

Presentation to FDA Center for Tobacco Products Public Meeting on Promotion and Advertising of Menthol and Other Cigarettes to Youth, Including Youth in Minority Communities

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LegacySM

Mission and Programs

- **Nonprofit public health foundation located in Washington, D.C.**
- **Established by the landmark 1998 Master Settlement Agreement between the five major tobacco companies, 46 states and five U.S. territories.**
- **Two-part mission: (1) build a world where young people reject tobacco (prevention) and (2) anyone Can Quit (cessation)**

Youth Key to Tobacco Industry

- Youth are key to maintaining and growing the cigarette market
- Industry documents reflect this reality
- How can we forget the famous quote: “The base of our business is the high school student”

Youth Key to Tobacco Industry

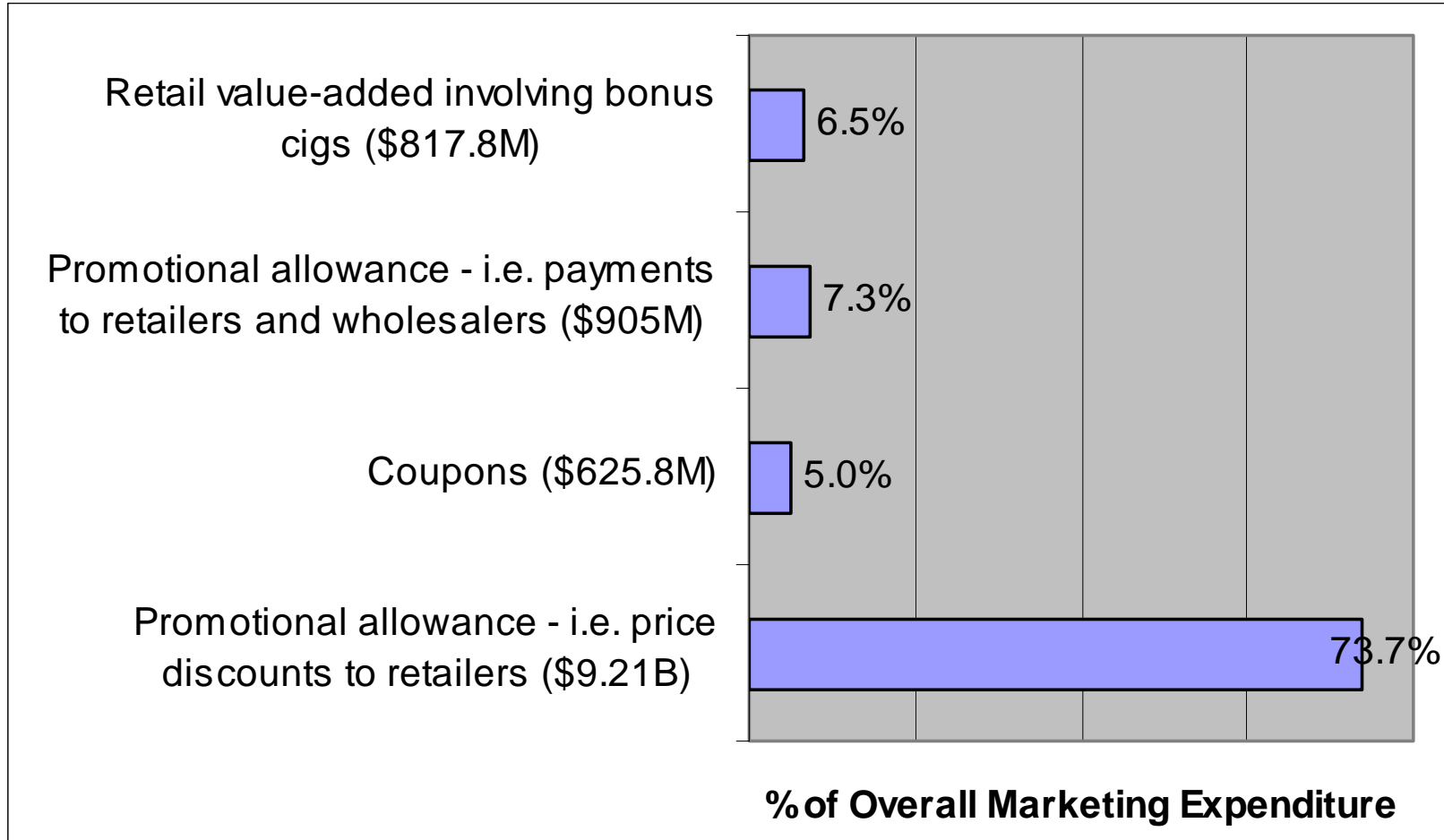
- Nearly 80% of smokers start before the age of 18 and nearly 90% start before the age of 20.
- In 2006, 6.3% of middle school students and 19.7% of high school students were current cigarette smokers.

Everyday in the U. S.:

- Tobacco industry spends on average more than \$34 million on advertising & promotion.
- Approximately 3,900 12- to 17-year-olds start smoking – about 1,500 become daily smokers.
- Approximately 1,200 people die prematurely from tobacco related disease.

Industry Marketing Expenditures

In 2006, industry spent \$12.5 *billion* on marketing expenditures in the US



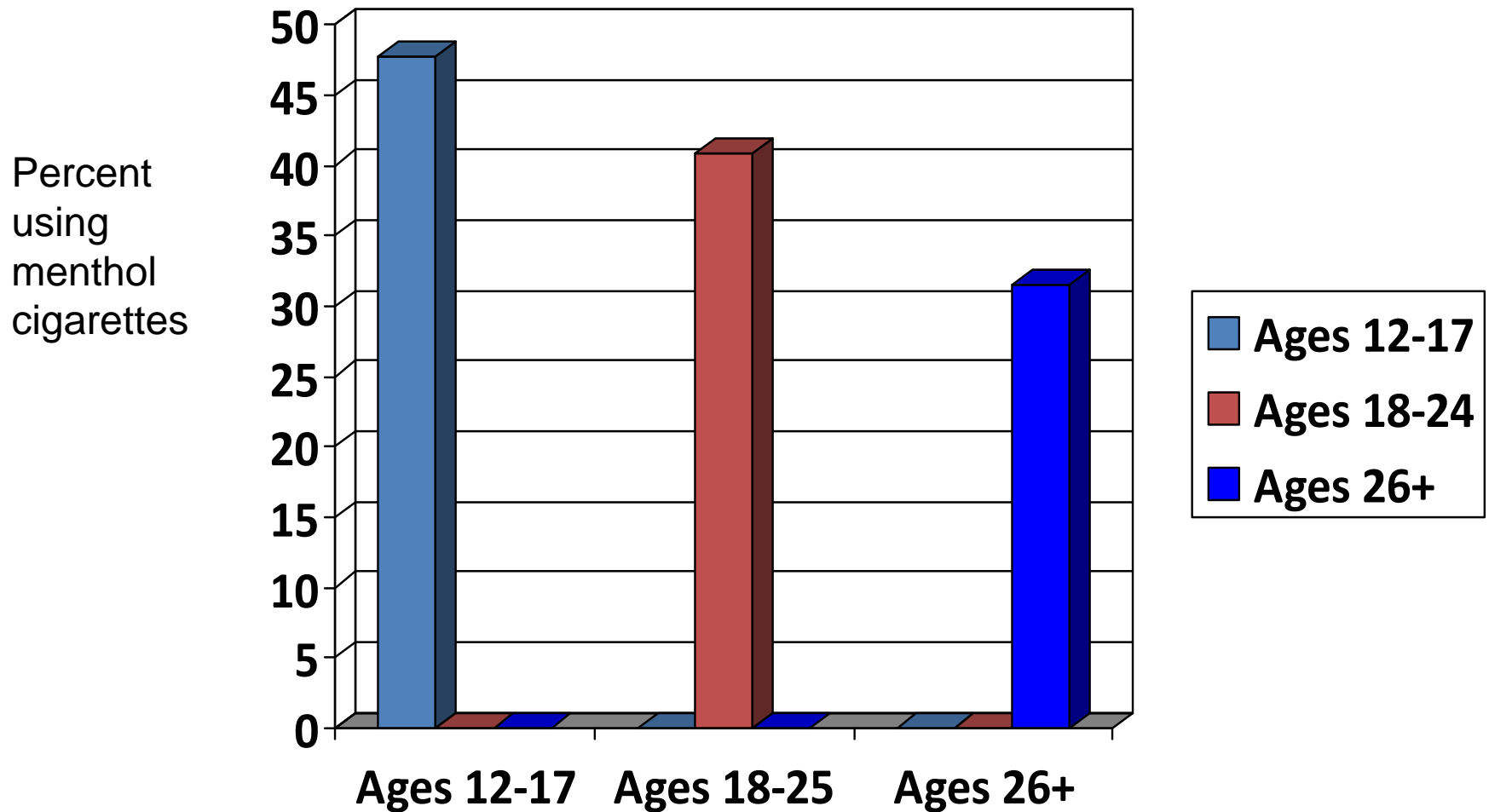
Menthol Use

- Menthol cigarettes equal 20% of the cigarette market
- Research shows that menthol smokers are more likely to use promotional offers (such as coupons and other discounts) than non-menthol users.

Menthol Use

- Between 2000 and 2002, there was an overall decrease in youth smoking rates; however, during the same period, youth menthol cigarette use increased by 18.5%.
- Nearly half of all teen smokers are smoking menthol cigarettes.
- Despite a 22% decrease in overall packs of cigarettes sold (2000- 2005), menthol sales remained stable.

Menthol Use Among Smokers



Tobacco and the African American Community

- 21% of all African American adults smoke.
- 26% of African American men smoke.
- 18% of African American women smoke.

Menthol and the African American Community

- Nearly 80% of African American smokers smoke menthols
- 87% of African American high school smokers smoke menthols
- 88% of African American middle school smokers smoke menthols

Tobacco and the Hispanic Community

- 16% of all Hispanic adults smoke.
- There are substantial differences in Hispanic smoking rates by gender:
 - 21% of Hispanic men smoke
 - 11% of Hispanic women smoke.

Menthol and the Hispanic Community

- 32.3% of Hispanic smokers smoke menthols
- 52% of Hispanic high school smokers smoke menthols
- 63% of Hispanic middle school smokers smoke menthols

Tobacco and the Asian American Community

- 10% of all Asian American smoke
- As with Hispanics, significant gender differences exist:
 - 16% of Asian American men smoke
 - 5% of Asian American women smoke

Menthol and the Asian American Community

- 31.2% of Asian American adult smokers smoke menthols
- 59% of Asian American middle school smokers smoke menthols
- 51% of Asian American high school smokers smoke menthols

What We Know About Menthols:

- Starter Product for Youth
- Health Reassurance Promises
- Targeted at minorities and African-Americans in particular

Starter Product for Youth



B&W Internal Document from 1987

APPENDIX A

PRODUCT REASON FOR KOOL'S DECLINE IN ATTRACTING STARTERS

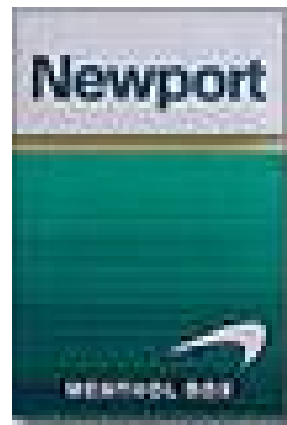
From a product recipe standpoint, I can understand why possibly KOOL KS and 100s are no longer considered to be acceptable starter products. First, let's consider which smoking attributes are important to a beginning smoker. Based on my own initial smoking experiences and comments from other smokers about their early smoking experiences, the attributes are:

1. low tobacco taste (this is an acquired taste with use),
2. low impact and irritation (a strong smoke is intolerable),
3. low tobacco aftertaste (heavy, dirty taste is intolerable),
and
4. if it's a menthol product, it should have a low amount.

Menthol brands have been said to be good starter products because new smokers appear to know that menthol covers up some of the tobacco taste and they already know what menthol tastes like, vis-a-vis candy. The level of menthol in the product is, however, critical.

Starter Products for Youth

- For years, the tobacco industry has manipulated the level of menthol in cigarettes
- Low levels of menthol for young “starters” – just enough to mask the tobacco flavor



Starter Products for Youth

- Higher levels of menthol for “experienced” smokers – to keep up with their need for a stronger sensation as they become more acclimated.



Kools and Newports Advertised in Magazines with High Youth Readership



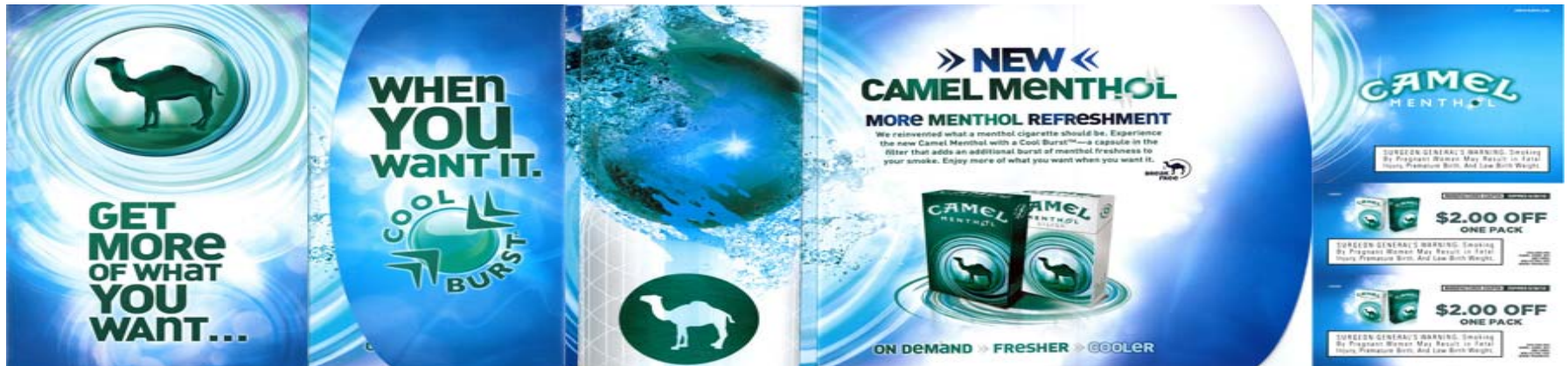
Ad and Product Placement Catches the Attention of Youth



Ad and Product Placement Catches the Attention of Youth



Packaging to Appeal to Youth



Teens always want “more” and they want to be “cool”

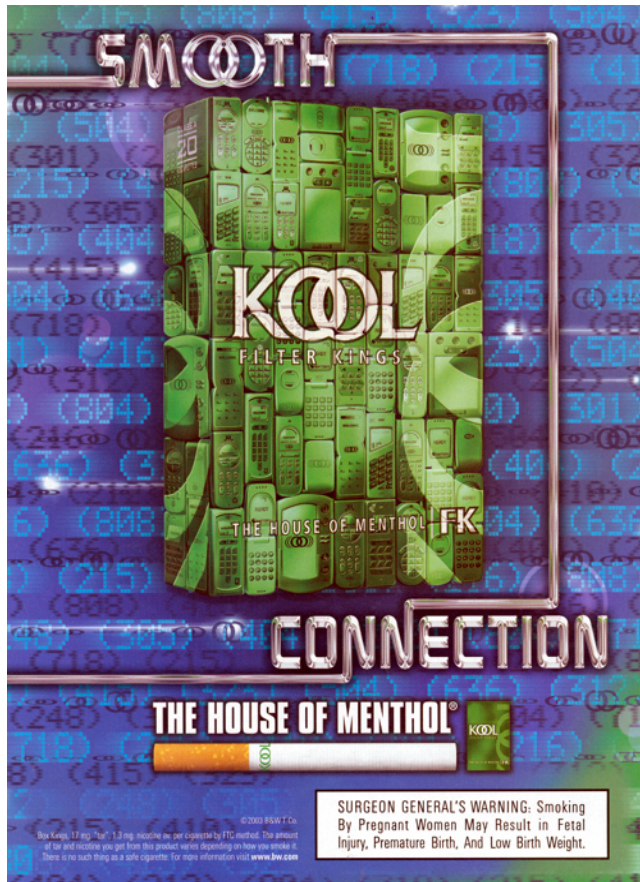
Messages to Appeal to Youth



2009 Direct mail piece –
Source:
www.trinketsandtrash.org

What do teens value more than their freedom?

Messages to Appeal to Youth



SMOOTH

KOOL
FILTER KINGS

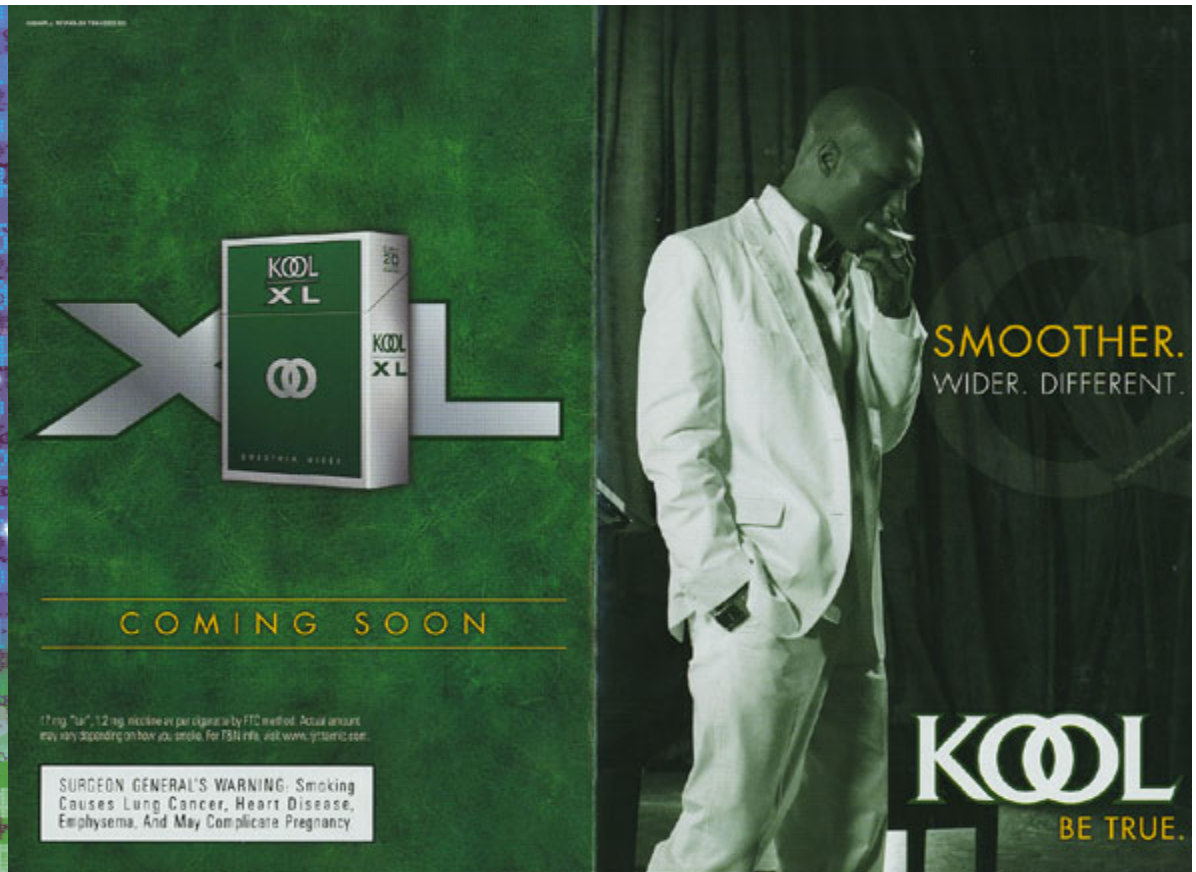
THE HOUSE OF MENTHOL **FK**

CONNECTION

THE HOUSE OF MENTHOL[®] **KOOL**

©2003 B&W T Co.
This King, 11 mg. "tar", 1.1 mg. nicotine av. per cigarette by FTC method. The amount of tar and nicotine you get from this product varies depending on how you smoke it. There is no such thing as a safe cigarette. For more information visit www.bw.com

SURGEON GENERAL'S WARNING: Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.



KOOL XL

KOOL XL

**SMOOTHER.
WIDER. DIFFERENT.**

COMING SOON

(7 mg. "tar", 1.2 mg. nicotine av. per cigarette by FTC method. Actual amounts may vary depending on how you smoke. For TSI #16, visit www.legacy.com.

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

KOOL
BE TRUE.

Targeting Minorities

- The tobacco industry has a long history of targeting minorities
- One document reveals that Newport’s target audience was “[y]oung adult smokers, especially in inner-city areas”
- Another describes Kool as “the starting brand for young blacks” and the “dominant brand in the inner city”

EXHIBIT I

BLACK SEMINAR
MARCH 27, 1978
PROMOTION IDEAS

1. Poster with Black Athlete smoking 10-tar Lights.
2. More sampling by reps.
3. Blacks in blue collar situations vs. coat and tie on posters.
4. Coupon on back of NEWPORT packs.
5. Use at "unannounced" coupon to generate curiosity - customer doesn't know what it will be redeemed for.
6. Special promotion on carton for Black smoker on local basis.
7. Customized NEWPORT van for sampling.
8. Advertise NEWPORT as the "space age" cigarette using the crescent as a space symbol.
9. Sample NEWPORT at Black conventions, expos., etc.
10. Sample outside plants/factories - where the smoker works.
11. Contest which requires proof of purchase - win 100 records.
12. Contest tie-in with a record company.
13. Tie-in with any company who help black - "we help them, they help us." Target group age 16+.

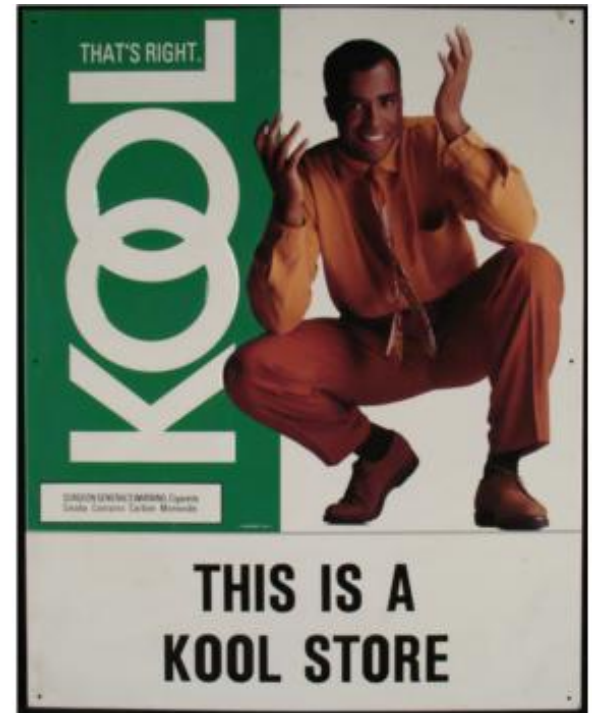
Targeting Minorities: In Store Ads

- Neighborhood and store ads promoting menthols appear to be higher in minority communities



Targeting Minorities: In Store Ads & Billboards

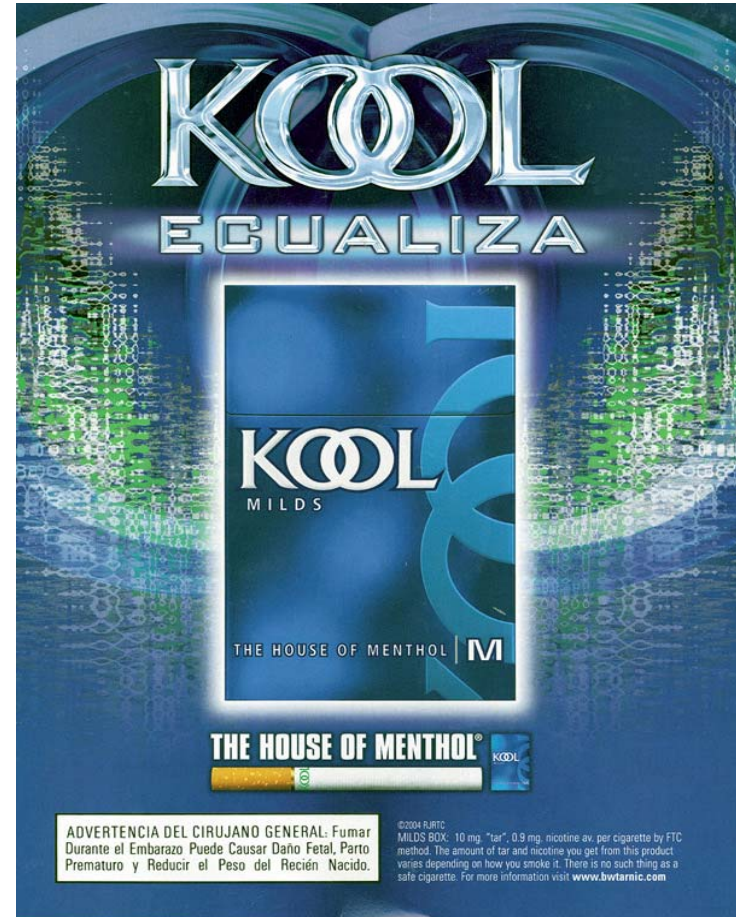
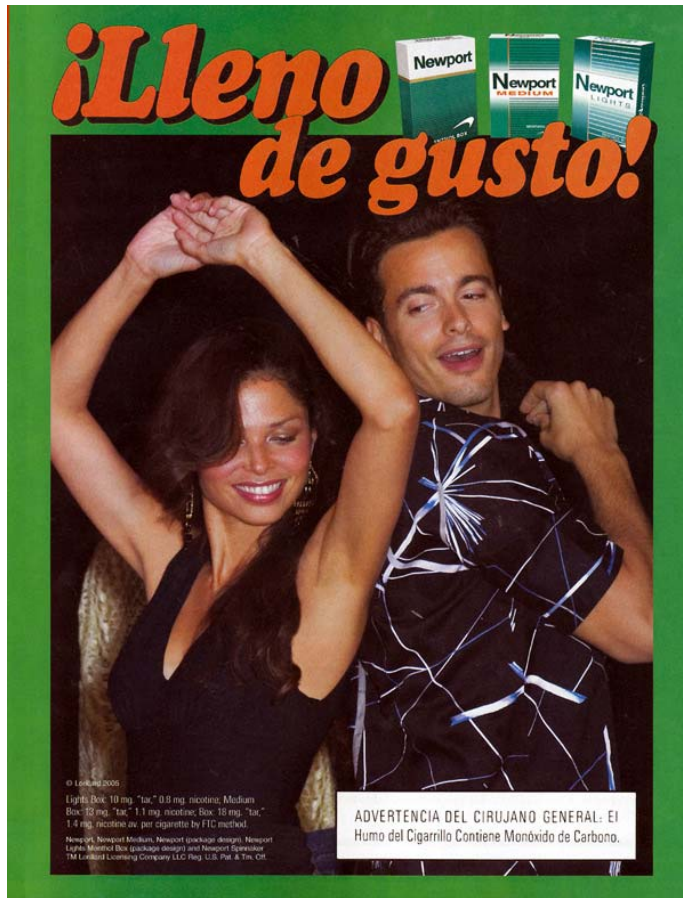
- One study found that in one city, Black neighborhoods were significantly more likely to have ads for menthols than other neighborhoods (Altman et al, 1991)
- Another study found that 32% of point of sale ads in predominantly African American or Latino neighborhoods were for menthols vs. 10% in non-minority neighborhoods (Laws et al, 2002)



Targeting Minorities: Magazines

- Menthols are heavily advertised in minority-market magazines
- One Study found that between 1998-2002, *Ebony* was 9.8 times more likely than *People* to contain ads for menthols
- The Spanish version of *People* was 2.6 times more likely to contain menthol ads than the English version

Targeting Minorities: Hispanics



Targeting Minorities

Newport

pleasure!

CIGARETTES

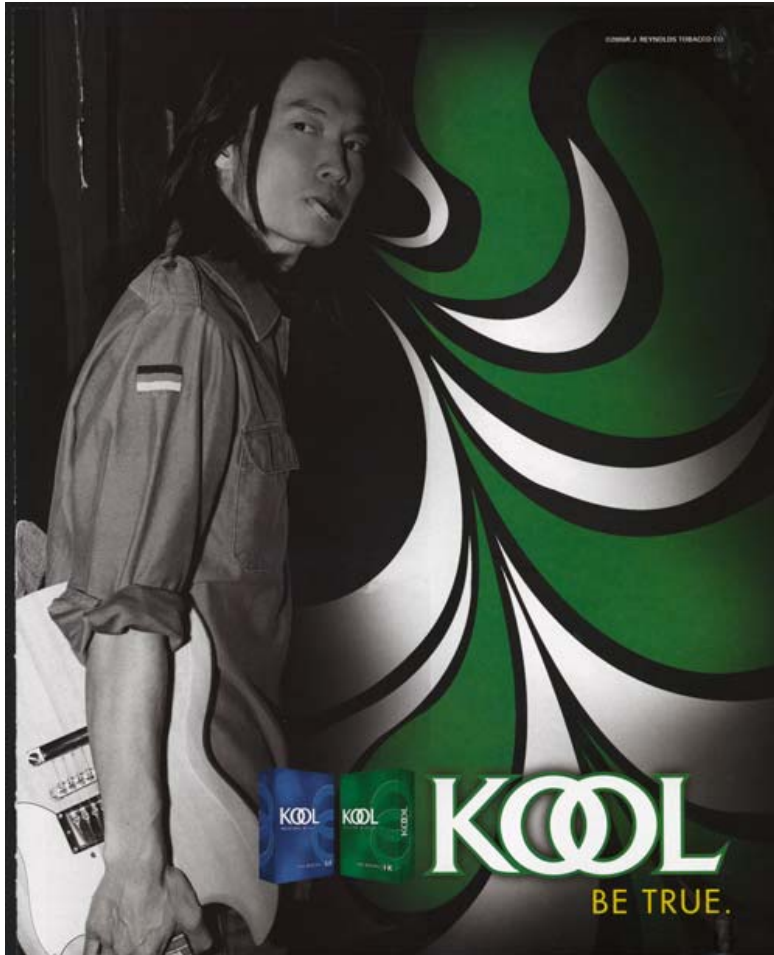
Visit us at Newport-pleasure.com
Restricted to Adult Smokers 21 or Older.

These cigarettes do not present a reduced risk of harm compared to other cigarettes.

Newport, Pleasure, Newport Pleasure, Menthol Gold, Menthol Blue, cigarette design, package design and other trade dress elements TM Lorillard Licensing Company LLC Reg. U.S. Pat. & Tm. Off.

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

Targeting Minorities: Asians



Exploiting Native Americans

a style for every taste

menthol

How do we make a menthol cigarette without adding anything to the tobacco? Simple. We put crystal granules into the filter that are infused with natural menthol. All you're burning is 100% additive-free tobacco, so you get the consistently fresh, menthol taste you want, while smoking the best premium natural tobacco found only in Natural American Spirit.

Our Green pack gives you a full-bodied menthol taste, and our Green & White pack gives you a light, mellow menthol taste.

Try Natural American Spirit with \$20 in Gift Certificates

TryAmericanSpirit.com
or call 1-800-872-6460
Promo Code 79204

Offer for two \$10 Gift Certificates good toward any Natural American Spirit products of greater value. Offer restricted to U.S. smokers 21 years of age or older. Limit one offer per person per 12 month period. Offer void in MA and where prohibited. Other restrictions may apply. Offer expires 06/30/10.

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

No additives in our tobacco does **NOT** mean a safer cigarette.

Smoking our "light mellow taste" filtered cigarettes does not reduce or eliminate the health risks of smoking. Natural American Spirit® is a registered trademark of Santa Fe Natural Tobacco Co. © SPNTC 4

Source: <http://www.trinketsandtrash.org/>

Targeting Minorities



KOOL MIXX
IF IT'S MUSIC, IT'S IN THE MIXX

COAST TO COAST

HEAD TO HEAD

©2003 B&W T Co.
Box Kings, 17 mg. "tar", 1.1 mg. nicotine av. per cigarette by FTC method. The amount of tar and nicotine you get from this product varies depending on how you smoke it. There is no such thing as a safe cigarette. For more information visit www.bw.com

SURGEON GENERAL'S WARNING: Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.

IN ASSOCIATION WITH
VIBE

THE HOUSE OF MENTHOL[®]




Concluding Remarks

- Youth and minorities are the target of tobacco industry advertising – particularly for menthol cigarettes
- Menthols continue to be a key to the financial survival of the cigarette companies

Lorillard investor presentation - 2009



Lorillard

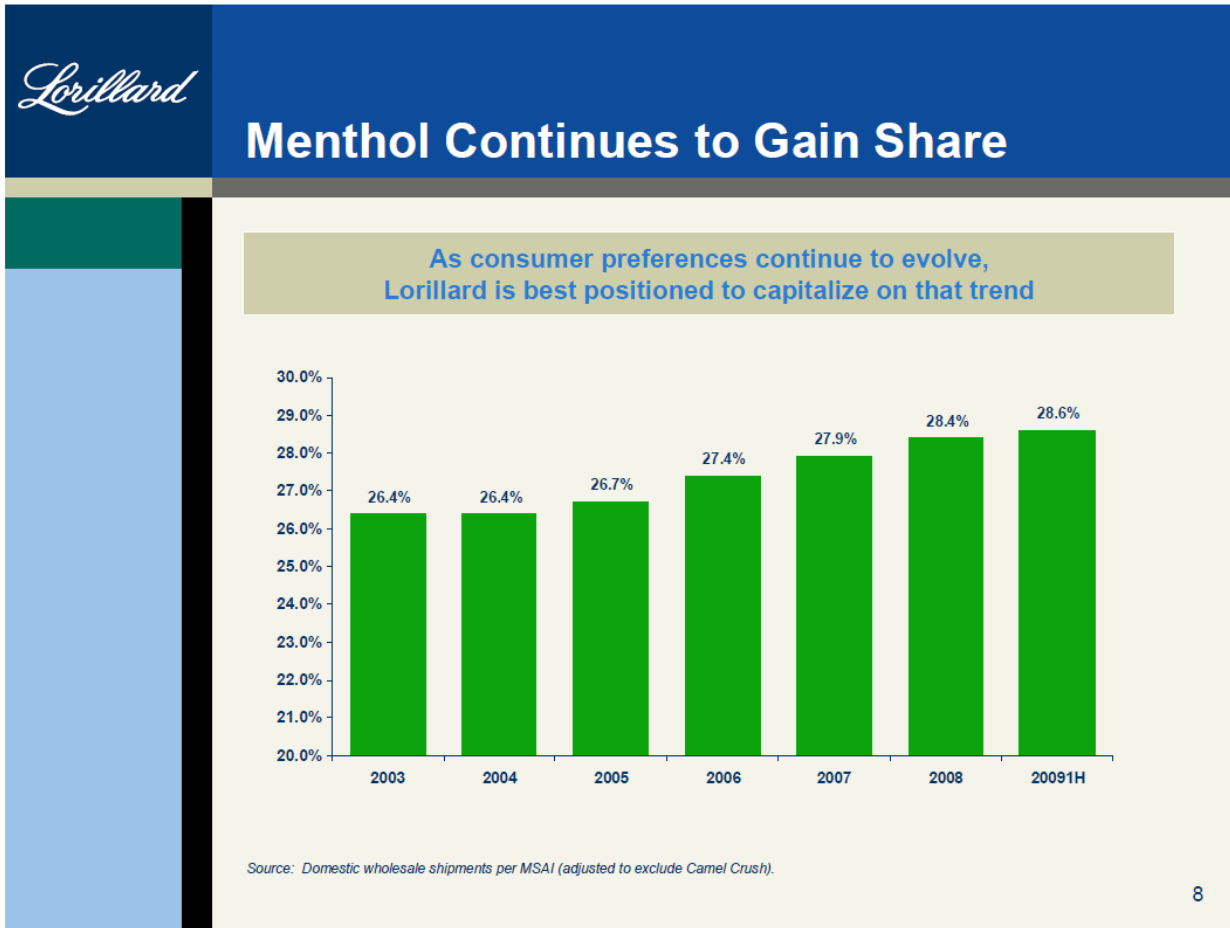
Recent Menthol Share Growth

Recent Menthol share growth can be attributed to:

- ◆ Highly competitive brand retail price promotions
- ◆ Continuation of competitors' line extension strategies (i.e., Marlboro Blend 54)
- ◆ Slower long-term decline rate for Menthol vs. Non-Menthol

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Lorillard investor presentation - 2009



Concluding Remarks

- In light of the susceptibility of youth to advertising and the obvious targeting of minorities, we hope that FDA will place the strongest restrictions allowed by law on cigarette advertising
- There is sufficient evidence to ban menthol for public health and social justice issues. We hope that FDA does all it can to do so.