
Values, Ethics and Business Decisions

Marketing Practices:

Global Marketing of Tobacco Companies

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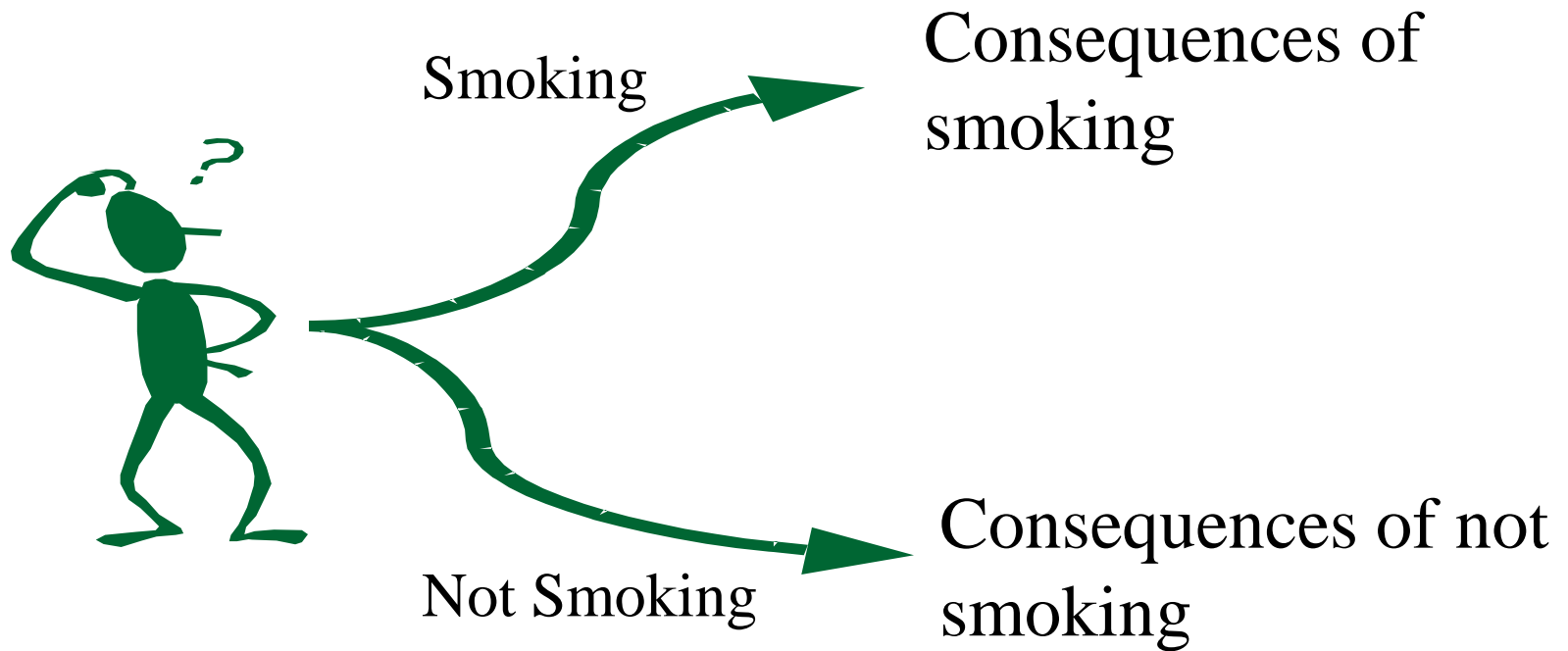
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Tobacco as a Product

For the smokers, to which extent does Tobacco raise a dilemma?

The Smoker's Dilemma



Is there a dilemma?

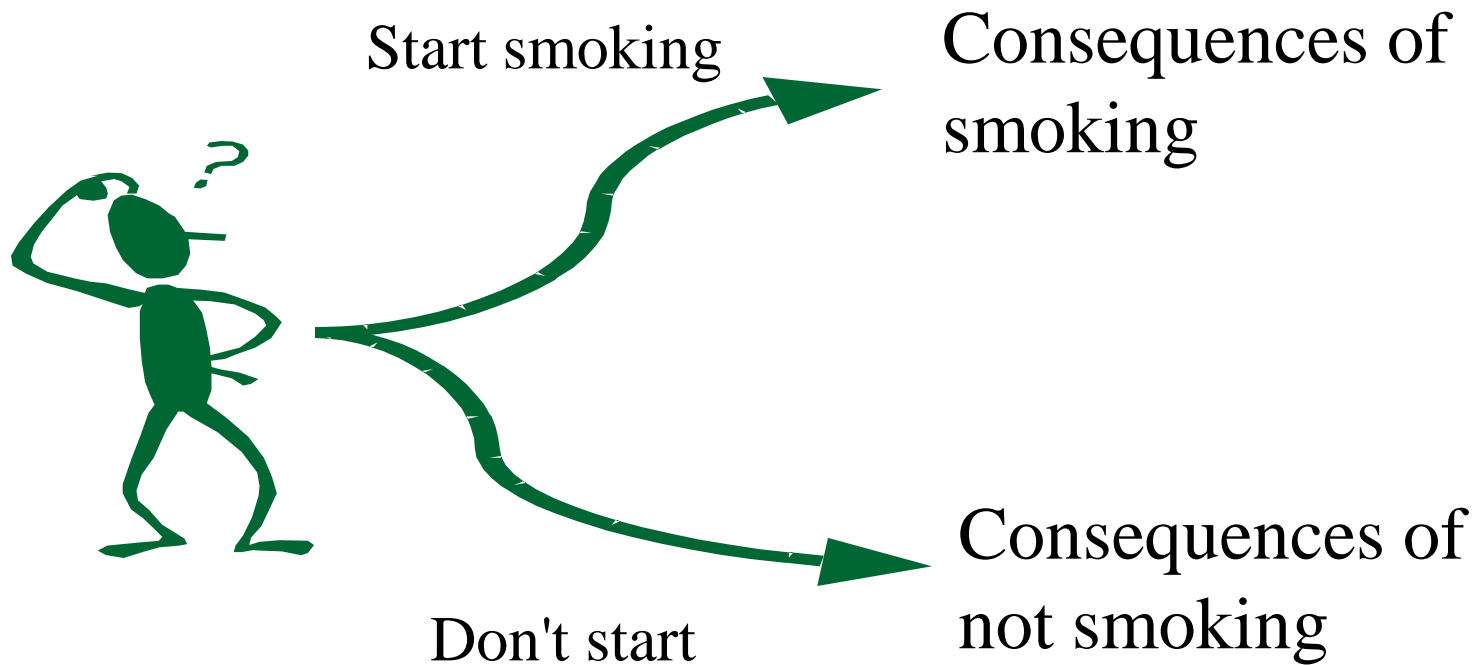
The Consequences of Smoking

- For a long-term smoker, one chance over two to die prematurely
 - Average loss of life expectancy is 16 years in developed countries.
 - Causes are divided as follows:
 - 38% Cancer (of which two thirds are lung cancers)
 - 34% Heart and circulation disease
 - 28% Respiratory illness
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Severe Addiction to Nicotine

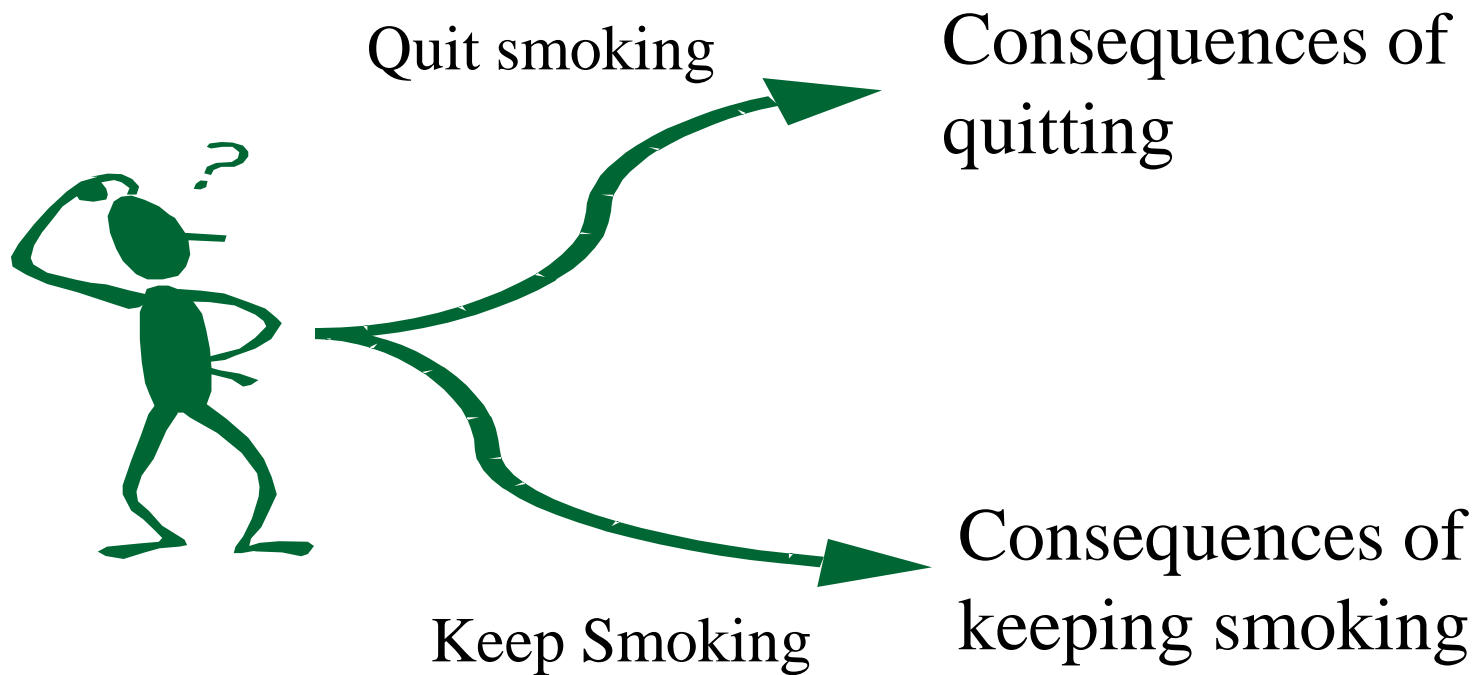
- What is addiction?
 - Psychoactive effects produced by the action of the substance on the brain
 - Compulsive use, despite the desire and repeated attempts to quit.
 - What is the importance of the addictive properties of nicotine in cigarettes?
 - Nicotine is addictive in a similar way to heroine and cocaine.
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The Teenager's Dilemma



*Teenagers are less concerned by the consequences and
~80% of long-term smokers start before 20*

The Quitter Dilemma



Although smokers enjoy smoking, ~70% of them would like to quit

Rational Free Choice?

Smoking is a dilemma: a trade-off between the immediate pleasure caused by nicotine and the delayed bad health consequences of smoke.

This dilemma is more or less pronounced depending on the awareness of the consequences, the strength of addiction and the influence of the social context.

An Institutional Word

Four million unnecessary deaths per year, 11,000 every day. It is rare – if not impossible – to find examples in history that match tobacco’s programmed trail of death and destruction. I use the word programmed carefully. A cigarette is the only consumer product which when used as intended directed kills its consumer.

Dr. Gro Harlem Brundtland,
Director-General Emeritus, World Health Organization

Tobacco as a Business

As a business, to which extent does Tobacco raise a dilemma?

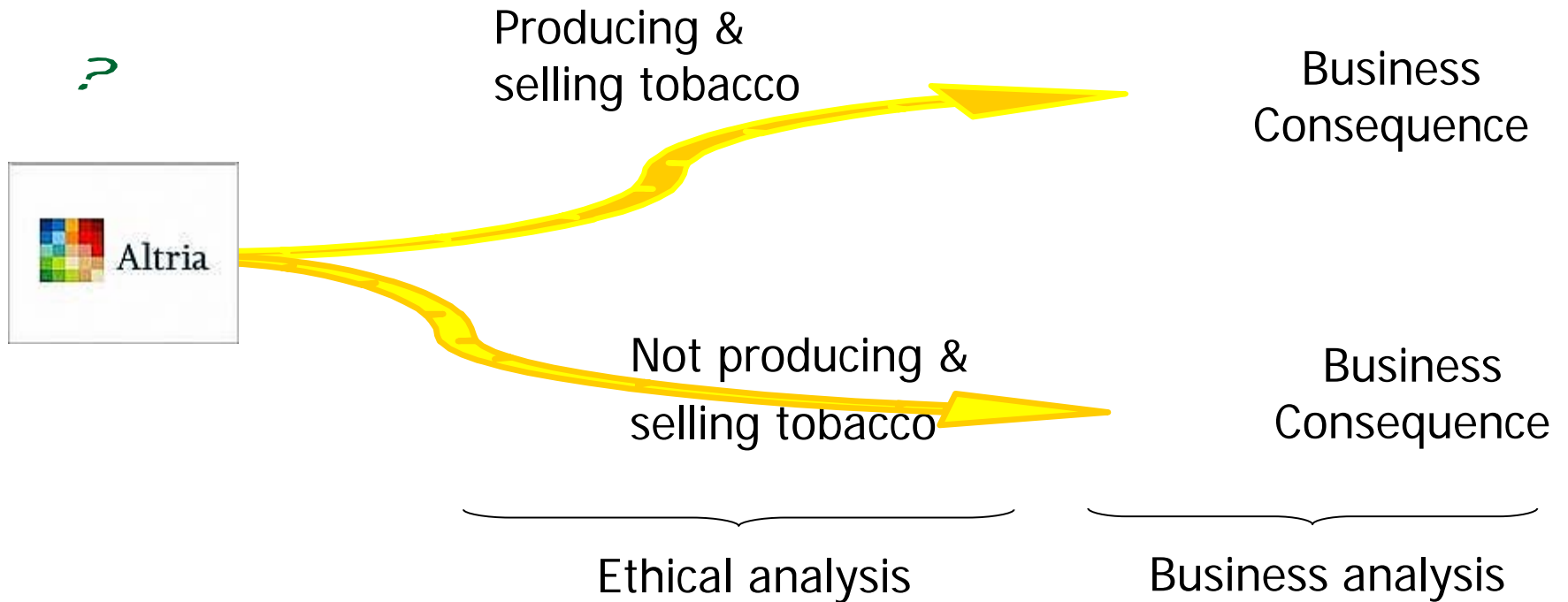
And an ethical issue?

Tobacco is a “Good” Business!

“I’ll tell you why I like the cigarette Business. It costs a penny to make. Sell it for a dollar; It’s addictive. And there is fantastic brand loyalty...”

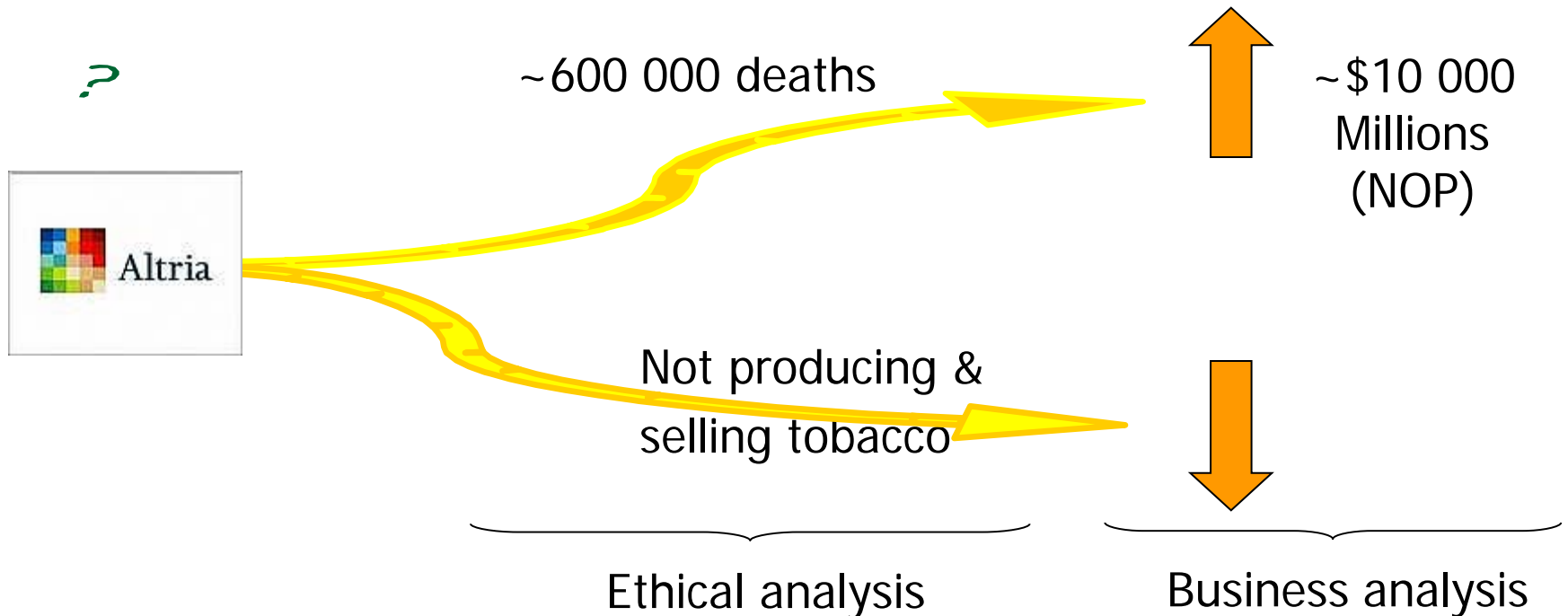
Warren BUFFET,
quoted in *Barbarians at the Gate, the story of the LBO RJR Nabisco.*

Business Point of View



Do you see any ethical dilemma here?

Tobacco Business Dilemma



Because Tobacco is an excellent business, and because it kills half of its consumers, it raises a business ethical dilemma

Linking Product's ethics with Behavior

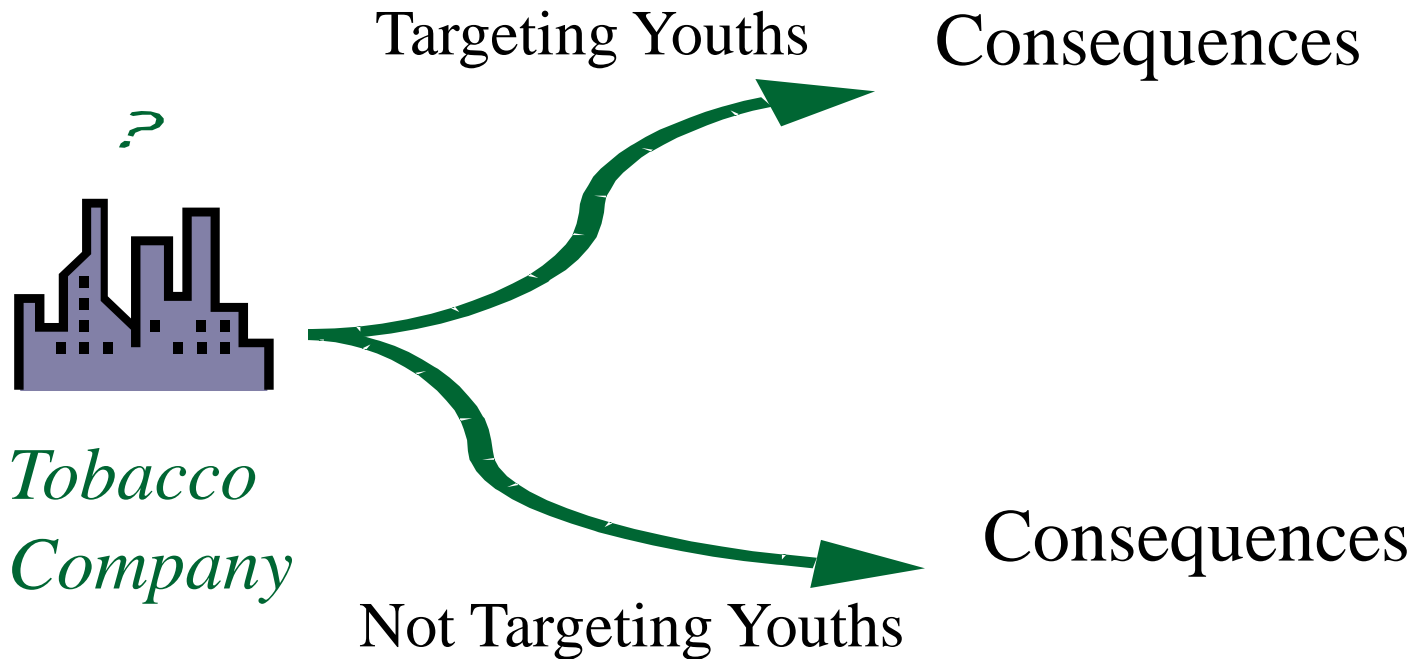
Can we make ethical business out of an unethical product?

An Ethical Cigarette?

"In attempting to develop a 'safe' cigarette, you are, by implication, in danger of being interpreted as accepting that the current product is 'unsafe' and this is not a position I think we should take"

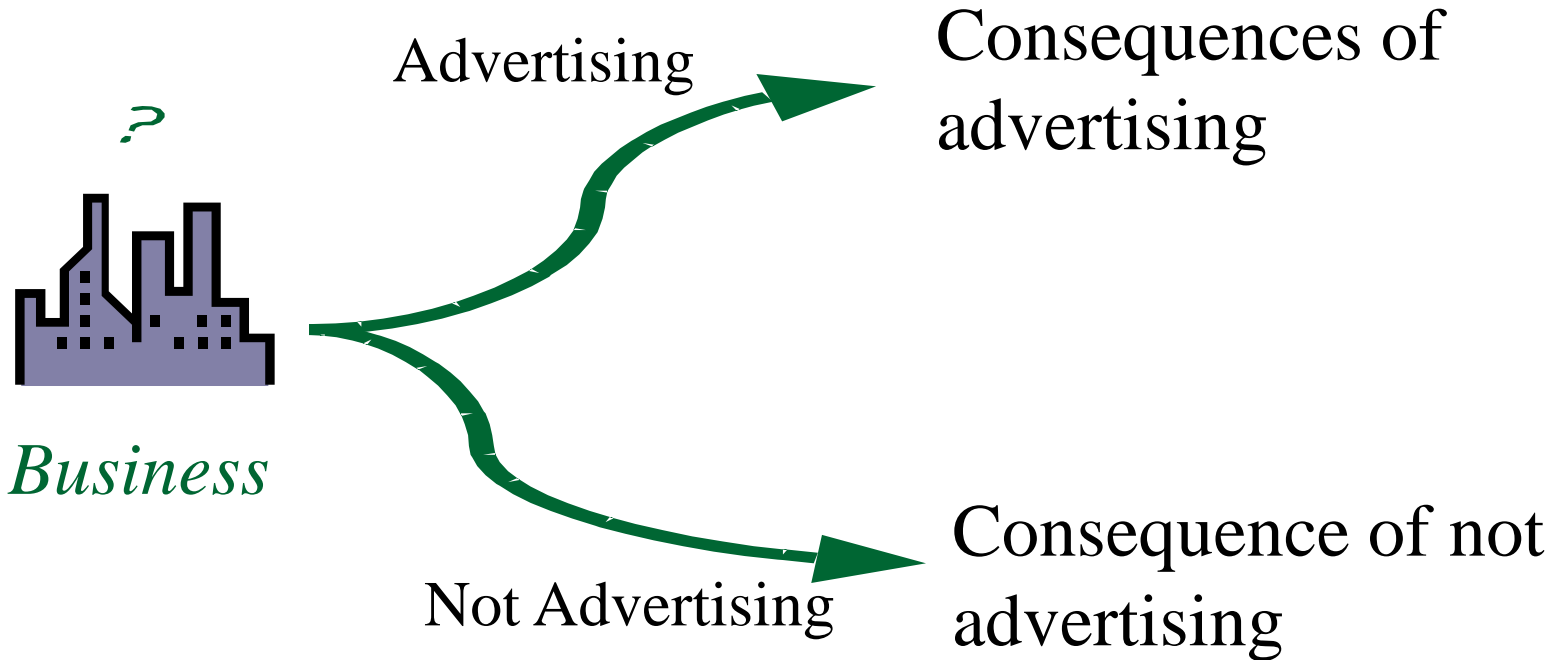
Patrick Sheehy, Chief Executive, British American Tobacco. Confidential
Internal Memo, 1986, 18 December {Minn.Trial Exhibit 11,296}

The Youth Targeting Dilemma



Each consumer who dies must be replaced, and those who start are mostly under 18...
Should you target youths?

The Advertising Dilemma



Is this an ethical dilemma?

Tobacco Advertising...

- Does not inform the consumer about the product, rather hides the nature of the product
- Aimed at generating (unconscious) process preferences for the consumer

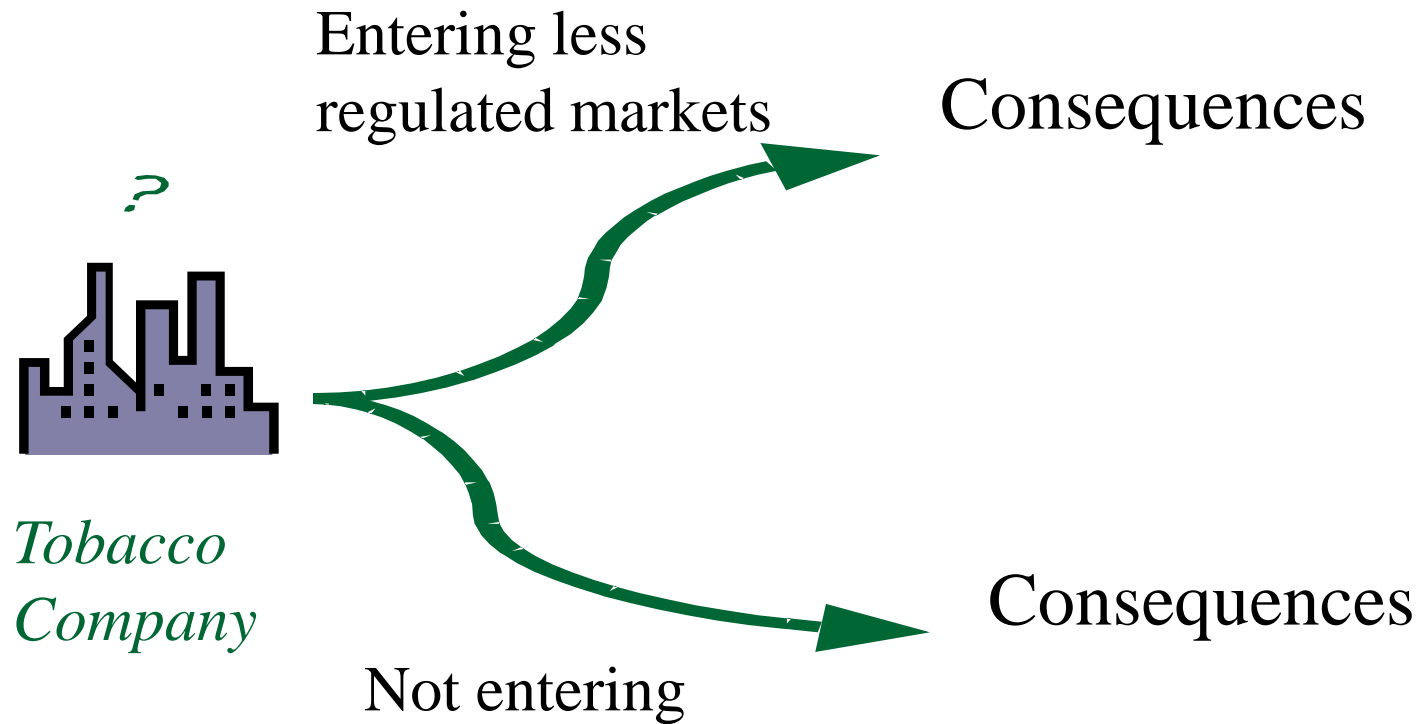
Tobacco advertising is deceptive

The Power of Advertising...

“Without work of the image-makers to mask the reality, smoking will start to feel banal and ultimately ridiculous. The advertising and imagery is central to the product – why else would someone think that inhaling toxic addictive fumes from burning dried leaves in paper was sporty, witty or sharp?”

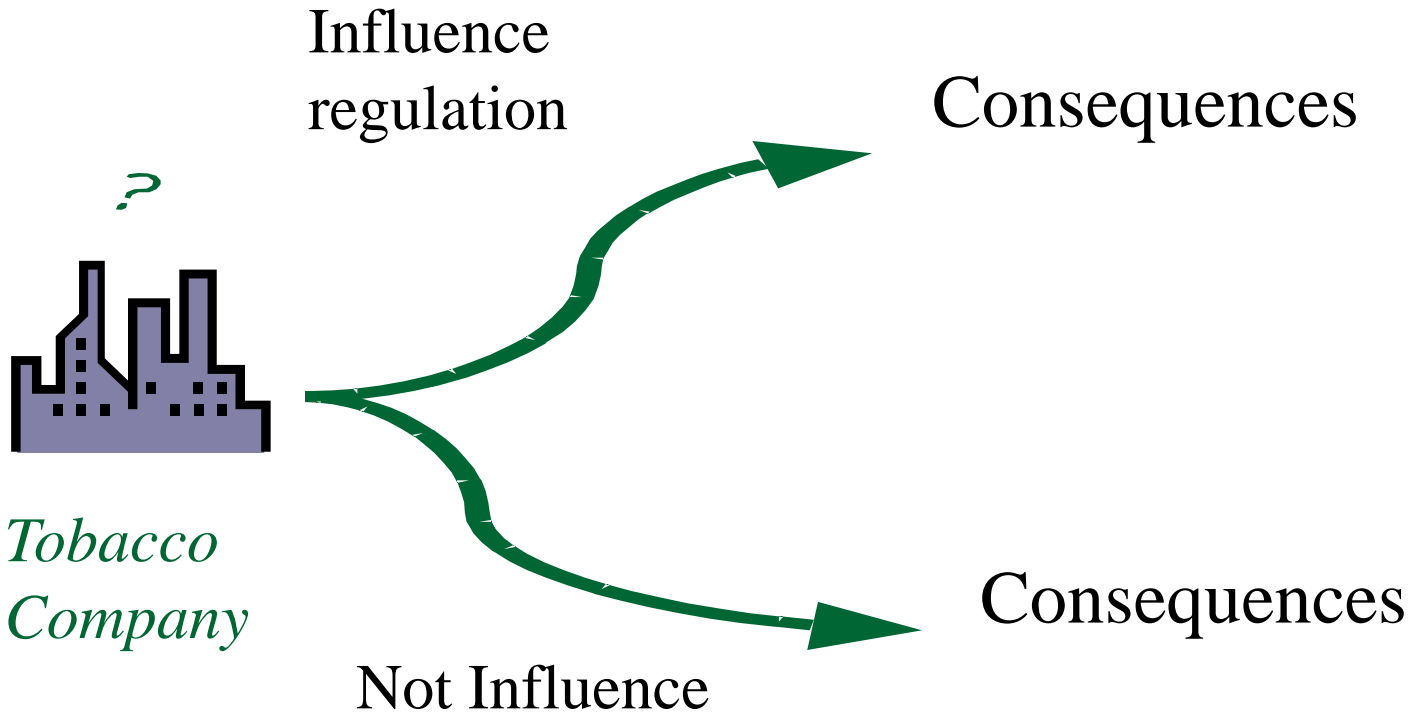
Clive Bates, Director of ASH, on the last day of tobacco ads in UK, February 2003

The New Markets Dilemma



Should you enter new markets to maintain the level of sales?

The Influence Dilemma



Should you influence regulators to maintain an open tobacco market?

An Institutional Word

“Evidence from tobacco industry documents reveals that tobacco companies have operated for many years with the deliberate purpose of subverting the efforts of the World Health Organization to control tobacco use. The attempted subversion has been elaborate, well financed, sophisticated, and usually invisible”

“Tobacco Company Strategies to Undermine Tobacco Control Activities at the World Health Organization”

Strategies of Influence

- Establishing relations with key officials of the political and scientific processes;
 - Using financial power to influence the political process;
 - Using existing influence on key institutions or officials to influence other institutions or other officials (scientific or political);
 - Using media and public relations to influence public image of key institutions and officials (scientific or political);
 - Funding and organizing scientific research while controlling that it results meet your business interest;
 - Passive and active intelligence to neutralize anti-tobacco activism.
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Destroying Activism

“Activists fall into four categories: radicals, opportunists, idealists and realists. [...]

First, you isolate the radicals [...]

Second, you carefully ‘cultivate’ the idealists [...]

Finally, you coopt the realists”

Mongoven, Biscoe & Duchin: destroying tobacco control activism from the inside, by Stacy M Carter, Tobacco Control 2002; 11 Issue 2

Epilogue?

*“ Philip Morris needs to be involved in the international debate on the impact of smoking on health and in efforts to defend its ability to market its product in new, developing markets. But beyond this, I believe it would be useful for the company to raise its profile **as a responsible international corporate citizen**”*

G. Dalley, PM, 1984

Addicted to Lies?

The product you will market will have some unethical dimension

You will tend to hide this, even to yourself

and these denials

Will lead to further unethical practices

Can we make ethical business out of an unethical product?

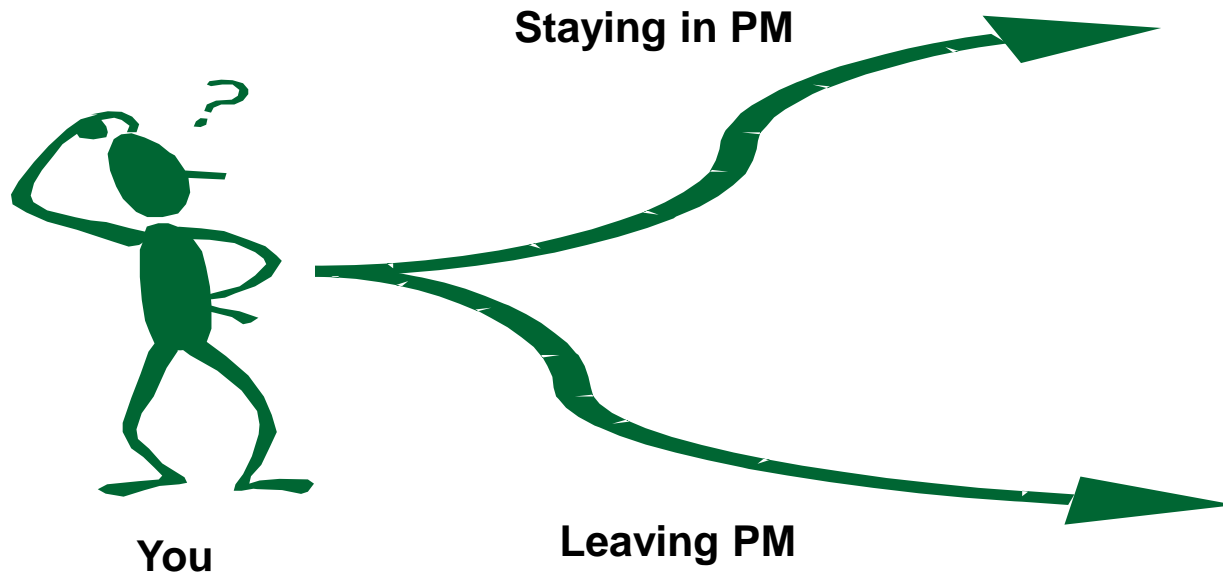
- By its product, the tobacco business has a detrimental effect on people because tobacco affects health;
 - By its behaviors, the tobacco business has a detrimental effect on the society as a whole, in particular because of manipulation of public opinion, distortion of scientific research and subversion of political processes.
 - These negative impacts are destroying the fabric of society
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Some Key Learnings:

- Business influences the desires of customers; it may manipulate them;
 - Business can use secret and sophisticated strategies to undermine the role of control authorities;
 - To say: *"tobacco is bad hence tobacco business is not ethical"* is not enough for a proper ethical analysis; Behaviors matter;
 - When a product is unethical, more unethical behaviours will tend to hide the unethical strategy;
 - Unethical behaviours not only perpetuate, they tend to reinforce.
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Can you teach ethics to tobacco companies?

My experience



What do you feel?
What do you need?
How can I help you?

What can be done

At the corporate level:

- Properly inform consumers,
 - Control distribution,
 - Stop advertising to children,
 - Develop less harmful products,
 - Stop influencing regulators,
 - Stop corrupting governments,
 - Dissociate from criminal organizations.
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What can be done

At the individual level:

- Keep a foot (two?) outside your professional life
 - Be aware of the dilemmas
 - Avoid the trap of justifications
 - Acknowledge the unethical spiral
 - Promote strategies giving priority to ethics
 - Reflect on the meaning of working for a tobacco company
 - Discuss openly with others
 - Put your managers in front of their (lack of) responsibilities
 - Systematically try to transform any ethical dilemma in an opportunity for self-accomplishment
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Next session

Business and Global Environmental Issues

Question to prepare:

Identify, analyze and compare the ethics of the three proposed strategies.

Required Readings:

- *“Should Business Influence the Science and Politics of Global Environmental Change? The Oil Industry and Climate Change – Case A”*
 - *Cochet, Yves: “Toward the Petro-Apocalypse”,*
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