

"THE VANISHING MEDIA"

(1) INTRODUCTION

In 1964, whilst I was working for a London advertising agency, I was approached by Richard Haddon and offered the job of Advertising Manager for BAT, Hong-Kong.

Whilst I was going through the motions of interview and acceptance with BAT Personnel Department, one of my former bosses - the Managing Director of another agency - made me an alternative offer and attempted to dissuade me from joining BAT. He confidently predicted that within five years there would be no advertising for cigarettes in the U.K. or the USA and within ten years there would be little or no cigarette advertising in the Western World. He sincerely believed that a young advertising man would not have a future career in a tobacco company.

I was reminded of this last October when interviewing a high calibre candidate for the job of Advertising Manager in Guatemala. The candidate - already doing well in Colgate-Palmolive - expressed doubts about the future and asked intelligent questions about career prospects in our Company for a young man whose specialist skill was advertising, if or when cigarette advertising restrictions should be imposed in Guatemala.

My reassurance to him was that advertising restrictions - even an advertising ban - will increase, not reduce, the Company's need to have its own people skilled in communications and persuasion techniques. This supposition will be borne out by my presentation and others during this Conference. As a hostile environment and media restrictions make the task of communications more difficult, we will need to become more creative, more imaginative and more self-sufficient in the skills of image-building, communications and persuasion, through the media still available to us and by unconventional means where necessary.

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(2) THE TOBACCO INDUSTRY UNDER FIRE

Since the 1960's the cigarette industry has come under a growing barrage of condemnation and criticism.

- ( i ) No other mass consumer product has ever been so widely condemned by medical opinion.
- ( ii ) Smokers have to contend with growing social disapproval and restrictions in public places, on aircraft, at meetings, etc.
- (iii) Smoking is contrary to the growing trend "into" health. Jogging, running, exercise, natural foods, vitamins, etc. are some of its manifestations. "Giving up" or "not starting" smoking are others which directly concern us.
- ( iv) With the exception of hard liquor in some countries, cigarettes have become the most highly taxed mass consumer product in history. Direct Government excise tax represents more than half the retail price in most BAT markets.
- ( v) The cigarette industry is dominated by a few multinational companies. The multinationals have been accused of using high levels of advertising expenditure as a means of making it too expensive for new local companies to survive or to enter the market.

It is the task of our "Communications" to explain and defend the Industry and the legitimate interests of smokers against this background of growing concern and hostility.

(3) CAN CIGARETTE ADVERTISING BE JUSTIFIED?

The critics of cigarette advertising usually advance two main arguments:

- ( i ) Cigarette advertising encourages the smoking habit among young people, resulting eventually in social costs arising from smoking-related health problems.
- ( ii ) High levels of advertising expenditure force up prices, adding to the cost-of-living and help to

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entrench rich established firms (multinationals) in their markets.

Some of the normal arguments in favour of advertising (e.g. boosts turnover and cuts unit costs or production) may be true for cigarettes but if true lend weight to the criticism that advertising encourages smoking.

A fairly convincing statistical case has been argued in the UK magazine CAMPAIGN by Rex von Rossum of Carreras Rothmans that there is a nil correlation between promotion expenditures and cigarette consumption. He quotes international statistics and comparisons between countries with advertising and with no advertising (Italy, Poland, Bulgaria) showing that consumption often increases more rapidly where there is no advertising than where there is freedom to advertise.

His essential argument is that cigarette advertising is not for smoking but for choice of brand and he makes a valid point in emphasising that 6% of the space in each UK cigarette ad must be given over to the Government Health Warning.

Other valid points that can be developed from or added to van Rossum's articles are:

- ( i ) There is growing evidence that the change to filter cigarettes and the growth of low-tar brands are considerably reducing the risks of smoking.
- ( ii ) Advertising has played and can continue to play a key role in encouraging the trend to safer cigarettes.
- (iii) Since there is no evidence to suggest that an advertising ban reduces consumption, it can be argued that its only effect is to "freeze" a market situation, cutting off or slowing down the trend to "safer" cigarettes.
- ( iv ) It is arguable that in a free enterprise society the right to compete freely and to advertise should not be taken away from legitimate companies.
- ( v ) It would be extremely difficult to justify a ban on advertising for cigarettes without also restricting advertising for alcoholic drinks

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and other products which can be harmful taken in excess. Without revenue from tobacco and drinks advertising many newspapers and magazines would be unlikely to survive.

(4) THE ROLE AND FUNCTION OF CIGARETTE ADVERTISING

Cigarette manufacturers in most countries spend around 6% of net turnover on advertising and promotion. This is much less than many cosmetics (40% plus) and pharmaceuticals (15/20%) but because of high volume and turnover it can amount to huge sums of money.

Cigarette advertising expenditures in the USA have been rising fast since 1975 and total expenditure in 1977 was a record US\$779 Mns.

Why do we advertise? What is the relationship between the consumer and the brand? Why do some campaigns fail and other succeed?

Cigarettes are purchased by brand. The consumer asks the retailer for the brand of his choice. Cigarettes are purchased frequently, almost daily by many consumers. There is a need to constantly remind consumers about brands because of the high frequency of the buying decision.

Research and statistics in the USA and other countries have indicated that almost 50% of all smokers, once having adopted a regular brand remain loyal to that brand indefinitely (10 years or more). Around 30% of smokers are semi-loyal but do change or consider changing after three years or so. Around 20% of smokers are fickle and willing to try new brands or new offers.

In most markets it is extremely difficult to launch a successful new brand or to persuade a significant number of smokers to switch brands. Worldwide only one of every eighty new brands launched achieves a significant long term success. Very often it is the same (20%) of "fickle" smokers who show up as brand switchers or triers of new brands resulting in good trial sales but no long term success.

A cigarette manufacturer will succeed in a competitive

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market if it can:

- ( i ) Retain the brand loyalty of its existing smokers.
- ( ii ) Obtain with its existing and new brands a greater than present share of new, younger, smokers before they establish their regular brand loyalty.

If it fails to do so (Liggett and Myers?) it is doomed.

What is that determines the consumer's choice of brand and brand loyalty?

For some, discerning, smokers it is because they recognise, appreciate and are loyal to particular smoking characteristics. However, one of every two smokers is not able to distinguish in blind (masked) tests between similar cigarettes.

I do not wish to underate the importance of smoking characteristics but for most smokers and for the decisive group of new, younger smokers, the consumer's choice is dictated more by psychological, image factors than by relatively minor differences in smoking characteristics.

The brand image of a cigarette is a complex result of many factors - name, price, packaging, history, reputation and recall of past advertising. Current and future advertising do not operate in a vaccum in terms of forming brand image. The credibility and effectiveness of advertising is constrained and limited by all that has already gone into forming the present image.

To summarise, therefore, we spend money on advertising in order to:

- ( i ) To build on and enhance existing brand images, or to gradually modify an image that needs to be changed.
- ( ii ) To retain, thereby, the loyalty of existing smokers.
- (iii) To attract (both with existing and new brands) new, younger smokers before they determine reg-

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ular brand choice and loyalty.

- ( iv) With less importance - to attract a share of "fickle" smokers (brand switchers).

There is no answer to the question why some campaigns succeed and others fail. Market research can reduce the risk perhaps but the Managing Director of Reynolds and the President of Ogilvy and Mather have gone on record saying that the launch of REAL was the most carefully researched project and obtained the most favourable research results that they could ever remember being associated with.

I can only suggest two things to consider on any advertising check-list for an existing or a new brand:

- ( i) Authenticity:

If new advertising diverges too sharply from the existing image of the brand it will be rejected as not believable. It might also antagonise existing smokers.

An example of successful natural evolution was the move by MARLBORO into participation and sponsorships of sports and FORMULA I car racing. The extension of the tough, outdoor, "cowboy" hero - now on wheels instead of a horse - is credible and authentic.

I have no evidence but I would imagine that the switch for VICEROY from "the taste that's right", relatively mild image, to motor racing was not believable to new smokers and probably not acceptable to its existing smokers.

I can think of innumerable examples of campaigns which lacked authenticity and credibility - they all failed. All of the most successful campaigns I can think off - "MARLBORO country", "WINSTON tastes good like a cigarette should", KOOL "hot taste", CONTINENTAL - "Preferencia nacional", HOLLYWOOD "O sucesso", RALEIGH - "El cigarro", B&H "Gold", etc. pass this test of authenticity and credibility.

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( ii) Synchronicity:

The secret of most advertising and marketing successes is timing. The concept of synchronicity is that events (or products or advertisements) which might normally be given little attention or not noticed at all sometimes achieve greater significance and claim our attention because of fortunate coincidence and timing of other related events.

The speed with which new ideas, trends and fashions are communicated and implemented around the world has accelerated to the point where they are now almost simultaneous in most of the free world. Fashions shown in Paris or Rome are photographed, copied and are marketed almost as quickly in Rio and Buenos Aires as in London or New York.

The revival of Disco Dancing inspired by John Travolta and Saturday Night Fever ignited almost everywhere in the world - even ahead of distribution of the film itself - because of the popularity of the music and the attention given to the film in the "international" media such as TIME magazine.

Advertising campaigns featuring Disco Dancing that would have been passé a year before, and one of many imitations a year later, could and did gain a great deal of extra attention whilst "Saturday Night Fever" was at its peak.

If the timing of an advertising campaign, particularly a new brand launch can "catch the wave" of an emerging public mood or new consumer need it achieves success whereas later similar brands go largely unnoticed.

MERIT caught the change of consumer concern from lower delivery per se to lower delivery with taste. KENT G/L appeared to catch a group of consumers looking for the same thing but with the reassurance of a familiar brand name. MORE revealed a surprising appetite for something different.

If you will allow me a moment to suggest an idea, the secret of success in timing is to guess when the cur-

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rent tide is likely to turn. Almost all brands, in most cigarette markets, are currently trending downwards in deliveries and new brands are featuring deliveries as low as 3 mg. or 1 mg. tar. Since the whole Industry is following this trend, it is unlikely that anyone will catch a new wave and turn the market on its ear by doing the same.

What will be the next unexpected development in cigarettes? Might there not be a new type of smoker the day after tomorrow? Male or female - probably a light or moderate smoker (10 a day?), who has come to terms with Smoking and Health by reducing consumption but wants a good, possibly different (like MORE?), satisfying cigarette, with relatively high delivery to enjoy selectively, with a cup of coffee, after dinner, etc. He/she might want this brand in a different, more durable packing (10's or twin - 10's) and would probably be prepared to pay more for it.

A special brand name would be required to fit the concept (something like "After Eights", which worked for chocolate mints) and it should be designated FULL FLAVOUR rather than MILDS or LIGHTS.

This particular idea might never work and I suggest it mainly to exemplify and stress the need to be original, different and to think ahead of current trends.

(5) THE "VANISHING MEDIA AND THEIR CHARACTERISTICS

The first point I want to emphasise is that the media are not "vanishing". They are still there and our target consumer still spends most of his evenings slumped in front of the TV. The media are simply becoming unavailable for cigarette advertising making it that much more difficult for us to talk to consumers.

I will not take up too much time of this knowledgeable and experienced group reviewing the basics of each of the media, which I am sure you are familiar with. However, here are a few reminder points:

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( i) CINEMA

- Colour/moving picture/voice/music.
- Can "tell a story" - use people and environment.
- Generally young audience.
- Good for new brands.
- High cost per 1,000.

( ii) TELEVISION

- Some message capability as cinema.
- Less captive audience.
- Family audience - ideal for selling family products.
- The most effective of all advertising media.
- Usually gives instantaneous national coverage.
- Best value for money spent in most countries.
- Fight to keep it - even with limitations - if you can.

(iii) RADIO

- Has excellent "Reminder" values.
- High frequency needed.
- Audience varies enormously according to timing (Rush-hour car traffic, evening Stereo music).
- Good in combination with other media Flexible (local stations).
- Usually cheap. Good value for money.

( iv) MAGAZINES

- Static - single message.
- Message can be tailored to appeal to known readership (but few advertisers bother to do so).
- Since the broadcast ban many magazines (e.g. PLAYBOY) and Sunday newspaper supplements in the U.S.A. and U.K. have become overloaded with cigarette ads.
- Too many ads look alike.
- Agency media buyers use the same criteria. Consider using different magazines even at higher cost per 1,000 if you will get more attention.

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- A typical PLAYBOY carries ten cigarette ads (and a centrefold to compete with!). A typical BUSINESS WEEK carries one cigarette ad (ROTHMANS).
- Consider being different in size and type of advertisement (e.g. MARLBORO gatefold in LIFE).

( v) NEWSPAPERS

- People read newspapers for news and information - give it to them (e.g. VANTAGE).
- Use colour for impact.

( vi) OUTDOOR

- Keep elements of other media (like MARLBORO/ KOOL).
- Changeable rather than permanent (avoid neon).

(6) SUBSTITUTION

Some specific aspects of substitution are scheduled for detailed discussions in later sessions.

The most important general lesson we can learn from experience is the vital need to think and plan ahead and to take action now that will help you when restrictions are imposed.

Brands which are progressive at the time restrictions are imposed generally continue to do well after restrictions are imposed (MARLBORO, KOOL, BENSON and HEDGES (U.K.), etc.).

Campaigns that have been well-established in audio-visual media and lend themselves to adaptation for other media in a restricted situation (MARLBORO) continue to benefit from recall of past advertising.

It will be more difficult to launch and establish new brands in the new market or to change the image of an existing brand by a new advertising campaign.

The following is a check-list of some points to consider if you are still able to - before restrictions are imposed:

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- ( i) Are there any obvious market gaps or consumer needs not being met which require a new brand launch? Consider launching new brands, even if present demand is limited, whilst media are still available.
  
- ( ii) Have you (and/or your agency) considered how all existing campaigns can be adapted to limited media (e.g. press/magazines only) and whether campaigns might be vulnerable to other "creative" restrictions (no smoking sequences, no overt status appeal, ages of models, etc.). Consider preparing now adaptations of existing campaigns that would comply with likely restrictions.
  
- (iii) Is there a case for changing the Company's name to make it less limiting and still "advertiseable" after restrictions? Consider changing names such as "Tabacalera Nacional" and the purpose and statutes of the Company if these are too limiting.
  
- ( iv) Is diversification desirable - even essential - at least to a token degree in order to protect future image and communications? Examine policies and B.A.T. Guidelines and take action before restrictions are imposed.
  
- ( v) Are there opportunities to deploy our brand names selectively on other products, through diversification or under licence. Again, this must be thought out, planned and acted on if at all possible before restrictions are imposed. If this is delayed until after restrictions it may be considered as evasion.
  
- ( vi) Do present pack designs have elements - colours, shapes, symbols, etc. - that are recognisable and lend themselves to exploitation for other products or indirect recognition in a severely restricted situation? Take note of existing symbols of high value (e.g. JPS) and consider redesigning packs now if necessary to include elements that can be used later.

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- (vii) Can we make brand names work harder for us?  
Names can be descriptive and definitive e.g. MORE and MERIT. Brand names can be added to in order to make them more definitive and descriptive e.g. KOOL SUPER LIGHTS, BELMONT EXTRA SUAVE.

Advertising for cigarettes has not "vanished" and restrictions have been imposed more slowly than my agency friend warned me and predicted fifteen years ago. However, time is running out for many of our companies and most of us have been slow to act on many of these points. BAT Guidelines and our own Company policies still preclude us from acting in some cases with regard even to token diversification.

It would be a fatal mistake to allow our competitors (MARLBORO, DUNHILL, etc.) to build up an advantageous position which future restrictions do not allow us to catch up with.

The greatest mistake we could make is to play down the importance of creativity in a restricted situation. Cigarettes have never been a logical product and brand choice has always been determined by images formed by countless variations of history, tradition, names, slogans and advertising - appealing on an emotional level rather than for rational choice.

It is almost certain that most cigarettes will continue to be sold because of reputation and "added values". Publicity is the business of giving "added value" to products, movie stars or even politicians.

The challenge of giving added value to cigarette brands even if a total advertising ban is imposed will still be with us. New ways of publicising and enhancing brand images can and will be found.

To close my presentation with one final example of this. If there is no media advertising even a glimpse of a brand in the right context, can have great value.

For reasons that cannot be accidental, MARLBORO is always the brand featured in Italian movies, Emmanuelle films and most U.S.A. films (including "Saturday Night Fever"). Can we act now to be sure that it is our brands that will

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feature in Mexican or Brazilian or Hong-Kong films? Can we not get into U.S.A. productions? It is important to remember that this year's movies will be run on TV in 2/3 years time and then on home videos, etc.

When full restrictions are imposed, we have a new publicity problem, that has not been faced before by a mass consumer product. It can be largely overcome with ingenuity and imagination and it must be hoped that progress towards safer cigarettes will eventually enable us to retain or get back the full use of advertising for the long-term future.

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