

How Philip Morris Uses U.S. Grands Prix for Promotion and Lobbying

Case Study

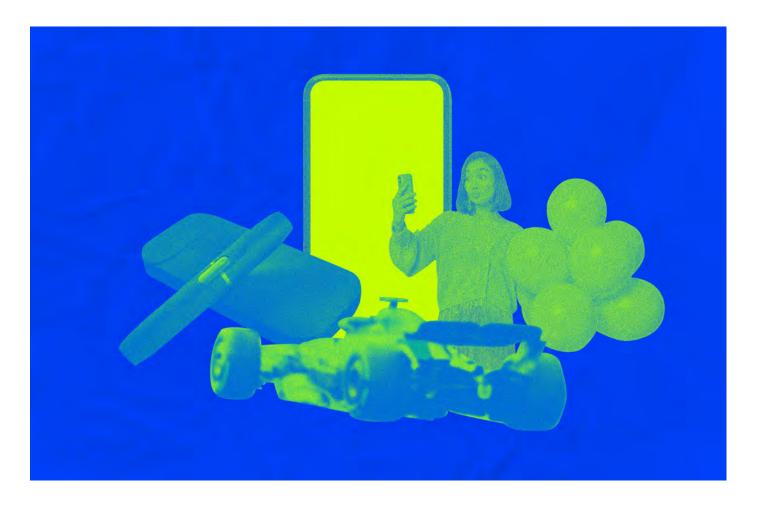
This case study has been updated since its original inclusion in "<u>Driving Addiction: A Race</u> for Future Generations"

Philip Morris International (PMI) says it's working toward a "smoke-free future," but the company appears to be in no hurry to give up its highly profitable cigarette business.

More likely, it wants to sell its risky heated tobacco product, IQOS, in one of the largest markets in the world. Because PMI does not sell cigarettes in the United States, it can market IQOS there without the risk of eating into its own sales. PMI reportedly plans to launch the product in the U.S. in Austin, Texas, home to the Circuit of the Americas and Formula One's United States Grand Prix. F1's governing body said 25 years ago it would end tobacco advertising in the sport, yet PMI and British American Tobacco (BAT) are <u>spending an estimated</u> <u>\$40 million</u> to reach F1's audiences in 2024. PMI has a long history in the sport and sponsors the popular Scuderia Ferrari team, led by Charles Leclerc, one of the world's top drivers.

For at least the past five years, PMI has used the United States Grand Prix to promote the company's narratives and products, and make inroads with influential people.

- In 2019, <u>the company invited</u> a Texas Lifestyle Magazine journalist to its Mission Winnow-branded hospitality area and received glowing coverage in the publication. The magazine reported, "With a focus on science, technology and innovation for the future, Scuderia Ferrari and Mission Winnow's collaboration is a marriage made in Formula One (F1) heaven."
- In 2022, to coincide with the race weekend, <u>PMI</u> <u>hired rock band KISS</u> to play a secret concert for 100 guests in Austin. Guests included a local reality TV star.



- Last year, around 100 executives from the retail and convenience store industry, which sells the company's
 nicotine products in the U.S., were invited to the race by PMIConnects, the tobacco company's thoughtleadership and networking platform.
- In 2024, the company was <u>reported</u> to have held events in Austin over the race weekend, encouraging people to join a waitlist to try IQOS when it launches.

F1 sponsorship part of a strategy to reach a wide audience

PMI <u>claims IQOS is a cessation device</u> for adult smokers, pushing this messaging in ad campaigns and op-eds around the world. <u>But a report from the Campaign for Tobacco-Free Kids</u> shows PMI and BAT have flooded social media with misleading ads, reaching more than 150 million people under the age of 25. Both companies say they're shifting to "smoke-free" alternatives, while collectively selling almost 1.2 trillion cigarettes a year.

<u>Leaked documents</u> from PMI's Japan subsidiary reveal a marketing plan aimed at attracting a customer base extending far beyond adults looking to give up cigarettes. The documents outline a multi-pronged plan to manufacture broad government and societal support for IQOS as a "harm-reduction" device.

The leaked plan includes tactics for appealing to the public while wooing politicians and medical providers and establishing a presence at the Tokyo Olympics. Philip Morris Japan also covertly funded research related to smoking cessation while obscuring its involvement.

Such marketing continues through Formula One. Scuderia Ferrari may have long ago dropped PMI's Marlboro branding from its cars, but PMI is still making use of its sponsorship to develop influence. As IQOS is set to soon enter the market in Austin and other U.S. cities, expect the cigarette giant to continue using the sport to fast track the next generation of addiction.