MARKETING IN THE TOBACCO INDUSTRY

ANALYTIC VIEW OF MARKETING STRATEGIES AND CONSUMER´S PERCEPTIONS
IN THE ACTUAL CONTEXT OF FRANCE, COLOMBIA AND UNITED STATES

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"The first cigarette is a noxious experience. .

. . To account for the fact that the beginner smoker will tolerate the unpleasantness we must invoke a psychological motive. Smoking a cigarette for the beginner is a symbolic act. I am no longer my mother's child, I'm tough, I am an adventurer, I'm not square."

Philip Morris
Why One Smokes, 1969

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1. INTRODUCTION

The development of this research is mainly based in the study of marketing in the tobacco industry. It will construct an analytic view of how companies in this sector develop their marketing strategies across the world, and how people´s perception of this controversial business is changing.

There are two main reasons for studying this particular topic: The first one focuses on an ethical conflict that is centered on how marketing, as a formal and regulated area with certain values and norms, can be responsible of selling and promoting a harmful product such as the tobacco. Is fundamental to understand this relationship, and figure out how marketers create and develop strategies in this controversial business.

The other reason that led this Memoire to investigate how marketing strategies are developed in the tobacco industry, is that it has exceeded cultural barriers and converts into a stable and solid business, which has to struggle every day not only with new laws and regulations, but also with growing trends and social rejection, which make it more challenging. As part of the research three different markets have been selected: The French, Colombian and American. The three of them represent different parts of society; this view will give us the opportunity to understand how tobacco companies manage diversity in values, trends, laws and consumer behavior, among different aspects.

Having comprehended the reasons and motivations of the selection of this theme, is significant to support them with the leading objectives which are motivated on understanding the business of the tobacco industry (mainly its activities, size and potential), determining the key internal and external challenges that it has to face, and analyzing the perception and response of the three different cultures already mentioned toward the marketing strategies of the companies in this sector.

The importance of this topic lies on the fact that it represents a great example of how marketing has to face non manageable struggles in order to lead companies to succeed. The

fact of being in an industry that depends of many aspects has make companies of this sector even more aggressive. It also shows how companies have to manage responsibility in the development of campaigns and strategies.

To study and analyze these marketing strategies and people´s perception of the tobacco industry, the research will be conducted in two phases: The first one refers to the development of tobacco companies across the world. The idea is to check some data to see their evolution and comprehend what they represent today. Having understood the importance of this sector, the next step will be to choose some multinational companies and study their strategies in the countries mentioned above. Only in this way the project will have a straight line to follow in order to analyze how these companies overpass trends, cultural and legal barriers. This part of the research will be based on secondary data collected on books, articles, internet and videos.

The second phase of the project will be all supported on primary data, which methodology will be clearly explained. The key is to do interviews and online research to validate how the strategies found in the first part are working. Is also important to recognize new trends and see if these companies are evolving to cover them. Is essential to work with smokers and nonsmokers of these three countries. At the end of this second part, it will be able to recognize which strategies are the ones that work better, which are the new trends and what people think about this industry. This information obtained from primary data will be supported and validated with academic articles which have already studied this issue.

At the end of the research, the crucial objective is to be possible to answer how do people perceived the tobacco industry and its marketing strategies. This will be conceivable and complemented by studying the evolution of the industry, the principal barriers and the marketing strategies to keep consumers and attract new ones.

1.1. Definition of the tobacco industry

In order to start talking about the development of marketing strategies in the tobacco industry, is necessary to give a deep explanation about the meaning, the activities and the importance of this business around the world. First, is essential to comprehend the adequate and concrete definition of tobacco: According to Dictionary.com, tobacco is "any of several plants belonging to the genus Nicotiana, of the nightshade family, especially one of those species, as N. tabacum, whose leaves are prepared for smoking or chewing or as snuff." (Dictionary.com).This nightshade family, called Solanaceae, also contains food group plants such as tomato, potato and pepper, and numerous medicinal and poisonous plants like Jimson weed, nightshade and henbane. As part of this group, Tobacco has more than sixty four species, which make it a sample of variety in agriculture.

Is significant to know that tobacco differs from other agricultural commodities, by the fact that it has extreme heterogeneity: it varies between leaves of the same plant, so the differences in its quality can be found from crop to crop. This difficulty to classify which is based on several aspects like "color, elasticity, stalk position, body, finish, strength, lightness, bite, flavor aroma and burn" (Stuart, 1995), has straight influence on the value of the plant. After this leafy and green plant grows in warm climates, it is picked, dried and grounded up for the usage in different ways.

The base of the tobacco industry is clearly this plant; It includes all the companies and people involved in the process of farming, growing, transporting and transforming it, and all the activities concerning to the sell practice: Advertisement, distribution, selling and post selling accomplishments. Figure number 1 shows the complete route of the production procedure.

Figure 1- Cigarette creation process
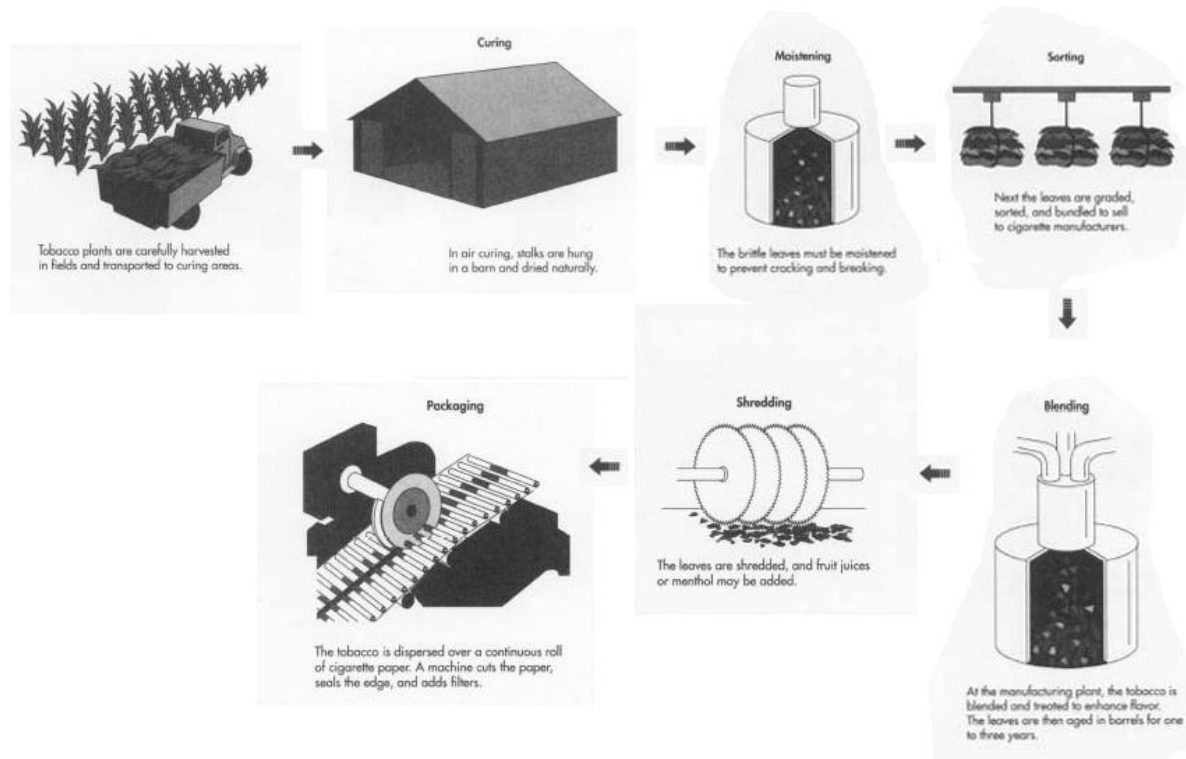
(Made How)

Passing to the sell activities, the key of success falls in a sequence of aspects that implicates directly factors of marketing, specifically of the marketing mix: In the course of this project, features of the product (such as a packaging) promotion (advertisement), place (distribution) and price (positioning), will be analyzed in order to clarify the realization of the strategies that today´s tobacco companies use.

Having gone through the demonstration of the cigarette´s creation and transformation process is important to highlight the fact that there is an existing contrast between the different uses of it: Over the history, tobacco has been attributed with several medicinal uses that, according to the Journal of the Royal Society of Medicine, can be divide in four groups: The first one is the external administration of tobacco, which basically covers the

treatment for bites of poisonous reptiles and insects, pain, neuralgia, growth of hair, hysteria and pain, among other conditions. The second one is the administration of tobacco by rectum, which can treat constipation and haemorrhoidal bleeding. The third one is based on the administration of tobacco by the mouth, which supports the treatment for malaria, intermittent fever, strangulated hernia, and helps to dislodge obstructive material from the esophagus by inducing vomiting. The last one is the administration of tobacco by inhalation, which helps to treat the nasal polyps. (Journal of the Royal Society of Medicine, 2004).

So, how a natural plant that has been attributed with such medicinal uses is now causing over three million deaths per year worldwide and by 2030 will exceed the ten million victims? The answer is concrete and simple: The fact of being an addictive plant that can be consumed in three ways (smoked, chewed and inhaled), was seen as an opportunity to develop a solid business that over the years has been responsible for transforming, distributing and selling it, without having other objective rather that generate profits. Is important to clarify that the purpose of this research it not to judge the industry, the use of tobacco or the smokers; it is only to study and analyze how this industry accomplish this objective by the development of marketing strategies, and how the people are perceiving them.

1.2. History and evolution

For start talking about the concrete history of the tobacco industry, is crucial to have as base the circumstance that smoking several plants has been practiced for pleasurable, medical and religious reasons for thousands years. Tobacco is clearly not an exception: "During the sixteenth century tobacco was considered a divinely sent cure for virtually all human ailments. The inhabitants of a disease ridden planet quickly embraced this highly addictive and extremely unhealthy plant, which soon delivered the world´s most popular drug: Nicotine. Ironically, its medicinal reputation persisted for centuries, and it was even advertised into the mid twentieth century as cure for sore throats." (Stuart, 1995)

The history of the tobacco industry remains to the time when the tobacco plant was first discovered by the Europeans: Christopher Columbus´s journals describe that he first saw it in the Bahamas, when he received it as a gift in October of 1492. During the sixteenth century, the use of tobacco, thanks to many traders and sailors who brought it and its addiction to new ports, spread worldwide and by the 1580´s years, the English explorers were bringing it to their land, until it ended in the hands of Sir Walter Raleigh, who became one of the early adopters of the tobacco use, and who encouraged its massive production in the colonies and facilitated its acceptance in England. Tobacco became a fashionable product, which contributes to the creation of a complete industry. "By 1600, in London there were over 7000 tobacconists, engaging in retail trade estimated at over 300,000 pounds annually, constituting a significant component of the English economy". (Stuart, 1995)

In United States of America the situation was different: By 1632, it was illegal to smoke publicly in the state of Massachusetts. This was mainly caused by the moral beliefs and reasons of that period, than health worries about consuming tobacco.

During the following hundred years tobacco took an immense importance across the world, becoming a recognized industry which counted with thousands of companies. A great example of this evolution was the establishment of the P. Lorillard company in 1760, which by the time, with its headquarter in New York, processed tobacco, cigars, and snuff, and which today is the oldest tobacco company in New York City. This influence of the tobacco industry was also reflected in the financially support that it did to the American Revolutionary War in 1776.

More than 50 years had to pass until in 1836 the pure form of nicotine was finally discovered, and with it, all the dangerous effects that it produces. However, these effects were not an obstacle for the growing development of the industry, and by last years of the 1840´s, Phillip Morris and J.E. Liggett and Brother were established. The consumption

cigarettes became popular around the world: Brands like Marlboro and Camel were created, and the cigarette started to have a huge demand that was endorsed by a continuous period of wars. "The Use of cigarette exploded during World War I, where cigarettes were called the soldier´s smoker". The situation was similar in World War II, in which tobacco companies sent cigarettes to the soldiers for free, expecting to have loyal customers when they came back home.

In the 1960´s the game rules for the tobacco industry started to change: Several health hazards of smoking were reported, creating a snow ball effect that concludes in new laws for the tobacco companies, which were noticeable thanks to visible regulations such as the health warnings on the cigarette packs, and the decrease of television cigarette ads.
This situation of political and social rejection continued in the next years. Circumstances like the consolidation of new reports of the negative effects of tobacco, the increasing number of lung cancer, and the creation of new laws that limited the sales and consumption of cigarettes, make companies not only to diversify their products (Phillip Morris bought General Foods Corporation and Kraft in 1985, R. Reynolds bought Nabisco), but also to started to invest in marketing strategies for areas outside the traditional countries, especially in developing countries in South America and Asia. (Boston University Medical Center)
This management has endured until today, when tobacco companies are developing strategies in order to gain market share in emerging economies. However, in the last five years in these countries, there has been a new trend of political and social rejection to cigarettes, making the job for tobacco marketers extremely challenger.

1.3. Main companies across the world

In the last years, several of cigarette industrial companies have consolidated under four major private corporations: Altria/Philip Morris, British American Tobacco, Japan Tobacco International, and Imperial Tobacco. State monopolies are also major cigarette manufacturers. The largest state monopoly is China National Tobacco Corporation, with a

global cigarette market share that exceeds any other private company. The remaining market is served by companies which operate predominantly in domestic or regional markets. Graphic number 1 shows the specific data of global market share of these companies in 2008.

Graphic 1 – Global cigarette market share

GLOBAL CIGARETTE MARKET SHARE, 2007

Imperial Tobacco/
Altadis
5.6%

China National
Tobacco
Corporation
32.0%

Japan Tobacco
International
10.8%

Others
15.8%

Philip Morris
International
18.7%

British
American Tobacco
17.1%
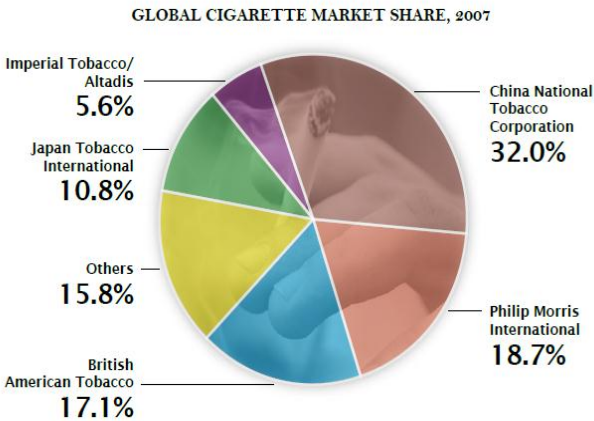
(American Cancer Society; World Lung Foundation)

The tobacco industry includes some of the most powerful transnational corporate entities in the world. Tobacco conglomerates have diversified into many other industries, such as financial services, food and beverages, pharmaceuticals, real estate, hotels, restaurants, communications, and apparel, among others. The tobacco industry is expected to continue increasing in size and power.

"The global tobacco market, valued at $378 billion, grew by 4.6 percent in 2007. By the year 2012, the value of the global tobacco market is projected to increase another 23 percent, reaching $464.4 billion. If Big Tobacco were a country, it would have the 23rd-largest gross domestic product in the world, surpassing the GDP of countries like Norway and Saudi Arabia." (American Cancer Society; World Lung Foundation).

Having identified the five most important tobacco companies in the world (China´s National Tobacco Company, British American Tobacco, Philip Morris International, The Imperial Group, and Japan Tobacco), is important to analyze their results in 2008. This information is obtained from the study of Tobacco Control done by Cynthia Callard. (Callard, 2010)

China's National Tobacco Company (CNTC)

Chinese smokers consume 38% of the world's cigarettes, and the 2143 billion cigarettes they smoked in 2008 were all sold through the State Tobacco Monopoly Administration (STMA), and were almost all manufactured by the China National Tobacco Corporation (CNTC) which functions as an umbrella agency for China's many domestic companies. Like its multinational counterparts, the Chinese tobacco industry is undergoing significant restructuring. The CNTC sold relatively few (13 billion) cigarettes outside China in 2008, although it has announced intentions to expand its foreign trade, and has entered an agreement with Philip Morris International to distribute its 'heritage' brands in international markets. Many distinctions between the operations and reporting of CNTC and the publicly traded multinationals make it inappropriate to compare business results with other companies. Euromonitor reports that in 2008 the total tax revenue of the Chinese industry was $64 billion (CNY (Chinese yuan renminbi) 450 billion) and that the value of sales was $105 million (CNY 732).

British American Tobacco (BAT)

BAT is based in the UK but, for historical business and legal reasons, has a much smaller presence in the UK and operates indirectly (through, Reynolds American) in the USA. In 2008, it directly managed the manufacture and sale of 716 billion cigarettes and through the

associated companies in which it is the largest shareholder, it indirectly managed the sale of an additional 204 billion cigarettes. BAT claims to sell three-quarters of its production in developing countries. Transnational earnings from BAT's global operations exceeded $7 billion in 2008.

Philip Morris International (PMI)

Philip Morris brands have been sold internationally for decades, but Philip Morris International (PMI) was created as recently as 2008, when it was spun off from Altria. Although PMI has its operating headquarters in Switzerland, its legal headquarters is in the USA. PMI and Altria continue to operate in tandem: the brands that are sold by Altria in the USA are sold in other parts of the world by PMI, including the world's best-selling cigarette, Marlboro, which has 13% market share of the cigarettes sold outside China. In 2008, Philip Morris International sold 870 billion cigarettes and its earnings exceeded $10 billion. Fewer than half its sales were in OECD member countries.

The Imperial Group (ITG)

For many years, the Imperial Tobacco Group PLC (ITG) sold few cigarettes outside the UK, but in recent years it has globalized its business through the acquisition of other companies, such as Reemtsma, Altadis and Commonwealth Brands. In 2008 only 25 billion of its total sales of 329 billion cigarettes were in the UK. ITG's sales are concentrated in the Americas and Europe, with only one-fifth of its market outside these continents, but almost half of its sales are in developing countries and newly industrialized states (particularly Eastern Europe). Earnings from Imperial Tobacco's global operations approached $3 billion in 2008, with a further $1 billion in earnings from the UK.

Japan Tobacco (JT)

Almost three-quarters of the 613 billion cigarette manufactured and sold by Japan Tobacco in 2008 were sold through its wholly owned subsidiary, Japan Tobacco International. Although JT is a publicly traded company, the Japanese government holds a 50% ownership and the legal authority to supervise its operations. Japan Tobacco also maintains non-tobacco operations, including pharmaceutical products and food, but less than 5% of its earnings come from these other sources. Transnational earnings from Japan Tobacco's international operations were $1.7 billion in 2008, and its domestic tobacco earnings were $1.8 billion.

2. ACTUAL CONTEXT OF THE TOBACCO INDUSTRY

The importance of the tobacco industry in today´s world lays on the fact that it sales overpass the six trillion cigarettes each year, and as already mentioned, its value of more than $400 billion, is superior to the GDP of several countries. This industry is all over the world, having as core markets the following countries: China, Russia, United States, Japan, Indonesia, India, Brazil, Ukraine, Turkey, Korea and Italy.

The current context of this industry is surrounded by external situations based on new trends and new regulations. In the last years, the smoking of cigarettes is declining in the developing countries, due to laws that not only limit the usage of it, but also restrict advertisement and consolidate extremely high taxes. Besides from these norms, in these countries the number of people who smoke is being reduced significantly. The main companies are trying to endure this situation by recruiting new customers, to replace those that are quitting or dying mainly in Europe and the United States.

But while in the develop world cigarette sales are declining, in emerging economies they are increasing; Tobacco companies are aggressively developing strategies in those countries in order to compensate for the declining sales in rich markets. However, even in these emerging markets, governments are adopting local tougher rules and regulations, as well as global treatments, in order to control the marketing and sales of tobacco products. Figure number 2 demonstrates the advertising bans on tobacco products all over the world in 2007. It clearly shows that well in develop countries such as United States and France there were some bans for advertising, in countries like Colombia and Argentina there were no bans at all four years ago. The trend of restricting all type of tobacco advertising is possible to see in stable and high develop economies like Norway. Is important to notice that this map was developed in 2007. In the last four years new bans have been created in some countries, as we are going to see in the case of Colombia presented below.

To go through these new laws, tobacco companies are managing numerous strategies based on pure lobbying and juridical actions. "Cigarette companies work together to fight some

strict policies and go their separate ways on others. For instance, Philip Morris USA, a division of Altria Group, helped negotiate and supported the anti-smoking legislation passed by Congress last year and did not join a lawsuit filed by R. J. Reynolds, Lorillard and other tobacco companies against the Food and Drug Administration. So far, it is not protesting the agency's new rules, proposed last week, requiring graphic images with health warnings on cigarette packs.

Philip Morris International, the separate company spun out of Altria in 2008 to expand the company's presence in foreign markets, has been especially aggressive in fighting new restrictions overseas." (Tobacco Facts, 2009)

Figure 2 – Advertising bans on tobacco products in 2007

Restricting Tobacco Advertising

As tobacco advertising bans are taking effect in much of the world, the cigarette industry is looking for more of its new customers in developing nations.

Advertising bans on tobacco products 2007
- ■ Complete bans
- ■ Some bans
- No bans
- □ No data
- □ Ban on Internet advertising

Countries with greatest change in cigarette use 1998-2008*

Norway +31%
Britain −22%
U.S. −13%
Brazil +40%
Pakistan +36%
Zimbabwe +56%
South Africa −17%
New Zealand −25%

*Based on projections of cigarette consumption made by the tobacco industry in 2002.

Source: World Health Organization

THE NEW YORK TIMES

(Tobacco Facts, 2009)

Having talked about the global situation in terms of main companies, existing laws and economic circumstances, is important to prioritize the role of the consumption, of which emerge the data of sales and protective restrictions. In some countries, tobacco consumption began smoothing off and even decreasing. However, worldwide more people are smoking; the total number of smokers is increasing caused to a continuous expansion of the world's population: by the year of 2030, the earth will support 2 billion more people than in 2000. Unless dramatic steps are taken to reduce smoking rates, the absolute number of smokers will continue to increase, and the production will achieve historic peaks: "6.3 trillion cigarettes were in 2010—more than 900 cigarettes for every man, woman, and child on the planet. The consumption has also reached unmanageable limits. As data to reflect, during every day of 2010, around 12 million cigarettes per day were smoked (Tobacco Atlas, 2011)."

The distribution of tobacco consumption over the world is characterized by the importance of the top five cigarette-consuming countries, which are, from largest to smallest in number of cigarettes smoked, the following: China with 2.1 trillion, United States with 357 billion, Russia with 331 billion, Japan with 259 billion, and Indonesia with 239 billion.

Talking about the consumption behaviors and changes, is important to highlight the fact that the proportion of smokers has been experiencing a trend of change, based on the continuing decline in male smoking, against the increases in female smoking rates, particularly in developing countries. The complete consumer profile of the three research countries will be explained in the consumer part.

2.1. Case of Colombia

The situation in Colombia has changed since 2007; the tobacco sector has slowed as a result of the recession and the campaigns against smoking. In 2011 is not expected a reversal of this trend, although the recovery of household consumption may have a positive

impact on cigarette sales. However, the eventual increase of taxes to finance the national health system, would directly affect the tobacco domestic market, due to the increase of prices. On the other hand, the revaluation of the national money (Colombian Peso against US Dollar) has stimulated cigarette imports and has negatively impacted the exports of cigarettes produced with Colombian tobacco.

To talk about the national sales, is important to highlight the fact that due to the conditions described above, in 2010 both, the leader Coltabaco, which belongs to Phillip Morris International, and it´s followers Protabaco and British American Tobacco, experienced declines in sales, while Samkas International stood by its dynamism.

According to the economic Colombian Journal La Nota, in 2010 the sales of Coltabaco, approximately U.S. $ 169 million and decreased 1.4% from the year earlier, while the whole sales of the corporate Philip Morris Colombia totaled approximately U.S. $ 21 million and increased 3.5%. This increase was primarily caused by the continuous growth of its food brand Kraft.

Below is positioned Protabaco with sales of approximately U.S. $ 119 million and a reduction of 2.8%. The purchase of this company by Philip Morris that was announced in the first semester of 2009, was contested in the first instance by the Superintendence of Industry and Commerce of Colombia in June 2010 and could not be done.

Subsequently placed British American Tobacco (BAT South America) with sales of approximately U.S. $ 54 million and a decrease of 4.3% compared to 2009. (La Nota, 2011)

The cultivation of tobacco is currently one of the most intensive in terms of labor force, and in many areas of the country is practically the only source of employment and income for its inhabitants.

The plantings are spread across 13,000 hectares of which are extracted 20,000 tons of leaf. On this activity depends more than 18,000 families, making it a great source of employment on the Colombian rural areas. Regions such as the both departments of Santander, Boyacá, Cauca, Tolima, Magdalena, Bolivar, Huila, Tolima and Valle, have crops of this plant. (Noticias Terra)

2.1.1. External conditions

Main laws and regulations for the tobacco industry

The tobacco regulations in Colombia have changed since 2009, establishing more control not only to the consumption, but also to the advertising and selling. There are currently four different types of measures, which bring together a set of rules that are designed to prevent smoking, regulate the advertising and consumption, control the use of cigarettes by minors (In Colombia the age of majority is obtained at 18 years), create smoke-free spaces and set taxes to cigarettes, among other related topics.

Table number 1 shows the evolution of the existing laws. Is important to remark that this table only considers the regulations that govern on a national level, leaving aside the laws created for specific districts and institutions, and does not show the recently approved anti-tobacco law (Summer 2009), which has been the most aggressive norm, in terms of restricting the consumption and advertisement. This relative new law, which has 36 articles, is intended primarily to ensure the health rights of the inhabitants of the country, especially those under 18, regulating the use, sale, advertising and promotion of cigarettes, tobacco and its derivatives. Among other aspects, the law emphasizes in four main traits: The first one is based on how it prohibits smoking in all enclosed areas, both in workplaces and in public places, as well as spaces in which mass events are made. The second one is associated to the protection of minors by prohibiting the sale of tobacco to them, and limiting the possibilities that they can access these products. The third one, in relation to advertising, the law prohibits the promotion of tobacco products in mass media. It also prohibits the promotion of tobacco on billboards, banners, murals and posters. In Addition, It prohibits the sponsorship of cultural and sports events by companies producing, importing or marketing tobacco products. Finally, the law limits the selling by prohibiting the fabrication and importation of cigarette packages of less than 10 units, which concludes in the restriction of sales by unit. This last point is considered the most aggressive aspect,

because it ends with a common buying behavior (In Colombia was common to buy cigarettes by unit everywhere). (Salud Total, 2009)

In terms of packaging, this new law prohibits the use of terms such as 'light' and 'mild' on the package, demanding large and symbolic health warnings on tobacco packaging (covering 30 per cent of the front and back). Figure number 3 exhibits three types of health warning images on Colombian cigarette packages.

Figure 3 - Health warning image on Colombian cigarette packages

(CPCCA)

Table 1 – Colombian legislation for tobacco control

Norm	Themes that regulate	Issued by	Type of norm
Decree 1188 of 1974	Which is issued by the National Narcotics Statute	President	1
Decree 3430, November of 1982	Which are regulated by Articles 16, 18 and 20 of Decree Law 1188 of 1974. In all commercial advertising of consumption of alcohol, tobacco and cigarettes, that are made in the space determined by the Ministry of Health, according to the Ministry of Communications, should make the public aware that the consumption of such products is harmful and injurious to health, in accordance with the requirements of Article 20 of Decree Law 1188 of 1974.	Ministry of Communications and Ministry of Health	1

Resolution 4063, December of 1982	Which regulated the decree 3430 of 1982. Cigarette ads may only relate to brands quality, pricing and distribution system of products advertised and may not be represented by minors, or act out the physical action of smoking or using words that encourage consumption of the product. May be transmitted on television cigarette advertisements from 11:00 pm until the end: a 30-second commercial ad for each brand and in each commercial, 20% of the time must say that smoking is injurious to health.	Ministry of Communications and Ministry of Health	1
Decree 3446 of 1982	Established that in goods and services that are harmful to health "must be clearly stated and in legible characters, either on their labels, containers or packaging or in any annex included in this, the harmfulness and the necessary conditions for its use, as well as the contradictions of the case. It also established that in commercial advertising made for those goods and services must clearly warn the public about the harm and the need to consult the conditions or directions for proper use, as well as contraindications of the case.	Ministry of Commerce	1
Resolution 07559, June of 1984	Which created the National Council of Smoking and Health.	Ministry of Health	1
Resolution 001075 of 1992	Which indicated that it should be included in occupational health activities, campaigns to promote tobacco prevention and control.	Ministry of Work	1
Resolution 4225, May of 1992	Established the day of May 31 as National Day without tobacco. It recommended the adoption of measures and bans on advertising of tobacco. Recommended to assign specific locations for smokers.	Ministry of Health	1
Agreement 002, December of 1995	Regulated trading in the regional TV channels. Article 7 provided that advertising of cigarette, tobacco and alcoholic beverages must be made in accordance to the provisions of the Ministry of Health, the National Drug Council and the National Commission Television.	National Television Commission	1
Law 633 of 2000	By which rules of Taxes are issued. Is added to the Article 420 of the Tax Code the following paragraph: "The sale and import of cigarettes and tobacco produced in domestic and foreign territory, must be taxed at general fee."	Congress	2
Law 788 of 2002	By which norms are issued in national and territorial tax matters. Among the goods taxed with	Congress	2

		the rate of 7%, are the unprocessed tobacco and the tobacco waste.		

(Mamacoca.org, 2006)

Types of norms: 1. Designed to prevent smoking and therefore regulate the advertising and consumption. 2. Taxes on tobacco

As already mentioned, this table only shows the laws that govern in the whole national territory. District and institutional laws are independent on each department and institution, and are mainly designed to create smoke-free spaces and treat other related topics

As conclusion of the tobacco´s norms and regulations in Colombia, is important to remark that they have evolved to protect the national society by restricting this industry. This current restriction can be divided in four main groups, which control the elements of the marketing mix. The first one involves the norms of the products: Cigarette's packages today in Colombia must have health warnings; The second one is based on the restrictions to the promotion, which today is limited and practically reduced to certain sources and places; The third one is the price, which is now significantly influenced by the raise of taxes; Finally, the place or distribution is affected by the new regulations that prohibit to sell the product in specific places, and in specific ways (case of the single units).

Cultural barriers and social conditions

As explained before, Tobacco´s companies have seen for years emerging economies as potential markets thanks to their flexible legislations and lack of social opposition. However, this situation have changed in the last five years, due to new governments which bring with them new regulations, and a new vision and way of thinking of their inhabitants, which are mainly supported by awareness programs and campaigns, and new trends that really value the human health. Colombia is not case apart of this group of conscious countries: As mentioned above, new regulations have been elaborated; however these

limitations are not enough if there is not a social rejection sustained by solid cultural barriers.

Today in Colombia there are several anti-tobacco campaigns conducted by different types of organizations; the most recognized are independent health organizations, such as the Colombian league against cancer (LA LIGA COLOMBIANA CONTRA EL CANCER), and conglomerations of natural citizens that join together under one same purpose: to stop the consumption of an harmful product. A great example of this is the association of friends against tobacco (TODOS CONTRA EL CIGARRILLO). Both of them develop uninterrupted campaigns to show the damage that the consumption of cigarettes do not only to the direct smokers, but also to the entire society. Figure number 4 exhibits an "against tobacco" ad of the Colombia league against cancer, which was made to create consciousness in young people about the consumption of cigarettes in close bars and clubs, and a campaign done by this organization, which was elaborated as a course for smokers to quit the cigarette.

Figure 4 – Ad and Campaign of LIGA COLOMBIANA CONTRA EL CANCER

(Liga Colombiana Contra el Cancer)

Although there is a new profile of consumer of cigarette, the trend of tobacco consumption is decreasing in Colombia. Cultural barriers generated by public awareness are changing the social conditions that tobacco companies were used to manage. This situation can be clearly seen in the decrease of sales, and can conclude in two different ways:
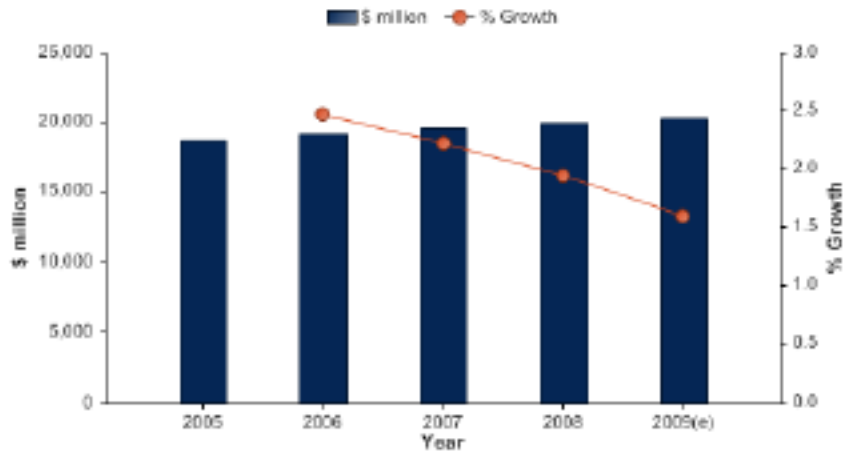
Diversification of activities and products by the industry (Case of Phillip Morris with Kraft Food), or the high investment in innovative marketing strategies to confront the new trends, which eventually will result in new regulations established by the government, and new campaigns elaborated by entities of the society.

2.2. Case of France

The French tobacco market generated revenues of USD $20.3 billion in 2009, representing a growth rate of 2.1% for the period between 2005 and 2009. However this indicator has been increasing slowly in these last years and is expected to have a slowdown in the next five years, due to a situation of slow sales growth in the cigarettes category, which represents the most important one, generating in 2009 total revenues of USD $17.4 billion, and having 85.8% of the total tobacco market share in this European country. Graphic number 2 shows that although tobacco sales have increased in the past years, its growth rate has significantly declined.

According to an analysis done by Datamonitor, "the performance of the market is forecast to decelerate, with an anticipated compound annual growth rate of 1.4% for the five year period 2009-2014, which is expected to lead the market to a value of $21.8 billion by the end of 2014. Comparatively, the German and UK markets will grow with CAGRs of 1.9% and 1.9% respectively, over the same period, to reach respective values of $43.3 billion and $20.3 billion in 2014." (DATAMONITOR, 2010)

Graphic 2 – France tobacco market: sales and growth

(DATAMONITOR, 2010)

The French tobacco market, which represents 11.4% of the European tobacco market value, is highly concentrated, with leading companies such as Philip Morris International, Imperial Tobacco Group and British American Tobacco collectively holding 82.3% share of the total market value. Table number 2 indicates the distribution by company of the total market share in 2009.

Table 2 – France tobacco market share in 2009

Company	% Share
Phillip Morris International	39.2%
Imperial Tobacco Group	29.6%
British American Tobacco	13.5%
Others	17.7%
Total	**100%**

(DATAMONITOR, 2010)

The main retailers for the France tobacco market comprise supermarkets and hypermarkets, service stations and convenience stores. The concentration of retail outlets is relatively

fragmented in the tobacco market, as there are a number of stores where these products can be sold. In this country, supermarkets and hypermarkets are the largest distribution channel, with 25.4% share of the total market distribution; tobacco products are just one of many product category sold by most retailers. Graphic number 3 displays the distribution between the main retailers of tobacco in France, showing that supermarkets and hypermarkets form the leading distribution channel, accounting for a 25.4% share of the total market's value.

Graphic 3 – France tobacco market distribution
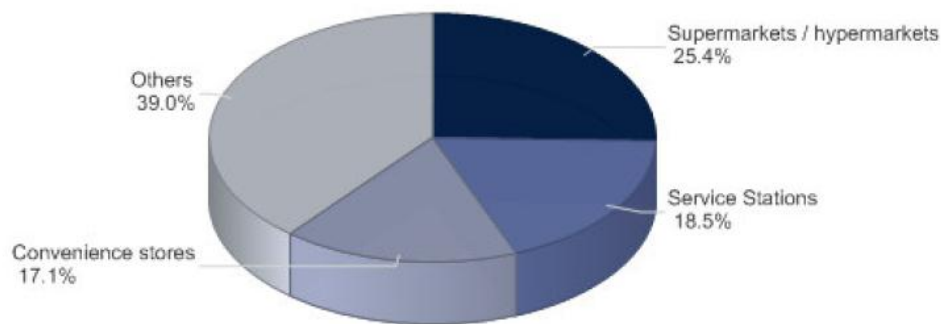
Source: Datamonitor   **D A T A M O N I T O F**

(DATAMONITOR, 2010)

2.2.1. External conditions

Main laws and regulations for the tobacco industry

Smoking in France was first controlled in the 1991 Évin law, which comprises a sequence of measures against alcoholism and tobacco consumption. This type of legislations in relation to smoking continues in this country, and by February of 2007 much stronger smoking ban was introduced; smoking was prohibited in workplaces and other public

buildings and was expanded at the beginning of 2008 to include cafes, restaurants and bars; an exception exists for special smoking rooms rewarding strict conditions. These smoking rooms, which are allowed under this new regulation, are subjected to very strict conditions: "they may occupy at most 20% of the total floor space of the establishment and their size may not be more than 35 m²; they need to be equipped with separate ventilation which replaces the full volume of air ten times per hour; the air pressure of the smoking room must constantly be lower than the pressure in the contiguous rooms; they must have doors that close automatically; no service can be provided in the smoking rooms; and cleaning and maintenance personnel may enter the room only one hour after it was last used for smoking." (Uketa) Current tobacco control strategies look principally to decrease the demand for cigarettes through measures that inspire individuals to adopt healthier behaviors, so new entrants would be entering a market that is effectively being encouraged to decline through the influence of outside parties. Furthermore, shelf-space in retail outlets is finite and retailers may be unwilling to substitute other established brands in order to stock those of an entirely new, unproven brand. Overall, there is a weak threat from new entrants to the French tobacco market.

In terms of packaging, "France made the decision to require pictorial health warnings on all cigarette packs April, 2010. The warnings will cover 30% of the front and 40% of the back of packages." (Tobacco Labelling Resource Centre) Figure number 5 is an example of an image that currently appears on cigarettes packages

Figure 5 - Health warning image on French cigarette package

(Tobacco Labelling Resource Centre)

Cultural barriers and social conditions

The cultural barriers in France are supported by the progressive policies on tobacco control. However, the enforcement of these regulations sometimes is lax and not taken seriously. This is when associations for the protection of the rights of the non-smokers become important; a great example and probably the most important in France is the Comité National Contre Le Tabagisme (CNCT), which not only try to enforces national laws and regulations, but also creates preventive actions to inform and educate the public about the harm caused by smoking and passive smoking. These missions are carried out in collaboration with numerous national and international actors for the control of tobacco, and in close collaboration with the national Ministry of Health and the National Cancer Institute.

Is important to remark the achievements of this association in terms of smoke prevention for young people: They elaborate campaigns with the main purpose of inform and alert the dangers of tobacco. However their latest ads have been criticized for the explicitness of their message. Figure number 6 shows an ad launched in 2010, which displays youths with a cigarette in their mouth, on their knees before an adult. According to declarations said by this anti-tobacco group, the reality of this message relays on the fact that "the first cigarette is often viewed as a rite of passage toward the adult world and an emancipation, noting that while smoking has declined among most age groups, it has risen to 40% of 12-to-25-year-olds. The campaign seeks to reverse that impression and make people aware that smoking isn't a defiance of authority, but instead a sign of submission and naiveté — a behavioral, psychological and physical submission to an addictive drug that will control their acts, dirty their bodies and cost them dearly." (TIME, 2010)

Figure 6 – CNCT anti-tobacco ad, 2010

(TIME, 2010)

2.3. Case of United States

The case in United States is characterized by a contrast between the situation of the cigarette industry, and the non-cigarette tobacco products industry; while trends in cigarette sales and consumption have decreased in the United States for the past ten years, the sales of the non-cigarette tobacco products have increased considerately. According to researchers from the Harvard School of Public Health, led by Professor Gregory N. Connolly, director of the Tobacco Control Research Program at HSPH, and Hillel Alpert, research associate in the program, who compared trends in sales of all tobacco products in the United States, "30% of the recent decline in cigarette sales may be offset by the robust sale of small cigars, snuff and roll-your-own products. Thus, the apparent magnitude of overall decline in tobacco use in the U.S. may be illusory." (Harvard School of Public Health, 2008)

The main reason in the transition to non-cigarette products by smokers is definitely the price, which is influenced by the fact that these products only have only 1/10th of the federal tax of cigarettes, and the circumstance generated by the substantial attention given to campaigning against cigarette use but not against other forms of tobacco products in

recent years, which makes the tobacco companies to invest more in marketing strategies and therefore to increase the price. In general, the cigars, roll-your-own and smokeless tobacco products are priced lower than regular cigarettes. "The weekly cost for a typical user of a premium moist-snuff brand is 55% less than for a typical cigarette smoker. State and federal cigarette taxation policies appear to have been effective in reducing smoking, but small cigars and roll-your-own tobacco are taxed at 5% to 10% the rate of cigarettes, resulting in prices much less than an equivalent pack of cigarettes. These findings should be considered in future policy decisions meant to curb smoking." (Harvard School of Public Health, 2008)

Another aspect to analyze is the level of deaths caused by tobacco: according to the National Cancer Institute and the American Heart Association, in the U.S. smoking-related illnesses account for an estimated 438,000 deaths each year. An estimated 25.9 million men (23.9 percent) and 20.7 million women (18.1 percent) in the U.S. are smokers. (National Cancer Institute)

Since 1998, tobacco sales in the U.S. have decreased by 2% a year, which has been taken as an indicator that smoking is on the decline. This situation is supported by the decrease of 18% of cigarette sales, passing from 21.1 billion packs in 2000 to 17.4 billion packs in 2007. During this period, sales of other tobacco products increased by 1.10 billion cigarettes pack equivalents.

2.3.1. External conditions

Main laws and regulations for the tobacco industry

As a federal state, United States has not established any nationwide smoking laws; every state has the responsibility to establish its own occupational and safety laws, which include the bans and restrictions to the tobacco production and consumption. These smoking laws differ extensively throughout the territory of this country, having some places that do not

largely regulate smoking at all, some places that prohibit smoking in just certain areas, and some states that ban smoking almost in everywhere, even in outdoor areas. "Jurisdictions in the south tend to have least restrictive smoking bans or no statewide smoking bans at all" Aside from the prohibition of smoking in federal buildings, the only other law that applies in all states is the banning on smoking on commercial airline flights. Besides from these two, there are no anti-smoking laws that are common for all the states, though many of them have same bans on smoking in workplaces and restaurants.

In order to understand how the regulations on smoking have changed in United States, which has always been recognized as champion of the freedoms and rights on individuals, is essential to mention the Surgeon General´s report, which was done in 2007, and revealed how injurious the second-hand smoke can be. Before this report, there were not sufficient proofs that showed that second-hand smoke was a real violation of the rights of others (non-smokers) in the company of smokers in public places. The information and results of this report called the attention to the rights of non-smokers to be safe from the threats of second-hand smoke in workplaces and eating and drinking establishments, such as bars, clubs and restaurants. "When the rights of individuals infringe on the rights of other individuals, the law moves to protect the rights of the violated". (Smoking Statistics, 2009)

Today, the regulations on smoking in the United States that have been created an executed by state laws and city orders, are generally relating to enclosed areas, but there are also some laws that prohibit smoking in a proximity of 20 feet from the entrance to a particular establishment. Calabasas, California, is known in the history of United States as the first city that prohibited smoking in any outdoor area, and now, cities like New York are following this trend by banning smoking in public and outdoor places. "In February of 2011, New York smoking ban extended to parks and coastlines" (BBC News, 2011). Currently, only seven out of fifty states do not have statewide smoking laws.

In the middle of 2009, the United States president´s Barack Obama signed a bill that permits the Federal Drug Administration (FDA) to control tobacco just as it regulates food and pharmaceuticals. The agency will be able to control what establishes tobacco products, however this is not a bill that orders where smokers can and cannot smoke; it is just an

attempt to regulate the sale of tobacco and the way it is advertised. It will work together with the existing anti-smoking laws, and will help to call more attention to the entire issues of the negative aspects of tobacco consumption throughout the country.

Even though usual smokers still exist, and some restaurants and places have built special areas to accommodate them, with this President's newest bill and the continuous increasing of taxes to the tobacco industry, it appears that the United States is doing everything to make uniform federal laws to reduce and even terminate smoking in the country. Anti-smoking laws and regulations are getting more attention, and it may only be a matter of time to limit the complete industry. This intention is proved by the circumstance that today 27 states have ratified smoking prohibitions in all general workplaces and public places, including bars and restaurants. Seven have ratified smoking bans that exclude all adult sites such as bars (and casinos where applicable). The states of Georgia, Idaho, New Hampshire, North Carolina, and Virginia have created particular state laws, prohibiting smoking in specific places but leaving out all others. However, the remaining 11 states have no statewide smoking ban at all. The results of this federal anti-tobacco laws are summarized in the current context of the U.S.: "According to Americans for Nonsmokers' Rights, as of April 2011, 79.4% of the U.S. population lives under a ban on smoking in workplaces, and/or restaurants, and/or bars, by either a state, commonwealth, or local law, though only 47.9% live under bans in all workplaces and restaurants and bars." (ANR)

Finally, in terms of packaging, new legislation passed in June 2009 requires pictorial health warnings on 50% of the front and back of US cigarette packages within 24 months, in addition to a 15 month implementation window.

The Family Smoking Prevention and Tobacco Control Act (Tobacco Control Act) in the United States requires the FDA to finalize picture health warnings by June 2011. The new health warnings will consists of nine full color health warnings that cover the top half of the "front" and "back" of cigarette packages. Figure number 7 displays a proposal of a health warning.

Figure 7 - Health warning proposal image on an American cigarette package

(Tobacco Labelling Resource Centre)

Cultural barriers and social conditions

As described in the smoking regulations of the United States, the actual context in this country varies between the different federal states that it has. Tobacco companies do not have a single strategy over the whole country; they diversify their management in terms of the marketing mix according to laws, behaviors and preferences, in order develop their activities legally and obtaining significant profits. To find homogeneous cultural barriers, is necessary to explore associations and unions of Americans that have similar against-tobacco ideals and thoughts. The most representative is the ASH (America´s first antismoking and nonsmokers´ rights organization), which is not only the oldest anti-tobacco organization, but also the largest. This organization, which is supported by contributions from people concerned about smoking and protecting the rights of non-smokers, performs actions that have helped to prohibit cigarette commercials, restrict smoking on planes, buses, and many public places, lower insurance premiums for nonsmokers and adapt new and changing threats to nonsmokers' rights.

There are also other types of national associations created for prevent smoking, however these are not concentrated and may change among the states that count with participants.

Even though in United States laws and cultural barriers vary between it´s states, there is a common pattern that involves the consumer profile and preferences; Old smokers are aging, and new generations in this country are seeing the dangers of smoking, so the social rejection is converting into a reality, making tougher the job of marketers in a country that 50 years ago was not only one the main markets across the world, but also the cradle of multinational tobacco corporations.

3. MARKETING IN THE TOBACCO INDUSTRY

As any other industry, tobacco companies create and develop strategies in order to achieve their main objective: Maintain a sustainable activity that can generate profits over the time. This economic purpose derives from a sequence of consumer-oriented goals, which can only be accomplished with the adequate establishment and elaboration of marketing strategies. In this part of the research, it will be analyzed how these tobacco companies develop these strategies across the world (with emphasis on the three different markets analyzed), to reach the four main consumer drivers: Recruit new tobacco users to replace those who have quit or died, preserve and increase use among current smokers, reduce tobacco disposition to quit, and inspire former users to start using tobacco again. Is important to focus this part in how tobacco marketers have to deal with the regulations and barriers mentioned above. Only in this way is possible to see how modern marketing is driven by an excellent understanding of the consumer behavior and needs, and by keeping the fundamentals that are appropriate for this challenging product category.

As we all know, the base of marketing is based on the 4 Ps; the tobacco industry is not an exception for this global concept. In terms of product, it will be shown the existing type of products, the innovations and refinements, and the importance of the packaging, which today represents not only a source of competitive advantage, but also an aspect of which consumers have become interested. Passing to the price, is important to study how price competition can be a fierce in the tobacco business. Price positioning is today a concept that is making companies to restructure their strategies toward the consumer conception of the line products. Promotion, thanks to the bans and restrictions on tobacco advertisement, now has less relevance than the other elements on the marketing mix. However, it is an aspect that cannot be put aside; is essential to explore how companies are developing communications strategies, which do not overpass the legal limits, but can reach out consumers. Finally, the importance of the placement and distribution of tobacco products lies on the fact that it is where consumers buy their brands. According to British American Tobacco, "in the Fast Moving Consumer Goods sector, getting this right takes investment

in fast and efficient distribution, in order capture and fulfillment, and in excellent trade marketing teams who build and manage relationships with retailers big and small – from supermarket giants or convenience store chains to individual cocktail bars or neighborhood 'corner shops'." (BAT, 2011)

3.1. Product strategy

3.1.1. Type of products

Before describing the different types of tobacco products, is important to remark that all these forms contains nicotine, so they can not only caused addiction, but also health problems.

As it can be seen in the day to day life, cigarettes have the largest share of manufactured tobacco products in the entire world, with 96 percent of the total sales. However, this product segmentation does not apply in specific countries. For example while in India chewing tobacco is the most common method of consuming tobacco, in Indonesia smoking of kreteks takes this place. These forms of tobacco have spread to every continent, and are currently being marketed to young people in many industrialized countries, due to the attraction that they generate for being exotic, and serving as a route to addiction and conversion into a lifelong dependence on cigarettes.

There are currently two main categories of tobacco products: The smokeless tobacco, which can be divided in dry snuff, moist snuff and chewing tobacco, and the smoking tobacco, which is the most common and recognized, and covers manufactured cigarettes, roll-your-own cigarettes, cigars, bidis, kreteks, pipes, water pipes and sticks. Description of these different types is shown below. This information is taken from the Tobacco Atlas and the report presented by Elizabeth Tumbarello for the website eHow (Tumbarello) (Tobacco Atlas, 2011). Images of the different types of tobacco are presented in figure number 8.

Smokeless tobacco:

- Dry snuff: Is a powdered tobacco that is inhaled through the nose and absorbed through the nasal mucosa or taken orally.
- Moist snuff: Consists of a small amount of ground tobacco, which is held in the mouth between the cheek and gum. Other moist snuff products are known as khaini, snus, shammaah, nass, or naswa.
- Chewing tobacco: Covers oral smokeless tobacco products that are placed in the mouth, cheek, or inner lip and dipped or chewed. Tobacco pastes or powders are similarly used, placed on the gums or teeth. It is sometimes referred to as "spit tobacco" because users spit out the built-up tobacco juices and saliva. There are many varieties of smokeless tobacco, including plug, loose-leaf, chimo, toombak, gutkha, and twist.

Smoking tobacco:

- Manufactured cigarettes: Cigarettes are the most commonly consumed tobacco products worldwide. They consist of reconstituted tobacco, processed with hundreds of chemicals and rolled into a paper-wrapped cylinder. Usually tipped with a cellulose acetate filter, they are lit at one end and inhaled through the other. There are different types of cigarettes, the most recognized are: Non-menthol filtered cigarettes, menthol filtered cigarettes, cigarettes with special flavors, and novelty cigarettes, which include the electronic ones.
- Roll-your-own cigarettes: RYO cigarettes are hand-filled by the smoker from fine-cut, loose tobacco rolled in a cigarette paper.
- Cigars: Cigars are made of air-cured and fermented tobaccos with a tobacco-leaf wrapper. The concentrations of toxins and irritants in cigars are higher than in cigarettes. Cigars come in many shapes and sizes, from cigarette-sized cigarillos to double coronas, cheroots, stumpen, chuttas, and dhumtis. In reverse chutta and dhumti smoking, the ignited end of the cigar is placed inside the mouth.
- Bidis: Bidis consist of a small amount of sun-dried, flaked tobacco hand wrapped in dried temburni or tendu leaf (Diospyros sp.) and tied with string. Despite their small

size, bidis deliver more tar and carbon monoxide than manufactured cigarettes because users are forced to puff harder to keep bidis lit. Bidis are found throughout South Asia and are the most heavily consumed smoked tobacco products in India.

- Kreteks: Kreteks are clove-flavored cigarettes widely smoked in Indonesia. They may contain a wide range of exotic flavorings and eugenol, which has an anesthetic effect, allowing for deeper and more harmful smoke inhalation.

- Pipes: Pipes are made of briar, slate, clay, or other substances. Tobacco is placed in the bowl, and the smoke is inhaled through the stem. In Southeast Asia, clay pipes known as sulpa, chillum, and hookli are widely used.

- Water pipes: Water pipes, also known as shisha, hookah, narghile, or hubble-bubble, operate by water filtration and indirect heat. Flavored tobacco is burned in a smoking bowl covered with foil and coal. The smoke is cooled by filtration through a basin of water and consumed through a hose and mouthpiece.

- Sticks: Sticks are made from sun-cured tobacco and wrapped in cigarette paper—for example, hand-rolled brus.

Figure 8 – Different types of tobacco

(Tobacco Atlas, 2011)

3.1.2. Packaging

As a fundamental part of two elements of the marketing mix, the product and promotion, packaging helps consumers to select among other relatively homogenous products. In past years, the principal function of a package was to basically contain and protect the product. However, aspects such as the order on the shelf of any retail store and the high competition, have determined that for most type of products, packaging hast to achieve many sales tasks, such as describe the product, attract attention of potential customers and help to make the sale. Cigarette packaging is not an exception of this conception: packages have always been an essential part of the tobacco industry's marketing strategies, since they are exactly the "face" of the products that they are promoting and selling. Different to many other products where the packaging is wasted after opening, smokers commonly retain the cigarette pack until the cigarettes are used and keep the pack close. Therefore, cigarette packs are repetitively being taken out and opened, as well as being left on public display during use. "This high degree of social visibility leads cigarettes to be known as 'badge products'. A cigarette package designer, John Digianni, states: 'a cigarette package is part of a smoker's clothing, and when he saunters into a bar and plunks it down, he makes a statement about himself.' when a user displays a badge product, this is witnessed by others, providing a living testimonial endorsement of the user on behalf of that brand
and product." (Design Boom)

Having understood that cigarette packages are observed constantly, is important to highlight that the package design is not only used to reinforce brand imagery, it has other important roles that go from reducing perceptions of risk, to contributing to the smoker's identification with the brand.

In the design of a package, according to The American Cancer Society, besides the use of color, font, images and pictures, and unique pack forms, advances in printing technology have enabled incorporating on-pack imagery on the inner frame card, outer film and tear tape, and the integration of holograms, collectable art, metallic finishes, multi-fold stickers' photographs and images in pack design.

Tobacco companies also use special editions in relation with festival events, expanded size packs, as well as packs with promotional items. An example of the package´s creativity of the tobacco companies is that "in In 2007 BAT launched a Kent cigarette pack that opens like a book. When consumers called the phone number inside they were invited to a series of "secret" parties at summer hot spots in Chile." (The American Cancer Society; The Campaign for Tobacco-Free Kids, 2008)

Is important to analyze how packaging, as one of the most prominent forms of tobacco marketing, has been used for years to attract specific segments, according to previous studies that show how people perceived the product and the brand, and how they can be attract by a specific design. Figure number 9 presents a group of packs designed for females in United States, in contrast to the regular ones.

In the reality of today´s context of the tobacco companies, strategies of packaging have become a constant struggle against the hard laws imposed on their markets; as shown on the regulations of the three different markets analyzed, in all there is common pattern of a packaging control which obligates to put explicit health warnings. This circumstance clearly affects the development of package´s message and design, by the fact of having a significant percentage of the physical space, cover by messages that invite to avoid the consumption of the product inside.

Figure 9 – Female and Standard packs, case of United States

(Hammond, Doxey, Daniel, & Bansal-Travers, 2011)

3.2. Price strategy

Tobacco companies today use price as a fundamental marketing tool in order to develop sustainable strategies and position their brands; they have comprehended the impact that price has on the constant use of tobacco products, especially cigarettes. This reason, plus the fact that exist control limitations that have the intention to increase prices to reduce tobacco consumption, led this industry to create new plans, including the development of lower price generics branded and the establishment of a variety of price related marketing efforts, which include couponing and multi-pack discounts among others.

It is also important to highlight how these companies manage the diversification my market segment, which is clearly influenced by the price. According to the article "The world tobacco industry: Trends and Prospects" by Gijsbert Van Liemt, cigarettes are sold in different categories, from the premium, highly-priced, high-margin category to the brand less or generic low-margin type. The high margins of the premium cigarettes make them attractive to produce and sell. Companies with strong, well-established, international brand names have shown to be attractive take-over candidates. But by also offering cigarettes in the B- and C-category, companies reduce their vulnerability to demand slowdowns in times of crisis, when customers "trade down", like when they buy cheaper rather than more expensive cigarettes. (Van Liemt, 2002). This statement demonstrates how companies compete in different range-price categories to gain market share.

A great example of a price related strategy to gain market share in the tobacco industry, is the worldwide recognized case of "Marlboro Friday", which the website Marketing Practice explains: On April 2 1993, Philip Morris decrease the price of its recognized brand Marlboro by 20 % in the US market. This company at that time was being under the pressure from the discount brands. Basically the low priced Cigarette brands were taking the market share of Marlboro which was the market leader. Philip Morris justified this new cut price by saying that it was a part of a major change in the business strategy for long term growth. "This Marlboro cut was followed by a price restructuring exercise by the company across the product line: While the prices of premium brands were reduced, it increased the price of its own low priced brands. The aim was to reduce the gap between
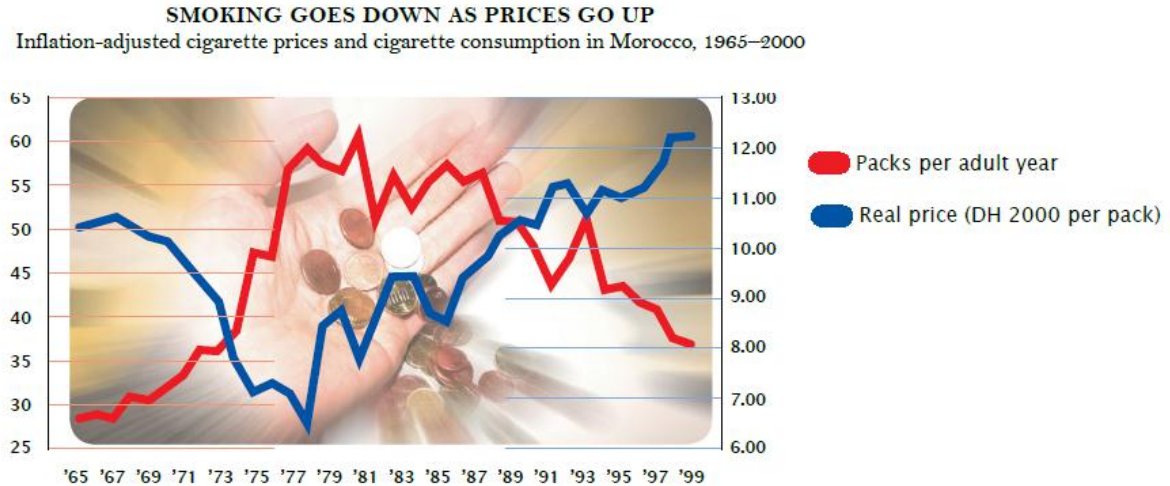
the premium brands and the low priced brands. The price cut was executed initially through sales promotions like coupons and offers like one + one free. Later the discounts were made permanent."

Although for the short -term, Philip Morris had revenue loss and share price beating, the strategy was correct: After a year, the price competitors were negatively affected and customers began to buy the brand. "Marlboro regained its lost market share and share price of Philip Morris went back to sunny times." (Marketing Practice, 2008)

This case evidences how companies construct risky specific plans related to price to establish competitive advantages. These tobacco companies understand the sensitivity of smokers toward the price, so they elaborate aggressive campaigns which, although in the short-term can lead to financial losses, at the end will take the brand to be in the first places of the total industry.

Having explained how companies develop strategies to achieve market share of a product that is price-sensitive, is crucial to show the reality of the today´s context, which, as already explained, is facing a new era of regulations and limitations. Price is clearly not an exception. With high taxes, companies, in order to survive, must increase prices. The problem is that, according to Tobacco Atlas, "a 10 percent increase in cigarette prices reduces cigarette demand by 2.5 to 5 percent". (Tobacco Atlas, 2011) Young people and low-income smokers are three times more likely than other smokers to quit or smoke less in response to price increases. These reductions in consumption, in addition to high revenues, are two reasons for why governments all over the world increase tobacco taxes. Graphic number 4 shows the inverse relationship that exists between the indicators of smoking and prices of cigarettes in Morocco between 1965 and 2000. This condition is global parameter that exists today.

Graphic 4 – Smoking and price increasing relation

SMOKING GOES DOWN AS PRICES GO UP
Inflation-adjusted cigarette prices and cigarette consumption in Morocco, 1965–2000

Packs per adult year
Real price (DH 2000 per pack)

(Tobacco Atlas, 2011)

Finally is important to relate the price strategy to the reality of the current context in the three countries studied. Is not a surprise that among these three countries, Colombia has the lowest price for a package of cigarettes; According to tobacco Atlas, while in this emerging economy, a package of 20 Marlboro cigarettes is only USD $1.14, in France is $7.26 and in United States $4.79. (Tobacco Atlas, 2011) The impact of the price is will be analyzed in the consumer perception and behavior part.

3.3. Promotion strategy

As described throughout this research, the tobacco industry spends a significant budget each year to promote its products. This industry uses a combination of advertising, promotion and sponsorship tactics to affect directly the consumption of tobacco, and attitudes and behaviors related to it. The main goals of these tactics are to promote tobacco use as customary and socially accepted, to disesteem and weak public health and anti-tobacco campaigns, to target specific populations such as young people, women, and

minority groups, and to raise tobacco consumption by attracting new tobacco users, increasing the amount of consumption among current smokers, reducing a smoker's willingness to quit and encouraging former smokers to start smoking again (Tobacco Free Center, 2008)

Through advertising of its products, which according to Tobacco Free Center is "any form of commercial communication, recommendation or action with the aim, effect or likely effect of promoting a tobacco product either directly or indirectly" (Tobacco Free Center, 2011), the tobacco industry tries to create an environment, in which the consumption of its products is familiar and socially acceptable.

The tactics of the tobacco industry go from regular announcements in entertainment and social media, to sports sponsorship. However, as it was described in the current context of the tobacco industry, there are existing laws that limit and in some cases prohibit the advertisement of tobacco products in determined places. Is essential to consider these relative new restrictions to comprehend the evolution of the ways of tobacco´s advertisement and promotion, which today´s most common are explained below and shown in Figure number 10.

- Point of sale advertising: Is basically the advertising displayed where the tobacco products are sold. The importance of this type to tobacco companies is that it exposes to all shoppers pro-smoking messages and images, no matter the age and social status, and if there are actual smokers or not. This tactic starts when tobacco companies pay retailers to place ads and specific items such as counter mats and change cups, inside, outside, and on the property of convenience stores, drug stores, gas stations, and other retail sales outlets. The companies supply vendors with promotional materials, including posters and display cases to turn the stores into giant cigarette advertisements. (The American Cancer Society; The Campaign for Tobacco-Free Kids, 2008)

- Tobacco´s sponsorship: Is mainly any type of contribution to an individual, activity or event with the intention of promoting a tobacco product or tobacco use in a direct or indirect way. There are several forms of sponsorship; the most recognized are cultural events such as concerts, in which companies attempt to create an important

connection between tobacco brands and musical icons; corporate social responsibility activities which include charitable donations to private and public organizations, and sports sponsorships, which give the opportunity to tobacco companies to be broadcast internationally, and be featured in magazines and newspaper across the world. This last type not only increases the social acceptability of tobacco consumption, but also constructs false insights about the link between athletic performance and tobacco. Is important to remark the existing relative new regulations in most of the countries that don't permit the sponsorship of the tobacco industry to sports activities. An example of this circumstance is the case of the national Colombian soccer league, which for ten years was sponsored by the tobacco brand Mustang. In 2009, thanks to the laws imposed, which are explained in the Colombian Regulations part of this research, the government prohibited any type of tobacco sponsorship to activities related to sports, so the league passed to be sponsored by a beverage company.

To overpass these strict laws, tobacco companies are now hosting privates events in which glamorous and beautiful young people are used as "brand ambassadors" to sell and promote their products. "This tactic equates tobacco products with sexiness, glamour and sophistication, which resonates well with potential new consumers on the lookout for the next big trend." (The American Cancer Society; The Campaign for Tobacco-Free Kids, 2008)

- Placement of tobacco´s use and tobacco products in the entertainment and social media: Before talking about the conventional media such as the radio and television, which by the way today are not are channels of promotion due to actual bans and prohibitions, is important to analyze how the tobacco industry has found new ways to market its products, of which internet and cellphones are the most popular; Internet is currently used for companies not only as a method to promote particular brands by creating specific websites, but also as tool to gather important information of actual and potential consumers by offering certain presents or access to parties and events for those who sign up to receive more information. Anyone, even underage, can subscribe into the database and become a receiver of constant

emails and offers from tobacco companies. Is also essential to understand the importance of the social networks, which allow putting any kind of information which is not in disagreement with the laws. Tobacco companies take advantage by creating groups, forums and pages, in which consumers can interact between them and with the company. This situation reinforces the identity of a brand, not only by creating loyalty among actual consumers, but also by attracting new consumers with refreshing advertisement.

In United States the usage of internet has become essential to the tobacco companies. According to The American Cancer Society, "tobacco manufacturers in reported a 285 percent increase in spending for advertising on company Web sites from 2002 ($940,000) to 2005 ($2,675,000)." (The American Cancer Society; The Campaign for Tobacco-Free Kids, 2008)

- Brand stretching: Occurs when a tobacco company uses its brand names, logos, or visual brand identities on non-tobacco related products and services to attract new consumers; the most popular are clothing and accessories. This strategy converts customers into walking ads promoting tobacco consumption products.

Figure 10 – Types of tobacco promotion

(The American Cancer Society; The Campaign for Tobacco-Free Kids, 2008)

3.4. Placement and distribution strategy

First is essential to comprehend the importance of the product distribution in the tobacco industry: Companies must ensure that actual consumers are able to find and purchase the products they require where and when they want them. Only in this way they can guarantee achieving a high market share in this competitive industry. According to BAT, managing this process of distribution and availability is based in four main points: Development a distribution strategy, implementing the distribution plans, monitoring and managing out of stocks, and building an effective sales orientated organization. (BAT, 2011)

Is also fundamental to understand the relevance of the channel management, which is not only a key element of the marketing activities of this industry, but also is significantly difficult to administrate due the fact that business channels vary among markets depending on the existing laws and regulations, and on the trade structure. However, in most of the markets there is a common pattern of channel distribution: In one hand we have the regular retail stores, which are summarized in the group of supermarkets, hypermarkets, convenience stores and service stations, specialized stores, cash and carry, street selling and vending machines. On the other hand there is the group of services in which customers can acquire tobacco. This group contemplates hotels, cafés, bars, restaurants and nightclubs, among others in which tobacco industry takes advantage of the added value offered by the core service, to sell their own products.

In both cases the channel management is taken under a business-to-business strategy, in which the establishment of a long term relationship is a priority in order to guarantee a sustainable business. In order to understand how this process works is necessary to analyze the case of specific brand. Graphic number 5 shows the process of distribution of Marlboro.

Graphic 5 – Philip Morris distribution process
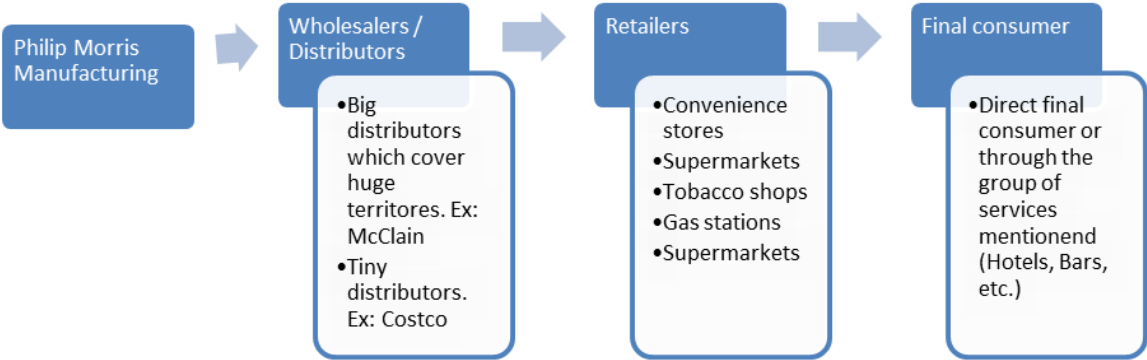
(University of California)

4. CONSUMER'S PERCEPTION AND BEHAVIOR

4.1. Consumer´s profile and information (Secondary data)

4.1.1. Case of Colombia

To explain the decrease in the tobacco sales is fundamental to understand what is happening with the level of consumption in this country, which has fallen by just over 1%, but generations of younger smokers are emerging; Companies are preparing for a new demand profile. Is important to highlight the fact that although the cigarette consumption has decreased, over 21,000 million cigarettes were sold last year in Colombia, which today is the fourth country in Latin America where more people smoke.

This tobacco market still remains interesting thanks to the new generations of smokers, who are starting to grow the smoke habit at a younger age. The Colombian National Ministry of Social Protection reported that in the last decade the number of smokers between 13 and 17 years increased from 12.7% to 18.6%.

This is reinforced by a study by the Consumer Research Center, CICO, among young people between 13 and 17, which found that 82% of them considered frequent the act of smoking among people their age. Is also important to remark the data obtained from an interview elaborated by the Colombian Cancer National Institute, which conclude that the 66% of young people between 10 and 14 years have tried cigarettes, and of this 66%, approximately the 33% generate an addiction and keep smoking.

Another aspect to remark is the importance of the female market in the tobacco industry, which day by day is gaining territory in the percentage of total consumers. The complete consumer´s profile and information will be presented in the consumer´s behavior and perception part.
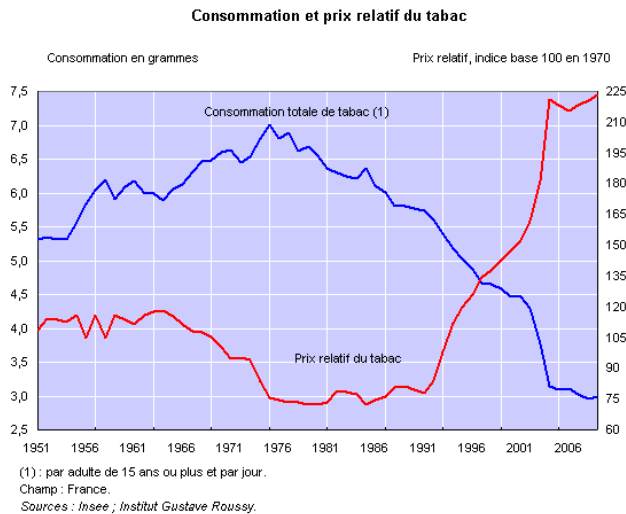
Finally is important to mention that the consumption of cigarette in Colombia is directly related with the price of this product. According to a research done by the national journal El Tiempo, the price elasticity is defined in an inversely proportional way, in which when the price is raised 10%, the level of consumption decrease 4%. (El Tiempo.com, 2011)

4.1.2. Case of France

The consumption frameworks have changed in the last years. Between 2000 and 2007, smoking occurrence among executive managers and professionals decreased by 22% and by 11% among manual workers, and did not decrease among the unemployed. According to the Addiction report of Patrick Peretti-Watel, Jean Constance, Valerie Seror and Francois Beck, "indicators of an underprivileged social situation were associated more markedly with smoking in 2005 than in 2000. In addition, the falling-off of smoking initiation occurred later and was less marked among manual workers than it was among executive managers and professionals. Finally, in 2005 15% of French smokers devoted at least 20% of their EHI to the purchase of cigarettes, versus only 5% in 2000, and smoking weighted increasingly heavily on the poorest smokers' budgets." (Peretti-Watel, Constance, Seror, & Francois, 2009)

As in Colombia, In France exists a direct relation between the price and the consumption of tobacco. According to the Institut National de la Statistique et des Etudes Economiques, in the last 50 years as prices have increased, the consumption of tobacco have decreased. Graphic number 6 illustrates this situation.

Graphic 6 – Relation price - consumption in France

Consommation et prix relatif du tabac

Consommation en grammes   Prix relatif, indice base 100 en 1970

Consommation totale de tabac (1)

Prix relatif du tabac

(1) : par adulte de 15 ans ou plus et par jour.
Champ : France.
Sources : *Insee ; Institut Gustave Roussy.*

(Institut national de la statistique et des etudes economiques)

So, if the increasing of price influence directly the reduction of consumption of tobacco, how come the indicators of smoking have decreased in the high social class and maintain and even increased in the lower class? This is a polemic circumstance that is mainly explained by the underprivileged social situation that this second group lives; not only the fact of struggling with wicked conditions everyday affect them. Also the lack of coverage of anti-tobacco campaigns has an effect on these disappointing indicators. This specific theme requires more attention from the government and local organizations.

4.1.3. Case of United States

As described, the level of consumption of tobacco in United States has decreased in the past years, and has a trend to follow the same behavior in the next years. This situation started approximately in 1985, after having passed through a success period which began

subsequently to the World War II, and reached its peak in 1983 with a total of 640 billion units sold in this last year. Since then, the decrease has been continuous, and by 2002 the consumption was down to 400 billion cigarettes. So which were the main reasons that led to reduce the consumption of cigarettes in this country? First, according to the agricultural policy specialist Jasper Womach, "the proportion of the adult population of smokers stopped increasing and began declining shortly after the first Surgeon General's report on the health effects of tobacco in 1964. After the proportion of adult smokers reached nearly 43% in 1966, it subsequently declined to about 23.4% in 2001.Consequently, the size of the adult smoking population not only has failed to grow, it actually has declined from a peak of about 55 million in 1983 to a current level of about 49 million (a number about equal to the 1960 smoking population)" (Womach, 2005). Graphic number 7 demonstrates the evolution of the cigarette consumption in the United States, showing the three specific moments of the industry: The growth from the 50´s to the first years of the 80´s, the peak at the middle of this decade, and the decrease from the last years of it to the actuality

Graphic 7 – U.S. Cigarette consumption
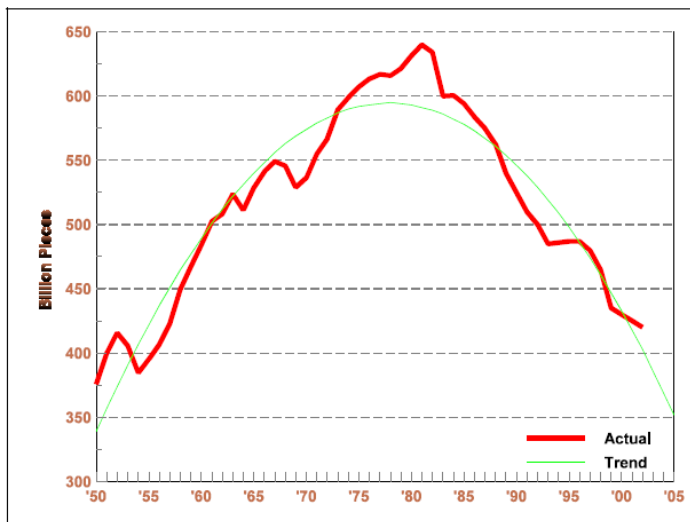
(Womach, 2005)

As mentioned before, while the consumption of cigarettes has declined in the last years, the consumption of non-cigarettes tobacco products is increasing, making that cigarette companies respond to this changing pattern of consumption by entering other tobacco markets, including acquisition of major U.S. moist snuff manufacturer Conwood by R.J. Reynolds, and by marketing new snuff and snus products (moist tobacco powder placed under the upper lip) to attract new smokers and new tobacco users.

4.1.4. Conclusion of Consumption Data

In order to understand the differences in consumption between the three countries analyzed is necessary to exposed concrete data that summarize the level of usage of tobacco. Table 3 illustrates a comparison of data of consumption in 2007.

Table 3 – Consumption data in 2007

	Colombia	France	United States
Cigarettes consumed (Millions)	20.900	54.945	357.000
Consumption per capita	479	876	1.119
Male Smoking prevalence	26%	36,6%	26,3%
Female smoking prevalence	11,3%	26,7%	21,5%

(Tobacco Atlas, 2011)

Is clear that there are several differences among these three countries in terms of consumption. The external factors explained previously, plus others summarized in historical and demographical conditions, have a direct effect in the indexes of consumption; In United States, thanks to the conception of freedom joined to its past as birthplace of tobacco multinational corporations, the level of consumption per capita is significantly high compared to an emerging country such as Colombia. In terms of prevalence of smoking, it is possible to see how in the both develop countries (France and United States), the

difference between male and female consumption is relative low in contrast to Colombia. This is explained by the fact that in both countries tobacco companies already promote the usage of cigarettes to the female target. In Colombia, as explained before, the women are just becoming potential customers of the tobacco products.

So deducting the data, Colombia is just following the route that France and United States already passed. In no more than 10 years, the indexes of consumption per capita and the prevalence of female smoking will be close to the data of France and United States. This reason is why tobacco companies see Colombia and others developing countries as potential markets to increase their sales.

4.2. Primary data information

4.2.1. Methodology used

The methodology for gathering the primary data is based in the development of two main phases: The first one corresponds to a sequence of twelve in depth interviews, which will be realized to people, smokers and non-smokers, from three different cultures: 4 to Colombian, 4 to French and 4 to American. The interviews, which will be done in a smooth and relax environment, will be tape recorded with a duration of 30 to 50 minutes. This qualitative research is essential to the research project, because it will provide reliable and detailed information about tobacco consumers and non-consumers´ thoughts and behaviors. It is also important to recognize the limitations and common errors of this type of research and try to avoid them; to reduce the bias, is important to design certain instruments and conduct the interview in a clear and a dynamic way.

The process to follow can be summarized in four single steps: First, the definition of the objectives and main purposes, which have been already explained in the introduction. Second, the development of the interview guide, third the collection of the data and finally the analysis and the presentation of the final results.

The interview guide is presented in the Appendix A at the end of this paper. It was consolidated based on the purpose format of Boyce Carolyn and Neale Palena (Boyce & Neale, 2006).

The second phase of the recollection of primary data is based on a netnography research. This type of research gives us the opportunity to explore and analyze people´s thoughts through the study of online communities. Netnography is really useful for this research because is not only simple and relative fast to do, but also will provide clear information about meanings and consumption patterns of smokers, and ideals of communities of non-smokers. So in this way two types of communities will be analyzed: Virtual communities for smokers and supporters of tobacco, and for those who are against tobacco.

4.2.2. Analysis matrix

As a qualitative study, is important to find the common patterns in the interviews realized, in order to develop a logical analysis. Clearly these patterns are divided not only by the topic of the question, but also by the country of the respondents. Only in this way is possible to classify the answers and find the differences between consumers´ perceptions and behaviors among the three countries studied. Table number 4 exhibits the analysis matrix elaborated to summarize and analyze the answers of the respondents.

Table 4 – Interviews analysis matrix

Topic / Country	Colombia	France	United States
Theme: Motivation and inhibitors			
Motivations of smoking	influence of the social context - Adventure to try something fun an new – Way of relaxation	Intention to copy styles of life - Influence of famous people - desire to belong a group	Influence of family – Influence of the social surround – Peer pressure – Desire of teens to grow up too fast – Mix of alcohol and cigarettes

Inhibitors of smoking (Only non-smokers)	Regulations and laws - Anti-tobacco Campaigns – Bad smell – Known of the danger of the product	Knowledge of the dangers of cigarettes – Preventing campaigns – Hard laws of smoking in some places	Awareness of the dangers – Regulations and laws – Incentives to quit smoking given by employers
Acceptance of smoking (Only smokers)	Personal conviction that is just a momentary stage – Other people do it, what is the problem if I do it too	Self-persuasion - Reasons to convince themselves that is good and avoid the harmfulness of the product – Smoking is cool and relaxing	Just don't think in the bad consequences – See it as a way of relaxation – No rejection of the family
Critics to smoking (Only non-smokers)	Health issues, negative affection to non-smokers	Health concerns – Smells bad and is dangerous – Affect personal image	Strong addiction - Hard to quit – Dangers of the product – Affects the entire society
Theme: Perception of marketing strategies			
Top of mind brands	**Smokers:** 1. Marlboro – 2. Kool - 3. Belmont – 4. Lucky Strike	**Smokers:** 1. Marlboro - 2. Camel – 3. Lucky Strike – 4. L&M	**Smokers:** 1. Marlboro - 2. Kool - 3. Parliment – 4. Camel
	Non-smokers: 1. Marlboro - 2. Kool Light - 3. Lucky Strike, - 4. Kent	**Non-smokers:**	**Non-smokers:** 1. Marlboro – 2. Kent – 3. Lucky Strike – 4. Camel
Perception of tobacco products – Packaging (Only smokers)	**Difference between products:** Diversification and variety of products (Mentholated, regular, etc..) **Package:** No influence at all - Importance of the product inside it, not how it looks outside	**Difference between products:** Strength and taste **Package:** Attractive – Importance of colors, shapes and logos to make each brand recognizable	**Difference between products:** Mainly taste, strength and harshness **Package:** Is relevant to be attractive but for a usual smoker it has no influence at all
Perception of tobacco advertisement	**Smokers:** Advertisement not as effective as it intends to be – Reduction due to new laws – More results if the industry give away free product and sponsor private parties – Importance of taking consumer to compare products	**Smokers:** Tobacco advertisement is prohibited in France – Never seen current advertisement – Advertisement used to be in magazines about travel and adventure – Used to be destined to promote the Manhood	**Smokers:** Today is very hard to find advertisement – Only in some magazines – Memories of efficient ads (Make attractive to smoke) like Marlboro Man and Joe Camel - Agree that the laws restrict tobacco advertisement today

	Non-smokers: Few tobacco advertisement, Most in private events and movies, Importance of unconsciousness	**Non-smokers:** Is hard to find tobacco advertisement in France	**Non-smokers:** Advertisement is reduced to some magazines – It has not the same effect due to the health warnings
Perception of tobacco price (Only smokers)	Cigarettes have a price in an accurate rate	Cigarettes become really expensive	Cigarettes are expensive due to taxes. Good because kids can't afford them
Perception of tobacco distribution	**Smokers:** Depends on the brand but in general is possible to find everywhere	**Smokers:** Very easy to find everywhere	**Smokers:** Is easy to find them but now a lot of stores do not carry them any more
	Non-smokers: Possible to find everywhere, street, bars, universities	**Non-smokers:** Wide distribution – There are cigarettes in a lot of places, but before it was easy to find them	**Non-smokers:** Easy to find it everywhere – There should not be distribution in drug stores
Ethical issues: Strategies to be discontinued	**Smokers:** No ads in open places like freeways where also children can see them	**Smokers:** Regulations to campaigns already limit what is necessary	**Smokers:** They already discontinued the most efficient like the Marlboro Man due to laws
	Non-smokers: No sales near to schools, No free cigarettes in events	**Non-smokers:** Is all control by the government. May be no famous people smoking, but that is more an American conception	**Non-smokers:** Showing young, beautiful and successful smoking , it implies for young people that to be happy they should smoke
Theme: Parallel trends and thoughts			
Future of the tobacco industry	There always be market for tobacco products but it will decrease due to high prices, regulations and social consciousness – More people is smoking	Future is uncertain – Actions of governments reduce indexes of smoking - Number of people of smoking is decreasing	Eventually cigarettes will illegal in United States – Government and insurances companies will shot down the industry – Numbers of smokers have decreased – As long as there is demand, there will be a supply for it
Perception of national tobacco control laws and regulations	Increasing laws that protect the general society due to health problems	Laws protect the society in general - No advertisement – High taxes to tobacco products	Laws protect the general society – Before it was more easy and acceptable to smoke – Difference in some areas of the country

4.2.3. Results obtained and Analysis

Motivations and inhibitors

- Case of Colombia

First is important to have clear the fact that the consumption of tobacco products in Colombia is reduced to the consumption of cigarettes. Motivations to consume this product are mainly based in the fact that regulations and limitations to the tobacco industry are just starting to apply; the circumstance that tobacco companies have a lot of years to promote their selves have a direct relation on the level of initiation to smoke. Is also essential to remark the importance of the social influence as a reason to start smoking, which covers the family background, relation with friends and the behavior of the general society.

"I think the main reasons to start a smoking habit are people's influence, people grow around smokers, making this habit more usual and acceptable. May be the promotion of the products have some influence too, however today is kind of hard to find it, but when I start there were ads everywhere."

In terms of acceptance, the smokers interviewed argue that they know about the characteristics and dangers that cigarettes make to themselves and to the people that surround them. However they try to overcome this situation not only with the benefits like pleasure and relaxation that the product give to them, but also with personal conviction about an absolute control to quit whenever they want.

"Most smokers try to convince themselves that their habit is only a momentary stage, which they will overcome as time passes. But the fact is that most never quit as they intended to. I also think that smokers just see smoking as a way to relax in stressed moments. The problem is that these stressed moments occur all the time"

Talking about the inhibitors, is essential to understand that the Colombian culture is traditional and conservative; The nation and family values, although they no longer have the same influence, still have some effect on the behavior of the general society. Is also fundamental to recognize the importance of the existing laws and regulations, which have limited the tobacco advertisement, and with it, the intention of people to smoke, which have seen all the damages that tobacco does to them and to the entire society.

"I think that one of the most important reasons is because of the actions taken by the government, which includes the prohibitions of advertising, taxes, and campaigns oriented to awareness people about the big consequences of smoking."

Another inhibitor is the concern of the problems that cigarettes can cause to the human body. People in Colombia is aware of the dangers of the product; they know how harmful it is, and how risky is to start smoking.

"We all know that cigarettes are dangerous. They can cause cancer and other health issues that can result in the death. I have never been tempted to smoke because I know that is bad for my body and because I can generate an addiction"

- Case of France

In France the motivations to smoke are mainly based on how people assume and interpret the behaviors of their role models, and try to copy them in order to feel part of a concrete social group or context. This main reason is clearly the initial step that led cigarette´s consumers to first prove this product. As the time passed and the feeling of belonging and identity increases, the habit and addiction to this type of tobacco become normal among consumers. Is also important to highlight the influence of socially recognized persons; Young French consumers admitted to see the normality of smoking by the fact that many celebrities consume cigarettes as a usual behavior. The interviewees had a shared opinion

on this issue; however that is evidently there are other several reasons that have an important effect on initiation and maintaining of smoking.

"According to me, the main reason that leads people to start smoking is the will to copy a gesture, a behavior, a style that they see in other people smoking. Movie stars, celebrities, rich people have influenced a lot this process."

As a response to how smokers handle the situation of consuming a harmful product, interviewees agree that it is all about self-persuasion; Smoker find certain arguments to convince not other people but themselves, that what they are doing is just fine. They are conscious about the negative effects that tobacco is causing to their bodies, however they try to avoid and equilibrate this situation saying that they are not the only ones, and describing the pleasure and sensations that smoking causes on them.

"Self-persuasion. The smoker finds reasons to convince himself that it's okay to continue smoking; it's cool, it's relaxing, and they avoid to think about the harmfulness of the product."

In terms of inhibitors, French people base their opinion in three main aspects: First the preventing campaigns that the government and some private organizations do in order to avoid people from start smoking and alarm current smokers; Second, people is now more aware about the characteristics and dangers of cigarettes, and third, the existing laws and regulations limit the consumption of the product. These all three combine have kept apart people of smoking, showing the reality of an industry which is seeing how day by day in markets that were solids in one time, the sales are decreasing and the future is uncertain.

- Case of United States

In United States the motivations to start smoking are principally based not only in how teenagers try to accomplish the desire of freedom, but also in the fact of living in a context where smoking is still socially acceptable. The American interviewees argue that young people start to smoke to demonstrate that they are the only ones which can decide over their life. This conception is mainly based in the value of free will that is taught to Americans since they are children. When they grow up, not only the condition of being around smokers, but also the peer pressure and the intention of showing that they are old enough, lead them to fall into a smoking addiction.

"I think they are the same today. If anything teens want to grow up even more quickly today than ever. Unfortunate parents still smoke in front of their children and that makes the children think it is ok to do when they grow up."

Current smokers know about the damage that they are doing to their bodies. However they try to not think in that, and just see smoking as an acceptable act which can be considered as a way of relaxation.

"I try not to think about it. It bothers me sometimes. However it just relaxes me. What better than a cigarette after lunch?"

As inhibitors the non-smokers interviewees concentrate their opinions in three aspects: The awareness of the dangers of smoking, the existing laws and regulations, and the anti-tobacco campaigns. They also agree that the fear to the addiction that cigarette can generate, have retained them apart from smoking.

"The reasons for not smoking are basically the awareness of all the damage that smoking causes in your body, the incentives to quit smoking given by some employers and the fact that in some states in the US you are not allowed to smoke inside restaurants, malls and other closed public areas I also feel bad to see how people who smoke have a hard time quitting regardless of all the harm it causes to their bodies. I think cigarette addiction is one of the strongest addictions to overcome and that is why many people still do it."

Response to the marketing strategies

- Case of Colombia

As has been explained, in Colombia regulations and limits to the tobacco industry are relative new, so the effects of the marketing strategies are still gleaming among the society. The advertisement and promotion of the products was considered to be really attractive and creative, especially thanks to the freedom that companies had to communicate their messages in regular media, and to sponsor private and public events such as the national soccer league. Today people remember these campaigns, and are starting to notice that they have declined substantially.

"I remember being at a party where Marlboro was giving out its new Marlboro Ice. I considered it effective because active smokers actually had the chance to compare the brand they were smoking with the one they were giving away."

People now consider that the tobacco companies had too open space to promote their selves. It was possible to see tobacco campaigns everywhere, even in places which were frequently visited or sawn by children.

"I think that companies had advertisement everywhere. That was not good; it was possible to see images of cigarettes everywhere, even big signs in freeways, which everyone can see"

Marlboro is clearly the most recognized brand. It is followed for brands like Lucky Strike, Kool and Belmont, which have won market share thanks to particular communication strategies focused to specific market niches. The smokers interviewed agree that Marlboro is the leader thanks not only to their worldwide recognition based on its history and its communication efforts, but also for being a brand which diversify its line of products.

"The common brands are Marlboro, Kool, Belmont and Lucky Strike. The main difference between Kool and the other brands is that this one specializes on mentholated cigarettes. Marlboro is a much diversified brand, mainly because it sells all types on cigarettes. Belmont and Lucky Strike sell the common cigarette."

In terms of product is also important to highlight that smokers in this country are not really interested in how the package looks. They don't see it as a tool for the industry to promote its products; they think that the package just fulfills its function of being an object to carry what is important, the cigarettes. The health warnings have also influence the perception of the customers, now they consider that the package has become disgusting. Circumstance that really challenges the industry to create innovative designs to struggle this perception.

"The package does not attract me at all. I don't detail it when I buy my cigarettes, and now, with the new disgusting images I don't really want to even see it"

The price for the Colombian consumers is consider to be in an accurate rate; is not cheap but not that expensive. They also think that thanks to the variety in terms of brands and

forms of selling, it is possible to buy cigarettes in different ranges of price, making easier to access to these products.

"I think that the price is in an accurate rate, plus you can find a lot of possibilities according to the money you have: There are cheap brands and the selling of half packages and even cigarettes by unit. So I think that the price is good and not a limitation to acquire cigarettes"

Lastly, for the interviewees from Colombia there are not any problems with the distribution of the tobacco products. For them it is easy to find cigarettes everywhere. The only existing issue is that in some places it is not possible to find every brand due to an internal intention of the tobacco companies to target specific segments of the population.

"I think it's possible to find them everywhere. Maybe not every brand, but this is because some of them are intended only for a specific segment of the population."

- Case of France

In order to describe how, according to the interviews realized, French people perceive the marketing strategies of the tobacco industry from the four elements of the marketing mix, is important to distinguish the top of mind brands in this country; For both, smokers and non-smokers, Marlboro, Camel and Lucky Strike are the most known brands, which make this research to conclude that the recognition of a tobacco brand is directly linked to its history, meaning, and its efforts to promoted globally. Throughout this research it has been explained that today the existing laws regulate and control the tobacco promotion. France is obviously not an exception of this worldwide pattern; In terms of advertisement, French people agree that today is almost impossible to find any type of visible and tangible external communication campaigns, nevertheless all of the interviewees talk about how in past years it was evident the amount of money that tobacco companies spent to promote

themselves to won market share. The effects of this past promotion can be plainly seen today not only with the remembrance of the brands (Top of mind), but also with the market share, which in terms of competition have not changed strongly in the last decade.

"Today tobacco advertisement is prohibited in France and in most of countries I visited. I never saw any current advertisement about tobacco. Old tobacco advertisement in France where usually displayed in magazines. Adventure, travels, manhood were the main aspect conveyed in those ads."

The price is definitely an aspect that is not benefiting the tobacco industry in France. Despite all efforts to develop low price brands and products, the French consumer perceive the cigarette prices as significantly high in comparison with past years and with other countries. The interviewees understand that this increase in prices is due to the high taxes that government has imposed to the tobacco products; Consumers complain that today's prices are too elevate, and that this situation is definitely reducing their purchase frequency and in consequence their consumption. Is important to focus in this point because price increase may result in two things: The first one is that actual consumers, by the fact of seeing how buying cigarettes is affecting their finances, convince themselves to quit smoking. This first situation is most common in countries like France where the government and social rejection is taking more importance every day. Consumers see the increases of price as part of a group of reasons to quit cigarette.

The second thing is that the actual consumer, unable to purchase his desire brand for its high price, change to another brand. This situation is common among consumers with a high level of addiction and a low motivation to quit (lack or little existence of anti-tobacco campaigns that create pressure). The French interviewees, probably for their young age (20 to 26 years), are part of the first group that sees the increases of prices as another reason to quit.

"Cigarettes became quite expensive commodities nowadays in developed countries. I think that a high price is efficient in preventing people from starting to smoke, especially with teenagers."

Packaging of tobacco products, as defined in the product strategy, is an essential element for the tobacco industry. French consumers identify the package as a distinctive part that does not only characterized the product, but also serves as a tool to promote a specific brand. Logos and colors are crucial features to distinguish products, so tobacco companies, besides the package limitations in space and visual attractions due to the health warnings, are achieving their objectives of standing out for their originality, and creation of identities.

"Most of the pack of cigarettes looks very attractive. Colors, shapes and logos are very important. They make each brand easily recognizable. Brands like Marlboro are usually related to their colors, in this case red and white. Is obviously that the health warning images that the government has forced them to put affect the way that the consumer sees the package"

Product characteristics are summarized by the French interviewees by two aspects: taste and strength. These support the intention of the tobacco companies of developing a variety type of products (References of cigarettes) with certain differences to expand their market coverage.

"I have tried them all and I think that the main difference is the taste and the strength of the tobacco."

The results obtained in the theme of distribution are not a surprise at all: As expected, French interviewees describe the tobacco distribution and placement as complete and with great coverage. This just support the distribution data exposed in the French context.

"Cigarettes are very easy to find everywhere, in any country I have visited."

Finally, the French interviewed, as already mentioned, think that in their country the laws already control the marketing in the tobacco industry, so there are not actually ethical matters concerning the promotion or distribution of these products.

- Case of United States

As explained in the actual context of United States, the conditions vary among the states that this country has. For this reason is important to clarify that the four American interviewees live in Phoenix, Arizona.

In terms of product, Marlboro and Camel are the most recognized brands. This just proves the high market share that they have. Other brands like Parliment and Kool are also known. The difference between the brands in the market is mainly the strength that their products have. This is why companies in US launch new products with the conception of being "light".

"I smoke Marlboro ultra-light; other brands are too harsh for me. I also know Camel, Parliment and Kool, but I am sure that in the market there a lot of brands"

For the Americans smokers interviewed, the package does not really have an important influence. They agree that it must be attractive but they don't see as a decisive fact at the decision making; is important to clarify that both smokers Americans have more than 3 years smoking, so they are now loyal to a brand and don't perceive the intention of the industry of having the package as a promotional tool.

For the interviewees the promotion and advertisement campaigns in the recent years have been reduced; for them magazines are the most common place in which they can find ads of this industry. They also mention that in past years, tobacco advertisement was wide and

efficient: It was possible to find communication campaigns everywhere, and people were following it. Is essential to comprehend how tobacco companies used common American prototypes to promotion their products, in order to create brand identity with the people.

"Nowadays, I barely watch TV commercials related to cigarettes. I might see some advertising on magazines, that is all. My perception is that cigarette advertising is not as strong as it used to be years ago and it now includes statements acknowledging the harmful effects it causes to the human body. In the past, the tobacco advertising used to overpass ethical issues; however, today's tobacco advertising is more realistic of the harmful effects of smoking."

"I remember a cowboy riding a horse on the desert (Marlboro). I think what captivated people was the sense of freedom the cowboy had. I also remember the Marlboro Man and Joe camel. They made it seem attractive to smoke so I'm glad they don't produce those ads anymore."

For smokers they price is high, however they understand that the increases are based in the taxes that the government imposed to the tobacco industry.

"They are expensive. They are because of all the taxes added on to the original price. In a way I'm glad they cost so much. That way kids cannot afford them."

The distribution in this American state is considered to be extensive. They agree that it is possible to find cigarettes everywhere, but they also recognize that it is beginning a reduction in the distribution, and now some places do not carry tobacco products any more.

"Yes, it is possible to find cigarettes everywhere. I find them easily. However few stores do not carry them anymore. I buy mine at circle k."

As a final point, the Americans interviewed distinguish that the tobacco companies manage unethical strategies in order to achieve their goals. These interviewees emphasize in the relation that tobacco companies do between the happiness and success of young people, with the consumption of tobacco. They also agree that is doesn't make any sense to sell cigarettes in certain places like drugstores.

"Showing young, beautiful and successful people smoking. It should be discontinued because it implies that part of the success, image and happiness of these young people is attributed to smoking cigarettes."

Parallel trends and thoughts

- Case of Colombia

In Colombia, the future of the consumption of cigarettes is really relative and varies among the interviewees. On one hand there is the thought that market for tobacco products will decrease due to the existing consciousness to reject it. Methods and regulations implemented by the government are achieving their main goal to reduce the indexes of consumption, through the management of anti-tobacco campaigns, the constant prohibitions of tobacco advertisement, and the obligate increasing of prices thanks to the high taxes. All of these elements together are being considered as tools to not only avoid people from start smoking, but also to quit actual users.

"I think that there will always be a market for tobacco companies and industries. But it won't be the same as now, or before, because people are more conscious about the problems and diseases, and also because the price is increasing, and the advertisement is decreasing. Moreover, different methods or things for quit smoking have been invented."

Is also significant to interpret how people are receiving these new relative new laws implemented by the government, as a mechanism to protect the society, and are seeing the results in terms of the decreasing number of smokers.

"The regulations are trying to protect the general society, because cancer for example is one of the most important problems caused by smoking. Also, more and more people suffer from these diseases, and it's a total chaos for the society, the family, the doctors, the Government etc."

In contrast to this perception, on the other hand there are the incredulous and skeptical persons who think that the low indexes of smoking are just a weak image of a temporary situation. These Colombians argue that since the human is a being which is characterized for carrying addictions, the usage of tobacco products is going to maintain, no matter if some day it becomes illegal.

"Cigarettes are cigarettes, they are an addiction…I´m pretty sure that if they change to be illegal, smokers will find the way to buy and consume them. Just see the case with other harmful products like drugs, if you want it you can find them. Or what about with the alcohol, don't you think that it is the same case? A harmful product that first gives you a sense of social membership and then you cannot have a good time without it"

- Case of France

For the French interviewees, the future of tobacco is uncertain, and they don't really feel any kind of interest to talk about it. The only thing that they recognize is the veracity and power of the actual regulations, limitations and bans that exist for this specific industry; They don´t talk about the upcoming circumstances for these companies, however they distinguish the situation of a constant decreasing in the indexes of consumption, due

essentially to high prices of the products and the non-existence of external promotion and advertisement.

The interviewees did not focus in determine how the existing laws function in order to protect the French society, but they identify these regulations and understand that their main purpose is to prevent people from smoking.

"The future of tobacco industry is uncertain. Many governments take actions to prevent people from smoking through regulation, taxes, and heavy prevention campaigns."

In this part is important to highlight that there wasn't isolated responses about the limitations of the tobacco industry: All the interviewees agree that today the communication strategies are reduced, and that the actions taken by the government to control the consumption of tobacco are working.

-   Case of United States

The Americans interviewees recognize that the tobacco industry is powerful in US, and as long as there are people smoking, the success of these companies will be guarantee. Nevertheless, they agree that the government is taking more measures to control and limit this industry in order to protect the society.

"I don't think that cigarettes will be entirely replaced by other products. As long as there is demand for cigarettes, there will always be a supply of them. However, I think and hope that the cigarette consumption decreases more over time."

"In certain way regulations protect the general society by not allowing smokers to smoke in some public areas, by making the cigarette companies use statements about the potential harmful effects of cigarette smoking on their advertising, and by having high taxes on cigarettes"

In terms of indexes of consumption, they recognized that the level have decreased in the past years. However is important to clarify that they are specifically talking about cigarettes, not other tobacco products, of which they don't have knowledge.

"Maybe half of the adult population smokes or has smoked at some point in their lives; however I think that the number of smokers has decreased over time."

Similarities and differences of the countries studied

1. Motivations

Similarities:
- Influence of the social surround; the behavior and attitude of family and friends have a direct effect on the initiation of consuming tobacco
- Smoking as a way of relaxation
- Self-persuasion and conviction

Differences:
- In United States one of the reasons for which teenagers start to smoke is the desire of growing fast: They perceive smoking as an adult and rebel behavior.
- In United States there is not a smoking strong rejection from part of the family
- French people think that some people smoke in order to copy behavior of famous people
- In Colombia teenagers consider smoking as an opportunity to try something new and fun

2. Inhibitors

Similarities:
- Awareness of the characteristics and dangers of the product

- Existence of regulations, laws and anti-tobacco campaigns
- Perception that tobacco affects the entire society. Remark on the passive smokers

Differences:

- In France some people consider that smoking affects the personal image
- In United States the interviewees emphasize in the danger of generating a strong addiction which is hard to quit

3. Perception of marketing strategies

Similarities:

- Marlboro, Lucky Strike and Kool as top of mind brands
- Differences of brands mainly consist in taste and strength of the products
- Perception of the reduction of the tobacco advertisement due laws and regulations
- Cigarettes can be easily find everywhere

Differences:

- In Colombia and United States the package does not have an important influence, while in France the design of it is essential and make each brand recognizable
- In Colombia, although there is a reduction in the advertisement it is still possible to find some campaigns to promote cigarettes
- While in France and United States cigarettes are considered to be expensive, in Colombia they are in an adequate range of price
- In France and United States there is the perception that the laws already restrict the unethical marketing strategies, in Colombia people still claim to find advertisement in inadequate places

4. Parallel thoughts

Similarities:

- Current laws protect the general society

Differences:

- While in United States and France the conception is that the number of tobacco consumers is reducing, in Colombia is the total opposite: To the interviewees the number of smokers is increasing

- For the interviewees in Colombia the future of the tobacco industry will be limited and still exist; In France is totally uncertain and in United States cigarettes eventually will become illegal

Netnography analysis

As explained in the propose of the methodology, an essential part for understanding people's perceptions and thoughts regarding the tobacco industry, is studying virtual platforms in which they don't feel intimidated or judged for expressing their point of view about a theme than can generate a lot of polemic. Is clear than in these communities, blogs and social networks, consumers and non-consumers feel safe to express their opinions and debate about specific topics like the development of the industry and its ethical issues, the dangers of the products to the human body and the entire society, and the controversial discussion about the confrontation between the conception of freedom and the protection that the state has to proportionate to the citizens.

This analysis has been made over a month; however, most of the activity in terms of profundity and number of posts, comments and opinions, has been concentrated toward one single event: The World No Tobacco Day 2011, which took place in May 31 of 2011.

In tweeter, the fact that smoking could kill eight million people by 2030, the same amount of people that today has a city like Lima, has generate a lot significant number of reactions, making Tobacco and The World No Tobacco trending topics during approximately two complete days. This just demonstrates how tobacco has converted into a worldwide major issue.

In terms of thoughts, the opinions are divided: Opponents of tobacco concentrate their arguments in the number of deaths that tobacco is causing in their countries of origin, and in the health negative effects that these products have. Tweets like *"In Argentina the*

cigarette kills forty thousand persons per year" and others like *"One thousand non-smokers die each year in Spain for passive smoking"*, show the intention of these users to make a public complaint about how a single product is affecting the welfare of an entire society. Other comments like *"Cigarette smoke contains over 4,000 harmful chemicals such as carbon monoxide, cyanide, formaldehyde"*, just try to aware the actual consumers and the potential ones, about the dangers of consuming this tobacco product.

So, in opposition to tobacco there are those persons who remark the damage that tobacco is causing to the entire society, and those who highlight the dangers of the product itself to prevent people from start smoking, and alert current smokers about the damage that they are doing to their own body.

In the other hand, there are the people who are in favor of the free promotion, sale and consumption of tobacco products. Is important to clarify that this group is not only support by tobacco consumers: There are also non-consumers that are against the reduction of freedoms, and see tobacco as a great example of how the governments around the world are developing laws to restrict the right of this value. The tweets found illustrate this base; A comment made summarized the opinions of hundreds of participants: *"First in indoor places and now is not allowed in parks or public places also, where do they expect that we should smoke? That would be discrimination. Everyone is responsible for their habits and vices."* It demonstrates the rejection toward the measures took by the governments, which somehow limit and try to abolish the consumption of a product. Another comment that exemplifies this conception of refutation is: *"The prohibition of tobacco is just an example of how the states want to control our lives. Do we really have to support it? Just wait and see and how in a couple of year they are going to prohibit us to have sex"*

As part of this "pro-freedom and pro-tobacco" group are also the contestants which base their comments in defending the tobacco industry: *"Don´t forget that this industry not only generate a significant quantity of jobs, but also work on legal bases trying to give something back to society. See the example of the recent donation done to the Red Cross in Philippines"*. This kind of posts reflects the intention of the industry of having impact in today´s most influence communication methods.

The participation in Twitter is just an example of how people around the world discuss about a certain themes like the tobacco. The case of the social network Facebook is quite similar. However, its main difference is that it not depends on a specific moment or event to have the attention of the users; There a lot of groups and pages about tobacco, some of them against it and some others in favor. One of the most recognized anti-tobacco page of this network is "I hate cigarette". It has more than 2.5 million people and is full of comments that, during the time that this research took, were based in three general notions: First the critics to the consumption of the product; people concentrate their comments in expressing their rejection to the circumstance that other people smoke, affecting themselves and others who also have to live the consequences: *"I hate everything about cigarettes. I hate how nasty it looks when people smoke. Makes me even more mad if they smoking around the children. Actually it has many side effects on our health and can cause many diseases. Its super dangerous."*

The second one is based in the efforts to prevent people from start smoking, or make consumers to stop. *"Smoking is bad why ruin the body god gave you. Say no to cigarettes & other tobacco products, be nice to your lungs & those of others around you."*

Finally there are people that express their detestation to cigarette due to own experiences. These people want to share events of their life to know if there are others like them that have passed through the same situation; they want to feel identified and part of a group: *"I always hated when my mom smoked in the house when i was around. I have never smoked a day in my life but in a sense i have for 20 years when i was living at home i had to breathe my mom's smoke and it still bothers me to this day!!"*

These three aspects match with the results obtained from the Tweeter research, showing that people find the social networks as safe places to express their opinions without feeling any fear. The importance of these virtual communities lies on how people interact in an open way; this is a great opportunity to market researchers to find out not only attitudes and perceptions, but new trends among current and potential consumers.

In this case of the tobacco industry, is also essential to investigate other blogs and virtual platforms, to see not only the thoughts of smokers and non-smokers, but also the way in

which companies of this sector try to participate and change the perspective of the themes treated.

5. CONCLUSIONS

The significance of studying the tobacco industry is based on how it has evolved to become today part of our life: Since the tobacco plant was discovered, its popularity has remained across the world. Its use has varied among several societies and different eras; it has been considerate from an alternative medicine, to a source of addiction which is responsible for millions of deaths.

The real problem that has affected the image of this natural plant is the way that it has been commercialized: Companies take advantage of its addictive attributes to sell massively derivate products, creating a worldwide social problematic, which today is one the main health concerns of governments around the world.

Throughout this research were described the current conditions of three different countries which were compared not only in terms of external conditions such as existing laws and regulations, but also in perceptions of tobacco consumers and non-consumers. The results showed that although there are several differences due to the characteristics of the countries in themes like history, social, political and economical conditions, in the three cases there is a parallel circumstance based in the concern of the state for the uncontrolled sale and consumption of a harmful product (reflected on the evolution of the laws which attempt to limit the sales by affecting elements of the marketing mix).

In order to comprehend how this industry accomplishes to sell these products of which the majority of the society have knowledge about their dangers, this investigation analyzed the marketing strategies used, concluding that tobacco companies focus their efforts in developing specific plans for each element of the marketing mix: First, they manage several lines of products to extend their coverage, reaching specific niches that give them the opportunity to expand their market share. Companies also see package as a tool to not only create attractiveness, but also to produce brand identity. Second, the industry over the last years has used different tactics to promote itself; the most common ones are the sponsorship, advertisement in the point of sale, brand stretching, and the promotion in

regular entertainment and social media. However, due to new bans the industry is developing new campaigns in order to function according to the law, and to reach new trends. Third, the price strategy is mainly based in how companies try to position products by developing low cost brands, and by handling aggressive plans, which although in a short term appear to be useless, end being the unique salvation. Finally, in terms of the distribution strategy, tobacco companies have placed their products in most of the existing retailers.

Finally, during this research it was develop a primary analysis to see how the marketing strategies were perceived, and how citizens of the three countries are seeing the effect of the relative new regulations to the evolution of the industry. The results demonstrate that the measures taken by the governments are clearly working; the level of consumption is decreasing and the future to the industry is darks and uncertain. Today there is a social rejection to a product that in past years was common in our life; societies around the world, thanks also to remarkable cultural barriers summarized in anti-tobacco campaigns, are removing tobacco products of their existence.

Tobacco companies are realizing that if they want to survive, the only thing that they can do is stop being tobacco sellers: Companies like Philip Morris are diversifying their sales by entering different markets like food and beverages.

"The public health authorities never mention the main reason many Americans have for smoking heavily, which is that smoking is a fairly sure, fairly honorable form of suicide"

Kurt Vonnegut

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APPENDIXES

Appendix A – Interview Guide

Introduction:

I want to thank you for taking the necessary time to meet with me today. My name is Juan Sebastian Giraldo; I am MGE Marketing student from Rouen Business School. I am doing a research project on the consumer´s perception of the tobacco industry, so I would like to talk to you about your experience and involvement with this type of business, especially with the marketing strategies: Is essential to know your perception and evaluation.

This interview should take less than one hour, and if it is okay for you, I will be recording our conversation. The purpose of this is so that I can get all the details but at the same time be able to carry on an attentive conversation with you. I assure you that all of your comments will remain confidential. This means that I will not share this information with any one out of the research, and that any information included in the report, does not identify you as the respondent.

Are there any questions about what I have just explained?

Questions

1. I would like to start by having you briefly describe your relation with tobacco. Are you an actual smoker? Did you use to smoke? Does somebody in your family and social surrounding smoke or used to smoke?

2. Theme: Motivations and inhibitors:

    2.1. Standard Questions for Smokers:

a. Today in Colombia (France, USA), a lot of people smoke or used to smoke, what do you think that are the reasons that led them to be smokers?

b. Are these motivations still the same? How have they changed until today?

c. How do you think smokers handle the situation of knowing that you are consuming a harmful product?

d. Which brand of cigarettes do you usually smoke? Why? What are the main attributes that you find in it?

2.2. Standard Questions for Non-Smokers

a. In the last years the index of smokers in Colombia (France, USA) has decreased. What do you think that are the reasons that kept them apart of smoking? Please explain them.

b. Have you ever felt tempted to smoke? If yes, describe these situations and yours reactions toward them. If no, please explain which inhibitors would you consider to be key to avoid someone to start smoking or to convince a smoker to quit it?

c. What to do you think about the people that smoke? Why do you think they do it? (Try to the take the answer of the respondent to a point of knowing if he thinks that they are victims of merchandising)

3. Theme: Perception of marketing strategies:

3.1. Standard Questions for Smokers

a. Please list the brands of cigarettes that you know. How will you define them? Which of these have you smoke? Do you find relevant differences between them?

b.   How would you describe today´s tobacco advertisement? Do you think it is accomplishing its objectives? Why?

c.   Can you give me an example of a typical tobacco advertisement that you remember? What aspects do you find relevant? Please describe it and tell me what it represents for you.

d.   I am going to show you three different advertisement of the tobacco industry. Please tell me what it represents to you.

e.   What do you think about the price that cigarettes have today? Are they expensive? Cheap? Why?

f.   What comes to your mind when you see a cigarette package? Do you feel attract to it?

g.   What do you think about the distribution of cigarettes? Is it possible to find them everywhere? Are there places in which you can't find them?

h.   What marketing strategies should be discontinued? Why?

3.2.   Standard Questions for Non-Smokers

a. Please list the brands of cigarettes that you remember. Why do you know them?

b. How would you describe today´s tobacco advertisement? What is your perception as a non-smoker of these strategies? Do you think they overpass ethical facts just to accomplish their objectives? Why?

c. Can you give me an example of a typical tobacco advertisement that you remember? Please describe it and tell which features you think that captivate people.

d. As a non-smoker do you notice if it is possible to find cigarettes everywhere? Without looking for them, do you easily find them? In which places do you think there should not be distribution of tobacco? Why?

e. What marketing strategies should be discontinued? Why?

4. Theme: Parallel trends and thoughts:

a. What do you think will be the future of cigarettes and tobacco industry? Do you think they will be replaced by other product? Why?

b. Do you think that actual laws and regulations protect the tobacco industry or the general society? Why?

c. As – French, Colombian, or American – do you think that in your country more people are smoking, or this number has decreased in the past years?

Closing:

5. Is there anything else you would like to add?

Thank you for your time. I will be analyzing the information that you and others gave me, and submitting the conclusions in my research project.

Appendix B – Methodological annex

Project Statement:

For my research project I have decided to study marketing in the tobacco industry. I will construct an analytic view of how companies in this sector develop their marketing strategies across the world (With emphasis in the French, Colombian and American market), and how people´s perception of this controversial business is changing.

I have two main reasons for studying this topic in my research project: The first one is completely personal and based on an episode that happens in my life one year ago: As a student of last semester of my university in Colombia, I was looking for an internship that filled me up in different aspects. I presented interviews in several companies of different areas, including the tobacco industry, in Coltabaco (representatives of Phillip Morris), in which I had to participate in a sequence of interviews with other candidates. When we were in the half of the process, I decided to review my values and just walked away; I didn't want to be part of a group people who are in charge of promoting cigarettes.

Now that I'm doing a Master in marketing and I had the opportunity to work in this marketing area (In the automotive sector), I realized that the tobacco industry is just another legal and regulated business that works based on firm principles and strategies.

The other reason that led me to do my project in how marketing strategies are develop in the tobacco industry, is that it has exceeded cultural barriers and convert into an stable and solid business, which has to struggle every day not only with new laws and regulations, but also with growing trends and social rejection, which make it more challenging. I selected as part of the research three different markets: The French, Colombian and American. The three of them represent different parts of society; I will have the opportunity to understand how tobacco companies manage diversity in values, trends, laws and consumer behavior, among different aspects.

I believe that this topic is very important because it represents a great example of how marketing has to face non manageable struggles in order to lead companies to succeed. The fact of being in an industry that depends of many aspects has make companies of this sector even more aggressive. It also shows how companies have to manage responsibility in the development of campaigns and strategies.

To study and analyze marketing strategies and people´s perception of the tobacco industry, I will manage two phases: The first one refers to the development of tobacco companies across the world. The idea is to check some data to see their evolution and comprehend what they represent today. Having understood the importance of this sector, the next step will be to choose some multinational companies and study their strategies in the countries mentioned above. Only in this way the research project will have a straight line to follow in order to analyze how these companies overpass trends, cultural and legal barriers. This part of the research will be based on secondary data collected on books, articles, internet and videos.

The second phase of the project will be all supported on primary data. The key is to do surveys and interviews to validate how the strategies found in the first part are working. Is also important to recognize new trends and see if these companies are evolving to cover them. Is essential to work with smokers and nonsmokers of these three countries (This will be done by internet surveys, personal interviews and observation research). At the end of this second part, I will be able to recognize which strategies are the ones that work better, which are the new trends and what people think about this industry.

At the end of my research I do not only expect personal earning by understanding an intriguing industry; I also hope to figure out which are the most common mistakes of these companies, try to provide them people´s reaction to their strategies, and contribute them with the study of new trends across three countries that I´m familiar with.

Objectives:

- Understand the business behind the tobacco industry: Its size and potential in today´s society
- Determine the main challenges that marketing of tobacco has to face: Both internal and external
- Analyze the perception and response of three different cultures (Colombian, French and American) toward the marketing strategies of the tobacco companies

Research questions:

Main research question

- How do people from three different cultures (Colombia, France and United States) perceived the tobacco industry and its marketing strategies?

Marketing of Tobacco is considered one of the hardest jobs in Marketing, not only because its main objective is to sell a harmful product that today has a big social rejection, but also because it has to face external factors such as legal regulations and cultural barriers. The strategies created to attract new smokers and keep the actual ones are constantly criticized for their ethical issues. The main point of this research is to analyze how people, SMOKERS AND NON SMOKERS, from three different countries, are perceiving these strategies specifically in terms of promotion, product, place and price. In this part the research will also focus in comprehending the new trends of consumer behavior of socially rejected products.

Complementary research questions

- Which has been the evolution of the tobacco industry? What does it represent today?

The idea is give the reader a BRIEF INTRODUCTION and explanation of the tobacco industry and its evolution. Data of sales, market growth, main companies and other aspects will be noted In order to start talking about specifically of marketing in this industry and consumer perception.

- What are the principal barriers and struggles of the tobacco industry across the world (Case of Colombia, France and United States)?

As it was already mentioned in the main research question, Tobacco industry has to face a lot of external challenges that makes its marketing work even harder. Is essential to understand which are these barriers and struggles, so in this way the research can follow a straight path to study the marketing strategies.
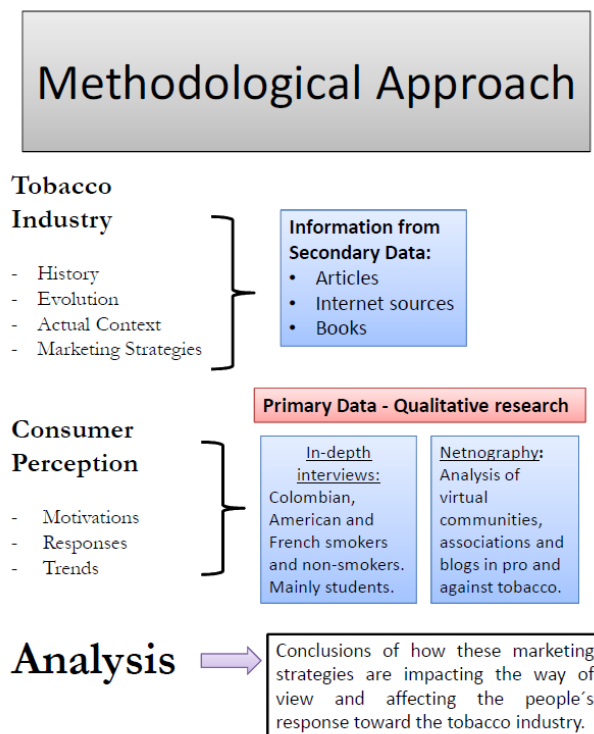
- What are the main marketing strategies (Product, place, promotion and price) of the tobacco companies to keep consumers and attract new ones?

In order to answer the main question, is necessary to make a previous study of the principle marketing strategies of the tobacco industry. The 4P´s will be analyzed to comprehend how the main companies try to achieve their objectives. Example will be given. Is important to highlight the fact that that the heading of this research is the situation in the three countries already mentioned.

Topics:

- History , evolution and actual situation of tobacco industry
- Actual context of Colombia, France and United States in terms of cultural barriers, social aspects, and laws and regulations to the tobacco industry
- Introduction of the main companies and their development across the world (emphasis on these three countries)
- Marketing strategies and tactics of the tobacco industry. Focus on product, place, promotion and price
- Behavior and perception of smokers and non smokers toward the last point
- Analysis and conclusions of the effectiveness (results) of the marketing of the tobacco industry, and the ethical issues incurred

Methodology:

Methodological Approach

Tobacco Industry
- History
- Evolution
- Actual Context
- Marketing Strategies

Information from Secondary Data:
- Articles
- Internet sources
- Books

Primary Data - Qualitative research

Consumer Perception
- Motivations
- Responses
- Trends

In-depth interviews: Colombian, American and French smokers and non-smokers. Mainly students.

Netnography: Analysis of virtual communities, associations and blogs in pro and against tobacco.

Analysis ⟹ Conclusions of how these marketing strategies are impacting the way of view and affecting the people's response toward the tobacco industry.

Data Research

Secondary Data

Primary source: Articles obtained from academic bases (EBSCO, Data Monitor, Consumer Behavior).

Alternative sources: Principle book: Main theme – Marketing of social rejected products and services.
Websites: Mainly sales reports and specific data such as history and evolution.

In – depth Interviews

Recollection of data:
a. Development of interviews :
- People: 6 in total: 2 French (smoker and non smoker), 2 American, 2 Colombian.
-   Methodology: Recorded Personal interviews, smooth environment, between 30 to 45 minutes.
b. Transcription and analysis matrix: Find common patrons and differences for the post analysis.

Netnography

Research of information in virtual communities, associations and blogs. The main objective is to have a passive participation to understand what people really think. The search will be developed in Pro and Against tobacco sites.