Thailand—lighting up a dark market: British American tobacco, sports sponsorship and the circumvention of legislation

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Objective: To examine how British American Tobacco (BAT) used sports sponsorship to circumvent restrictions on tobacco promotion in Thailand, both a key emerging market and a world leader in tobacco control.

Method: Analysis of previously confidential BAT company documents.

Results: Since its inception in 1987, BAT’s sports sponsorship programme in Thailand has been politically sensitive and legally ambiguous. Given Thailand’s ban on imported cigarettes, early events provided promotional support to smuggled brands. BAT’s funding of local badminton, snooker, football and cricket tournaments generated substantial media coverage for its brands. After the General Agreement on Trade and Tariffs decision that obliged Thailand to open its tobacco market to imports, Thailand’s 1992 tobacco control legislation established one of the world’s most restrictive marketing environments. BAT’s sponsorship strategy shifted to rallying and motorbike racing, using broadcasts of regional competitions to undermine national regulations. BAT sought to dominate individual sports and to shape media coverage to maximise brand awareness. An adversarial approach was adopted, testing the limits of legality and requiring active enforcement to secure compliance with legislation.

Conclusions: The documents show the opportunities offered by sports sponsorship to tobacco companies amid increasing advertising restrictions. Before the 1992 tobacco control legislation, sponsored events in Thailand promoted international brands by combining global and local imagery. The subsequent strategy of ‘regionalisation as defensibility’ reflected the capacity of international sport to transcend domestic restrictions. These transnational effects may be effectively dealt with via the Framework Convention on Tobacco Control, but will require the negotiation of a specific protocol.

From a global health perspective, Thailand represents a critical case study for the future progress of tobacco control. Thailand was targeted by transnational tobacco corporations (TTCs) as a potential growth market, leading to pressure from the United States Trade Representative that resulted in its longstanding ban on cigarette imports being overturned in 1990. The country assumed broader significance to TTCs after the 1992 enactment of tobacco control legislation that is among the world’s strongest legislations. A principal component of the legislative package was a comprehensive ban on advertising, which made Thailand one of the world’s “dark markets” — a British American Tobacco (BAT) euphemism for restricted advertising environments, which company personnel have also applied to Canada and Australia. Fearing Thailand’s emergence as a regional model of tobacco control, TTCs have undertaken diverse measures to undermine such legislation, within which an extensive sponsorship programme has been particularly noteworthy. Sponsorship builds and communicates an association between an event and the sponsoring brand or company. It is a “long term communication discipline which builds brand awareness and image driven … primarily through media coverage and electronic transmission”, that assumes a critical role in the context of advertising restrictions.

Described as “today’s leading vector for the spread of lung cancer”, tobacco sponsorship has encompassed popular music concerts, opera, firework displays, fashion shows and jazz, film and comedy festivals. As with other manufacturers, however, the tobacco industry’s most important sponsorship relationship has been with sport. This serves to links cigarettes with athleticism, competition and excitement, while providing visible association with role models. Although such ostensibly male attributes might suggest that sports sponsorships have primarily been targeted at men, they have also been shown to raise brand awareness among children of both sexes and create invaluable lobbying opportunities. The enduring association with motor sports has been particularly valuable, circumventing media advertising bans via prominent “branding” (the identification of a product through use of names or symbols), and raising the profile of TTCs among the youth and in developing countries.

Although Thailand’s legislative achievements and success in obtaining comparatively low smoking prevalence rates in regional terms (estimated at 39.3% for men and 2.4% for women in 2001) have been rightly lauded, there is substantial cause for concern. Tobacco-attributable disease remains a crucial health problem that causes approximately 42 000 deaths in Thailand each year. Cigarette sales in Thailand rose by 11% from 0.6% in 1991 to 3.3% in 1995 to 15.4% in 1999, with market analysts recently predicting average year-on-year growth of almost 6%. The continuing expansion of foreign cigarette sales is central to such predicted growth, building on a rising market share from 0.6% in 1991 to 3.3% in 1995 to 15.4% in 1999, with recent industry estimates of 17% and 20%. Given the contribution of aggressive advertising and promotion to increased cigarette consumption in markets after liberalisation, it is particularly important to examine the capacity of

Abbreviations: BAT, British American Tobacco; FCTC, Framework Convention on Tobacco Control; STI, Subaru Tecnica International; SWRT, Subaru World Rally Team; TPCA, Tobacco Products Control Act; TTCs, transnational tobacco corporations.
tobacco companies to evade legislative efforts to eradicate marketing opportunities.

Using previously confidential corporate documents, this study focuses on BAT's sports sponsorship strategy in Thailand. It provides the first detailed account of the use of sports sponsorship by a TIC to undermine a near absolute prohibition on advertising in a key emerging market; highlights the role of regional events in exposing the limitations of national attempts to regulate transnational actors; and emphasises the need for collaboration via the World Health Organization's Framework Convention on Tobacco Control (FCTC).

METHODS

This paper is based on an analysis of corporate documents held in BAT's Guildford repository. Online document collections were also referred, notably the British American Tobacco Document Archive (www.bat.library.ucsf.edu). The provenance and value of tobacco industry documents have been described previously,44-47 as have problems specific to the Guildford depository.48,49 Relevant available documents are primarily correspondence between BAT's regional business unit, affiliates (notably BAT Thailand) and its UK headquarters; corporate records held within Thailand are not available to the public.

Document research for this paper followed an iterative search strategy; initial use of broad terms such as Thai*, advertising, marketing, promotion, sport* and sponsor*, brand names including 555, Lucky Strike and Marlboro, and relevant sports led to more specific searches including company personnel and Thai politicians and officials. Document analysis incorporated several validation techniques within a hermeneutic process,50 corroboration of interpretation between authors (RM and JC) being particularly noteworthy. Secondary research included reviews of scientific and grey literatures, and newspaper archives, while key informant interviews were held in Bangkok in September 2003 and May 2005.

RESULTS

Introducing tobacco sponsorship amid legal ambiguity and political sensitivity

TTCs initiated sports sponsorships when their products were not legally available in Thailand. Acknowledging that advertising and sponsorship were “in principle illegal”, British American Tobacco UK and Export communications manager Trevor Ivey noted in June 1987 that over the previous 18 months, marketing support for competitors’ brands had “started to become active despite the restrictions”.51 BAT had apparently refrained from such initiatives to avoid jeopardising joint venture negotiations with the Thailand Tobacco Monopoly, but Ivey contended that “the time has come to seriously re-evaluate our stance on activities within Thailand” and suggested identifying international events seeking sponsorship.52 BAT’s involvement in sports sponsorship in Thailand seemingly began in November 1987 with an Asia versus Europe badminton event in Bangkok. The event generated substantial television exposure for BAT’s State Express 555 brand, then “freely available on the black market”.53 Ivey described subsequent sponsorship of the 555 World Cup Badminton tournament in Bangkok in 1988 as having achieved “excellent media coverage” that went “some way to enhancing the brands [sic] image, not only in Thailand but in the Region generally”.54

New restrictions approved in April 198855 were viewed within the BAT as reflecting protectionist56 rather than public health objectives:

A smokescreen of health concerns is being used to justify pressure for a total ban on cigarette advertising. The real motive is to limit as far as possible imports’ market penetration.56

BATCo’s UK-based legal counsel Pamela Sassoon noted the prohibition on direct advertising on television and radio, but asserted that print advertisements would probably not attract censure. Sassoon suggested that sports sponsorship and associated advertising “could take place with no problems” using the brand name but not depicting the cigarette, subject to the proviso that “advertising for such sponsorship should be quickly torn down after the event.”57 Sassoon sent Ivey an April 1988 opinion from a Bangkok law firm regarding section 22 of Thailand’s 1979 Consumer Protection Act. This noted that although the Act did not “specifically refer to tobacco, it is broad and there are those who maintain that it applies to tobacco advertising”.58

The political environment surrounding tobacco promotions became increasingly heated as Thailand’s dispute with the United States Trade Representative heightened during 1989–90. Numerous infractions of the prohibition on promotion were recorded by the National Committee for the Control of Tobacco Use, including the continuation of billboard advertising and escalation of sport sponsorship.59 60 In response, the Thai government announced in February 1989 that tobacco products were covered by the Consumer Protection Act as they were detrimental to public health, and a ban on their promotion across all media was consequently issued.61

BAT nonetheless embarked on an ambitious sponsorship programme for 1989,62 with key events including a Benson & Hedges Cricket 6s tournament,63 the visit of Manchester United in a 555 Football Special64 65 and the 555 Asian Open international snooker tournament.66 The latter, for example, was notably successful in generating media exposure,67 thanks largely to the strong showing of Thailand’s James Wattana,68 69 whose route to the final was prominently accompanied in reports by the 555 logo.67 Bangkok-based promoter Brian Marcar handled BAT’s sponsorship of the tournament, claiming to have used his contacts to persuade officials that the BAT was “not directly advertising cigarettes but are [sic] more interested in promoting a world class sporting event in Thailand”.68 Marcar suggested that the political environment could be manipulated:

FYI, everything is possible in Thailand provide [sic] you know the right people and work within the system. Wish me luck and be prepared to grease a few wheels.69

The prospect of market opening and further health legislation combined to encourage both more caution in marketing within Thailand and a search for strategic alternatives. In September 1991, after an official reprimand to Suzuki Thailand for the televised image of a Lucky Strike branded jacket,70 Miningham of Brown & Williamson’s Asia law department cautioned against becoming “embroiled in this type of investigation at this stage in the market opening”.71

Regionalisation as defensibility

Although the Tobacco Products Control Act (TPCA) of March 1992 did not explicitly deal with sponsorship, its illegality appears implicit in the Act’s prohibition on “showing, mentioning, or referring to cigarette logos or products”.72 However, the Act exempted imported print media and, more noticeably, “live broadcasts from abroad, via radio or television”.73 This international exemption enabled BAT’s continuation of sports sponsorship in an increasingly regional strategy.
This centred on motorcycle racing and rallying, via Team Lucky Strike Suzuki and the 555 Subaru World Rally Team (SWRT), respectively.

This shift in strategy reflected the perceived value of association between the core attributes of motor sports and cigarette brands. Linking Lucky Strike with the Suzuki racing team, for example, established image-based similarity between motorcycle’s inherently adventurous imagery and the leading international brand of the BAT group’s US affiliate Brown & Williamson. Significantly, it could “help to cure BATCo’s weakness among YAUS” (young adult urban smokers): "A key criterion for BAT in selecting sponsorships was the potential for dominance or “ownership” of the sport, perceived as crucial to a prominent media presence. The value of the Subaru rally team in promoting 555 was enhanced by the absence of other tobacco companies from rallying in Asia; “555 involvement will not be seen as a ‘Me Also’, but will allow 555 to ‘own’ the sport, and to create grassroots enthusiasm within the region.”

Such dominance would assist efforts to shape media coverage. A 1994 update emphasised that “the objective at each rally is for 555 to ‘own’ rallying and be a credible source of generic information for all the journalists.” Klapecki believed that “(j)ournalists and publishers in Asia demand a finished product” and assembled material to provide branded reports through a 555 SWRT database, Updata. This library of facts and pictures also offered daily reports from drivers and the team manager, enabling BAT affiliates “to select information which is right for their market needs.”

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Klapecki’s workshop for BAT’s Asian affiliates in May 1994 included presentations on the diverse “level and intensity of government interference” in sponsorship activity, from Indonesia—the “lightest” to Thailand, described as “the darkest environment possible.” The workshop aimed at developing “a cohesive, working plan that will build cross-country strength and defensibility for the 555 SWRT … that will last throughout the changes forthcoming in our societies and work environments.”

In Thailand’s circumscribed marketing environment, increased brand awareness was to be achieved by building “incremental media exposure”. The monthly report for May 1994 claimed that “TLSS (Team Lucky Strike Suzuki) exploitation is a continuous [sic] success story” having registered “more than (US) $26 000 worth of column (inches) and a record $152 950 worth of air time” in addition to strong branding in live telecasts of local and international races.

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Klapecki also planned to influence the way in which races were broadcast. One drawback from motor sports for sponsors is that only successful teams receive consistent television coverage, cameras focusing predominantly on race leaders. In 1993, an ingeniously simple solution was advanced to redress this risk:

One of the problems of competing [sic] in any type of televised motorsport is that you have to be winning to get coverage. This problem is avoided by employing (therefore controlling) the film crew who concentrate coverage on the team cars, should they not win, the coverage is not affected.

Similarly, a branded monthly television motoring programme, “555 Performance World”, and a 25-min film focused on the team, “The 555 Subaru Story”, provided “an opportunity for alibi advertising in markets where there are restrictions on television.” The regional satellite station Star TV facilitated such circumvention, broadcasting 34.5 h of BAT-funded programming in Thailand during 1993.24 BAT Thailand’s Rajiv Goel also advanced a proposal that branded rally coverage could be shot independently for broadcast by Thai TV stations. His suggestion conveys how notably the TPCA constrained promotional options, and the scale of BAT’s commitment to its evasion:

I know this sounds desperate and very costly but given that this is a dark market and given the amount of exposure achieved last year, I’m willing to try anything once!25

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What is already known

- Transnational tobacco companies have become increasingly reliant on sponsorship given the global spread of advertising restrictions on direct advertising.
- Their most important sponsorship relationship has been with sport, which has served to link cigarettes with aspirational imagery and role models, targeted young people and created invaluable lobbying opportunities.

What this paper adds

- This paper provides the first detailed account of the strategic use of sports sponsorship to undermine a near absolute prohibition on tobacco advertising in a key emerging market.
- It presents a particularly dramatic account of a deliberately adversarial strategy of testing and exceeding the limits of legislation, and highlights the capacity of international sporting events to expose the intrinsic limitations of national regulation.
- It shows the inherent difficulties in attempts to regulate the conduct of transnational corporations and emphasises the need for collaborative measures via the World Health Organization’s Framework Convention on Tobacco Control.

A step forward at a time, get “slapped”, try “not to retreat”

The viability of BAT’s 555 SWRT sponsorship was maintained by a combative strategy of testing the limits of legality and requiring actively enforced compliance with them. Klapecki’s account of SWRT promotions in Thailand acknowledged that “everything to do with tobacco and sponsorship is illegal”. Yet an extensive accompanying list of promotional activities contrasted starkly with this recognition, and she described a strategy of deliberate, albeit cautious, transgression sporadically interrupted by enforcement: “The approach is ‘tentative’—a step forward at a time, get ‘slapped’, try not to ‘retreat’”. This adversarial approach was evident in plans for the 1994 Rally of Thailand. BAT Thailand’s September monthly review predicted “a serious clash with the organisers and other objects to the use of fully branded cars”. The anticipated conflict resulted in the removal of overt 555 branding, its replacement by Subaru’s crescent-based logo, but retention of the brand’s distinctive colour scheme. The November review for BAT’s Thai operations reported the outcome of the confrontation with general satisfaction:

The Rally of Thailand was held during the month and apart from the usual problems of importing cars it was a success. The SWRT cars were originally fully branded at the scrutineering stage but had to be replaced with the crescents during the actual race. Massive newspaper and magazine exposure was achieved but Thai TV restricted coverage.

Aggressive resistance to health legislation was embedded in BAT’s rally sponsorship extending to cover partner organisations. Prodrive, a UK-based sports promotion and marketing firm involved in the Subaru team, was expected to take as “firm a position as possible” in resisting pressure to downgrade branding for the 1994 Rally of Thailand. This is mirrored by the 1995 agreement between car manufacturers Subaru Tecnica International (STI) and Prodrive in a clause obliging STI to immediately notify the team’s principal sponsor, BAT, of any “valid or legal claim” of a breach of tobacco advertising regulation. The agreement prevented STI from independently rectifying the breach:

STI shall not settle or compromise any such claim without the prior written approval of the Principal Sponsor and shall provide all assistance as may be reasonably requested by the Principal Sponsor to defend or settle the claim.

Policy implications

- Sports sponsorships enable effective promotion of cigarette brands even though direct advertising is increasingly circumscribed.
- International sporting events are extremely difficult to regulate effectively, highlighting the gap between the cross-border characteristic of health risks and the national basis of regulation.
- WHO’s Framework Convention on Tobacco Control offers a unique opportunity to deal with the transnational effects of sports sponsorship.
- The Convention’s general measures, however, need to be supplemented by the rapid negotiation of a dedicated protocol containing binding obligations.

CONCLUSION

In dramatically illustrating the role of sports sponsorship in BAT’s strategy to undermine the TPCA, these documents offer particularly timely insights into its global relevance. This case study reaffirms the inherently adversarial nature of the relationship between health regulators and cigarette manufacturers. The deliberate and persistent rigour with which BAT tested the limits of legislation indicates the particular importance of careful drafting of tobacco regulation and highlights the necessity of detailed monitoring and strict enforcement. The persistence of this adversarial relationship is manifested by BAT (Thailand) recently collaborating with Philip Morris (Thailand), Japan Tobacco Incorporated and the Thailand Tobacco Monopoly in threatening to sue the Thai health ministry over its proposed ban on cigarette displays at the point of sale.

This account shows the multiple opportunities offered by sports sponsorship as direct advertising becomes circumscribed. From community events to the increasingly global travelling circus of Formula One races, sport provides a smorgasbord of possibilities from which TTCs have until recently been able to select according to commercial and political priorities. Before Thailand’s market opening and the passage of the TPCA, industry promotions combined global and local appeals, nearly bridging the East and West. Key events included Manchester United’s match against Thailand’s national team and Wattana’s appearance in the 555 Asian Open snooker tournament. Each linked 555 to high-level international sport, seeking to show the brand’s relevance to Thailand’s rapidly changing society. The subsequent shift to regional motor sports provided BAT with a crucial ray of promotional light undermining Thailand’s “dark” market, “regionalisation as defensibility” centred on the capacity of international sport to transcend domestic restrictions. In the specific context of tobacco, this capacity augments the broader strategic value of sports sponsorships for transnational corporations operating in a global economy.
This attribute, central to Formula One’s utility to TTCs, therefore highlights a fundamental limitation confronting health policy in an era of globalization—namely, the contrast between the pervasively transborder characteristic of contemporary health risks and the overwhelmingly national basis of regulation. Legislators have been understandably reluctant to seek to control events or publications outside their jurisdiction, but the failure to deal with the domestic consequences of such external forces has long proved an Achilles’ heel for tobacco control. The UK government jettisoned a major opportunity to deal with this disjuncture via the implementation of the European Union Directive banning international sponsorships. The wording of the legislation suggests that the prohibition would encompass events outside the European Union beamed back via television. Hence, tobacco companies, racing teams and broadcasters would be open to prosecution if images of Formula One cars bearing cigarette logos in countries permitting tobacco sponsorship were transmitted in the UK. Amid uncertainty regarding the approaching deadline the UK prime minister Tony Blair reportedly intervened to ensure that such broadcasts would be exempt, preserving Formula One’s global capacity to undermine tobacco control efforts.

A more promising context to deal with the transnational effects of sports sponsorship is provided by the FCTC. The acceleration of national regulation stimulated by the FCTC process, the treaty’s inclusion of language encouraging a prohibition on sponsorships, and its comparatively rapid and widespread ratification clearly constitute important steps forward. However, there remain pressing needs for both wider participation in the FCTC and, in particular, the negotiation of a more rigorous protocol on transnational tobacco advertising and promotion. Such progress is critical if the role of sports sponsorship as a primary vector of the tobacco pandemic is to be checked.

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Documents cited in this paper not currently available on existing websites will be posted on the Tobacco Control Research page on the London School of Hygiene and Tropical Medicine website http://www.lshtm.ac.uk/cgi/tobacco/index.html

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