Social Responsibilities of Philip Morris USA:

A Cigarette Empire

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Abstract

For years, Philip Morris USA has profited greatly from the sales of their most popular cigarette, the Marlboro. The social image of smoking a cigarette varies greatly across the world but the most common depiction is that of “coolness.” For decades, smoking a cigarette has been synonymous with the “It” factor. As portrayed in television and print media around the world, only those who wish to be of a certain social caliber smoke cigarettes and if you don’t, you should soon. Everyone wanted the “it” factor and the idea spread quickly. Unfortunately, cigarettes continue to be the leading cause of preventable illness and death. Cigarettes are filled with nicotine, which acts like a poison to the human body. The tobacco industry has used corporate social responsibility tactics to improve its corporate image with the public, press, and regulators who increasingly have grown to view it as a merchant of death. Regardless of their efforts, one fact remains the same: the tobacco industry’s products are lethal when used as directed, and no amount of corporate social responsibility activity can compete with that ethical corporate responsibility.

In this research paper, we will discuss what Philip Morris USA is doing, as a brand, to warn consumers of the danger of their products while continuing to maintain their business and gain. We will also briefly analyze whether or not these tactics are suitable for today’s society and whether they are being carried through effectively and to an honorable extent.

*Keywords:* cigarette, social responsibility, ethical responsibility

For years, teenager’s minds have been warped with the idea that cigarettes make them cool, mysterious and overall desirable. This idea hasn’t faltered in years, as it is portrayed in the media as the way to be. For example, the movie Grease sees Sandy as a good two-shoes, unable to win the heart of Danny, the cool and desirable “Greaser,” without conforming to society’s idea of cool. Sandy soon finds that a change of style, complemented with the pull of a cigarette in hand, has Danny falling at her feet. Movies like this have been portraying smoking as an attractive feature for decades, but what happens when the maker of the cigarettes are faced with the backlash of its less than stellar health consequences and how do the companies responsible continue to profit with this knowledge?

Philip Morris USA is the United States largest tobacco company leading sales impeccably since the early 1900s. As an operating company of Altria Group, Inc., Philip Morris USA is guided by Altria’s mission to own and develop financially disciplined businesses that are leaders that are in responsibly providing adult tobacco and wine consumers with superior branded products. Philip Morris USA’s selective role is to responsibly manufacture and market Philip Morris products to adult tobacco consumers in a financially disciplined way. Among these products is there Marlboro cigarette, the number one cigarette brand in 49 states and the number one cigarette brand for men and women across all adult age groups. Marlboro, since early 1940, has continued to soar in the tobacco industry leaving all other competitors in the dust.

Although the cigarette company continues to flourish, it is no secret that continued use of tobacco and cigarette products causes preventable illness and, in some cases, premature death. Philip Morris USA argues on its website that it is engaging in corporate social responsibility activities, such as warnings, labels and press conferences, for the benefit of the stakeholders. They also address that they recognize that some argue that an operation, which produces addictive and harmful products, cannot be socially responsible however; Philip Morris USA Inc. describes itself as a responsible organization. “There is no safe cigarette. Philip Morris USA agrees with the overwhelming medial and scientific consensus that cigarette smoking causes lung cancer, heart disease, emphysema and other serious diseases in smokers. Smokes are far more likely to develop such serious diseases than non-smokers (Philip Morris USA).” There have been and continue to be warnings against the use of cigarettes in every day media. Many commercials even depict the graphic consequences of regular use of the products, consequences that make death look pretty.

Yet, many continue to smoke cigarettes. Why is this so? According to the American Heart Association, in 2008 an estimated 24.8 million men and 21.1 million women, 23.1 percent and 18.3 percent of the total population, respectively, were smokers (American Heart Association). Despite all the scientific evidence of tobacco’s health dangers, this number goes up every year with the addition of young adults and even some children hopping on the bandwagon (National Center for Health Statistics). Many reasons that people begin smoking include: peer pressure, the social rewards (the “It” factor), and risk taking behavior. These first three reasons can be seen in young adults and teenagers across the globe. From a young age, teens find themselves smoking to be considered cool, a concept that has flourished since the early 50s. It is such an “adult” thing to be doing that smoking attracts more and more teenagers every day and addiction keeps them buying the product.

Furthermore, smoking continues to spread for other reasons as well. Parental influence, or, in other words, children who live with parents who smoke tend to smoke later in life as well. Even nonsmoking parents can inadvertently introduce smoking to their children by allowing them to view movies with heavy drinking and smoking (Hammond 2005). Along with this, issues like misinformation, predisposition, self-medication, media influences and stress relief are all big reasons as to why people start smoking and generally never quit. In Europe, the rate of women smokers continues to be high since smoking allows women to control their weight gain. Regardless of what the reasoning is for beginning to smoke, it is addiction that keeps users coming back. Without addiction, smoking could be a once in a while thing but because of the body’s need for the tobacco, consumers continue to smoke immensely, some even smoking almost a pack a day, allowing Philip Morris USA to continue flourishing monetarily. “Philip Morris USA agrees with the overwhelming medical and scientific consensus that cigarette smoking is addictive. It can be very difficult to quit smoking, but this should not deter smokers who want to quit from trying to do so (Philip Morris USA).”

Philip Morris USA faces many ethical issues because of how lethal its products are. The company has used corporate social responsibility tactics to improve its corporate image with the public, press, and regulators, all of whom increasingly continue to view the company and its products as a merchant of death. The company’s website boasts moral responsibility but it’s success continues to depend on the rate of addiction to its products. Of course, Philip Morris USA has enacted several tactics to save face; one of them being the introduction of the Surgeon General’s warning on the box of cigarettes. Health warnings of cigarette packages are among the most common means of communicating the health risks of smoking. In four countries, a telephone survey was conducted with 9058 adult smokers from the United States (2138 participated), United Kingdom (2041), Canada (2214), and Australia (2305) where respondents were asked to state whether they believed smoking caused heart disease, stroke, impotence, lung cancer in smokers, and lung cancer in non-smokers (due to second hand smoke). Smokers in the four countries proved that there are significant gaps in their knowledge regarding the risks of smoking. Smokers who noticed the warnings on the labels were significantly more likely to endorse the health risks. The conclusion of this study was that smokers are not fully informed about the risks of smoking. Warnings that are more graphic (like the introduction of the television commercials), larger, and more comprehensive in content are more effective in communicating the health risks of long-term smoking (Hammond, Fong, McNeill, Borland, Cummings 2005).

Philip Morris USA has also begun another method of controversial advertising. In 1998, as a part of a $206 billion dollar settlement, Philip Morris USA agreed to pay for advertising campaigns to educate consumers about the dangers of tobacco. Although it sounds good and morally just, these anti-smoking campaigns cannot personally attack any tobacco company. Because of this fact, the TRUTH campaign, headed by the American Legacy Foundation began controversial commercials on television such as the “Lie Detector” commercial spear-headed at Philip Morris USA. “Philip Morris protested these commercials, insisting they violated the settlement’s anti-vilification clause (Wojdacz 2008).”

Due to the large increase in awareness of health risks associated with smoking cigarettes, the tobacco industry faces a burden in their ability to generate consumers from new markets, are exposed to threats of substitutes of cigarettes, and face a decrease in cigarette sales. Lately, cigarette volumes throughout the US have decreased over a span of time. As stated in Altria’s Marketline report (2013), “According to industry estimates, from 2000 to 2011, the consumption of cigarettes decreased 32.8%, from 435,570 million in 2000 to 292,769 million in 2011” (Altria Group, Inc.). This decrease in sales volume is expected to incline over the years to come, and is due primarily to the growing health concerns of smoking cigarettes. Because cigarette sales account for most of Philip Morris’s revenue, this growing trend will eventually hinder revenues and profit margins of the company.

Substitute goods have taken the place of traditional tobacco cigarettes over the past couple of years. Examples of such alternatives include nicotine gum, nicotine patches, herbal cigarettes, and more importantly, electronic cigarettes (Tobacco Industry Profile, 2012). There has been a steady rise in the likelihood to replace cigarettes with these substitutes mainly due to reaping health implications. This has caused many popular tobacco consumers to grow motivation to quit smoking, leading to the purchase of the nicotine gum and patches, which help fight the consumer’s desire for nicotine. Additionally, many tobacco consumers see these goods as “healthier” alternatives to smoking, which inspires them to purchase these products.

In order for Philip Morris to compete with various substitute goods enacted by competition companies (goods like electronic cigarettes), they had to come up with an alternative to their classic Marlboro Red cigarette to appeal to consumers who feel as though they are not doing much harm to their body. A way that Philip Morris has tried to come up with a seemingly “healthier” alternative is with their newer products of the “light” variety: Marlboro Light and Marlboro Ultra-Light. Both contain decreased amounts of nicotine and have a less bold taste than Marlboro’s other full flavored cigarettes. Studies have shown that switching subjects from smoking Marlboro Full Flavor cigarettes to Marlboro Light and Ultra-Light cigarettes reduces exposure to nicotine and other biomarkers from tar exposure such as Pyrene, CO, Benzene, Acrolein, and various others (Mendes, Kapur, Wang, Feng, Roethig 2008). Although this does not fully prove lower tar yield cigarettes are a necessarily “healthier” alternative, Philip Morris tries to protect the brand name as much as possible and the lighter variety of Marlboro cigarettes shows a slight deficit from being unhealthy.

This all ties in to Philip Morris’s corporate social responsibility in society. How do they respond to these impeding health risks to their consumers from the cigarettes they sell? Philip Morris’s central theme around their mission is playing an important role in corporate social responsibility and taking action in helping the community. Their marketing practices revolve around their overall mission as a company; “…by building relationships between our brands and adult smokers while taking steps designed to limit reach to unintended audiences (Philip Morris USA). They make it a point in their marketing strategy to increase loyalty and brand awareness among their products and not market to audiences under 21 years of age. Mediums used to market intended adult audiences include mail, websites, consumer marketing activities (usually in a nightlife setting) with age verification, and in retail stores.

Steps have been taken by the company since 1990 to improve their marketing strategies in a way where certain markets will not be reached. Philip Morris takes age verification deeply into consideration when selling their products. They make sure every individual targeted is at least 21 years of age, and are proud supporters of the We Card program, which aids in training retail clerks and assistants on how to properly check ID’s before selling tobacco products. An important aspect of Philip Morris’s responsibility is also by refusing to advertise their brands through public media via product placement, billboards, newspapers, magazines, radios, etc. The company truly believes in targeting only the intended audiences, and limiting reach of minors by taking these actions mentioned.

Tobacco companies face various hardships when it comes to marketing their tobacco products due to the inhibiting health risks associated with smoking cigarettes and the need to limit reach of unintended audiences. This is when big companies in the industry like Philip Morris need to step in and take on responsibilities in the social world, to be seen as more than just a company. Philip Morris realizes the products they sell are potentially lethal and have taken on many endeavors to make sure they are not sending a bad message to society.

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