

A photograph of the Texas State Capitol building in Austin, Texas, featuring its iconic dome and classical architecture. The image is overlaid with a semi-transparent design consisting of thin grey lines forming a grid and diagonal patterns. The text 'PROJECT SMOKEOUT' is prominently displayed in the upper left quadrant in a black, monospaced, all-caps font.

# PROJECT SMOKEOUT

**EXPOSING TOBACCO  
INDUSTRY ACTIVITY  
IN TEXAS**

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EXPOSING TOBACCO INDUSTRY ACTIVITY IN TEXAS

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*research provided*  
*for the*  
American Cancer Society, Texas Division

*by*  
InfoImagination  
Scott Goold, director

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# EXECUTIVE SUMMARY

## — IN THEIR OWN WORDS —

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### **Industry's strategy to defeat health educators [p.9]**

"...you win if the public and the press believe you are reasonable and the radicals are unreasonable"

### **Using third-parties as industry front groups [p.5]**

"Falkiewics sent me a copy of a favorable article on smoking, cholesterol, coffee, and health in the February American Scholar by Dr. William Nolen... We should be dropping reprints of it from airplanes over the [sic] every national and state capitol where anyone is dictating restrictions on smoking or food products... he encourages skepticism not only about medical announcements [regarding tobacco], but about the whole fitness trend of which the attacks on our products are often a part."

### **Concerning the American Cancer Society's "Great American Smokeout" [p.11]**

"The Smokeout is 'a publicity campaign, a gimmick.' The money would be better spent on basic cancer research."

### **Philip Morris on their prized Marlboro product [p.18]**

"The emphasis on Marlboro is obvious. It is the crown jewel of our portfolio due to its position as the world's most profitable trademark. Its younger smoker base also means that its profit stream has a longer time horizon than our other brands. Finally, because Marlboro is the focus of the financial community's attention, we cannot let its performance weaken."

### **Philip Morris furthers false scare strategy regarding ETS [p.22]**

"In addition, the Board was also provided with an economic impact report, prepared by Philip Morris, estimating the revenue the airport [DWF] is likely to loose if the total [smoking] ban is enacted."

### **Philip Morris contradicts their scare strategy regarding ETS [p.25]**

"...the economic arguments often used by the industry to scare off smoking ban activity were no longer working, if indeed they ever did. These arguments simply had no credibility with the public, which isn't surprising when you consider that our dire predictions in the past rarely came true."

### **R.J. Reynolds reports on the science of ETS (1986) [p.23]**

"Dr. Hammond pointed out previous epidemiology studies have been hampered by the lack of good analytical data for ETS constituents. She indicated that serious misclassifications have resulted. 'However', she said, 'these misclassifications have tended to cause an underestimation of health effects of ETS.'"

...Her study investigated exposure of clerks, brakemen, engineers, and shop repair workers in the railroad industry. Not surprisingly, those exposed indoors, where smoking was permitted, had the heaviest portion of the RSP [respirable suspended particulates] exposure due to ETS."

### **Philip Morris reseachers receive report on ETS (1992) [p.24]**

"In skin painting studies using sidestream smoke condensate on mice, it has been shown that sidestream smoke (SS) contains compounds that act under extreme conditions like a complete carcinogen. Very probably this will also be true for excessive inhaled doses of SS in rats."

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# EXECUTIVE SUMMARY

## — IN THEIR OWN WORDS (CONTINUED) —

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### **Why the tobacco industry opposes smoking restriction legislation [p.25]**

"The immediate implications for our business are clear; if our consumers have fewer opportunities to enjoy our products, they will use them less frequently and the result will be an adverse impact on our bottom line."

### **On accommodation and preemption [p.25]**

"Accommodation/pre-emption is vital to all the efforts of PM Corporate Affairs. If smoking is not seen as legitimate, our work on every other issue becomes that much more difficult."

### **How the industry affects local health initiatives [p.27]**

"The legislation doesn't prevent boards of health from proposing bans, and it doesn't violate home rule; it just imposes a bureaucratic nightmare of hoops a board must jump through before they can get their smoking ban proposals on the books."

### **Purpose of the Tobacco Action Network [p.35]**

"We have this structure, these resources, for one reason: To defeat measures deemed detrimental to the free and open working of the tobacco industry. In other words, to kill bills and other anti-tobacco bugaboos."

### **Philip Morris comments about their negative public image [p.36]**

"Negative Image: ...While our primary goal may be to defeat onerous legislation, and protect our business interests, it would help if we could effectively convince people (society) that we are not the ultimate evil empire giant – that we are a company comprised of human beings – spouses, lovers, friends, parents, sons and daughters. To do this, we should repeatedly publicize and toot (or tout) our own horn, if you will."

### **Texas at ground zero in the industry's products liability battle [p.41]**

"All of you will have received recently a package of material on the products liability bill currently before the Texas Senate, under cover of a memorandum from Don Walsh... A victory in Texas will send a clear and aggressive signal that Civil Liability Reform is still an important agenda item for the Business Community throughout the nation."

### **Effectiveness of the industry's Tobacco Action Network [p.44]**

"In Longview, Texas, a front has begun to place a smoking ordinance in the city. To date, there has been one planning meeting which resulted in a study being done by the city council to determine if there is a need for a smoking ordinance. DM [district manager], Fred Spencer attended this meeting with a number of other PM employees and distributors and the city council was caught totally off guard that there would be any resistance at this point."

As a result of Fred and his group, the smoking ordinance decision was postponed and has gone to a committee appointed by the council."

### **Philip Morris strategy regarding Spanish-speaking immigrants to Texas [p.59]**

"Important to reach them early as they shape their brand preferences in the U.S."

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# EXECUTIVE SUMMARY

## — IN THEIR OWN WORDS (CONTINUED) —

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### **Inconsistency in Philip Morris position on underage smoking legislation [p.46]**

"Texas already has laws in place to restrict sales of cigarettes to minors. If these laws are not being adequately enforced, let's enforce them rather than adopt a whole new set of excessive regulations and fees."

#### **Philip Morris states in May 1996: [p.47]**

"Today, in our role as industry leader, we are taking another major step by proposing sweeping federal legislation to attack underage smoking. We encourage Congress to pass it swiftly."

### **Inconsistencies in the industry's position on advertising [p.51]**

"Tobacco advertising does not cause people to smoke... 'There is little evidence that advertising results in additional smoking. As with many products, [cigarette] advertising mainly shifts consumers among brands.'"

#### **Philip Morris states in 1988: [p.51]**

"Marlboro's biggest source of smokers continues to be smokers with 'no previous brand,' roughly half of whom are starting smokers. In 1987 this group contributed 33% of Marlboro in-switchers. Internal Marlboro switching is the second largest component [23%]."

### **Purpose of Philip Morris-sponsored musical events [p.55]**

"The aim of the Marlboro Music Festival was to have a continued presence in the Houston market during the entire month of July. This 'blitz' was achieved by Marlboro Music through 3 types of events... musicians performed in front of a backdrop with the Marlboro Music logo which covered the entire back wall of the stage. Marlboro Music banners and posters were placed around the clubs. Electronic message centers with programmed concert information were placed at each venue for the entire month of July..."

#### **And... [p.54]**

"The most effective way to reach the hispanic [*sic*] consumer is through entertainment. A latin music test program will aid Marlboro in its reach to all segments of the Hispanic universe."

### **Philip Morris commenting on Hispanic-targeted advertising [p.61]**

"With minimal marketing support, Marlboro has achieved more than a third of the Hispanic smoker share. This clearly indicates Hispanic consumers have bought into the Marlboro Brand image in a 'big way.'"

### **Philip Morris on youth advertising for Marlboro [p.68]**

"This means that our star product, Marlboro, its packaging, its advertising, is still relevant to the market. It appeals to young people. We must be doing something right..."

#### **And... [p.69]**

"last but not least, I'd like to talk to you about the effective way of using music to reach the youth market. Music tickles the senses. Music gets young peoples attention. It sets the brand apart. It helps remind the name and promise. It sets the right atmosphere. It gives continuity to advertising. It attracts young audiences. It has no cultural boundaries. It has universal appeal. Top hits in this country are likely to be top his in other world markets. The use of music to sell a product is nothing new. The Marlboro music certainly set the brand apart. It was unique and memorable..."

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# INTRODUCTION

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The original design of this research project called for an examination, in comprehensive fashion, of tobacco industry activities within the state of Texas. After an exploratory review of the major online tobacco industry archives,<sup>1</sup> we found tens of thousands of possibly important documents. Therefore, we limited the scope of our research to only those documents specifically related to the current social and political environment in Texas.

In our review, we accidentally uncovered industry strategies not specifically related to Texas, but of significant historical importance. We have included this general information to aide the development of a more accurate and complete understanding of tobacco industry manipulation of U.S. and world political and social systems. We believe these findings represent an important contribution to the historical account of tobacco industry activity in the 20th century.

We have divided this study into nine sections: Framing the Policy Debate; Raining on the Parade of the Great American Smokeout; Manipulating Texas Public Policy; Community Involvement; Contributions and Lobbyists; The Tobacco Action Network; Advertising and Promotion; and Youth Marketing.

In section one, we summarize industry activity that falls under the heading of framing the policy debate about tobacco. The uncovered documents illustrate the tobacco industry undertook an intentional, malicious and concerted effort to stigmatize pro-health and anti-tobacco educators as radicals and zealots. Internal company memorandum reveal that tobacco executives implemented a political strategy designed to deflect criticism away from the lethal nature of their products and industry activities to promote, sell and encourage the use of these products. Industry officials accomplished this in part by characterizing public health educators as “meddling social do-gooders.” The tobacco industry initiated this strategy in an apparent effort to place health organizations as well as advocates in a defensive posture. Their sophisticated strategy forced thousands of volunteers, professional educators and many health entities to dedicate a significant portion of their limited resources to countering the intense public relations war fueled by the seemingly limitless resources of the tobacco industry.

We follow this thread in section two by exposing how the tobacco industry, led by Philip Morris and The Tobacco Institute, engaged in a campaign to discredit the American Cancer Society and tarnish their successful smoking cessation event, the Great American Smokeout.

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<sup>1</sup> The major tobacco industry online archives we reviewed include the: Philip Morris Incorporated Tobacco Document Website; R.J. Reynolds Tobacco Company Document Website; Brown & Williamson/American Tobacco Company Document Website; Lorillard Tobacco Company Document Website; Tobacco Institute Document Website; and the Council for Tobacco Research Document Website. In addition, we also reviewed briefly the University of California San Francisco and Tobacco Documents Online archives.

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In section three, we provide a historical account how industry representatives manipulate local and state public agendas. In some cases, industry-sponsored political pressure alters the legislative structure to allow passage of previously unpopular policies; in others cases, industry influence effectively blocks proposed legislation or successfully prevents its consideration by legislative entities.

Section four includes an overview of industry social events, strategies and public initiatives furthered throughout Texas and demonstrates how the industry uses these activities to impact communities and social organizations. While tobacco money has furthered the arts, assisted numerous non-profit activities and supported many community efforts, the underlying purpose of this seemingly charitable and philanthropic support has been to “bank good will” and diminish opposition to their harmful products. Industry officials have known for decades their products were on a “crash course” with society’s concerns about health. The documents illustrate how the industry surreptitiously uses these programs to delay the impending shift in public attitudes about tobacco products – and the industry in general.

Section five reveals how the tobacco industry strategically utilizes its extensive financial resources to fund candidates favorable to their political end game and support lobbyists who orchestrate the industry-sponsored policy activity. This section also details the industry’s practice of sponsoring popular sporting and other social events in Texas to further a pro-tobacco political agenda.

In section six, we provide an extensive historical review of the development, organizational strategy and specific activity of the Tobacco Action Network (TAN). No commercial enterprise initiates such a pervasive and all-encompassing program to mobilize a grassroots level campaign to assist sales, promotion and consumption of a product, while simultaneously providing a political base of support for its questionable activities.

Section seven focuses on the tactics and key strategies employed by the tobacco industry to advertise and promote their products in Texas. The documents illustrate the industry engaged in a multi-faceted campaign to target woman, African Americans, Hispanics and the young people of Texas. The industry applies sophisticated psychometric research to skillfully expose triggers that influence human behavior. Most importantly, the documents reveal the industry engages in an aggressive campaign to affect the subconscious minds of consumers and potential consumers alike.

In section eight, we focus exclusively on the issue of youth marketing. While industry representatives deny emphatically they target kids, teens and individuals under the legal age to consume tobacco products, the historical accounts demonstrate conclusively this is just another line of industry deception. As stated by a Philip Morris spokesperson, two of every three young people make brand decisions before they reach age 16. Smart marketers, therefore, tap the youth market to establish buying habits and brand loyalties that will be carried into adult years. Few will dispute that the tobacco executives are some of the “smartest” marketers to ever engage in capitalistic enterprise. As an industry, tobacco companies conduct more psychological and demographic research on potential consumers than any other industry in the history of the world. The evidence shows children are not exempt from their investigations.

Finally, in section nine, we conclude by summarizing the key findings disclosed in this report and provide some general observations about the consequences of the tobacco industry’s success.

# I. FRAMING THE POLICY DEBATE

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## A. Anti-Tobacco or Pro-Health: What's In a Name?

In a 1968 memo from H. Wakeham addressed to C.H. Goldsmith. Wakeham comments about R.D. Passey's review of a scientific work, "Tobacco and Tobacco Smoke."<sup>2</sup> The book, written by Wynder, acknowledges carcinogens in tobacco smoke. Passey questions the "validity of the hypothesis of carcinogens in tobacco smoke." Wakeham adds that "Zealots like Wynder and Bock speak derisively of Professor Passey and his position, and yet he makes a great deal of sense." [zealots.4/p.1]

This is the first instance we uncovered where industry executives openly apply the term zealotry to researchers or pro-health activists. Industry documents show conclusively the tobacco industry worked feverishly to maintain a "right to smoke" for consumers, and future consumers, of their products. Revealed in the internal papers is a history of industry activity to discredit pro-health advocates and educators by stigmatizing them as fanatics, zealots, puritans or radicals.

Experts in policy formation acknowledge perceptions in general are more relevant to outcomes in the political arena than are realities. Policy process expert, John Kindgon, says:

"There are great political stakes in problem definition. Some are helped and others are hurt, depending on how problems get defined. If things are going basically your way, for instance, you want to convince others that there are no problems out there."<sup>3</sup>

"The first cut at analyzing anything is to place it in its proper category. People will see a problem quite differently if it is put into one category rather than another. Thus much of the struggle over problem definition centers on the categories that will be used and the ways they will be used. You may not be able to judge a problem by its category, but its category structures people's perceptions of the problem in many important aspects."<sup>4</sup>

E. E. Schattschneider, the dean of agenda-setting studies by virtue of his work *The Semi-Sovereign People*, writes that the most important decisions made in any polity are those that determine which issues become part of public discourse. Specifically, "some issues are organized into politics while others are organized out."<sup>5</sup> Our review of the tobacco industry documents suggests tobacco industry executives understand well the theories of policy formation. In a 1994 Philip Morris memo, company strategists report to top executives that, "you win if the public and the press believe you are reasonable and the radicals are unreasonable."

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<sup>2</sup> The 1968 document links Professor R. D. Passey with the Chester Beatty Cancer Research Institute.

<sup>3</sup> John W. Kingdon, *Agenda, Alternatives, and Public Policies*, Harper Collins Publishers, 1984, p. 115.

<sup>4</sup> *Ibid.*, p. 117.

<sup>5</sup> E. E. Schattschneider, *The Semi-Sovereign People*, New York: Holt, Rinehart and Winston, 1960, p.71.

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## B. Initiating a Public Relations Campaign

Another example of the implementation of this strategy comes from Joe Hefferman, President & C.E.O. of Rothmans, Benson & Hedges, Inc. Hefferman furthers the issue definition process in a 1994 address to the 39th Annual N.A.T.C.D. Convention. He provides the audience numerous historical examples of tobacco control efforts. Citing 17th century Sultan Murad IV of Turkey, Hefferman states:

“He [Sultan Murad] first decreed that all places smokers were known to habituate should be demolished. Later, he prohibited smoking on pain of death. Disguised as a commoner, Sultan Murad would patrol the streets of Constantinople, seeking out smokers. As an example to others, those he caught smoking he beheaded, hung or quartered. More than 100,000 of his subjects met their ends at his hands. Notwithstanding these valiant efforts, people continued to smoke...” [frame/zealots.2/p.2]

Using a 20th century example, Hefferman summarizes anti-smoking efforts in Nazi Germany, commenting directly on advertising restrictions.

“Nearly 300 years later, in Nazi Germany, Adolf Hitler gained dictatorial powers comparable to Murad’s. His views on tobacco were also similar to Murad’s. As a forerunner of today’s modern anti-tobacco campaign, strict controls on advertising were imposed. The state propaganda machine was used to harangue the public about the health risks of tobacco. Smoking was prohibited in public buildings and many individual workplaces. Hitler himself engaged in anti-tobacco diatribes. Perhaps not so surprisingly, consumption of tobacco products actually INCREASED during the time these oppressive measure were imposed.” [frame/zealots.2/p.2]

Hefferman then draws an analogy from alcohol prohibition in the United States during the early 1900s. Note the reference to a “strong Puritan minority.”

“Closer to home, the strong Puritan minority in the United States gained enormous political power in the last half of the 19th century and the early part of the 20th century. Their most notable, or perhaps notorious, achievement was the 70 year campaign that led to the 18th Amendment to the U.S. Constitution, the Prohibition of Alcohol, in 1919. America’s most disastrous attempt at social engineering came to an end in 1933, but not before 35,000 people had died from alcohol poisoning caused by home brewed products, more than 500,000 citizens had been arrested, and a new criminal class had become wealthy, powerful, and firmly established. American society suffers the consequences to this day.” [frame/zealots.2/p.2]

Hefferman insightfully emphasizes one of the major challenges facing pro-health advocates. We draw attention to his subliminal effort to stigmatize the opposition. He categorizes pro-health organizations as “anti-tobacco groups” and characterizes individuals who participate in these activities as “anti-tobacco zealots.”

“There is no question that public attitudes towards smoking, smokers, and tobacco smoke have changed significantly over the last thirty years, and for this the anti-tobacco group can claim some success. However, this very success creates the conditions for reversal of the cycle. By reinforcing one of the key psychological attributes of smoking – its rebellious, anti-establishment, anti-authority image – the disapproval of society at large adds value to smoking behavior. The recent reversal of smoking incidence trends in the U.S. and Canada among the young adult age groups, dramatically illustrate the nature of the dilemma faced by anti-tobacco zealots.” [zealots.2/p10]

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## C. Building a Coalition of Front Groups

The tobacco industry realized they were poor spokespeople to lead their propaganda campaign. In a February 1987 Philip Morris Inter-Office Correspondence, PM executives discuss a strategy to disseminate a “favorable” position from a reputable third party.

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“For speech background, Andrew Falkiewics sent me a copy of a favorable article on smoking, cholesterol, coffee, and health in the February American Scholar by Dr. William Nolen called ‘Medical Zealots.’

I think it is very good. We should be dropping reprints of it from airplanes over the [*sic*] every national and state capitol where anyone is dictating restrictions on smoking or food products. Seriously, Nolen is a third party with an independent reputation (a self-confessed “disease of the month” columnist for McCall’s for 12 years). He writes well. He makes many of the arguments we make refuting the attacks on tobacco and health. He also refutes worries about cholesterol and coffee. Just as important, he encourages skepticism not only about medical announcements, but about the whole fitness trend of which the attacks on our products are often a part (‘At the moment there is no persuasive evidence that those of us leading lives of relative moderation can increase our well-being or prolong our lives by radically changing our style of living.’).” [frame/zealots.4/p.1]

By 1990, tobacco industry officials began working with the Roper Organization to conduct social research on public attitudes regarding tobacco. Roper provided excellent cover for the industry as it maintains national prominence. The studies conducted by Roper did not focus specifically on smoking or tobacco use. Instead, Roper applied sophisticated models about belief systems and public perception to elicit results linked to tobacco politics. Some of the belief systems used by Roper include:

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free speech, regulation of (non-tobacco) industries, taxes on products other than luxury items and cigarettes, political conservatism (i.e., limitation of strong, central government power), acceptability of various activities, employer’s rights to terminate employees on the basis of private activities or personal characteristics, and the legitimacy of government control over various recreational activity. [frame/zealots.1/p.1]

Using summary information from a Roper 1990 Attitudinal Survey, Bill Bittner elaborates a tobacco industry archetype for a subgroup of the pro-health community – zealots. As defined in the referenced document, “Zealots embrace an atypical set of values” from other non-smokers.

The document illustrates “Zealots” differ significantly from other “non-smokers” on the following dimensions:

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### I. Free Speech

“How do you feel about government controls when it comes to each item on this list?” Are you strongly in favor, mostly in favor, mostly opposed, or strongly opposed to government controls when it comes to...?” [Percent total in favor]

	Zealots	Non-Smokers
Advertising of potentially harmful products	54%	36%
Advertising which makes unsubstantiated health claims	57%	36%
Advertising directed to children	31%	23%
New reports which disclose matters of national security	40%	30%
Television programs that contain violence	32%	24%

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## II. Regulation of Industries Other Than Tobacco

"Would you please... tell me for each (industry) whether you feel that more regulation is needed, or less regulation, or if you feel the current amount of regulation is just about right?" [Percent total indicating a need for more regulation]

	Zealots	Non-Smokers
The tobacco industry	74%	38%
The auto industry	33%	26%
The cosmetics industry	28%	15%
The television broadcast industry	38%	28%
Biomedical industries that use animals for testing	45%	34%
The oil industry	56%	39%
The fur industry	36%	26%
The liquor industry	46%	32%
The food manufacturing industry	52%	34%
The banking industry	44%	30%
The prescription drug industry	37%	28%

## III. Taxes Other Than Those on Luxury Items and Cigarettes

"When local and state taxes need to be increases, which one of these taxes do you think should be raised?" [Percent total in favor]

	Zealots	Non-Smokers
General sales tax	10%	17%
Cigarette taxes	55%	25%
Beer & wine taxes	16%	11%
Taxes on luxury items such as furs, expensive cars, etc.	23%	32%

## IV. Political Conservatism

"Now, thinking politically and socially, how would you describe your own general outlook – as being very conservative, moderately conservative, middle-of-the-road, moderately liberal, or very liberal?" [Only statistically significant results listed here]

	Zealots	Non-Smokers
Total Conservative	54%	40%
Very Conservative	17%	8%
Middle-of-the-road	23%	32%

## V. The Acceptability of Various Activities

"For each (of the following) would you tell me whether you find it acceptable for anyone, acceptable for others but not yourself, or not acceptable for anyone?" [Only statistically significant highlights listed here]

	Zealots	Non-Smokers
Smoking cigarettes		
Not acceptable	61%	28%
Smoking marijuana		
Not acceptable	77%	65%
Drinking alcohol		
Not acceptable	27%	20%
People living together outside of marriage		
Acceptable for anyone	29%	37%

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#### VI. Employers' Rights to Terminate Employees on the Basis of Private Activities or Personal Characteristics

"Generally speaking, do you think an employers [sic] should or should not have the right to refuse to give a job to someone who..." [Only statistically significant highlights listed here]

	Zealots	Non-Smokers
Smokes cigarettes?	31%	14%
Is overweight?	13%	8%
Smokes marijuana?	79%	68%
Drinks alcoholic beverages socially?	20%	13%
Uses cocaine, crack or other illegal drugs?	92%	86%
Has AIDS?	35%	26%

#### VII. The Legitimacy of Government Control Over Various Personal Activities

"...I'd like to know whether or not you think the government has the right to control various things a person might do in order to hold down health care costs. Does the government have the right to control..." [Only statistically significant highlights listed here]

	Zealots	Non-Smokers
Whether or not a person smokes?	31%	13%
How fast a person drives?	92%	86%
The amount a person drinks?	60%	47%
The number and types of sexual partners a person has?	15%	11%
The kinds of prescription drugs a person takes?	23%	15%

[frame/zealots.1/p.1]

## D. Targeting Adversaries

The tobacco industry engaged in a campaign to identify the most active individuals and groups within the pro-health lobby. Once identified, they initiated a strategy to "target and defeat" the most prominent players. In a 1994 Philip Morris document, strategists contemplate how to deal with the emerging new anti-tobacco forces. Two groups in particular, INFACT and STAT, frightened the industry greatly. The document reveals PM executives met on June 2nd to overview INFACT and STAT, discuss the threat these two organizational campaigns presented PM's individual operating companies and brainstorm strategies to deal with company critics. [frame/zealots.5/p.2]

PM points out INFACT (Infant Formula Action Coalition) was founded in 1977 to oppose what INFACT claimed to be the unsafe use of infant formulas in poverty-stricken regions of the world. PM emphasizes INFACT's strategy is to select one issue and focus "all of its efforts on that campaign (e.g., alleged tobacco marketing to children)." [frame/zealots.5/p.18]

Regarding STAT, PM notes the Massachusetts-based advocacy group, Stop Teenage Addiction to Tobacco, originated in California in 1985. STAT seeks to:

"reduce adolescent use of tobacco by targeting tobacco companies through public education, community projects, policy research, advocacy and communication efforts."

[frame/zealots.5/p.18]

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PM executives emphasize that STAT's most recent efforts include:

"attacking tobacco companies for placing, and the media for accepting, tobacco advertisements; launching and leading the campaign against RJR's Nabisco's Joe Camel cartoon character; promoting state and national tax increases on cigarettes; outlawing cigarette vending machines; and publicizing illegal sales of tobacco products to minors." [frame/zealots.5/p.18]

The documents reveal PM executives characterize organizations such as INFAC and STAT as "radical groups." [frame/zealots.5/p.14]

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#### **Characteristics of Radical Groups**

- Strength in local chapters/members
- Aggressive, dramatic, media-conscious zealots
- Totally unpredictable, creative strategists
- Always positioned as underdog against giant
- Include more women, minorities and youth than other categories of interest groups

PM executives summarize their perception of the ideology driving such "radical groups." [frame/zealots.5/p.15]

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#### **Motivations of Radical Groups**

- Corporations are exploiters that are directly and personally responsible and accountable
- **THERE CAN BE NO COMPROMISES OR DEALS WITH CORPORATIONS** [emphasis in original]
- Government is a corporate collaborator not to be trusted

PM executives enlist the "radicals" mode of operation. [frame/zealots.5/p.16]

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#### **Radicals: Mode of Operation**

- Take direct action
  - Civil disobedience
  - Sit-ins, marches, demonstrations, vigils
  - Daredevil acts
  - Undercover spying/pre-emptive actions
- Exert economic pressure
- Litigation
  - Filer
  - Amicus Curiae
- Networking



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Lastly, PM executives formulate a strategy for “dealing with radical groups.” [frame/zealots.5/p.17]

#### **General Rules for Dealing with Radical Groups**

- Never let your guard down and never believe that anything you say is off-the-record
- Closely monitor/have early warning systems in place
- Be pre-emptive and proactive
  - When necessary work closely with law enforcement officials
  - Educate and prepare employees
  - Communicate positive stories to the media and community leaders
  - Be constructive – not confrontational; you win if the public and the press believe you are reasonable and the radicals are unreasonable

The tobacco industry places great importance on “defining tobacco’s adversarie”s as well as documenting the “objectives, strategies, methods and means” of both the organizations and individuals who oppose the industry. In a comprehensive analysis, industry researchers illuminate the “dynamics of the anti-smoking movement.” The writers state note that their work should “serve as useful background for several years as the tobacco industry prepares strategic plans to manage the many issues it faces” [frame/zealots.6/p.6].

## **E. Impact on the Public Arena**

Documents we uncovered within industry archives demonstrate the tobacco industry’s campaign succeeded in labeling pro-health forces as radical zealots – not only in the U.S., but worldwide. A 1993 Swedish news wire article, titled “Puritanical Zealots Diminish the Quality of Life,” reports: [frame/zealots.3/p.2]

“Puritanical health workers who dictate whether people should smoke or drink alcohol or coffee are trying to diminish the quality of life, according to a group of scientists and experts who have formed an association called ARISE (Associate Research Into Substance Enjoyment).”

ARISE and similar groups worked to negate the public’s perception of adverse health effects related to tobacco use by categorizing tobacco in a group of substances “used by people to relax or dissipate stress.” The substances generally listed are coffee, tea, alcohol, tobacco and chocolate. In this example, ARISE claims 74% of the participants in their referenced study drink coffee, 59% drink alcohol, 56% eat chocolate, 54% drink tea and 33% smoke. The spokesperson adds that, “This means that all five pleasurable substances play a significant role in people’s lives.”

## II. RAINING ON THE ACS PARADE

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The previous section documented the tobacco industry's strategy to negatively stigmatize pro-health forces by labeling them puritans, social do-gooder or radical zealots. Related to this effort, we uncovered a sophisticated campaign initiated by tobacco industry executives to diminish the effectiveness of the American Cancer Society (ACS). One of the most recognized public service efforts implemented by the ACS is their annual Great American Smokeout (GASO). Tobacco industry documents reveal the GASO concerned the industry greatly. As such, they implemented a number of programs and activities designed to "rain on the Society's parade."

To place the issue in historical perspective, we highlight the copy from a Vons Grocery Company fax, which we found in tobacco industry files. Vons publicly stated this about the initial GASO:

"Well, we've done it again. Last year, California initiated the Great American Smokeout and helped one and a half million cigarette addicts stop smoking for one day. Maybe you remember that day – the air was so clear that Arcadia residents could see the buffalo grazing on Catalina Island. The event was so successful that the entire nation has picked up on it." [GASO.1/p.1]

Tobacco executives note the rapid acceptance of the GASO represents a great threat to their business. In a 1978 Philip Morris inter-office communication, Joan Mebane reports:

"The data indicates that ACS was able to mount an impressive publicity campaign: articles received totaled 2293 and appeared in all 50 states, the District of Colombia, Canada, Mexico and France... It should be noted that Texas led the field with 224; California came in second with 206; and New York was third with 182." [GASO.2/p.1]

In a 1978 edition of PR News titled, "Case Study #1613," the writers describe the underlying concept of the GASO. This aptly summarizes the concerns the GASO presented the tobacco industry.

"If tobacco users can be encouraged to abstain from smoking for just a single day, they would realize it is possible for them to do so and they might go on to quit permanently. Starting around November 1, the ACS activity, with good cooperation from the media, obtained excellent publicity for the undertaking. It also set up Smokeout committees in every state; these, manned mostly by volunteers, stimulated supplementary efforts as schools, hospitals, clinics, business establishments, etc." [GASO.3/p.1]

PR News also points out the benefits of participating in a major public service effort such as the GASO. According to the report, Mutual of Omaha obtained "highly rewarding results" for collaborating with the ACS in the 1977 Great American Smokeout. Significantly, PR News summarized the results of a random survey conducted a month after the conclusion of the GASO. Concerning the impact of the one day event, the study revealed that:

"Nearly 10 percent of Mutual of Omaha smokers had not smoked since the GASO and an additional 47.2 percent had 'cut down.'" [GASO.3/p.3]

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## A. Response of the Tobacco Industry to the GASO

The documents show the tobacco industry reacted negatively to the GASO. The GASO furthered an effective anti-smoking message. Not only did millions of smokers quit for the day [see GASO.4/p.2-3], but also there were attempts to ban sales in many areas [see GASO.5/p.1]. In response, the industry, led by Philip Morris, orchestrated a strategy to discredit the ACS campaign and subvert the GASO goals.

In a 1982 document, Bill Toohey of the Tobacco Institute, comments about the GASO to the Associated Press:

“The Smokeout is ‘a publicity campaign, a gimmick.’ He said the money would be better spent on basic cancer research.” [GASO.7/p.1]

In a 1983 document, The Tobacco Institute comments on the GASO. The memo states

“The decision to smoke or not is a matter of mature, informed, individual choice. If the ‘Great American Smokeout’ stood as a symbol of choice, or as a symbol of the progress made in cancer research, we would applaud it. But it’s no more than a symbol of press agency at a time when every dollar contributed to the American Cancer Society should be directed at finding the causes of cancer.

The misdirection of funds is regrettable.” [GASO.19/p.1]

In a January 1988 memo, Peter G. Sparber, The Tobacco Institute, elaborates the industry’s growing concern about the GASO. Sparber provides the Members of the Communications Committee with a proposal to deal with next year’s event. Sparber’s alert gives the committee nearly ten months to prepare for the 1988 Smokeout.

“Although we have just dealt with the 1987 Smokeout, attached is a proposal to deal with next year’s event. Your comments and criticisms would be appreciated.” [GASO.20/p.1]

In Sparber’s proposal he notes:

“Over the years, the Smokeout has become a rallying point for the Society [ACS] and other anti-smoking groups and leaders, as literally thousands of local groups participate.

For ten years, the industry did little to offset the impact of the Great American Smokeout. In 1986 Philip Morris countered with the good natured ‘Great American Smoker’ program. In 1987 The Institute issued the ‘Great American Challenge.’

These more aggressive industry responses drew media attention away from the [GASO] event and reportedly caused concern within the Society.” [GASO.20/p.2]

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Sparber concludes by highlighting the underlying objectives of the tobacco industry:

“The industry can ‘rain on the Society’s parade’ if the approach is positive and/or tongue-in-cheek.

The Society will prepare to deal with us as an element of its overall Smokeout planning. If the Smokeout becomes an annual opportunity for us, the Society may revise or even abandon it.” [GASO.20/p.2]

Returning to a familiar industry theme, Sparber employs a spin tactic to frame the GASO as an act of “discrimination against smokers.” The tobacco industry claims the ACS uses the annual GASO to subject “smokers to humiliation and harassment.” He re-emphasizes the long-term objective of the tobacco industry:

“To encourage the American Cancer Society to significantly modify or abandon the Smokeout.” [GASO.20/p.3]

Sparber encourages the tobacco industry to hide their direct involvement in this matter. Listed under STRATEGY, Sparber notes the tobacco industry will:

“Communicate to the public with and through allies so we do not position our program as an industry vs. ACS battle.” [GASO.20/p.3]

Sparber proposes the “Great American Welcome” program theme as a counter to the GASO:

“We propose that on November 17, 1988 – the day of the next smokeout – that we encourage American business to extend a ‘Great American Welcome’ to customers who choose to smoke. 55 million American adults may smoke, but that does not begin to describe their choice of services and products, much less their overall buying power.” [GASO.20/p.4]

Sparber budgets \$555,750 for the proposed program. [GASO.20/p.6]

In a 1987 document, Philip Morris executive Jack Nelson reports on the concerns expressed by ACS officials regarding the counter effects of the tobacco industry’s Great American Smoker Program. From the figures presented by Nelson, it appears the tobacco industry’s Smoker program succeeded in reducing the effectiveness of the ACS public health campaign.

“The ACS’s original statement -- that the Smoker program limited participation in the Smokeout -- remains true despite its efforts to confuse the results” [GASO.6/p.1]

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## B. Intimidation of GASO Volunteers

Our research reveals Philip Morris cultivated an environment of intimidation surrounding the GASO. In 1992, employees at Kraft inadvertently participated in a local health fair associated with the GASO. Craig L. Fuller, PM, states that:

“To say the least, mistakes were made. Working with Kraft and PM USA, swift action was taken during the day to mitigate the damages.” [GASO.9/p.1]

Jim Kilts, Kraft General Foods, in a letter to Stephen Darrah, Senior Vice President, Operations, PM USA, writes:

“When I learned this morning of Kraft's involvement in Saturday's 'health fair,' I was dumbfounded. I can only imagine how you and the thousands of Philip Morris employees in Richmond felt... It goes without saying, but I want you to know that we have withdrawn from the fair and, as far as we can determine, Kraft in no way will be represented there. My hope is the one newspaper ad will be the sole public mention.” [GASO.9/p.2-5]

## C. The Great American Smoker Program

The GASO continued to grow, leading the anti-smoking movement. In a November 1982 Section Operations Report, the low morale of Philip Morris Section Manager Lance Jones is evident:

“The Great American Smoke-Out is upon us – once again – in an attempt to lure the untold thousands away from cigarettes. A newspaper article this week predicted a strong sales decline due to the price increases. A local news program told us our hearts couldn't stand the smoke. A magazine article last month warned that cigarette smoke hurts others more than it does the smoker. A television broadcast assumes that if one smoke, they'll never be able to get a job.” [GASO.10/p.3]

To help combat the effectiveness of the GASO, Philip Morris created the “Great American Smoker” [GAS] program. Guy L. Smith comments in November 1986:

“Our Great American Smoker exercise on Wednesday is meant to be a light-hearted event that gives the country's 60 million smokers a different perspective on the Great American Smokeout scheduled for Thursday.” [GASO.11/p.1]

In a related Philip Morris memo, the Marketing Services Department in December 1986 writes:

“In November, 1976, the American Cancer Society instituted the first 'Great American Smokeout,' calling on the American smokers to quit for one day (with the hope that quitting for one day might lead to quitting permanently). Each year since, the American Cancer Society has set aside one day in November for their smokeout; each year the event gets increasingly more media coverage. [continued on next page]

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"Last year, at a press conference preceding the Smokeout, PM representatives gave the industry's point of view, emphasizing the rights of smokers to use a legal product. Media reaction was good.

This year, PM produced a lighthearted 'Great American Smokers' kit for distribution to smokers (sample enclosed). It was unveiled at a satellite press conference originated in Washington, D.C. and beamed to 13 additional cities. PM also produced a 5 minute video tape of Milton Berle commenting on the issue of freedom of choice (in which he is shown smoking a cigar)." [GASO.12/p.1]

PM extended their counter Great American Smoker project worldwide. In a November 1986 inter-office correspondence, Dick Bedler reports to company management on the activities in countries around the world.

"Attached for your information are transcripts and clippings of news coverage on the Great American Smoker project from Belgium, Italy and Austria." [GASO.17/p.1-8]

The *Washington Post* ran a story titled, "Smoke Protectors," describing how Philip Morris battles the smokeout.

"The battle of the lapel stickers is on. In preparation for today's hyped-up Great American Smokeout, sponsored by the American Cancer Society, cigarette manufacturer Philip Morris yesterday introduced the 'Great American Smoker's Kit.' Inside the red, white and blue envelope are packed goodies such as a 'Great American Smoker's Bill of Rights,' a sign to be hung from an office doorknob advertising, 'Great American Smoker at Work' and lapel stickers saying "Smoking: A Great American Right' and 'Smokers Need Love Too.'" [GASO.13/p.1-2]

Smokers' Rights groups followed the PM lead:

"Smoke-in: Demonic Opposite of American Smoke-Out" [GASO.18/p.1-2]

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## D. Push Polling

Push polling is a political tactic implemented frequently in closely contested races for public office or as a strategy to influence public opinion on a particular issue. As the process is deceptive, survey researchers condemn the practice. In the push polling scheme, phone solicitors contact select respondents and offer them an opportunity to participate in an opinion study. Rather than conduct a scientific interview, push pollsters attempt to establish credibility by asking a short series of neutral questions. Once interviewers gain the trust of respondents, they ask a series of value-laden items. Push polling succeeds by falsely establishing reputability through the introduction questions. Study participants are left with a tainted, or politically charged, perception of the issue or topic of the interview. Answers provided by respondents are generally biased due to the tainted interviewing technique.

In the industry archives, we found tobacco executives frequently used information gathered by Roper public opinion polls to chart the progress of the GASO. Documents suggest the Roper organization aligns closely with the tobacco industry. We see an example of this as William Kloepper, Jr. writes to representatives of all major U.S. tobacco companies as well as the legal firm of Shook, Hardy & Bacon:

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"Thursday will be 'Great American Smokeout' and we are now preparing for clearance release for Thursday's a.m.'s covering news of a phone sample conducted for us by Roper. The adult random sample is 500 persons. We covered six questions relating to the smokeout and other current American Cancer Society activities... We believe the results will be of immediate interest to you and your colleagues." [GASO.8/p.1]

The literature on survey research is replete with examples how the ordering and content of questions as well as interviewer technique can affect responses provided by survey participants. Polling specialists agree it is relatively easy to influence respondents' answers to questions even in rigorous "scientific studies." In the Roper study, the format appears to follow a *push polling* schema. After asking three preliminary questions about ACS activities, Roper's interviewers followed up with a question on the GASO.

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"The American Cancer Society spends hundreds of thousands of dollars on events like the 'Great American Smokeout.' Do you think that that money would be better spent on basic cancer research that might ultimately benefit both smokers and non-smokers, or do you think spending it on the Great American Smokeout is more effective use of the money than research?" [GASO.8/p.2]

The preceding is a value-laden question. It begins, "The American Cancer Society spends hundreds of thousands of dollars..." The phrase, "hundreds of thousands of dollars" effectively frames the question. To the average American, "hundreds of thousands of dollars" represents a great deal of money. Roper does not provide a context for this amount of money. The "hundreds of thousands of dollars" might represent half of the annual ACS budget – a large expenditure. On the other hand, the "hundreds of thousands of dollars" likely is only a fraction of the overall ACS mission. Roper does not provide study participants with balanced information.



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Second, the question adds, spends hundreds of thousands of dollars “on events like the ‘Great American Smokeout.’” This is clearly an unscientific reference. Is the ACS spending hundreds of thousands of dollars on a sole GASO event or many GASO events? The question implies the ACS initiates many events. Professionally written survey questions eliminate, or remedy, potentially confusing clauses.

An additional clue this is a push poll is the clause associated with part one of the actual question, e.g., on basic cancer research “that might ultimately benefit both smokers and non-smokers.” Roper could have ended with only, “on basic cancer research.” The question would stand without the clause smokers and non-smokers included. We interpret the superfluous additional information as a strategic attempt to bias surreptitiously the answers given by the respondents.

Further, before offering respondents the value-laden question, Roper asked the following:

“Have you ever contributed money or do you plan to contribute money to The American Cancer Society?” [GASO.8/p.1]

Experts on survey design consider this a poorly designed question. As there are two parts, they classify the question as double-barreled. A more scientific approach would be to separate the component into two unique questions, e.g.:

**Q1:** Have you ever contributed money to the ACS?

**Q2:** Do you plan to contribute money to the ACS in the future?

Finally, research on survey methodology shows people have a tendency to answer surveys in “socially-acceptable” ways. When asking whether an individual intends to contribute to a charity or public program, many people will tell an unknown interviewer that they intent to. In actuality, research shows us that many will not.

Roper reported that close to 72% of the respondents they questioned answered this *push poll* saying they allegedly preferred the ACS to spend money on basic research rather than the Smokeout. As we know tobacco executives vehemently opposed the GASO, we can assume these were exactly the results the industry wanted for their political purposes. The historical record documents that tobacco officials used these results wherever possible in their attempt to derail the GASO – and *rain on the ACS parade*.

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## E. The Great American Challenge

Associated with Philip Morris activities, The Tobacco Institute [TI] initiated the “Great American Challenge” [GAC] in 1987 [see GASO.15/p.1]. The Tobacco Institute’s plan was to challenge ACS to allow TI to pay for testing the indoor air quality the employees and volunteers for the ACS breathe [see GASO.16/p.1].

From Samuel D. Chilcote, Jr.’s November 1987 memo to TI Executive Committee, it is clear the Challenge intends to counter the effectiveness of the GASO.

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“Media efforts this week have centered around The Institute’s ‘Great American Challenge’ to the American Cancer Society to clean up the air in its smoke free offices during the annual ‘Great American Smokeout.’

The Challenge was issued Tuesday, November 17th via mailgrams to 83 state and local offices of the ACS and newspaper advertisements in USA Today, the Washington Post, the New York Times, the Los Angeles Times, the San Francisco Chronicle, the Chicago Tribune, and the Pittsburgh Press. The enclosed press materials outlining the Challenge were distributed to approximately 1,500 media outlets in over 60 cities. A satellite press release was fed to television and radio stations nationwide.

It will take us several days to assess the exact impact and exposure the Challenge received, but after a preliminary review we are able to report that the press expressed a great deal of interest in our activities, and in our message.” [GASO.14/p.1]

Chilcote adds that the Challenge was effective:

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“...in that it received rather favorable press reaction as not only a feature story, but as an industry response to the Great American Smokeout. The Challenge provided The Institute with a way to reframe press queries on the Smokeout from a reactive mode on ACS activities to an agenda of The Institute’s choosing.” [GASO.14/p.2]

# III. MANIPULATING TEXAS PUBLIC POLICY

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We uncovered a small pool of tobacco legislation “threads” in the industry archives. In particular, excise taxes, clean indoor air initiatives, preemption/accommodation, tort reform and advertising restriction ordinances constitute the basic issue areas. In regard to tobacco industry activity in the legislative arena, Philip Morris spokesperson W.I. Campbell summarizes their interests in a 1993 leadership conference:

“Turning to the legislative front, there are two issues that affect the entire cigarette industry that I’d like to talk about.

The first issue is the continuing threat of higher federal and state excise taxes on cigarettes to compensate for the weakened economy and budget deficits. The federal excise tax rose 4 cents per [missing]...

The second issue is smoking restrictions. Undoubtedly you all heard last week’s EPA announcements regarding environmental tobacco smoke (ETS). As you know, we strongly question the reports scientific validity.” [taxes/93\_speech.PDF/p.31-32]

Campbell proudly discusses the strong performance of all Philip Morris brands, yet emphasizes the importance of the Marlboro product:

“To protect our premium volume we plan to focus marketing support and retail sales efforts on Marlboro. The emphasis on Marlboro is obvious. It is the crown jewel of our portfolio due to its position as the world’s most profitable trademark. Its younger smoker base also means that its profit stream has a longer time horizon than our other brands. Finally, because Marlboro is the focus of the financial community’s attention, we cannot let its performance weaken.” [taxes/93\_speech.PDF/p.21]

## A. Tobacco Tax Initiatives

Proposals supporting increased tobacco excise taxes are attractive for a number of reasons. Pro-health advocates generally favor such initiatives as higher prices generally lead to lower consumption – particularly among young people. Governments benefit from increases as revenues increase accordingly.

### Sticker Shock

The result of Texas’ hike in the excise tax charged to tobacco sales produced some unexpected results. As the government increased excise taxes, cigarette prices to consumers to rise accordingly. The significantly higher prices altered consumer habits, and the industry responded by providing discount coupons and creating smaller volume offers, i.e., three packs, to help reduce this consumer concern.

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More importantly, the rise in prices resulted in a tremendous growth in an emerging tobacco market – generic discount products. Exerts from a 1991 Philip Morris inter-office memo illustrates the energy, and money, the industry allocates to compensate for the rapidly increasing price of tobacco products.

“Throughout the Dallas area, price value activity was high. The Texas state excise tax of \$0.41 per pack has increased the attractiveness of lower price products.

Pricing was fairly constant around Dallas with few exceptions. The table below presents representative carton and pack pricing. Please keep in mind that more and more retail accounts, primarily C-stores, have gone to three pack pricing to provide consumers with a volume oriented price point at less than carton quantities.” [taxes/price\_review.PDF]

	<b>Carton</b>	<b>Pack</b>
Full Margin	\$17.49	\$2.15
Price Value	\$15.39	\$1.89
Sub-Generic	\$13.39	\$1.50

Coupons were well evident in all price tiers. Some examples are as follows:

Kent/True/Newport/Old Gold	\$0.50/pack
Doral	\$0.30/pack
Magna	\$0.40/pack
Sterling	\$6.00/carton

## **B. Clean Indoor Air Initiatives**

Grassroots coalitions dedicated to ensuring smoke-free indoor air for all Americans represent a major force in the tobacco wars. Uncovered communications show industry executives believe laws that reduce the availability of places people can smoke equate to lower industry profits. Therefore, clean air initiatives strike at the heart of the tobacco industry. Associated industries, i.e., hospitality, bar and tavern, restaurant, bowling, perceive clean air legislation as dangerous to profits as well. These groups fear clean air laws will mandate either 100% indoor smoking restrictions or require owners to install sophisticated, and expensive, ventilation systems.

While the fundamental concern is money, groups opposing the public movement have joined the tobacco industry’s call to frame the debate as an issue of “preserving individual freedoms” [CIA.4/p.1-3], [CIA.9/p.1-2]. Industry proponents argue tobacco smoke is unfairly criticized as it can be “easily seen and smelled.” [CIA.8/p.1; CIA.4/p.1]. Similar to the industry’s historical deception regarding the health risks associated with smoking and the addictive nature of nicotine, tobacco allies continue working to undermine scientific evidence related to secondhand smoke [CIA.4/p.1-3].

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It appears The Tobacco Institute played a leading role championing the industry-wide strategy regarding secondhand smoke, or environmental tobacco smoke (ETS). In a 1978 publication titled, "Special Report: Smoking and the Public," The Tobacco Institute positions their argument supporting the industry's program to secure accommodation for smokers:

"The campaign for outright bans or restrictions on smoking in public places is noteworthy for its lack of supporting scientific findings. However, it is causing unpleasant and potentially dangerous events. Smokers and nonsmokers, friends and neighbors, are being set against each other. Social friction has arisen in many instances. Violence and militancy have been kindled in some cases. And, most serious of all, personal freedoms in democratic societies are being attacked and eroded." [CIA.5/p.1]

#### Beaumont, Texas: A Case Study

A May 1979 Tobacco Institute Newsletter notes that "Beaumont (TX.) City Councilors voted to table a smoking restriction ordinance after restaurant owners offered to try voluntary no-smoking sections depending upon demand." [CIA.11/p.2]

In the same newsletter, the TI reports:

"B&W announced a new ad campaign concerning freedom of choice. We hope it will 'educate our adversaries,' said Bob Roach." [CIA.11/p.4]

"TI's Dr. Kastenbaum told a seminar at Oak Ridge Natl. Laboratory that 'there's a danger in government, or anyone else, accepting what's credible but may not be true,' the Oak Ridger reported." [CIA.11/p.4]

#### Austin, Texas: A Case Study

A 1980 Tobacco Institute letter to Larry Bewley of R.J. Reynolds documents the company's long-time interest in City of Austin public smoking legislation.

"Roger Mozingo informed me that you were interested in knowing whether the City of Austin, Texas has passed any ordinances restricting smoking in public places.

Our resources indicate that:

- In March, 1974, the Austin City Council passed an ordinance that banned smoking in city buses.
- In February, 1975, a smoking restriction ordinance was approved that covers 'theater-type chambers' (unclear about this terminology) and the city council chambers.
- In July, 1976, an ordinance was proposed in the City Council that would restrict smoking in supermarkets and restaurants. It was referred to the Legal Department and evidently died there.
- In 1977, an attempt to pass a broad smoking restriction ordinance was defeated.

Sharon Wall obtained the enclosed clippings relating to smoking restriction developments from the Austin area newspapers. Most of the articles report on the State law passed in 1975.

This is the extent of the information we have here at TI Headquarters. I assume Roger has contacted the TAN Director in Texas." [CIA.6/p.1]

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We are able to ascertain the extent of the Texas tobacco network in an early 90s statement by Philip Morris. In this document, Jack Dillard, director of Government Affairs for PM U.S.A. overseeing the Texas region, summarizes the company's argument opposing a legislative proposal to restrict sampling and couponing [*sic*]. Dillard states:

"Philip Morris is a consumer packaged products company with over 6,000 employees at 61 facilities in 20 communities throughout Texas. Our tobacco division manufactures Marlboro and other well known cigarette brands.

Philip Morris strongly supports the current state law prohibiting the sale of cigarettes to minors. In 1989, we advocated the passage of legislation in Texas which raised the legal age for purchasing cigarettes from 16 to 18 years of age. We firmly believe that a decision to smoke, or not to smoke, is a choice which should be made only by adults.

Along with wholesalers and retailers of tobacco products, we are also concerned about some of the broad language in S.B. 373. In particular, we believe that the section of the bill which would prohibit the distribution of samples or the redemption of coupons would place an unreasonable burden on retailers and manufactures without reducing access to tobacco products by minors." [promo/youth\_access\_speech.PDF/p.1]

#### RJR Briefcase Program

A 1987 memo from Roger Mozingo to Samuel D. Chilcote, Jr. details the RJR Briefcase "PASS Program." Industry officials hired a consulting firm to surreptitiously install air quality monitoring devices in brief-case type containers. The firm made unannounced tests of facilities in designated test cities. [CIA.16/p.1-4]

"If the RJR briefcase program is to be of significant legislative use at the state and local levels in 1987-88, project approval will have to be forthcoming in the very near future.

For some months now, groundwork has been laid for a series of PASS program tests. At the April 16, 1987 meeting at Don Hoel's ETS Advisory Group final management and strategic problems were resolved. Just as soon as a few minor equipment adjustments are made this week, we will be ready to proceed with the program in our first target city, Dallas, Texas. We expect a tough Dallas restriction fight to come to a head early next month.

...The cost of a Dallas study by IT Corporation is quoted as \$73,429. The cost of conducting studies in a series of cities would, therefore, be in the neighborhood of \$500,000.

The Surgeon General's 1986 report has dramatically altered the smoking restriction debate and therefore the legislative outlook in many state capitols and city halls. We believe the RJR PASS project can help demonstrate – in practical terms – how the issue of environmental tobacco smoke has been blown out of all proportion." [CIA.13/p.1-2]

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### DWF Airport: A Case Study

A March 1993 memo from Ron Morris to Roger Mozingo and Tina Walls discusses the Dallas/Ft. Worth Airport. Morris comments that DFW is “one of the first major airports to propose a total ban on smoking.” Morris asks whether the industry would “be interested in paying for the construction of some smoking lounges to ensure continued accommodation [of] smokers as they move through this major airport?”

As observed in many ETS debates, the industry furthers a scare strategy by falsely suggesting passage of smoking restriction legislation will lead to significant financial losses.

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“At the Institute’s request, Healthy Buildings International (HBI) conducted an indoor air quality (IAQ) test of one of the terminals and discussed with the officials suggestions on how to designate smoking areas, as well as cost estimates. In addition, the Board was also provided with an economic impact report, prepared by Philip Morris, estimating the revenue the airport is likely to lose if the total ban is enacted.” [CIA.13/p.1]

## **C. The Science of ETS**

Today, the tobacco industry has admitted publicly that smoking poses significant health risks to the user. Yet the industry still denies that secondhand smoke, technically labeled environmental tobacco smoke (ETS), presents health risks to nonsmokers. The tobacco industry continues to obstruct pro-health advocates who seek more stringent indoor air quality standards by confusing the science associated with measuring ETS particulates. In a 1973 Tobacco Institute letter to James Dowdell of R.J. Reynolds, Anne Duffin, TI Vice President, discusses how they effectively “smashed” research by Texas scholars. Specifically:

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“The former is by Luquette of West Texas State, whose research was done with Texas A & M faculty kids, and whose research was smashed by Bill in our first background paper on smoking and the nonsmoker...” [CIA.7/p.1]

Shockingly, Duffin casually notes the subjects were apparently exposed to a high concentration of cigarette smoke, and that the initial researcher either missed this or failed to report these findings. Duffin comments contradict industry’s claims that exposure to secondhand smoke is minimal.

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“The latter is a study that the AMA’s Dukelow leaned on heavily in that infamous JAMA piece of last December. Harmsen and Effenberger did not comment on any cigarette equivalent for the nonsmoker but I discovered later that another German researcher had taken their 1959 data and estimated in 1965 that the nicotine concentration in their smoked-up conference room was equal to inhalation of smoker from 4 to 5 cigarettes an hour.” [CIA.7/p.1]



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Continuing their work to confuse the public about the dangers of secondhand smoke, a May 1979 Tobacco Institute Newsletter reports:

"The Tobacco Institute of Australia has completed a half-hour documentary on "Smoking and the Nonsmoker," reports the Melbourne Herald. 'There is absolutely nothing in the claim that cigarette smoke is a danger to nonsmokers,' a Philip Morris executive told the newspaper." [CIA.11/p.5]

In a R.J. Reynolds interoffice memo, Dr. C. W. Nystrom briefs Dr. Charles R. Green about a 1986 American Industrial Hygiene Conference he attended in Dallas. Nystrom apparently presented a paper titled, "Contribution of Environmental Tobacco Smoke (ETS) to Specific Components of Indoor Air: Current Status."

Nystrom informs Green his paper "was well received" as "requests for copies of the manuscript were made by eight people." He notes this was encouraging, but that he was "brought back to the difficulty of the issue" when approached by another expert from the panel.

As Nystrom reports, his discussion with Steve Wermblesly illustrates the tobacco industry was well-aware of the scientific concerns regarding ETS as early as 1986. In this instance, Nystrom appears to have intentionally designed his research in a way to mislead the audience:

"Wermblesly seemed to be aware that the nicotine in aircraft study was an aircraft with one-pass air ventilation systems. Hence, he accused me of having misrepresented the facts, etc., since it didn't represent all aircrafts. He also expressed the opinion that cigarette smoking had no redeeming features; that it was a known carcinogen. Hence, my analogy to TLV for some ETS constituents were inappropriate. Also, my reference to the nitrosamine exposure in the rubber industry was inappropriate since rubber products served some useful purpose whereas tobacco does not. He seemed to have all the general accusations against the tobacco industry on the tip of his tongue. There would seem to be little opportunity to meet the charges of an individual such as Wermblesly." [CIA.10/p.1-2]

Nystrom continues his report to Green commenting on the work of other scholars who spoke at the conference. In regard to a paper presented by S.K. Hammond from the University of Massachusetts Medical School titled, "Measuring Exposure to Environmental Tobacco Smoke," Nystrom states:

"Dr. Hammond pointed out previous epidemiology studies have been hampered by the lack of good analytical data for ETS constituents. She indicated that serious misclassifications have resulted. 'However', she said, 'these misclassifications have tended to cause an underestimation of health effects of ETS.'

...Her study investigated exposure of clerks, brakemen, engineers, and shop repair workers in the railroad industry. Not surprisingly, those exposed indoors, where smoking was permitted, had the heaviest portion of the RSP [respirable suspended particulates] exposure due to ETS." [CIA.10/p.4-5]

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“In a August 1992 letter titled, “MTD for lifetime inhalation studies on sidestream smoke” sent by Wolf Reininghaus of the German research facility, INBIFO, to Dr. Richard A. Carchman, manager, Biochemical Research for Philip Morris USA, Reininghaus writes:

“In skin painting studies using sidestream smoke condensate on mice, it has been shown that sidestream smoke (SS) contains compounds that act under extreme conditions like a complete carcinogen. Very probably this will also be true for excessive inhaled doses of SS in rats.” [CIA.14/p.1]

In a February 1992 report prepared for Philip Morris R&D by Donald M. Schleigh of the Laboratory of Materials Engineering in France, Schleigh discusses the results of research on the thermal decomposition of the known chemical irritant, acrolein. One purpose of the study was to determine if there are effective materials that could be added to cigarette paper to reduce either side stream smoke or irritant concentrations. The report acknowledges:

“In this particular work we have studied the thermal decomposition of acrolein, a known chemical irritant that has been observed in tobacco smoke.” [CIA.15/p.1]

## **D. Accommodation/Preemption and PAC-man Strategies**

It is well known clean indoor air initiatives affect the bottom line of tobacco companies. As locations to smoke decrease, smokers either smoke less or initiate efforts to quit altogether. Due the increasing growth of strict indoor air quality standards across the country, generally from local governmental units, the tobacco industry has reacted by pushing their own proposals. Their preferred strategy appears to be accommodation. The industry argues smokers and nonsmokers can “work it out” and share air space without intrusion from government. Their second strategy, preemption, requests statewide regulation over clean indoor air standards that effectively prohibit local governments from imposing tougher restrictions.

In a July 1994 Presentation to the CAC, Philip Morris spokesperson Tina Walls outlines the industry’s response to efforts to reduce ETS. Walls introduces a new concept to the CAC members, ‘PAC-man’ strategy. As tobacco money most effectively purchases political support at the highest levels of government, health educators have been forced to act locally. Working from grassroots political bases across the nation, the health community has been able to thwart the well-funded, sophisticated political machinery driven by the tobacco industry.

“Let me give you a brief national situation analysis of some of the challenges of the environment in which we operate and why accommodation/pre-emption must be an integral part of our response to them.

First, the anti-smoking movement has become more sophisticated in its efforts to enact bans and restrictions on smoking. In addition to pursuing statewide restrictions, they have adopted a ‘PAC-man’ strategy where they attempt to gobble up one community at a time.

PAC-man, of course, is not to be confused with PHIL-PAC. PHIL-PAC gives us resources, PAC-man uses them up. The PAC-man strategy makes sense for the antis because it is easier for a group of extremists to have an impact on the local level than in larger jurisdictions.” [CIA.1/p.3]

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In the same presentation, Philip Morris spokesperson David Laufer instructs the membership why the tobacco industry needs a new approach in the battle to restrict smoking in communities throughout America.

"...the economic arguments often used by the industry to scare off smoking ban activity were no longer working, if indeed they ever did. These arguments simply had no credibility with the public, which isn't surprising when you consider that our dire predictions in the past rarely came true." [CIA.1/p.28]

Walls sums up the industry's new strategy regarding clean indoor air ordinances.

"Today we want to discuss one of PM USA's most important priorities for 1994 and 1995 – accommodation/pre-emption. Our goal, simply stated, is to see some form of accommodation/pre-emption legislation passed in all 50 states.

The achievement of universal accommodation/pre-emption is imperative because the right of smokers to smoke where they work, play – and even where they live – is under attack as it has never been before.

The immediate implications for our business are clear; if our consumers have fewer opportunities to enjoy our products, they will use them less frequently and the result will be an adverse impact on our bottom line.

Even more important, accommodation/pre-emption laws shape the real-world environment in which our customers and their non-smoking friends and associates live every day. If smokers are banished to doorways and loading docks in front of buildings, it makes smokers feel like outcasts and gives encouragement to the antis.

On the other hand, if we live in a society that accommodates smokers and non-smokers alike, it sends the message that smoking is a viable life-style choice and an adult's decision to use a legal product should be respected.

Accommodation/pre-emption is vital to all the efforts of PM Corporate Affairs. If smoking is not seen as legitimate, our work on every other issue becomes that much more difficult." [CIA.1/p.2-3]

Walls comments about the concerns Philip Morris has for proposed OSHA regulations.

"As you know, the U.S. Occupational Safety and Health Administration – OSHA – has proposed banning smoking in all workplaces except in enclosed, specially ventilated rooms. The OSHA regulations are the anti-smokers' version of pre-emption. If these regulations go through in their present form it won't matter how many pre-emption laws are enacted by the states. The federal law will be a 900-pound gorilla that takes precedence over them all." [CIA.1/p.5]

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The presentation continues as Walls passes the microphone to Philip Morris spokesperson, Ted Lattanzio. He provides the details of the industry's plan to counter the OSHA initiative.

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"Our strategy for achieving this objective is to convert the promulgation process from bureaucratic fiat to political dogfight. With your help we've begun to generate a tidal wave of opposition from political leaders, state officials, business owners and thousands of individual Americans.

Over the next month, if we have anything to do with it, this opposition is going to intensity and we're going to give the poobahs at OSHA a taste of what democracy is really like." [CIA.1/p.8]

Jim Pontarelli, another Philip Morris spokesperson, presents the industry's plan to manage day-to-day activities in this battle. This is an important document as it illustrates the scope of the industry resources. As they collaborate with local retailers and various business organizations, they form a massive, and extremely powerful, political network.

Pontarelli also points out the real strength of the health movement – the grassroots activists. Even with the billions of dollars available to industry advocates, and the thousands of sympathizers, they cannot match the efforts of volunteers and educators who work at the fundamental level of American society.

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"Given this scenario, we needed a fresh approach. We needed more tools on the state level, and we need to stop the bleeding on the local level.

Working with the New England Convenience Store Association (NECSA), we developed a network whereby local retailers would serve as our eyes and ears in every Massachusetts community. After all, we already have sales people and retailers on every main street in every town and city.

Once recruited, our fire-spotters were brought in for seminars and training by the Association. We taught them how to prowl the corridors of town halls reading bulletin notices of public hearings. Most importantly, we taught them how to pick up the telephone and dial our number when they spotted something.

Our local monitors have proven to be very effective and resourceful. We've discovered that if we can get enough advance notice to do some homework and mobilize local support, we can minimize the negative activity.

The actual mobilization and local lobbying is managed by a team that included people from RJR [RJ Renolds tobacco (Camel cigarettes)], US Tobacco, a representative from the New England Convenience Store Association (NECSA) and several others.

...We've also learned that the farther we get from the ground, the better chance we have of defeating a proposal. At the level of the town meeting, we're in real trouble. At the board of health level, we do better. At the city council level, we do very well." [CIA.1/p.14-15]

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While Lattanzio speaks about giving “OSHA a taste of what democracy is really like,” Pontarelli boasts of a Philip Morris strategy previously implemented in Ohio, which has successfully resulted in impeding the governmental process.

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“Board of Health members are not elected. They fear no constituency. Local elected officials in Ohio use the situation to insulate themselves from any political heat. They would throw up their hands when Scott lobbied then and say, ‘Gee! What can we do? Go talk to the Board of Health.’

So Scott has crafted legislation which requires elected officials to vote on any proposed smoking ordinances put forward by their board of health before it can become law.

The legislation doesn’t prevent boards of health from proposing bans, and it doesn’t violate home rule; it just imposes a bureaucratic nightmare of hoops a board must jump through before they can get their smoking ban proposals on the books.

Scott’s legislation provides that prior to enacting a smoking ban, the board must adopt a ‘resolution of intent.’ Within 30 days after that, written objectives to the resolution of intent must be filed. Finally, after all of this, the Board can send the written report to the local governing body for review. But that’s only the beginning. At this point, the process starts all over again for the legislative review.

You get the picture.

This entire process would take – at the very least – three full months. This give Scott and his people tons of time to marshal retailers and other allies, to generate letters, opinion pieces, etc. It also gives Scott time for a real shot at elected officials, who have to sign off on the proposal and take whatever political heat they have coming to them for doing it.

And it gives us a chance to amend the proposal during the process and make it more to our liking, if it looks like it’s going to get passed anyway. This may not be classical pre-emption, but it’s practical pre-emption.” [CIA.1/p.18-19]

Related to Texas, Philip Morris spokesperson, Barbara Trach, summarizes the company’s political activities across the state. We enter this document under the category of “things Philip Morris does not want the public to know.”

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“In Corpus Christi, Texas, we helped prepare testimony for hospitality industry representatives, who used the Program’s Source Book as a guide during testimony. We also helped educate the local restaurant community about accommodation once a compromise had been reached.” [CIA.1/p.35]

“The International House of Pancakes called us interested in offering the Program to 75 restaurants in Texas where local legislation has been hurting business. They are also interested in working with us to oppose future restrictions, such as those pending in Plano.” [CIA.1/p.36]

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Philip Morris spokesperson, Barbara Trach, continues her presentation on company political activities in Texas. In this exert, Trach comments how Philip Morris trains third party activists to further the industry's agenda. This strategy allows the company to remain behind the scenes and leaves the public with the impression the activists are neutral. This is another example of the ease, and frequency, that industry representatives plot to deceive the public.

"Our goal is to have a core group of Tier One participants in each state and region that we can call upon to mobilize against unnecessary legislation. We are in the process of surveying our existing participants to identify that top tier who are most willing to work with us.

Additionally, the Program can also serve as a catalyst for you. Because it comes from a perceived perspective that it 'neutral,' it can, and has been used to open doors that have been closed in the past, as well as to solidify existing relationships." [CIA.1/p.37]

Walls concludes the presentation by summarizing the company's position and leaving the participants with a rallying call to continue supporting both the company and smokers.

"We need those victories. There are more than 50 million adult American smokers out there who are depending upon us to do our jobs. So let's do it. Let's fight for our consumers and our company's future." [CIA.1/p.40]

## E. Section Supplement

In the preceding section, we demonstrated how the industry attempts to block clean indoor air ordinances using scare tactics. They consistently argue such legislation has a negative financial impact on restaurants and related business. When the "doors are closed," industry representatives admit this is a flawed argument. From the Philip Morris files, we uncovered a May 1994 article titled, "TOWN WITHOUT SMOKE." This is an excellent example how industry strategy encourages third parties to claim financial hardship due to new smoking restrictions. Coincidentally, the complainant featured in the article owns an International House of Pancakes (IHOP). On the previous page, Barbara Trach, reported how Philip Morris collaborated with 75 IHOP restaurants in Texas on the issue of clean indoor air legislation.

The article summarizes the town situation as, "Two months after passing a tough no-smoking ordinance, Arlington, Texas, restaurants survey the damage." The article appeared in *Restaurant Business*.

"For over 21 years, Owen Henn has owned and operated an International House of Pancakes in Arlington, Texas. For the first time in nearly a decade, his business is down – by 20%. And the blame, says an angry Henn, falls squarely on local politicians. Since they enacted one of the country's toughest no-smoking ordinances on March 1, traffic has plummeted, and 'I'm not happy,' he barks.

A study of smoking bans in other towns and cities found no adverse effect on restaurant sales. Business actually increased after smoking was prohibited in the restaurants of Telluride, Colo., and Palo Alto, Calif., according to the data compiled by the University of California at San Francisco." [CIA.17/arlington\_new\_laws.PDF]

# IV. COMMUNITY INVOLVEMENT

The tobacco industry figures prominently in the social calendar of many cities across America. Documents highlighted in this section demonstrate the industry uses these community programs to promote their corporate image and further the sales of their products. In section one, we cover a debate between Philip Morris executives as they consider economic and political ramifications of boycotting ten of twelve Texas cities scheduled for a company cultural exhibit. The exhibit celebrates the 150th birthday of the State of Texas, and Philip Morris executives want to use the event to get their political “message across to elected officials.”

In section two, Philip Morris executives acknowledge that the mounting social pressure concerning their dangerous products will soon overwhelm their ability to remain ahead in the public relations game. The executives note that from a short term perspective, their propaganda efforts will successfully secure a relatively friendly political environment. They speculate the extended future will grow increasingly hostile. The planners therefore direct the company’s outreach programs toward Hispanics, Blacks and women, which they recognize as important cohorts for the marketing of their products.

## A. Cultural Affairs and Political Football

In a 1986 Philip Morris document, executives disclose the true purpose of the company’s community programs such as art exhibits and cultural displays. From a series of internal conversations, we learn how Philip Morris retaliates against community leaders and local residents for furthering progressive policies intended to restrict public smoking. The company purports to “punish” political leaders and communities who have “been hostile to the industry that has tried to bring culture to this area.”

“As you know, Cultural Affairs is planning to conduct an exhibit throughout Texas over the next year in celebration of the state’s 150th birthday. About two months ago, Guy [Smith] signed a memo indicating our concerns about Philip Morris support in cities that are considering restrictive smoking measures.

...effectively, we agreed to avoid cities that are actively pursuing this type of legislation. Twelve Texas cities are in this situation. Cultural Affairs has already booked the exhibit in two of those cities – Corpus Christie and El Paso. At this time, we will not cancel the arrangements, but we will make the final decision based on the legislative outcome.

An engagement in Dallas will be avoided at all costs. Although Dallas has already enacted their ordinance, we expect attempts to toughen the law to occur in the next several months. It might be well to arrange an extensive agenda for the exhibit throughout Texas. A well crafted media campaign could then explain why we have to cancel these engagements – ‘It would be difficult for Philip Morris to host/sponsor an exhibit in a city that has been hostile to the industry that has tried to bring culture to this area.’

By boycotting certain cities, we get our message across to the elected officials. However, the public either will not know of our effort or they certainly will not understand. That is why it is something we probably need to take to the streets. It certainly would generate controversy but, at lease, the public would understand why we would be cancelling [sic] major events I their cities.” [Community.1/p.1]



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Stanley Scott, Philip Morris, responds to Guy Smith regarding the proposal to restrict cultural activities in Texas.

"The frustration that we are going through as a result of increasing restrictive smoking activities is understandable, but boycotting cities may not be the answer. The real and present danger here is that by waging a public campaign and boycotting cities whose elected officials and anti-smoking groups have been hostile to our industry, we leave ourselves vulnerable to retaliatory action by the millions of inhabitants of those cities we rely on to purchase and consume our products, including groceries and beer. Even many of those who purchase and enjoy our cigarettes – I believe – would label our cultural affairs program a political football and eventually dismiss our other community programs as being solely politically expedient, thus reversing our well-earned reputation as a thoughtful and socially responsible corporation.

It would seem to me that we need to try and effectively use cultural affairs – wherever and whenever possible – as a position platform to help tell our industry position on the cigarette smoking issue and to gain access to our friends and even our enemies.

...We need to work creatively to make our tobacco industry associations more responsive to being out front on issues to serve as a buffer for our company and preclude Philip Morris and its products from taking unwarranted negative hits from our detractors."  
[Community.2/p.1-2]

## **B. Banking Good Will**

As documented in the previous section, the tobacco industry, and in particular Philip Morris, engages in community activities to further social and political goals. In 1984, Stanley S. Scott addresses the Board of Directors for Philip Morris Incorporated. His speech provides a rare glimpse of the declining morale within the company. Scott's remarks also highlight the company's strategy to counter the growing opposition to their products.

"The rainy days are here. For years Philip Morris has been banking reserves of good will, knowing that in the short term we were well-served in perceptions of our products and our company, but knowing also that we would someday draw upon that good will in major public policy battles.

To counter these pressures, Corporate Affairs is first, more carefully targeting its outside activities to affect those people who may be supportive, second, compiling information on issues and possible supporters in a form where it can be swiftly utilized to marshal an alliance, and third, sensitizing key constituencies to the probability that we will turn to them for support." [Affairs.3/p.1]

"Corporate Information Systems has designed, to our specifications, an Integrated Information System, linking a variety of computer programs so we may identify what resources may be available to address any particular legislative problems...

Beginning with the Vatican Collections exhibit which concluded in 1984, cultural activities are targeted toward issue and product support. Increasing numbers of tobacco and beverage business associates are included in the guest lists for events connected with shows and performances. Many activities are chosen for their potential target...

The press and financial communities are being sensitized to Philip Morris issues before developments turn issues into news...

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Outreach programs are increasingly directed toward groups which tend to be supportive – Hispanics, Blacks, women, for instance – groups which are also important as marketing targets for our products. Activities with such organizations are becoming more substantive, with fellowships and basic support, rather than just hospitality.

Corporate Contributions are likewise being directed where there is the greatest likelihood of positive response to our issues and products...

Similarly, audiences are being chosen for speeches or publications on particular issues, rather than always waiting for invitations.” [Community.3/p.2]

“In 1985, Cultural Affairs will have its major exhibit ‘Primitivism in 20th Century Art’ in Detroit and Dallas, where we can capitalize on our relationship with the minority community, and on our beer and cigarette promotion opportunities. A new show, featuring Southern folk art, will give us increased opportunities to reinforce our Southern coalition. Benefits from sponsorship of the Lou Harris survey on support for the arts are building, and the underwriting of the publication on ‘Museums in the 21st Century’ reminds the arts and academic communities of our value to them...

In communications, the trust is toward the ‘second-tier’ contacts, whose attitudes in turn affect decision-makers. These contacts – press, financial contacts, speech audiences, etc. – help to offset the customary din from our opponents in society.” [Community.3/p.3]

## C. SummerFest

We uncovered an excellent example how the tobacco industry uses community activities to violate the spirit of the ban on television advertising. This document also reveals the importance of such events to corporate sponsors, in this case, Philip Morris. In 1994, Philip Morris hosted the Fort Bliss Marlboro Summerfest. From the corporate *Marketing After-Action Report*, we are able to determine the extent of the promotional campaign. From the list of vendors we see this is not an “adult-only” affair, i.e., Austin High School, Face Painting, Game Booths and Gyro Ride [p.8-9].

The greatest benefit to the company comes from the extensive media coverage. The document provides summaries for billboard advertising, posters/flyers, state national statement stuffers, newspaper articles/ads [p.12-13]. Broadcast media gave significant air time to the event as well. The report states, “overall media coverage was substantial, and in most cases the broadcast media delivered more than was required in the sponsorship agreements” [p.16]. The report notes some of the broadcasters provided this coverage free of charge. In a section titled, “What Worked,” the report highlights that:

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“The El Paso broadcast media were very receptive to our event and supported it whole-heartedly. The TV stations were much easier to work with than expected; they were able to deliver production of ads within a very short time-frame, and did so without complaint. Even more surprising was the ease with which we got live interviews with the TV stations; all we had to do was call and set-up a time – it wasn’t even necessary to ‘sell’ the event!” [p.17].  
[Community.4/ft\_bliss.PDF]

# V. LOBBYISTS AND CONTRIBUTIONS

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Numerous industry documents list contributions to candidates, political parties or other political groups. Few are of great interest to this research effort, as the law requires large contributors such as the tobacco industry to report their activities. We highlight a sample of these documents to illustrate the magnitude of the industry's political activities in Texas.

We begin with a 1989 report titled "Regional Constituency Development Budget: 1989 Southwest Region." The document shows Philip Morris allocated \$114,200 for political contributions, \$102,400 for non-political contributions and \$33,200 for events. In Texas, Philip Morris distributed the allocations as follows: [Lobby.1/89\_contributions.PDF/p.1-12]

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Statewide offices	\$5,000
Senate	\$10,000
House	\$10,000
Republican Party	\$10,250
Democratic Party	\$14,750
General Business Associations	\$4,290
State/Regional Political Assns.	\$18,000
Research organizations	\$500
501(c)(3) organizations	\$28,700

## Events

PM New Member's Reception	\$5,000
House Committee Dinners	\$5,000
Virginia Slims Tennis (Dallas)	25 tickets
Virginia Slims Tennis (Houston)	25 tickets
PM Broken Smoke Night	\$3,000
Treasures of the Fitzwilliam Museum	30 tickets
Marlboro Country Music (El Paso)	50 tickets
Latin American Presence	25 tickets
Marlboro Country Music (Odessa)	50 tickets
Marlboro Country Music (Dallas)	50 tickets
Marlboro Country Music (San Antonio)	50 tickets
Marlboro Country Music (Austin)	50 tickets
Marlboro Country Music (Beaumont)	50 tickets

General Business Associations	(total) \$4,290
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## Political Associations

TX Black Caucus	\$4,000
Governor for a Day	\$2,000
Hispanic Womens Leadership	\$500
Mexican American Caucus	\$3,000
Secretary of the Senate	\$1,300
Southwest Voters Registration	\$10,000
Speakers' Day	\$6,250

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We continue the examination of this report focusing on the funding for lobbyists and their political activity.

### **Contract Lobbyists**

Referring to your contract lobbyist list, the second revised budget contains an additional \$90,000, from #351,000 to \$441,000. If you refer to the number of \$337 on your summary sheet, the request is an additional \$104,000.

We needed additional help in Texas to fight taxes, smoking restrictions, and trial lawyers. Help came in the form of Rusty Keller and Buddy Jones who each got paid an additional \$30,000 and Cal Varner who was paid \$5,000.

I think it will be highly likely that several firms will be put on retainer, totaling \$50,000 in Texas this year.

### **Events**

We need an additional \$30,000

We are going to sponsor a legislative hunt in south Texas in November that will cost around \$10,000, including the land lease. Also in Texas, we are planning 2 educational trips, probably including honoraria for several Senators which will probably cost around \$15,000. Lobby.1/89\_contributions.PDF/p.1-12]

The 1990 Budget for political activities in Texas shows the tobacco industry invested \$435,965 in the state while noting “Texas has no regular session in 1990.” [Lobby.2/90\_contributions.PDF/p.1-3]

Industry lobbyists and representatives use this money to “achieve the goal and objectives outlined for the Texas Business Network (TBN), a two-phase effort of contact mobilization and coalition education/development.” [Lobby.3/business\_network.PDF/p.4]

Some key components of the TBN:

**1. Structure:** Unlike traditional mobilization campaigns which involve the generation of mass mailings and telephone calls to legislators, a more targeted and direct approach will be employed. A list of political contributors and prominent individuals in agriculture, business and labor will be developed by each manager. This ‘opinion leader list’ should contain the names of those key individuals in a district who are influential with the targeted legislator and who support product liability reform.

**2. Process:** The manager will identify this group who are personally close to the targeted legislator (i.e., campaign contributors, leading business people, city, county or state legislators, political party leaders and labor leaders.) The manager will provide each ‘opinion leader’ with informational and educational materials on the issue. The manager will then contact each individual on the ‘opinion leader list’ and solicit commitments to participate in that effort.

**3. Results:** At the appropriate time, the manager will instruct the ‘opinion leaders’ to contact their targeted legislator concerning specific reform issues. The contacts may be in the form of a personal phone call, meetings in the state capitol or district, or personal letters.” [Lobby.3/business\_network.PDF/p.4]

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In a July 1992 Philip Morris Inter-office correspondence, Craig L. Fuller reports to Michael A. Miles that Philip Morris sponsored or supported the following activities (select activities only):

“...eight students from around the country were chosen as finalists for the 1992 Philip Morris Scholarship for Future Teachers established by our office.

National Newspaper Publishers Association annual conference dinner in Baltimore, George Knox and Virgis Colbert of Miller Brewing delivering remarks

National Black Chamber of Commerce annual conference, Fort Worth

Women Involved in Farm Economics (W.I.F.E.) annual conference, Washington

National Association of Latino Elected Officials annual conference, Santa Fe

National Rainbow Coalition Annual Conference, Washington

National Society of Hispanic MBAs first Vista 2000 Scholarship Fundraiser, Frank Gomez honorary chairman, New York City

Mexican American National Women’s Association conference and unveiling of 16-year retrospective book underwritten by PM Cos., Washington

Hispanic Parade Awards Banquet, New York

Hosted Mayor’s reception, U.S. Conference of Mayors conference, Houston (with PM USA and Miller Brewing Company)”

[Lobby.4/PM\_92\_activity.PDF/p.4-5]

Fuller claims Philip Morris “attended or participated in” the following activities

“Asian Law Caucus 20th Anniversary Celebration, and meeting of Asian Pacific Americans in Philanthropy and the National Asian Pacific American Legal Consortium, San Francisco

U.S. Hispanic Chamber of Commerce convention planning meeting, Dallas

White House Briefing on urban policy agenda, Washington

Caribbean American Chamber of Commerce Corporate Advisory Board Meeting

National Black Caucus of State Legislators Corporate Roundtable

National Urban League Black Executive Exchange Program annual meeting, Atlanta”

[Lobby.4/PM\_92\_activity.PDF/p.6]

In a summary of the Philip Morris Political Action Committee, PHIL-PAC, we are able to catch a glimpse of the reward system in action. Regarding Texas Republican Tom Delay, PHIL-PAC contributed \$1,000 to his 1984 campaign. The document notes that Delay, “On state level, voted favorably on cigarette and beer tax increase bill.” [Lobby.5/leg\_finances.PDF/p.2]

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In what may be the most telling discovery, we captured industry officials admitting their financial contributions corrupt political officials. In an untitled document, circa 1989, industry representatives provide company officials with an update of political activities in Texas and neighboring states. The Texas section begins with a summary of the industry's "Outreach Program for Legislators and Key executive/Legislative Staff."

"Executive Branch:

Our best, and perhaps, only hope to combat a consumer excise tax in 1991 is to help elect a Republican Governor who is a 'no new Taxes,' George Bush, Jr./Will Clements kind of guy. We will not do anything until after the March primary, check out the survivors, and go with the Republican candidate. The democratic candidates, including at least State Treasurer Ann Richards and Attorney General Jim Mattox, may not be electable in November, due to their extreme liberalism." [Lobby.6/leg\_action.PDF/p.7]

The tobacco industry was highly concerned about the energy of Texas Comptroller, Bob Bullock. Bullock strongly supported increasing excise taxes on tobacco sales in Texas. While the industry wanted Bullock out of the way, they feared he would soon be the new Lt. Governor. As this appeared inevitable, they worked to ensure a more favorable candidate assumed the position of Comptroller.

"Comptroller:

The current Comptroller, Bob Bullock is vehemently pro cigarette tax and repeatedly beat us over the head in the media during this last session. Bullock invented the myth that there is all this 'free' federal money that somehow would be made available to provide medical services to the poor if TX came up with \$160m. in new cigarette tax revenues to match it. Pursuant to the myth, the fund must be derived from cigarette taxes – general revenue won't do. Unfortunately, he is extremely likely to be our new Lt. Gov., which I will discuss later. Our new comptroller – the person to whom the Governor and Legislators look to for the state's financial guidance – will be John Sharp.

The plan is to give early and large campaign contributions to [John] Sharp, thereby jumping on the bandwagon early and at the very least buying Sharp's silence when it comes to locating new revenues" (emphasis in original). [Lobby.6/leg\_action.PDF/p.7]

"Lt. Governor: [unreadable] of Chappaquiddick, there is nothing we can do to prevent Bullock from becoming Lt. Governor, nor can we temper his stand on tobacco tax increases. So we have to deal with the Senators instead." [Lobby.6/leg\_action.PDF/p.7-8]

"Senate: We have a plan to get the magic number of 12 Senators (The TX Senate has 33 members; however, under the procedural rules of the upper chamber, a 2/3 vote is required to pass any measure. Therefore, 11 senators (12 to 13 to be safe) can block consideration of tax increases and other proposals.) [sic] to be very sympathetic to us and I will discuss in Tulsa." [Lobby.6/leg\_action.PDF/p.8]

"**POLITICAL CONTRIBUTIONS:** We will spend \$16,000 in Sept. – Dec. 1989 and will request another \$15,000 for 1990. We will concentrate on the races for Governor, Comptroller, key Senators, and key House Committee chairs.. Where profitable, we will also give to Republican House races because those types are more likely to be 'no new taxes' candidates.

Events: In Texas, some events are worthwhile, but the benefits are so much greater with trips and campaign contributions. I give out tickets to PM events and they are much appreciated but don't have much of an impact. However, we continue to try to develop inventive ways to ingratiate PM with legislators..." [Lobby.6/leg\_action.PDF/p.8]

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# VI. THE TOBACCO ACTION NETWORK

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While political contributions and the activities of lobbyists factor heavily in the policy process in Texas, the tobacco industry's Tobacco Action Network (TAN) has an even greater impact. As announced by industry representatives, the TAN brings together all elements of the United States tobacco family in support of freedom of choice on tobacco issues.  
[TAN/TAP\_manual\_78.PDF/p.2]

In a 1985 speech by Roger L. Mazingo, Senior Vice President, The Tobacco Institute, addressing tobacco executives at the 1985 Legislative Seminar at The Greenbrier, he specifies the business association's strategy behind mobilizing the Tobacco Action Network:

"We have this structure, these resources, for one reason: To defeat measures deemed detrimental to the free and open working of the tobacco industry. In other words, to kill bills and other anti-tobacco bugaboos." [TAN.1/p.9]

"I've outlined the serious problems we face, but I don't want to conclude my remarks on a pessimistic note. After all, there was some good news out there in 1985.

...As a result of our efforts, the 'extensive anti-tobacco 'health plans' in Texas, Minnesota, New Mexico and Utah bore little fruit." [TAN.1/p.9-10]

We found a 1959 State Legislative Information Bulletin published by the Tobacco Merchants Association of the U.S. This publication summarizes the political activity related to tobacco in Texas. This is the oldest document we uncovered and demonstrates the extent and thoroughness of the industry's research on state politics.

"Governor Asks Tobacco Tax. Governor Price Daniel has asked the Texas Legislature to add \$44 million in new and increased taxes to the incoming revenue. In spelling out his requests the governor asked for new taxes on tobacco products, except snuff, rough equal to 20 percent of value. He anticipated such a tax would yield \$7 million a year." [TAN.18/p.5]

In a 1990 Philip Morris "Corporate Affairs Media Plan," the company prepares to distance themselves and undertake strategies that differ significantly from the Tobacco Institute tactics:

"The best defense is a good offense. We have successfully begun to implement this strategy in our government affairs endeavors, and now must emulate it in our media affairs activities. At the very minimum, this strategy forces our antagonists to expend their resources fighting our initiatives, rather than advancing their own agenda. At best, this strategy can rekindle debate in areas where there currently is none – and maybe change some attitudes."  
[TAN.12/p.1]

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"We suffer from lack of credibility, a lack of parity and a lack of access. Our objectives, then are to improve credibility, parity and access. This is true for both the editorial and reportorial aspects of the media.

We need to initiate and not always respond. In this manner we put others on the defensive and force our antagonists to respond to us. We have nothing to be ashamed of or defensive about.

Speak out independently of the Tobacco Institute. The TI has less credibility than we do. We should take advantage of our standing as a member of the business community and not always let the trade association speak for us.

Negative Image: ...While our primary goal may be to defeat onerous legislation, and protect our business interests, it would help if we could effectively convince people (society) that we are not the ultimate evil empire giant – that we are a company comprised of human beings – spouses, lovers, friends, parents, sons and daughters. To do this, we should repeatedly publicize and toot (or tout) our own horn, if you will." [TAN.12/p.2]

#### **"TACTICS**

Media Grass Tops

1) Develop grass tops approach.

There are many ways to get these points across... but here a particular approach needs to be mentioned, and it has to do with the distinction between the 'popular' and the 'think' media. In every walk of life, there are opinion leaders and there are followers. There are 'cue-givers' and 'cue-takers.' Those in the media are no exception. Much of the media takes as news, and as truth, what other members of the media say it is. Members of the media, as is true with any group, are reluctant to admit that this follow-the-leader trend exists...

This reality argues for the need to create a 'grasstops' program for the media. We need to concentrate our efforts not where the media is weakest, the thousands of popular media reporters, but on where the media is strongest: the handful of independent, critical thinkers left in the media from whom others take their cue." [TAN.12/p.4-5]

## **A. Developing the TAN**

From a 1979 document, we learn about the early mission of the TAN movement:

"Your Tobacco Action Network got off to a very successful start in 1979 with four (4) presentations during January. During all presentations we reported on the growth and prospects for TAN, the enrollment process as well as progress to date. The response was most encouraging.

Nine (9) State TAN Directors [Paul Harris, State Director for Texas] spent the week of February 12-17 in Washington attending the Tobacco Institute's Tobacco College. Following the College they spent two days of intensive orientation on the Tobacco Action Network." [TAN.7/p.1]

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In a 1984 report, we find a listing of key TAN “grasstops,” as well as a description of how the TAN network operates:

“For the first time in 13 years, the Texas Legislature passed a major tax bill. This report is an analysis of the Texas Special Session, June 4th thru July 3rd. This is a combined report from Judy Wiedemeier, Terry Frakes, Gaylord Armstrong and Joe Ratcliff.” [TAN.3/p.1]

“On March 6th, a meeting which included Armstrong, Ratcliff, Wiedemeier, Terry Frakes, Ed Battison, Paula Duhaime, June Sears, Tiny Weintraub and Hurst Marshall was held at T.I. Headquarters. The purpose was to update our information, statistics and arguments.

...On March 15th, a memo was sent to all member company Texas TAN Advisory Committee members along with a computer list of their employees enrolled as TAN members. We received updates from Brown & Williamson, General Cigar, Liggett & Meyers, Lorillard, Philip Morris and R.J. Reynolds. U.S. Tobacco did not respond.” [TAN.3/p.3]

TAN Advisory Committee meetings were held in Dallas and Houston to update TAC members. ...Frakes placed a call to Peter Larkin, Director of Public Affairs for Kroger Food stores in Dallas. As an ex-T.I. employee...

Wiedemeier spoke with Pam Sederholm, Director of Governmental Affairs for Southland Corporation... she put us in contact with Bill Fisher, their lobbyist. Fisher was willing to assist us...

An important component of our coalition was W.I.F.E. (Women Involved in Farm Economics)... Texas W.I.F.E President Elva Reeves, 1st Vice President Phyllis Taylor and 2nd Vice President Virginia Dujka were called by Frakes. The W.I.F.E leaders agreed to encourage members across Texas to immediately begin contacting their state legislators.” [TAN.3/p.4]

“The Texas Merchandise Vendors Association, (TMVA) in Texas was also activated... the initial list of 6,795 was pared down to approximately 800 true cigarette vendors.

Chuck Knapp, Executive Vice President of the Texas Retail Grocers Association and Texas TAN Advisory Committee member, has always been helpful... Knapp reported that his Board was concerned and would begin to write and call their legislators.

Frakes contacted retail grocers he knows. In each case, the response was the same: they were aware of [the] impact of cigarette taxes on their business and would begin contacting their legislators and have their employees do the same.” [TAN.3/p.5]

“Joe Ratcliff, Executive Vice President of the Texas Association of Tobacco & Candy Distributors, is one of our two lobbyists in Texas. The distributors group is one of the only true allies we have currently.

Maria Herrera (PM) through her contacts in the Hispanic community, made several visits to Texas to obtain support for our position.” [TAN.3/p.6]

#### “FUTURE PROGRAM DEVELOPMENT FOR TEXAS

Further efforts must be made by the manufactures and by the T.I. field staff to develop support from wholesalers, grocery store chains, convenience stores, retailers, and labor prior to the 1985 session...

It is imperative that our TAN Activists (especially distributors and member company employees) develop relationships with legislators prior to a session. This could take the form of the ‘Meet Your Legislator’ program which is working well in Colorado.” [TAN.3/p.10]

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In a related 1984 letter to Texas TAN Advisory Committee Members, the T.I. representative, Judy Wiedemeier, solicits further support:

"RE: TAN Membership Lists for Your Company

Enclosed please find a list of your employees who were enrolled as members of the TAN program as of December 1983. I would like to ask your help in updating these lists."  
[TAN.4/p.1]

An additional 1984 memo from Wiedemeier reveals the concern the T.I. has regarding the Legislative Task Force on Cancer:

"RE: Legislative Task Force on Cancer in Texas

On Thursday, April 12th, I attended the meeting of the Legislative Task Force on Cancer in the Texas House of Representatives Chamber with Gaylord Armstrong. As we have discussed over the phone, I feel that this Task Force could present to the tobacco industry some of the most troublesome pieces of legislation that we have seen." [TAN.5/p.1]

"Cancer Registration – The Task Force is very adamant about setting up a cancer registration to find reports on types of cancers being found in Texas...

A good deal of time was spent in talking about an Anti Smoking Educational Program to be instituted in the public schools in Texas." [TAN.5/p.2]

"Hurst [Marshall], after you have had a chance to review all of this literature, I would appreciate your feedback from The Tobacco Institute's standpoint. We will be acting on a hasty basis as we only have a few weeks to make an impact." [TAN.5/p.3]

The report by Wiedemeier initiates additional action within the T.I. Hurst immediately sends a memo to his contacts alerting them about Task Force activities:

"After the meeting, we will have a better understanding of the charge to the Task Force, but more importantly, be in a position to defuse what could develop into an emotional, narrowly focused attack on the tobacco industry.

We view the Task Force activity as a high priority and will keep you advised of our activity in attempting to insure against a witch hunt." [TAN.6/p.1]

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A 1993 memo of the Minutes to Meeting of May 25th provides the background for the “T.I. Organization Project.” We learn of the instructions given to key activists, including Ted Latanzio, Tina Walls, Jim Cherry, Roger Mozingo, Kent Wold, Ronald Morris and Patrick Donoho.

“There has been a fundamental shift in state legislatures with the advent of term limits, increased numbers of female legislators, punitive taxing policies, and the willingness to raise ‘tobacco taxes’ without political fallout. The impact of the EPA classification of secondhand smoke as a Class A carcinogen and the Federal discussion of a \$2.00/pack tax increase has been severe.

The purpose of the meeting was to develop a system to evaluate the efforts on the state level and to determine a method of establishing priorities for resources and issues. The changes in the legislatures and the impact of resources provided the stimulus for the meeting and discussions...

The coordination of resources, in particular the mobilization of smokers, will be emphasized with the TI Regional Vice Presidents.” [TAN.9/p.1]

## B. Objectives of TAN

As highlighted in Section IV, Stanley Scott addresses the Board of Directors of Philip Morris Incorporated in 1984. He delivers his most-important “rainy days” presentation. This document provides an excellent example of the *raison d’etre* of the Tobacco Action Network.

“The rainy days are here. For years Philip Morris has been banking reserves of good will, knowing that in the short term we were well-served in perceptions of our products and our company, but knowing also that we would someday draw upon that good will in major public policy battles.

To counter these pressures, Corporate Affairs is first, more carefully targeting its outside activities to affect those people who may be supportive, second, compiling information on issues and possible supporters in a form where it can be swiftly utilized to marshal an alliance, and third, sensitizing key constituencies to the probability that we will turn to them for support.” [TAN.8/p.1]

“Corporate Information Systems has designed, to our specifications, an Integrated Information System, linking a variety of computer programs so we may identify what resources may be available to address any particular legislative problems...

Beginning with the Vatican Collections exhibit which concluded in 1984, cultural activities are targeted toward issue and product support. Increasing numbers of tobacco and beverage business associates are included in the guest lists for events connected with shows and performances. Many activities are chosen for their potential target...

The press and financial communities are being sensitized to Philip Morris issues before developments turn issues into news...

Outreach programs are increasingly directed toward groups which tend to be supportive – Hispanics, Blacks, women, for instance – groups which are also important as marketing targets for our products. Activities with such organizations are becoming more substantive, with fellowships and basic support, rather than just hospitality.”

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"Corporate Contributions are likewise being directed where there is the greatest likelihood of positive response to our issues and products...

Similarly, audiences are being chosen for speeches or publications on particular issues, rather than always waiting for invitations." [TAN.8/p.2]

"In 1985, Cultural Affairs will have its major exhibit 'Primitivism in 20th Century Art' in Detroit and Dallas, where we can capitalize on our relationship with the minority community, and on our beer and cigarette promotion opportunities. A new show, featuring Southern folk art, will give us increased opportunities to reinforce our Southern coalition. Benefits from sponsorship of the Lou Harris survey on support for the arts are building, and the underwriting of the publication on 'Museums in the 21st Century' reminds the arts and academic communities of our value to them...

In communications, the trust is toward the 'second-tier' contacts, whose attitudes in turn affect decision-makers. These contacts – press, financial contacts, speech audiences, etc. – help to offset the customary din from our opponents in society." [TAN.8/p.3]

In 1995, Philip Morris releases a press statement regarding the legal action furthered by Texas Attorney General Dan Morales:

"Philip Morris USA, joined by the nation's four other major cigarette manufacturers and The Tobacco Institute, has filed lawsuits in Texas state court and Massachusetts federal court, seeking declaratory judgments against the attorneys general of those two states.

In the Texas lawsuit, the companies say that Attorney General Dan Morales intends to file suit against the cigarette industry and that the threat of suit is 'imminent.' The companies allege that the intended lawsuit would violate the Texas constitution as well as Texas state law, and the suit asks for a declaratory judgment that Morales lacks legal authority to file the suit." [TAN.2/p.1]

## **1. General Objectives**

From a 1992 Philip Morris document, we uncover a listing of many of the industry's goals:

"Pass product liability reform in Texas.

Secure five year peace on cigarette advertising/regulation that minimizes impact on our business.

Defeat/minimize limits on the tax deductibility of advertising.

Preserve broadcast advertising for beer and gain preemption in exchange for any new package warnings.

Prevent a cigarette fire safety standard that requires major changes to our brands.

Complete OSHA regulation of ETS that preserves some smoking in the workplace." [TAN.11/p.1]

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Regarding the Seidlits-Bivins Products Liability Reform Bill, a May 1991 memo from Womble Carlyle Sandridge & Rice provides some industry strategy:

"All of you will have received recently a package of material on the products liability bill currently before the Texas Senate, under cover of a memorandum from Don Walsh.

This is a follow-up to Don's memo, on behalf of the groups named below, urging you to give serious consideration to faxing today or tomorrow latest to the uncommitted Senators listed on the attached (see TAN.15/p.3), your Company's support of the Texas effort, which is reaching its peak and must pass before the Senate adjourns on May 27.

...one political newsletter reported last week that 'defeat of products liability could be a political hazard to a number of senators in 1992, a post-redistricting year when all senators are on the ballot.'

A victory in Texas will send a clear and aggressive signal that Civil Liability Reform is still an important agenda item for the Business Community throughout the nation." [TAN.15/p.1-2]

In a related May 1991 Philip Morris communications, Bernie Robinson updates recipients about the Texas Tort Reform initiative. Robinson writes:

"This week will be the culmination of the Texas Civil Justice League's (TCJL leads the business coalition) multi-year campaign to persuade the Texas Legislature to enact their first products statute (today there isn't any products liability statute).

TCJL's strategy is to integrate their grassroots campaign with their lobbying and negotiating program. To this end last Friday, TCJL launched a renewed effort amongst their supporters inside & outside of Texas to persuade supporters of HB 5, the products liability bill, to communicate (or communicate again) their request to: the 31 member Senate; Lt. Gov. Bob Bullock; and Gov. Ann Richards that the political leadership in Austin adopt a substantive product liability statute...

TCJL has over 2000 member organization in its coalition and the PM Family of Companies has proven to be one of its most active supporters...

Thank you again for all of your continued support and assistance. By communicating, cooperating and coordinating the PM Family of Companies is fulfilling its role in this process. Please do what you can, particularly during the early part of this week, to encourage the PM Family's friends and allies to send their supportive messages to members of the Austin Senate. Encourage polite, clear 'please pass products' types of communications." [TAN/tort\_reform2.PDF/p.1-2]

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In a November 1992 “Memorandum to the Policy Committee,” Keith A. Teel of Covington & Burling lists the political advisors who are working on the Texas tort reform issue and lays out the financial requirement for the TCJL lobby team:

“Re: 1993 Texas Products Liability Effort

Our political advisors (Messrs. Mozingo and Murray for RJR, Hooper and Morris for TI, and Dillard and Robinson for PM) have conferred among themselves and with the Texas Civil Justice League (TCJL), and have met with a number of legislative advisers in Texas regarding the TCJL lobby team for the 1993 Texas products liability effort. TCJL is proposing the following individuals as their 1993 products liability lobbying team, at the specified rates of payment:

Nub Donaldson (Team Leader)	\$100,000
Jack Robert (Senate Coordinator)	85,000
Rusty Kelly (House Coordinator)	85,000
Jack Gullahorn	75,000
Kraege Polan	75,000
Gibb Lewis	75,000
Contingency for Other	
Legislative Advisers	75,000
Total	\$570,000

This amount listed reflect *[sic]* only the fee arrangement; no agreement has been reached concerning lobbying expenses.

The 1993 TCJL budget includes an item for ‘legal experts’ to cover the costs of Texas lawyers who will assist in any negotiations, briefings of legislators, and other matters. It is expected that Shannon Ratliff will serve as TCJL’s chief legal adviser, but Shannon will need assistance. The TCJL estimated legal budget for Texas lawyers is \$200,000.

By way of comparison, the TCJL products liability lobby team was paid approximately \$1,130,000 (retainer & expenses) in 1991. Total 1991 expenditures for Texas legal counsel were approximately \$373,250.

There will be other components to the 1993 TCJL budget to cover such items as public communications and grassroots. Specific budget figures for these items have not yet been determined.” [TAN/tort\_lobbyists.PDF/p.1-2]

## 2. Proposed OSHA Regulations

In a 1994 T.I. memorandum, we find details on the TAN program for State Activities to deal with proposed OSHA regulations:

“Texas is a very large and diverse state. Our lobbying team is located in Austin, along with most of the trade associations and the Legislature. To undertake a program with large enough dimensions to deliver the desired impact, we need to begin with our contacts in the state legislature, our allies and members of our coalition adversely affected by the proposed OSHA ruling. This will create the nucleus of the effort, spreading outward across the state through the membership of our allied organizations.” [TAN.10/p.1 & p.43]



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## C. Resources of TAN

In a 1989 speech by Frank E. Resnik, Chairman, Philip Morris U.S.A. to the Tobacco Distributors Association of New Jersey, he comments on the “tobacco family:”

“Philip Morris is dedicated to fighting unfair consumer excise taxes. But we can accomplish nothing without your support. We need your help. If the tobacco industry is indeed a family, then you – the tobacco distributors – are our closest relation and most important ally.

Now is not the time to sit on the sidelines and watch to see which way the wind blows. Now is the time to make a stand and fight to preserve the industry we all work and believe in. I know we can win...” [TAN.14/p.4-5]

This 1986 document illustrates how the tobacco industry involves sophisticated third-party organizations to build political coalitions. While the activities discussed in this memo related to political action in New York, the document provides an excellent example of the industry’s strategy.

“RE: Proposal for the project to defeat the Mayor’s proposals to limit and ban smoking in New York City

Skurnik and Simon will be responsible for the administration, coordination and supervision of the field campaign as well as liaison activities with The Tobacco Institute, business and labor participants, elected officials, and others. We will personally direct and be responsible for the field staff and all other facets of our proposal.” [TAN.16/p.1]

In a July 1994 Philip Morris internal memo to Bill Murray and Geoff Bible, Craig Fuller provides an update on the weekly corporate affairs highlights. He details progress with the NSA, the National Smokers Alliance:

“National Smokers Alliance. Tom Humber was in to meet with Steve and me this week. The organization which had about 100,000 members in March now has 600,000. They will become larger than the Sierra Club by the end of the month! We are continuing to build over the summer and agreed to use the Fall to regroup and sort out how to handle this success. In addition to the membership development, NSA has been actively involved in several state and local battle and all agree they are making a difference.” [TAN.13/p.3]

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In an April 1994 Annual Solicitation letter addressed to Philip Morris employees, Bill Campbell, President and CEO of Philip Morris, requests employee support of PHIL-PAC, the Philip Morris Companies Inc. political action committee.

“DEAR FELLOW PM U.S.A. EMPLOYEES; (caps in original)

THIS APPEAL COMES TO YOU AT A TIME WHEN PHILIP MORRIS FACES SOME OF THE TOUGHEST POLITICAL ISSUES THAT HAVE EVER BEEN ENCOUNTERED BY OUR INDUSTRY...

In this extremely challenging political environment it is more important than ever that we have the opportunity to make our case to elected officials who are willing to give our company a fair hearing on the issues that affect our business. That is why I urge all eligible PM U.S.A. employees to contribute to PHIL-PAC...

I hope that this will be the year that you volunteer to contribute generously to PHIL-PAC. I can think of no better way to insure that PM U.S.A. will be able to meet the political challenges AND ITS BUSINESS OBJECTIVES IN YEARS TO COME.” [TAN.17/p.1]

## **D. Results of TAN**

On rare occasions, documents contain information highlighting the effectiveness of TAN activities. Included in a January 1987 Section Operations Report for Philip Morris U.S.A., section manager, W.H. Lott reports:

“In Longview, Texas, a front has begun to place a smoking ordinance in the city. To date, there has been one planning meeting which resulted in a study being done by the city council to determine if there is a need for a smoking ordinance. DM [district manager], Fred Spencer attended this meeting with a number of other PM employees and distributors and the city council was caught totally off guard that there would be any resistance at this point.

As a result of Fred and his group, the smoking ordinance decision was postponed and has gone to a committee appointed by the council.” [TAN/87\_section\_report.PDF/p.10]

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## E. Youth Smoking and Smoke Police

Numerous documents in the industry archives relate to the program, Action Against Access (AAA). Philip Morris announced this program in June 1995. The company claims AAA is “an opportunity to demonstrate our industry is willing to be pro-active and responsible.” The program includes activities such as the “Responsible Retailer” initiative. Store managers who participate agree to comply with elements of the WE CARD effort. The program encourages participating retailers to display WE CARD or comparable signage. [TAN/AAA/p.1]

Philip Morris claims to support fully the efforts to limit access to cigarettes by minors, but adds that state legislatures were either considering or actually enacting proposals, initiatives and policies without “the voice of the industry.” The uncovered documents show Philip Morris was not proactive on this issue (as they claim), but took action only in reaction to the growing public concern about youth smoking and possible FDA intervention. In a post-1995 Philip Morris position paper, the company states:

“Rumors of the FDA’s interest in asserting control over tobacco were rampant. Our critics grew louder and policy makers were riding the wave of perceived public support in great numbers... We felt it was time to get ahead of the curve and support legislation that was fair to the industry.” [TAN/AAA/AAA\_summary.PDF/p.3]

In the paper, Philip Morris proposes that retailers who repeatedly break state minimum age tobacco sales laws be penalized by revoking their merchandising benefits. The implementation of such a plan requires state agencies to submit certified notifications of retail fines and convictions to Philip Morris. Philip Morris would develop a tracking system to record retail compliance violations and notify retailers that the company was suspending their merchandising benefits. [TAN/AAA/AAA\_summary.PDF/p.7-8]

We extended our search to determine if there were additional documents that provided insight as to the sincerity of Philip Morris’ Action Against Access proposal. When the Texas legislature attempted to implement a statewide program relating to youth access, Philip Morris and The Tobacco Industry activated the TAN. In an undated notice titled, “Legislation Would Turn Retailers Into Smoke Police,” the industry warned retailers that:

“This new legislation will impose a hefty new fee on all tobacco permits and burden retailers with additional severe penalties in an effort to make you solely responsible for keeping cigarettes out of the hands of minors.

This legislation, introduced in the House by Rep. John Hirschi as HB912, and in the Senate by Sen. Judith Zaffirini as SB373, is being touted as necessary to stop the sale of cigarettes and tobacco products to persons under 18 years of age.

In fact, this legislation is an attempt by anti-smoking forces to make retailers, rather than parents or the minors themselves, responsible for youth smoking. Supporters of this legislation are also attempting to increase the authority of local and state health departments to harass, intimidate and penalize retailers until selling cigarettes becomes more trouble than it’s worth.” [TAN/AAA/smoke\_police.PDF/p.1]

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Philip Morris reported to their constituency the proposed Texas plan includes the elements listed below. They asked the members to write their representative officials and include the specified “talking points.” Importantly, the company makes clear their position that retailers are not primarily responsible for ensuring minors do not smoke.

“State and local authorities would be encouraged to conduct random, unannounced ‘sting operations to try and catch you selling tobacco products to minors.

You could be fined up to \$2,000 per offense per day. You could also have your retail cigarette permit suspended or revoked and you would be held responsible for paying the costs of any investigation, attorney fees and court costs.

You would be required to post bilingual warning signs that include a phone number that your customers can use to report any perceived violations of this law.

Philip Morris and The Tobacco Industry urged their associated retailers to write or telephone their elected officials, being sure to mention some suggested points:

Texas already has laws in place to restrict sales of cigarettes to minors. If these laws are not being adequately enforced, let’s enforce them rather than adopt a whole new set of excessive regulations and fees.

Parents and other supervisory adults, and not retailers, should have the primary responsibility for assuring that minors don’t smoke. And minors themselves should be held accountable for their own behavior. These bills do not make it an offense for minors to buy cigarettes. They place the entire burden of being the ‘smoke police’ in the retailers’ laps.”  
[TAN/AAA/smoke\_police.PDF/p.2-3]

We hear frequently that the tobacco industry, and in particular, Philip Morris does not want under age youth to smoke. In the April 1991 issue of the *Smokers’ Advocate*, a publication sponsored by Philip Morris U.S.A., they ran a lead article titled, “Tobacco Industry Leads Effort To Stop Kids From Smoking.”

“It is a law in 39 states that minors under the age of 18 are not permitted to purchase cigarettes. However, out of concern that these laws are not being enforced adequately by retailers, the tobacco industry has launched a nationwide campaign to educate retailers that it is illegal to sell cigarettes to minors and to help them comply with local restrictions.

The campaign, which features the slogan, ‘It’s the Law, You Must Be 18 To Buy Tobacco Products’ focuses on several approaches to end youth smoking...

Although the incidence of youth smoking has decreased markedly in recent years – a recent study by the University of Michigan shows that the incidence of daily high school smoking dropped from 28.8 percent in 1977 to 18.1 percent in 1988 – the tobacco industry is committed to eliminating all occurrences of smoking by minors.”  
[TAN/AAA/PM\_newsletter\_youth\_smoke.PDF/p.1]

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Philip Morris distorts the facts on underage smoking. They cite a national study (see TAN/AAA/teen\_smoking.gif) showing youth smoking declined (approximately 40 percent of 12th graders smoked in '76, less than 30 percent smoked in '91). Philip Morris claims their efforts assisted in part to further this drop. Yet, the data show the incidence of underage smoking reversed in 1991. Looking at the same research group cited by Philip Morris, later figures show underage smoking sharply increased through the mid-90s. This begs the question: does Philip Morris accept responsibility for this?

By 1996, Philip Morris reversed its earlier position and began calling for legislation to resolve the underage youth smoking problem. This is another inconsistency in the company's rhetoric. Documents repeatedly show Philip Morris arguing there is sufficient legislation on the books to combat underage smoking. They continually request greater enforcement of existing regulations. In addition, the tobacco industry was free to unilaterally implement restrictions without waiting for government intervention.

When battling clean indoor air initiatives, Philip Morris prompted the *Accommodation* movement. As shown in an earlier section, the industry asked that smokers and nonsmokers be allowed to "work it out." They argued that government intrusion was unwarranted.

The political climate changed by 1996. Under President Clinton, the FDA took a much more aggressive stance towards the industry. Therefore, the comments issued by Philip Morris are reactive, rather than pro-active. The record shows the threat of FDA regulation seriously concerned Big Tobacco. As a result, their proposal offered a plan designed to "get ahead of the curve and support legislation that was fair to the industry."

In May 1996, Philip Morris issued a position paper on combatting underage smoking (their suggested regulations appear on pp. 2 and 3 of the document).

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"Philip Morris U.S.A. has a long record of leadership in helping to keep cigarettes away from kids, and everyone in our company should be proud of that record. Our Action Against Access initiative has been producing results across the country...

Today, in our role as industry leader, we are taking another major step by proposing sweeping federal legislation to attack underage smoking. We encourage Congress to pass it swiftly...

Federal legislation -- which will avoid protracted litigation against the FDA's illegal attempt to regulate cigarettes -- can result in immediate action to help keep cigarettes away from kids...

Once again, the time has come for action, and once again, we have stepped forward. I believe that all of us at Philip Morris U.S.A. can take pride in our continued leadership in helping to prevent underage access to cigarettes." [TAN/AAA/leg\_solution\_96.PDF/p.1]

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## F. Tobacco Action Program

Launched in 1978, the Philip Morris USA Tobacco Action Program (TAP) is the company's vehicle for participating in the Tobacco Action Network. TAP lends additional support by keeping Philip Morris employees current on issues affecting the industry and encourages involvement in the political process.

"A basic component of TAP is the Tobacco Action Program manual. It was developed to provide Philip Morris employees and their spouses essential information about the issues affecting smoking and the use of tobacco. By also suggesting ways in which we can make our voices heard by lawmakers, the media and the general public, the TAP manual will help you to stand tall in support of our industry.

But for TAP to work, we need your help. If you see, hear, or read anything that you think is of interest and/or importance to our industry, send it to us. To make it easy for you to do this, we have included five postage-paid envelopes in the back of this manual."  
[TAN/TAP\_manual\_78.PDF/p.2]

The TAP manual contains approximately 115 pages. In the *Introduction to the TAP* section, Philip Morris includes their industry's *Action Points*. The manual encourages participants to further the industry's claim that smoking does not cause cancer or heart disease. It criticizes health educators and boasts of millions of dollars of industry funding to research the possible health effects of smoking.

"The basic causes of cancer and heart disease still elude medical scientists. Despite the publication of two Surgeon General Reports, one in 1964 and one in 1979, the case against smoking remains an open one. Allegations linking cigarette smoking to various diseases are based largely on statistical associations.

Many scientists and researchers have raised questions about the alleged link between cigarette smoking and various diseases. These are significant questions that have never been resolved.

If smoking does cause cancer, as the antis say, then why, after years of intensive research, has it not been shown how this occurs? And why has no ingredient as found in tobacco smoke been identified as the causal factor?

Since 1954, the U.S. tobacco industry has spent over \$80 million in grants for independent research to scientists in an effort to try to find answers to the unresolved questions concerning smoking and health. In recent years, this amount far exceeds that spent by all the major so-called voluntary health organizations combined." [TAN/TAP\_manual\_78.PDF/p.6]

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## G. TAPGRAM

In the April 1988 edition of TAPGRAM titled, “How to Write an Effective Letter to the Editor,” we learn more about the depth, objectives and mission of the Philip Morris TAP:

“The Tobacco Action Program (TAP) is a voluntary legislative support and communications organization for Philip Morris employees and their spouses. TAPGRAM, published by the USA Public Affairs Department, keeps employees informed on issues that effect the tobacco industry and encourages involvement in the political process.” [TAN/TAPGRAM.PDF/p.6]

We uncovered an example how Philip Morris uses TAPGRAM to intimidate and further industry objectives. When Bob Circosta, an announcer on the Home Shopping Club (HSC) cable television show, initiated an on-the-air crusade against smoking, PM USA Vice President for Corporate Affairs, Guy L. Smith, made inquiries with HSC management. HSC spokesperson, Lowell Paxson, defended Circosta’s right to express his opinion. In response, Smith states:

“We agree with Mr. Paxson when he defends freedom of speech and choice. By the same token, the more than 20,000 PM USA present and retired employees who receive TAPGRAM are free to make their choice. Any they are free to talk about those choices with everyone they know.” [TAN/TAPGRAM.PDF/p.6]

The following TAPGRAM demonstrates the political mission of Philip Morris. The publication includes a brief report written by Jim Emerson in The Seattle Times about legendary film star Bette Davis. Davis “is a smoker and proud of it,” reports Emerson. When asked about the anti-smoking movement, Davis apparently replied, “I resent it more than I can tell you!” She added, “I think it’s a big farce myself, and I think it’s our own business what we do. Who has the right to say ‘You can’t smoke?’”

TAPGRAM serves as a forum to advance the right to choose to smoke. The April edition contains a short biographical piece on Carl Johnson, Regional Government Affairs Manager for Philip Morris, who covers “most of the southern states.” Johnson reports:

“Our short-term problem is to counter the opponents on the local level. They are motivated, extremely hostile and they are getting better organized all the time.

There was a case recently of a smoking restriction ordinance proposed for Sumter, South Carolina. A member of the [Philip Morris] Sales Force found out about it and got the information to us in time to do something. The bill has since been withdrawn.

Johnson’s advice to employees: ‘Don’t ever assume we know of it. If you hear about an anti-smoking bill being proposed where you live, give us a call or, if you’re in the Sales Force, contact your Section Sales Manager. You can make a difference.’” [TAN/TAPGRAM.PDF/p.4-5]



# VII. ADVERTISING AND PROMOTION

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The tobacco industry engages in many types of promotional activities, i.e., media spots, point-of-purchase advertising, sponsorship of auto racing and high profile events such as the Virginia Slims tennis tournament, Spring Break festivities and others. As might be expected, the western theme is an important component in Texas marketing.

"In order to create consumer involvement and generate extra carton sales, Marlboro sponsored an on-carton belt buckle promotion in selected markets. (All other markets placements are tentatively scheduled for mid-1988.) With every carton purchase, the consumer will receive a Marlboro Longhorn Buckle, made of solid brass."  
[promotions/marlboro\_promo.PDF/p.1]]

From a Philip Morris 1988 inter-office correspondence titled, "Marlboro Country Music," we begin to understand how important music, and particularly country music is to the Marlboro brand image. As we look back historically, keeping in mind Marlboro is the most popular brand with underage youth, we can properly interpret the company's use of the term, "key target group."

"In the face of increasing competition, reaching Marlboro's key target group in exciting new ways is a priority for us. We must constantly look for new ways to extend the Marlboro image to smokers.

Through the selective use of programming, radio can be a very effective and efficient medium to reach Marlboro's target.

Today's young adults reach more to music and images than print. Music is their language and source of ideas and trends. It gets their attention and has universal appeal which transcends cultural boundaries.

Every day our target is turning to the FM dial. In all major markets radio penetration is upwards of 90% and is often higher than TV.

Marlboro has two unique music properties that can be leveraged in radio: the Magnificent Seven theme and our heritage in American Country & Western music...

They have brought the image of Marlboro, created in cinema and print, to life on the radio. Focusing on the romantic, aspirational qualities of Marlboro, these spots are distinctive and memorable and will stand apart from the competition as well as the programming environment they are played in.

On each spot there is the tag line announcement, 'Come to where the flavor is, Come to Marlboro Country' to reinforce Marlboro's promise of flavor."  
[promotions/marlboro\_country\_music\_plan.PDF/p.1-2]

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There has been a consistent movement in Texas as well as across the nation to limit tobacco advertising. In 1969, U.S. Senator Frank E. Moss requested *The Dallas Morning News*, advertised as Texas' Leading Newspaper, to restrict its tobacco advertising. We uncovered the response by Dick West, Editorial Director for the *Morning News*:

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"In response to your recent letter with respect to The Dallas News' official policy on cigarette advertising:

This newspaper's policy, as stated in its rule book, is that: "all legitimate advertisements are acceptable." [promotions/promo.3/p.1]

The tobacco industry responds to criticisms of advertising claiming advertising does not attract new smokers. They point to the distinction between "new" and "mature" product environments.

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"Tobacco advertising does not cause people to smoke... 'There is little evidence that advertising results in additional smoking. As with many products, [cigarette' advertising mainly shifts consumers among brands.

The contention that advertising does influence people to smoke overlooks the distinction between advertising in a 'mature' product and advertising in a 'new' product market.

When proponents of cigarette advertising bans suggest that advertising influences people to smoke, they are both overestimating the power of advertising and underestimating the intelligence and free will of consumers.

Disseminating commercial messages does not guarantee that they will be noticed; even when noticed, the messages will not necessarily be retained; even when the message is memorable, the brand will not necessarily be recalled; there is no guarantee there was any interest in purchasing brand or product category." [promotions/promo.4/p.1-2]

As with many tobacco industry statements, their response is not a completely true. From a 1988 Philip Morris report on their "current business situation," we are able to obtain figures on the effectiveness of advertising. One third of their in-switchers were new smokers.

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"Total Marlboro drew 33% of its in-switchers from new smokers in 1988 as in previous years. Switching within the brand remained at 23%, most of it moving down in tar to lights. Outswitching decreased slightly compared to last year. Marlboro lost its 'fair share' of 20% to Price Value, about even with last year. Switching to Winston and Camel remained constant, while losses to Merit decreased for the second year in a row." [p.2]

"Marlboro's profile depicts a primarily young and male brand, with a high proportion of Hispanic smokers and a low proportion of Black smokers." [p.14]

"Marlboro posted share increases among total smokers and most of its key segments: men, woman, and age groups up to age 44. The fastest growing segments continue to be the younger smokers... Qualitative research is underway to investigate Hispanic attitudes toward Marlboro, particularly among the young segments." [p.15]

"Marlboro's biggest source of smokers continues to be smokers with 'no previous brand,' roughly half of whom are starting smokers. In 1987 this group contributed 33% of Marlboro in-switchers. Internal Marlboro switching is the second largest component [23%]." [p.19] [promotions/brand\_performance\_88.PDF]

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## A. Advertising and Point-of-Purchase Strategies

There is frequently great variation between the verbal expressions by industry representatives, and their corresponding actions. We observe this again using a 1976 RJ Reynolds report on Austin, Texas. This document provides an important perspective on the industry's underlying purpose for advertising. In the memo, executives discuss current population figures and projected population growth. By 1976, tobacco in general enjoyed a "mature" market environment. The emphasis on population, rather than the subsection of smokers, suggests RJ Reynolds plans to do more than persuade smokers from competitor brands to switch to their products. Clearly, they are interested in the universe of rapidly expanding consumers in Austin. Their interest in the UT student population supports this conclusion.

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### "Recommendation

This recommends that we add Austin, Texas to our out-of-home program beginning in 1977 at a #75 showing level.

### Background

Austin is the fifth largest market in the state with a population of 342.6M. This reflects a 16% increase in population from 1970. Austin population is projected to increase by 28% in 1975 to 438.3M. As you are aware, the University of Texas is located in Austin with a young adult population approaching 50M." [promotions/promo.8/p.1]

The following comes from a 1992 presentation by the Leo Burnett ad agency, apparently to Philip Morris executives. The report covers Point-of-Purchase promotions – one type of advertising nearly impossible "not to notice." The activities associated with P-O-P promotions include signs, displays and associated advertisements located near checkout stands in grocery stores and that blanket convenience stores.

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"One powerful contact point is in-store... where two-thirds of all purchase decisions are made. Point-of-Purchase materials (P-O-P) play an important role in influencing those in-store purchase decisions... especially when they are synergistically linked with a brand's advertising and positioning (brand merit)." [promotions/pop\_special\_report.PDF/p.3]

### "LEADING SUB-CATEGORIES

POPAI measures 45 sub-categories within the 9 major categories. The following top 4 categories accounted for \$6.4 billion in P-O-P spending in 1990... 43.2% of the total industry." [promotions/pop\_special\_report.PDF/p.10]

#### TOP P-O-P SUB-CATEGORIES – 1992

	\$ Billions	% Total Industry
Tobacco	\$2.2	14.9%
Passenger Cars	1.9	12.8%
Beer	1.3	8.8%
Stationary/Cards/Gift Wrap	<u>1.0</u>	<u>6.7%</u>
TOTAL	\$6.4	43.2%

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## B. Strategic Impact of Music

In a 1992 document titled, “Marlboro Music Promotion,” Philip Morris executives elaborate their strategy for captivating young males. It is important to keep in mind the industry is aware fully of the political consequences associated with underage smoking and advertising that may attract younger teens. By the mid-1980s, industry executives are careful to use terms such as “young adults” or “young adult smokers” in their communications. The industry is so remarkably consistent in the practice that they essentially create a “missing generation.” Officials never mention the under 18 age cohort – as if these consumers, or potential consumers, do not exist. We know promotional activities and advertising impact the under 18 crowd. When examining tobacco industry documents, one learns the tobacco industry has caused this segment of society to conveniently “disappear.”

If the tobacco industry is convinced a particular strategy is effective with 18-19 year olds, then it likely has a similar, if not greater, impact on 16-17 year olds. The burden of disproving this assumption should rest with the tobacco industry.

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### **“BACKGROUND**

Music is a top priority for Young Adult Male Smokers as an interest or passion in their lives.

- Music provides entertainment value with more than 50% of males aged 18-24 rating listening to music as a ‘very important’ part of their lives...

Music would provide an opportunity for positive brand contact points with the target for Marlboro

- Music promotions could be implemented via numerous vehicles at all levels of marketing support (national programs to grass roots efforts as well as direct marketing).

However, Marlboro must associate itself with music in a way that is unique/proprietary and extends the brand’s equity.

- Marlboro must go beyond less-specific popular Rock & Roll music.”  
[promotions/promo.1/p.1]

Philip Morris also sponsors numerous musical events that target minorities. For the predominantly Black/African American audience, they sponsor the Houston Jazz Festival in many Texas locations:

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### **“Houston Jazz Festival**

Held in Houston, Dallas, Beaumont, Port Arthur, San Antonio, Austin, Fort Worth, Amarillo, Lubbock, Waco, Wichita Falls.” [promotions/jazz\_festivals\_TX.PDF/p.1]

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In a 1988 memo, Philip Morris executives note the importance of music to the Hispanic culture. San Antonio and Dallas are of great interest to the manufacturers of Marlboro.

#### **"Latin Music Tour Test Program"**

The most effective way to reach the hispanic [*sic*] consumer is through entertainment. A latin music test program will aid Marlboro in its reach to all segments of the Hispanic universe.

A latin music program will give Marlboro a sole presence versus participation in hispanic [*sic*] events with many other corporate sponsors. The objectives set for a Latin Music Program are as follows:

Reinforce leadership position in Hispanic markets through a program that reinforces brand image.

Create high impact music program to effectively reach young adults.

Create community awareness of Marlboro involvement in Hispanic Market through highly visible public relations. [promotions/PM\_soccer\_plans.PDF/p.4]

To enhance their efforts, Philip Morris involved local retailers in a "tie-in" program.

#### **"Retail Tie-Ins"**

It is recommended that Marlboro work National Accounts to offer a special retail program where we highlight our participation in the market. Tie-ins with M.A.G.A (Mexican American Grocers Association) in the West Coast, Fiesta in Texas, Metro Spanish in New York, and other major chains will enhance Marlboro's awareness in the Hispanic community. [promotions/PM\_soccer\_plans.PDF/p.5]

The Marlboro Music Festival receives tremendous publicity and warm critical review. Included in the Philip Morris report are some of the comments from local media. One headline reads, "Marlboro Music '90 Searchers for the Music Stars of Tomorrow" [p.10]. One can easily replace "Music Stars" with the word, "Customers." In another article, the caption states, "Concert series aims to reach out to new listeners" [p.9]. Here, one can substitute "new customers" for "new listeners". Philip Morris, as we know, is not in the music business. They use musical promotions to market their tobacco products. The segments below demonstrate the effectiveness of this advertising strategy.

#### **Marlboro Music Festival** [promotions/music\_festival.PDF]

Houston, Texas  
July 1990

"During the month of July, Marlboro Music presented a series of concerts in Houston emphasizing 'Country music like you've never heard it before.' The goal of the Marlboro Music Festival was to broaden Marlboro's music audience beyond country music by presenting a variety of music styles stemming from country roots, without losing our equity in country music. The objectives of the Festival were...

B. To reinforce Marlboro as an innovative leader in music.

C. To broaden our 'scope' of music events to reach a wider audience." [p.3]  
[continued]

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"The aim of the Marlboro Music Festival was to have a continued presence in the Houston market during the entire month of July. This 'blitz' was achieved by Marlboro Music through 3 types of events...

The musicians performed in front of a backdrop with the Marlboro Music logo which covered the entire back wall of the stage. Marlboro Music banners and posters were placed around the clubs. Electronic message centers with programmed concert information were placed at each venue for the entire month of July..." [p.3]

"The Sales Force distributed Festival and TRU brochures and posters to all participating clubs and at retail...

Local press coverage for the Marlboro Music Festival was phenomenal. The press turned out in full force to do advance features, calendar listings and reviews of the concerts. Columnists were pleased with the artist and venue selections and in general, the felt the Festival was an event not to be missed.

Included in the coverage were a substantial number of color covers, feature spreads and reviews. The *Chronicle* sent reviewers to every show and in most cases, a photographer was on hand. Other major papers, *The Post* and *The Press*, sent reviewers and photographers on all but two nights – the guitar workshop/concert and the blues show. In addition, major dailies as far away as Austin wrote pieces on the Festival." [p.4]

"Television shows, *Good Morning Houston* and *Viva Houston*, aired three interviews... Spanish TV and radio stations also covered the Tex-Mex night thoroughly. Both country radio stations reported on the events.

Trade publications also jumped on the bandwagon to write advance pieces. Included were *Billboard*, *Amusement Business*, *Radio and Records*, and *Performance*.

Instead of holding a press conference to announce the Marlboro Music Festival, we secured advance publicity by hosting intimate lunches and dinners with major print and broadcast journalists. Because the format of the program is new, we wanted to talk directly to the media to assure them that we were not turning our backs on country music, country artists or the roots of our successful seven-year venture with the Country Music Tour. Thus, we held four media get-togethers – two in Houston and two in Nashville...

Print ads for the Marlboro Music TRU and Marlboro Music Festival ran weekly in the *Houston Chronicle*, *Houston Press*, *Houston Post* and *Public News*..." [p.5]

"The excellent press received on the Festival generated favorable publicity for Marlboro and reinforced our visibility in Houston in July. By expanding the range of concerts we were able to reach Pop, Rock and Hispanic critics in addition to country press." [p.6]

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## C. Benson & Hedges Blues & Rhythm Program

Not only does Philip Morris use music, in this case blues and rhythm, to stimulate the sales of their products, they sponsor concerts featuring talented artists. Philip Morris uses these opportunities to court high-powered executives and other leaders.

### **"New Media Kits/Preliminary Evaluation"**

Below is a brief description of R&B Music Entertainment Monthly and my recommendation as to whether or not this publication is of interest to Philip Morris...

Description: A bi-monthly black publication featuring music, fashion, artist profiles and movie reviews. The circulation is projected at 400 M and the average age of the reader is 30.

Recommendation: This would be a good vehicle for Benson & Hedges and Virginia Slims Menthol. It adds diversity to the black publications that are on the brands' schedule by focusing on the black music industry. This publication may reach an audience not covered in other publications." [promotions/promo.2/p.1]

From a June 1991 correspondence, we get a glimpse at the Benson & Hedges Blues Attendance List. Philip Morris provides tickets to the event that played at the Starplex in Dallas. The list of names is quite long. While most recipients appear to be the owners or representative of tobacco dealerships, the list includes political figures:

Verna Thomas Melton	City Council
Arthur Ray Melton	City Council
[promotions/promo.8/p.1-3]	

Author's note: Of interest are the seven names listed as associated with the Museum of African American.

### **Philip Morris Ethnic-Marketing Initiatives**

Philip Morris managed a sophisticated Black consumer market ethnic-marketing program. They consulted with FraserSmith, an ethnic marketing agency, and continued their relationship with the firm to "explore ideas surrounding a more brand-specific, ethnic-marketing development needs." [promotions/PM\_frasersmith.PDF]

It appears the FraserSmith proposal centered on using "motor sports as a [sic] image/positioning instrument." [promotions/PM\_frasersmith1.PDF]

Philip Morris held a workshop with FraserSmith in March 1987 to "finalize the arrangements to begin a Situation Analysis assignment" for their brands. FraserSmith provided the corporate executives with a presentation on their capabilities and promotional programs related to both Benson & Hedges and Virginia Slims. [promotions/PM\_frasersmith2.PDF]

The proposal shows the budget for this initial work approximated \$65,000. [promotions/PM\_frasersmith\_proposal.PDF]



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Three years after staging the Marlboro Music Festival, Philip Morris executives notified staff they had cancelled the Benson & Hedges Blues & Rhythm program for 1993. This change affected many tobacco markets in Texas.

**"Minority Advertising Changes**

As you know, the Benson & Hedges Blues & Rhythm program has been cancelled for 1993. Therefore, the Black and Hispanic placement dollars for that event are not being reallocated to other programs, as outlined below. Please advise the agencies so that media schedules can be updated." [promotions/promo.5/p.1-6]

**Virginia Slims Tennis**

(Original '93 Budgets:      Black \$100,000;                      Hispanic \$80,000)  
(New '93 Budgets:        Black \$130,000;                      Hispanic \$120,000)

**Benson & Hedges (Community Marketing Programs)**

(Original '93 Budgets:      Black \$75,000;                      Hispanic \$30,000)  
(New '93 Budgets:        Black \$150,000;                      Hispanic – Reallocated...)

Market	Event	Date	Demographics
Houston	Black Expo USA (4)	5/26	B
Dallas	Black Expo USA	10/30-31	B

**Marlboro (Hispanic ROP only)**

Community Marketing – Original Budget \$100,000; New Budget: \$157,5000  
San Antonio      Alamodome Baile                      6/6                      Marlboro Music  
                         Tejano Concert    Concert

The tobacco industry has never denied they intend to addict all people, regardless of race, creed, color, national origin or background. Clearly, the industry is an equal opportunity opportunist. Related to advertising intended to target minorities, we found additional Philip Morris communications regarding their funding for Hispanic-oriented marketing.

**"Marlboro '94 Festivals Plan**

FYI: The Revised 1994 Marlboro Hispanic Festivals Plan dated April 12, 1994 has been approved.

The only event that has not received approval was using the \$5.4M resulting from the CPE being under budget to partially fund the estimated \$15.0M production associated with increasing the size of Hispanic Events Auto Racing ad to a full page. Originally \$5.0M was allocated to production for Hispanic Auto Racing; the additional \$5.4M would have left \$4.6M to be funded from Brand's production budget (\$15.0M - \$10.4M = \$4.6M)...

Note that Events will be providing me with the ticket on-sale dates for Perfect Combination and Alamodome Baile Tejano so that we can schedule advertising around those events."  
[promotions/promo.6/p.1]

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## D. Targeting the Hispanic Community

In an undated tobacco industry propaganda piece, representatives respond to public criticism regarding “Cigarette Advertising and Targeting.” This press release answers directly to the charge the industry targets both women and minorities. Specifically:

“Proponents of tobacco advertising bans claim that cigarette advertising is improperly ‘targeted’ at racial minorities, woman and Third World populations...

Not only is this attitude patronizing and paternalistic, it is not supported by data...

Patterns and trends in smoking among Hispanics do not suggest that Hispanics are ‘vulnerable’ to cigarette advertising... Rogers and Cranks study: ‘Hispanic males are as likely to smoke as anglo males, but consume few cigarettes. Hispanic females seldom smoke compared to anglo females.’ [promotions/about\_ads\_4\_minorities.PDF/p.1]

The record shows the industry engaged in sophisticated psychological research to assist their efforts to capture individuals with Hispanic backgrounds. Texas represents one of the largest Hispanic markets in the country. RJ Reynolds and Philip Morris, makers of Camel and Marlboro respectively, continue to wage an intense battle for market share within this population.

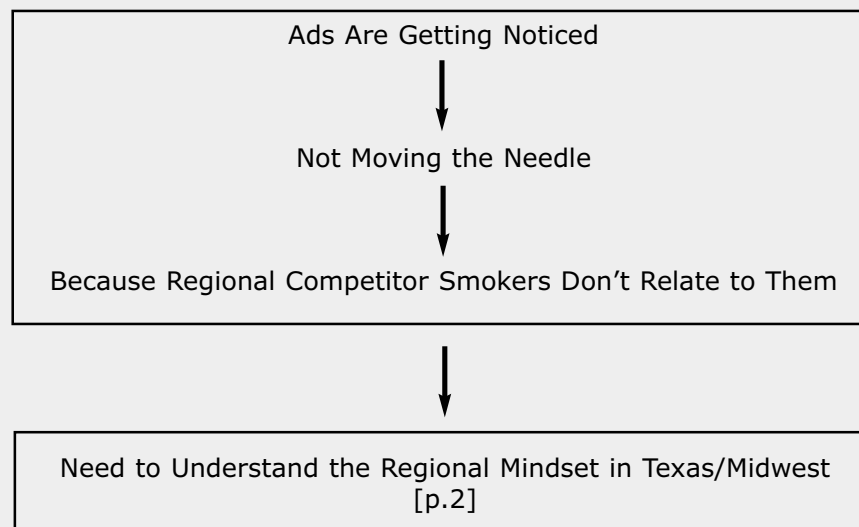
**CAMEL IN TEXAS/MIDWEST** [promotions/promo.9]

Big Need to Win            Marlboro Gaining

Big Opportunity            Market Growing

Can Advertising and Promotion Solve the Problem?

### The Advertising Record



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Based on this outline, RJ Reynolds compiled a formal study on persons of Hispanic heritage. They established two broad categories: *Nacionales* and *Chicanos*. They further divided these classifications into four small groups: Traditional Fatalists, Recent Seekers, Young Strivers and Established Adapters. Their research suggests that Recent Seekers and Young Strivers are “Camellanos,” apparently most likely to prefer their products. RJ Reynolds finds these groups to be “younger, more open to new influences and not stuck in ‘establishment mindset” [p.7]. As this is a relatively long document, we encourage readers to review the report in its entirety. We highlight their regional information on the youth market:

**San Antonio:** “This is a young market approximately 41% of the San Antonio Hispanic population is under 18 years of age...” [p.8]

**The Valley:** “Thirty-eight percent of the population is under the age of 18 years...” [p.9]

**El Paso:** “Of all Hispanics in the El Paso area, 43% are under 18 years of age...” [p.10]

**Corpus Christi:** “Forty percent [sic] of the Corpus Christi ADI is under 18 years of age...” [p.12]

[promotions/promo.9]

From a 1994 Hispanic Media Recommendation for Marlboro prepared by the Leo Burnett U.S.A. agency:

“NONETHELESS, WE CANNOT IGNORE HIGHER INCOME, ENGLISH-DOMINANT HISPANICS, AS THEY ARE CONSIDERABLY MORE LIKELY TO BE HEAVY HISPANIC SMOKERS.”  
(capitals and emphasis in original)  
[promotions/94\_hispanic\_plan.PDF/p.6]

This document also provides additional evidence the tobacco industry engages in advertising to attract new smokers, not just retain current consumers as they claim publicly; and, that the industry implements strategies designed to encourage underage minors to begin smoking. The Burnett agency comments:

“EMPHASIS WILL BE PLACED AGAINST SPANISH-DOMINANT AND BI-LINGUAL HISPANICS  
REPRESENT THE MAJORITY OF HISPANIC SMOKERS  
ALSO REPRESENT THE BULK OF NEW IMMIGRANTS  
IMPORTANT TO REACH THEM EARLY AS THEY SHAPE THEIR BRAND PREFERENCES IN THE  
U.S.  
(capitals in original)  
[promotions/94\_hispanic\_plan.PDF/p.5]

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Finally, this document illustrates the importance of Hispanic men and women to the Philip Morris business:

"WILL PLACE PRIMARY SUPPORT ON AUDIENCE OF HISPANIC MALE SMOKERS LA-24

HISPANIC MALES SIGNIFICANTLY MORE LIKELY TO SMOKE IN GENERAL THAN THEIR FEMALE COUNTERPARTS

71% OF MARLBORO HISPANIC FRANCHISE IS MALE

IMPORTANT TO EMPHASISE LA-24 SEGMENT TO PROTECT FUTURE OF MARLBORO HISPANIC FRANCHISE" (capitals in original) [94\_hispanic\_plan.PDF/p.3]

"WILL PLACE TERTIARY SUPPORT ON HISPANIC FEMALE SMOKERS LA-34

DO NOT WANT TO IGNORE THE YOUNGER HISPANIC WOMAN WHO COMPRISE UP TO 30% OF MARLBORO'S HISPANIC BUSINESS."

(capitals in original)

[promotions/94\_hispanic\_plan.PDF/p.4]

In a subsequent 1992 document, Philip Morris executive Michelle Salzman summarizes findings from a major study comparing Hispanic and White attitudes and behavior. Once again, we see tobacco industry practice differs greatly from tobacco industry propaganda:

"As Hispanics are one of the fastest growing segments in the United States (up 53% in 1990 vs. 1980 as reported by the Bureau of the Census), and represent approximately 9% of the United States population, there are clearly opportunities for Marlboro within this group. To better understand this increasingly important segment, the following profile of Marlboro's Hispanic franchise has been developed...

#### KEY FINDINGS

Marlboro's Hispanic smokers tend to skew more male (65% male) vs. Marlboro's White smokers and Total Hispanic smokers (58% and 57% respectively).

Marlboro's Hispanic smokers are younger (35% aged 18-24) than both Marlboro's White smokers and Total Hispanic smokers, (29% and 21% respectively).

38% of Marlboro's Hispanic consumers reside in Region 5. This is driven by large Hispanic populations in California, Arizona, New Mexico, and Colorado. Region 5 is the least populated geography by Marlboro's White smokers.

55% of Marlboro's Hispanic consumers purchase exclusively by the pack vs 29% of Marlboro's White consumers. This stronger preference for pack vs carton purchases may be attributed to lower disposable income levels which makes purchasing cartons prohibitive..." [promotions/hispanics&marlboro.PDF/p.1]

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## "IMPLICATIONS FOR TEXAS HISPANIC PROMOTIONAL PLAN

### LANGUAGE

A decision must be made as to whether Spanish, English or both languages should be utilized in all promotional/advertising materials produced for the Texas program. Based on a recent Hispanic seminar I attended, Spanish copy was deemed essential in all marketing efforts made to Hispanics...

### TYPES OF PROMOTIONAL OFFERS

What will the mix between price, product and incentive promotions be? With minimal marketing support, Marlboro has achieved more than a third of the Hispanic smoker share. This clearly indicates Hispanic consumers have bought into the Marlboro Brand image in a 'big way.' As such, value added incentives and product offers, which support Marlboro's premium positioning should be the core of our Hispanic retail promotional strategy. Price promotions, which tend to denigrate brand imagery may be the wrong approach to take with image conscious Hispanic smokers..." [hispanics&marlboro.PDF/p.3]

"Past experience with the Marlboro soccer T-shirt, which was offered as a bounceback to the Hispanic soccer socks promotion, suggests that continuity offers do not perform well with Hispanics...

Continuity offer for T-shirt was written in English and therefore, may not have been read by many Hispanic smokers.

Offer was not compelling (i.e. Mexicans in Texas are not particularly interested in soccer and therefore, would not be interested in a soccer T-shirt).

### EVENTS SPONSORSHIPS

...The events sponsored should be relevant to the Hispanic market (i.e. Texano [*sic*] music in Texas). Additionally, we may want to consider tying [*sic*] our events into local charities (i.e. donating a percentage of each tickets [*sic*] sold at the events to a community organization). [handwritten marginalia] We should consider a Marlboro Music Tejano concert tour at [unreadable] festivals. Moreover, we should address the talent round program as well. Winners would open for headliners." [hispanics&marlboro.PDF/p.4]

"Increased advertising support should also be considered as an element of the Hispanic promotional plan. If existing creative is utilized, it is recommended that focus groups be held to help determine which of our ads have the most appeal to Hispanic smokers... Additionally, as the copy on Hispanic advertising has been a contentious issue (due to the many different Spanish dialects), consideration should be given to featuring minimal or no copy at all on Marlboro's Hispanic advertisements...

### TEST MARKET SITE(S)

While the current Hispanic promotional plan is being developed for Texas, we may want to consider expanding the test program to markets in California such as Los Angeles and San Francisco. In addition to being strong Marlboro markets with large Hispanic populations, California maintains the highest Hispanic population growth rate in the nation (+69% from 1980 to 1990)." [promotions/hispanics&marlboro.PDF/p.4]

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From a 1988 Philip Morris marketing plan, we learn about the objectives of the industry relative to Hispanic consumers. Philip Morris considers San Antonio a major Hispanic opportunity. They found their Charreada (Mexican Rodeos) failed to produce the results they wanted in the Dallas area.

"Marlboro's involvement within the Hispanic community started in the late 1970's with participation in Hispanic Festivals. Over the years, Marlboro has increased the scope of its involvement in Hispanic programs by adding amateur hispanic baseball & soccer, mexican rodeos, and a national soccer event." [promotions/PM\_soccer\_plans.PDF/p.1]

Their goals as stated for 1988 included:

"Development of a major soccer promotion which will enhance Marlboro's leadership position.

Test a Latin Music Tour program in major Hispanic markets.

Develop publicity program to extend reach of Marlboro Hispanic sponsorships." [promotions/PM\_soccer\_plans.PDF/p.2]

Soccer presents an important opportunity for the tobacco industry. Philip Morris acknowledges that approximately 10 million people play soccer. We realize the greatest portion of this group are kids and young teens.

"Soccer in the United States over the last two decades has become a true American sport, which is played regularly by nearly ten million people. This American attachment to the game which, added to the overwhelming ethnic interest, produces a huge market base within the United States. The participation is vast, both in the native American sense and the ethnic sense with nearly every resident ethnic group claiming soccer as their sport, particularly among Hispanics.

The Marlboro Soccer Cup will provide the brand with excellent visibility, awareness and involvement in the Hispanic Community". [PM\_soccer\_plans.PDF/p.3]

The Leo Burnett advertising agency provided Philip Morris with an evaluation of the major U.S. Hispanic Community newspapers. One of importance to the Houston area is *VIVA!* This 1992 document further illustrates PM's interest in the Hispanic culture.

**"NEWSPAPER: VIVA!**

Distributed through the Houston Post in high-density Hispanic areas...

TARGET: Houston Hispanic Adults 18-45 years. Middle income who read both English and Spanish.

EDITORIAL: ...Informative and entertaining editorial; promotes the advancement of Hispanics and pride and preservation of the Hispanic culture and traditions... High circulation, reaches about 25% of all Houston Hispanics." [promotions/media\_review2.PDF/p.1]

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Philip Morris sponsored in part the *Fiesta de las Flores* in El Paso, Texas in September 1994. While the company supports many local community activities, this documents provides a perspective about the event from Philip Morris executives.

“As the exclusive tobacco sponsor, Marlboro will have a major presence at this event and receive the following: [selected items only]

The right to operate on 10’ x 22’ tent and two kiosks in order to conduct on-site store sales, in a high traffic location;

The right to hang banners and signage on and around the exhibit booth and at other locations at the site of the Event;

The right of recognition in advertisement placed in connection with the Event and to approve in advance all materials and announcements prepared by Promoter that mention Philip Morris or Marlboro.” [promotions/fiesta\_de\_flores.PDF/p.1]

## E. Tejano Music

The Tejano music connection represents a unique opportunity for the tobacco industry. Most Americans are unfamiliar with this genre of music, yet it is extremely popular with many cultures in Texas and throughout the southwest. Many people learned about tejano music because of the movie, *Selena*. This music is highly popular with young people, particularly Hispanic teens. We followed the tejano thread to see what information we could uncover on this topic.

In a January 1992 memo from the White House, President George Bush sent the following note:

“I am pleased to send greetings to my fellow Texans who are gathered in San Antonio for the 12th Annual Tejano Music Awards Show...” [promotions/pres\_tejano.PDF/p.1]

The State of Texas House of Representatives also sent a resolution in 1992:

“WHEREAS, The Texas Talent Musicians Association (TTMA) has made, numerous significant efforts to preserve and promote Tejano music...” [promotions/house\_tejano.PDF/p.1]

The Office of the Governor for the State of Texas also issued an Official Memorandum:

“The Texas Talent Musicians Association (TTMA) has made many significant contributions toward preserving and promoting Tejano music... Widely known as he single most important national music event in the Hispanic market...” [promotions/gov\_tejano.PDF/p.1]



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As documented earlier, the tobacco industry seeks ways to participate in cultural activities and establish “leadership” in the Hispanic community. Philip Morris is well aware the benefits accruing from the sponsorship of musical and cultural events as well as from donating to worthwhile community programs. In 1992 Delmiro Garcia Productions submitted a proposal to Philip Morris that fit these marketing criteria. The organization titled the proposal, “Sumarization of the ‘1992 Tejano Thursdays’ Concert Series to Benefit the Delmiro Garcia Scholarship Foundation.”

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“‘Tejano Thursdays’ continues to bring the best in Tejano Music on a weekly basis. Every Thursday at Rosedale park, General McMullen at Dartmouth, San Antonio, Texas, Delmiro Garcia Productions features three (3) Tejano Groups...

Every [unreadable] Delmiro Garcia Productions has proven to be successful by record numbers attendees at these events. The Tejano Thursdays series runs March through August with a few weekend events in the later months as well. Each event focuses directly in a ‘family’ orientated atmosphere, in the Delmiro Garcia Productions presenting each Tejano Thursday with groups that attract both the young and the old. This is a weekly event which a child, a grandparent and everyone else in between can attend.”  
[promotions/hispanic\_promo.PDF/p.1]

While we were unable to confirm whether Philip Morris ultimately funded the proposal from Delmiro Garcia Productions, Philip Morris committed their support to the Miller Lite Tejano Concerts. These were held in Dallas, San Antonio and Houston in the summer of 1995. [promotions/street\_scene.PDF/p.1]

## **F. Women’s Issues**

### 1. Virginia Slims Tennis

Philip Morris works hard to tie their products for women to the message, “You’ve come a long way, baby.” Even the contracted PR firm, primarily staffed by women executives, uses the Virginia Slims cigarette tag line in their communications with Philip Morris. The 1992 promotional guide for the Virginia Slims of Houston Tennis Tournament illustrates the underlying reasons why Philip Morris sponsors this women’s sporting event.

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“1992 will mark the twenty-second anniversary of the Virginia Slims of Houston and the emergence of women’s professional tennis. The Virginia Slims and women’s professional tennis have indeed ‘come a long way’ since those early days, and Houston has played a significant role in its evolution...

The end result of this enhanced exposure will be expanded demographics; increased attendance; broader exposure for the tournament and its sponsor, and a sense of anticipation for other Philip Morris-sponsored events.” [promotions/vslims\_houston.PDF/p.3]

“DPW PR [Dancie Perugini Ware Public Relations] proposes a series of ancillary events to be developed and promoted, both before and during the tournament, to generate widespread visibility and interest in the tournament, in women’s professional sports, and in the sponsor. Ticketron sales are to be enhanced by fliers and banner displays at area Randall’s supermarkets, Foley’s department stores, Oshman’s SuperSports USA and selected tennis and fitness clubs.” [promotions/vslims\_houston.PDF/p.7]

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## 2. The Virginia Slims Legends Tour

In the promotional guide for the Philip Morris Virginia Slims Legends Tour, another tennis event held in Houston, we observe how the company uses women's sports to enhance the image of their cigarette product. This 78-page promotional guide also includes advertisements from some of the most prestigious companies in the area.

"Virginia Slims Legends celebrates women's tennis. Women have been playing tennis since the game was invented but it wasn't until 1970 that the ladies truly made a name for themselves. Since then, women's tennis has become one of the most popular sports of this or any other era." [promotions/v\_slims\_promo.PDF/p.34]

Ironically, while smoking is a leading cause of illness, disease and cancer among women, Philip Morris includes the following in their Virginia Slims promotion:

"For the second consecutive year, Virginia Slims Legends will team with the National AIDS Fund in the ongoing fight against HIV/AIDS. Last year, the Fund raise more than \$120,000 for participating communities in the Legends markets. This year, the National AIDS Fund will again identify local AIDS organizations which will benefit from the weekend activities." [promotions/v\_slims\_promo.PDF/p.34]

Philip Morris solicited the support of some of the largest names in women's tennis to assist in promoting this event. Some of the stars include: [promotions/v\_slims\_promo.PDF/p.35-38]

Billy Jean King	Evonne Goolagong
Martina Navratilova	Virginia Wade
Pam Shriver	Rosie Casals
Zina Garrison Jackson	Wendy Turnbull
Hana Mandlikova	

## 3. Virginia Slimshop/PM USA

Philip Morris links the Virginia Slims sporting event to other promotions. This document illustrates the link to the Virginia Slimshop. Research recently revealed young teen girls who are concerned about weight gain are more likely to smoke cigarettes. Such a revelation demonstrates the potential of the Philip Morris "slim" campaign.

"A unique collection of specially designed clothing and sports gear has been offered to the consumer via national magazines in the June issue [1986] of such publications such as *Harper's Bazaar*, *Vogue*, *Cosmopolitan*, *People*, etc. The ad reprint which is attached will reach over 22 million adult women.

In addition to the magazine ad, a ten page brochure (also attached) featuring the complete line of Slimswear and Slimsgear will be available on the July Slimsak carton promotion...

Primarily used as a self liquidator, this promotion not only extends the brand image but serves as an interrupter inviting the consumer to spend more time with Virginia Slims than just a regular mainline ad." [promotions/v\_slims\_in\_cosmo.PDF/p.1]

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## G. Miscellaneous Promotion and Marketing Issues

### 1. Lubbock

From a 1979 Philip Morris inter-office memo, we learn about the importance of the Lubbock/Amarillo region to the Marlboro market.

“In light of the fact that Lubbock/Amarillo market is the strongest Marlboro market in Region V, I would like to recommend deeper penetration of newspaper advertising in this entire market area, as I understand outdoor advertising in this market is more expensive than the normal rate. As you know, we have no outdoor billboards in the entire Lubbock, Texas area.”  
[promotions/lubbock\_market.PDF/p.1]

A 1994 Hispanic Media Recommendation for Marlboro prepared by the Leo Burnett U.S.A. agency provides additional background regarding the importance of the Lubbock market to Philip Morris:

“Also recommend focusing on five additional Hispanic markets that have a Hispanic population concentration greater than 30%.

Hispanics likely impacting Marlboro volume/share changes.

Salinas, Laredo, Odessa-Midland, El Centro and Lubbock.

Account for an additional 3% of total Hispanic population.”  
[promotions/94\_hispanic\_plan.PDF/p.11]

### 2. NBA Advertising

As Texas has three professional basketball teams, the Houston Rockets, San Antonio Spurs and the Dallas Mavericks, the NBA is a major advertising outlet for the tobacco industry. We found a summary of an advertising package for *HOOP* magazine, touted as the “official magazine of the National Basketball Association.” The promotional publication adds, “*HOOP* is sold at every regular season and NBA Playoff game, plus the NBA All-Star Game.” The NBA offered Philip Morris the following promotional package:

“Full-page, four-color (or black and white) advertising in all 15 action-packed issues, consisting of 7 arena and 7 newsstand editions, plus a special summer newsstand edition, published from October through the NBA Finals in June (newsstand sustains through September.” [promotions/hoop\_promo.PDF/p.2]

*HOOP* staff also provide Philip Morris with a demographic summary about the people who attend NBA games. As pointed out earlier in this report, they do not provide information on the under 18 cohort.  
[promotions/hoop\_promo.PDF/p.2]

Basketball followers know many kids treasure and collect copies of *HOOP*. It is not uncommon to see young teens searching through the stands at the end of a game to find leftover copies of *HOOP*. Philip Morris reaches many young people through this promotional activity.

# VIII. YOUTH MARKETING

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Young people are critical to the continued success of the tobacco industry, and youth smoking is a particularly challenging problem in Texas. A 1991 report found in the industry archives noted the *American Journal of Public Health* reported that Texas teens buy about \$38 million in cigarettes each year. These purchases contribute more than \$8 million in state and \$4 million in federal cigarette taxes. The '91 report set the number of underage smokers between the age of 12-18 at approximately 200,000 – second only to California [youth/tx\_history.PDF/p.2]. Therefore, we believe youth marketing deserves a section of its own. We demonstrate in previous sections that a “youth” theme runs though most tobacco advertising – as we were unable to uncover a single tobacco advertisement or program designed for the nation’s senior citizens.

In the early 90s, Jack Dillard, director of PM U.S.A. Government Affairs overseeing the Texas region, summarizes the company’s public position regarding youth smoking:

“Philip Morris strongly supports the current state law prohibiting the sale of cigarettes to minors. In 1989, we advocated the passage of legislation in Texas which raised the legal age for purchasing cigarettes from 16 to 18 years of age. We firmly believe that a decision to smoke, or not to smoke, is a choice which should be made only by adults. [youth/youth\_access\_speech.PDF/p.1]

Health advocates question the sincerity of Dillard’s statement as nearly nine of ten smokers take up the practice while in their underage teen years. Tobacco industry research compares beginning smokers for both males and females by brand family. Their studies show that, in the mid-50s, few smokers selected Marlboro to be their brand of choice. By 1980, over 40 percent of beginning female smokers were joining the Marlboro family; nearly 50 percent of male smokers were choosing Marlboro as their initial brand [see promotions/beg\_smoker\_female.PDF & promotions/beg\_smoker\_male.PDF].

While industry spokespeople such as Dillard claim the companies do not target kids, there is no alternative explanation for the growing popularity of Marlboro. Philip Morris continues to support activities where a large percentage of participants are teens and young adults. As soccer exploded among the nation’s kids, Philip Morris became a major sponsor of soccer events. Social research shows Hispanics pay more attention to advertisements run in Spanish; Philip Morris quickly produced sexy, youthful ads in this native language. Tejano music captures a unique culture found only in Texas and the surrounding southwest. This music encompasses all generations. Philip Morris became heavily involved with the promotion of Tejano music.

As shown in the previous section, industry research shows music is the most direct way to the heart and souls of youth – whether in the U.S. or around the globe. While the tobacco industry claims they do not target individuals under the legal age to smoke, the historical record plays a different tune.

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## A. The Fountain of Youth

Elizabeth Butson gave a corporate presentation at the Philip Morris EEC Marketing Conference in 1984. The theme of her talk was “The Challenge of Staying Younger Than We Are.” Philip Morris, as a company, seeks the *Fountain of Youth*. For the Marlboro brand, it is critical to retain a “youthful” image. Butson adds”:[youth/fountain\_of\_youth\_84.PDF]

“So far so good. We can all sleep well. The Marlboro demographics in the U.S. look very good. In fact, for a 29-year old brand, they look fantastic. A quick look at some key markets shows us that the profile is very good in international markets as well...” [p.1]

“This means that our star product, Marlboro, its packaging, its advertising, is still relevant to the market. It appeals to young people. We must be doing something right...” [p.3]

“Will the Marlboro Cowboy, the way we know and love him, be as appealing to young people as he is today? Or will the young males and females of the next generation look for something more erotic, less symbolic? Less Perfect?” [p.3]

“All I am saying is that because of changing values in our society, it is important that we stay in tune with the youth market. This is an important market. We have to reach for it with all our products, not just for Marlboro.

For this reason, it is critical that we remain fresh, contemporary. That we keep looking for new ways to communicate our message.

Is today’s youth different than ours? The answer is yes.

A basic difference for example is that today’s youth is mainly audiovisual and computer literate.

Young people react more to music and images rather than print. They are perceptive, discriminating and sensitive to information. They look for credibility as well as status...” [p.4]

“Since the number of working mothers has increased, young people participate in family shopping and often influence their parents buying habits. They form brand loyalties early [underlined in original].

My 13-year old son the other day told me that if I bought Cascade instead of the A&P dishwasher detergent my glassware would be spotless. He will only use Heinz Tomato Ketchup and Hellmann’s Mayonnaise. He will only wear Nike sneakers. He and his peers believe in the quality of the product through its advertising and reach out for branded products rather than unbranded products. They believe in quality advertising. They don’t like repetitious commercials. They believe in image and information.

Several studies in the U.S. indicate that 40-50% of young people stay faithful to the brands they selected in their teens, at least 5-6 years of their adult life. This is a long time to hold on to a consumer.

Research also indicates that 2 out of 3 young people make brand decisions before they are 16.

Smart marketers, therefore, are tapping the youth market in order to establish buying habits and brand loyalties which will be carried forward into adult years.” [p.5]

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"What then turns on young people in terms of advertising? Sex, technology, surrealism, but most of all music..." [p.6]

[Provides examples of ads]

"And last but not least, I'd like to talk to you about the effective way of using music to reach the youth market.

Music tickles the senses. Music gets young peoples attention. It sets the brand apart. It helps remind the name and promise. It sets the right atmosphere. It gives continuity to advertising. It attracts young audiences. It has no cultural boundaries. It has universal appeal. Top hits in this country are likely to be top his in other world markets.

The use of music to sell a product is nothing new. The Marlboro music certainly set the brand apart. It was unique and memorable..." [p.7]

"Today, Marlboro stripped from television and radio in most major markets has used country music effectively in the U.S., Germany, and Switzerland.

In the U.S., the year round tour includes some of the hottest music stars, the most sophisticated video projection system and a local talent competition. Ronnie Milsap, Barbara Mandrell, Ricky Skaggs, and other top stars are featured..." [p.8]

"Important as it always has been, music is even more important today [emphasis in original], especially when we are thinking of the youth market. This is why major advertisers are turning to radio, cable TV and concert sponsorships to reach their audience.

In the U.S.A., 99% of the youth market tunes in to radio. This percentage must be just as high in other world markets..." [p.9]

"In the U.S., FM radio is the most efficient medium to reach young people, since they listen to FM 75% of the time. Kraft, Chrysler, Johnson & Johnson, Jovan are among the many advertisers using this medium effectively. When Coca-Cola was recently offered to sponsor a music hour on television for \$1.5 million, they refused and opted for 12 \$50,000 90-minute concerts on radio..." [p.10]

"In the Latin American region, Lark in Ecuador successfully completed a national popular song festival. The 'Palmares Lark,' patterned after the Oti Festival, with regional amateur winners competing in front of a live audience, a jury and prime unpaid TV coverage..." [p.13]

"Before we close I am going to take a couple minutes of your time to show you as the finale a Chesterfield music video which has been recently put together by our Charles Steward office for use in Europe and Latin America. The material is provided by the record companies and the brand identification can be individually tailored, according to each market's needs. This video can be used in disco and clubs for a reasonable fee. In an era where traditional media is less and less available to us, Chesterfield video time is a new way for us to put our message across. It is visually exciting. It is contemporary. It appeals to the youth market." [p.17]

"And now, sit back and relax. Pretend you are back at school and tune in.

It may be the least painful and certainly entertaining way of staying younger than we actually are – after all, we are in the business of selling pleasure and entertainment. So enjoy!" [p.18]

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## B. Brand Success

A 1973 CONFIDENTIAL letter to R.J. Reynolds from the advertising agency of William Esty Company provides a comprehensive description on the youth smoking issue:

"As you know, the October 1972 NFO provides demographic data on 14-20 year-old smokers. There are a number of significant WINSTON-Marlboro preference share trends apparent in this data...

1. The top 5 brands (Marlboro, Kool, WINSTON, SALEM, Tareyton) account for 78.7% of the total 14-20 market. The remaining 45 brands account for only 21.3% and all have a preference share of 1.7% or below. [Underlined in original]

2. While Marlboro preference share is 38.5% versus WINSTON's 14.2% among 14-20 year-old smokers, in another focus, Marlboro's share is about equal to the share of the next 4 leading brands. [Underlined in original]

3. Only Marlboro, WINSTON and Kool enjoy preference shares in this age group higher than those in the total national sample of all smokers. All other brands perform poorly against this group in terms of preference share...

The most intriguing aspect of the performance of these three brands is the progression of preference share through the 14-15, 16-17, 18-20 age segments.

1. Marlboro's share among the 14-15 segment is phenomenal 51.0%. It drops off steadily to 33.5% among 18-20 and 21.3% among the 21-24 group...

Many manufactures have 'studied' the 14-20 market in hopes of uncovering the 'secret' of the instant popularity some brands enjoy to the almost complete exclusion of others (as show above). Creating a 'fad' in this market can be a great bonanza. To date, success, if it comes, has often been a function more of luck than of prior marketing perception.

The progression of Marlboro preference share from 50% at 14-15 to 21% at 21-24, while an indication of that brand's great popularity among young people, is also a clear signal of the 'in' status the brand enjoys among them. This has been confirmed in the recent series of group sessions we conducted. However, it does appear that maturity and broadened experience have a definite affect of the reduction, over time, of Marlboro's astounding popularity among the 14-15 age group. [Handwritten: *Why? Can't use this data to support that Marlboro's popularity declines as smoker gets older – just that right now Marlboro isn't as popular among older types (unreadable)!*]

The fact that WINSTON is only one of the three significant contenders in the 14-20 age segment is also a strong indication that we definitely do not have an 'old' image among these smokers...

### Conclusion

While WINSTON's position among the young adult age group can certainly be improved, all the data we have in hand does not paint as black a picture versus Marlboro (or 45 other brands) as we may sometimes feel due to our current preoccupation with the 'youth' market." [youth/NFO\_preference\_share\_youth.PDF/p.1-3]



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## C. The Decline of Marlboro Red

Earlier in this report, we demonstrated the importance of Marlboro cigarettes to the general welfare of Philip Morris, as the brand is the company's "crown jewel." When the U.S. economy suffered a recession in the early 1970s, sales of Marlboro took a corresponding downturn. Philip Morris executives conducted indepth research looking for solutions to the trend. The following document shows Philip Morris ruled out the hypothesis that "nicotine reductions" were causing the problem. In their opinion, the decline in Marlboro sales stemmed largely from the diminishing number of Americans, ages 15-19 [see youth/red\_decline.PDF].

"The Decline in the Rate of Growth of Marlboro Red [underlined in original]

I think Dr. Dunn's memo has very effectively dispelled the notion that nicotine reductions have been the cause of the slackening in the rate of growth of Marlboro Red.

In view of my fields of interest, it should come as now surprise that I chose to investigate the economic and demographic factors that could be responsible for the decline in Marlboro's rate of growth. Indeed, I treated these factors in my 1975-80 Economic Forecase. It was my contention that Marlboro's phenomenal growth rate in the past has been attributable in large part to our high market penetration among younger smokers and the rapid growth in that population segment. I pointed out that the number of 15-19 year-olds is now increasing more slowly and will peak in 1976, and then begin to decline. I also hypothesized that Marlboro would be particularly vulnerable to the recession.

In my opinion, the decline in Marlboro's growth rate is due to four factors:

1. Slower growth in the number of 15-19 year-olds
2. The recession
3. Price increases in 1974
4. Changing brand preferences of younger smokers

Obviously, we can do nothing about factors 1 and 2 and have only partial control over factor 3. (State taxes are beyond our control, for example.) Let us look at each of these factors individually.

### Demographics

It has been well established by the National Tracking Study and other studies that Marlboro has for many years had its highest market penetration among younger smokers. Most of these studies have been restricted to people age 18 and over, but my own data, which includes younger teenagers, shows even higher Marlboro market penetration among 15-17 year-olds. The teenage years are also important because those are the years during which most smokers begin to smoke, the years in which initial brand selections are made, and the period in the life-cycle in which conformity to peer-group norms is greatest" [p.1].

"It seemed reasonable to believe, therefore, that there should be a relationship between the number of 15-19 year-olds and Marlboro sales during the period of Marlboro's rapid growth. I started running some correlations and found some interesting relationships, all significant at better than the .005 level:

1. The correlation between Marlboro sales and 15-19 year-olds as a proportion of total population is .993. Projected into the future, this shows Marlboro sales peaking in 1976 and then beginning a decline.
2. The correlation between Marlboro sales and the 6 of 15-19 year-olds is .996. Projected, this shows Marlboro sales peaking in 1976 and then declining" [p.2].

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3. "The correlation between Marlboro share of market and 15-19 year-olds as a proportion of total population is .9997. Projected, this shows a 12.08% share of market for 1975, a peak of 12.21% in 1976, and then a decline.
4. The correlation between Marlboro market share and the number of 15-19 year-olds is .99985. Projected, this shows Marlboro market share peaking at 12.92% in 1976 and then declining" [p.2].

"...I began investigating year-to-year changes in the relationship of Marlboro sales and teenagers. Again, I found some interesting results:

1. The correlation between percent change in the number of 15-19 year-olds and the change in Marlboro market share is .963. This shows Marlboro market share peaking at 13.34% in 1978 before beginning a decline.
2. The correlation between change in the number of 15-19 year-olds and the change in Marlboro market share is .971 and shows Marlboro peaking in 1978 at a 13.40% share of market and then declining.
3. The correlation between percent change in the number of 15-19 year-olds and the present change in Marlboro sales is .987. A projection of this relationship shows Marlboro sales peaking at 94 billion units in 1979 before declining.
4. The correlation between change in the number of 15-19 year-olds and the percent change in Marlboro sales is .998 and also shows Marlboro peaking at 94 billion units in 1979.

While these correlations are certainly more favorable for Marlboro's future than the correlations of time-series data, they also show that heavy reliance for sales on an age group that is declining in number is dangerous" [p.2-3].

Myron Johnson continues his analysis of the future of Marlboro. He rhetorically poses the following, "The question, then, is why things fell apart in 1974?" Johnson answers by demonstrating the recession that plagues the nation also contributes significantly to the company's woes. He notes the recession does not explain the problem entirely:

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"This [the recession discussion] still leaves some of the gap to be accounted for, and does not explain why Marlboro market share is below the regression line. In my economic forecast, you may recall I said that Marlboro was particularly vulnerable to the effects of the recession because the highest unemployment rates are among the younger age groups, precisely the groups in which Marlboro's market penetration is highest. In the first quarter of 1975, the unemployment rate of persons 16-19 years-old was 20.4 percent, the highest it has been since the Bureau of Labor Statistics began compiling rates by age in 1948" [p.3].

"...Marlboro smokers, being on the average considerably younger than the total smoking population, tend to have lower than average incomes. Thus, I would expect a disproportionately larger number of Marlboro smokers to quit smoking or reduce daily consumption. In addition, young smokers are less habituated than older smokers, and can therefore probably quit or cut down more easily than an older smoker. Furthermore, many teenagers who might otherwise have begun to smoke may have decided against it because of the adverse economic conditions" [p.4].

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Mr. Johnson recognizes the recession will inevitably end and predicts that as the nation's economy improves, so will sales of Marlboro. He cautions:

"Because of the decline in the number of young people, however, I expect Marlboro's rate of increase to continue to decline" [p.5].

More importantly, Johnson points out what he considers to be "a much more serious factor" concerning the future sales of Marlboros

"Changing Brand Preferences of Young Smokers

A much more serious factor is the apparent decline in Marlboro's popularity among the young, as reported in the College Student Smoker Survey. Since this survey did not also sample the 70 percent of 18-22 year-olds who are not enrolled in college, we do not know if the results of the survey are projectable to the total population aged 18 to 22. One suggestion that it is not projectable is the reported incidence of smoking: The College Student Smoker Survey shows a decline in the incidence of smoking for both sexes from 1968 to 1974, but data for 17-18 year-olds from the National Clearinghouse, as well as data from the National Panel, show that college students are less likely to smoke than people of the same age who are not in college. Thus, the decline in incidences of smoking may well be true only of college students. It may also be true that the decline in Marlboro's popularity among 18-22 year-olds is also only a college phenomenon.

Nonetheless, there is cause for concern, partly because college students do constitute a significant share of the Marlboro market, and partly because college students' behavioral and attitudinal patterns tend to carry over to non-college youth with a one-to-three year lag, as noted in various Yankelovich studies. Thus, the decline in the popularity of Marlboro Red among younger smokers will probably continue and, thus, further reduce its rate of growth [underlined in original, p.5].

# IX. CONCLUSIONS

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In August 1997, Geoffrey C. Bible, CEO and Chairman of the Board of Philip Morris Companies, answered questions under oath as part of a legal proceeding with the State of Florida.<sup>6</sup> Ron Motley represented the Florida Attorneys General office. Motley asked Bible if he recalled describing antitobacco advocates as the Germans and bad guys in World War II. Bible responded, “No, I never said that.”

Motley asked Bible if he did not then compare the cigarette industry as the allies and the antitobacco public health advocates as Germans. Bible responded, “No, I don’t remember saying that at all.”

Motley asked Bible if he recalled assuring the 2,000 or so Philip Morris employees that Philip Morris would eventually win over the public health advocates in the cigarette battle. Bible answered, “I don’t recall saying ‘the public health advocates.’ I could have -- I don’t remember saying that. But I could imagine myself having said that we would win the battle.”

Motley followed up by asking, “Win the battle. And the battle is between the cigarette industry and the public health community?” Bible, “No, I think I would say those people who are antitobacco generally.”

Motley, “Well, that would include the Surgeon General of the United States?” Bible, “Could, hm-hm.”

Motley turned his questioning to the issue of advertising and promotion. “In markets where Marlboro Reds’ share of young adult smokers has declined, share of starters was also down. Thus the ability to attract new smokers and develop them into a young adult franchise is a key to brand development. Does that indicate to you, sir, that at least the marketing department was discussing ways to get people to start smoking?” Bible, “No. I can be really frank about this. What that means is that to the extent that people decide to start smoking, we want them to smoke our brand. So our ability to have the new smoker choose our brand versus a competitor’s brand is what that’s referring to.”

Motley, “Well, how do you get a nonsmoker to start smoking your brand? By advertising?” Bible, “We don’t. But they need to have a certain awareness that the brand exists.”

Motley, “How do you get that awareness? You do that by advertising, correct?” Bible, “Well, yes, advertising and sponsorship.”

Motley, “Now, are you aware that a Philip Morris marketing five-year plan in 1983 calls children ages 15 to 19 the primary source of new smokers and sets forth a plan to exploit smoking menthol brands among young people through means such as, quote, ‘increased distribution of menthol at youth locations?’” Bible, “What year was it again?” Motley, “1983.” Bible, “No, I’m not aware of it.”

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<sup>6</sup> Summary of Deposition of Geoffrey C. Bible, CEO and Chairman of the Board of Philip Morris Companies, August 21, 1997. [promotions/bible\_deposition.PDF]

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Motley concludes, “Sir, my last question to you is -- is very simply this. Would Philip Morris agree that a single American citizen who smoked their products for 30 or more years, a single one, has ever died of disease caused in part by smoking cigarettes?” Bible, “I think there’s a fair chance that one would have, yes. Might have.”

Motley, “How about a thousand?” Bible, “Might have.”

Motley, “A hundred thousand?” Bible, “Might have.”

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In this report, we have demonstrated conclusively how the tobacco industry as a whole, championed by industry leader Philip Morris, implemented a strategic and systematic effort to embarrass, stigmatize negatively and diminish the effectiveness of health educators and public servants working to reduce tobacco addiction in America.

Industry representatives characterized philanthropic health activists as “radicals,” “zealot,” and “social do-gooders.” They extended the scope of their assault to prominent organizations such as INFACT, STAT and the American Cancer Society. In the latter case, Philip Morris and The Tobacco Institute openly engaged in social warfare to diminish the effectiveness of the ACS’s Great American Smokeout – an event staged by the ACS to assist those Americans who have chosen freely to try and beat their addiction to nicotine.

Philip Morris Chairman and CEO, Geoffrey Bible, testified he began smoking at 14 years of age. This would have been in the early 1950s. While over a half century has passed, little has changed. Today, most smokers become addicted to tobacco products while in their early teens. As admitted by Bible, advertising and promotional events are key to furthering the imagery of tobacco brands. The documents featured in this report provide overwhelming evidence that the industry continues to rely on subliminal marketing messages designed to leave a lasting impression on America’s youth. As stated eloquently by Elizabeth Butson in her *Fountain of Youth* presentation, “Smart marketers, therefore, are tapping the youth market in order to establish buying habits and brand loyalties which will be carried forward into adult years.”

*Smart marketers* from the tobacco industry have infiltrated nearly all the major social institutions in Texas; corrupted the political process; and exploited the cherished symbols of American society, such as freedom, integrity, truth and democracy. CEO Bible notes accurately that, “the tobacco industry is a – is a large industry, [having a] huge economic impact in this country. Lots of very vital interests, like tobacco growers and retailers, employees.”

We dedicate this report not to the thousands, but the millions of Americans, who in most cases tragically suffered extended and painful illness, cancers, and ultimately, premature death as they gave their lives to further the economic success of the tobacco companies and industry affiliates. The story of this human suffering, not just from the victims of tobacco, but their families, friends and loved ones remains untold.

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