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The history of advertising is the history of the growth of the cigarette industry. Much of the theory and practice of modern advertising was honed on advertising cigarettes in the early twentieth century. The RJ Reynolds company historian wrote of "...the necessity of large scale advertising to fuel expansion." (Tilley, 1985). In 1930, the publishing trade paper Printer's Ink identified "...the one feature which has contributed more than any other single factor to the enormous growth of the cigarette industry – advertising."

We have little documentation of tobacco market research in Canada before the 1970s, but the titles of some of the known earlier reports make it clear that selling to youth and market segmentation were of great interest to Imperial tobacco in the 1950s and 1960s:

- 1955: University student brand switching
- 1964-5: Smoking habits of teenagers
- 1965: The youth market (Toronto)
- 1966: Motivations for cigarette smoking
- 1968: Smoker attitudes towards promotion of brands in Ontario and Quebec
- 1969: Project "Brave" Smoking and Health
- 1970: The structure of the cigarette market in Canada – a segmentation study
- 1970: Cigarette advertising: the untapped possibilities. The psychology of smoking.

1969: Taking the Attitude Off Track

Beneath the clamor of the young consumer's defiance might also be heard the sound of his dismay that the individuality he raises as a standard for the adult community to follow does not appear to have been picked up by either parent or purveyor. The manufacturer who accepts the challenge might discover that his independent approach may have profitable ramifications.

ITL Consumer Attitudes Study, 1969



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Today, May 31, 2000, one can see in Ottawa and other parts of Canada advertisements for Player's Racing, thinly disguised ads for Player's cigarettes, showing young men climbing rocks. They urge teenagers and others to "take the attitude off track". They are only the latest in a long line of cliff-dwelling or skiing or windsurfing young men appealing strongly to the present and future smokers' desires for individualism. In previous generations they might have said "Player's – a taste you can call your own." Young men shilling for the competing brand Export "A" urge their young customers to "Go your own way."

Focus group researchers working for Imperial Tobacco had identified appealing to individualism as potentially very profitable for tobacco companies in 1969, 31 years ago. If their advertising were to communicate with conviction that their product was for people who valued individuality, they would sell lots of cigarettes. Imperial Tobacco did exactly that beginning in the 1970s, and they are still doing it in 2000. And, true to the 1969 market researchers prediction, Imperial sold a lot of cigarettes and made a lot of money along the way.

1988



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2000



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1971: Opportunities From Youth

Young smokers represent the major opportunity group for the cigarette industry, we should therefore determine their attitude to smoking and health and how this might change over time.

Matinée Marketing Plans 1971, AG-204



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Focus group research in 1969 had uncovered how to market to youth. It did not take long for these seminal ideas to appear in marketing plans. A 1971 marketing plan for Matinée began with an overall market assessment that reasserted the importance of the youth market.

Matinée was not particularly a youth brand, but the 1971 marketing plan identified something else that was to become an important part of the 1970s and 1980s marketing mix – market segmentation. Market segmentation had existed before of course, but now it was recognized that markets were to be segmented by people not product. Competitive advantage would arise from “Resegmentation of the market by people, their lifestyle, and socio-economic grouping. In other words, segmentation by people, not product.” (AG-204, p.18)

Many more market segmentation studies were to be undertaken in the 1970s and 1980s. A particularly important one, undertaken in 1977 examined segmentation of the French and English speaking Canadian cigarette markets.

Ostriches

Half (48%) of the "Ostriches" are in Quebec and relatively few live in Ontario or in the prairie provinces. This group is the most male and only half of its members have a paid job (blue collar rather than white). They are the least well educated and have relatively low household incomes.

Multi-Brand Tracking, 1985, AG-203



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Market segmentation became even more important in the 1980s. RJR Macdonald undertook a major segmentation study in 1985. The multi-brand tracking study segmented the market in several different ways, including tobaccographics and psychographics. The tobaccographic cluster included:

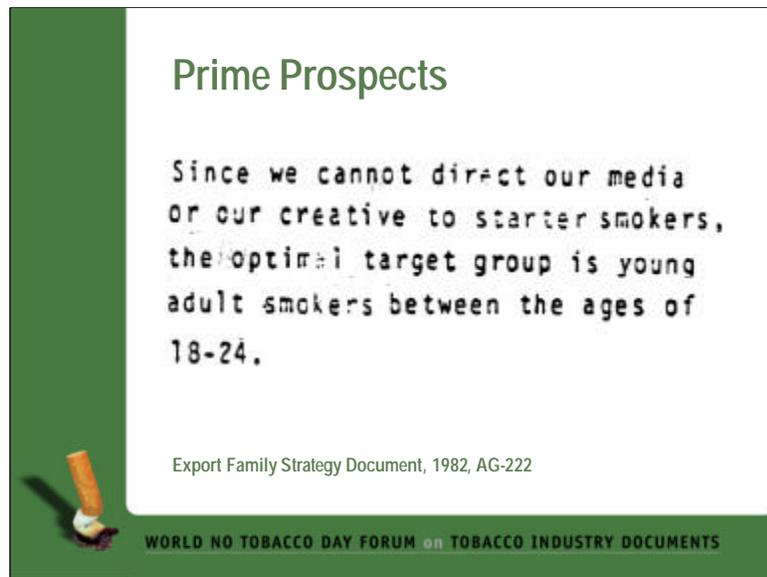
- Experimenters
- Quitters
- Guilty, unselective habituated
- Selective habituated
- Ostriches

Psychographic clusters included:

- Status seekers
- In-control, affluent progressives
- Career orientate achievers
- Economically burdened conservatives
- Non-achieving, sex role traditionalists
- Geriatrics

Among these various segments, the ostriches were particularly intriguing. "The main characteristic of people in this group is their lack of health concern and lack of non-smoker consciousness. They enjoy smoking and are not experimental; they have a relatively strong commitment to their regular brand." In brief, ostriches were ideal consumers for cigarette companies. Unfortunately, only about 17% of smokers were ostriches. To sell more cigarettes, they would have to find ways to sell to much tougher segments, like experimenters and quitters.

Quebec Court of Appeal, Montreal. Case numbers 500-09-01296-912 and 500-96-991297-910, 1991. Joint Records. Multi Brand Tracking 85-001, prepared for RJR-Macdonald, Exhibit Number AG-203, Volume 188, p. 38829



However the market was segmented, the best idea remained to catch them young. In the 1980s, Player's and Export were the main youth brands. At RJR-MacDonald in 1982, there was considerable fretting about their flagship brand – Export. Market share was being lost to competing brands, especially Player's. Drastic measures were called for. Starters were the ones they really wanted, but they would have to get them indirectly by directing advertising to people aged 18 to 24. Later in the document, members of this target group are called "prime prospects." Once again, catering to a desire for individuality is part of the sales pitch.

"The prime prospect is described psychographically as those young adult males who are in the process of establishing their independence and their position in society. They look for symbols which reinforce their masculinity and individuality. They are strongly influenced by peer group acceptance. They are entertainment-minded and enjoy going out to pubs with friends and attending (rock) concerts. They have an above average interest in participating in and viewing high action sports such as car racing, hockey and football." (AG-222, p. 39579)

Meanwhile, over at Imperial Tobacco the target group for Player's Light was being defined similarly, with the important difference that it included both boys and girls.

"Player's Light – English: The media target group for this brand is young males and females with the primary emphasis on males under 24 years of age." (Fiscal '81 National media plans, AG-223)

Quebec Court of Appeal, Montreal. *Op cit.* Export Family Strategy Document, March 22, 1982, Exhibit Number Ag-222, Volume 191, p. 395555

Switching

When we talk about a switcher we are talking about someone who has been smoking his usual brand for less than 12 months. This definition includes starters (did not smoke before) and smokers that had no regular or particular previous brand.

ITL Switching Study, 1991



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In public statements, the tobacco industry always claims that the purpose of its advertising is to encourage people to switch brands, and that they do not seek to encourage people to start smoking. But how much credibility are we attach to these claims when we discover in this 1991 document that switchers include starters? The document goes on to observe that the switching rate among those under 25 is double that of older smokers – not surprising since switchers also include starters. Once again, the importance of marketing to youth is emphasized:

“Therefore, if our trademarks are relevant to smokers under 25, they will choose our trademarks/brands and remain with them past the age of 25. Smokers aged under 25 are not only important to ensure future growth but also because in 1990, they represented approximately 4% in consumer share that is a moving market. In 1990, smokers aged under 25 represented 20% of the smoking population and they switch at a rate of 20%. Therefore, 4% of the smoking population is available and will benefit to those brands that will be relevant to them.” (91 switching, p. 465043176)

Bragging Rights

The continued ability of ITL trademarks to capture the business of younger smokers particularly at the expense of RBH, has been the catalyst for our growth over the past decade. As the figures reflect, we finished 1993 more dominant than ever before.

1993 ITL Industry Review



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An annual tobacco industry review, published by Imperial Tobacco in 1993 showed that 62% of smokers smoked ITL brands. The reason for Imperial's ever-increasing market share was its continuing ability to attract young smokers. 75% smokers under 25 smoked Imperial's brands. Imperial far outdistanced its rivals in the key under 25 segment. (Industry review, p. 502563227).

Imperial continues to reap the benefits of its success in the youth market. Today, its share of the total cigarette market stands at nearly 70%.