

Demonstrative 8: Philip Morris' Understanding of the Need to Market to Adolescents

U.S. Exhibit 17,562

Note: These documents are presented in order of their citation in my testimony					
Image	Exhibit Number	Bates Number	Document Title	Document Date	Quote or Example
	U.S. Ex. 22,931	2022239142-9147		October 7, 1953	Memo from George Weissman, discussing the August 1953 Roper report, stated that Philip Morris had its "... greatest strength in the 15-24 age group ..." (at 9144)
	U.S. Ex. 20,140	1002646151-6185	A Study of Smoking Habits Among Young Smokers	1974	Roper informed Philip Morris that, "Marlboro is the starting brand for young whites, and Kool is the starting brand for young blacks." (at 6155)
	U.S. Ex. 20,160	1003285497-5502	The Decline in the Rate of Growth of Marlboro Red	May 21, 1975	"It has been well established by the National Tracking Study and other studies that Marlboro has for many years had its highest market penetration among younger smokers. Most of these studies have been restricted to people age 18 and over, but my own data, which includes younger teenagers, shows even higher Marlboro market penetration among 15-17 year olds. The teenage years are also important because they are the years during which most smokers begin to smoke, the years in which initial brand selections are made, and the period in the life-cycle in which conformity to peer-group norms is greatest." (at 5497)
	U.S. Ex. 23,387	1003287418-7439	The New Competition for Marlboro's Franchise	July 1974	"The Roper organization was commissioned to undertake the study summarized here, with the intention of probing dynamics of the market among smokers below the age of 24. (This was not the 'usual' sample of age 18-24; in this study no lower age limit was set.)" (at 7419)

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Image	Exhibit Number	Bates Number	Document Title	Document Date	Quote or Example
	U.S. Ex. 60,643	1000390803-0855	Young Smokers—Prevalence, Trends, Implications, and Related Demographic Trends From: Myron Johnston To: Dr. Robert B. Seligman, Vice President Research and Development	March 31, 1981	“...these powerful social and demographic factors are turning against us....After increasing for over a decade, the prevalence of teenage smoking is now declining sharply... the absolute number of 15-19 year-olds will decline 19 percent during the 1980’s.” (at 0805) “This report deals with only one of these trends— teenage smoking and attitudes toward smoking, together with related demographics.” (at 0806) Contents include: “Teenage Smoking Prevalence 1968-1974 Teenage Smoking Prevalence 1975-1980.” (at 0807)
	U.S. Ex. 20,091	1000306237-6239	Marlboro Market Penetration by Age and Sex	May 23, 1969	Memo describes attached chart. “It shows, by sex and individual years of age, the percent of the 13,000 smokers on the POL National Roster who smoke Marlboro (Red, Green, and Gold combined).” (at 6237) The chart shows the percent of smokers who smoke Marlboro for ages starting at age 15.
	U.S. Ex. 21,493	2041761791-1801	Teenager Incidence of Smoking Cigarettes	May 18, 1973	Presents data on the percent of teens for each age from 12 to 18 who have ever smoked.
	U.S. Ex. 23,798	2026306096-6108	Magic: Finding the Right Twist to Individual Smoking	Circa 1983	Presents data on smoking of those 16 to 24 years old.
	U.S. Ex. 37,043	2023741642-1678	Smoker Dynamics	Circa 1987	Philip Morris states “...we don’t interview anyone under 18; as a result, the 18-21 segment provides our best insights into new smokers.” (at 1670)

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	U.S. Ex. 60,643	1000390803-0855	Young Smoker: Prevalence Trends, Implications, and Related Demographic Trends	March 31, 1981	“Today’s teenager is tomorrow’s potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens. In addition, the ten years following the teenage years is the period during which average daily consumption per smoker increases to the average adult level.’ (at 0808) “...it is during the teenage years that the initial brand choice is made: At least part of the success of Marlboro Red during its most rapid growth period was because it became <u>the</u> brand of choice among teenagers who then stuck with it as they grew older ...” (at 0808)
	U.S. Ex. 21,460	2500002189-2207	The Cigarette Consumer	March 20, 1984	Philip Morris states that the cigarette market is “fed at one end by new smokers coming into the market each year as they reach smoking age.” (at 2195)
	U.S. Ex. 37,043	2023741642-1678	Smoker Dynamics	Circa 1987	Document states “About three quarters of starting smokers are 21 years of age and younger.” (at 1670)
	U.S. Ex. 89,210	2085261936-1951	Start Talking to Your Kids about Not Smoking.	Undated, circa 2001	“Almost 90% of adult smokers began smoking at or before the age of 18.” (at 1944)
	U.S. Ex. 21,460	2500002189-2207	The Cigarette Consumer	March 1984	A Philip Morris marketing analysis stated that “Smokers [are] extremely brand loyal.” (at 2199)
	U.S. Ex. 20,140	1002646151-6185	A Study of Smoking Habits Among Young Smokers	July, 1974	A Roper Organization study indicated that “...Marlboro is holding a good proportion of its smokers past youth.” (at 6158)

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Image	Exhibit Number	Bates Number	Document Title	Document Date	Quote or Example
	U.S. Ex. 76,177	2022216179-6180	Handling an Excise Tax Increase	September 3, 1987	"...the 1982-83 round of price increases caused two million adults to quit smoking and prevented 600,000 teenagers from starting to smoke. Those teenagers are now 18-21 years old, and since about 70 percent of 18-21 year-olds and 35 percent of older smokers smoke a PM brand, this means that 700,000 of those adult quitters had been PM smokers and 420,000 of the non-starters <u>would have been PM</u> smokers. Thus if Harris is right, we were hit disproportionately hard [by an increase in the excise tax]. We don't need to have that happen again" [emphasis in the original]. (at 6179)
	U.S. Ex. 60,643	1000390803-0855	Young Smokers Prevalence, Trends, Implications, and Related Demographic Trends	March 31, 1981	“Because of our high share of the market among the youngest smokers, Philip Morris will suffer more than the other companies from the decline in the number of teenage smokers. For at least the next decade, however, the population trends will have a much more powerful influence [namely the influx of teen smokers into their twenties where they will smoke at higher rates], and in this regard we would appear to be the least vulnerable of all the companies ...” (at 0809)

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Image	Exhibit Number	Bates Number	Document Title	Document Date	Quote or Example
	U.S. Ex. 60,664	1000273741-3771	Presented to the Philip Morris Board of Directors, “Smoker Psychology Research” by Dr. H. Wakeham	November 26, 1969	Dr. H. Wakeham (the head of Philip Morris Research) addressed the question, “Why does one begin to smoke?” “The 16 to 20-year old begins smoking for psychosocial reasons. The act of smoking is symbolic; it signifies adulthood, he smokes to enhance his image in the eyes of his peers. But the psychosocial motive is not enough to explain continued smoking. Some other motive force takes over to make smoking rewarding in its own right. Long after adolescent preoccupation with self-image has subsided, the cigaret [sic] will even preempt food in times of scarcity on the smoker’s priority list.” (at 3749)
	U.S. Ex. 21,460	2500002189-2207	The Cigarette Consumer	March 20, 1984	Lists four reasons why “People Begin Smoking:” “1. Peer pressure; 2. To rebel/assert independence; 3. To appear grown up; 4. To experiment.” (at 2203)
	U.S. Ex. 20,486	2049397333-7369	New Brand Opportunities in the Cigarette Industry	August 7, 1990	A report to Philip Morris from Gibbons, Voyer, & Associates, Inc., dated August 7, 1990, titled “New Brand Opportunities in the Cigarette Industry.” “Marlboro dominates the young adult smoker market
	U.S. Ex. 39,818	2063684341-4371	“Settled” Women’s Issues “A Qualitative Research Report”	July 1995	In 1995, Philip Morris commissioned a study of women’s issues as they related to marketing cigarettes. The research objective was to understand the lifestyle or attitudes that prompt switching from a “herd” to a “non-herd” brand. A herd brand is a youth-popular brand smoked by all members of a particular peer group. Comments by focus group members included: “It used to be that everyone smoked Marlboro Lights, so you smoked them too.” “When I smoked Marlboro Lights, I was someone who liked to fit in with the crowd. I was more into having fun and being cool.” (at 4360)