

ASH Briefing on 'Brand-stretching'

Brand-stretching, that is, the use of tobacco brand names on non-tobacco merchandise or services, has been used by the tobacco industry for many years as a means of promoting cigarettes when faced with a ban on direct tobacco advertising. The examples which follow show the extent to which the tobacco industry will go in order to circumvent restrictions on tobacco promotion. This has serious implications for European nations as governments draft their domestic legislation to conform with the EU Directive on tobacco advertising.

Rationale

Brand-stretching has nothing to do with the diversification of the tobacco industry. Most of the multi-national tobacco companies already have separate divisions dealing with non-tobacco products. For example, Philip Morris owns General Foods which includes many well-known brands such as Maxwell House, Kraft, etc. The objective of tobacco brand-stretching was made quite clear in a 1979 document from BAT:

Opportunities should be explored by all companies [ie in the BAT group] to find non-tobacco products and other services which can be used to communicate the brand or house name, together with their essential visual identifiers.... The principle is to ensure that tobacco lines can be effectively publicised when all direct lines of communication are denied ¹.

A similar strategy was set out by RJ Reynolds, manufacturers of Camel cigarettes, in a document which sought ways to circumvent the French law which bans both direct and indirect advertising. The document, attributed to Worldwide Brands, another Reynolds subsidiary, recommended a "*creative approach to legal matters*" to achieve "*a balance between legal risks and desired benefits*". The document recommended using cigarette brand names for "lifestyle" products such as clothing, shoes, and watches. Most revealingly, the document stated that expenditure for such promotions would increase through legal and financial channels that must be "*hermetically separated from the tobacco company*" ².

¹ "Future communication restrictions in advertising" BAT, 1979.

² Dorozynski, A. British Medical Journal, 1996: 312: 599

Types of brand-stretching

One of the earliest examples of brand-stretching or indirect advertising was in Norway where, following a ban on tobacco advertising in 1975, advertisements for Camel boots started to appear in magazines and newspapers. The ads were identical to those that had previously advertised Camel cigarettes. The Government acted quickly

and deemed the ads to be a breach of the law. They were subsequently only permitted once the characteristic lettering of the word "Camel" and the Camel trademark were dropped.

In October 1997, ASH complained to the Advertising Standards Authority about a similar campaign in the British press. The ad, for Camel boots, featured the distinctive logo and lettering of Camel cigarettes and portrayed the characteristic rugged, outdoor imagery associated with the brand. ASH argued that the advertisement was promoting cigarettes as well as boots but that it was essentially a promotion for the Camel *brand* which is a cigarette brand. ASH believes that the advertisement should, therefore, be subject to the same controls as tobacco advertising. Under the terms of the Cigarette Code, which defines restrictions on style and content of cigarette ads, the advertisement for Camel boots would be prohibited. However, the ASA ruled that because the ad for Camel boots contained no references to cigarettes in a way that promoted smoking, it did not breach the advertising codes ³.

Other early examples of brand-stretching occurred in Belgium and France following tobacco advertising restrictions. Until 1982, indirect advertising did not exist in Belgium but, following the regulation of tobacco advertising, advertisements for Marlboro lighters and matches started to appear. A judge ruled the campaign illegal and said that it was clear that the intention was to promote cigarettes. He added:

"People are not stupid. They immediately identify the tobacco brand promoted through lighters or matches." ⁴

A similar initiative can be seen with the recent promotion for Rizla cigarette papers. Imperial Tobacco acquired the company in January 1997 and has spent considerable sums promoting the brand. Activities include the Rizla Rolling Road-Show, which tours UK music festivals, and the sponsorship of night clubs. For such a low value product, the scale of promotion is immense. Rizla has even launched its own website on the Internet with the clear intention of targeting a youth audience. A spokesman for the company admitted that the web site

"is an ideal way to reach people such as students, who are very much our target audience".⁵

³ "Communication from the Advertising Standards Authority, 20/2/98

⁴ BASP newsletter no 9. June 1990

⁵ Cook, N. Rizla papers brand manager, cited in: Tobacco marketing's last gasp? Revolution Feb. 1998

Another well-known brand which has benefited from indirect advertising is the world's leading cigarette brand, Marlboro. The Marlboro Classics range of clothing is designed to reflect the "Wild West" imagery associated with the Marlboro brand. It was initially a loss leader for Philip Morris, the manufacturer of Marlboro, but is now the second-largest mail order brand in the USA and there are 1,000+ Marlboro Classics stores throughout Europe and Asia. ⁶²

Cigarette brand names have also been associated with holidays, shops, cafes, music, and even public service messages in countries as diverse as France, India, Malaysia, Thailand, Ukraine and the USA.⁸

Who controls brand-stretching?

In order to side-step laws governing tobacco advertising, the tobacco industry has attempted to dissociate itself from indirect advertising by the establishment of quasi-independent companies which have sole responsibility for promoting non-tobacco products using cigarette brand names. An example is that of Worldwide Brands Inc, set up by RJR Nabisco Holdings, which owns the Camel trademark outside the tobacco sector. The company claims to have no direct legal or financial relationship with any RJ Reynolds tobacco operation. According to WBI, the company's business is "brand diversification" and has been marketing fashion accessories using the Camel brand name for 20 years.⁹

Case study: Malaysia

Over the past decade, the Malaysian government has implemented a number of tobacco control measures including raising taxes, banning smoking in most public places, and setting maximum limits for tar and nicotine in cigarettes. The Control of Tobacco Products Regulations 1993 also prohibited all direct advertising. However, indirect advertising is still allowed.

The tobacco industry quickly exploited the indirect advertising loophole and Malaysia has now become a showcase of tobacco brand-stretching. Research in 1996 revealed that four of the top ten advertisers in Malaysia had a cigarette brand in their names: Peter Stuyvesant Travel, Benson & Hedges Bistro, Dunhill Accessories and Salem Cool Planet.¹⁰

BAT, which owns the licence for Benson & Hedges cigarettes outside the UK, was one of the first to test the indirect advertising route. Faced with a declining market share, the company opened the Benson & Hedges Bistro in Kuala Lumpur and advertised the cafe on television. Two years later, sales of Benson & Hedges cigarettes had stabilised and the Benson & Hedges Bistro was one of the most frequently recalled TV commercials. BAT is now developing a range of coffee products also carrying the B&H logo, which may be extended to other countries.

⁶ Direct marketing - Marlboro, Marketing 4 Sept. 1997

⁷ Malaysia tobacco companies find ways to skirt the bans. New Straits Times 7 May 1996

⁸ Zain, ZM . Circumvention of bans on direct tobacco advertising. Unpublished, 1997

⁹ Harbottle, F. Letter in Marketing, 15 January 1998

¹⁰ New Straits Times 7/5/96

The official BAT policy is that the gold-coloured coffee-house and coffee brands are entirely separate from the company's tobacco operations. However, the shop's manager sees the situation differently:

"Of course this is all about keeping the Benson & Hedges brand name to the front. We advertise the Benson & Hedges Bistro on television and in the newspapers. The idea is to be smoker-friendly. Smokers associate a coffee with a cigarette. They are both drugs of a type." ¹¹

The net effect of indirect advertising has been to undermine the law and other tobacco control measures to the extent that the number of smokers in Malaysia is increasing by around 3% per year. The Government has now recognised the problem and the Health Minister has said that the country must "work toward banning indirect advertisements of tobacco products".

Case study: France

Under the 1991 *loi Evin* all tobacco advertising, both direct and indirect, was banned with effect from January 1993. The law bans the marketing of brand name derivatives, except those produced before 1990 by companies without legal or financial links with tobacco manufacturers. In 1995, the French national tobacco control organisation, CNCT, sued Europromotion, a company which advertised Peter Stuyvesant Travel, modelled on the cigarette brand logo. CNCT was able to show that the travel agency was linked to the tobacco brand of the same name and successfully argued that the advertising campaign was a "blatant case of indirect advertising for tobacco". Despite this and other prosecutions, the tobacco companies have persisted in trying to advertise their products in France through indirect advertising.¹²

Effect of brand-stretching

The tobacco companies argue that products and services bearing tobacco brand names should not be subject to any tobacco control legislation because they are not selling cigarettes but other services. However, the examples from Malaysia and France show clearly that the prime motive behind the use of tobacco brand diversification is the continued promotion of the product for which the brand name became recognised, ie cigarettes.

Tobacco promotional merchandise has become widespread in the USA and is very popular with children. Money spent by the tobacco industry on promotional merchandise increased from 7.7% of its advertising budget in 1990 to 25.8% in 1994. Recent research has shown that schoolchildren who wear clothing emblazoned with cigarette names are four times more likely to smoke than other children. Researchers found that 32 per cent of the children surveyed owned promotional merchandise such as T-shirts and baseball caps.¹³

¹¹ Nuki, P. Tobacco firms brew up coffee to beat ad ban. Sunday Times 18 January 1998

¹² Peter Stuyvesant push fuels ire of French group. Wall Street Journal, 9 April 1997

¹³ Bonn, D. Tobacco promotion bans will work. The Lancet p1831, 20-27 December 1997

The impact of Marlboro brand-stretching was demonstrated clearly in a survey of cinema goers in Norway where limited indirect advertising is permitted. The poll revealed that 50 per cent of visitors thought that they had seen an advertisement for cigarettes after the screening of an ad for Marlboro clothing.¹⁴

Future developments

A recent development from brand-stretching is "image-stretching". Not content with using brand names and logos, the tobacco companies are now actively promoting the imagery associated with particular brands. Thus, in Malaysia, BAT has been enticing people to participate in its Benson & Hedges "Golden Dreams" programme, a TV programme about the aspirations of selected individuals. In Thailand, a new canned coffee beverage called M Coffee is adorned with the cowboy imagery associated with Marlboro. ¹⁵ In Europe, cigarette companies have been building brand recognition by the use of colour. Thus, Silk Cut has become synonymous with purple, Benson & Hedges with gold, and so on. The tobacco companies have also begun to publish life-style magazines to encourage brand loyalty. One of the first to use this format was Rothmans with its *Rendezvous with Raffles* magazine. Its circulation now stands at around 100,000. ¹⁶

To date, tobacco advertising on electronic media has been fairly limited. This reflects a voluntary agreement by the tobacco companies in the UK not to advertise until the law has been clarified. However, websites promoting tobacco already exist. For example, the West brand in Germany has its own site and an indirect promotion for Lucky Strike has been created through a website called Circuit Breaker based in California. Other forms of electronic media are also being exploited by the tobacco industry. Benson & Hedges, which recently sponsored Hogzone, a British night club tour, used interactive kiosks alongside lightshows and promotional gifts to attract young customers. A spokeswoman for Benson & Hedges' sales promotion agency, Ignis, commented:

"It was a new presentation of the Benson & Hedges brand... The electronic medium is very important in appealing to a youth audience. In the absence of a web site, the kiosks are a way tobacco companies can use new media and reach that youth audience. They can also do it in a fairly elliptical way, rather than forcing it down people's throats."

¹⁷

¹⁴ Norway puffs away on unadvertised tobacco. Wall Street Journal (Europe) 10/6/97

¹⁵ Hamann, S. Tobacco Control Policy Research Network, Thailand. Personal correspondence, 1997

¹⁶ Cobb R. Striking up a relationship. Marketing, 6 June 1996

¹⁷ Whitaker, S. quoted in: Tobacco marketing's last gasp? Revolution, Feb. 1998

Examples of tobacco promotion websites
www.rizla.co.uk (Rizla cigarette papers)
www.circuitbreak.com (Lucky Strike)
www.clark.net/pub/k2/cameltrophy (Camel Trophy Adventure)
www.west.de (Sports in association with West)
www.asiaconnect.com.my/bates/retail/ (B&H Bistro in Malaysia)
www.tobacco.org/Resources/tobsites.html (General site listing tobacco sponsorships)

European Union Directive

Under the current draft of the EU Directive on tobacco advertising, many of the examples of indirect advertising cited above should be prohibited. The Directive covers:

"any form of commercial communication with the aim, or direct or indirect effect, of promoting a tobacco product, including advertising which, while not specifically mentioning the tobacco product, tries to circumvent any advertising ban by using brand names, trademarks, emblems or other distinctive features of tobacco products."

However, the Directive *does* permit brand-stretching provided that the appearance is clearly distinct from that of any tobacco product. Article 3.2 of the Directive states:

Paragraph 1 [banning all forms of tobacco advertising] shall not prevent the Member States from allowing a brand name already used in good faith both for tobacco products and for other goods or services traded or offered by a given undertaking or by different undertakings prior to to be used for the advertising of those goods or services.

However, this brand name may not be used except in a manner clearly distinct from that used for the tobacco product, without any further distinguishing mark already used for a tobacco product.¹⁸

The future of brand-stretching therefore rests on the definition of "clearly distinct". Given the inadequacy of the UK voluntary agreement to control tobacco advertising as demonstrated with the example of the Camel boots ad, cited above, this wording is inadequate as it still allows the brand name to be used. However, under Article 5, the Directive allows individual member states to go further than the minimum requirements currently set out in the draft text. Article 5 states:

This Directive shall not preclude Member States from laying down, in accordance with the treaty, such stricter requirements concerning the advertising or sponsorship of tobacco products as they deem necessary to guarantee the health protection of individuals.

The Government should therefore be urged to adopt stronger measures in order to prevent the exploitation of potential loopholes in the Directive by the tobacco industry.

¹⁸ EU Draft Directive, 20/1/98

