

TOBACCO INDUSTRY DOCUMENTS

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The tobacco industry's internal documents allow us to better understand the methods and motives behind its strategies. The following is a sampling of findings from recently released documents on marketing.

LIFESTYLE STUDIES

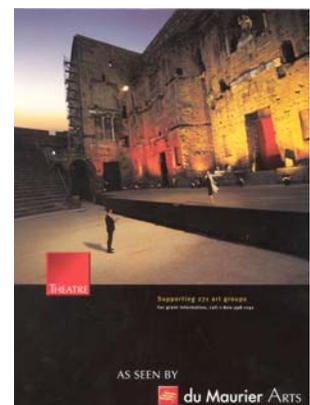
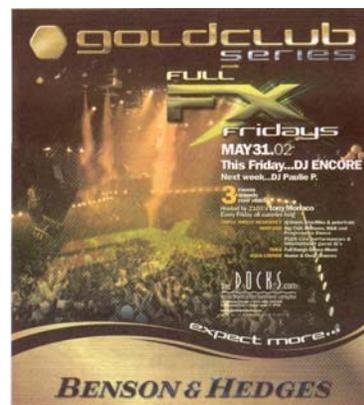
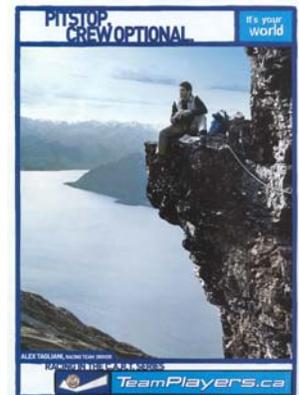
Tobacco companies undertake extensive research into Canadians' lives, inquiring about issues ranging from values and beliefs to lifestyles and purchasing habits. They use this research to better understand how segments of the population differ, and how they can best promote their product to each specific segment.

"It would be appropriate to elaborate a research program (yet to be defined) to better understand and capture the different corridors of aspirational platforms available in conjunction with the different socio-psychographic trends. This research should encompass the probing/

Lifestyle studies help tobacco companies develop marketing campaigns tailored to the specific desires of different groups.

mapping of the different activities/events that best represent the above platforms." (D-177)

"The purpose of the research is to provide marketers and policymakers with an enriched understanding of the mores and motives of this important emerging adult segment which can be applied to better decision making in regard to products and programs designed to compete for brand share." (D-90)



MARKETING TO YOUTH

"At 14, being cool is linked to being provocative and acting older."

- Export 'A' Marketing Document (D207)

The industry's psychographic research includes studies on youth and youth culture. Marketers examine how young people feel about themselves and the world:

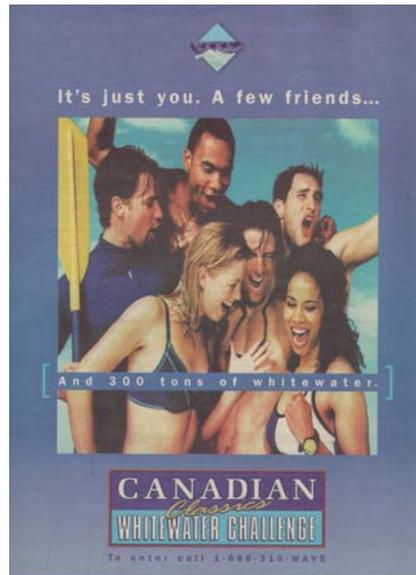
"Young adults who are currently in the process of shaping who they are and how they want to be perceived. While they believe themselves to be independent, peer group acceptance is very important to them and aids in defining who they are. As young adults they look for symbols that will help reinforce their maturity, independence, and perceived individuality"; (D-175)

As well as what motivates youth to start smoking:

"Core motivations for smoking centre around two distinct areas: rebelliousness; 'I do what I want, I make my own choices, no one tells me what to do' and a way to fit in; 'it's cool/ grown up to smoke, it's a statement of my class/status/sense of quality.'" (D-183)

"Recall of cigarette adoption among respondents suggests that peer pressure and image are/were the key motivational factors....The motivation appears to have been strong since most indicated that the first experience was highly negative (physical reaction) and that the gradual process of becoming a smoker took two or more years." (D-201)

They then use their findings to develop recruitment campaigns:



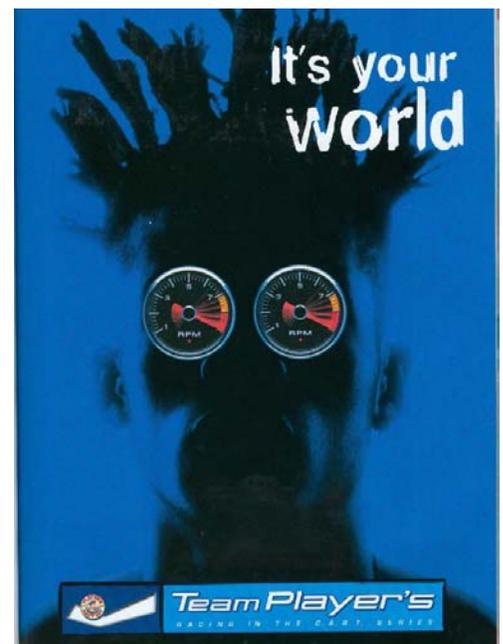
"It would appear that the most effective means of increasing penetration of young adult smokers is to target the Modern/ Active segment. Once this is achieved, the Insecure segment will follow as a result of peer pressure." (D-202)

While many documents refer broadly to 'young adults', confidential documents also reveal

that the industry continues to specifically target youth:

"The key 15-19 age group is a must for RBH." (D-170).

"Rebel with a cause: clearly there is an opportunity to appeal to the defiant nature of young smokers today who gather together in "smoking pits" at schools or smoking sections at bars." (RF-75/RBH 4125)



SPONSORSHIP AS ADVERTISING

Once potential consumers have been understood and appropriate product personalities have been developed, tobacco marketers set about establishing connections between each brand and its specific image.

This type of marketing would normally be accomplished through lifestyle advertising; but in Canada, it is illegal to promote tobacco products in this way. So tobacco marketers use event sponsorship to communicate their message instead:

"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." (D-193)

By association, the image of the sponsored event becomes the image of the sponsoring brand:

"Racing is ideally consistent with existing imagery and desired brand profile: strong, masculine, young, adventurous human; It symbolizes man on his own, independent, self-reliant; It delivers most impressions to most desirable audience; It offers best environment to communicate optimum image of brand." (D-181)

Feedback from focus groups indicate that the associations are successful:

"Association with Player's is strong... Speed and excite-

ment suggests a young, adventurous audience." (D-171)

Event sponsorship also allows tobacco companies to circumvent bans on broadcast and print advertising through a proliferation of trademarks and signage at events that are televised and reported upon:

"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."

"Editorial publicity is more valuable than advertising because it carries third-party endorsement...The audience will see and hear news stories more readily than it will see or hear advertisements. The news will have more credibility than an ad and the audience will spend more time reading a story than looking at an ad, ensuring better absorption of the intended message." (D-199)

The true value [of sponsorship] is the amount of targeted imagery communications which surround the event. It gives us the legitimate excuse to promote. (D-196)

And, finally, sponsorships help to shape the tobacco industry's reputation with policy-makers and the community:

"Such sponsorships enhance the company's reputation - by being involved in cultural, social, sporting or other activities, the company shows that it is a 'good corporate citizen'." (D-180)

"The actual sponsorship is simply the price we pay in order to feature a particular image in our advertising."

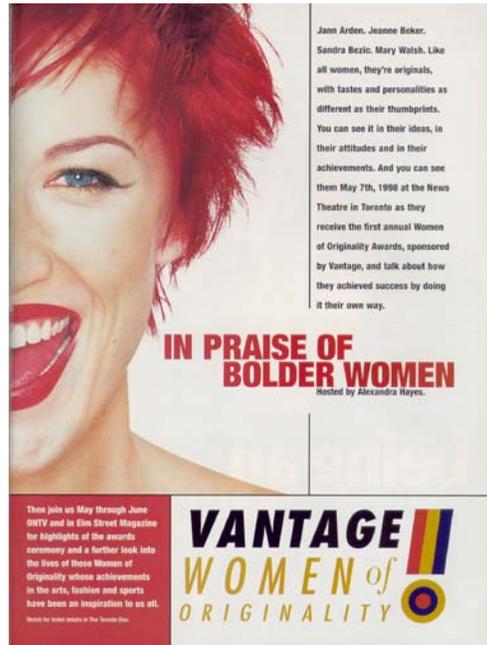
- Export 'A' Marketing Document (D-193)



BRAND PERSONALITIES

The primary attributes conveyed by cigarette packaging are: gender appropriateness; socio-economic appropriateness and strength.”

JTI Macdonald Marketing document (D-235)



The information gathered through this research enables marketers to develop brand personalities which represent the aspirations of different segments of the population. These personalities range from the general:

"It's down to earth, it's real, and it's like me and my friends, not like those other brands that people smoke to pretend they're something they're not." (D-175)

To the very specific:

"Dunhill is 24 years old, male, with a bachelor of Arts degree who is studying for his Masters in English literature and has a HHI of \$32M." (D-170)

"Life is mine to challenge and discover. I am in control and I look at every day as an opportunity to take on a new adventure and push my limits....The biggest challenges are always found in the unpredictability of nature. Every time you go out and take on the great outdoors you run the risk of losing...but that's what I like because the thrill of winning far outweighs the fear and risk of not making it." (D-189)

"Export A users, and to a lesser degree Player's smokers, appear to fall in the "rebelliousness" camp, while du Maurier smokers clearly fall into that of "way to fit in/aspirational." They consider themselves to be "real" people, not trendy and flashy but down to earth, enjoying life's simple pleasures: a night out with friends at a local bar, escaping outdoors on the weekend." (D-204, RJR-306)

CANADIAN CIGARETTE BRAND IMAGES—1990s FROM INDUSTRY DOCUMENT DESCRIPTIONS (D-191B)

Players	Export A	Belvedere	Canadian Classics
Independence	Independent	Youth, youthful	Independent
Freedom	Individuality	Cool, hip	Strong, proud
Self-Confidence	Confidence	Sociable	Sociable
Youthful	Adventurous	Active	Adventurous
Modern	Exciting	Energetic	Excitement
Masculine	Up to Date	Unpretentious	Young
	Masculinity	Down-to-earth	Outdoorsy
	Virility	Not Rebel	Natural
	Rebellious	Fun	

REASSURING SMOKERS

Tobacco advertising is used to create an environment where smokers, non-smokers (and governments) feel as positive about tobacco products and their manufacturers as possible.

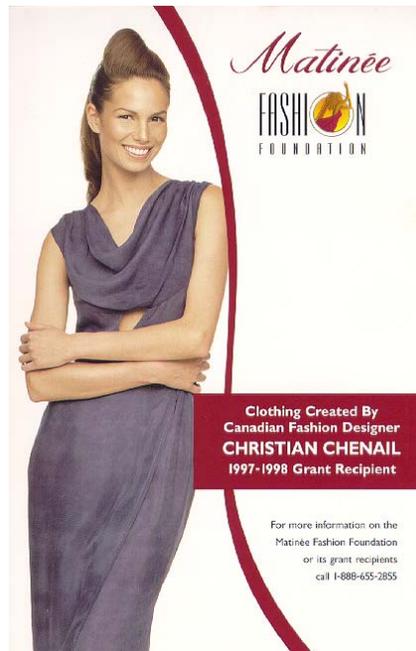
Developing and marketing brands to address smokers' fears and concerns is a priority for the companies:

"Women do appear motivated to escape the anger or embarrassment resulting from anti-smoking pressure. .. The negative feelings were described as "guilty, conspicuous, humiliated, second-class, feeling like a leper, like and outcast. Direct antidotes, therefore, would be [brands] designed to make the smoker feel 'carefree, discreet, confident, first-class, feeling healthy, feeling sociable." (D-232)

"Feelings of social rejection prompted some smokers to suggest that the idea cigarette design would make a contribution to alleviating their feelings of guilt. ... "You'd think: How

bad could it be in a nice pack like that.?" (D-235)

"Smokers aren't looking for variety; rather, they are searching for a consistent image that makes a statement about them as possible. The role of advertising is to build familiarity. (D-210)



How bad could it be in a nice pack like that?

JTI Macdonald Marketing document (D-235)

RETAIL MARKETING



In 1996, Canadian tobacco companies spent \$15 million on materials for point of sale promotions such as signs and shelves, and paid retailers almost \$70 million to display them. (D-239a)

In addition, tobacco companies sometimes pay retailers bonus commissions for sales of new products:

"8500 retailers receive \$.75 for each pack sold." (D-189)

Documents reveal that tobacco companies are pushing their products in retail outlets by paying retailers for premium shelf space and display:

PHYSICIANS FOR A SMOKE-FREE CANADA

1226-A Wellington St.
Ottawa, ON
CANADA

Phone: 613-233-7797
Fax: 613-233-7797

MERCHANDISING

The companies also extend their reach by distributing branded merchandise:

"Merchandising is an inexpensive way of broadening one's scope, into non traditional arenas, such as sporting goods stores, bars, automotive centres and other areas where the target market would shop." (D-196)

"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 fulfill consumers' needs and allow us to make some money as well." (D-166, ITL-214)



DOCUMENT INDEX

The documents cited here were introduced into Canadian courts in 2002 during the trial of the federal *Tobacco Act*.

- D-90: "Tracking Study: 1998." Imperial Tobacco Limited.
- D-166 "How cigarette advertising works. Rich Imagery and poor information." Expert opinion of Richard Pollay.
- D-170: "Strategic Plan - 1997/98: Sales and Marketing." RBH, 10/01/1995.
- D-171: "An Investigation of Factors Leading to the Growth of DuMaurier." RJR, 08/01/1994.
- D-175: "Export 'A' Brand Positioning Statement." RJR, 10/05/1989.
- D-177: "RBH 1994/95 Business Assessment." RBH, 10/24/1994.
- D-180: "Project Spur 2/Trident." ITL, 08/05/1990.
- D-181: "The Next Canadian Hero: Proposal for Player's Ltd. Racing." ITL, 25/08/1992.
- D-183: "Export 'A' 1997 Communications Plan." RJR, 09/09/1996.
- D-189: "Canadian Classics Business Review 95/96." RBH, 1996/97.
- D-193: Letter. RJR, 16/09/1996.
- D-196: "Sponsorship and Communication Plans 1996." ITL, 1991.
- D-197: "1993 Communications Plans." ITL, 1992.
- D-199: "Public Relations Activities." ITL, 20/02/1995.
- D-201: "Segmentation - Phase I Focus Group Research Ontario/Quebec." RBH, 01/02/1991.
- D-202: "Marketing Research Department Report." RJR, 01/02/1990.
- D-204. "Export A—1997 Communication Plan
- D-207: "Research Report: A Qualitative Exploration to Reposition Export 'A' With Young Smokers (19 to 24 Years)"
- D-210. RBH-Matinee Trademark 1953-1995
- D-232: OONA IV. Marketing Document for RBH, 1995
- D-235 Research Report. Exploration of various design parameters. JTI-Macdonald, 1991
- D-239A: "Tobacco Promotion Spending Patterns in Canada." Pollay, 01/02/2002.