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# TOBACCO MARKETING UPDATE

*Reducing Youth Exposure to Tobacco Advertising and Promotion*

## New Smokeless Tobacco Products use Bulk Packaging to Avoid Taxes



Above: Local point-of-sale display of bulk smokeless products

By BETSY BROCK  
Moist smokeless tobacco brands like Longhorn and Kayak have a new packaging scheme to avoid Minnesota's minimum moist smokeless tobacco (MST) tax. As of January 1, 2014, a minimum tax is applied to MST products. These products are taxed at 95% of wholesale price with a minimum tax of \$2.90 per can, which is

equivalent to the Minnesota tax on a pack of cigarettes. In most cases, the minimum tax of \$2.90 per can is much higher than 95% of wholesale price. However, brands like Kayak and Longhorn are packaging 12 cans worth of smokeless tobacco into one giant tub and applying the minimum "per can" tax of just \$2.90. As a result, these products are extremely cheap. For example, the Kayak "Man Can" (see picture) retails for \$19.99 for the equivalent of 12 cans of MST. The minimum tax alone on 12 separate cans of MST would be \$34.80. Clearly, this packaging method is achieving its intended goal.

## R.J. Reynolds Markets New "Smokeless" Cigarettes



Above: Revo Cigarettes

By CHRIS FARMER-LIES

R. J. Reynolds, the second-largest tobacco company in the United States, began test-marketing a new type smokeless cigarette in Wisconsin. Revo is a rebranding of Eclipse, which was originally test-marketed from the 1994 to 2005. The first phase of the product was Premier, which was originally released in 1989. All products use a carbon tip which heats, rather than burns the tobacco inside.

Though it resembles a traditional cigarette, it does not burn down or produce ash. Supposedly, the sidestream and exhaled smoke dissipates more quickly, and it produces less odor. The product is marketed as a less harmful alternative to conventional tobacco products.

Though the product has been available for a number of years, the latest round of test marketing stems from the industry's interest in alternative products, including electronic cigarettes. According to J. Brice O'Brien, head of consumer marketing for R.J. Reynolds, "Heat-not-burn technology was 20 years ahead of when consumers were ready for it. It needed the mass presence of vapor products to open up an experience-base that smokers understood." The development,

launch, and ultimate failure of Premier cost the company more than \$300 million, and was fictionalized in *Barbarians at the Gate*, a 1993 TV movie starring James Garner.

Evo first hit the Wisconsin market in February 2015, and is available in tobacco and menthol flavors. A pack will cost \$6-7 depending on the state. Instructions included in the package indicate that users must inhale 4-5 times before it can be used. Whether this product can be used to circumvent indoor smoking bans is unknown.



Above: Eclipse Cigarettes



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## Minnesota Legislative Update

The Minnesota Legislature is in full swing and several tobacco - related bills have been introduced. See below for a summary of the some of the bills under consideration:



S.F. 1836: Senator Jeff Hayden (D-Minneapolis) authored this bill that would allocate funding for the Minnesota Department of Health to partner with community organizations to evaluate and develop strategies to address the high use of menthol cigarettes among African Americans in Minnesota. Senator Champion (D-Minneapolis) is a co-author on the Senate bill and a companion bill will likely be introduced in the House in the coming weeks.

S.F. 1135/H.F. 1253, S.F. 1762/H.F. 1183: Senator Sheran (D-Mankato), Senator Franzen (D-Edina), Representative Uglem (R-Champlin), and Representative Erhardt (D-Edina) are chief authors on these bills that would restrict the indoor use of electronic cigarettes anywhere that smoking is also prohibited.

S.F. 777/H.F. 700: Senator Koenen (D-Willmar) and Representative Davids (R-Preston) are chief authors on these bills that would repeal the annual indexing of the cigarette tax.

S.F. 1192/H.F. 865: Senator Dziedzic (D-Minneapolis) and Representative Davids (D-Preston) are chief authors on these bills that would: establish a new state license for tobacco retailers (local licenses are still required), increase penalties for non-compliance, and provide additional funding for the Minnesota Department of Revenue to carry out enforcement of the act.

Questions or Comments?  
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## Direct Mailing Project Updates

The Association for Nonsmokers-Minnesota (ANSR) conducts research on tobacco industry web and mail marketing with funding from ClearWay Minnesota<sup>SM</sup>. The project began in 2010. Today, the ANSR archive contains thousands of examples of these types of marketing. The tobacco industry uses these types of marketing to build relationships with consumers. By building relationships, tobacco companies can secure consumer loyalty. One study found those who received mail from the tobacco industry were more likely to have favorable views of tobacco companies. This is not surprising given the tobacco industry uses direct mail marketing to send free gifts and value-saving coupons. One recent example of a free gift is shown below.

Source: Choi K, Hennrikus DJ, Forster JL et al. Receipt and redemption of cigarette coupons, perceptions of cigarette companies and smoking cessation. *Tob Control* 2012;21:1-5.



**Above:** A recent mailing from Marlboro included a bottle of BBQ sauce. In late 2014, Marlboro promoted a contest on its website calling for BBQ sauce recipes. The winning recipe was bottled, packaged and sent to consumers on the Marlboro mailing list.