

Big Tobacco Serves the “Butt End” to the National Restaurant Association

October 2003

“The Accommodation Program serves as link between PM [Philip Morris] and the hospitality industry. Our [Philip Morris] ability to interact effectively with the hospitality industry is critical to our ultimate objective, which is to maintain the ability for our customers to enjoy our products in public venues such as restaurants, hotels, bowling centers, and shopping malls. This relationship becomes even more important as legislative threats continue to mount at local, state, and federal levels.... In this effort, the hospitality industry is our greatest potential ally.... Therefore, it is critical to the outcome of the debate that the industry carries the flag.... We [Philip Morris] need to tap into this sentiment to make our issue one that the industry is focused on and considers worth fighting for. Getting on the inside of the industry is not easy for us, given that for the most part, we do not have a business relationship. For the most part, they are not our customers or our suppliers. Unlike our sister companies, we do not, by nature, have any regular contact with the industry.”

(Philip Morris, Bates No. 2045517337-7338)

Since the 1970's, tobacco companies have worked persistently to influence the policy positions of key hospitality trade associations for the purpose of using these third parties as front groups to undermine smokefree policies. Even though all scientifically sound economic studies show smokefree air is good for business, tobacco industry strategists were successful in buying off the National Restaurant Association (NRA) and convincing this group to support Big Tobacco's goal of maintaining the social acceptability of smoking in ways that harm other people.

BIG TOBACCO NEEDS A FRONT

- ❖ After numerous campaigns failed to improve the tobacco industry's public image and credibility, the Tobacco Institute concluded that a more effective strategy would be to work through third party front groups and allies. In 1981, the Tobacco Institute strategized, *“In the review we noted: ... No drop in public sentiment for government intervention despite some \$10 million spent in the initiative campaigns.... No improvement in the weight of smoking-health research despite some \$100 million spent in research support.... An insufficient return on your investment in trade organizations.... Increasing public belief in harm and discomfort from cigarette smoke.”* (Horace R. Kornegay & Samuel D. Chilcote, Jr., The Tobacco Institute, Bates No. CORTI0003963-3970)
- ❖ The Tobacco Institute's new campaign, in 1981, was entitled, “New Directions” and stated, *“our goal in that [New Directions/ accommodation] effort is to change public opinion and reduce public pressure.... After the 1978 vote, 71 percent of all voters still favored public smoking restrictions. After the 1980 vote, 75 percent did, a significant four-point loss for us.... We've got to take some actions, then communicate them to the proper, targeted audience, and then measure the results to assure a return on the effort.... We have to strengthen coalitions and alliances. Our industry should expand efforts with its potential allies and supporters to identify the many ways in which we can be mutually supportive without sacrifice to our own priority objectives.”* (Horace R. Kornegay, The Tobacco Institute, Bates No. CORTI0004959-4968)
- ❖ In 1993, Sparber and Associates, Inc. recommended that the Tobacco Institute portray restaurant workers as public health problems rather than victims: *“Since restaurant workers are largely incapable of speaking out for themselves, we believe the only way that the ‘restaurant workers as*

victims of ETS [environmental tobacco smoke]' issue can grow is if the anti-smokers can generate sympathy for them.... The best way of countering the antis, is to encourage third parties to increase public awareness of the public health threat posed by restaurant workers. It may be hard to generate public concern over restaurant worker exposure to ETS, when the public is more concerned about contracting rare, Central American strains of tuberculosis from restaurant workers.” (Joanna Hamilton & Peter Sparber, Sparber and Associates, Inc., The Tobacco Institute, Bates No. T101621160-1167)

FAULTY SCIENCE THROUGH THIRD PARTIES

- ❖ In 1981, the Tobacco Institute decided, *“We can do cooperative studies with the National Restaurant Association and the National Licensed Beverage Association on ventilation in restaurants in bars. We can be prepared to cooperate in funding such studies and publicize programs which may ensue. We should meet such organizations immediately.”* (Horace R. Kornegay, The Tobacco Institute, Bates No. CORTI0004959-4968) *“Assign our Communications Division to a pilot project with the National Restaurant Association --- as a starting place leading to other groups – both to quantify and qualify patron sensitivities to environmental cigarette smoke.”* (Horace R. Kornegay & Samuel D. Chilcote, Jr., The Tobacco Institute, Bates No. CORTI0003963-3970)
- ❖ In 1993, Sparber and Associates, Inc. recommended that The Tobacco Institute employ *“sample tactics”* by acting *“Through third parties, raise food safety/restaurant employee issue – legislatively and otherwise – in cities likely to consider smoking bans in restaurants.... our [Tobacco Institute] first priority should be to discourage restaurant associations from ‘going south’ on tobacco.... Our second priority should be to increase the importance of smoking bans among all issues faced by restaurants. If that can be done, association staff will be eager to understand the best ways of opposing legislation.... Produce a Los Angeles ‘case study’ to document losses of restaurants there.... Portray restaurant smoking bans as hitting the ‘little guy’ by focusing the issue on down-scale restaurants.”* (Joanna Hamilton & Peter Sparber, Sparber and Associates, Inc., The Tobacco Institute, Bates No. T10162-165)
- ❖ Philip Morris in-house documents summarize a meeting between the National Restaurant Association and the tobacco company in 2001: *“They [NRA] recognize the need to have their own economic impact studies on smoking bans, the last one they did internally was in 1994. While other 3rd party studies have been helpful, they feel a study from the NRA will have more credibility than the others out there. I think it would be beneficial to us and to them if we provide insights on how they can conduct such a study based on feedback we have gotten from Marlow.... NRA feels that such a national study could then be converted for regional use with the state associations.”* (Frank Geovannello, Philip Morris, Bates No. 2708208238)

TARGET: NATIONAL RESTAURANT ASSOCIATION

- ❖ The National Restaurant Association is aware that there is no safe level of exposure to secondhand smoke. The NRA board highlighted the following points from the 1993 Environmental Protection Agency report and distributed it amongst its members in February of 1993: *“The Board of Directors of the National Restaurant Association voted to inform its members of several new factors that should be taken into consideration when reviewing smoking policies in foodservice establishments.... The US Environmental Protection Agency issued a report ... which links environmental tobacco smoke (ETS), more commonly known as ‘secondhand smoke’ with cancer and respiratory illnesses. The report identifies ETS as a Class A carcinogen.”* (National Restaurant Association, www.tobaccoscsm.ucsf.edu/img/3.3a-NRAMem.jpg)

- ❖ In 1993, Burson-Marsteller proposed that Philip Morris spend between \$100,000 and \$225,000 to romance the National Restaurant Association and its affiliates at the National Restaurant Association's Restaurant Hotel-Motel Show. To promote attendance and interest in Philip Morris's "Accommodation Plan," internal documents stated the event was to be *"very 'VIP' in nature.... This alternative would consist of an evening event, with enough draw to entice people away from any other evening activity, enough entertainment value to make everyone who wasn't invited green with envy and enough soft-sell to provoke very warm feelings about The Philip Morris Companies and The Accommodation Program."* (Burson-Marsteller, Bates No. 2072149357-9361)
- ❖ In 1994, Burson-Marsteller, the public relations firm for Philip Morris, recommended that Philip Morris's "Accommodation Program" allocate \$485,000 to \$625,000 for attending and sponsoring hospitality industry trade shows and conferences for the upcoming year. The National Restaurant Association is included on Burson-Marsteller's list of recommended conferences for Philip Morris to actively participate in. The firm explained, *"Trade show attendance is part of 1995 recommendations because it allows The Accommodation Program to reach several key objectives:... attendance allows the program [Accommodation Program] to support its coalition partners and advance relationships with them.... enables the program to build relationships with associations where they do not currently exist.... These vehicles can be used as a way to mobilize the [hospitality] industry against specific smoking restrictions. Information about proposed legislation can be distributed, petitions can be signed and individuals can be identified to write letters and/or testify."* (Burson-Marsteller, Philip Morris, Bates No. 2045517905)
- ❖ Philip Morris internal documents help reveal the company's strategies for influencing the hospitality industry in 1995: *"We need to build a strong and relevant partnership with the hospitality industry.... This requires that we are able to pursue every opportunity to promote common ground and vested interest. And that we are able to invest in supporting the industry. Sponsorship opportunities allow us to get on the agenda, build critical relationships and make our issue a priority where it otherwise might not be one."* (Philip Morris, Bates No. 2045517339)
- ❖ In 1996, R.J. Reynolds listed its goals for the National Restaurant Association in an internal memo: *"Expand hospitality industry coalition building efforts with emphasis on National Restaurant Association (NRA).... Specific goal is to gain additional support on issues related to the accommodation of smokers and non-smokers.... Participate in major conventions, conferences, meetings, etc., of NRA – includes distribution of information on peaceful coexistence program and sponsorship of events which give RJR recognition as a significant corporate supporter.... Host meeting in Winston-Salem for NRA vice president Biff Naylor, who will become president of this leading hospitality industry organization in May of 1996.... Maintain continuing contact with NRA leadership by regular distribution of information that keeps officers/board members up to date on issues of mutual importance. Host a forum/seminar for key NRA state executives who have influence in NRA policy making."* (John Singleton, R. J. Reynolds, Bates No. 522904788)
- ❖ A 2000 Philip Morris "Options" Media Plan for the National Restaurant Association Convention read, *"Therefore, as Philip Morris prepares to launch its new Options initiative, it is important to continue to build on 1999 efforts and lay groundwork with the trade media to demonstrate that the hospitality industry is behind the principle of accommodation.... We want to demonstrate that the industry is making itself heard on the issue of accommodation. Delivering a strong message from the hospitality leadership to the trades through a series of editorial boards with hospitality.... Provide key messages/train spokesmen/women.... Industry leadership who could deliver the options message: ... Steve Grover [of the NRA]."* (Philip Morris, Bates No. 2085579948)

MONEY TRAILS

- ❖ In 1999, Philip Morris organized and funded the Hospitality Coalition on Indoor Air Quality (HCIAQ), a front group to carry its ventilation message. HCIAQ is comprised of representatives of tobacco industry-allied organizations in the hospitality and ventilation fields, including the National Restaurant Association. Internal documents from 1999 show the tobacco giant used Black, Kelley, Scruggs and Healey, a Washington, D.C. based public affairs subsidiary of its public relations firm Burson-Marsteller, to organize and recruit members for the HCIAQ. Philip Morris gave the coalition at least \$250,000 in seed money, internal documents show. (Elizabeth Culley, Philip Morris, Bates No. 2072395494)
- ❖ The National Restaurant Association has received hundreds of thousands of dollars from the tobacco industry. A Philip Morris memo regarding a grant request from the NRA said, ***“In 2000 and 2001, we [Philip Morris] provided a \$50.0M and \$62.0M dollar grant to the NRA respectively. In 2002, the NRA has submitted a proposal totaling \$200.0M.”*** (Philip Morris, Bates No. 2085688823) ***“Please have a check made to the National Restaurant Association.... Total [of] \$200,000.00.”*** (Frank Geovannello, Philip Morris, Bates No. 2085688826)
- ❖ In 2001, Philip Morris proposed funding \$350,000* worth of promotion ideas for its “Options” Program to the National Restaurant Association and its hospitality associates, as well as spending up to \$40,000 on a ventilation system door-prize** at the 2001 National Restaurant Association Show. Some of Philip Morris’s ideas included, ***“retaining a consulting engineering firm to assist the NRA staff with ... development of regular IAQ/ ventilation articles.... [It]Might be more fruitful to give them access to Chelsea Group ... [and] Establish an Annual NRA Hospitality Ventilation/ IAQ Conference. The focus would be on best IAQ and ventilation practices and support other industry regulatory and legislative initiatives.”*** (Philip Morris, Bates No. 2085688728) ***“I [sic] should suggest that a direct tie –in to Options would be for us to have a drawing for someone to win a ‘free’ ventilation system. Cap[sic] it at \$40,000 or something.”***(Elizabeth Culley, Philip Morris, Bates No. 2080405497**)

[FS-19]

W:\FILES\MATERIAL\FACTSHTS\NRA.doc