SPECIAL COMMUNICATION

Smokeless tobacco in Canada: deterring market development

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Abstract

Objectives—This article examines those factors that make Canada an attractive market for American and Swedish producers of smokeless tobacco products. American smokeless tobacco manufacturers face a less than desirable future in their home market and apparently are looking beyond their borders for opportunities elsewhere. Although margins in the United States are still high, industry unit sales are flat and there is growing competition for market shares. Tax increases seem likely, and negative public and interest group attitudes towards the industry's targeting of young people are creating an increasingly difficult political and legal climate for tobacco companies. The Canadian market seems a natural choice for expansion. This article examines those factors that make Canada an attractive market for American and Swedish producers of smokeless tobacco products. **Data sources**—A review of the literature identified demographic, cultural, and marketing variables related to the uptake and continuation of smokeless tobacco use. Government and industry data on production, marketing, and consumption of smokeless tobacco products are presented.

Methods—The Canadian and American markets are compared in terms of prevalence, consumption per capita, and marketing practices. Lessons to be learned from the well-orchestrated development of the American market in the past 30 years are examined. Canadian tobacco regulations are described. Strategies by which the increased exploitation of the Canadian smokeless tobacco market can be deterred are discussed.

Conclusions—A long-term, independently financed strategy built around a national smokeless tobacco de-marketing organisation with a constellation of private local institutions is suggested as a means of combating smokeless tobacco marketing efforts.

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Keywords: smokeless tobacco; marketing; Canada

Introduction

American smokeless tobacco manufacturers face a less than desirable future in their home

market and apparently are looking beyond their borders for opportunities elsewhere. Although margins in the United States are still very high, industry unit sales are more or less flat and there is increasing competition for market shares among a growing number of brands.^{1 2} Price cutters are making it more difficult for the leading brand to increase revenue. There is some likelihood of excise tax increases. Negative public and interest group reaction to publicity about nicotine manipulation and the targeting of young people, plus the increasingly difficult political and legal climate for tobacco companies, make the future of the American smokeless tobacco market appear less bright than in the past.³

The Canadian market seems a natural choice for expansion. Its physical proximity and relative similarity make it attractive from a management perspective. Unlike some European and Asian countries which have tried to bar smokeless tobacco products, American brands of snuff and chewing tobacco are available in Canada and channels of distribution are established. Advertising in American publications reaches members of the Canadian target market. Although market penetration is very low compared with the United States, there is a base to work from. The age profiles of males in the two countries are very similar and there is growing interest in Canada in the sports that are part of the "smokeless tobacco culture".⁴ Canada's relatively large aboriginal population has a high rate of smokeless tobacco use.⁵ Smoking among young Canadian males has increased in recent years and cigar sales have boomed.⁶ Restrictions on smoking in public places in Canada encourages those addicted to nicotine to seek alternatives to cigarettes. There is not likely another market in the developed world which can be as easily exploited.

This article examines those factors that make Canada an attractive market for American and Swedish producers of smokeless tobacco products. A review of the literature identified demographic, belief, and marketing variables related to the consumption of smokeless tobacco. Strategies by which the increased exploitation of the Canadian smokeless tobacco market can be deterred are discussed.

The products

Smokeless tobacco has two product types: snuff and chewing tobacco. Historically, snuff was finely ground tobacco inhaled through the

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nostrils. In the contemporary market, snuff is ground or shredded tobacco, which may be sweetened or flavoured, and is taken orally. Although there are three different categories of snuff—dry, moist and fine cut—moist is the market leader in Canada and the United States. Chewing tobacco, which is far coarser than snuff, is also produced in three different forms: loose leaf (the most popular), plug, and twist. Chewing tobacco has lost market share in recent years in Canada and the United States.

A snuff user places a portion of the product (perhaps enclosed in a teabag-like container) between the cheek or lower lip and the gum where it mixes with the saliva and releases nicotine. Chewing tobacco is inserted in the cheek pouch and chewed to facilitate the release of the nicotine.⁷

Moist snuff is the fastest growing segment, encouraged by innovations that make the product more palatable to beginners. Recent product innovations include one that is sweet and gummy and another that masks the tobacco taste and does not require spitting.⁸

Snuff and chewing tobacco manufacturers and brands

Brands produced by the United States Tobacco Company (UST) enjoy the widest distribution in Canada. Smokeless tobacco brands made by other American and Swedish manufacturers are available, but on a more limited basis.

UST, Conwood Tobacco, Helme Tobacco, Pinkerton Tobacco, and Brown and Williamson are the leading moist snuff manufacturers in the United States. Pinkerton Tobacco, Conwood Tobacco, National Tobacco, and Helme Tobacco are the top names in loose-leaf chewing tobacco. The dominant moist snuff brands are Copenhagen, Kodiak, and Skoal Long Cut. Principal looseleaf chewing tobacco labels are Red Man, Levi Garrett, Beech-nut, and Lancaster. Each of these brands has different physical characteristics (coarseness of tobacco, sweetness, flavour, pouch or loose, amount of free nicotine) designed to appeal to different market segments. For example, snuff starter brands such as Skoal Bandits and Flavor Packs are sweeter and less potent.^{8 9 10} Brand images are based around notions of masculinity, freedom, adventure, sports and “coolness”; in many cases the brand message is presented in healthful outdoor settings.

Smokeless tobacco is a highly profitable product. The market leader, UST, ranks in the top 200 largest publicly held companies in the United States, based on market value. Eighty-six per cent of UST's almost US\$1.4 billion in revenue comes from smokeless tobacco. Sales growth in the past decade has averaged over 10% per annum. With a market share of 75% in the smokeless tobacco industry, UST is one of the most profitable, publicly traded companies based on return on sales, assets, and equity.^{8 11 12} UST's Canadian subsidiary is National Tobacco Company Ltd.

Smokeless tobacco marketing strategies in the American market

Because American marketing activity has an important impact on Canadians—for example, through personal visits for shopping and tourism, and exposure to American media—it is useful to examine the way the smokeless tobacco market was reinvented. The relaunching of smokeless tobacco in the United States in the late 1960s and early 1970s is a textbook case of the successful execution of a packaged goods marketing plan. The strategy was built around new product innovation, advertising and promotions, and market segmentation. At that time, chewing tobacco was the predominant product and most consumers were older white males with manual jobs who lived in rural areas. Smokeless tobacco was a hard product to learn to like; the taste was harsh and new users often suffered nausea. The objective was to create a product line that would be more easily consumed and would be attractive to a wider range of consumers.

Moist snuff was that product line. With an increasingly wide assortment of flavours (first to hide the tobacco taste and then to reveal it), strengths and portion sizes (to allow the user to become used to various levels of free nicotine) and package types (to help the user control the movement of the snuff in his or her mouth), it became possible to target a broader market. Users could be encouraged to move step by step from starter products to more “serious” brands.^{8 9 12}

Images of freedom, ruggedness, the great outdoors, rebelliousness, and “coolness” were used to help develop supportive beliefs in the minds of potential consumers.¹³ Widespread sampling (even in big-league clubhouses) was used to create trial.^{9 12} Advertising messages from celebrity role models supported retail. Purchase and re-purchase were encouraged by low prices, extensive distribution, and effective in-store merchandising.

To launch the new brands and broaden their appeal, very large advertising, promotion, and sponsorship expenditures were necessary.^{9 12} Before the 1986 electronic advertising ban was instituted, expenditures on television grew dramatically.¹³ In addition to projecting supportive images, advertising was used to “teach” potential consumers about ease of use and how to consume moist snuff.⁹ As restrictions on smoking grew, smokeless tobacco was portrayed as an alternative to smoking (tobacco pleasure when you can't light up).¹³ Huge sums were spent on promotions and sponsorships to associate smokeless tobacco with respected individuals and institutions, such as the Olympics, sports medicine, professional athletes, car racing, rodeos, and major league baseball.^{12 13} Product logo merchandise was given away and sold to keep the brand names in front of users and potential users.¹²⁻¹⁴

United States Federal Trade Commission (FTC) data indicate that over the decade 1986 to 1997 the industry increased its advertising and promotion spending by 95% from almost US\$77 million to over \$150 million (figure 1).

Figure 1 Smokeless tobacco sales and advertising expenditures in the United States, 1986–1997. Reprinted with permission from United States Federal Trade Commission.^{15, 25}

Even with this huge increase, these expenditures as a percentage of sales (in US\$) declined from 9.6% in 1986 to 8.3% in 1997. However, this disguises the real situation. The industry made up for flat sales in units by increases in prices (+122% over the decade), accompanied by the growth in advertising and promotion spending. Advertising expenditures per kilogram of product sold jumped 70% from US\$1.42 per kilogram of product sold in 1986 to \$2.42 per kilogram in 1995. This is an increase in advertising of 50% per male 15 years and older.¹⁵ According to the FTC, the smokeless tobacco industry spends most of its advertising dollars on coupons and value-added promotions (for example, buy one, get one free), and the sponsorship of sporting and other events.¹⁶

Retail distribution and merchandising have been major factors in the marketing strategies of smokeless tobacco companies. Having the smokeless brands available in a large variety of outlets, including the new discount smoke shops, and presenting smokeless products in inviting ways within the stores, according to industry spokespeople, has stimulated sales.¹⁷ Low prices and quite good margins, relative to other tobacco products, have given smokeless tobacco a competitive advantage over the years. One might speculate that these margins have encouraged many retailers, especially small independents, to merchandise smokeless

tobacco more aggressively. Recently, price differentiation between well-known national brands and price/value brands has been said to help extend the market.¹⁸

Gifts to highly regarded organisations such as the American Cancer Society, the Boy Scouts, Farm Aid, the Statue of Liberty restoration and United Way, provided the industry, in general, and UST, in particular, with a public legitimacy.¹³ Large political contributions and effective lobbying kept federal legislative and regulatory interference to a minimum and held down excise tax increases.¹²

It seems clear, although the evidence is mostly circumstantial, that a primary means by which the smokeless tobacco industry sought to reach its growth objectives was to target a younger audience. The graduation strategy, the types of advertising messages, the media used, the sponsorships selected, the design of the sampling programmes, the college marketing programme, published comments by industry officials and investment analysts, and corporate documents, all point to this conclusion.^{9, 13} In addition, elements in the marketing mix indicate attempts to attract urban markets outside traditional areas of strength and more up-scale consumers. UST's college marketing programme was designed to focus on one of these specifically identified segments^{8, 9} (revived in the spring of 1998¹⁹), as were the company's various sponsored events targeting Hispanics and blacks.¹²

The Canadian market for smokeless tobacco

Domestic production of smokeless tobacco in Canada peaked at 578 tons (587 tonnes) in 1980. From that date production declined rapidly and reached zero in 1987²⁰ after UST moved manufacturing to the United States. Historical data on Canadian production by type of smokeless tobacco are not available. Since 1987, imports, primarily from the United States, have fed Canadian consumption.

Since 1991, total smokeless production in the United States has declined. Total smokeless tobacco figures mask the dynamics of the market. The chewing tobacco segment peaked in 1980 and has shrunk by 35% since that time. Production of snuff (including fine cut) has grown 50% over that same period. In 1996 snuff had a 51% share of total smokeless tobacco production.²¹

Neither retail sales figures, nor consumption data for smokeless tobacco are available in the public domain for the Canadian market. The only publicly accessible data are for imports. Because these figures are for imports, it is not possible to sort out retail sales/consumption from the impact of changes in the flow of product within the channels of distribution. Extremes, such as that seen in 1995 (figure 2), may have resulted from the growing interest in the Canadian market among importers (page 2 of ref²²), that is, stocking up at the wholesales/retail levels and not necessarily higher sales to consumers. Declines since 1995 may simply be a return to a more normal level

Figure 2 Smokeless tobacco imports to Canada by weight 1989–1997. Reprinted with permission from Kaiserman.²⁷

Figure 3 Smokeless tobacco imports to Canada by weight: snuff and chewing tobacco, 1992–1997. Reprinted with permission from Kaiserman.²⁷

of product flows. According to an industry document, National Tobacco—the market leader—increased its sales in units 39% between 1989 and 1997.²³

Data in figure 2 describe a roller coaster of falling, rising, and falling smokeless tobacco imports. Total volume by weight was lower in 1997 than in 1989. Smokeless tobacco imports per male 15 years and older (a simple mathematical calculation) have most typically been between 0.024 and 0.029 kg during the nineties; the 1997 figure is within that range. United States sales per male ≥ 15 years are almost 20 times as great as the comparable Canadian figure.²⁴ Although Millar, using 1986 data, concluded that the Canadian smokeless tobacco market was in the early stages of development: “similar to that of the United States in the early 70s”,²⁵ little growth in imports by weight has been seen.

In 1997, Canadian imports of smokeless tobacco were almost 339 000 kg with a declared value at a bit more than C\$13 million.²⁶ These imports, at retail, would sell to the public for around C\$70 million. Clearly this was an attractive market opportunity.

The declared value of the imports of smokeless tobacco between 1992 and 1997 grew a great deal faster than the physical volume

Figure 4 Smokeless tobacco imports to Canada by dollars: snuff and chewing tobacco, 1992–1997. Reprinted with permission from Kaiserman.²⁷

(154% v 28%). As has been the case in the United States,²⁴ growing revenue flows were generated by higher prices. Although smokeless tobacco imports in kilograms peaked in 1995, the value of the imports continued to grow into 1997. The value of imports per kilogram almost doubled from C\$19.60 in 1992 to C\$38.74 in 1997. The value of the imports of smokeless tobacco products per male ≥ 15 (a proxy for consumer expenditures) went from C\$0.46 in 1992 to C\$1.10 in 1997.²⁶

Snuff, which, according to an industry spokesperson, was launched in Canada in the 1930s,²⁷ became the predominant smokeless tobacco product in 1982. Snuff increased its share from about 52% in 1982 to 66% in 1986 (page 133 of ref²⁵). Figure 3 indicates that snuff's share by weight in the 1990s has been mid to high 70%; it has been in the high 80% by Canadian dollar value. In dollar value, snuff's share has been in the high 80%²⁶; this compares to the American figure of just less than 80% in the middle 1990s.²⁴ The moist snuff new product strategy clearly has had a major impact on the Canadian smokeless tobacco market.

During the period 1992 to 1997, the quantity of imports of snuff rose 27% while the dollar value per kilogram jumped by 110%. Over that same period, the quantity of imports of chewing tobacco increased 33% while the dollar value per kilogram went up 42% (figure 4). The data suggest that Canadian demand for smokeless tobacco products (especially snuff) did not respond negatively to price increases during this period.²⁶

That moist snuff is the smokeless tobacco product most attractive to young Canadians and Americans apparently is not an accident (see the description of how Louis Bantle and UST created the contemporary snuff market¹³). Critics have zeroed in on the industry's self-described “graduation” strategy,^{9, 12} as a major factor in the intensification of the demand for snuff, especially by boys and young men. Beginners, some younger than 10 years of age, start with flavoured, nicotine weak, measured, packaged doses and have the opportunity to graduate to stronger types of snuff over time.^{8, 9} Data from adolescent users confirms this pattern.²⁸

Import data by province, provided by Statistics Canada, are of little value in providing an understanding of smokeless tobacco consumption by region within Canada. These data show that in 1997 virtually all smokeless tobacco imports went to three provinces, Alberta, Manitoba, and Ontario.²⁹ However, according to industry data, sales in Alberta by National Tobacco brands (the market leader) are by far the greatest at about 40% (9% of Canada's population), followed by Ontario 16% (37% of population), British Columbia 14% (13% of population), Manitoba 11% (4% of population), and Saskatchewan 11% (3% of population); the remaining 7% is spread over five eastern provinces (33% of population).²³ Sales in the Yukon and the Northwest Territories, where consumption per capita is high but

populations are small (about 100 000 people), are likely served through the Western provinces.

Canadian consumers of smokeless tobacco

According to Health Canada and labour force surveys, about 1% of the male population aged 15 years and older used smokeless tobacco products in 1994, unchanged from the 1986 level. Although smokeless tobacco is consumed almost exclusively by males, many female aboriginals use chew and snuff (page 17 of ref³⁰, page 133 of ref²⁵).

Based on 1986 data, Millar calculated that there were 63 000 males over the age of 15 chewing tobacco and 43 000 using snuff (this is exclusive of the populations of the Yukon, the Northwest Territories, and Indian Reserves where smokeless tobacco use is high). The national prevalence rate for chewing tobacco was 0.7%; a good deal higher than the rate for snuff use, which was 0.4%. Although the regional data reported are incomplete because of a lack of sampling reliability, chewing tobacco prevalence is highest in the Atlantic region (2%) and on the Prairies (1.1%); snuff use is more common in western Canada (1.2–1.4%). Fifty-six per cent of Canadian males who chew tobacco live in the maritime and prairie provinces; 82% of snuff consumers live in the west.²⁵ One study suggested very high levels of smokeless tobacco use, at least among students, in the Northwest Territories. Prevalence rates exceeded 20%, even among boys as young as 10–14 years.³¹

The smoking supplement to the national labour force survey did not result in reliable estimates for smokeless tobacco use among females.²⁵ Female students in the sixth grade, aged 11–12 (and follow-up measures in grades seven and eight, ages 12–14) in Calgary had lower prevalence rates than males.³² Native females age 7–21 in northern Saskatchewan were less likely than their male counterparts to use smokeless tobacco.³³

The 1986 national labour force survey indicated that consumption of smokeless tobacco was higher among older men. For chewing tobacco, the prevalence rate was 0.6% for 20–24 year olds (the rate for 15–19 year olds was not reported because of a lack of sampling reliability) whereas the rate among those aged 65 and older was 1.8%. The prevalence rate for snuff was lower at 0.4%, with younger cohorts at that rate, those 55–64 at 0.8%, and 65 and older at 0.7%.²⁵ Hoover and his colleagues found that prevalence among native young people increased with age.³³ In Calgary, by the time a sample of students from the sixth grade had reached grade eight, almost four times the proportion were smokeless tobacco users.³²

Smokeless tobacco consumption among youngsters starts at an early age: 69% of students in grade seven in a small town in Alberta said they had tried it before the age of 13 years.³⁴ The mean age of initial use among a sample of Calgary (Alberta) grade-school students was just over nine years of age.³² More

than half the young native users in northern Saskatchewan began before the age of 12.³³

Local studies of students indicate a wide variation in use rates. Four per cent of a sample of Manitoba students aged 8–18 years said that they currently chewed tobacco, 20% reported having tried the product³⁵; 6% of students in grades 7–12 (ages 12–18) in Fredericton, New Brunswick had used snuff and 14% had used chewing tobacco.³⁶ The rates of use of chewing tobacco and snuff among male students in the Northwest Territories were more than 20%, with female use not far behind³¹; nearly 30% of native young people, males and females aged 7–21 years, in northern Saskatchewan used smokeless tobacco.³³ Eight per cent of students in grade seven in a small community in Alberta said they currently used smokeless tobacco and 29% had tried the product.³⁴ In Calgary, a survey of all sixth-grade students (and follow-up studies when these students had moved on to grades seven and eight) indicated prevalence rates of 1.1% in grade six, 2.2% in grade seven, and 4.2% in grade eight.³² By the time they had reached grade 10 (15–16 years), 25% of students in a small community in Alberta were smokeless tobacco users and 48% had experienced the product.³⁷ A small sample study of 11–19 year olds in northeastern Ontario yielded use rates described by the authors as negligible (5.5% had ever used smokeless; 3.4% were occasional users).³⁸

A study published in 1996 reported data from a survey of Canadian university athletes on eight campuses. It found that more than 16% (25% of male athletes) used smokeless tobacco.³⁹ According to 1986 data, smokeless tobacco users tend to be concentrated in outdoor occupations, construction, and mining.²⁵

Friends are important in the initiation and continuation of smokeless tobacco use. Among 10th-grade users in a study in Alberta, 80% were with friends when they started and 69% reported associating with other users.³⁷ Parental consumption appears to be related to smokeless tobacco use among young native people.³³

Some seventh-grade students in Wetakiwin, Alberta, hold beliefs supportive of smokeless tobacco consumption: 29% felt that smokeless tobacco is safer than cigarettes; 17% believed there is no link between smokeless tobacco and oral cancer; 25% agreed that smokeless tobacco is less addictive than cigarettes.³⁴ When these students reached grade 10, the proportions accepting these beliefs had declined.³⁷

The psychosocial model of adolescent smoking behaviour, adopted from Flay⁴⁰ and presented in the 1994 surgeon general's report,⁴¹ appears to apply equally well to the initiation and continuance of smokeless tobacco. Parental, peer, and sibling role models and advertising influence the formation of positive beliefs and attitudes about the use of smokeless tobacco.⁴² Peer influence, the perception that smokeless tobacco is normative, and the availability of snuff (from peers/siblings or free samples) result in trial.

Table 1 Composition of male population in Canada and the United States

Canada (%)					United States (%)				
Age (years)	1970	1980	1990	1995	Age (years)	1970	1980	1990	1995
0-4	9	8	7	7	0-4	9	8	8	8
5-9	10	8	7	7	5-9	10	8	8	8
10-14	11	8	7	7	10-14	11	8	7	8
15-19	10	10	7	7	15-19	10	10	8	7
20-24	9	10	8	7	20-24	8	10	8	7
25-29	8	9	10	8	25-29	7	9	9	7
30-34	6	8	9	9	30-34	6	8	9	8
35-39	6	7	8	9	35-39	5	6	8	9
40-44	6	6	8	8	40-44	6	5	7	8
45-49	6	5	6	7	45-49	6	5	6	7
50-54	5	5	5	5	50-54	5	5	5	5
55-59	4	5	4	4	55-59	5	5	4	4
60-64	3	4	4	4	60-64	4	4	4	4
≥65	7	8	9	10	65-74	5	6	7	7
					75-84	2	3	3	3
					≥85	0	1	1	1

Sources: Statistics Canada and US Bureau of the Census.

Irregular but continuous use of smokeless tobacco is fostered by availability of the product (easy to purchase or get free samples), social situations where it is being used, friends that "dip", and a low ability to say no. Regular consumption is encouraged by involvement with other users, the perception that use moves the individual towards an ideal model of self, and the lack of restrictions on using smokeless tobacco (from parents, coaches, and others in authority). Ongoing use of smokeless tobacco leads to nicotine addiction.

The age profiles of the Canadian and American male populations from 1970 to 1995 are surprisingly similar. Both populations are aging; the 15-29 cohorts are becoming smaller as a percentage of the total in both countries; and the 30, 40, and ≥60 cohorts are becoming larger as a percentage of the total (table 1). In absolute numbers, however, the prime target age group (15-29 years) for smokeless tobacco, and the total number of males aged 15 years and older, are growing in Canada and the United States. In the year 2001, there will be 12.6 million Canadian males over the age of 14; 3.3 million of them will be in the critical 15-29 segment. This is a very attractive target market.

Smokeless tobacco marketing strategies in the Canadian market

Smokeless tobacco has a long history in Canada. The American Snuff Company, the predecessor to National Tobacco, was incorporated in the first decade of this century. The Canadian giant Imperial Tobacco, and US Tobacco—the American market leader—joined forces in the manufacturing and marketing of smokeless tobacco products in 1913 under the name National Tobacco Limited. Until 1981, Copenhagen and Skoal brands were produced for the Canadian market in Montreal. From that time these products have been manufactured in the United States, from Canadian-grown tobacco, and imported into Canada. National Tobacco became a wholly owned subsidiary of UST in 1986 when UST bought out Imperial Tobacco's shares.²³

The Canadian snuff and chewing tobacco market is dominated by National Tobacco

brands; estimated to be more than 70% of smokeless tobacco sales (more than 90% share of snuff, but less than 1% share of chewing tobacco). National Tobacco's snuff brands are Copenhagen (moist fine cut), Copenhagen Long Cut (longer cut of tobacco), Skoal (moist fine cut), Skoal Long Cuts (longer cut of tobacco), and Skoal Bandits (moist portion pack). Their brands of chewing tobacco are Club and Stag (plug). Since the early 1980s Skoal Bandits and especially Skoal Long Cuts have been major factors in the growth of the smokeless tobacco segment in Canada.²³ Other snuff brands available in western Canada include: Kodiak, Kodiak Long Cut, and Cougar. Competing chewing tobacco brands include: Red Man (regular, golden blend, and plug), Levi Garrett Loose Leaf, and Oliver Twist. In western Canada, brands other than those sold by National tend to be found only at specialty tobacconists.

Many smokeless tobacco products are available in various flavours: mint, wintergreen, cherry, or spearmint. Package sizes vary from 7 g (Oliver Twist chewing tobacco) to 10 g (Skoal Bandits), to 20 g (Copenhagen and Skoal Long Cuts) to 25 g (Club and Stag chewing tobacco and Copenhagen, Skoal, Cougar, and Kodiak fine cut snuff) to 40 g (Levi Garrett and Red Man chewing tobacco).

Smokeless tobacco companies have developed extensive channels of distribution for their products through wholesalers and retailers. Convenience retail surveys in Vancouver, Calgary, and Winnipeg indicate that the product is readily available in most retail outlets that sell cigarettes. Smokeless tobacco users in the 10th grade in Alberta report that gasoline (petrol) stations, chain convenience stores and corner stores are the most popular sources of snuff and chew. More than half of users (grades seven and 10) had never had a retail store clerk refuse to sell them smokeless tobacco products.³⁴⁻³⁷ Failing a store purchase, young people turn to each other for supplies.

Retail merchandising of smokeless tobacco products in western Canada varies widely. (Data based on three convenience surveys of retail outlets in Vancouver (British Columbia), Calgary (Alberta), and Winnipeg (Manitoba) carried out for this study.) It is estimated that more than three-quarters of Canadian smokeless tobacco sales are made in western Canada.²³ Wholesalers provide display racks and planograms (identifying products to carry and suggested retail prices). National Tobacco and various wholesaler sales representatives provide merchandising support. Most outlets carry a full assortment of National Tobacco brands and flavours. Only a few retailers sell other brands. In most places snuff and chew, perhaps identified by generic signage, are typically out of reach behind the counter and frequently locked up. Some outlets in Winnipeg have moved their smokeless tobacco displays to near the cash register and report increases in sales, especially to young males. Although suggested retail prices allow 15-20% margins on selling prices, some retailers take

higher mark-ups. Skoal Bandits tend to be priced lower than a package of 20 cigarettes; other snuff and chewing tobacco products, with the exception of 7 g Oliver Twist products, are priced higher than 20 cigarettes.

Although billboard campaigns for Copenhagen and flavoured Skoal Long Cut have been run in recent years, there seems to be little in the way of media advertising. An examination of American magazines for sale in Canada and oriented to smokeless tobacco target customers (hunting, fishing, rodeoing, skateboarding, baseball, boxing, motor cycling, entertainment) reveals few advertisements. Those identified in magazines such as *Sports Afield*, *Motor Cyclist*, and *Rolling Stone* were single-page and double-page full colour advertisements for Skoal Long Cut and Copenhagen. The advertisements contained the warning "This product may cause mouth cancer" and a symbol with the words "Not for sale to minors—United States Tobacco."

Little published information is available on the marketing strategies of smokeless tobacco companies in Canada. Six months after the launch of Skoal Bandits in the summer of 1983, National Tobacco used a C\$250 000 shopping centre stock car racing promotion to attract contest entrants and give away free samples. A spokesman for National Tobacco said at the time that the target for Skoal Bandits was men aged 18–35, typically in manual jobs. He saw expansion possibilities in the professional segment. First year sales were said to be 20 000 cans of Skoal Bandits; the second year objective was 400 000 units (1997 sales are estimated to be about 350 000 cans). At that time, consideration was being given to using motor racing magazines and specialty magazines attractive to cattlemen, farmers, and forest workers.⁴³ Sponsorship of rodeos is a major part of the promotion of Skoal products.^{34 44} According to the National Clearinghouse on Tobacco and Health, during 1996 and 1997, there was a "noticeable increase in the number of smokeless tobacco advertisements". Apparently, this growing smokeless tobacco advertising presence was a result of the striking down of the key provisions of the Tobacco Products Control Act by the Supreme Court of Canada in September 1995.²²

Canadian tobacco marketing regulation

The Tobacco Products Control Act, which came into force on 1 January 1989, covered smoking tobacco and smokeless tobacco. Advertising of tobacco products was banned in all media (advertisements for foreign brands of smokeless tobacco products contained in media imported into Canada were not covered). Also prohibited was any form of free distribution, contests, rebates, and the use of promotional messages and logos on non-tobacco products. Messages at retail and on packages were regulated. Health warning were required on packaging. Sponsorship of events was allowed under corporate names (circumvented by incorporating companies with names identical to their brands⁴⁵). Key sections of the Act were struck down by the Supreme Court of

Canada in September 1995, virtually emasculating the legislation.

Following the court's decision, Canadian manufacturers of cigarettes instituted a voluntary packaging and advertising code. Smokeless tobacco was not covered by this code.

In November 1996, tobacco control legislation was again introduced and encompassed smokeless tobacco products. Under the Tobacco Act, sale of tobacco products to young people under 18 years is prohibited; retailers must post signs to this effect and are required to ask for age documentation. The Act empowers the government to set standards as to what may and may not be contained in tobacco products and their emissions. Tobacco packages must contain a prescribed minimum number of units. Package labels are required to include only specified information about the product, its emissions, and the health effects resulting from its use. Leaflets expanding on the label information may be required. Self-serve retail merchandising and automatic vending of tobacco (except in places where only those 18 and older are allowed), are forbidden, as are interprovincial mail order sales.

Advertising of tobacco products must not be misleading or create erroneous impressions about its characteristics or health effects. Testimonials and endorsements, including the depiction of a person, character or animal, real or fictional, are proscribed.

Also prohibited are lifestyle advertising and advertising that may appeal to young people. Information and brand preference advertising is permitted, provided it is mailed to an adult by name, or published in a publication with at least 85% adult readership, or printed on a sign in a place where young people are not permitted.

Promotion of sponsored events and facilities likely to appeal to young people or associated with recreation or an exciting way of life may use tobacco brand elements on the bottom 10% of promotional material provided it is mailed to an adult by name, or contained in an adult publication, or on a sign or programme at the event site, or on a sign in a place where young people are not permitted. Tobacco brand elements may be used in the advertising of the sponsorship of adult-oriented events which are not associated with recreation or an exciting way of life.

Tobacco accessories (pipes, lighters, matches and so on) may be advertised using tobacco brand elements subject to the same provisions as the advertising of tobacco products. Advertising of tobacco products on non-tobacco products is forbidden if they are likely to appeal to young people or are associated with recreation or an exciting way of life. The Canadian media are subject to the same rules as tobacco manufacturers. Canadian tobacco manufacturers may not advertise their brands on foreign media. The use of gifts, cash rebates, and lotteries to promote tobacco products is forbidden; as is

sampling of tobacco products and accessories.⁴⁶

Penalties for contravention of various sections of the Act range from C\$3000 to C\$300 000 and up to two years imprisonment. Directors and officers of companies involved in the sale of tobacco products are subject to the above penalties. The Act allows the courts to make orders forbidding an offender from actions proscribed under the legislation, prohibiting an offender from selling tobacco products for up to a year, and requiring an offender to publish the facts of his offence.

The three largest tobacco companies, none of whom produce smokeless tobacco, have launched a court challenge of the Tobacco Act. The case was slated to begin in autumn 1998. A private members' bill designed to ban the sale of flavoured smokeless tobacco products was tabled in British Columbia in the spring of 1997.²⁷

Discussion

It is apparent that Canada is a very attractive market opportunity for the smokeless tobacco industry. The 1.9 million males aged 10–29 years, especially those who are aboriginals, and who live in rural areas of Canada, are the primary targets for smokeless tobacco.⁴⁷ Some 520 000 aboriginals aged 15 years and older live in Canada.⁴⁸ There are also almost five million urban males in this age segment who make up a secondary smokeless tobacco market. Three and a half million Canadian men work in occupations that the smokeless tobacco industry has identified as prime.⁴⁹ Prevalence rates among young males in the western, northern, and maritime regions of the country no doubt reflect cultural differences and attract target marketing. It is estimated that the Canadian market currently consumes more than 14.5 million cans of snuff and chew per year. This C\$70 million dollar market is growing at about 5% per year.^{23 26}

Canadian smokeless tobacco users have many similarities to American ones. Although the data are scant, Canadian studies suggest that there are some similarities in demographic characteristics and smokeless tobacco beliefs with those identified in the United States. Hence it might be assumed that Canadian youngsters will respond similarly to smokeless tobacco marketing campaigns. Tobacco companies have shown extreme ingenuity at skirting the laws controlling advertising and sponsorship. As Millar has pointed out, the experience in the United States suggests that rapid increases in smokeless tobacco use are quite possible (page 134 of ref²⁵). The potential is certainly there; per male aged ≥ 15 years, Canadians consume a 20th of the smokeless tobacco products by weight compared with their American counterparts.

If one assumes that the Canadian market is in an early stage of the product life cycle,²⁵ it might be expected that smokeless tobacco companies would use different marketing strategies than are currently employed in the United States. Greater emphasis would have to be placed on developing appropriate attitudes

among potential users, inducing trial, and encouraging users to attract other users. Current legislation in Canada makes many of the strategies used in the United States problematic. Up to this point, the emphasis of smokeless tobacco marketers has been on gaining widespread distribution across Canada. Once attained, they will be obliged to create strategies to move the product off the retailers' shelves. It seems likely that they will follow the lead of cigarette manufacturers in using sponsorship as a means to communicate with consumers. This is particularly effective in reaching young people.

Deterrent strategies

De-marketing strategies have been suggested as a means to counteract the efforts of tobacco companies to attract and sustain their customer bases.^{45 50 51} Tobacco companies must generate new users, and increase the likelihood that current consumers will continue to use the product at higher rather than lower levels. In the past, the tobacco industry and individual manufacturers have successfully used research, public relations and lobbying to maintain a social environment that has allowed the marketing and consumption of tobacco products. Owners of tobacco brands have shown great skill in manipulating the elements of the marketing mix to grow their brands and defend them against competitors and anti-smoking organisations. Although they have not always been in charge of the agenda, their ability to respond to challenges from those opposed to their objectives has often been quite spectacular. Those who wish to challenge the tobacco industry must have significant human and financial resources and a long-term commitment.

Health advocates and policymakers must base their smokeless tobacco de-marketing strategies on a number of critical notions.

- The industry has deep pockets, international corporate interrelationships, and ingenious human resources who work tirelessly and amorally to sell their products
- They will seek to exploit every loophole in legislation⁵²
- For tobacco people, truth is subjective and flexible^{53 54}
- Smokeless tobacco companies will attack, counter-attack, change tactics and strategies, and reappear in new guises rapidly and endlessly^{19 55}
- They will spend gigantic amounts of treasure and talent to influence the political process.

To have any hope of achieving specific smokeless tobacco health objectives (reducing current prevalence levels and lowering present-day consumption per male aged ≥ 15), strategies must be devised that will make the social environment less conducive to the purchase and consumption of smokeless tobacco products. As well as attacking smokeless tobacco marketing strategies, anti-tobacco institutions must create situations that divert the tobacco companies from their sales objectives. This means taking an activist

stance, rather than just responding to the actions of the tobacco companies. It is one thing to attack the use of rodeos as promotional vehicles by snuff manufacturers; it is another thing to seek out alternative sponsors for the rodeos.⁹

The federal government must gather basic data on the flow of the product into the country. We need to know how much of what kind of smokeless tobacco is being shipped to what parts of Canada. We need to know about package sizes, prices, and merchandising efforts. We need data on sponsorship and sales promotion strategies and expenditures. Academics and healthcare professionals must study more thoroughly the relation of demographic and behavioural variables to smokeless tobacco uptake and continuation. More research on the efficacy of various peer resistance and quitting techniques for various target groups must be carried out. Without better information it will not be possible to develop efficient deterrent strategies.

Just as product life cycles and successful brands take years to develop, so the de-marketing of products and brands take time. Each element of the marketing mix must be attacked. Prices must be raised,⁵⁶ retail access by young people must be curtailed, sponsorship advertising must be focused away from children, packages must communicate toxic elements and negative health outcomes, and so on.

A corporation manned by experienced professionals from packaged goods companies, perhaps led by disenchanted personnel from the tobacco industry, is needed to execute a national de-marketing programme. Achievable, measurable objectives should be set and personnel in the organisation rewarded on the basis of results. The budget of this private not-for-profit company should be based on the costs of achieving its objectives. The funds for this budget should come from tobacco taxes and should not be subject to changing political climates.

This organisation should have as an important part of its mandate the creation of private institutions designed to attack specific elements of the overall problem. For example, quitting efforts for specific market segments could be localised. The National Spit Tobacco Education Program chaired by former major league baseball great, Joe Garagiola, may contain elements which could have application in Canada.⁵⁷ An organisation led by a former smokeless tobacco user and well-known aboriginal Canadian, might be effective in reaching young natives. Young Albertans might be influenced to quit smokeless tobacco by a group led by a famous ex-chewer from the Edmonton Eskimos or the Calgary Stampeders. The same could be done for young people involved in activities such as rodeos, skateboarding, snowboarding, car racing and baseball.

The national de-marketing company should finance local "sting" organisations, keeping retailers on their toes, passing on data to provincial and municipal governments, and

providing information to the press. One study indicated that more than 90% of tested stores in four Canadian cities sold tobacco products to underage patrons.⁵⁸

Healthcare professionals, especially dentists and physicians, need to be trained to take a proactive role in helping users understand the seriousness of the consequence of smokeless tobacco consumption. Asking every young male patient about smokeless tobacco use, and offering them assistance in enrolling in a quitting programme might make a difference. Healthcare providers should be actively involved in cessation research programmes and in the delivery of quitting processes.

Smokeless tobacco companies will continue to make their best efforts to market their products to as many Canadians as possible. Given the evidence of the combined use of cigarettes and smokeless tobacco products, they may ally themselves with cigarette manufacturers. They will no doubt take the moral high ground and preach the defence of individual liberties and freedom of speech. None of this should deter those interested in the health of Canadians from attacking those who sell disease-causing smokeless tobacco products to young people.

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