

- ISSUE BRIEF -

THE TOBACCO INDUSTRY'S CORPORATE MAKEOVER

This issue brief is designed to support counter-marketing efforts by state tobacco control programs and tobacco control advocates. It sets forth a compelling topic and provides evidence from recently released tobacco industry documents to support its claims, concluding with statements that emphasize possible counter-marketing messages.

THE ISSUE

Corporate Social Responsibility has become a potential path to legitimacy and improved public relations for both companies that produce mainstream products and those that sell vice, such as the tobacco industry. Since the mid-1990s, the tobacco industry has used public relations strategies in an attempt to bridge the gap between the public perception it has earned as a merchant of death and its goal of gaining corporate legitimacy and normality. There is, however, an intractable problem that Corporate Social Responsibility efforts can mask but not resolve: the tobacco industry's products are lethal when used as directed, and no amount of public relations can reconcile that fundamental contradiction with ethical corporate citizenship.

THE EVIDENCE

The tobacco industry has an "us versus them" attitude that is based on the belief that it is being persecuted for selling a legal product.

- * In 1994, Philip Morris discussed in a strategy memo how to improve its corporate image. It saw itself as a victim and blamed its image problems on unfair, outside forces: "[T]he challenges have intensified such that the current environment is characterized not only by the shrillness of allegations against the industry, but also a confluence of attacks by legislators, regulators, litigants, journalists, and others."¹
- * Negative public attitudes against tobacco companies were attributed to "'hysteria' that has been created around the smoking issue."²

Gaining credibility from the public is very important to the tobacco industry. The companies know that they need to at least look like they are willing to change the way they do business, even if they have no intention of doing so.³

- * In 1994, Philip Morris set forth a strategy for rebuilding the company's credibility which included the following "General objectives":
 - "Improve the Company's credibility with the public at large as well as opinion leaders;
 - Enhance our ability to reject allegations about the past by showing desire to do something dramatic about the future;
 - Secure recognition of Philip Morris as a company with reasonable solutions to end the current hysteria swirling around the tobacco industry."⁴
- * Another 1999 memo written for Philip Morris's Worldwide Scientific Affairs division frankly acknowledged that "[a] real 'Company Position' is only needed when warranted by outside influential factors that demand a clear statement, to prevent the business from suffering."⁵ The memo cautioned against reacting too abruptly for fear of losing credibility and being seen as flip-flopping or admitting guilt:

"Though new findings might warrant a complete flip-flop of positions, no company can do this without losing [sic] credibility. One might modify positions, but there are some that cannot be completely reversed. Therefore, and with a special view to the critical situation of the industry positions should be smoothly 'adapted'. This makes sense since abrupt changes in basic scientific

beliefs are rare and in most cases triggered by some underlying political targets. . . . The big hurdle will be to regain credibility since at the moment statements by the industry are either qualified as overdue 'admissions of guilt' or prefabricated 'scientific advertisements'.⁶

- * An undated Lorillard Corporate Communication Project presentation noted that the industry has "no credibility" and described as its long-term objective to "begin to establish some credibility with the general public."⁷

In order to appear to address society's concerns about its products, Philip Morris created a new strategy of corporate social responsibility called "societal alignment" whereby it acknowledged society's concerns about its products, while doing nothing to change how dangerous and addictive its products are or limit how they are marketed. In other words, PM told people what they wanted to hear, that the company had changed, without actually changing.⁸

- * A 1999 Philip Morris memo set forth the new "societal alignment" strategy:

"It is our policy to align our public communications regarding this issue with the conclusions of the public health authorities... It doesn't matter that we believe our views are correct - our policy is designed to do our part to ensure that there will be a single, consistent public health message on this issue. If we are sued in court or are otherwise required to specify our technical scientific views with precision, we will, but we will not do so proactively."⁹

"[a] real 'Company Position' is only needed when warranted by outside influential factors that demand a clear statement, to prevent the business from suffering." - Philip Morris

The company certainly has kept the latter half of its promise, continuing to argue in court that smoking is not addictive and does not cause disease.¹⁰ And on the topic of secondhand smoke, the company continued to maintain its right to contest regulation and disseminate its traditional messages about adult freedom of choice and accommodation.¹¹

- * In a January 1, 1999 draft of a television advertisement called "Mea Culpa," Philip Morris President and CEO Mike Szymanczyk was scripted to announce the company's new societal alignment policy. His draft speech stated:

"It might surprise you to hear me say this, but we know we got out of step with society. And as a company that makes cigarettes, we know we've got a special obligation as a corporate citizen. . . . I don't expect you to just take my word for it. But I would ask you to watch what we do. I think you'll see a different Philip Morris."¹²

- * Philip Morris apparently believed there was money to be made from conforming its image with society's expectations, admitting in an October, 2000 memo: "We will do this not only because it is the morally right thing to do, but also because it is how we will deliver economic value to our shareholders."¹³

To strengthen the various tobacco companies' makeovers, they launched websites and, in Philip Morris's case, a huge accompanying advertising campaign. The rationale for the new communications strategy was that it could help turn the tide of public opinion that was currently running heavily against the tobacco industry.

- * In a 1999 memo discussing Philip Morris's new website and accompanying advertising blitz, the unnamed author wrote:

"As a company, we have not done a good job of effectively communicated our positions regarding key tobacco issues, either to the general public or to our own employees. Philip Morris's opinions on many of these topics have been grossly distorted; our reluctance to affirmatively express them has contributed to this. We hope that the views expressed on our new corporate web site . . . will start to address this problem."¹⁴

- * Although the company defended its scientific views as being correct and complained that those views had been "terribly mischaracterized,"¹⁵ it was decided that the company would not contradict the views of public health authorities, mainly because this was what was legally required under the Master Settlement Agreement.¹⁶ The memo explained:

"We issued a formal policy in 1997 stating that we would not communicate scientific opinions to the public that are inconsistent with the messages of public health authorities regarding smoking and disease in smokers. It doesn't matter that we believe that our views are correct – our policy is designed to do our part to ensure that there will be a single, consistent public health message on the issue. If we are sued in court or are otherwise required to specify our technical scientific views with precision, we will, but we will not do so proactively."¹⁷

- * The company put more emphasis on mollifying the public than it did on what was the truth about its products, stating: "We don't think it's in the public interest – or frankly in the interest of our company – to continue endless debates and discussions about scientific issues on this topic. . . . We think that's the right thing to do as a responsible manufacturer, and that it's what society wants us to do."¹⁸

THE MESSAGE

- The tobacco industry has an "us versus them" attitude that is based on the belief that it is being persecuted for selling a legal product.
- Regaining some credibility through public relations image repair is important to the tobacco industry, even if it isn't prepared to change the way it does business.
- Philip Morris and other tobacco companies have decided to tell people what they want to hear, that they have changed, without actually changing.
- To strengthen the various tobacco companies' makeovers, they launched websites and huge advertising campaigns to make the public believe they have changed.

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¹ Summary Analysis of Strategic Alternatives. October 17, 1994. Bates No. 2048391990. Available at: <http://legacy.library.ucsf.edu/tid/exd77a00>.

² *Id.*

³ Patricia A. McDaniel, Ruth E. Malone. The Role of Corporate Credibility in Legitimizing Disease Promotion. *American Journal of Public Health*, 2009; 99(3): 452-461.

⁴ Summary Analysis of Strategic Alternatives. October 17, 1994. Bates No. 2048391995. Available at: <http://legacy.library.ucsf.edu/tid/exd77a00>.

⁵ Reif, Helmut. 3rd Tobacco Scientific Meeting Bergerac. October 20, 1999. Bates No. 2505792374. Available at: <http://legacy.library.ucsf.edu/tid/acj77a00>.

⁶ *Id.* at 2505792375.

⁷ Lorillard Corporate Communication Project. No Date. Bates No. 82579120, 82579115 (emphasis in original). Available at: <http://legacy.library.ucsf.edu/tid/shc77a00>.

⁸ Joshua S. Yang. Working to Shape What Society's Expectations of Us Should Be": Philip Morris's Societal Alignment Strategy, *Tobacco Control*, 2008;17: 391-398.

⁹ Web Site Backgrounder. September 20, 1999. Bates No. 2076742771-2076742772. Available at <http://legacy.library.ucsf.edu/tid/gpg77a00>.

¹⁰ See Lissy C. Friedman. Philip Morris's Website and Commercials Use New Language to Mislead the Public Into Believing It Has Changed Its Stance on Smoking and Disease. *Tobacco Control*, 2007;16:e9 at <<http://www.tobaccocontrol.com/cgi/content/full/16/6/e9>>.

¹¹ Web Site Backgrounder. September 20, 1999. Bates No. 2076742780-2076742782. Available at <http://legacy.library.ucsf.edu/tid/gpg77a00>.

¹² Bozell/Eskew Advertising. Mea Culpa/Rev. A. January 6, 1999. Available at: <http://legacy.library.ucsf.edu/tid/hse77a00>.

¹³ MES Analyst Speech. October 23, 2000. Bates No. 2080475861-2080475862. Available at: <http://legacy.library.ucsf.edu/tid/tyg77a00>.

¹⁴ Web Site Backgrounder. September 20, 1999. Bates No. 2076742771. Available at <http://legacy.library.ucsf.edu/tid/gpg77a00>.

¹⁵ *Id.* at Bates No. 2076742772.

¹⁶ See Lissy C. Friedman. Philip Morris's Website and Commercials Use New Language to Mislead the Public Into Believing It Has Changed Its Stance on Smoking and Disease. *Tobacco Control*, 2007;16:e9 at <<http://www.tobaccocontrol.com/cgi/content/full/16/6/e9>>.

¹⁷ Web Site Backgrounder. September 20, 1999. Bates No. 2076742772. Available at <http://legacy.library.ucsf.edu/tid/gpg77a00>.

¹⁸ *Id.*