

RJ Reynolds' smokeless cigarettes

The ultimate bad idea

Cigarette manufacturers have often thought that the best way to build market share is to come up with new twists on the standard cigarette formula. For instance, Marlboro has had dozens of different varieties in its history, including Marlboro Menthol, Marlboro Lights and Marlboro Medium. Normally, cigarettes produce new varieties based on different levels of tar. For instance, in the UK the Silk Cut brand produced various low-tar varieties – Mild, Low and Ultra Low. The popularities of such low-tar brands has caused cigarette companies to think of ever more ways to try and convince consumers that their unhealthy and anti-social products aren't as unhealthy or as anti-social as they might have thought. Similar strategies have been deployed in the beer market, with brands such as Bud Light, Coors Light and Miller Lite. However, some of these strategies take an extreme form. For instance, in the alcohol market there was the case of the beer brand which tried to sell beer-branded mineral water. The brand was Coors. The water it produced was called Coors Rocky Mountain Spring Water. It was launched in 1990 and survived only two years.

In the cigarette industry, the extreme strategy belonged to RJ Reynolds Tobacco Company known for brands such as Camel, Winston, Salem and Doral. In 1988, when the anti-smoking lobbyists could finally claim the majority of public opinion was behind them, and when passive smoking had been officially recognized as a serious danger to health, the company decided to conduct trials on a smokeless cigarette. In total, RJ Reynolds spent US \$325 million on creating a smokeless cigarette which it branded as 'Premier'. However, problems became apparent straightaway. First, there was the taste issue. One person who 'smoked' Premier complained that it 'tasted like shit'. And he was RJ Reynolds' chief executive.

Then there was the difficulty of using the product in the first place, as *Reporter Magazine* (www.robmagazine.com) explains: 'Inhaling the Premier required vacuum-powered lungs, lighting it virtually required a blowtorch, and, if successfully lit with a match, the sulphur reaction produced a smell and a flavour that left users retching.' In addition, there was the damaging rumour that the smokeless cigarette could be used as a delivery device for crack cocaine. Hardly the kind of brand association RJ Reynolds had wanted to create. One of the major forms of controversy was the brand's possible appeal among younger people. Here is an extract from a statement by many leading US health organizations shortly after RJ Reynolds announced the new project: The American Cancer Society, American Heart Association, and American Lung Association have filed a petition with the US Food and Drug Administration (FDA), asking that Premier be regulated as a drug. In filing this petition, we are not calling for an outright ban on Premier. We want simply for it to be properly tested before people use it.

We are especially concerned that Premier's intriguing high-tech design will lure children and teenagers into the web of nicotine addiction. RJR's marketing emphasis on 'clean enjoyment' also may lull people who already smoke into a deceptive sense of safety when they really ought to give up the habit altogether. According to the FDA, any product marketed that claims that it is healthier or safer, must be regulated by the FDA. Conventional cigarettes escape FDA scrutiny because they are promoted for the sheer pleasure of smoking and because the FDA does not consider them to be drugs or food.

In introducing Premier, RJR is stepping beyond that loophole. The RJR claim that Premier is 'cleaner' is a poorly disguised way to imply 'safer' to thousands of people concerned about the health risks of smoking. RJR knows that if their ads said 'safer' in place of 'cleaner' the FDA would step in. In the meantime, RJR promises that Premier is an improvement over conventional cigarettes that burn with foul-smelling smoke. But, we are sceptical. How can we trust the same industry that still refuses to admit that cigarette smoking is harmful?

The real problem though was that smokers didn't enjoy using the smoke-free product, and non-smokers didn't have a reason to. In short, there was no market. After four months of very slow sales, RJ Reynolds cut their losses and Premier was withdrawn. But the story doesn't end there.

By the mid-1990s, concerns about passive smoking led the company to believe there was still a market for smokeless cigarettes. In 1996 it therefore spent a further US \$125 million on developing an updated version, this time called Eclipse. In a press statement, a company spokesman announced the potential appeal of the brand. 'I think we can all agree that for many non-smokers and for many smokers, second-hand smoke is an annoyance, and to be able to reduce and almost eliminate that annoyance is a very positive step in the right direction.'

The new cigarette made less smoke than standard cigarettes because it didn't burn. Instead charcoal was used to heat the tobacco. The user drew heated air over the tobacco to release a tobacco and nicotine vapour. As a result, the Eclipse cigarette caused only 10 per cent of the normal level of cigarette smoke, and promised lower levels of tar and nicotine. However, whether the cigarette actually lowered the health risk of smoking – either for deliberate or passive inhalers – remains questionable. Sorrell Schwartz, a pharmacologist from Georgetown University who researched the tobacco industry, believed the cigarettes could be good news. 'If it is as smokefree as it's claimed to be, then clearly the individual's risk of lung cancer, emphysema, bronchitis would be reduced,' Schwartz told CNN. But Schwartz's Georgetown colleague, Dr Naiyer Rizvi, was more sceptical. 'There are risks that may be related to increasing carbon monoxide in this cigarette and heart disease,' he told the CNN reporters.

An independent study commissioned by the Massachusetts Department of Public Health found that when it was compared to ultra-low tar cigarettes, the Eclipse cigarette had higher levels of several toxins, especially when the charcoal tip burned very hot from heavy smoking. This information was clearly damaging to the Eclipse brand, because from the start the marketing activity was designed to accentuate the health angle. Indeed, the original campaign was to include this pitch. 'The best choice for smokers who worry about their health is to quit. But Eclipse is the next best choice for those who have decided to continue smoking.' This marketing message provoked opposition from many leading US health organizations. The American Lung Association issued a statement saying, 'we fear that RJR's health claims that this device is "safe" or "safer than cigarettes" may discourage smokers from quitting.' The Campaign for Tobacco-Free Kids joined the attack, with the organization's president, Matthew L Myers releasing the following statement: 'RJR's announcement that it plans to market a safer Eclipse cigarette is taking advantage of the regulation gap created by the US Supreme Court's decision to remove FDA authority to regulate tobacco. Without FDA oversight, there is no scientific corroboration of these claims by an independent government agency.'

Particularly controversial was the fact that many of the medical experts who had suggested that these cigarettes were less dangerous than standard brands had been doing research paid for by the tobacco company itself. Furthermore, independent medical analysts soon discovered that Eclipse cigarettes presented one health risk which was actually worse than standard cigarettes – glass fibres. John

Pauly, from the Department of Molecular Immunology at the Roswell Park Cancer Institute in Buffalo, New York, discovered that 99 out of every 100 Eclipse cigarettes have glass fibres within their filters. These fibres, he told ABC News, were ‘invariably’ inhaled or ingested when smokers took a drag from an Eclipse.

However, despite this massive outcry from health authorities, including the US Surgeon General, the real reason Eclipse failed to ignite the market was because consumers still felt absolutely no desire for a smokeless cigarette.

Lessons from smokeless cigarettes

Don’t baffle consumers with research. RJ Reynolds spent a great deal of money researching the health aspects of its two brands of smokeless cigarettes. However, this only resulted in mixed messages. Although RJ Reynolds’ research concluded that in many ways the brands were safer, they couldn’t be considered entirely safe. ‘As we all know, no cigarette is safe,’ admitted RJ Reynolds’ CEO Andrew J Schindler. Furthermore, RJ Reynolds’ research prompted opposition from other health authorities who published their own independent findings. Rather than end up looking as if it was acting in the public’s health interests, the tobacco firm only ended up looking manipulative.

Don’t sell ice cubes to cocker spaniels. Smokeless cigarettes appealed to people who didn’t like the smell of smoke. These people are called non-smokers, and generally tend not to buy cigarettes. Robert McMath in *Business 2.0* likened this approach to ‘trying to sell ice cubes to cocker spaniels,’ and asked the seemingly obvious question: ‘Why create a product for a consumer who wants nothing to do with you?’

Realize that if it has failed once, it will fail again. RJ Reynolds should have abandoned the whole idea once the Premier cigarette failed.