

## The marketing of tobacco products in 2007

### The return of cigarette advertising



**A report from the  
Non-Smokers' Rights  
Association**

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## Advertising and promotion of tobacco products in 2007: *The return of cigarette advertising*

More than a decade has now passed since the federal *Tobacco Act* was enacted in 1997. Although the *Act* and subsequent provincial laws succeeded in reducing tobacco promotion, the cunning marketers of tobacco products have explored new avenues to exploit the limitations of the restrictions. Their survival depends not only on the continued consumption by smokers, but the enticement of new consumers — non-smokers, ex-smokers and especially youth.

### ***Cigarette advertising returns***

Although tobacco manufacturers are always exploring new ways to try and reach current and potential customers, the last year was especially marked by the return of cigarette ads in publications and bars.



The return of these ads came soon after the long-awaited release of the Supreme Court of Canada ruling on the constitutionality of the federal *Tobacco Act*.<sup>1</sup> The Supreme Court finally upheld the legislation which is considered by the tobacco control community as the cornerstone of the *Federal Tobacco Control Strategy*. The ruling represents the latest chapter of a 20 year battle between the tobacco industry and the health community to get rid of or, at the very least, limit tobacco advertising and promotion. The battle began in 1989 with the industry's challenge of the previous federal legislation, the *Tobacco Products Control Act*.

As part of its strategy to quash the *Tobacco Act*, the three main Canadian tobacco manufacturers argued in court that the *Act* was tantamount to a total ban on advertising and promotion. To support its claim, the manufacturers even restrained themselves from engaging in direct tobacco advertising during the court challenge. However, the industry's strategy failed to convince the courts. Although some provisions were struck down by the Quebec Appeals Court, that decision was finally reversed by the Supreme Court of Canada.

Contrary to the industry's allegations, the *Tobacco Act* does allow some form of advertising. The act bans all forms of advertising and promotion with specific exceptions. Only information and brand-preference advertising is permitted in publications with an 85% adult readership, in mailings to adults and in places where only adults have access. Furthermore, these ads cannot contain any information that is misleading or likely to create an erroneous impression about the product. They also cannot appeal to kids and be associated with any lifestyle imagery.<sup>2</sup>

Some smokeless tobacco companies not engaged in the legal proceedings did take advantage of these exceptions to advertise their products during the court challenge (see section 6). However, it was only at the end of 2007 that one Canadian cigarette manufacturer, JTI-Macdonald, finally decided to resume direct advertising of its cigarette products. These ads have been appearing in publications, such as free entertainment weekly newspapers or magazines, and in bars.

These ads portray new brands of cigarettes. It might be an attempt from the company to test the waters to see how far manufacturers can go with its cigarette advertising without prompting a response from the federal government. It can also be a strategy to launch new brands while the packages are still visible on displays at points of sale in many provinces. In any case, these ads have raised some serious concerns from the health community.

For example, the ad for the new cigarette brand "Mirage" with its so called "Less Smoke Smell Technology" might mislead consumers into believing that these cigarettes do not produce as much second hand smoke as regular cigarettes. These ads are also using slogans such as "The Fusion of Taste and Smoothness", which do not obviously convey any factual information. Furthermore, although the *Tobacco Act* does not restrict the use

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<sup>1</sup> Canada (Attorney General) v. JTI-Macdonald Corp., 2007 SCC 30  
[<http://www.canlii.org/en/ca/scc/doc/2007/2007scc30/2007scc30.html>]

<sup>2</sup> Tobacco Act, S.C. 1997, c. 13 [<http://www.canlii.org/ca/sta/t-11.5/whole.html>]

of colours, the manufacturer is integrating stylish colour designs in its ads. Finally, different font styles are being used to evoke some form of imagery with the brand. Therefore, based on these observations, it can be argued that these ads are violating the *Tobacco Act* or are, at the very least, circumventing the spirit of the law because they look much more like lifestyle advertisements instead of information or brand preference advertisements.

It is also important to point out that the health warnings appearing on these ads are voluntary. Although the federal government has announced its intention to have mandatory health warnings on tobacco ads, no regulations have been made public yet. Health warnings on permitted tobacco advertising are a requirement for all parties of the international Framework Convention on Tobacco Control.

**What can be done?** Since tobacco manufacturers are obviously not interested in restricting their promotional activities to brand-preference or information advertising, serious consideration should be given to moving ahead with a total advertising and promotion ban. During the court challenge of the *Tobacco Act*, the Quebec Superior Court did mention that:

“A close reading of all the opinions handed down by the Supreme Court in the first case, together with the evidence introduced at this trial, indicates that a total ban on tobacco advertising would be much more easily defended now than in 1989.”<sup>3</sup>

Another option would consist of introducing generic packaging. In its ruling on the *Tobacco Act*, the Supreme Court of Canada repeated a key point made by the Canadian Cancer Society: “the concept of a “brand” is associated with a lifestyle; in marketing, brands are intangible images, usually associated with particular lifestyles.” It can be argued that the package is the industry's most important advertising tool to promote the brand. By eliminating all or much of the brand characteristics appearing on the package itself, generic packaging would seriously undermine the industry's efforts to continuously associate its products with lifestyle imagery.

A third option would consist of restricting tobacco advertising even further. The Quebec government has just introduced new regulations limiting the size of an ad to no more than 400 square cms, permitting only black and white colors for the text and the background and incorporating text health warnings covering a quarter of the ad in the top left corner.<sup>4</sup> Other jurisdictions should pay close attention to the impact of these regulations on the tobacco industry's efforts to advertise its products.

### **What are the other trends?**

Even though direct cigarette advertising has returned, retail stores remain for the time being a primary promotion vehicle for major cigarette and cigar/cigarillo manufacturers. Tobacco products are promoted in retail outlets using price and availability signs,

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<sup>3</sup> J.T.I. Macdonald Corporation c. Canada (Procureure générale), 2002  
[<http://www.canlii.org/fr/qc/qccs/doc/2002/2002canlii46639/2002canlii46639.html>]

<sup>4</sup> Draft regulation for the *Tobacco Act*, GAZETTE OFFICIELLE DU QUÉBEC, 5 mars 2008, 140e année, no 10.  
[<http://www.msss.gouv.qc.ca/sujets/santepub/tabac/download.php?f=e9bdc6c19dfbfa6619a332805a86f677>]

product displays, lighting and shelving components in stores, as well as through the actual colour, design and shape of cigarette packaging. However, this situation has already started to change significantly since an increasing number of jurisdictions have adopted measures, such as banning tobacco displays, to restrict tobacco promotion in retail outlets. Nevertheless, it is still worthwhile to monitor what promotional strategies are still being used in retail outlets. Other trends include small manufacturers advertising tobacco products other than cigarettes in weekly newspapers. Pamphlets and advertisements promoting allegedly lower risk cigarettes, regular cigarettes and smokeless products are also distributed as mailers, both addressed and unaddressed.

Alarming, the marketing campaigns targeting youth go beyond traditional advertising as we have come to understand it. In recent years, manufacturers have used marketing practices and websites that few middle-aged adults are ever likely to witness. There are some indications that similar approaches are being deployed today. Tobacco products have been promoted in bars, during special events and on the internet. Moreover, promotional information kits have been distributed in crowded public venues.

Even though several provinces have strengthened legislation to limit tobacco marketing, recent developments (seen mostly at retail and on packaging) indicate however that manufacturers appear yet again to be either overstepping the law or gearing up to circumvent existing and upcoming restrictions.

The evidence and trends discussed below focus mainly on observations made in Québec and Ontario.

### **1. Proliferation of branded and evocative availability and price signs at point of sale (POS)**

The federal *Tobacco Act* allows retailers to post signs that indicate the availability of tobacco products and their price. However, it does not specify how such information can be communicated at point of sale (POS). Therefore, manufacturers have exploited this loophole by using availability and price signs to convey powerful messages that go beyond simple price and availability. Fortunately, more and more provinces are concerned about this practice and have taken action to deal with this problem.

**Price Signage**—The price war that large tobacco manufacturers are waging against one another, in addition to the presence of cheaper Native and house brands, has led to an explosion in the number of branded price signs. These typically contain expressions such as “value/budget brands” or “best price”. In the retail environment, such signage is known to increase buying in bulk and unplanned purchases.<sup>5</sup>

Price signs are not merely informing current smokers of the price of tobacco items. Instead, they portray the purchase of tobacco products as an affordable one-time purchase, when in reality many users become life-long addicts with an expensive tobacco dependency.

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<sup>5</sup> Point of Purchase Advertising Institute, 1992. “The point-of-purchase advertising industry fact book”, Englewood, New Jersey, 1992, as cited by Feighery E. *et al.*, 2002. Cigarette advertising and promotional strategies in retail outlets: results of a state-wide survey in California, *Tobacco Control* 2001; 10:184-188.



Manufacturers are primarily using price signs to promote discount brands (*Mark Ten, Canadian Classics, Matinée, Peter Jackson, Macdonald Special*). Additionally, other signs and catchy tag lines (“only”, “à l’unité”, etc.) draw attention to inexpensive items such as small cigarette packs, cigars and cigarillos.

**Availability Signage**— Although cigarette packs are becoming less and less visible in retail outlets across Canada, the tobacco industry has been busy creating association between artsy availability signs and specific brands. In Québec, where tobacco displays are permitted until May 2008, availability signs have been revamped and now display brand colour and other graphic elements. Availability signs are primarily being used to promote premium brands, such as *du MAURIER* and house brands such as *Studio*.



In the future, despite tobacco products not being on display, it would not be surprising for tobacco manufacturers to use branded availability signs reminiscent of certain brands to remind the public, and especially smokers, that tobacco products remain ubiquitous and are sold like other legal consumer products. Such portrayals are known to overstate the popularity of cigarettes, and increase the social acceptability of smoking. The abundance of this type of signage shows how manufacturers are gearing up to sidestep upcoming marketing restrictions at point-of-sale. Through colour, design and tag lines, manufacturers have given promotional value to what should be mere availability and price information.

**What can be done?** Many provinces such as Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, PEI and Quebec have eliminated or are on the verge of eliminating the

marketing values of such signs through regulations. Signs in Manitoba are un-branded, standardized and otherwise regulated to simply indicate the category of tobacco products that are sold and their price.<sup>6</sup>

Price signs should be, if not eliminated, regulated and standardized. Price should be communicated only on demand, or printed in a nondescript manner, as done in Manitoba. As outdoor signs are seen by everyone and portray tobacco use favourably, they should be eliminated.

## 2. Colour and numerical cues as substitutes for 'light' and 'mild' descriptors

Tobacco manufacturers use descriptors to convey attributes often related to product strength. By doing so, they insinuate that cigarettes (light, mild, ultra light, *etc.*) that produce lower levels of tar when smoked on cigarette machines are less harmful than those who produce higher machine readings of tar. There is no credible evidence that smokers who switch to so-called 'low-tar' brands reduce their risk of smokers' diseases. Misled and/or falsely reassured, many smokers switch to these allegedly *milder, lighter and low-tar* cigarettes instead of quitting altogether.<sup>7</sup>

As a signatory of the *Framework Convention on Tobacco Control*, a World Health Organization treaty, Canada is under obligation to address the issue of deceptive labeling.<sup>8</sup> Draft regulations indicate that Health Canada regulations will only ban descriptors such as 'light', 'mild' and certain obvious variations thereof, but will not address the deceptive trade practice per se (i.e. eliminate any cue used by manufacturers to insinuate that a particular tobacco product is less harmful than other smoked products).

Tobacco manufacturers remain keen to continue using a scheme that has served them so well in the past. In 2006, manufacturers introduced the latest round of alternative cues to communicate product strength, and began coaching the public into recognizing such cues.



← For the du MAURIER family-brand, product strength is conveyed graphically through a variation of the colour band appearing on the bottom of the pack. Darker bands are used for 'full strength' cigarettes while paler bands are used to identify allegedly 'lighter strength' cigarettes.

<sup>6</sup> Government of Manitoba, 2005. Non-Smokers Health Protection Regulation: Article 10.2(1)-10.2(3), Amendments. Laws of Manitoba, 2005. <http://web2.gov.mb.ca/laws/regs/pdf/n092-174.04.pdf> (Accessed November 2006)

<sup>7</sup> For quotes from the tobacco industry and analysis of smokers' attitudes see Non-Smokers' Rights Association. The 'light' and 'mild' consumer fraud. Truth & Labelling. May, 2003, pages 4-5 [www.nsr-aadnf.ca/cms/file/pdf/LightMildbrochure.pdf](http://www.nsr-aadnf.ca/cms/file/pdf/LightMildbrochure.pdf) (Accessed December 2006)

<sup>8</sup> World Health Organization, 2005. Article 11: Packaging and labelling of tobacco products. Framework Convention on Tobacco Control, Geneva, 2005. [www.who.int/tobacco/framework/WHO\\_FCTC\\_english.pdf](http://www.who.int/tobacco/framework/WHO_FCTC_english.pdf) (Accessed December 2006)



← Numerical values have been added alongside descriptors (i.e. light, medium, filter, rich, max) in order to establish associations with consumers regarding alleged strength variations within the Vantage family-brand.



← Distributed during a trade show in March 2007, a booklet produced by JTI-Macdonald informs retailers how the 'light' descriptor will be replaced by 'Special 5' and the 'ultra light' descriptor by the number '1'.

With manufacturers well into marketing alternative cues for deceptive 'light' and 'mild' descriptors, few were surprised when, after a complaint was filed under the *Competition Act* by medical officers of health and other health experts, the cigarette makers reached a voluntary agreement with the Competition Bureau to discontinue the 'light' and 'mild' descriptors.<sup>9</sup> As part of the friendly settlement, a notice, published in Canadian newspapers, announced the termination of the use of these two words but remained silent about the deception behind the complaint. The Canadian tobacco industry is now set to continue marketing its products essentially as before, but with the public being falsely reassured that some inadvertent mistake has been corrected.



← The publication of notices in several newspapers such as *The Globe and Mail* constituted a major marketing and public relations coup for the three main cigarette manufacturers.

<sup>9</sup> Competition Bureau of Canada, 2006. Competition Bureau Reaches Agreement with the Three Major Cigarette Manufacturers to Stop Using "light" and "mild" on Cigarette Packages. New Release, November 9, 2006. [www.competitionbureau.gc.ca/internet/index.cfm?itemID=2228&lg=e](http://www.competitionbureau.gc.ca/internet/index.cfm?itemID=2228&lg=e) (Accessed December 2006)

**What can be done?** Prohibiting the use of the words ‘light’ and ‘mild’ in tobacco labels, while a timid but positive first step, will not put an end to a marketing practice that is deceptive by design. Banned words can be substituted with other words, especially when there has been a transition period allowing for colour and numerical scales to be introduced and communicated to the public. Furthermore, such bans do nothing to educate the public, especially existing smokers who have been misled into believing that the descriptors in question reflect the levels of risk to smokers. The *Tobacco Act* does prohibit any means that is used to mislead the consumers about the health effects of a tobacco product. The federal government should strictly enforce that provision.

### 3. Modifications to package design as a marketing strategy

By tobacco manufacturers’ own account, the influx of discount brands (also known as value for money brands) has dealt a major blow to the sales volume of their high profit margin premium brands.<sup>10</sup> With the marketing vehicles traditionally used to promote premium brands (sponsorship and lifestyle advertising) now banned, some manufacturers are putting more efforts on the appearance of the actual pack.

**Signature pack**— In recent years, Imperial Tobacco’s (ITC) best seller *du MAURIER* brand lost 5% of its market share. The *du MAURIER* brand-line generates 6% of ITC parent company’s (British American Tobacco) global profits. To thwart further losses, ITC launched in June 2005 the “signature pack”, a redesigned pack of 25 cigarettes which has eight-sides and a flip top, as opposed to the traditional industry standard, a four-sided slide-and-shell box.

- The 8-sided new sleeker looking *du MAURIER* ‘signature pack’ (left) and much larger 4-sided traditional pack of 25 cigarettes.



- New retail display mimicking the ‘signature pack’s’ design.



<sup>10</sup> Imperial Tobacco, 2006. The *du MAURIER* Signature Pack: Shaping Our Future by Design. Synopsis submitted in ‘Cigarette Design, paper, production and packaging’ category of the Giovanni Barezzi Award. [www.barezziaward.com/english/winner02.html](http://www.barezziaward.com/english/winner02.html) (Accessed November 2006)

Interestingly, ITC did not mark down the price of *du MAURIER*'s but rather increased the perceived value of the brand through innovative and attractive packaging. Upon receiving a tobacco industry award for the re-design, ITC's vice-president of marketing, Jeff Guiler, explained: "*we needed to differentiate ourselves... and give consumers something that provided added value*". In-store displays were revamped to mirror the new pack's design. In the first 6 months following the launch, *du MAURIER* recaptured close to 2% market share of the Ontario premium segment. According to ITC analysis, the new design created excitement among smokers as well as a strong "word-of-mouth" buzz.

**Split pack**— Given the promising results captured by the 'signature pack', ITC came out with yet another pack shape in mid-December 2006: the special limited edition 'split pack'. The development of the split pack circumvents Canada's health warnings regulations, which call for the warnings to take up 50% of both front and back faces of cigarette packs. Once out of its cellophane, the 20 cigarette pack can easily be divided into 2 iPod size packs: one of 13 cigarettes and the other with 7.



↑ Front view of closed *du MAURIER* split pack Limited Edition December 2006 collection.



↑ Exterior view of split pack. When split apart thanks to the perforated seam, the half-pack with the cover contains 13 cigarettes, and carries a complete health warning on one side only.



↑ Interior view of split pack. The half-pack without a cover contains 7 cigarettes, bears no health warning on one side and lacks the pictorial warning on the other side.

**Slide Pack:** In 2008, Imperial Tobacco pursued its strategy of focusing on the package by modifying the design for its Player's brand of cigarettes. With all the constraints imposed on advertising and with the increasing bans on retail displays, the package will gain more and more prominence as a promotional tool to reach existing and potential customers, not only by modifying the design of the trademarks printed on the pack but also by altering the pack itself. The new slide pack for Player's cigarettes opens sideways compared to the traditional pack which opens from the top. When the new pack slides open, the printed design on the pack expands and becomes much more prominent. Conversely, the size and importance of the pictured health warning diminishes.



**What can be done?** Currently, no regulation in Canada standardizes cigarette pack shape or size. This invites manufacturers to follow in ITC footsteps and modify package design in an attempt to appeal to young smokers.<sup>11, 12</sup> and to disrupt the package warning system. Australia has regulated package shape by prohibiting designs that can easily be modified after sale.<sup>13</sup> Canada needs regulations that standardize package shape/format and allow sufficient inside and outside room for health warnings to appear on packages.

#### 4. Increased visibility of graphic and other lifestyle expressions on packs

Over the years, graphic elements appearing on cigarette packs have undergone several changes. Those observed recently suggest that manufacturers increasingly use the pack to convey lifestyles, testimonials and other attractive elements not prohibited specifically in the current legislative framework. Highly visible discernable images, slogan-like expressions and even imagery directly evoking lifestyles are replacing abstract designs and small trademarked images.

<sup>11</sup> Phillip Morris, 1990. "Marketing new products in a restrictive environment", June 1990. Bates No. 2044762173-2364. [www.pmdocs.com](http://www.pmdocs.com) Did:2044762173/2364 see page 4 and 12

<sup>12</sup> Australian Minister assisting the Minister of Health (Hon. Gail Gago), 2007. "SA bans support for cigarette bans", Press Release, 16 May 2006, Government of South Australia, 2007. [www.ministers.sa.gov.au/news.php?id=1612](http://www.ministers.sa.gov.au/news.php?id=1612) (Accessed May 2007)

<sup>13</sup> Ibid



↑ The 'Available only in the Greater Toronto Area' label and picture of Toronto's skyline evoke an urban lifestyle.



↑ The trademarked image of a greyish unicorn that appeared on *Peter Jackson* packs was replaced by a larger, more prominent, colour matching design.



↑ Front and back views of an *Export 'A'* pack sold in Québec in December 2006 which conveys season's greetings. Once opened, the 'Happy Holidays' slipcover is easily moved up to hide the health warnings.



← New lifestyle imagery used in Quebec and the rest of Canada associate the *Macdonald special* brand as one expressing nationalistic sentiments.



← A pack with the trademarked Lassie character as it appeared in the past (left), and the younger looking, bolder and more prominent Lassie depicted on the 2006 rejuvenated *Export 'A'* pack.

Canada's federal *Tobacco Act* bans lifestyle advertising (section 23.3) — that is advertising which “evokes a positive or negative emotion about an image or a way of life...”<sup>14</sup> However, the *Act*'s phrasing identifies packaging as promotion (s.18, s.19 and s.20) but not necessarily as an advertisement. Compounding this ambiguity, the sections which specifically regulate what should appear on packaging (s.17, s.23) make no mention of banning lifestyle imagery, slogans, etc. while possible regulations on packaging and promotion under s.23 have not been developed. In fact, authorities appear to look the other way as manufacturers use packs to communicate holiday and nationalistic themes, urban lifestyles and slogans. These images generate excitement and evoke playfulness, and most certainly a “positive emotion”.

Similarly, tobacco brand trademarks that were once relegated to small or background graphics have now become focal points and in some cases, clearly evoke lifestyle imagery. The pack is increasingly being used to introduce and disseminate imagery associated with trademarks and cigarette brands.

With other marketing tools being restricted, and cigarette advertising only gradually returning, the pack is more than ever being used to sell the product and promote the brand. The increased and pivotal role of pack design was announced in a tobacco industry trade journal more than a decade ago:

“During the 90s, the traditional cigarette pack will not be good enough for the selling job it will have to do. If it cannot be shown and marketed in advertising as before, it must carry the whole message itself. And when more and more popular brands vie for space on the tobacconist's shelves, the demand for a design that sells will be greater than ever before...”<sup>15</sup>



← Metallic based paints add sheen and sophistication to *du MAURIER* signature packs.

In fact, sharper colours and metallic inks are being used to, what the tobacco industry journal *World Tobacco* calls “uphold the attractive appearance of the cigarette pack”.<sup>16</sup> Recently, all 3 of Canada's large manufacturers made modifications to the graphics and

<sup>14</sup> *Tobacco Act*, S.C. 1997, c. 13 [<http://www.canlii.org/ca/sta/t-11.5/whole.html>]

<sup>15</sup> *Tobacco International*, 1991. Rethinking Cigarette Packs for a New Age, *Tobacco International*, March 1, 1991, p. 14 [www.accessmylibrary.com/coms2/summary\\_0286-9231144\\_ITM](http://www.accessmylibrary.com/coms2/summary_0286-9231144_ITM) [www.globalink.org/tobacco/fact\\_sheets/16fact.htm](http://www.globalink.org/tobacco/fact_sheets/16fact.htm) (Accessed February 2007)

<sup>16</sup> *World Tobacco*, 2006. The final warning. *World Tobacco*, January 2006, pages 16-18. [www.worldtobacco.co.uk](http://www.worldtobacco.co.uk) (Accessed March 2007)

typography used for many of their brands. In doing so, packs are brand-building and capable of making an attractive statement every time they are seen. Tobacco industry documents have confirmed how pack appearance can be used to enhance a brand's image, reassure smokers and increase positive attitudes towards smoking among young people.<sup>17</sup>

Manufacturers are now modifying the package to minimize the effectiveness of health warnings. They continue to enlist creative minds to ensure that the package retains its sophistication, allure and identity.

**What can be done?** Based on recent developments, there is undoubtedly long-term value for manufacturers to keep developing packages that are anything but standardized and nondescript. Health Canada should, at a minimum, take the critical first step towards the implementation of standardized packaging.

## 5. New products that aren't allegedly 'bad' like cigarettes

**Individually wrapped fruit flavoured cigarillos**— According to Health Canada's most recent annual tobacco use survey, close to 40% of respondents have smoked a cigar or cigarillo.<sup>18</sup> Unsurprisingly, this coincides with the proliferation of retail displays showcasing individually packaged and newly flavoured cigarillos. Some manufacturers of tobacco products are exploiting the fall in popularity of conventional cigarettes by presenting smokers and youth with a more attractive, allegedly 'classier' product that is presented as an occasional pleasure.

Demand for cigarillos appears very much to be industry driven. Promotion by tobacco manufacturers to retailers, albeit legal, reveals the type of messaging and attention marketers are giving these products. Manufacturers are telling retailers that by displaying an assortment of cigarillos at retail, store owners can lure people not interested in smoking (experimenters) or those who are finding it difficult to quit. In fact, just as province-wide smoke-free legislation came into effect in Ontario and Québec last May, marketing director for the Old Port Cigar Company, André Blais, told retailers to capitalize on fresh opportunities:

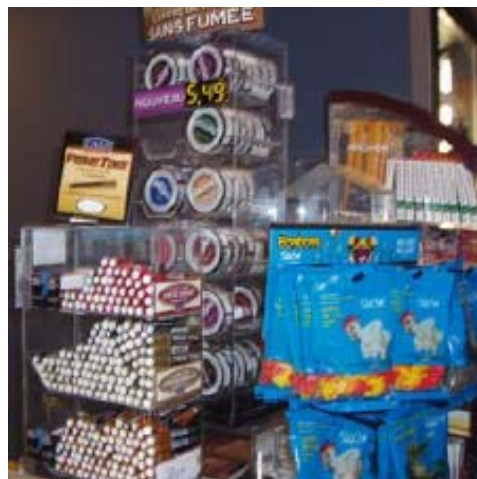
"There are people out there who want to quit or reduce their smoking, (and) enjoying a couple of cigars a day rather than a package of cigarettes is a good alternative... Cigars are also seen as a product for when a smoker is in relaxation."<sup>19</sup>

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<sup>17</sup> Wakefield M, Morley C, Horan JK, Cummings KM, 2002. The cigarette pack as image: new evidence from tobacco industry documents. *Tobacco Control* 2002;11:i73-i80 [http://tc.bmj.com/cgi/content/abstract/11/suppl\\_1/i73](http://tc.bmj.com/cgi/content/abstract/11/suppl_1/i73)

<sup>18</sup> Health Canada, 2007. Canadian Tobacco Use Monitoring Survey, Cycle 1, 2007. [[http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/research-recherche/stat/\\_ctums-esutc\\_2007/wave-phase-1\\_summary-sommaire\\_e.html](http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/research-recherche/stat/_ctums-esutc_2007/wave-phase-1_summary-sommaire_e.html)]

<sup>19</sup> YCM: Your Convenience Manager, 2005. What's smokin': "Other" tobacco is finding new customers, May 2006. [www.conveniencecentral.ca/archive/2006/may/focuson.asp?sid=%3C%25=sid%25%3E](http://www.conveniencecentral.ca/archive/2006/may/focuson.asp?sid=%3C%25=sid%25%3E) (Accessed September 2006)



Accordingly, retailers have increased the displays of cigarillos and cigars at POS. Where allowed, counter-top displays, which are known to encourage impulse purchases, are omnipresent.

Cigarillos are almost identical to cigarettes, but are wrapped in tobacco leaf instead of cigarette paper. For this reason, they are regulated like cigars and not cigarettes. They can be sold individually, in mini-packs (2-5 cigarillos) and without complete health warnings. They are also sold in very attractive packaging which looks like candy or lip gloss. Some manufacturers have voluntarily labelled some packs with partial or non graphic health warnings. In fact, a 2003 study for Health Canada revealed that cigar and cigarillo consumers generally think such products look inoffensive, are less harmful than cigarettes and do not recall seeing any health warning on them.<sup>20</sup>

Contrary to popular belief, cigars and cigarillos, like cigarettes, can cause numerous diseases, including cancer. Studies have shown that such health risks depend on many factors, including whether the smoke is inhaled and how often cigars/cigarillos are smoked.<sup>21</sup> Like cigarettes, cigarillos/cigars are addictive.

While some cigarillos are sold in packs, many are sold individually for less than \$2. This makes individual cigarillos considerably cheaper than the smallest cigarette pack, thus very affordable for youth and young adults. Québec statistics show that smoking prevalence for cigarillos amongst teenagers has increased from 15% in 2002 to 22% in 2006.<sup>22</sup> In Canada, sales in the cigar/cigarillo category have increased by 300% between 2000 and 2005.<sup>23</sup>

<sup>20</sup> Health Canada, 2003. Health Warning Messages on Smokeless Tobacco, Cigars and Pipe Products: A Qualitative Study with Consumers, study by Les Études de Marché Créatec, April 2003. [www.smoke-free.ca/warnings/WarningsResearch/574-043%20Report%20\(HWM%20on%20Smokeless%20Tobacco,%20Cigars%20and%20Pipe%20P.doc](http://www.smoke-free.ca/warnings/WarningsResearch/574-043%20Report%20(HWM%20on%20Smokeless%20Tobacco,%20Cigars%20and%20Pipe%20P.doc)

<sup>21</sup> National Cancer Institute, 1998., Smoking and Tobacco Control Monograph 9: Cigars: Health Effects and Trends , 1998. p. i. [http://cancercontrol.cancer.gov/tcrb/monographs/9/m9\\_complete.PDF](http://cancercontrol.cancer.gov/tcrb/monographs/9/m9_complete.PDF)

<sup>22</sup> Institut national de la statistique du Québec, 2007. Enquête québécoise sur le tabac, l'alcool, la drogue et le jeu chez les élèves du secondaire, 2006. Les publications du Québec.

<sup>23</sup> Coalition québécoise pour le contrôle du tabac, 2006. Augmentation de l'usage des cigarillos chez les jeunes: La Coalition québécoise pour le contrôle du tabac demande à Québec d'intervenir. Press Release, 16 October 2006. [www.cqct.qc.ca/Communiqués\\_docs/2006/PRSS\\_06\\_10\\_18\\_cigarillos.htm](http://www.cqct.qc.ca/Communiqués_docs/2006/PRSS_06_10_18_cigarillos.htm)

The increased use in these tobacco products appears to be driven primarily by the widespread availability and aggressive promotion of individually wrapped fruit and candy-flavoured cigarillos. Honey and vanilla flavoured cigarillos have been on the Canadian market for several years (*ie. Honey Time* and *Wild Honeys* brands), but candy and fruit flavoured cigarillos are more recent.



- ← Clockwise from top left (these are ads appearing in different issues of **YCM**):
- Whisky flavoured Colts;
  - Pinto's appealing flavours;
  - New cherry flavoured Pom Pom;
  - Honey Time's affordable flavoured little cigar;
  - Bravo flavoured cigarillos.

In fact, advertising destined primarily for retailers through *YCM* (a retail trade magazine) and wholesale websites demonstrates how new flavors are being promoted as a means to appeal to new customers and non-smokers.

Insider documents from the tobacco industry have revealed how manufacturers toyed with fruit and candy flavoured tobacco products as a means to make first smoking experiences more pleasurable and less distasteful.<sup>24, 25</sup> A more positive first experience makes experimenters more likely to smoke again, and “nurtures” them into pack-a-day smokers.<sup>26</sup> A 1985 memo from an RJReynolds executive states:

“I would like to express my sincere appreciation for the exciting flavouring work you have done on Project XG. The chocolate/ vanillin/ licorice/ tobacco enhancer

<sup>24</sup> Harvard School of Public Health, 2005. Internal documents show cigarette manufacturers developed candy-flavored brands specifically to target youth market despite promises. Press Release, November 10, 2005. [www.hsph.harvard.edu/press/releases/press11102005.html](http://www.hsph.harvard.edu/press/releases/press11102005.html)

<sup>25</sup> Lewis MJ, Wackowski O., 2006. Dealing With an Innovative Industry: A Look at Flavored Cigarettes Promoted by Mainstream Brands. *American Journal of Public Health* 2006, 96(21) 244-251 [www.ajph.org/cgi/content/abstract/96/2/244](http://www.ajph.org/cgi/content/abstract/96/2/244)

<sup>26</sup> Center for Health and Health Care in Schools, 2006. Marketing to the Young: The Tobacco Industry and Flavored Cigarettes. *Health and Health Care in Schools Journal*, 2006. volume 6, number 11, George Washington University Medical Center, Washington(DC). [www.healthinschools.org/ejournal/2006/feb3.htm](http://www.healthinschools.org/ejournal/2006/feb3.htm) (Accessed February 2007)

is undoubtedly one of the most exciting and promising flavorants that has been developed during the last several years... As you know, this flavorant appears to have significant appeal among the 18–24 year old smoker group and this is obviously the group that we desperately are after.”<sup>27</sup>



← Fruit and candy flavoured attractively packaged *Prime Time* cigarillos come in vanilla, cherry, mint cinnamon, raspberry, chocolate, rum and others

In addition to being affordable and flavoursome, cigarillos are designed to be “convenient”. Each *Prime Time* cigarillo is packed in its own tube. This makes it possible to extinguish a lit cigarillo, place it back in its carrying case, and relight it at a later time. With smoke-free workplaces becoming the norm, smokers have limited time to smoke during breaks at work, and anecdotal reports suggest that some smokers are choosing cigarillos over cigarettes as their smaller size allows for shorter smoke breaks. According to the manufacturer of the Dutch Masters’ *Honey Sport Cigarillos* (winner of the Best New Tobacco Product during the 2006 Annual *Convenience Store trade show*), “the smaller ‘cigarillos’ size allows for shorter, quicker cigar smoke breaks”.<sup>28</sup>

A 1992 report titled “*New Flavors: Qualitative Research Insights*” reveals how Philip Morris saw the business opportunities that can be generated thanks to the “high curiosity-to-try” factor and “excitement” that cigarette flavours have, especially among “young adults”.<sup>29</sup> (Excerpts of the report are shown below).

<sup>27</sup> Willard RL, 1985. Memo re: flavoring work on Project XG. RJR Tobacco Company. November 22, 1985. Bates No: 504978310 8310.

<sup>28</sup> Convenience Store News, 2006. “Best new products honored” Convenience store news at the trade show, Las Vegas, 10 November 2006. [www.csnewsattheshow.com/2006/10/best\\_new\\_produc.html](http://www.csnewsattheshow.com/2006/10/best_new_produc.html) (Accessed April 2007)

<sup>29</sup> Phillip Morris, 1992. *New Flavors: Qualitative Research Insights*. [http://www.pmdocs.com/PDF/2023163698\\_3710\\_0.PDF](http://www.pmdocs.com/PDF/2023163698_3710_0.PDF)

## **FROM A BUSINESS POINT-OF-VIEW: MARKETING BENEFITS**

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### **• WE HAVE SIGHTED SOME COMPELLING BENEFITS:**

- HIGH CURIOSITY-TO-TRY FACTOR
- POTENTIAL FOR HIGH "TALK-APPEAL" AND EXCITEMENT TO SHARE FLAVOR TRIALS AMONG FRIENDS
- EXCITING, INNOVATIVE RETAIL TRIAL-GENERATING POSSIBILITIES
- MULTI-PACK PURCHASING POSSIBILITIES
- POTENTIAL TO RETAIN BRAND LOYALTY BY OFFERING EXPERIENTIAL CHOICES WITHIN ONE BRAND, CAPITALIZING ON CURRENT ALTERNATE PURCHASING BEHAVIOR OF SWITCHING FROM NON-MENTHOL ONCE IN AWHILE JUST FOR A CHANGE OF PACE
- POTENTIAL FOR CONCRETE "ADDED VALUE" TO COUNTER PRICE PURCHASING
- OPPORTUNITY TO RESTIMULATE ATTENTION TO THE BRAND VIA NEW FLAVOR INTRODUCTIONS FROM TIME TO TIME

## **TYPE OF CONSUMER ATTRACTED**

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### **• WHAT WE HAVE SEEN SO FAR, REQUIRING FURTHER SUBSTANTIATION:**

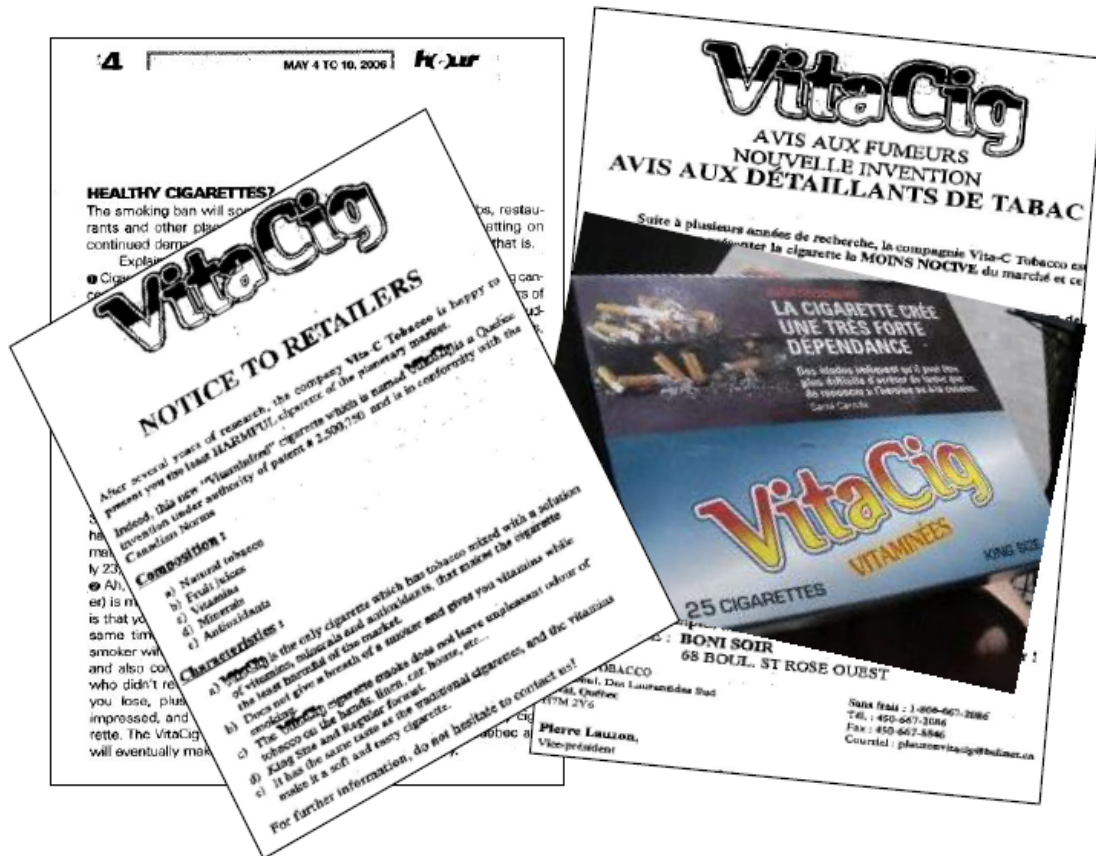
- THE IDEA DOES NOT APPEAR TO BE GENDER EXCLUSIVE
  - WOMEN DEMONSTRATE MORE SPONTANEOUS AND INTENSITY OF APPEAL, BUT YOUNG ADULT MEN LENT THEIR SUPPORT TO THE CONCEPT
- THE IDEA IS LIKELY NOT LIMITED TO A NARROW NICHE AGE SEGMENT
  - YOUNG ADULT THROUGH EARLY 30's VOICED SIMILAR LEVELS OF INTEREST

### **• HYPOTHESIS: WE CAN DIRECT POSITIONING THROUGH CHOICE OF FLAVORS, PACKAGING, BRAND IMAGERY**

Cigarillos appeal to youth through flavours, packaging and price. They are now aggressively promoted in retail outlets, and their popularity among Canadian youth is alarming. Often sold as palatable individual items, some smokers especially young ones perceive cigarillos as less addictive and a safer alternative to cigarettes, especially when smoked on occasion. There is no credible evidence to this effect. Indeed, many cigarillo brands come in 'singles', 'mini-packs' and full (20 sticks) packs much like cigarettes. Regular use of cigarillos has been observed in Florida and some other parts of the

United States.<sup>30</sup> When asked what cigarette brand they smoked, almost 1% of smokers answering a 2003 survey in the U.S. identified a cigarillo brand.<sup>31</sup>

**VitaCig**— In spring 2006, a Montréal area entrepreneur launched a cigarette purported to be beneficial because it contains vitamins, minerals, anti-oxidants and fruit extracts. Testimonials were broadcast on TV and reported in newspapers.<sup>32, 33</sup> Flyers destined for retailers were modified slightly (to identify a nearby retail location) and addressed to individuals covering whole neighbourhoods. To date, nothing of the “several years of research” allegedly confirming VitaCig as the “least harmful of the planetary market” has been published, and its manufacturer has yet to be fined or accused of false advertising.



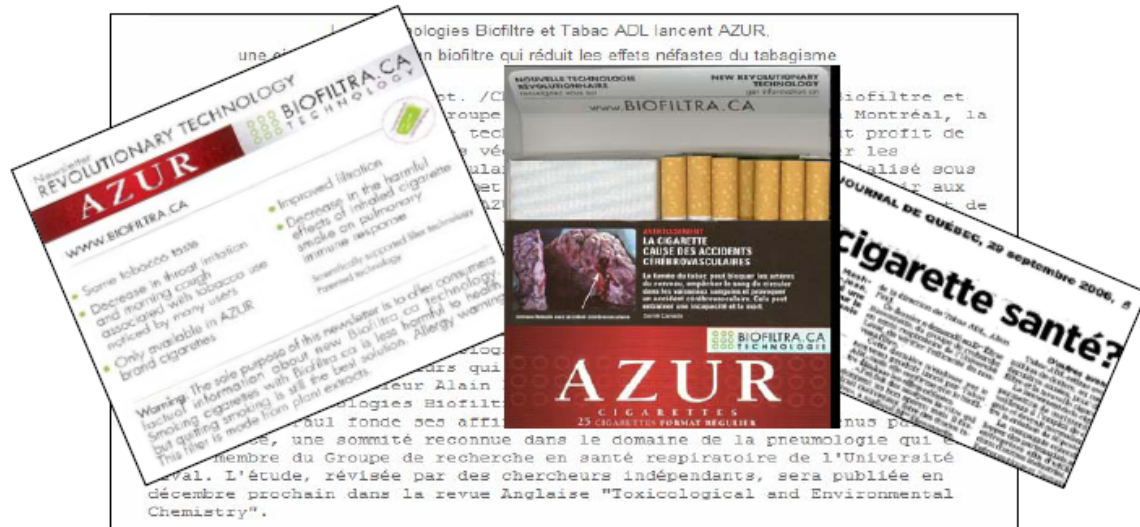
<sup>30</sup> Page JB and Evans S, 2003. Cigars, Cigarillos, and Youth: Emergent Patterns in Subcultural Complexes. *Journal of Ethnicity in Substance Abuse* 2003, 2(4):63-76 available through [www.haworthpress.com/store/ArticleAbstract.asp?sid=F5NHE00XWANP9HE2H0KEG2M5TEUSATN0&ID=41367](http://www.haworthpress.com/store/ArticleAbstract.asp?sid=F5NHE00XWANP9HE2H0KEG2M5TEUSATN0&ID=41367)

<sup>31</sup> Delnevo C, 2006. Smokers' choice: What Explains the Steady Growth of Cigar Use in the U.S, Association of Schools of Public Health, Washington D.C. *Public Health Reports* 2006, 21: 116-121 [www.publichealthreports.org/userfiles/121\\_2/121116.pdf](http://www.publichealthreports.org/userfiles/121_2/121116.pdf) (Accessed March 2007)

<sup>32</sup> CTV.ca News staff, 2006. Canadian creates cigarette with vitamin C, CTV-Montreal, April 21. [\[http://www.ctv.ca/servlet/an/story/CTVNews/20060421/vitacig\\_060421\]](http://www.ctv.ca/servlet/an/story/CTVNews/20060421/vitacig_060421)

<sup>33</sup> Hugo Meunier for La Presse, 2006. "Une cigarette vitaminée", Montreal, April 21, 2006.

**Azur**— Similarly, in September 2006, ADL Tobacco Inc. launched *Azur*, a cigarette purported to be less harmful than others because of its “*revolutionary biofilter technology*”. The launch held at the prestigious Montreal Science Centre (a municipal and federal government consortium) featured a study by a doctor affiliated with Laval University’s Medical Faculty.<sup>34, 35</sup> The doctor was paid \$25,000 by ADL Tobacco for exploratory research,<sup>36</sup> which may sound promising but does not prove AZUR substantially diminishes the harmful effects of smoking. The much exaggerated health claims as well as the economic benefits of 30-50 new jobs drew several favourable news stories. The brand was promoted to retailers through contests featuring cash prizes.<sup>37</sup>



*VitaCig* and *Azur* drew attention thanks to endorsements of unsubstantiated beneficial health claims. The federal *Tobacco Act* prohibits promotion through endorsements (section 21) or that is misleading and likely to create an erroneous impression about the health effects or health hazards of tobacco products (section 19).<sup>38</sup> Cigarettes that do nothing to *substantially* reduce the health risks related to smoking, but are presented as less harmful or worse healthy, will invariably falsely reassure existing smokers and those around them. Canadian health authorities have tried to halt the tobacco industry’s long pattern of making health claims appear more considerable and indisputable through the guise of independent research. The *Tobacco Act* does bar manufacturers from funding research which could then be used as a ploy to promote its products. Although the

<sup>34</sup> RadioCanada, 2006. Nouvelles cigarettes Azur: Mainetant sur le marché, Nouvelles Saguenay/Lac-St-Jean, 29 Septembre 2006. [www.radio-canada.ca/nouvelles/regional/modele.asp?page=/regions/saguenay-lac/2006/09/27/004-cigarettes-azur.shtml](http://www.radio-canada.ca/nouvelles/regional/modele.asp?page=/regions/saguenay-lac/2006/09/27/004-cigarettes-azur.shtml) (Accessed January 2007)

<sup>35</sup> ADL Tobacco & les Technologies Biofiltre, 2006. Technologies Biofiltre and ADL Tobacco launch AZUR, a biofilter-equipped cigarette that diminishes the harmful effects of smoking, *Press release CNW*, September 27, 2006. [www.newswire.ca/fr/releases/archive/September2006/27/c2473.html](http://www.newswire.ca/fr/releases/archive/September2006/27/c2473.html) (Accessed January 2007)

<sup>36</sup> Louis Mathieu Gagné for *Le Journal de Montréal*, 2006. “Une chercheuse a fait une gaffe”, *Journal de Montréal*, 10 November 2006. [www.canoe.com/infos/quebeccanada/archives/2006/11/20061110-060902.html](http://www.canoe.com/infos/quebeccanada/archives/2006/11/20061110-060902.html)

<sup>37</sup> Biofiltra technologies, 2006. Biofiltra.ca contest. <http://biofiltra.ca/en/concours.html> (Accessed March 2007)

<sup>38</sup> Government of Canada, 1997. *Tobacco Act*. <http://laws.justice.gc.ca/en/showtdm/cs/T-11.5>.

Quebec Court of Appeal's ruling in 2005 struck down that provision, that decision was recently reversed by the Supreme Court of Canada.<sup>39</sup>

**What can be done?** Large and small manufacturers are likely to capitalize on publicity generated by launching new brands and products under the pretext that they are different from conventional cigarettes.

**Cigarillos:** Flavoured cigarettes/cigarillos present themselves as innocuous candy. One possible way for regulators to prevent what are essentially *brown flavoured cigarettes* from being classified as *little cigars/cigarillos* and sold as single items would be for tobacco products to be classified according to *reducing sugars* and/or *tobacco content*. Such considerations are underway in the United States.<sup>40</sup> The sale of cigarillos in packs of less than 20 sticks is illegal in Spain,<sup>41</sup> while Australian authorities have banned the sale of confectionery- and fruit-flavoured cigarettes.<sup>42</sup> The Quebec government has just published a proposed regulation requiring cigarillos to be sold in packages or individually at a price of no less than \$5.00.<sup>43</sup>

Products that are essentially cigarettes ought to comply with cigarette requirements. In Canada, cigarettes can not be sold in packages containing fewer than 20 cigarettes, and packaging must carry health warnings and other information. The aforementioned measures would ensure that manufacturers not characterize their tobacco products as “little cigars” instead of cigarettes. By altering cigarettes into flavoured “mini cigars”, cigarillo manufacturers avoid being subject to cigarette packaging and labeling requirements, and make their products less expensive and more enticing than conventional cigarettes.

**New allegedly safer cigarettes:** Organized testimonials or endorsements, whether in print or on TV, made by doctors or “John Q. Public” are exploited as a valuable promotion vehicle for the tobacco industry. Existing bans on endorsements, testimonials and false advertising must be enforced.

## 6. Aggressive marketing of “user-friendly” smokeless tobacco

**Access—** Manufacturers of smokeless tobacco products are capitalizing on the recent province-wide comprehensive smoking bans to promote new products. The new product brand called Access utilizes a self-contained clean-looking pouch containing tobacco. It has been aggressively test marketed in stores and in several newspapers, including those in Montréal, Ottawa, Saskatoon and Calgary. Unlike the three large manufacturers

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<sup>39</sup> *Imperial Tobacco Canada Ltée et al. v. Canada (Attorney General) et al.*, 2005 QCCA 725. [www.canlii.com/qc/cas/qcca/2005/2005qcca726.html](http://www.canlii.com/qc/cas/qcca/2005/2005qcca726.html) (Accessed January 2007)

<sup>40</sup> U.S. Department of Treasury, 2006. Notice No. 65: Tax Classification of Cigars and Cigarettes, TTB proposes revised regulatory standards for distinguishing between cigars and cigarettes. Alcohol and Tobacco Tax and Trade Bureau (TTB), 25 October 2006, Washington (DC). [www.ttb.gov/tobacco/new\\_notice.shtml](http://www.ttb.gov/tobacco/new_notice.shtml) (Accessed January 2007)

<sup>41</sup> Gallaher-group Plc., 2006. Driving cash flow to fund. Annual report and financial statements. [www.gallaher-group.com/downloads/ir/publications/2005\\_report.pdf](http://www.gallaher-group.com/downloads/ir/publications/2005_report.pdf)

<sup>42</sup> Australian Minister assisting the Minister of Health (Hon. Gail Gago), 2007. “SA bans support for cigarette bans”, Press Release, 16 May 2007, Government of South Australia, 2007. [www.ministers.sa.gov.au/news.php?id=1612](http://www.ministers.sa.gov.au/news.php?id=1612) (Accessed May 2007)

<sup>43</sup> Draft regulations for the Tobacco Act, GAZETTE OFFICIELLE DU QUÉBEC, 5 mars 2008, 140e année, no 10. [<http://www.msss.gouv.qc.ca/sujets/santepub/tabac/download.php?f=e9bdc6c19dfba6619a332805a86f677>]

of Canadian cigarettes, manufacturers of smokeless products have not challenged Canada's *Tobacco Act* and therefore, have been advertising in print media. Attractive promotion teams have even distributed product information kits outside a subway station in Montreal.<sup>44</sup>



While marketing for Access makes no reduced-risk health claims, advertisements portray this product as a satisfying pleasure in itself (*"a new way to enjoy real tobacco satisfaction"*). A more accurate representation would be to concede to existing smokers that it is a way to deal with a nicotine addiction without smoking. At the moment, legislation in Canada requires ineffective and arguably misleading text-based health warnings to appear on such products.

**Candy flavoured Skoal**—A traditional type of chewing tobacco, *Skoal* has been advertised in free weekly newspapers in cities across Canada. Such newspapers are often read by youth and young adults checking out movie playtimes. Except in Quebec, where tobacco advertisements by mail are outlawed, attractive multi-page pamphlets were sent by direct mail to people living in large cities across Canada.

With no meaningful health warnings on the tins and the advertising of a product that looks more like fruit flavoured candy than a tobacco product, *Skoal* advertisements

<sup>44</sup> Personal communication with R. Delisle, Centre de santé et des services sociaux de Laval, September 2006.

reveal little about the risks associated with its use. The National Smokeless Tobacco Company Ltd markets *Skoal* as a new alternative to smoking, when in fact it has been on the Canadian market for a number of years. Unsurprisingly, *Skoal* pamphlets were mailed across Ontario last spring, just as smoke-free legislation was coming into effect.



New flavours and increased merchandising have boosted sales of previously marginal and largely unappealing smokeless products. According to statements made by National Smokeless Tobacco's vice-president of sales and marketing, *"the category [of smokeless products] has grown by 50% during the past eight years... It's one of the few tobacco categories that has seen consistent growth in Canada over the past couple of decades. Total 2005 smokeless tobacco retail sales in Canada amounted to over \$100 million"*.<sup>45</sup>

**Snus**— The most significant development in this product category over the past year has been the test-market launch of a snus tobacco product by Imperial Tobacco. Snus is a low-nitrosamine smokeless tobacco product which is sold in small tea-like pouches

<sup>45</sup> YCM: Your Convenience Manager, 2005. What's smokin': "Other" tobacco is finding new customers. May 2006. [www.conveniencecentral.ca/archive/2006/may/focuson.asp?sid=%3C%25=sid%25%3E](http://www.conveniencecentral.ca/archive/2006/may/focuson.asp?sid=%3C%25=sid%25%3E) ( Accessed September 2006)

that are placed in the mouth between the cheek and gum (see below). The nicotine extracted from the pouch is absorbed through the mucous membrane of the mouth. The product is more commonly used in Scandinavian countries such as Sweden and Norway.



The product was first introduced in Edmonton in September 2007 and then in Ottawa in January 2008. The company decided to market the product under its du MAURIER trademark. The launch of the product was accompanied by advertisements in local publications (see below). By using one of its most popular trademarks, the strategy has the double advantage of attracting more interest to the new product while at the same time reinforcing the visibility of the du MAURIER brand of cigarettes.



The launch of the product has generated some debate in the health community. Independent research has shown that snus poses a lower health risk than combustion tobacco products such as cigarettes.<sup>46</sup> However, there is no way of predicting how the

<sup>46</sup> Royal College of Physicians, 2007. *Harm reduction in nicotine addiction: helping people who can't quit*. A report by the Tobacco Advisory Group of the Royal College of Physicians. London: RCP.

product will fare on the Canadian market. Will it encourage current cigarette users to switch to snus and therefore lower the overall health impact of tobacco products on public health or will it generate instead a whole new group of tobacco users and therefore increase the overall size of the tobacco market? Only time will tell.

**What can be done?** As is the case with cigarillos, the marketing of fruit and candy additives in smokeless tobacco items stands as reminder of the efforts tobacco manufacturers are willing to expend to lure nonsmokers and especially youth to try out and enjoy first experiences with smokeless products. Eventually, many experimenters become addicted. Regulators should consider the feasibility of a ban on the marketing and/or sale of fruit- and confectionery-flavoured smokeless tobacco products, just as Australia has done for similarly flavoured cigarettes.<sup>47</sup> Regulators should also inform the public of the risk associated with these products by ensuring they carry appropriate and effective health warnings. Smokeless products should not be on display unless a decision is made, on public health grounds based clearly on the relative risk of such products, to allow limited promotion targeted at addicted smokers.

## **6. Continuation of payments to retailers despite retail bans**

Marketing at point-of-sale (POS) has always been a key component of tobacco manufacturers' promotional activities. In 2006, manufacturers paid Canadian retailers more than \$100 million to exhibit tobacco products in attractive, impressive and highly visible displays near the cash and behind the main counters of retail establishments. Expenditures for retail promotion have increased 45% over the past 5 years.<sup>48</sup> For too long, such displays conveyed the impression of cigarettes as readily available, ubiquitous and harmless.

**Verbal pitches/Point-of-sale recommendation**— Ever since the Supreme Court of Canada upheld the constitutionality of legislation banning tobacco displays, a measure first implemented in Saskatchewan (2004), tobacco displays have been or are about to be prohibited in many other provinces: Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, North West Territories, Nunavut, Ontario, Québec and Yukon. Despite such restrictions, cigarette manufacturers, especially Imperial Tobacco Canada, appear set on pushing the POS envelope by rewarding retailers who make a verbal sales pitch describing certain products and brands. In fact, even though tobacco products are no longer visible in general retail outlets located in Saskatchewan and Manitoba, the tobacco industry appears to still be making payments to retailers in those provinces. In an effort to reassure retailers, an Imperial Tobacco marketing executive explained:

The money will not be shut off all together...  
there will be other programs developed between manufacturers and retailers.<sup>49</sup>

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<sup>47</sup> Australian Minister assisting the Minister of Health (Hon. Gail Gago), 2007. "SA bans support for cigarette bans", Press Release, 16 May 2007, Government of South Australia, 2007. [www.ministers.sa.gov.au/news.php?id=1612](http://www.ministers.sa.gov.au/news.php?id=1612) (Accessed May 2007)

<sup>48</sup> Canadian Cancer Society, 2007. Tobacco Manufacturer Payments to Retailers to Display Tobacco Products and Signs, Canada, 2001-2006, Tables compiled March 29, 2007.

<sup>49</sup> Rahul Prakash, Head of trade marketing and distribution for Imperial Tobacco Canada, 2006. Bloodied, but unbowed: C-retailers balance display bans with tobacco profits. YCM, January 2006. ( page 40)

The Imperial Tobacco Canada (ITC) direct store delivery (DSD) system may in fact turn out to be such a programme. While primarily presented as a distribution and cost-cutting strategy, ITC sees marketing value in its decision to do away with third party distributors and wholesalers and deliver directly to stores (DSD). As acknowledged by the retailing industry, “*with a personal presence in the stores to take orders, ITC also hopes to influence the in-store sales of its products*”.<sup>50</sup> With sales representatives visiting outlets more regularly, coaching retail staff to promote products is highly feasible, or as a tobacco insider puts it — “*getting them to do point-of-sale recommendation- the very last marketing edge.*”<sup>51</sup>

This would not be ITC's first attempt to reward retail staff in exchange for a product's verbal endorsement. In fact, there is anecdotal evidence to the effect that ITC had retailers telling customers that the *Silver* brand was the “ultra-ultra-light” variety of *Player's*. Similarly in 2005, ITC had invited select bar workers in Montreal to participate in a marketing scheme based on bar workers' verbal pitch of the *du MAURIER* brand.<sup>52</sup>

**Colour branded visible storage**— Other retail promotion programmes are likely to involve in-store covered tobacco displays. The federal *Act* has conspicuously excluded colour as a brand element. Some provinces that have banned tobacco displays have set some guidelines as to how tobacco products should be stored. However, in most cases, these guidelines do not include colour (Such a strategy does not seem to be possible under the *Smoke-Free Ontario Act*). For these reasons, manufacturers could eventually supply retailers with cabinetry coloured and profiled to recall specific brands.



↑ Unbranded but visible storage or cigarettes and other tobacco products as seen in Saskatchewan 2004.



↑ Picture modified to illustrate possible matching of visible storage to the colour of cigarette packages.

Source: Dewhurst, T.  
Tobacco Control/2004, 13:209-210

**What can be done?** Retailers remain a crucial intermediary for the promotion of tobacco. Though verbal pitches/private conversations by retailers promoting tobacco products are illegal tobacco promotions, enforcement appears to pose a significant challenge. Similarly, in the absence of colour being considered as a brand element, and

<sup>50</sup> YCM, 2006. Thinking the business model: Convenience channel reacts to Imperial Tobacco's DSD move. November/December 2006. (page 37)

<sup>51</sup> YCM, 2006. Thinking the business model: Convenience channel reacts to Imperial Tobacco's DSD move. November/December 2006. (page 39)

<sup>52</sup> Imperial Tobacco Canada,(Channel 2), 2005. Invitation for breaking new ground with *du MAURIER*. Launch of bar staff *Compliance Program*, Montréal, October 2005. (Invitation and other information provided by Lynda Couture, Conseil québécois sur la santé et le tabac).

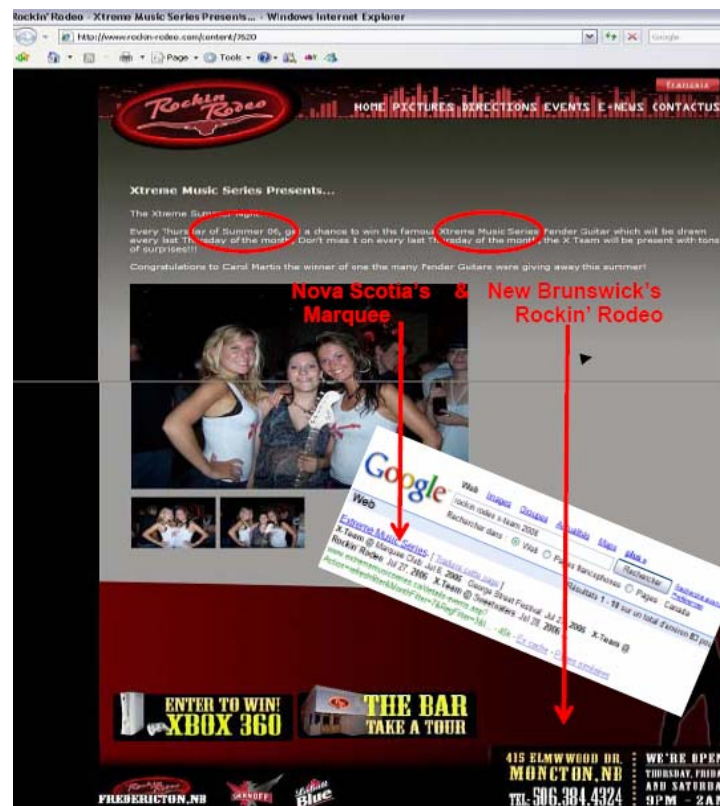
because storage can mimic tobacco brand element colours, regulators should specify that tobacco products be below counter and not visible at any time prior to purchase. Ideally, storage should be standardized and generic.

## 7. Promotion during special events, in bars and on the internet

As mentioned at the outset of this report, tobacco advertising has started to gradually reappear in bars following the release in 2007 of the Supreme Court of Canada ruling upholding the *Tobacco Act*. Although the law always permitted advertising in adult venues such as bars (except for Quebec where, under its own statute, neither the sale nor the advertising of tobacco is allowed in bars), it was part of the industry's legal strategy to abstain from resorting to direct advertising during its court challenge of the *Tobacco Act*.

The court case obviously did not stop the tobacco industry from continuing to promote its products altogether during special events or in bars. Until 2003, the tobacco industry took full advantage of the exemptions granted by the *Tobacco Act* to sponsor cultural and sport events, such as parties in bars, for the purpose of promoting its brands. These promotional activities even went beyond the 2003 deadline. The tobacco industry set up sponsoring groups, such as the Extreme music and Extreme sports series, which made sure that characteristics evoking the brand name would remain visible for as long as possible.

However, it has become more and more challenging lately to track industry sponsored activities in bars and during special events. As the industry specifically targets a younger audience with these endeavors, the general public and health advocates are not likely to come across them. Furthermore, the industry appears to be taking extra precautions to keep its involvement in such activities from becoming public knowledge.



**Events in bars**— Over the past few years, the events sponsored by JTI-Macdonald's were the easiest to track. For example, in the summer of 2006, the company's *X-team* (Extreme music and Extreme sport series) toured outdoor events and bars including New Brunswick's "Rockin Rodeo" and Nova Scotia's "Marquee". With bar patrons filling out prize and contest forms, the manufacturer was able to add names to its promotion mailing lists and many guests left events with some type of *Export 'A'* evoking trinket (t-shirt, coaster, pass chain, etc.) or as seen below – an "X" branded guitar.

With the exception of Québec, other provinces allow tobacco products to be sold in bars. Bars and other adult social gathering venues provide cigarette, cigar and other tobacco manufacturers with an attractive environment to promote their products. Associated with partying and uninhibited behaviour, selling tobacco in adult only establishments reinforces the tobacco industry marketing strategy, which is to position cigarettes as a badge of adulthood.

For this reason, it is reasonable to assume that cigarette manufacturers will continue courting the bar scene. It is unclear how many and where ITC- and Rothmans, Benson & Hedges-sponsored bar activities are being held. However, it should be noted that Rothmans, Benson & Hedges continued sponsoring its *Goldseries* parties in bars, especially in Québec, until at least 2006, despite stating on the *Goldseries* website that it would no longer be supporting the site in November 2003.<sup>53</sup> This announcement coincides with the implementation of the ban on tobacco sponsorship by the federal *Tobacco Act*. Given that tobacco products are still sold and on display in many bars/clubs across Canada, it is unlikely that manufacturers have completely ceased to exploit the lifestyle advertising opportunities the bar/club scene provides. After all, and as mentioned previously, ITC did launch a *Compliance Program* in spring 2005,<sup>54</sup> a marketing programme meant to coach and reward bar staff who recommend its *du MAURIER* products to club/bar customers.

**Bar websites**— It is now common practice for large establishments, especially those popular with the young college/university crowd to have a website. In addition to details on events, a picture gallery illustrates scenes from past events.



← Scenes from various bar websites showing inconspicuously laid cigarettes packs on tables and in outdoor smoking.

<sup>53</sup> Martin Turenne for *Exclaim Magazine*, 2004. "Smoking out the locals: Tobacco funded shows outspend home grown efforts". April 2004. <http://exclaim.ca/articles/pointofview.aspx?csid1=57> (Accessed January 2007)

<sup>54</sup> *Imperial Tobacco Canada*, (Channel 2), 2005. Invitation for breaking new ground with *du MAURIER*. Launch of bar staff *Compliance Program*, Montréal, October 2005. (Invitation and other information provided by Lynda Couture, Conseil québécois sur la santé et le tabac).

Cigarette manufacturers have paid Hollywood producers to strategically place tobacco products/ brands in movies.<sup>55, 56</sup> Regardless of whether tobacco products are deliberately placed and photographed, or whether money or rebates are at play, bar website galleries can, and in some cases do, project tobacco products as compatible with a youthful, fun and liberated lifestyle. Upon concluding that “*smoking imagery is prolific and accessible on YouTube*”,<sup>57</sup> an extremely popular and free web service where subscribers can upload videos of any quality, researchers came to the conclusion that “*possible tobacco-control opportunities need to be explored and evaluated*”.<sup>58</sup>

Given the tobacco industry’s past endeavors to court youth through activities and promotional vehicles that youth were likely to witness, the industry’s potential use of the internet and new media (website galleries, SMS phone messages, etc.) merit further investigation.

**Outdoor music and sport events**— JTI-Macdonald’s “Extreme Music Series” was a key sponsor of Toronto’s “Wakestock 2006”, “*the world’s premiere wakeboarding contest and Canada’s largest action sports and music festival*”.<sup>59</sup> Organizers explain that “*Wakestock™ is owned and produced by SBC Events Inc, an independent Canadian production company specializing in action sport & youth lifestyle marketing*”. Accordingly, JTI-Macdonald promoted its brand elements including the “X” from *EXPORT ‘A’* along side other popular brands with youth and young adults. Fellow sponsors of the 2006 edition included *Billabong Apparel*, *Oakley Eyewear*, *Right Guard Xtreme (RGX)* and *Nintendo*. Whereas pictures of the event grounds from past editions appear on Wakestock’s website, no such pictures are found in the 2006 picture gallery. In 2005, JTI-Macdonald’s *Export ‘A’* brand element had center stage.



<sup>55</sup> Charlesworth A, Glantz SA., 2005. Smoking in the movies increases adolescent smoking: a review. *Pediatrics* 2005;116:1516—28 <http://repositories.cdlib.org/cgi/viewcontent.cgi?article=3068&context=postprints>

<sup>56</sup> Smoke Free Movies, x. Big Tobacco's secret history in Hollywood. UCSF School of Medicine, California. <http://smokefreemovies.ucsf.edu/problem/bigtobacco.html>

<sup>57</sup> Freeman B and Chapman S, 2007. Is "YouTube" telling or selling you something? Tobacco content on the YouTube video-sharing website. *Tobacco Control* 2007;16:207-210. <http://tobaccocontrol.bmj.com/cgi/content/full/16/3/207>

<sup>58</sup> Wakestock, 2006. Bud Light and TELUS present the most anticipated festival and party of the summer! Press release, 28 June 2006. [www.wakestock.com/press.html](http://www.wakestock.com/press.html) or [www.wakestock.com/pdf/Wakestock\\_06\\_Release1.pdf](http://www.wakestock.com/pdf/Wakestock_06_Release1.pdf) (Accessed January 2007; available upon request)

<sup>59</sup> Ibid

JTI-Macdonald recently announced its closing of the *Extreme Sports/Music Series* websites. This is not the same as saying they plan to discontinue the 'extreme series'. Hence, it is unlikely this means the end of cigarette lifestyle promotion in bars and clubs across Canada.



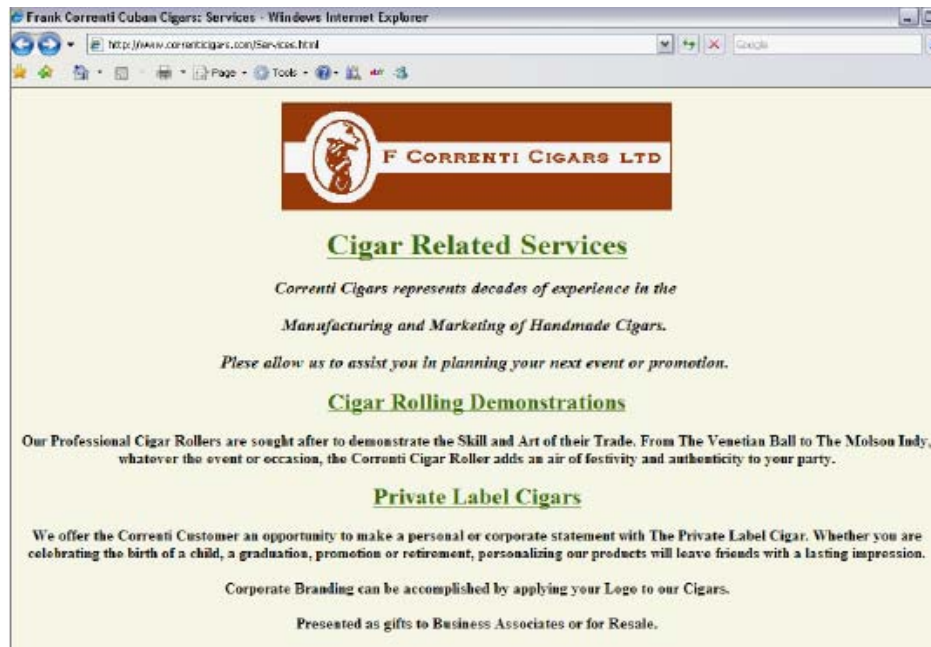
← Message posted at the end of 2006 on the extremesportseries.ca and other related sites

In 2005, RBH and ITL were establishing temporary retail kiosks during events and festivals. Under the pretext of a retail outlet, products carrying tobacco brand colours, graphics and brand names were displayed in exciting real life environments. This stands as a considerable marketing opportunity given the ban on lifestyle advertising.

**Cigar parties and golf kiosks**— Along those lines, in 2006, cigar manufacturers used the internet and kiosks during special events to promote and associate their products with attractive lifestyle images. Cigar Québec Inc. offered cigar demonstrations and tasting events with cigar girls. This manufacturer also associated cigars with golf by establishing temporary outdoor sales kiosks on golf courses.



Similarly, an Ontario-based cigar manufacturer, Correnti Cigars Ltd. used the internet to market cigars by promoting events hosted by professional cigar rollers, and offering cigars which could be personalized and resold.



**What can be done?** Lifestyle advertising is particularly valuable to tobacco manufacturers since their products are not particularly pleasurable during first experiences and lead to death and disease after regular prolonged use. Regulators should heed the fact that the sale of tobacco in particular contexts can easily associate tobacco use with certain lifestyles. At a time when internet and other new media are pivotal vehicles for information and communication, tobacco marketers are unmistakably using them. Health Canada's diligent enforcement of the *Act* is a crucial step in limiting the promotion of tobacco products and pro-smoking attitude through this burgeoning area of communication vehicles. With respect to point of sale, only Québec has set clear criteria to eliminate points of sale in leisure settings including, bars, clubs, cafés and kiosks during special events. Other jurisdictions should follow suit.

## 8. Concluding remarks

Despite bans on point-of-sale displays, 'light' and 'mild' descriptors, testimonials, endorsements, lifestyle advertising and regulations making cigarette packages carry a minimum of 20 cigarettes and health warnings, manufacturers of tobacco products search for new ways to market and merchandise their products, especially to youth and smokers trying to quit. Tobacco marketers are making strategic developments and innovative strides to overcome and circumvent current and upcoming marketing restrictions. The tobacco industry refers to markets where a complete ban on promotion prevails as "dark markets". Regulators should look back at the marketing of tobacco in the past few years and see the sparks of creativity which have been ignited. Steps should be taken to extinguish them before tens of thousands of Canadians are addicted to tobacco products that are being marketed as either cheaper, user-friendly, safer, more sophisticated or rejuvenated.