

CAMPAIGN For TOBACCO-FREE Kids[®]

TOBACCO COMPANY MARKETING TO COLLEGE STUDENTS SINCE THE MULTISTATE SETTLEMENT AGREEMENT WAS SIGNED

In November 1998, the big tobacco companies entered into a multistate settlement agreement (MSA) with the states, which included a partial ban on outdoor cigarette and tobacco-product advertising, some other marketing restrictions, and an explicit prohibition against marketing cigarettes or other tobacco products to kids. In television and print ads and public statements, Philip Morris and other major cigarette companies have claimed that this agreement has dramatically changed the way they do business and that they are now responsible corporate citizens that do not market to kids. While it is certainly true that the companies have changed the way they do business, available evidence shows that it has been only a change in style. Behind their extensive public relations campaigns, the tobacco companies have drastically increased the amount they spend promoting their deadly products, including specific increases to marketing strategies that reach kids and a major surge in their efforts to reach college students.

Right after the MSA was signed, the tobacco companies increased their annual expenditures on marketing their products by more than 20 percent – from about \$6.9 billion in 1998 to \$8.4 billion in 1999. In 2003 (the most recent year for which complete data is available) the companies spend more than \$15.1 billion (an increase of almost 125% since the MSA was signed), and company reports filed with the U.S. Securities and Exchange Commission indicate that their total marketing expenditures have increased considerably since 2002.¹ That means that the tobacco companies are now spending more than \$41 million per day to promote their products.

More specifically, studies show that after the MSA went into effect the tobacco companies increased their marketing efforts at retail outlets, as well as their advertising in magazines with large youth readerships.² The tobacco companies have also stepped up their marketing efforts directed at college students and others in the 18 to 21 year-old age group by sponsoring musical events at college bars, advertising in college newspapers, providing free samples to college students, and through other means. Here are just a few examples:

Tobacco Company Bar Promotions. An April 1999 Wall Street Journal article reports on a massive RJR Tobacco Company party for hundreds of bartenders that is just part of the major cigarette companies' broader effort to market their products through promotions at bars and clubs, especially those frequented by young, hip customers. Besides the parties and various other special perks for bartenders (including free trips to resorts), the companies make direct payments of thousands of dollars to the bartenders and bar owners and also pay for in-bar advertising, promotional items, free samples, and the like. According to an executive from Brown & Williamson (the third largest U.S. cigarette company), his company annually spends roughly \$30 million per year just on its bar promotions.³ Participants at the special cigarette-brand parties at local bars – such as Marlboro Party Nights or Parliament Party Zones – receive free clothing and accessories and CD players or even win free trips or other prizes.⁴

Brand-Sponsored Musical Events at Bars and Other Locations. Beyond their regular bar promotions, the tobacco companies also reach young potential customers through hosting special musical events at bars and nightclubs. For example, in 1999, Philip Morris held 117 events – including concerts with rock groups such as Cheap Trick, Violent Femmes, Los Lobos, and Smash Mouth – that only admitted people who had accumulated the required amount of "Marlboro Miles" (five miles per pack). A Manhattan concert featuring the Afghan Wigs band, for example, required 200 miles (or 40 packs). The Marlboro Miles can also be cashed in to get various merchandise, such as CD players, beach thongs, and clothing.⁵ Taking a slightly different tack for reaching youth audiences, Brown & Williamson sponsors an annual "Lucky Strike Band to Band" talent contest in which 135 different rock bands compete in four rounds of concerts before local fans in 15 different U.S. markets for cash, other prizes, and promotion and touring support from the cigarette company. In 1999, the Swinging LoveHammers was the grand prize winner.⁶ Similarly, the RJ Reynolds cigarette company sponsored a series of concerts in 1999 to promote its Salem brand, as well as a separate contest for budding musicians, artists, fashion designers, and comedians that culminated in finals at the Hammerstein Ballroom in New York City.⁷

Tobacco Company Advertising in Alternative Weeklies. According to the Alternative Weekly Network, tobacco industry advertising for its products, brand-sponsored bar events, sponsored concerts, and the like account for approximately 70 percent or more of the advertising revenue of alternative weekly newspapers in the United States.⁸ This predominance of tobacco-sponsored advertising is not surprising given the tobacco companies' desire to lure potential youthful customers to their events and brands. In fact, an internal RJ Reynolds document revealed in the tobacco lawsuits stated that alternative weeklies were an ideal way to reach and influence "Generation X" consumers because they are typically distributed for free at nightclubs and coffeehouses and are read by young "hipsters" and the club crowd.⁹

In February 1999, as part of a broad advertising campaign in college newspapers, U.S. Tobacco ran a full-color ad insert for its Rooster brand spit tobacco in the *Daily Aztec*, the University of San Diego State's newspaper, that included a sweepstakes for an all expenses paid trip to the Playboy mansion and, in direct violation of California law, included a \$1.00 coupon.¹⁰ California's Attorney General subsequently forced U.S. Tobacco to pay a fine of \$150,000 and also pay for a parallel ad insert opposing spit tobacco use.¹¹ But similar ads have run in other college newspapers, complete with offers of free tins of smokeless tobacco and free shirts handed out by Playboy playmates at Florida spring break locales.¹²

Youth-Focused Tobacco-Related Merchandising. Besides giving away merchandise and prizes to college students and others at tobacco-brand bar and club parties, the tobacco companies are also trying various other merchandising strategies to attract youthful customers. For example, in July 2000 Brown & Williamson began selling special packages of Kool cigarettes that include a free mini radio with earphones, as part of a youth-focused marketing and advertising campaign designed to complement its "Kool Scene" music and dance parties at bars and nightclubs.¹³

Smokeless Tobacco Free Samples On College Campuses. Although the MSA restricts tobacco companies from distributing free samples of tobacco products anywhere except adult-only locations, there are also reports of U.S. Tobacco Company representatives handing out free cans of smokeless tobacco and related merchandise on college campuses. For example, after handing out free samples at University of Missouri fraternities, U.S. Tobacco offered prizes to the fraternity that had the most dip can lids at the end of the semester.¹⁴

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Related Campaign Fact Sheets (available at www.tobaccofreekids.org)

- *The Cigarette Companies Cannot Survive Unless Kids Smoke*
- *Philip Morris & Targeting Kids*
- *Allocation of Cigarette Co. Marketing Expenditures*
- *Tobacco Industry Still Marketing to Kids*
- *Tobacco Company Quotes on Marketing to Kids*

¹ U.S. Federal Trade Commission (FTC), *Cigarette Report for 2003, 2005* [data for top six manufacturers only], <http://www.ftc.gov/reports/cigarette05/050809cigrpt.pdf>. FTC, *Federal Trade Commission Smokeless Tobacco Report for the Years 2000 and 2001*, August 2003 <http://www.ftc.gov/os/2003/08/2k2k1smokeless.pdf>. [top five manufacturers]. Campaign for Tobacco-Free Kids fact sheet, *Increased Cigarette Company Marketing Since the Multistate Settlement Agreement Went into Effect*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0128.pdf>.

² Retail outlets: Wakefield, M., et al., "Changes at the Point of Purchase for Tobacco Following the 1999 tobacco Billboard Advertising Ban," University of Illinois at Chicago Research Paper Series, No. 4 (July 2000); and see, also, <http://tobaccofreekids.org/reports/stores>. TFK Factsheet, *Tobacco Marketing That Reaches Kids Point-Of-Purchase Advertising and Promotions*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0075.pdf>. Magazines: Turner-Barker, D. & W. Hamilton, *Cigarette Advertising Expenditures Before and After Master Settlement Agreement: Preliminary Findings*, Massachusetts Department of Public Health (May 15, 2000); Fairclough, G., "Are Cigarette Ads in Magazines Angling for Teens?," *The Wall Street Journal* (May 15, 2000). See, also, American Legacy Foundation, *Tobacco Brand Magazine Advertising To Teens* (May 15, 2000); and see <http://tobaccofreekids.org/reports/addicting>.

³ Hwang, S.L., "Light Brigades: Tobacco Companies Enlist the Bar Owner to Push Their Goods," *Wall Street Journal* (February 21, 1999).

⁴ See, e.g., "Despite Restrictions, Philip Morris Gets Personal and Gets Results," *Tobacco International* (January/February 2000); National Public Radio, "Profile: New Advertising Practices By The Tobacco Companies After the 1998 Tobacco Settlement" (January 22, 2001).

⁵ Brady, D., "Tobacco Firms Puffing Up Existing Smokers Egos," *USA Today* (October 5, 1999); Diehl, M., "Smokin' Grooves: concert Series Brings Sugar Ray, Smash Mouth and others to Marlboro Country," *Rolling Stone* (November 25, 1999).

⁶ Brown and Williamson Tobacco Corporation, "Brown & Williamson Tobacco Set to Launch 'Band to Band' 2000 Music Competition – Over \$100,000 in Cash and Prizes," PRNewswire (June 7, 2000).

⁷ Fairclough, G., "Philip Morris is Going Low Key to Market New Marlboro Milds, *Wall Street Journal* (March 7, 2000).

⁸ Jones, T., "NY Times' Nixing of Tobacco Ads Unlikely To Have Ripple Effect, *New York Times* (April 29, 1999).

⁹ [Tobaccofreedom.org](http://www.tobaccofreedom.org), "Albuquerque Publication Assists Tobacco Industry Deception and Conspiracy" (2000), www.tobaccofreedom.org/issues/specials/alibi/index.html.

¹⁰ *Daily Aztec* (November 15, 1999).

¹¹ *Settlement Agreement Between California Attorney General's Office and US Tobacco concerning Smokeless Tobacco Advertisements* (August 1, 2000), <http://caag.state.ca.us/tobacco/pdfs/chewsett.pdf>.

¹² Wolper, A., "Spitting Images Return: Playmates Promote Smokeless Tobacco in College Papers," *Editor & Publisher* 133(14) (April 3, 2000).

¹³ Fairclough, G., "Brown & Williamson Campaign Targets Younger Adult Smokers," *Wall Street Journal* (June 30, 2000).

¹⁴ Morrow, J., "Dipping Into Danger: Marketing Promotions Targeting College-Aged Males Have the Use of Smokeless Tobacco on the Rise," *The Missourian* (October 13, 2000).