'A' sponsors the "Just for Laughs" comedy festival in Montreal, the world's largest showcase for comedy talent. In 1998 this attracted 1.2 million people and is replayed on both television broadcasts and National tours of performers receiving much publicity. The event itself is a family event with many free shows with no restricted access, souvenir items appealing to children and a live mascot "affectionately greeting children." (Dewhurst 1998, p83) The import of Craven 'A' sponsorship is extended by the Just for Laughs Museum in Montreal. In March 2000, this appeared from its web page (www.hahaha.ca) to offer only an "Exhibit for Children" [See Exhibit 1] This Exhibit for Children is described as "an interactive, magical experience that will enthuse children and delight parents." The museum's audience the admission schedule offers "Group rates and children's birthday parties."

8.7.2 Belvedere = Young and Fun.

"Belvedere is the young, fun and sociable brand that offers smooth, full flavoured smoking satisfaction to contemporary young men and women...I am active, energetic and enjoy socializing with others but I am not a leader. Unpretentious and down to earth, I follow the trends but don't want to be labelled. Part of the young crowd, I'm not rebellious but resist being told what I am and what I want." (RBH-001130, "Belvedere Trademark Marketing Plan," 1995/96, p.1)

8.7.3 Belvedere Rocks. Despite the awareness that sponsoring rock on radio and in concerts would "suggest" that they were "trying to coerce the young into taking up smoking," RBH proceeded with its music based promotion of Belvedere.

"In every group there was considerable debate about a cigarette company sponsoring rock concerts. On the con side were those who felt that the sponsorship would suggest that cigarette companies were trying to coerce youth into taking up smoking." (RBH-002018, 1993, p.8)

"Rock music has been the voice of the younger generation for decades, talking with them, to them and for them. Rock provides unlimited opportunities for brand imagery, association and direct contact with our target audience in a uniquely Canadian format." (RBH-001138, "Business Assessment - Belvedere 1994/95," p.19)

"The key to a "successful" rock sponsorship program is the right balance of working dollars (i.e. media) vs execution dollars." (RBH-001140, "Belvedere Business Review 1995/96," p.25)

INSERT HERE

Exhibit: Craven A Just for Laughs Museum Webpage "An Exhibit for Children"



"Develop a media program for Quebec and the Maritimes to deliver on-going image and awareness to 18-24 target consumers through the use of mediums such as Musique Plus and Radiomutuel." (RBH-001130, "Belvedere Trademark Marketing Plan," 1995/96, p.11)

This use of electronic media by Belvedere reached nearly everyone in their target anywhere from 50 to 100 times.:

"Media Program/Exploitation: An extensive media program was assembled to provide maximum impact to Belvedere Rock through a number of channels.... the combined reach/frequencies for the campaign ranged from 96.6% reach with a 50.1 frequency for Moncton to a 99.2% reach with a 96.9 frequency for Quebec City." (RBH-003810, 1996, p.4)

8.7.4 RJR is Smooth. RJRM sponsors the "Plugged" New Music Series on behalf of its "Smooth" product. While the majority of the concerts are held in licensed venues which bar underage youth from attending, significant money is spent publicly promoting this sponsorship in media with substantial youth exposure.

"Reinforce brand imagery by utilizing New Music Series. ... Innovative tour sponsorship which has supported 175 bands performing over 1000 shows across Canada utilizing the Smooth Plugged New Music tour bus.... Media Support: Radio, Urban newspapers, Posters, Retail pamphlets, Internet, Street Banners, Club advertising" (RJR-1413, 80154-2036)

8.7.5 Export A = Independent Adventurers.

"...very young starter smokers choose Export A because it provides them with an instant badge of masculinity, appeals to their rebellious nature and establishes their position amongst their peers."

RJR carefully nurtured this image of the Export A smoker. "How We Want Consumers to View the Brand" stated that;

"The Export imagery will dimensionalize (sic) the breed of men who are masculine, independent, adventurous and possess the qualities of natural leadership.... Women are attracted to these men because of their youthful virility, independence and spirit of adventure." [See Pollay 1989, Attachment 3 and Pollay and Lavack 1993, Attachment 6].

8.7.6 Players = Self-reliant. ITL creative guidelines for the effective display of freedom and independence were designed to appeal to a young market. Project Stereo described how Player's and its closest rival for starting males, Export A, both imaged independence, with subtle yet very important differences. Both used ads featuring strong, masculine, hardy men,

typically alone in the fresh air of the outdoors. The brand images for Player's and Export A were, however, contrasted as follows by ITL, with the far more successful Player's brand image mentioned first:

"choose to be alone vs. being a loner;
masculine/softer man vs. macho/rugged;
okay to show feelings vs. can't show feelings;
can get along with women vs. no women;
better job/steady worker vs. working class, blue collar;
adventurous/try new things vs. daredevil;
independent/strong willed vs. doesn't care about society."

Advertisements for the Player's brand showed those "free to choose friends, music, clothes, own activities, to be alone if he wishes"; who "can manage alone" and be "close to nature" with "nobody to interfere, no boss/parents"; and self-reliant enough to experience solitude without loneliness. [Pollay and Lavack 1992, Attachment 6]

Consistent with this is the evidence in the contemporary Canadian industry documents. Imperial Tobacco documents describe Player's as continuing to seek the "positioning attributes" of "youthfulness, masculinity, freedom, and independence." [ITL-178, 1994] "Player's should be perceived among the youngest brands in the market." (ITL-562, 1989, p.13)

8.7.7 Modern Racing Heroes. In the 1990s, the independence image of Player's, like Rothmans before it, has been communicated in part through sponsorship of motor racing teams and events, and the associated publicity of this role. There is more to this than simply appealing to young men's interest in fast cars and other machines. A commercial study of a one U.S. ad cigarette campaign found "positive personality characteristics including courageousness, independence, adventurousness and aggressiveness" (Schwarz 1976). Marlboro executives agree.

"We perceive Formula One and Indy car racing as adding, if you will, a modern-day dimension to the Marlboro Man. The image of Marlboro is very rugged, individualistic, heroic. And so is this style of auto racing. From an image standpoint, the fit is good" (Marlboro 1989).

Players and Rothmans, like many international brands, sponsor the fastest forms of automobile and motorcycle racing, and have worked hard to make heroes out of their drivers. They enjoy the added commercial benefit of extensive TV coverage for both the events and heroes, and other vivid publicity like magazine covers and stories. Consistent with this is the evidence in the contemporary Canadian industry documents.

"How do the sponsorship events contribute to Player's image (stressing modernity) and lifestyle portrayal (freedom and independence)? How does the advertising for the sponsorship events contribute to Player's image and lifestyle portrayal (freedom an

independence)?... What do prototype sponsorship ads express in terms of image? Lifestyle?" (ITL-131, 1990, p.9)

"To communicate that Player's Ltd. has a tradition and heritage of being associated with popular motorsport activities through an expression of youthfulness, masculinity, independence, freedom and self confidence relevant to younger males." (ITL-176, 1992, p.1)

"Could Jacques [Villeneuve] positively communicate the positioning attributes Player's Ltd. wants to be associated with? (i.e. youthfulness, masculinity, freedom, and independence)" (ITL-182, 1992, p.3)

"As seen in the 1993 Sponsorship Image research as the best overall fit with the target group, and as the highest form of professional racing in North America, Indy is best positioned to carry the Player's Ltd. attributes of masculinity, youthfulness, freedom and independence." (ITL-178, 1994, p.51)

- 8.7.8 Export A - Risk Taking is Extremely Rewarding.** The current Export A campaign has pushed the envelope and now encompasses a variety of extreme sports where every competitor get attention and succeeds precisely because of their willingness to take extreme risks. Within the past year Export A has run advertising calling attention to its sponsorship of extreme ski racing, extreme mountain biking, wild water kayak racing, extreme motorcycle motor cross, and extreme water cross competitions on jet skis. Because still needing to appeal to the need for independence, it seems no accident, indeed it seems essential, that all of the sponsored sports in this Export A campaign are solo sports, and none are team sports. Thus we see skiing, but not hockey - racing in kayaks or jet skis but not in dragon boats. Absent are team sports like volleyball, baseball, or soccer, despite their popularity. [Pollay 1998, Attachment 7]
- 8.7.9 ... and Extremely Glamorous and Exciting.** The portrayals of the extremely risky sports in Export A ads has many consistencies, such as the extreme close-up on the head of a solo athlete who wears mirrored sunglasses reflecting their sport. The sunglasses add several interesting dimensions to the image. Expensive sport sunglasses are a much prized symbol of status among the young. Their mirrored surfaces add an element of ambiguity and mystery that more readily permits viewers to project themselves into the scene and identify with the image. Perhaps most importantly, digital image manipulation allows the visual to simulate how people are reflected in the mirrored lenses. The resonates with the concerns of the young as to how they will appear to their peers. [Pollay 1998, Attachment 7]
- 8.7.10 Young ... But Not Too Young.** Because advertising imagery typically presents potential consumers with views into a world of aspiration, cigarette imagery appealing to the young can easily cross the line and become too transparently young. This risks rejection by the young, because they aspire to adulthood not adolescence and therefore want products and brands that are symbols of adulthood not adolescence. This was learned by RJR-M when test marketing

the TEMPO brand. In the test, most of the media budget went to out-of-home media such as billboards or bus shelters, targeting key youth locations and meeting places close to theaters, record stores, video arcades, etc. The target was identified as those "extremely influenced by their peer group" and they were appealed to using "imagery which portrays the positive social appeal of peer group acceptance ... where acceptance by the group provides a sense of belonging and security." The creative featured notably young models, arm in arm, and wearing casual clothes seen as trendy by the young. The brand met with mixed results in the test market, in large part because it was too explicitly "young" in its character. [Pollay and Lavack 1993, Attachment 6]

More contemporary documents display continuing awareness of this problem, leading to copy testing research on this point and whether the advertiser was judged to be "intentional" in this appeal to the young.

"The response to the Holiday brand in the Canadian market is very poor. The major problem is that the pack design, regarded as 'flaky', 'for 13 and 14 year olds', and is not a pack you would want to be seen with in public." (RBH-002174, 1992, p.3)

The Belvedere Extra Mild (BXM) brand, popular in the Maritimes, is perceived as being a "starter" brand to the point where it is a liability.

"... while BXM in the Maritimes is certainly perceived as being young, it also moves into the "starter" brand camp. Among non-users (many of whom used to be BXM smokers) there tends to exist the impression that BXM may be for kids only." (RBH-002012, Memo from K. Dean dated February 21, 1992, p.2)

In testing for an Export 'A' campaign, it was found that:

"Respondents believed certain executions were more likely than others to appeal to the younger set, i.e. those under the age of 19. Generally speaking, ads that identified with 'adventure or sex' were said to more likely appeal to the teen and even pre-teen segment. Specific executions mentioned were: Exciting, Extra-curricular, Explicit and Ex-rated.

'school kids might see it as an after school activity'

'appeals to younger age groups, even as low as 8 to 15'

'too much for the younger generation'

'bungy jumping itself is geared toward the younger generation'..

The vast majority of respondents did not believe that the ads' probable appeal to the younger set was intentional on the part of the advertiser." (RJR-0477, 1996, 80150-2044)

- 8.8 **Careful Crafting.** Although images used in cigarette advertising commonly portray pictures of health, these images are tested to ensure that they elicit minimal counter-arguing from viewers. For example, alternative executions of a windsurfing ad for ITL's Player's brand produced different reactions and acceptance.

"The reaction to windsurfing as an activity is neutral with regard to whether or not the people who engage in it are likely to be smokers or not. However, the more physically fit and healthy-looking the protagonists, the stronger the 'no-smoking' reaction. The same person sitting on the beach -- perceived by most as resting after surfing -- or shown carrying a surfboard--whether getting out of the water or walking toward the ocean -- evokes different reactions regarding smoking. Respondents are willing to accept the man smoking while resting but are reluctant to think of him as a smoker while his well-built body is in full view." Thus, the "pictures of health" used in the Player's ads were carefully crafted to feature activities which were appealing to youth, but which were not so 'aerobic' as to be unbelievable in the context of smoking. The activities in Player's ads "should not require undue physical exertion. They should not be representative of an elitist's sport nor should they be seen as a physical conditioner. The activity shown should be one which is practiced by young people 16 to 20 years old or one that these people can reasonably aspire to in the near future." [Pollay 2000, Attachment 8]

Consistent with this is the evidence in the contemporary Canadian industry documents. In choosing sports to use in advertising imagery, and events to sponsor, firms avoid anything to obviously aerobic in nature. This is done to enhance consumer credibility and reduce the likelihood of consumer counter-argumentation.

"Associations of Export "A" with (non-cardio) demanding sports with a social celebration angle is most credible and motivating" (RJR-0680, 1997)

"As Matinee Ltd. is associated with the tobacco industry, certain associations should be avoided--i.e., ... amateur sports events or sports events which emphasize aerobic fitness (e.g., jogging, swimming, gymnastics)." (IIL-114, 1991, p.52)

"Sporting activities considered least logical/ appropriate for tobacco sponsorships are those most linked with health/ aerobics and strenuous physical activity (tennis and skating vs. auto/ horse racing)." (RBH-002077, 1992, p.5)

"7 Extreme Sporting Activities have been recommended: Extreme Skiing, Skydiving, Rock Climbing, Paragliding, White Water Rafting, White Water Kayaking, Ice Climbing. Rationale: ... Recommended sports have high degree of adventure/ aspiration yet are primarily (perceived to be) anaerobic in nature relative to other sport activities." (RBH-003804, "Canadian Classics 'Adventure Series' Sponsorship Proposal," 1996/97, p.8, parenthetical qualification added)

9. Repetition and "Friendly Familiarity"

- 9.1 **Big Budgets.** Massive spending supports advertising and promotional activity in a variety of media. Cigarette and brand sponsorship advertising and signage is seen and experienced

in many magazines, billboards, on the inside and outside of busses, subways, transit shelters, through sports sponsorships, in sports stadia, on T-shirts, baseball caps, and sundry specialty items. In retail stores it appears on clocks, store hour signage, retail displays, change trays, window decals, signage, posters, ashtrays, waste receptacles, shopping baskets and push carts. BAT was informed that IITL was spending at the rate of about \$60,000,000 in 1990 and 1991, while the Tobacco Products Control Act (1988) was law.

"Sometime ago you enquired about the total marketing expenditure by Imperial Tobacco. The spend on advertising, promotion and sponsorship was approximately C\$65m in 1990 and C\$45m for the nine months to 30 September 1991." (p. 201815126, File # HT 0330, Box # GU 0182, HC Request # 323, 1991)

The media and retail exposure of sponsored event(s) is so crucial that it ideally gets the lion's share of the total budget.

"Ideally, the majority of our spending, about 65%, should be allocated to media and about 35% to event costs. Today, the split is about 20% vs 80%. It is understood the target may not be attainable in 1992. However, we do need to begin the process to maximize our communication opportunities in the future." (IITL-267, 1992, p.41)

"Operations vs Communications Resource Allocation: whatever we do, let's ensure that we have a 70/30 split in our communications to operations budgets" (RJR-0646, 1997, 80150-3280)

9.2 Getting Back on Radio and TV. Of course, radio and television time is bought for commercials promoting the branded events. The contemporary Canadian industry documents show the renewed efforts to utilize TV and radio. Television is seen as providing highly desirable "importance and prestige" [RJR-0648, 1992] and "high impact benefits." [RJR-0356, 1997] Investing in electronic media fosters well controlled broadcasts of sponsored events.

"With appropriate on-site signage, they become one hour commercials." [IITL-179, 1993]

Public relations tools, such as video news releases, get television news coverage of the race teams and events for Imperial. [IITL-189, 1995] Research is done "amongst press and TV reporters to determine and assess the effectiveness of press kits, conferences, etc." [IITL-179, 1993]

Craven 'A', sponsors country music on 59 radio stations.

"Craven 'A' Ltd. Today's Country was launched June 5th, 1993. Radio broadcast grid has 59 affiliates for a 90% placement rate, ahead of our 60% estimate for this point in time." (RBH-001129, 1993, p.5)

Clearance forms from the Canadian Advertising Foundation indicate that many television commercials have been produced to promote sponsored events (e.g., RBH-000321 for Craven A Country Music Awards, RBH-000280 for Canadian Classics White Water Rafting event, RBH-000257 for Benson & Hedges Symphony of Fire fireworks display).

"Television was chosen to form part of the total communication mix for this program. Its role was to provide the perception of mass, total reach and credibility for the Belvedere Rock program. A high quality and potentially effective spot was produced and aired for approximately four days before the decision was made by Senior Management to stop airing the ad in light of the charged political environment and media scrutiny at that time." (RBH-003810, 1996, p.5)

In addition to paid advertising, many events themselves get broadcast on TV, as well as sometimes showing up in newscasts, e.g. sports sponsorships.

"Over the past 23 weeks and with three quarters of the Player's season completed, Imperial has amassed an average of 4 broadcast hours a week that does not include Player's advertising and news coverage." (RBH-003851, 1996 Toronto Tobacco Advertising, August 30, 1996, p.10)

"The Skins Game has become one of the top televised golf events in Canada over its three year existence.... The event gives Export 'A' Inc. an unparalleled opportunity to 'own' five hours of weekend television and represents a leveragable (sic) advertising opportunity in the two to three month window leading up to the event." (RJR-0682, 1996, 80151-3320)

"A solution to the quality of viewership is available through the hour or more broadcast of our major events. With appropriate on-site signage, they become one hour commercials." (ITL-179, 1993, p.98)

Substantial TV exposure can be managed even for events "owned" by others, such as when sponsoring but one auto race team in an event like the Molson Indy - Vancouver. This is explained by ITL as follows:

"Controlling Television: There is no magic to controlling television, the concept is quite simple and based on being in control of what the audience sees. As an outline let me review what a team sponsor might expect of a car running in 6th place. IndyCar will make all efforts to cover each team twice, once when they announce the race and once when the race is on. Clearly if you are not part of the lead group your coverage is limited. However, with control of television one can guarantee oneself the following:

Promotional Bumpers by Network prior to race	4 minutes
Show Opening Segment	1 minute
Commercial Bumpers	1 minute

Leader Boards	1 minute
In show segments	2 minutes
Pit Action with dedicated cameraman	2 minutes
Post Race Interviews with driver	<u>2 minutes</u>
	13 minutes

This then will quadruple your coverage on the air." (TIL-066, "Memo dated July 31, 1995," p.10)

Other analyses relevant to television coverage included consumers ability to discern car paint designs and make spontaneous brand name associations.

"The main purpose in exposing the four race car designs was to learn how readily such cars would be identified as sponsored by Player's Ltd. even if the name itself was not present. This is a contingency that could arise at U.S. racing venues in some circumstances. In such a situation, it is naturally desired that grandstand and especially television viewers nonetheless still recognize the identity of the car's sponsor." (TIL-500, 1992, p.3)

9.3 "Friendly Familiarity". The result of pervasive and persistent cigarette merchandising and sponsorship advertising consumers grow up and are immersed in an environment relatively dense with cigarette advertising imagery. Each individual is more likely than not exposed on a frequent and regular basis to all of the common types of cigarette messages, whether images of independence, social approval, pictures of health and other implied health reassurances. The net effect of this virtual omnipresence is what the Marlboro ad agent, Leo Burnett, called "friendly familiarity," a judgment that the product can't be all that bad given that it such an accepted commonplace in society.

"The No. 1 factor in building confidence is the plain old fashioned matter of friendly familiarity." [Burnett 1961, p217]

The conspicuous and persistent presence of advertising for tobacco products gives the impression that tobacco use is desirable, socially acceptable and prevalent, especially to children raised in a heavily commercialized environment. Its leads to the understandable, but erroneous, rationalization of consumers that "it can't be all that bad, since governments and the courts permit its promotion." The familiarity effect, wherein things encountered frequently are trusted as benign, just as the unfamiliar evokes suspicion, has become well recognized and researched in psychology since Burnett's insight was written. In the terminology of that discipline's literature, the phenomenon is known as the "mere exposure" effect. [Borenstein 1989].

10. Conclusions

- 10.1 **Promotion, Advertising and Sponsorships are Important.** Cigarette promotional campaigns and their imagery rehearses, shapes and reinforces perceptions of smoking, both in general and for specific brands, biasing judgments about the popularity of smoking, the healthfulness of smoking, the social approval of smoking, and the independence and self-reliance characteristic of those addicted to nicotine. It is assumed by the industry to influence perceptions and attitudes, not only of smokers and pre-smokers, but also the parents and peers of the youth target market that is the future of the industry. Because they promote sales, profit maximizing firms support their products with generous budgets for promotional communications. Cigarette advertising images are carefully crafted and controlled through research on both the target persons and their reactions to promotional efforts.
- 10.2 **Sponsorship Communications are Promoting Cigarette Brands.** Like the more traditional forms of promotion, those more obviously merchandising products, promotional communications featuring sponsorships are rich in their imagery, providing firms with valuable associations. This is well recognized by Canadian cigarette firms who employ various sponsorships provide various brands with associative imagery such as youthful fun, adventure, daring, fashion, contemporary music, athleticism, self-reliance and heroic independence.
- 10.3 **The Strategic Concern about Quitters.** Cigarettes function in a market contaminated by cancer. The result is unfavorable publicity from time to time, but also a high degree on anxious concern and psychological conflict among its consumers, many of whom would like to quit. In any given year, many will make quit attempts, and many stop smoking permanently, if only because many will die. This high rate of attrition threatens the sales and profit of firms. Thus profit seeking firms are actively concerned about pre-quitters and communications to them provide unwarranted psychological reassurances.
- 10.4 **The Strategic Concern about Starters.** Consistent with the addictiveness of nicotine, smokers demonstrate very high degrees of brand loyalty, with only a very small fraction of them seen by the firms as "convertables," i.e. brand switchers. In addition to being few in number, brand switchers are demonstrably fickle, and many are motivated by a desire to quit eventually. Since addiction and brand loyalties are established among the young, this drives the competitive dynamics toward desiring to be successful in marketing to the young, including those who are "starters" or "new smokers." In some cases, "starters" and "new smokers" are included among the so-called "switchers."
- 10.5 **The "Mature Market" Hypothesis is Invalid.** The cigarette market in Canada fails all of the diagnostic tests of a "mature market." No known corporate marketing documents rely on this classification as a determinant of their strategy. Empirical research by a major international ad agency showed the invalidity of the "mature market" concept in

the case of the U.S. cigarette market long ago [Dhalla and Yuseph 1976]. Thus it is not surprising that the implication of this classification, that firms need are not concerned with either market attrition (quitting) or uptake (starting), is also inconsistent with the evidence.

- 10.6 Promotional Imagery Reassures Concerned Smokers.** Associations with athletic events, facilities and related imagery of physical lifestyles (playing tennis, hang gliding, skiing, biking, windsurfing, etc) convey healthfulness. Other images vividly convey that sophisticated, intelligent people are smokers. These brand images are inherently false, as it is neither healthful nor "intelligent" to smoke rather than quit
- 10.7 Promotional Imagery Recruits Starters.** Associations with sponsored events and related imagery of these serve to shape perceptions of smokers as adventuresome risk takers, independently self-reliant, getting social approval - sometimes precisely because of the risk taking as in auto racing. This appeals to adolescents' pressing psychological need to assert their independence, making cigarettes an easily appropriated and highly lauded and publicized tool for displaying "independence." The typical brand image is inherently false and misleading, as smoking does not deliver independence, but addiction.
- 10.8 Promotion Misleads Consumers about Filters.** As the result of years of advertising on behalf of filtered cigarette products, and the nature of these ads, typical consumers have faith that products sold with terms such as "light", "mild" and "low-tar" are safe, or at least substantially safer, than products without such descriptors, and that products with lower tar and nicotine yield data or claims are safe or safer, everything else being equal. The typical consumer accepts the provided tar and nicotine data as descriptive of what they actually consume. The persistent offering of low-tar products as if a meaningful step for them to take toward improving their health prospects, and as an alternative to quitting, has created and persistently reinforced the false impression that these product forms are substantially risk reduced.
- 10.9 Cigarette Promotion Yields Little or No Public Benefit.** The potential role of promotion and advertising as a source of information, producing a net public benefit by allowing for better informed decision making and a more efficient marketplace, is not now realized in the specific case of tobacco marketing. Cigarette promotion and advertising create brand images and brand personalities, rather than provide information to enhance consumer knowledge and decision making. Indeed, the undermining of the efforts of others to inform and educate the public about cigarettes seems to be the effect of the cigarette advertising.



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Signed at Vancouver, BC on October 30, 2000

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Attachments:

1. Curriculum Vitae, Richard W. Pollay, Faculty of Commerce, UBC. [May 2000]
2. Chronological Listing of Research Work Products re: Cigarette Advertising, PR and Related Topics. [April 2000]
3. Pollay, Richard W. (1989), "The Functions and Management of Cigarette Advertising," for Quebec Superior Court, *Imperial Tobacco Limitee & RJR-Macdonald Inc. c. Le Procureur General du Canada*, 38p.
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