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## Annex 16:

# Description of the Implementation of all Advertising and Marketing Plans

Product	Marlboro Amber <i>HeatSticks</i> Marlboro Green Menthol <i>HeatSticks</i> Marlboro Blue Menthol <i>HeatSticks</i> <i>IQOS</i> System Holder and Charger <i>IQOS</i> 3 System Holder and Charger
FDA STN	PM0000424-PM0000426, PM0000479 and PM0000634
Reporting Period	March 1, 2021 to February 28, 2022

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The Marketing Orders<sup>1</sup> require submission of an Annual Report with a summary of how the marketing of the tobacco products continues to be appropriate for the protection of public health, including “A description of the implementation of all advertising and marketing plans, including strategic creative briefs and paid media plans – whether conducted by you, on your behalf, or at your direction – by channel and by product, and the dollar amount(s) and flighting of such plans, by channel and by product...” This Annex provides such summary, including an overview of PM USA’s marketing approach during the Reporting Period, a list of the channels used during the Reporting Period and a brief description of each, and a summary of the effectiveness of PM USA’s responsibility controls.<sup>2</sup>

## 1. OVERVIEW OF MARKETING APPROACH

PM USA is focused on converting adult smokers age 21+ (AS 21+) to *IQOS*. Because the heated tobacco category and *IQOS* are unfamiliar to U.S. AS 21+, this effort requires education and guidance for AS 21+. Our fundamental marketing approach is consistent with the marketing approach of the last Reporting Period. Where there are changes, we have noted them below.

PM USA’s approach to marketing during the Reporting Period has been continuously guided by the Good Conversion Principles (GCP), which we originally submitted with a 30-Day Notification dated June 7, 2019. After receiving the MRTP Modified Risk Granted Order for *IQOS*, PM USA updated those GCPs and submitted the revisions as part of its August 14, 2020 30-Day Notification. The revised GCPs are set forth below for reference:

1. Our goal is for adult smokers 21+ to switch completely to *IQOS*.
2. *IQOS* is for adult smokers 21+ who want to continue enjoying tobacco products. *IQOS* is not for people who have never used tobacco products or who have quit using tobacco products.
3. We provide adult smokers 21+ with factual, scientific information, and we are committed to supporting them in their switch from cigarettes to *IQOS*.
4. *IQOS* should not be used by anyone under the legal age to purchase tobacco, and we age verify every adult smoker in our one-to-one consumer engagements.
5. To experience the benefits of *IQOS*, adult smokers 21+ should switch completely from cigarettes to *IQOS*.

<sup>1</sup> This Annex is responsive to the April 30, 2019 Marketing Order for PM0000424-PM0000426 and PM0000479, and the December 7, 2020 Marketing Granted Order for PM0000634. We refer to both orders collectively here as the “Marketing Orders”.

<sup>2</sup> We provided analyses of the actual delivery of advertising impressions by way of quarterly reports during the Reporting Period. See Periodic Reports for PM0000424-PM0000426, PM0000479 and PM0000634 dated July 30, 2021, October 29, 2021, January 28, 2022 and April 29, 2022.

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6. *IQOS* is not an alternative to quitting. The best choice for consumers concerned about the health risks of smoking is to quit altogether.

Considering the need to build awareness about a new category, educate AS21+ about the *IQOS* Tobacco Heating System, encourage switching, and establish responsible marketing practices, PM USA has continued to be deliberate in its market expansion during this Reporting Period. *IQOS* continued to be available in the Atlanta, Georgia, Richmond, Virginia, and Charlotte, North Carolina, markets, and expanded to the Northern Virginia market. In addition, *IQOS* became available state-wide in Virginia, North Carolina, South Carolina, and Georgia. Marketing and sales activities across all markets ended no later than November 29, 2021 due to the ITC ruling.<sup>3</sup> Until the onset of this ruling and its restrictions, *IQOS* has maintained a pace of expansion that allows us to maximize the potential of *IQOS*, while focusing on responsible marketing and effective conversion.

## 2. MARKETING CHANNELS USED DURING THE REPORTING PERIOD

During the Reporting Period, PM USA engaged with adult smokers through company-owned retail, email, direct mail, print advertisements, digital paid media, social media branded pages, point of sale at third-party retailers, brochures, guides, face-to-face interactions, and company-owned websites. Due to the ongoing COVID-19 pandemic, we did not conduct (b) (4) activities or consumer engagement events during this Reporting Period.

### 2.1. Company-Owned Retail

Investments in *IQOS* company-owned retail most clearly reflect PM USA's commitment to market to, educate, and support its intended audience using the GCPs. The entire experience is designed to educate and convert AS 21+, who would otherwise continue to smoke, to *IQOS*. PM USA owned and operated (b) boutique storefronts, (b) mobile retail units, (b) corner units, and (b) education vehicles during this Reporting Period, which we used at varying frequencies and rotated throughout all markets in which *IQOS* was present.<sup>4</sup>

<sup>3</sup> On September 29, 2021 the United States International Trade Commission (ITC) issued a Cease and Desist Order (CDO) that prohibited the importation, marketing sale and distribution of *IQOS* devices and Marlboro HeatSticks. Certain Tobacco Heating Articles and Components Thereof, 337-TA-1199 U.S. International Trade Commission (September 29, 2021).

<sup>4</sup> Boutiques are storefronts owned and operated by PM USA. Mobile retail units have a similar look and feel as boutiques but are smaller temporary retail units that can be moved as needed. A corner is an *IQOS* branded station that can be placed within an indirect retail store to educate AS21+ smokers about *IQOS*. An education vehicle is a trailer that can be placed outside of an agreed upon indirect retail location and used to communicate with AS 21+ to educate them on *IQOS* and offer guided trials.

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## 2.2. Email and Direct Mail

PM USA sends direct communications to age-verified AS 21+ who are on the PM USA Adult Tobacco Consumer Database (ATCD) and who have agreed to receive communications. We send current *IQOS* consumers transactional communications and information to assist in their conversion. Depending on the communication method options selected by adult smokers on the ATCD, they may receive email, direct mail, or both. In aggregate, these channels comprise “database marketing.” Some examples of the marketing content PM USA delivered using database marketing included introducing *IQOS* to adult smokers in the geographic launch areas, informing adult smokers how to reserve a device, and announcing the opening of a company-owned retail boutique. We primarily sent email and direct mail to individuals in the geographies where PM USA offers the *IQOS* Tobacco Heating System.

## 2.3. Print

Print advertising is restricted based on the readership of the given publication, but not restricted geographically, as it is not practical or efficient to do so. These age restrictions ensure primarily adult readership of a given publication. During the Reporting Period, PM USA’s print advertising spend was (b) (4).

## 2.4. Digital Paid Media

We initially targeted digital paid media advertising to geographic markets where *IQOS* was available and we later expanded it to include a national campaign. These national advertisements focus on educating adult smokers about the *IQOS* Tobacco Heating System and the FDA authorized reduced exposure claim. Digital advertising is restricted based on our ability to age- and identity-verify a given consumer by (b) (4).

. During the Reporting Period, PM USA’s digital paid media advertising spend was (b) (4).

(b) (4)

<sup>5</sup> (b) (4)

<sup>6</sup> (b) (4)

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## 2.5. Social Media

PM USA used Facebook and Instagram to drive product awareness and educate AS 21+. Since Facebook and Instagram have age restriction capabilities, PM USA posted product-branded content and set the age threshold to view the *IQOS* branded page and content to 21 years of age or older. PM USA used Twitter solely for customer support issues, such as device troubleshooting, since Twitter allows anonymous accounts which are not age and identity verified and, therefore, does not have an age restriction capability like that of Instagram or Facebook.

## 2.6. Brochures & Guides

Through brochures and guides, PM USA is able to offer multipage informational handouts that explain *IQOS* and the heated tobacco category, provide information about accessing customer support, and direct adult consumers to the *IQOS* website. These handouts are available to age-verified AS 21+ to create awareness of the *IQOS* Tobacco Heating System in *IQOS* stores and third-party retail locations where *HeatSticks* are sold.

## 2.7. Third-Party Retail Point of Sale

PM USA utilized multiple formats of advertising assets for Marlboro *HeatSticks* and the *IQOS* device placed at point of sale in third-party retail locations. This primarily included signage and kiosks.

In addition, PM USA partnered with third-party retailers to allow the sale of *IQOS* devices at select third-party retail locations. PM USA works proactively with retailers to ensure compliance with all laws, policies, and procedures intended to prevent underage sales of any tobacco product, including the *IQOS* device.

To provide additional product education and to support the sale of *IQOS* devices at third-party retail, PM USA utilized a variety of retail point-of-sale materials at staffed and unstaffed kiosks. Via these executions, PM USA was able to share educational information about Marlboro *HeatSticks* and the *IQOS* Device.

Per our agreements with third-party retailers, PM USA requires that *HeatSticks* be placed behind the counter and sold only to age-verified AS 21+. PM USA also requires that underage tobacco prevention materials be placed in a prominent location along with multiple We Card or equivalent signs, which must be displayed prominently so they are visible both inside of, and at the entry to, the store. In addition, all retail employees selling tobacco products including *HeatSticks* must complete underage sale prevention or We Card training.

PM USA continues to make investments in point-of-sale signage to inform AS 21+ about *IQOS* where they currently shop for combustible cigarettes. It is both an efficient and focused way to advertise to PM USA's intended audience.

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## 2.8. Face-to-Face Interactions

During the Reporting Period, PM USA engaged face-to-face with age verified AS 21+ about the *IQOS* Tobacco Heating System. This was accomplished through *IQOS* Experts, individuals trained to advocate for the switch to *IQOS* by educating AS 21+ at a variety of retail touchpoints. During the Reporting Period, there were (b) (4) engagements between Experts and age-verified AS 21+, resulting in (b) (4) guided trials. PM USA did not use (b) (4) nor, due to the ongoing COVID-19 pandemic, host any in-person events during the Reporting Period.

## 2.9. Company-Owned Websites

GetIQOS.com and Marlboro.com are the two company-owned websites utilized for advertising and marketing executions for *IQOS*. With the exception of registration details and a store locator on GetIQOS.com, third-party electronic age and identity verification is required for consumers to gain access to all marketing content and e-commerce information on both websites. If age and identity cannot be confirmed through this process, access to the full websites are denied.

Total page views on getIQOS.com during the Reporting Period were (b) (4). There were (b) (4) impressions on the landing page and store locator section of the site. We did not collect demographic information for those visitors, as they did not complete the age-verification process. There were (b) (4) page views or impressions from age-verified consumers age 21+ who continued through the electronic age verification process to view marketing content on GetIQOS.com. There were (b) (4) impressions on *IQOS* assets on Marlboro.com during the Reporting Period.

## 2.10. Earned Media

Although we placed no earned media during this Reporting Period, our approach to be responsive to media as needed has not changed since the last Reporting Period, or since we previously communicated to FDA.<sup>7</sup>

During the Reporting Period, PM USA did not contract with bloggers, social media influencers, PR firms, or any other type of advertiser not included in the above summary.

## 3. SUMMARY OF THE EFFECTIVENESS OF PM USA'S RESPONSIBILITY CONTROLS

As described in [Annexes 6, 7, 12, and 15](#) – responsibility and focus on our intended audience is a primary consideration for everything PM USA does with respect to marketing *IQOS*. We targeted implementation of all advertising and marketing plans for the *IQOS* Tobacco Heating

<sup>7</sup> 30 Day Notification dated October 15, 2019

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System during the Reporting Period to AS 21+ and restricted it to age-verified AS 21+ on company-owned and digital properties.

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