

# Playing to Win: Marketing and Public Policy at Odds over Joe Camel

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*This article is based on the 1998 testimony the author provided for In the Matter of R.J. Reynolds Tobacco Company as an expert witness for the Federal Trade Commission. After providing an overview of the Joe Camel campaign and the Federal Trade Commission's investigation of it, the author considers consumer protection issues that provide a perspective for assessing Reynolds's acts and practices. He then focuses on an analysis of Reynolds's competitive position in the cigarette marketplace and why that was likely to influence subsequent marketing strategy and the development of the Joe Camel campaign. The author next discusses the campaign at some length before returning to an explicit assessment of the campaign and the types of criteria that might be adopted for this purpose.*

**M**ore than one in five deaths in the United States, totaling over 400,000 people each year, are estimated to result from cigarette smoking, and the earlier smoking begins, the greater is the mortality risk (Centers for Disease Control 1993; McGinnis and Foege 1993). Of the approximately 3000 people who start smoking each day and continue into adulthood, more than 80% have their first cigarette when they are under 18 years of age, and more than half become regular smokers by that time (U.S. Department of Health and Human Services [USDHHS] 1994). Believing that marketing cigarettes so as to make them attractive to adolescents posed significant health risks, the Food and Drug Administration (FDA) (1995) and the Federal Trade Commission (FTC) launched separate initiatives; the former's was a far more sweeping challenge to the sale and distribution of cigarettes, and the latter's was a formal complaint charging R.J. Reynolds with violations of the FTC Act in the Joe Camel campaign. In a 5-4 decision, the U.S. Supreme Court recently ruled that Congress had not given the FDA the necessary authority to regulate cigarettes. The remainder of this article focuses on the Joe Camel cam-

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paign and issues that have been raised about both Reynolds's acts and practices, per se, and the FTC's burden of proof under its Section 5 "unfairness" authority. I begin with a brief overview of the campaign.

The Joe Camel campaign was a \$2.5-billion national advertising and promotional campaign that was launched in 1987 and ran for approximately 10 years. For 20 years preceding the Joe Camel campaign, Camel's share of the overall cigarette market fell by 50%, from 9.2% to 4.3%, and its share among 18-24-year-old smokers had been steadily declining as well (to about 3.2% of the market in 1986). The prior campaign featured Bob Beck as solitary adventurer, and the brand was perceived as rather harsh and was smoked primarily by older men. In search of a new theme for Camel's upcoming 75th birthday promotion, marketing executives noted a positive response to a stylized poster featuring a French camel that had previously been used in Europe. In the new campaign, the camel emerged as a character (Joe Camel) that was featured in magazine and billboard advertisements that showed Joe and his friends in a variety of situations likely to appeal to a younger audience. The campaign also was characterized by an extensive use of free merchandise (T-shirts, beach gear, and the like), as well as free cigarette packs, all featuring the cartoon character.

Several years into the campaign, preliminary evidence obtained by the FTC indicated that Camel's brand share of smokers below the legal smoking age was increasing rapidly and the incidence of new smoking was showing a parallel increase. In 1990, the FTC issued a comprehensive Civil Investigative Demand for many of Reynolds's documents to determine whether evidence existed indicating that Reynolds had specifically targeted children and adolescents. In 1991, several highly publicized articles appearing in the *Journal of the American Medical Association* seemed to suggest a significant effect of the Joe Camel campaign on children and adolescents (for an insightful discussion of their impact, see the companion article by Calfee [2000]). The FTC staff investigation considered both published and unpublished research (including research commissioned by Reynolds) that might establish a link between the campaign and increased underage smoking in order to meet the

Commission's evidentiary burden under a revised FTC policy for cases based on unfair acts and practices. The investigation ended in June 1994 when the Commission indicated that the record did not provide a reason to believe that the law had been violated and voted not to issue a complaint.

In 1997, the FTC reopened the prior investigation and charged that Reynolds's Joe Camel campaign violated federal law by promoting an addictive and dangerous product and succeeding in appealing to children and adolescents under 18 years of age by inducing them to begin smoking or continue smoking after initial trial and thereby risk significant injury.

After the FTC's presentation of its case, both sides filed motions to dismiss. In January 1999, the Commission ruled that a recent master settlement between the major tobacco companies and the attorneys general for 46 states (which included a prohibition on the use of all cartoon characters, including Joe Camel, in the marketing of tobacco products) accomplished the most important elements of relief set out in the Commission's notice order and that the public interest warranted dismissal of the complaint.

During the discovery process, hundreds of subpoenaed documents from Reynolds and documents made public as a consequence of several state lawsuits and private litigation were made available to me. The present article and the testimony itself are based on the picture that emerges out of the combined set of the documents I reviewed.<sup>1</sup> Although this documentary evidence is extensive, it does not represent the totality of the information potentially available about the Joe Camel campaign. Nor did I attempt to conduct my own, independent investigation of Reynolds's activities (such as through personal interviews of Reynolds's employees, outside advertising industry personnel, and research suppliers) to link particular documents to specific actions taken by individuals working on the Joe Camel campaign. Thus, there may be other perspectives on the genesis of the Joe Camel campaign and its goals, strategies, and effects, notwithstanding the evidence relied on in this article.

## Consumer Protection and the FTC Unfairness Burden

The companion article by Jack Calfee (2000) presents some of the data available to examine the link between Reynolds's advertising expenditures and changes in adolescent smoking behavior. The backdrop for his presentation is a legal standard initially modified by an FTC policy statement and then codified into a revision of Section 5 of the FTC Act by Congress in 1994. The precise legal burden this change imposes on the FTC is a matter of some dispute (as is discussed in more detail subsequently), and these issues can be resolved only by a judicial challenge to an FTC finding of fact, something that cannot occur in this situation because the case was dismissed by the Commission.

<sup>1</sup>All documents referenced in this article bear the CX number assigned to them for identification purposes. Most were part of the testimony I presented at the FTC hearing on this matter. Some documents have titles, but many do not, and I have not attempted to assign my own titles to them lest I mischaracterize them. Readers seeking to review particular documents should refer to them by CX number in correspondence to either of the parties.

Were Reynolds's view of the FTC burden to be substantiated, the FTC would need to demonstrate that, to be legally unfair, an act or practice must be causally connected to some unavoidable and substantial injury that is not outweighed by countervailing benefits to consumers or competition. Under the most favorable interpretation of the revised Section 5 (from the standpoint of the FTC), the Commission would need to prove that an act or practice contributes to the likelihood of such injury for many people (though it may not be the sole or even the most important cause). Leaving aside differing conceptions of when injury occurs (e.g., after experimenting with cigarettes, after becoming a regular smoker and incurring increased health and mortality risks, after smoking for some length of time) and the avoidability of the actual injury before its eventual time of occurrence (possibly after years of smoking), proof of a causal connection presents difficult challenges.

Can it be known what the incidence of smoking among adolescents would be, there but for Joe Camel? Would anti-smoking efforts have been more successful without Joe Camel? If so, how should only a slight increase in adolescent smoking or even a slight decrease over the campaign's duration be interpreted? Have any other time periods or places so closely incorporated the particular set of pro- and antismoking factors that existed between 1987 and 1998 that making comparative inferences is justified? In the absence of a controlled experiment, even the best statistical analyses of the data available are not likely to meet rigorous scientific standards for establishing causality. Is this what Congress intended? Are courts equipped to sift through a bewildering array of conflicting data sets, moderator variables, and methods of analysis to decide such issues?

Although Calfee makes his usual persuasive case for raising the evidentiary bar for unfairness to such a level, he skirts the difficulties and fails to point out that the lack of unequivocal evidence of causality may penalize society at the same time as it emboldens firms to engage in acts and practices that many would describe as unethical or unscrupulous.<sup>2</sup> I have elected to focus on Reynolds's acts and practices themselves, as reflected in the Joe Camel campaign, largely because I believe it is appropriate to hold companies responsible for their actions, particularly when these actions have foreseeable consequences. To be succinct, I consider it sufficiently egregious, as well as counter to public policy, to entice or take actions likely to entice adolescents to use an addictive product proven to reduce life

<sup>2</sup>Although Calfee (2000) does not explicitly identify how the "hard data" he discusses would satisfy the FTC's causality burden under the revised Section 5, privileged communications from Reynolds's attorneys have made it clear that they are prepared to argue—with sound case law as precedent—that even if there were proof of a temporal relationship between Joe Camel advertising and increases in underage smoking, that would not satisfy such a causality test. One event preceding another is not sufficient to prove that the former event caused the second. Given that it is not possible to run a controlled experiment to establish causality, there would be no possibility of meeting the Commission's burden as it is understood by Reynolds. Accordingly, although other correlational evidence is available in addition to that discussed by Calfee, in total, the evidence can be considered equivocal (depending on what studies are given the greater weight) or even fatally flawed (depending on how correlational evidence is interpreted in light of the causality burden now imposed on the FTC).

expectancy, regardless of how effective these efforts may be. Analogously, companies whose actions would cheat or harm others cannot be excused because of difficulties encountered in bringing about a foreseeable and injurious result or because of the fortuitous intervention of some third party. After reviewing the Joe Camel campaign in more detail, I return to a consideration of alternative criteria that could be used to assess Reynolds's actions and effects.

### Reynolds's Competitive Position

Throughout the 1970s, Reynolds's officials expressed great concern over the company's deteriorating market position, especially compared with Philip Morris. Several internal documents, including planning and strategy papers and internal correspondence, bemoan Reynolds's lack of strength among younger smokers and point to the growing importance of the 14–24 age group (e.g., CX 50, CX 52, CX 56, CX 61, CX 63, CX 65, CX 759, CX 791). These documents tell a story of “slow market share erosion for us in the years to come unless the situation is corrected” (CX 50-C). There must be, “direct advertising appeal to the younger smokers” (CX 50-D). Reynolds had tracked data on children aged 14–17 years that had been supplied to them by National Family Opinion and had noted changing brand and product preferences in this age group (CX 1463, CX 60). A 1974 memo indicates that “most smokers begin smoking regularly and select a usual brand at or before the age of 18” (CX 48). A 1975 internal memo states that “[t]o ensure increased and longer-term growth for Camel Filter, the brand must increase its share penetration among the 14–24 age group which have a new set of more liberal values and which represents tomorrow's cigarette business” (CX 52). As Reynolds's competitive situation deteriorated further (e.g., in 1976 an internal memo reported that Philip Morris posted a four-point gain among 14–17-year-old smokers, whereas Reynolds lost two points; CX 61), the initial version of Reynolds's comprehensive document, “Planning Assumptions and Forecasts for the Period 1977–1986,” was quite specific about the situation: “Evidence is now available to indicate that the 14 to 18 year old group is an increasing segment of the smoking population. RJR-T *must soon* establish a successful *new* brand in this market if our position in the industry is to be maintained over the long term” (CX 56-P, emphasis in original).<sup>3</sup>

Between 1979 and 1983, Reynolds lost more than seven market share points to its main competitor, Philip Morris (CX 8, CX 697). Internal documents identify Reynolds's major problem as a lack of success with beginning smokers who were in the process of choosing a usual brand. These analyses make the following key points:

- Less than one-third of smokers start after the age of 18 years (CX 1430, CX 345, CX 95).
- When people choose their first usual brand, they become intensely brand loyal: Only 2%–3% of smokers switch brands annually, and brands almost never gain more than .1% of market share from switching (CX 1049).
- Marlboro and Newport dominated 75% of the 18–20-year-old smokers, creating a “limited supply of brand switchers” (CX 1430-F).
- First-usual-brand smokers are the driving force behind success in the cigarette market (only a small percentage of such smokers switch outside of their brand families; CX 1507), and convincing young smokers to select a brand as their first usual brand essentially guarantees that the cigarette marketer will reap a long-term sale benefit because of brand loyalty and increased usage over time. Preemptive loyalty among adult smokers 18–24 was deemed critical to long-term business success (CX 1112).

As a result of such analyses, a goal was established to raise Reynolds's share of the 18–20 market from 13.8% to 40% “ASAP” (CX 345-H; see also CX 1430-J). Because, as Reynolds knew, the vast majority of 18–20-year-old smokers start smoking before age 18 and are intensely brand loyal (“Although switchers can be important in the near-term market, *loyalty* and thus FUB [first usual brand] smokers, are the driving force over the long term” [CX 8-C, emphasis in original]), it follows logically that the only way to achieve this magnitude of growth would be to develop a product and marketing campaign likely to be particularly effective with consumers under 18 years of age who have not yet chosen a first usual brand.

### The FUBYAS Fiction

When the “logical” target market became evident, internal documents gave it a name. The market was no longer first-usual-brand smokers. Instead, it became first-usual-brand young adult smokers (FUBYAS): people aged 18–20 and sometimes 18–24 years who were described as “younger adults who are already smokers but have reached the stage of choosing a first *usual* brand” (CX 8-B, emphasis in original). It is conceivable, of course, that nobody under 18 years of age was to be targeted and that the 18th birthday became a magical point in time for doing so. However, this would make little economic sense, given the competitive problems and share of market goals discussed previously, because most smokers have begun smoking several years earlier than that and likely would have become brand loyal (to competitors) by age 18. Also, how would it be possible to shield underage adolescents from any campaign targeted to first-usual-brand smokers, in order to meet an 18-year-old and over requirement?

By the mid-1980s, internal documents appear to be written in a code fit for public consumption: “market renewal stems almost entirely from 18 year old smokers.... The annual influx of 18 year old smokers provides effortless momentum for brands having strong appeal with this group” (CX 926-C); “The majority become regular smokers before age 18, but are still ‘new’ to our 18+ market at age 18” (CX 1112-F). The reality of the situation continued to be well understood: “Future opportunities among younger adult

<sup>3</sup>It is interesting that in subsequent revisions of this planning document this pointed language disappears. This could suggest either a rejection of this course of action or an effort to sanitize potentially troublesome language. A July 1980 interoffice memo to then president and chief executive officer Edward J. Horrigan seems inconsistent with the former interpretation. This memo refers specifically to the loss of market share among 14–17-year-old smokers and adds, “Hopefully, our various planned activities that will be implemented this fall will aid in some way in reducing or correcting these trends” (CX 65).

smokers [are] dependent upon displacing Marlboro as the first usual brand" (CX 33-S).<sup>4</sup>

In prepared remarks for a 1990 (post-Joe Camel introduction) talk, Reynolds's president Jim Johnston said, "Our research shows that the brand a smoker first chooses is usually his or her brand for many years. So we and the other cigarette companies compete fiercely to have a strong share of market among younger adult smokers" (CX 93-F). Johnston is quite specific about the arithmetic of the cigarette marketplace: "About 800,000 smokers age 18 and over enter the market each year. One point five million leave the market. So we're currently in a period where there is a net decline of 700,000 smokers per year." He then added, "Reynolds now gains fewer new smokers than Philip Morris, our chief competitor. And because of the age of our franchise we have a higher percentage of quitters. That's the main problem we're trying to correct. And we're beginning to make some headway" (CX 93-G). The bottom line, then, is that Reynolds well understood that its future success hinged on attracting a much higher proportion of new smokers, and calling them young adult smokers seems intended only to provide legal cover for the first-usual-brand marketing strategy.

### The Joe Camel Campaign

Considerable research has been conducted on why adolescents start smoking, and both the research literature and cigarette industry spokespeople are virtually unanimous in identifying peer acceptance and peer influence as the dominant factor (e.g., Conrad, Flay, and Hill 1992; USDHHS 1994). Comparatively few enjoy the taste or respond strongly to oral gratification. Although an in-depth review of this literature is beyond the scope of this article, the following statement from a Philip Morris executive cogently summarizes the overwhelming consensus: "There is general agreement on the answer to the first [question, Why does a person begin to smoke?]. The 16-20-year old begins smoking for psychosocial reasons. The act of smoking is symbolic; it signifies adulthood, he smokes to enhance his image in the eyes of his peers" (FDA 1995).

Similar statements appearing in Reynolds's documents identify psychosocial factors, especially peer acceptance, as the basic motivation for persuading a "pre-smoker to try smoking" and state that these factors also "sustain the beginning smoker during the largely physically awkward and unpleasant 'learning to smoke' phase" (CX 43-G). It is well understood that part of being a teenager is a propensity to experiment with many adult, risky, and nonsanctioned behaviors, so the emphasis is less on why people experiment with a few cigarettes than on why they become regular cigarette smokers. To attempt to shed light on this issue, I turn to research carried out by Reynolds.

<sup>4</sup>In-house counsel prepared a legal orientation manual in January 1980, stating, "All written material, whether internal or external, confidential or non-confidential, should be drafted as if it might be printed the next day on the front page of a nationally known newspaper. We would also suggest that much of your business be conducted orally" (CX 598). A 1990 memo added, "[W]e must operate with the knowledge that anything we write, say, or do, can become 'public knowledge' over night" (CX 1617).

### Pre-Joe Camel Research

The William Esty Advertising Company had carried out research on high school students for Reynolds in the 1950s (including what brands they smoked, when they started smoking, why they smoked, and health concerns; CX 715). Esty continued to supply Reynolds with information into the 1970s, including a report, "What Causes Smokers to Select Their First Brand?" (CX 25). Esty also indicated that more than 50% of males begin smoking regularly at 17 years of age or younger and identified peer influence as a significant factor in that decision (CX 25). Esty's research made two key points: Young smokers "wear" their cigarette, and their cigarette is an important element of their "I" (CX 25-E). These concepts are the cornerstones of a symbolic interaction/impression management analysis of peer group influence, which I discuss in greater detail subsequently. Thus, as early as 1974, Reynolds had knowledge that it could promote its brands to youths as a way for them to establish the identity they wished to portray.

Esty's analysis made an impression in Reynolds's marketing research department, as is indicated by an internal memo (CX 49) whose stated purpose was to answer the question, "What causes smokers to select their first brand of cigarette?" The memo repeated and extended the Esty analysis: "To some extent young smokers 'wear' their cigarette and it becomes an important part of the 'I' they wish to be, along with their clothing and the way they style their hair" (CX 49-E).

This concept was further refined over the next ten years. Individual in-depth interviews and focus group research conducted on behalf of Reynolds added further richness to this analysis. A 1981 study told Reynolds that

- Reactions to peer pressure form a strong motivation toward beginning to smoke cigarettes.
- This often occurs during the early high school years.
- A desire to feel part of a group is important for many people. If they do not join in smoking cigarettes, they are concerned that they will be rejected from the social group. Cigarette smoking, then, often becomes a type of linkage or bonding among friends within the group (CX 2147).

A 1984 marketing development department memo adds, "Specifically, Camel would help out as a prop or symbol of belonging to a special class or group which is different from other peer groups" (CX 1511-B). The concept of wearing the cigarette is identical to the concept, also discussed in 1984 (CX 8), that the brand of cigarette chosen by young smokers was a prop. Furthermore, although subsequent documents typically refer to FUBYAS or simply young/younger adults, Reynolds understood both that most people begin to smoke as adolescents and that "younger (14-18-year-old) smokers" have a "higher susceptibility" to peer pressure (CX 759-A).

### Peer Acceptance, Props, and Impression Management

Many readers no doubt will have already linked the previous analysis to the extensive psychological and consumer behavior literature derived from theories of symbolic interaction (for extended discussions and references, see Leary and Kowalski 1990; Schlenker and Weigold 1989; Solomon

1983). Some of the key points made in this literature are that people's sense of self depends in part on how others respond to them: "The individual's self-concept is largely a result of others' appraisals, both imagined and actual" (Solomon 1983, p. 323).

As discussed by Schlenker and others (e.g., Leary and Kowalski 1990; Schlenker 1980; Schlenker and Weigold 1989), impression management theory explains how people monitor their audiences to receive feedback about how they are perceived and how they attempt to adjust others' perceptions by altering their behaviors and using various props. Goffman (1959) previously described such behavior using the analogy of an actor moving from a private backstage setting to an onstage role in which it is essential for the audience to view the actor as the person they expect to see. As if adhering to the old adage, "clothes make the man," people come to understand how to modify their behavior and manipulate symbols so as to meet their interpersonal goals.

Adolescents can no longer rely on the presumably supportive feedback of parents in judging where they fit into the all-important world of peers, who (frequently by middle school and certainly by high school) typically assume monumental significance for the teenager. Intensifying adolescents' concerns over how others will assess them and respond to them is a deficit in self-confidence, as teenagers begin to explore uncharted, unfamiliar waters in the company of peers, some of whom will be slightly older and already well accepted. Teenagers' often fragile sense of self thus creates a vulnerability to peer group acceptance that produces an even stronger motivation to engage in self-presentation (e.g., Leary, Tchividjian, and Kraxberger 1994). Solomon (1983) explains that the use of props to control the impression being made on others is most likely to occur when a discrepancy exists between people's self-image and the idealized image they wish to project (e.g., cool, self-confident, risk-taking, irreverent). Solomon's (1983, p. 325) example of "adolescent boys' use of such 'macho' products as cars, clothing, and cologne to bolster developing and fragile masculine self-concepts" applies equally well to their use of cigarettes. Solomon sums up the situation well when he describes teens' behaviors in terms of a search for cues from their peers and from advertising for the right way to look and behave (Solomon 1996, p. 509).

The literature is replete with examples of impression management in behaviors as diverse as people's use of clothing (from ceremonial garb to shirts with identifiable logos to leather motorcycle jackets), body adornments (from body painting and feathers among Indian tribes to more modern use of jewelry, makeup, cosmetic surgery, tattoos, and body piercing), home furnishings (including display items from art books to premium liquor bottles), and even leisure time activities (different sports define different dimensions of social identity). As Levy (1959, p. 118) pointed out more than 40 years ago, modern marketing should be predicated on the knowledge that "people buy things not only for what they can do, but also for what they can mean." Products convey meaning, symbolize personal attributes, and inform others about who people are or who they want to be. This becomes particularly important to adolescents, who are marked by a need to gain acceptance from peers and for peer confirmation of their emerging indepen-

dence and sexuality. Developmental psychologists believe that susceptibility to peer influence peaks in middle adolescence (Berndt 1996), a critical time for the possible adoption or rejection of dangerous (if not deadly) and addictive behaviors such as smoking.

In this context, consider Reynolds's documents that illuminate the so-called FUBYAS strategy, underscore the importance of belonging and peer group identity to FUBYAS, (CX 8), and suggest that the selection of a particular brand can enhance a smokers' ability to fit into a peer group (CX 73). A 1984 analysis of FUBYAS led to the following pointed comments:

With regard to "social group" participation, FUBYAS tend to live a movie.

- They know the roles
- They know the script
- They know the costumes
- They know the props

WE WANT TO SUPPLY ONE OF THE PROPS—THEIR BRAND OF CIGARETTES. (CX 8-Z-51, capitalization in original)

This recognition of the importance of exploiting peer acceptance and the use of a brand of cigarettes as a prop that can be used in the process of gaining admission to and approval from a peer group is consistent both with ideas advanced in Reynolds's documents that date back to the early 1970s and with strategies that ultimately were implemented in the Joe Camel campaign. Additional research carried out by Reynolds in the 1980s indicated that the company's target segment was even more vulnerable to peer acceptance. A 1984 memorandum noted that increasingly new smokers fit the profile of academic underachievers who face less secure economic futures and who therefore place even greater value on short-term social rewards mediated by peer acceptance (CX 73). This group was further described as having a high school education or less, holding blue collar occupations, living for today, and needing acceptance (CX 345). Because young males seek peer acceptance, the user image they desire from a cigarette is young males who are relatively like themselves (perhaps idealized). To create such a user image will require employing symbolic devices that appeal to the peer group itself (CX 770). Such an adolescent confronts uncertainty as to the best way to bolster self-esteem and present himself to others, so he "[a]ttaches importance to social display. At the same time, he feels vulnerable to the opinions of his peers. He resolves this by smoking the same brand as his peer group. Not only does this minimize risk of rejection, but also aids in creating a favorable self-identity" (CX 770-D).

The success of such an effort, which involves teenagers, cannot simply be regarded as effective competition in the cigarette marketplace. When a brand acquires distinctive interpersonal significance and helps people manage others' impressions and establish a desired self-identity, it no longer represents merely a subsidiary (i.e., Now which brand should I choose?) decision for people who have somehow chosen to enter the category. Reynolds's research identified important psychological needs in a period of cultural change that were being met less well by other cigarette brands. A

successful implementation of such a campaign would give the brand the ability to bring people who might not have become regular smokers into the product category.

### Themes Used in the Joe Camel Campaign

Decisions made in the mid to late 1980s translate directly into the themes used in the Joe Camel campaign. A series of documents focus on peer acceptance (CX 926, CX 933, CX 1246, CX 1527): "The objective of Camel advertising worldwide will be to convince prime prospect smokers that by choosing Camel as their usual brand they will enhance their acceptance among their peer groups" (CX 926-Z-1). "Overall, Camel advertising will be directed towards using peer acceptance/influence to provide the motivation for target smokers to select Camel" (CX 933-A). As was stated succinctly in a Reynolds presentation titled "Camel Vision," Reynolds was told to "[e]xploit the power of peer influence" (CX 1444-P).

As noted previously, many of these documents seem to be written in code. However, Reynolds was informed that peer acceptance was a key motivator for middle adolescents, who are well under 18 years of age, and that it declines in strength for "young adults" (CX 759). Also, by this time, internal documents indicate that Reynolds knew that approximately 70% of the people who will ever smoke start by the time they are 18 years of age and that most smokers begin smoking regularly—and thus choose a first usual brand—at or before age 18 (CX 49, CX 95, CX 345, CX 1112). One Reynolds document describes the prime prospect as follows:

The Camel prime prospect has not yet had to face the challenges and lifestyle changes of early adulthood, and is someone whose characteristics are still those of youth, as opposed to maturity. The smokers, primarily 18–20 years old, are in the transitional stage between childhood and adult responsibility. They have rejected the authority represented by their parents and school only to replace it with more diffused authority of the group, so that peer pressure/recognition is still of maximum importance in their choice of a cigarette, although they are still open to exploration and experimentation in their search for immediate gratification. (CX 502-A-B)

An advertising agency presentation to Reynolds added, "Belonging is extremely important to FUBYAS and this need differentiates them from smokers in older age groups.... FUBYAS are in a transition.... [B]elonging to the family (secure) [is] replaced by belonging to selected *peer group* (not as secure)" (CX 345, emphasis in original).

This shift in importance between belonging to the family and selected peer groups characterizes adolescents rather than young adults: "Belonging to [their] selected peer group requires being different from family [and] other peer groups" (CX 345-Z-17). A high proportion of 18–20-year-olds are beginning adult lives in the world of work and family creation and to a lesser degree higher education (cigarette smoking has a markedly higher incidence among high school-educated and blue collar consumers). People 18 and older are focusing on more individual pursuits, including marriage and occupational demands: "By age 20, peer influence drops to virtually zero" (CX 348-D).

The term "target smoker" is a convenient and ambiguous way to refer to anyone who has ever lit a cigarette (or even

a person who is targeted to become a smoker). The more significant point is that the adoption of a peer acceptance campaign strategy and the use of Camel cigarettes as a prop for this purpose is likely to have particular resonance with people under 18 years of age, even if those aged 18–20 would respond favorably to such a campaign. Targeting 18-year-old first-brand users, under the most favorable interpretation, displays reckless disregard for the effects of such a campaign on adolescents.

Other articulations of campaign themes underscore the campaign's relevance to people of high school age, even if they work well with 18–20-year-olds. These themes include independence, coolness, fun, imagination, sex, reality-based success (such as a date, a good party), fantasy-based success, excitement (living to the limit or at least imagining so), taking risks, and living on the edge (CX 345, CX 926, CX 933, CX 1246). Joe was to be portrayed as a "larger-than-life personification of what we aspire to be in our moments of playful fantasy" (CX 1446-R).

A series of younger adult focus groups (CX 79, CX 81) were conducted in 1985 to gauge the impact of potential new Camel advertising. Included in this group of potential advertisements were executions titled "French Camels"—cartoon versions of a camel Reynolds had used in France that bore a strong resemblance to the ultimate depiction of Joe Camel (CX 79). The French Camels (and one other tested advertisement) attracted "the most positive attention," but it was specifically noted that "they may be appealing to an even younger age group" (CX 79-C). A French Camel advertisement had been evaluated in 1974 as being "about as young as you can get, and aims right at the young adult smoker Camel needs to attract" (CX 45). In light of everything that might be suspected about the likely impact of this campaign on adolescents, the 1985 focus group finding ("appealing to an even younger age group"), in conjunction with the 1974 evaluation ("about as young as you can get"), should have alerted Reynolds that employing a character such as the one ultimately used in the Joe Camel campaign created a strong likelihood that the campaign would appeal to youths under the age of 18.

### Campaign Execution and Testing

The Joe Camel campaign began in earnest in 1988 with advertising marking the 75th birthday of the brand:

[T]he new Birthday and Heroic advertising was developed to maintain the target's perceptions of Camel smokers as being masculine and individualistic while improving its image on being admired/respected by friends, being younger/more contemporary, and being more fun/exciting.... Last, but not least, the new advertising was developed to speak directly to target younger adult male smokers by employing an imaginative approach that projected a sense of fun/excitement. (CX 1584-A)

After Reynolds disseminated the Birthday Joe Camel advertisements in the beginning of 1988 (CX 1584, CX 104, CX 110), a series of Joe Camel advertisements Reynolds referred to as the "Heroic Camel" were disseminated in the fall of that year (CX 1584, CX 587, CX 117, CX 119). Reynolds's marketing research department concluded that both the Birthday and Heroic Camel advertisements were successful in projecting the peer acceptance image (CX

1584). Various iterations of Joe Camel appeared in Camel advertising and promotions from the Birthday introductory advertisements in 1988 until late 1997.

A Reynolds's marketing research department memo noted that there was considerable premarket communications testing of both the Birthday and Heroic Camel executions that showed positive shifts in user/product images and in attitude/purchase interest (CX 1584). "The 'Heroic Camel' Advertising Test" (March 1988) document, for example, reported that "'Heroic Camel' outperformed all campaigns tested to date in its ability to shift attitudes positively among target smokers" and "The 'Heroic Camel' campaign achieved a very strong and positive emotional response among male target smokers" (CX 193-K, S).

These results were later confirmed by in-market tracking studies, which were designed to measure changes in (1) awareness of Camel advertisements and advertising themes, (2) attitudes toward the Camel brand, and (3) purchases of the Camel brand as a result of the campaign. The results of this research on slogan recognition, perceptions, and attitudes showed much more favorable responses among 18–20-year-olds than among consumers 21 years and older (CX 690).

I have seen no documents indicating that Reynolds did any research to gauge the reactions of those under 18 years of age to any proposed aspects of the Joe Camel campaign. It has been suggested that had Reynolds done such research (e.g., on planned executions) even to determine whether the advertisements were appealing in an undesirable way to those under age 18, its intentions would have been misinterpreted. Given the importance of pretesting such advertising executions for anyone seeking to prevent this type of impact, obstacles to conducting such research need to be overcome. Because it is not difficult to imagine how this might be done (e.g., publicizing the beneficial purpose of the research before carrying it out, using an independent research organization to design and execute the study), I am reluctant to conclude that there were serious obstacles.

Reynolds developed and evaluated a variety of executions involving Joe that imbued him with heroic qualities (e.g., Smooth Cruise, Leader of the Pack, Smooth Drag, Smooth Catch, Smooth Encounter, Monumental Smoothness; CX 1094). An integrated marketing approach was also designed to motivate conversion among the target audience, including retail display, point-of-sale, direct mail, pack inserts, premiums, and special event promotions (CX 1417, CX 1566, CX 1686). Having introduced the Smooth Character campaign in 1988, Reynolds adopted an integrated promotional theme, Smooth Moves, beginning in 1989. The Smooth Moves campaign included the distribution of tips about how to handle a variety of situations successfully in an irreverent and confident manner appropriate for a smooth character (CX 1001). These include dating advice—suggestions about how to impress women at the beach, as well as future in-laws (after driving your motorcycle into their living room). These themes were described in the 1990 Camel Promotion Plan:

The Smooth Moves promotion campaign leveraged the unique personality of the Heroic Camel throughout all elements of the marketing mix by providing a series of tips and offers designed to reinforce the brand's repositioning. The promotion program

provided linkage between the fantasy world of the Heroic Camel and the real world [of] the target smoker. (CX 621-C)

Advertising featuring the cartoon character and his friends appeared in magazines, on billboards, and in transit facilities. Some of the magazine advertisements were particularly striking because they were three-dimensional "pop-ups" that literally reached out to the reader. The advertisements were extremely colorful and featured Joe (and later his friends) in a variety of activities that both younger adult males and adolescent males would find attractive.

In 1990, the campaign "brought Joe to life [by] literally giving him arms and legs," and in 1991 Joe's World revealed "more of Joe and the fantastic world in which he was the key figure" (CX 1446-J, L). Joe was portrayed in a heroic manner surrounded by beautiful women, sports cars, motorcycles, and his buddies, playing pool and music and in exotic locations. He was typically dressed in a youthful manner, wearing jeans, a T-shirt, and sunglasses, and often was hanging out with friends or cruising in a convertible.

As an executional device, Joe Camel was an ideal brand symbol. His core identity (smooth, cool, irreverent, socially popular, risk-taking but always in control) could be preserved, but advertisements could be constructed to appeal to different audiences merely by changing settings and activities. According to a 1991 Reynolds document titled "A Qualitative Assessment of Camel Advertising Equity," "'JOE'S lifestyle continually changes from ad to ad' and '[h]e fits into all situations because each ad is so different.'" In addition, "Future executions can put Joe and the brand practically anywhere with no fear of losing any of the equity whatsoever" (CX 301-L, emphasis in original).

Using the cartoon character rather than a real person helped bypass the reality testing consumers often employ in response to advertising messages delivered by human spokespersons. As the qualitative assessment reporting on the results of focus groups put it, "That all characters are within a 'non-people' mode appears a major reason why it is commonly accepted that anything is possible in Camel ads" (CX 301-L).

Reynolds also heavily used outdoor advertising—billboards, bus signs, taxi signs—as part of the Joe Camel campaign. Such advertisements were placed in areas with heavy concentrations of 18–24-year-old smokers and areas in which younger people congregated. A Reynolds memo provided examples of these locations:

- Near coliseums where rock concerts are regularly held
- Along "cruising strips"/streets with heavy concentrations of fast food restaurants
- Near ... video game arcades
- By convenience stores

Younger adult smokers may concentrate on the cruising strips only on weekends—but when they *are* there, we want it to be obvious to them that Camel is relevant to their lifestyle. (CX 1000-A-B, emphasis in original)

One of the most distinctive characteristics of the Joe Camel Campaign was its extensive use of promotional giveaways. Research indicated that premiums and promotions were important in motivating the target consumers to select Camel (CX 301). Reynolds used two different kinds of giveaways: those that provided instant gratification to the pur-

chaser and those that required repeated purchases of Camel. Free cigarettes and merchandise (including T-shirts, cigarette lighters, beach flip-flops, and baseball hats) bearing Joe Camel's image were given away at retail locations with the purchase of a specified number of packs of Camel cigarettes. Not only could people wearing and using such Joe Camel props make a personal identity statement (as discussed previously), but also the props served as "walking billboards," thereby linking advertising and peer influence. The Camel Cash program gave Camel smokers an opportunity to save certificates that were inserted inside the cigarette pack's cellophane wrapper and redeem them by mail for additional free merchandise. Reynolds did not charge for postage and handling, so the entire transaction was cost-free. Some of the items were relatively inexpensive in terms of the number of certificates required (e.g., disposable cigarette lighters), but others required the purchase of hundreds of packs of Camel cigarettes (e.g., leather jackets).

As the campaign developed, much use was made of tie-ins such as special events. One Reynolds document suggested a plan to "Utilize national event strategy every 6 months to create/maintain 'the buzz' in [the] general market" (CX 1680). Planning for such events included a national music tour to "make Camel the cool/hip brand that sponsors the music I like" (CX 1680-H). Efforts were made to find ways of bringing impactful Camel experiences to the smoker's hometown (CX 1680). Pack premiums continued to be a focus of Reynolds's retail activity and promotional planning, because younger smokers continued to purchase cigarettes by the pack, typically in convenience store outlets and service stations (CX 33, CX 1286). In focusing on stores that are heavily frequented by young adult shoppers for premium placement, a Reynolds division manager gave the following instructions: "These stores can be in close proximity to colleges[,] high schools[,] or areas where there are a large number of young adults [who] frequent the store" (CX 91). Though this was termed a mistake by Reynolds officials, a similar assignment went to sales representatives from a second Reynolds division manager (CX 1108).

### Assessing the Joe Camel Campaign

In this section, I consider some alternative views of how the campaign should be assessed. If the campaign is indeed simply a manifestation of brand competition with a resulting redistribution of smokers, is that truly a public policy issue? If the campaign cannot be proven to have injured consumers, should it fall within the FTC's unfairness jurisdiction? To what extent should traditional measures of marketing and advertising effectiveness be used not only to establish that acts and practices may recklessly endanger lives and be antithetical to public policy but also to provide evidence of actual or likely injury?

#### No Harm No Foul: The Redistribution of Smokers Argument

It might be supposed that Reynolds would be prepared to argue that a redistribution of smokers—of any age—among Marlboro, Newport, and Camel is not a significant public policy or regulatory issue. The tone of many Reynolds internal documents, if not their continued existence, attests to the

conviction that Philip Morris (with its famous Marlboro Man icon) fired the first shot in the battle to attract a new generation of smokers and that Reynolds had little choice but to fire back. Reynolds's research indicated that the Marlboro Man (and its loner imagery) was increasingly becoming out of step with the youth culture and smoker profiles and that a competitive niche was open for a brand with the right interpersonal appeal. Therefore, at one level of analysis, the Joe Camel campaign is a story of competing icons and imagery, in the best tradition of a competitive free-enterprise system. Indeed, because Marlboro has captured 60% of the underage market (Pollay et al. 1996), Reynolds officials can be imagined vigorously assailing their critics: "Why are you trying to tie *our* hands behind our backs? Don't we have a right to compete with Philip Morris?"

#### Effective Campaigns Attract New Users

Such a brand competition analysis assumes that anyone starting to smoke Camels because of the Joe Camel campaign is preordained to smoke cigarettes, and only the brand is in doubt. The analysis assumes that adolescents first choose to smoke cigarettes and then—and only then—choose a brand to smoke. I am unaware of any strong support for this proposition. Part of the argument in support of this view is an exercise in semantics—that is, dividing people into two categories, smokers and nonsmokers, and assuming that these categories reflect decisions to smoke or not. However, everyone at some point in their lives is a nonsmoker. There are really at least three categories: smokers, those who have made a decision not to smoke, and those who have not yet reached the point of making that decision. There are forces (e.g., influences from parents and peers, health information, marketing and advertising campaigns) acting on the latter group in both directions, so any change in their strength may have some impact on decisions to smoke or not. Meaningful changes in the magnitudes of some of these factors may have a strong effect on an adolescent who is experiencing conflict over short- and long-term goals and desires.

It would be one thing if all cigarettes offered the same set of psychosocial benefits that are critical to the adoption decision (i.e., most teenagers do not begin smoking because they like the taste of cigarettes or because of physiological effects). In that case, teenagers' decisions to begin smoking would be a function of category-level features. Cigarette brands succeed because they hit the right "hot buttons" for defined groups. Recall, for example, the much-publicized effort to develop a cigarette (Dakota) intended to appeal to women described as "Laverne and Shirley" (O'Keefe and Pollay 1996).

Conceptually, modern marketing tries to locate appropriately sized groups of consumers and then produce brands near the ideal points (in terms of product attributes and benefits) for each group. If each firm does that successfully, more potential consumers enter the product category. This analysis suggests that it is inappropriate and unwise to assume that consumers must invariably make a product category-level choice before making a brand choice. There are products for which the primary utility undoubtedly rests in the product itself, and brands represent subsidiary trade-offs

(e.g., price-quality, performance-reliability), but in other cases the brand (i.e., what it stands for or represents) is a primary source of utility and can be said to lead people into the product category.

### The Mature Market Argument

A related type of "no harm" analysis often begins with the assumption that cigarettes represent a mature market. They seem to be an established product—far along in the product life cycle and facing declining growth (at least in the United States)—and there are no new uses or benefits that would further diffusion into otherwise untapped consumer segments. However, there are two major problems with this mature market characterization.

First, this mature market analysis is essentially static. According to numbers provided by Reynolds's president in 1990, 800,000 people, or roughly 2000 per day, enter the cigarette market each year (CX 93). Other estimates place the number at more than 3000 per day (Pierce et al. 1989). Therefore, beneath the seemingly tranquil surface of this mature market, there is a great deal of volatility, and it is illogical to regard either the number of people leaving the market or the number entering the market as fixed. Second, although parity products primarily face strong price competition at maturity, a substantial element of the competition among cigarette brands is over features designed to retain smokers (e.g., high filtration, low tar and nicotine products) and attract new customers, most of whom are adolescents. Any brand that can appeal to adolescents in a stronger manner than existing brands can not only increase its share of market among existing smokers but also win over some proportion of not-yet-smokers for whom those benefits have heightened value.

Such marketing approaches are not in any way confined to the cigarette industry. The cereal industry might have been called mature until the promotion of health benefits by several brands brought additional non-cereal users into the category (Ippolito and Mathios 1990). Similarly, when Bausch & Lomb developed a marketing strategy of promoting its sunglasses in movies (i.e., Tom Cruise wore them in *Risky Business* and *Top Gun*), sunglasses took on added symbolic benefits and so attracted many additional consumers who would not have worn sunglasses strictly for improved vision and eye protection.

In summary, cigarette companies compete not only for increasing slices of the pie but also for vast numbers of teenagers who will be making a decision to either remain nonsmokers (including those who are not yet confirmed smokers but who have merely experimented with a few cigarettes) or become smokers. For a market to resemble the mature market depiction preferred by cigarette industry spokespeople, there cannot be a possibility for a firm to bring nonusers into the category by serving their needs better than available firms. This is particularly unlikely when self-expressive needs are involved. Because there are always alternative means of expressing a sense of identity, unless a product category affords a particularly viable means to that end, no member of the category may be chosen. Reynolds's research illuminated that self-expressive function for cigarettes, and the Joe Camel campaign represents a masterful execution of that idea.

### Unfair Acts and Practices Assessment of the Campaign

For some, none of the preceding discussion reaches a standard of proof needed to conclude that the Joe Camel campaign caused young people to start smoking (or continue smoking beyond exploratory trial behavior). From a rigorous scientific standpoint, that conclusion may well be warranted. Controlled field experiments planned in advance of the campaign were not undertaken, and it is doubtful that any feasible research design could isolate the effects of this campaign and produce that level of scientific certainty. This situation is hardly unique to cigarette advertising. Indeed, it characterizes the social sciences in their efforts to determine the degree to which changes in popular culture, government programs, educational reforms, demographic factors, and so forth cause any specific behavior. Even in the physical sciences, there is no real proof of the impact of many important factors, including the increased use of fossil fuels on global warming, and people are forced to confront—on the basis of the best available indications—possibly harmful impacts of a vast array of substances, some of which make their lives more comfortable.

It is sometimes tempting to view the legal framework as the embodiment of society's sense of right and wrong on issues as diverse as civil rights, public welfare, and environmental protection, though society knows that laws reflect the political cross-currents of the time. With respect to marketing and advertising, Section 5 of the FTC Act prohibits, in part, "unfair ... acts or practices in or affecting commerce" (15 U.S.C. §45 n). In a December 1980 letter to senators Wendell Ford and John Danforth (and reflecting FTC concerns about forthcoming oversight hearings by an increasingly hostile subcommittee), the Commission identified three factors to consider when applying the prohibition against consumer unfairness: (1) whether the practice injures consumers, (2) whether it violates established public policy, and (3) whether it is unethical or unscrupulous. Remarkably, the beleaguered Commission chose to discard "unethical or unscrupulous" conduct as a sufficient basis for bringing actions against firms thought to violate Section 5 of the FTC Act.

The 1980 Commission told Congress that, henceforth, such cases would be brought only if the conduct violated constitutional, statutory, or judicial decisions or "on the basis of convincing independent evidence that the practice was distorting the operation of the market and thereby causing unjustified consumer injury" (letter from the FTC to Wendell Ford and John Danforth, Committee on Commerce, Science and Transportation, [December 17, 1980]; as incorporated in *International Harvester Co.* 1984).

Coincident with the FTC's initial investigation of the Joe Camel campaign in the early 1990s, the same Senate committee reexamined the language of Section 5 and pointedly adopted the principles of the FTC's December 17, 1980, policy statement on unfairness, which led to a revised Section 5 that limited the FTC's unfairness jurisdiction:

The Commission shall have no authority ... to declare unlawful an act or practice on the grounds that such act or practice is unfair unless the act or practice causes or is likely to cause sub-

stantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition. (Federal Trade Commission Act Amendments of 1994)

It is difficult to imagine that this is all Congress originally had in mind when it singled out unfair acts and practices (because it would have been quite easy for Congress to specify injury as a requirement).

The resulting codification of likely injury can be used to support Calfee's (2000) view that marketplace effects rather than Reynolds's conduct should be the focus. His companion article, as well as legal briefs and responses to the FTC, makes it clear that this is a substantial burden. Indeed, in 1994, the FTC refused to follow a staff recommendation to issue a complaint against Reynolds, essentially adopting Reynolds's argument that the evidence was then insufficient to support the charge that but for Joe Camel, underage youths would not have begun smoking or would not have continued to smoke. Some causal connection between Joe Camel advertising and promotion and increased youth smoking is the nexus of a complaint based on the legal requirements of the revised Section 5.

Because the FTC's 1997 complaint against Reynolds was dismissed by the Commission, it is simply not known what standard of causation would ultimately have been adopted by the Commission and by the courts in reviewing Commission actions in light of its Section 5 authority. The staff wished to interpret this language such that if advertising and promotion could be shown to contribute substantially to the decision to smoke on the part of many adolescents, the "likely to cause substantial injury" burden would be satisfied. Although some courts have shown a willingness to replace the "but for" test with a substantial factor test in tort cases that involve two or more contributing causes of injury, whether "likely to cause" will be interpreted in this substantial factor sense or even as something less than a scientifically certain cause of injury is, for now, unclear.<sup>5</sup>

Given the difficulty of establishing causality in many human endeavors, the 1980 Commission's "self-inflicted wound" (and subsequent codification of this retreat into law) may embolden those who believe that the demands of provable injury are too great a burden to serve as a serious deterrent for otherwise advantageous marketplace behavior.

Ironically, in the same letter that announced the FTC restatement of its unfairness policy, the agency sought to defend some of its prior judgment in bringing cases based on unfair acts and practices. Consider the following:

Buyers are sometimes overtly coerced. Some sellers have, for example, pressured consumers into a distraught state of mind, even physically preventing them from leaving the room during sales presentations, in order to coerce a sale. In other instances, door-to-door salesmen have refused to leave customers' homes until they purchase expensive goods or services. Both of these practices were so coercive that they tended to curtail the free exercise of consumer choice. (Companion statement on the Commission's Consumer Unfairness Jurisdiction, accompanying Commission letter of December 17, 1980, pp. 2-3, as incorporated in *International Harvester Co.* 1984)

These are abusive, repugnant, and (seemingly) unfair practices, just the sort of thing Congress likely had in mind when Section 5 was initially enacted into law. At least a similar level of outrage would be expected to be directed at unfair acts and practices for which there is strong evidence that they have the capacity to entice adolescents to use an addictive product proven to reduce life expectancy and cause extended suffering and financial hardship. If regulatory law has evolved to the point that such acts and practices are not actually unfair, perhaps it is time for a more searching examination of society's interest and intent in protecting consumers from unethical and unscrupulous conduct as well as likely injury. Furthermore, to the extent that corporate culture is shaped by prevailing legal considerations, the regulatory pragmatism described previously is unfortunate. Instead of a basis for questioning the very development and implementation of a campaign likely to have particular appeal to adolescents, this is a recipe for skirting responsibility, given the anticipated absence of strong and unequivocal causal evidence that the campaign, by itself, caused adolescents to smoke, thereby injuring them.

As discussed previously, I believe Reynolds should be held accountable for foreseeable consequences of a marketing strategy likely to be particularly effective among adolescents, for whom peer acceptance is a pivotal concern. Even in a hypothetical world in which parents, public health initiatives, or fate intervenes to dissuade every last adolescent from smoking—so that there would be no injury—I would regard Reynolds's actions as a reckless affront to public policy. Jack Calfee (2000) appears to agree that there is ample evidence from several internal documents that confirms Reynolds's intentional use of campaign themes that are likely to entice teenagers to smoke. But he prefers to adopt a stringent test of a causal connection between such actions and demonstrable injury.

### Reynolds's Assessment of the Campaign

Proof of campaign effectiveness invokes the question of injury. For those who prefer to examine advertising effects issues at a more global level, a favorite tool is econometric analysis of cigarette sales data. Such analyses not only require data that are sufficiently sensitive to the relatively small number of cigarettes smoked by adolescents but also must somehow estimate what would have happened if all other important factors were held constant. This leads right back to the problem of being unable to run a controlled experiment.

A reasonable alternative, it seems to me, is to rely on well-established theory and research on consumer behavior that goes beyond a simple input (i.e., some measure of marketing and advertising effort)/output (i.e., some measure of consumption) model. Rejecting such a sterile "action at a distance" view, scientists understand that behavior results from a process, the centerpiece of which is campaign strategies and tactics that lead to favorable beliefs and attitudes toward engaging in that behavior. Not only has academic research concentrated on theoretical and measurement issues linked to such a process analysis, but also practically all marketing and advertising assessment tools used by practitioners focus on these intervening process outcomes.

<sup>5</sup>For a recent statement of tort law perspectives on this issue see Restatement (Second) of Torts §9 (1998).

Here, I rely on Reynolds's own measures of campaign effectiveness. The acknowledged emphasis on peer acceptance through executions that make Joe a symbol of coolness and youthful irreverence to achieve a first-brand advantage ("Future opportunities among younger adults smokers [are] dependent upon displacing Marlboro as the first usual brand" [CX 33-S]) leaves little doubt about what was expected from this campaign. Using comparable Reynolds research to determine the effects of the Joe Camel campaign on 18-20-year-olds leaves little doubt as to its success with that age group.

Reynolds assessed the success of the Joe Camel campaign using measures traditionally relied on in marketing. This approach was outlined in a July 1984 presentation by Reynolds's marketing department for its attorneys (CX 1507). In essence, Reynolds traced movement along the traditional hierarchy of effects, from measures of attention and recall to belief and attitude formation, emotional response, trial, and repeat purchase (CX 797). Reynolds pretested its advertising executions and then examined their effects using a combination of perceptual/attitudinal measures and share-of-market tracking studies. As Reynolds explained it, "The primary and most difficult task that advertising has is to communicate information for development of brand perceptions and attitudes. Therefore, the advertising evaluation process flows from the attitudes back through the consumer purchase process" (CX 1507-Z-87). A similar analysis, in conjunction with a planning model, can be found in a 1981 Reynolds document titled "Consumer Wants Research" (CX 797).

Premarket research conducted by Reynolds to evaluate the effectiveness of Joe Camel advertising typically involved exposure to both Joe Camel advertisements and other Camel or competitive advertisements. Reynolds made extensive use of focus groups to assess the effectiveness of executions that were in development, as well as those that had already been used (CX 301, CX 587, CX 1001). Later, idea communication, attitude change, consumers' emotional response to the advertisements, and day-after recall (consumers were asked what they recalled about an advertisement 24 hours after exposure to it) of the advertisements were measured (CX 345). Reynolds analysts consistently used such traditional measures as message comprehension, perceptions of user and product imagery, beliefs about headline meaning, attitudes and feelings, emotional responses, and purchase interest in assessing Camel advertising in these studies. For example, a December 1988 memo titled "Current/Projected Perceptions of Camel Among Target Smokers" stated that

*Pre-market communications testing of Camel's new "Birthday" and "Heroic" advertising campaigns showed them to effectively project desired user and product images resulting in positive attitude/purchase interest shifts toward the brand. Later, their effect on target smokers' in-market perceptions/attitudes toward Camel was confirmed via findings from a mid-1988 Perceptions Tracking Study. (CX 1584-B, emphasis in original)*

A 1987 copy test of the 75th Birthday advertisement produced better results than previous campaigns on three crucial measurements: successfully communicating the desired peer acceptance theme (the awareness/comprehension

stage), creating positive product perceptions (the perception stage), and generating positive attitudes about the brand (the attitude stage) (CX 1554). The copy test also showed that the new 75th Birthday advertising generated greater purchase interest among the target audience than the previous campaign had (CX 1554). Similarly, copy testing of the Heroic Camel advertisements also produced high scores for awareness and for improving consumers' attitudes toward the product (CX 345). Day-after recall was far above the norm for the product category, and the advertisements achieved a "positive shift in attitudes towards Camel" (CX 345-Z-159). Indeed, the "Heroic Camel outperformed all campaigns tested to date in its ability to shift attitudes positively among target smokers" (CX 345-Z-144).

During the first year of the Joe Camel campaign (CX 345), Reynolds also conducted a "Perceptions Tracking Study," in which consumers were asked about their awareness of the brand's advertising and slogans, their perceptions of the brand, and their product usage. These results were then compared with results obtained a year earlier, before the campaign began. The perceptions tracking study found large increases in consumer awareness of Camel's advertising (unaided awareness of the Joe Camel campaign was equal to that of advertising for Marlboro, the market leader). In addition, attitudes and perceptions of the Camel brand had improved, especially among 18-20-year-olds. Camel's share of 18-24-year-old smokers had also increased, though the growth came primarily from 18-20-year-old males.

With respect to actual sales, the campaign's effects were most sharply noted on the youngest section of the legal market, that is, on 18-20-year-old males. For example, the 1990 business plan stated that the younger adult smoker growth was "driven" by 18-20-year-old males (CX 1274-H), and this is confirmed in several other documents (CX 345, CX 1020, CX 1099). Moreover, Reynolds understood that "[a]s a group, younger smokers probably emulate the smoking habits of smokers in the next oldest group, the 18-24 year olds, since trends for younger smokers tend to follow (by 2-3 years) trends for the latter group" (CX 759-A). Reynolds's data indicate that the brand had only 2.4% of the 14-17-year-old market in 1979 (CX 66). One year into the campaign, 8.1% of 12-18-year-old smokers named Camel as their brand, according to the Centers for Disease Control's Teenage Attitudes and Practices Survey (TAPS), and this increased to 13.3% in the 1993 TAPS study. The latter result was confirmed by a 1993 Audits & Surveys study commissioned by Reynolds, in which 12.8% of teenagers indicated that they usually purchased Camel and 11% said Camel was the brand they first smoked (CX 1982). In contrast, Camel's share of adult smokers only increased from 2.7% to 4% between 1988 and 1993.

In summary, the Joe Camel campaign had been demonstrated to have precisely the effects intended on the youngest segment (18-20) of the 18-24-year-old market. Given the underlying peer acceptance theme and the successful Smooth Moves and Smooth Character illuminations of acting cool and irreverent by smoking Camel cigarettes, how could the campaign fail to make an impression on adolescents? A September 1988 Reynolds marketing research report provided the results of focus groups with subjects

who had been shown the tips that were part of the Smooth Moves promotion. The report states that

The younger portion of the target that have fewer responsibilities and are more likely to be single/into the "party" scene appeared to be able to relate best to the "tips" theme."

The majority of the "Smooth Moves" tips touch on certain situations, problems and concerns that are common to many younger adult male target smokers. As a result, the interest level associated with many of the tips is quite high. Most respondents stated that they would not only read each tip that they were exposed to, but would collect/share them with their friends. (CX 1001-C)

As one indication of the impact of the Joe Camel campaign on much younger audiences, consider a survey composed of a projectable national sample of 1117 persons aged 10-17 that was conducted for Reynolds in 1993 to obtain reactions to the Joe Camel campaign (CX 1434). Although advertising for cigarettes is poorly recalled among this age group ("the lowest level of awareness of the 10 product categories studied," CX 1434) and almost no one recalled the specific advertising slogans for any cigarette brand, Joe Camel (as a trade character) generated a 73% unaided (i.e., without prompting) and 86% combined (i.e., aided plus unaided) awareness. The only trade characters scoring better than Joe Camel were those explicitly linked to products intended for or used by children (e.g., Tony the Tiger, Ronald McDonald, the Energizer Bunny) (CX 1434). Furthermore, 95% correctly answered that cigarettes were the product advertised by Joe Camel (CX 1434). I take special note of the fact that 35% of 10-17-year-olds described Joe Camel as "really cool/acts cool/think he's cool," 5% described him as "smooth/slick/suave," and 5% described him as "friendly/has a lot of friends/someone who is fun/attracts people" (CX 1434-V). It is worth noting that before the Joe Camel campaign, Camel (and its advertised blend of Turkish tobacco) was seen as a rather strong (if not harsh) cigarette for older, more independent, rugged males. Another Reynolds document states that "The quality of 'cool' is of paramount importance to teens when they evaluate brands" (CX 1188-K).

Some data suggest that the effects of the Joe Camel campaign were beginning to wear off by the mid-1990s, when Camel was the brand of choice among 8.7% of underage smokers (Pollay et al. 1996). That would not be surprising to many people who regularly observe faddish trends in adolescent preferences in clothes, music, and so forth. Although the importance of peer acceptance—and the vulnerability of adolescents on that dimension—is unlikely to diminish, the means chosen to establish an identity (and thus to distinguish themselves from others at the same time as they convey and reinforce their connectedness to important others) necessarily must change over time, perhaps in proportion to the uniqueness and strength of the symbol. Analyses that focus on eventual declines in brand share as a way to minimize campaign effects not only ignore this underlying dynamic but also minimize significant short-term impacts.

## Conflicting Values: A Marketing Dilemma

I do not believe that anyone at Reynolds woke up one morning and decided to hook kids on a deadly and addictive product. There is a kind of creeping inflation aspect to actions of this type, in which participants focus only on the next step in a logical sequence of problem identification and solution. Increasing concerns about the widening market share and revenue gap between Reynolds and Philip Morris seem to have produced a textbook marketing solution: Develop a brand that will appeal to potential customers earlier than they might adopt competitors' products. Not only does the analysis and strategy formulation appear to have been insightful, but the execution also was outstanding. Most business school professors would probably give high marks to the skill of the brand management team that worked on the Joe Camel campaign.

In such settings, there is a risk that larger societal and consumer welfare issues are not confronted. Accompanying this is a state of mind that seeks to avoid blame because "I was only doing my (limited) job." Many companies undoubtedly face decisions in which particular options point to greater bottom-line success but also raise ethical (as well as legal) issues. For example, should a product be brought to market before some of the planned testing is completed to get a jump on a strong competitor? Leaving aside a firm's risk assessment considerations (e.g., product liability, regulatory actions, unfavorable publicity) and concomitant effects on financial statements and stockholders' value, there are issues of corporate responsibility to the larger public that should be addressed. Often these are complex, as when trade-offs exist in costs and benefits (e.g., consider recent advances in genetic research as well as products developed to meet worthwhile needs but that can be misused or create harmful environmental effects). Accordingly, different corporate cultures may resolve these matters in different ways; for example, a pharmaceutical company has had to decide whether to introduce a beneficial drug product with a dangerous side effect during pregnancy without requiring a pregnancy test, and another company has had to decide whether to sell a three-wheel all-terrain vehicle that is prone to roll over on untrained riders when it makes turns without requiring formal instruction, relying instead on warning information to prospective buyers of these products.

It is possible that the corporate culture that survived the bitter leveraged buyout at RJR Nabisco and its deteriorating tobacco fortunes, especially relative to Philip Morris (for historical perspectives, see Burrough and Helyar 1991; Kluger 1996), may have encouraged aggressive or even risky marketing approaches in an effort to turn things around as quickly as possible. A commitment to selling cigarettes leads naturally to a consideration of adolescents. Of the approximately 3000 people who begin smoking each day and then do so on a regular basis, more than 80% report starting by 18 years of age, at an average age of 14.5 years (Public Health Service 1994). Willie Sutton, the legendary bank robber, is reported to have been asked why he robbed banks. His succinct answer, the story goes, was "Because that's where the money is." For cigarette companies, growth in sales and revenues (indeed survival itself) depends on

attracting new customers both in the United States and abroad. Faced with increasing external pressures to limit and discourage smoking, the resulting loss of revenue in the United States, and a weakening competitive position against Philip Morris, Reynolds may have found it difficult to resist the temptation expressed so eloquently by Willie Sutton.

This logic may translate to a "we had no choice" excuse for the Joe Camel campaign. From a perspective centered on self-interest, perhaps there did not appear to be a choice, given Reynolds's declining share of market and its understanding that it needed to capture a much higher proportion of new smokers for the company and its executives to be successful. But there is always a choice. Perhaps many people, including those who train future business executives and those who are responsible for setting corporate and regulatory policies, should work harder to ensure that those choices and their consequences are taken more seriously. That is likely to involve some rethinking of business school curriculum refinements that extend beyond how to win the brand warfare game. It may also suggest the desirability of a greater regulatory focus on acts and practices rather than mere outcomes. Ultimately, any society is a function of the values that are adopted by people in positions of responsibility together with their willingness to make appropriate and often difficult choices. The behavior of so many cigarette industry officials, their collaborators, and legal representatives over the last half century stands as a reminder that active vigilance and the willingness of thoughtful students of business to devote attention to public policy issues are likely to be sorely needed for a long time to come.

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