

PROMOTION STRATEGIES OF ELECTRONIC NICOTINE DELIVERY SYSTEMS: AN OVERVIEW

Milen Filipov¹, Dinka Zlateva²

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Abstract

Smoking e-cigarettes has increased exponentially in the last several years in smokers' search for a healthier alternative to conventional cigarettes. An explanation for it can be found in the global legal restrictions on promoting tobacco products, including Electronic nicotine delivery systems (ENDS). The research overviews scientific literature on how the major ENDS players promote their products. It also sheds light on the most common under-the-radar strategies producers and distributors implement to avoid legal restrictions and achieve higher consumption.

The findings of the research show that ENDS producers and distributors actively use Word-of-Mouth (WoM) and surrogate advertising. Thus, the many bonus programs offered to ENDS smokers prompt the audience's positive WoM. As a result, the consumers of ENDS are more predisposed to share their opinion on their positive experiences. Social media celebrities are also actively used to create an image of ENDS as stylish, modern and high-tech than conventional cigarettes. This perception is facilitated by social media promotion of ENDS products as a part of a modern lifestyle also positively impacts electronic smoking. ENDS still enjoy the comfort of not depicting repulsive images of the harmful effects of smoking on their ENDS products.

Keywords: *electronic nicotine delivery system; surrogate advertisement; word-of-mouth*
JEL Codes: *M31, M37*

Introduction

Consumption of tobacco products (cigarettes, cigars, tobacco, vapes, and e-cigarettes) is the main reason for developing cancer and other life-threatening diseases (Notley et al., 2019). Unfortunately, proactive public awareness initiatives fail to limit tobacco product consumption globally. For example, tobacco products, which fall in the category of goods posing a threat to human health, are restricted by local or international regulations. They aim to minimize the negative health impact on active and passive

¹ PhD, Associate professor, KIMEP University, Kazakhstan, mfilipov@kimep.kz, ORCID 0000-0002-1230-1930

² PhD, Associate professor, South-West University "Neofit Rilski", Bulgaria, didi210@swu.bg, ORCID 0000-0003-2227-7871

consumers. Therefore, one of the ways to limit tobacco product consumption is by restricting the direct advertising of such products. However, producers and distributors utilize aversive integrated marketing communications campaigns to avoid legal restrictions and to change attitudes, particularly toward *electronic nicotine delivery systems* (ENDS). Therefore, overviewing the most commonly employed strategies in promoting ENDS could help legislators and policymakers close more communication nooks for promoting a “healthier” alternative to conventional tobacco products.

Electronic nicotine delivery systems (ENDS)

Electronic nicotine delivery systems (ENDS) were introduced on the market in 2007 (Padon, Lochbuehler, Maloney, & Cappella, 2018; Stroup & Branstetter, 2018). Collins, Glasser, Abudayyeh, and Pearson (2019) found that by 2014, the annual e-cigarette ROI had reached more than 2 billion USD in the US alone. They also accounted for the increased consumer interest in ENDS due to intensive advertising internationally.

ENDS producers’ marketing strategies focusing on its relative convenience result in the number of smokers who decide to substitute conventional smoking with electronic devices increasing yearly. Dave, Dench, Grossman, and Kenke (2019) claimed that aggressive advertising attracted non-smokers to start smoking ENDS. These products were initially designed as a cigarette substitutes, which was explicitly highlighted in design campaigns. In addition, the advertisers paid explicit attention to promoting the health benefit of ENDS relative to conventional cigarettes.

Such advertising methods resulted in the perceived health benefit from the smokers’ side. In other words, the consumers of conventional cigarettes started to perceive the product as an adequate cigarette replacement (Villanti et al., 2016). Therefore, the companies’ most popular advertising techniques utilized were similar to promotional tools of conventional cigarettes: product placement, celebrity endorsement and emotional appeals. In addition, more lenient legal regulations on advertising the product made ENDS accessible to a larger audience (van der Tempel, 2016). As a result, it became increasingly popular among youth, who got most exposed to bright advertisements initiated by product producers.

IQOS

The biggest international producer of ENDS devices is Altria Group Inc. Following the introduction of ENDS as an alternative to cigarettes in the last decade, Altria Group entered the top rating of the Silicon Valley companies with an accumulated budget of over 38 billion USD. This achievement indicated the popularity of ENDS and the high

effectiveness of the company's marketing campaigns. Currently, the company is responsible for producing and distributing IQOS and JUUL ENDS systems.

IQOS is one subtype of ENDS that Philip Morris International Inc. (PM) developed, an affiliated branch of Altria Group Inc. Originally, the company focused on producing conventional cigarettes. However, following the wave of strict anti-tobacco restrictions and the increasing popularity of ENDS, the company established its product for e-smoking back in 2014. As a result, PM selected IQOS as the name for their ENDS product as a core marketing strategy. It stands for — I quit ordinary smoking (Jackler et al., 2020). It can be inferred from the title that the word *ordinary* is expected to prompt an emotional and psychological response to the product as a unique and distinctive solution to conventional cigarettes.

Therefore, the IQOS device is presented as a unique small piece of equipment which uses a particular tobacco heating system. In general, the device utilized the technical principles of any other ENDS, but the distinctive feature of IQOS is substituting the liquid substance with special sticks. These sticks are given the form of a conventional cigarette with a slightly shorter length. The form of the sticks is also expected to target past smokers and create associations with smoking conventional cigarettes.

In the first stages, PM's marketing campaign for IQOS targeted smokers of conventional cigarettes. The marketers carefully chose the frames of reference for the product. IQOS was associated with an *alternative*, *switch*, and *quit* conventional cigarettes (Jackler et al., 2020). The word choice implied IQOS was a means to give up on conventional cigarettes in the long run. Additionally, the key messages compared IQOS to conventional cigarettes. For instance, they state that "IQOS is a healthier alternative to conventional cigarettes" because "Heat Control technology, which heats the tobacco to 350°C, prevents the substance from burning like in the case of cigarettes" (IQOS official website, 2020 para 4). So, in general, the marketing positioning of IQOS is developed to sustain an image of the brand that is more 'luxury' than vaping and healthier than smoking conventional cigarettes.

JUUL

JUUL is the second big player in the ENDS market. It is also a product of Altria Group Inc., unlike IQOS; this device requires a smoker to purchase a particular nicotine-containing liquid rather than a stick. The largest customer share among JUUL smokers includes American teenagers and youth (Jackler et al., 2019). The official positioning of the company is similar to the one of IQOS. The design and public image of the brand were based on the principle of the Apple Company. As a result, numerous media publications

labelled the product “iPhone for e-cigarettes” (Jackler et al., 2019, p.2). In addition, similar to IQOS, the main message that the advertisers deliver of the product is that JUUL is the satisfying alternative to cigarettes or the evolved version of smoking.

One of the most distinctive features of JUUL marketing is that it did not utilize any paid traditional means of advertisement for the first half a year of product distribution. On the other hand, the tactic distributors of JUUL products utilized a hashtag marketing strategy. This strategy was relatively new and was directly related to the increasing popularity of social networks. The strategy raises the popularity and sales of a product by creating a product-specific hashtag on a chosen social media platform. In most cases, the distributors choose Instagram as the platform for spreading the product. The peculiarity of this strategy is that apart from increasing the number of passive viewers who witness the product, this technique creates the so-called imaginary community around the device.

Interestingly, the research by Stanford University Team indicated that even after the company stopped spreading product awareness through Instagram, Juul hashtag publications continued to increase (Jackler, Ramamurthi & Louis-Ferdinand, 2019). In this sense, the product was spread and advertised by the representatives of the company and the users themselves. This tool was used such that the potential customers started to perceive the product as part of a bright modern lifestyle. In addition, the promotion took place through social media celebrities and the organization of promotional youth-oriented events.

GLO

GLO is the third big player in the ENDS market produced by British American Tobacco (BAT). The device heats tobacco neo-sticks, similar to IQOS. As with other ENDS products, GLO is compared with conventional cigarettes. However, the image of GLO BAT projects is a better alternative to cigarettes by comparing the heating points of GLO neo-sticks as opposed to conventional cigarettes. Moreover, unlike IQOS, GLO does not strive to be associated with luxury. Interestingly, even though the device has relatively better functional features (lower heating point than IQOS and a longer battery charge) than IQOS and JUUL, the company’s sales still need to grow.

Common promotional strategies of ENDS

Product placement

The strategy utilized by most producers and distributors of tobacco-containing products is product placement (Eagle & Dahl, 2018). This technique is based on implicit and non-open marketing (Eagle & Dahl, 2018). The main idea behind this advertising

strategy is to get the audience familiar with the product without explicit and open advertising (Eagle & Dahl, 2018). It can usually be achieved via product placement, i.e., the depiction of a particular product in films and movies (Chan, Lowe & Petrovici, 2017). The nature of promotion via this marketing strategy implies that it is usually used by the ‘legally bounded’ goods such as tobacco and alcohol (Raj, 2011).

For instance, despite a widespread international ban on smoking promotion on TV and radio channels, smoking is widely depicted in popular TV series and films. Such images can create an interest in smoking among non-users and prevent current smokers from quitting the habit (Griffin & Murphy, 2017). Furthermore, in movies, smoking also exemplifies freedom, ruggedness, relief, romance and others (Charlesworth & Glantz, 2005).

Surrogate advertisement

Surrogate advertising is another strategy which the producers and distributors of cigarettes often use is surrogate advertising. Similar to product placement, this technique is aimed at implicit and indirect advertising of a product. Sharma and Chander (2007) comment that the main idea of a surrogate advertisement is to find the legal measures to depict the product in locations of substantial public gatherings. They suggest the most important thing is to present the brand name, product and slogan. It means that, unlike direct advertising, surrogate advertising does not direct the audience’s attention to the product’s benefits. It is rather publicly present at important public or corporate occasions. For instance, in India, tobacco-selling companies always engage in charity events, international holiday celebrations, sports competitions and fashion shows through sponsorship (Singh, 2015). It is due to the legal restrictions to direct and explicit advertising of harmful health products — tobacco products.

Word-of-Mouth (WoM)

People are social by nature. It means that daily interaction with the close circle of friends, acquaintances, colleagues and relatives significantly impacts human behaviour and the perception of norms. Word-of-Mouth (WoM) is a social phenomenon that allows the exchange and sharing of individual experiences regarding a particular product and service. In other words, WoM should be regarded as “informal advice passed between consumers” (East, Uncles, Romaniuk & Lomax, 2016, p. 54). In the past, the WoM power was limited to a relatively close circle of people, including family members and friends. However, with the development of technologies, consumers can share their experiences online with a much larger audience. As a result, WoM seriously impacts the perceived quality of any brand.

Therefore, it can strongly influence consumers' purchasing decisions. It increases brand recognition, shapes brand image, and creates positive or negative attitudes. Therefore, WoM is an essential tool in brand promotion and retention of a brand image (East, Romaniuk, Chawdhary & Uncles, 2017). Unfortunately, individuals are more influenced by negative word-of-mouth rather than positive word-of-mouth. Negative word-of-mouth has twice the more significant effect on consumer perception of a brand (East et al., 2017). It is vital to consider that the impact of WoM is also directly related to the power of expression (East, Hammond & Lomax, 2008).

Conclusion

Legal regulations and restrictions force producers and distributors to implement under-the-radar strategies for promoting tobacco products, including ENDS. For example, ENDS producers and distributors actively use WoM and surrogate advertising. Thus, the many bonus programs offered to ENDS smokers prompt the audience's positive WoM. As a result, the consumers of ENDS are more predisposed to share their opinion on their positive experiences. Social media celebrities are also actively used to create an image of ENDS as stylish, modern and high-tech than conventional cigarettes. This perception is facilitated by social media promotion of ENDS products as a part of a modern lifestyle also positively impacts electronic smoking. Nevertheless, ENDS still enjoys the comfort of not depicting repulsive images of the adverse effects of smoking on their ENDS products.

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