

Philip Morris International introduces new heat-not-burn product, IQOS, in South Korea

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Heat-not-burn tobacco products include electric devices that heat modified cigarettes to produce an aerosol for inhalation without causing combustion.^{1–3} In line with recent tobacco industry effort to diversify their product portfolio,⁴ various new heat-not-burn devices have been introduced since 2014 in selected markets such as the UK, Italy and Japan—including Philip Morris International (PMI)'s IQOS.^{1,5} Industry analysts predict that heat-not-burn products will absorb 30% of the US regular cigarette market by 2025.²

This manuscript describes PMI's marketing of IQOS in South Korea based on news monitoring and direct observation by the author during two visits to the flagship stores in Seoul (June 2017) and the purchase of an IQOS device from one store. While currently available in selected markets only, the tobacco industry is expanding the reach of heat-not-burn tobacco products: PMI submitted a Modified Risk Tobacco Product (MRTP) application to the US Food and Drug Administration (FDA) in December 2016⁶ and is planning to offer IQOS in 30+ countries within 2017.³ PMI started selling IQOS and the packs of modified cigarettes (called HEETSⁱⁱ) in two flagship stores in Seoul, Korea on 27 May 2017. On 5 June 2017, other retail outlets in Seoul including CU (Korea's largest convenience store chain⁷) and Electromart (an electronics specialty franchise⁸) started selling them. The device costs 120 000 Korean Won (KRW; approximately US\$105); a pack of 20 HEETS are priced at 4300 KRW, similar to regular cigarettes (4500 KRW/pack). As the manufacturer's warranty for IQOS in Korea covers up to 7300 HEETS (based on the number of recharges to the battery), assuming this is the minimum expected device life, the actual cost per pack considering the cost of the device is slightly more expensive than cigarettes (4628.8 KRW; 4565.9 KRW with device discount—see below). If the device lasts longer, the cost will further reduce.

Increased competition for heat-not-burn products is expected in Korea, as British American Tobacco launched their own competing

heat-not-burn device *Glo* in 13 August 2017⁹ and KT&G (the largest Korean tobacco company) is developing a similar product.¹⁰

MARKETED AS A SLEEK, HIGH-TECH PRODUCT DIFFERENT FROM REGULAR CIGARETTES

The IQOS flagship stores are located at prime city centres in northern (Gwanghwamun) and southern (Sinsa-dong) part of Seoul. The design of the stores and the way the products are displayed (see figure 1) give a clean and refined look and feel to IQOS. The packaging resembles that of high-end smartphones, where the device and parts are neatly placed on moulded plastic trays inside a glossy white box (figure 2). See online supplementary appendix for more pictures of the stores and marketing materials.

IQOS promotions in Korea encourage customers to register on myiqos.com in order to get a limited-time discount for their first device purchase (from 120 000 to 97 000 KRW) and extend the warranty from 6 to 12 months. Registration may establish a channel for continued outreach to customers, and it may also be

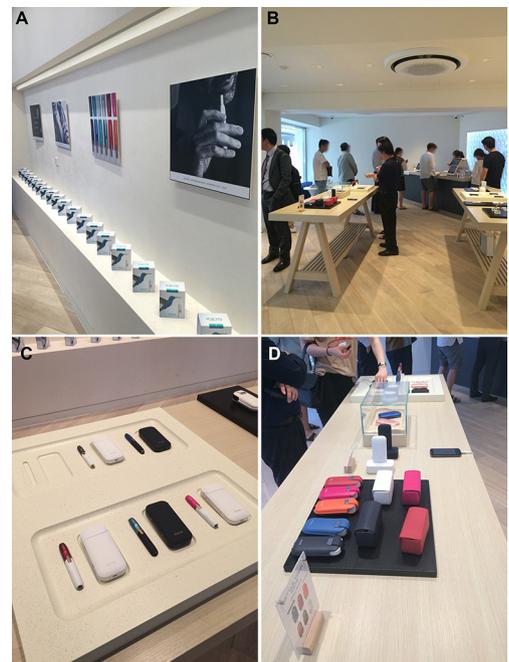


Figure 1 Inside of the Sinsa-dong IQOS flagship store in Seoul, Korea. The way the products are displayed in the well-lit, cleanly designed and spacious store contrasts to a regular cigarette sales environment where packs are tightly placed over the counter. Picture taken by the author.

ⁱIn the MRTP application to the FDA, PMI uses the lower-case 'iQOS' as the formal product name. In Korea, PMI uses '아이코스' (reads *i-co-s*) in Korean and 'IQOS' in English.

ⁱⁱIn Japan, IQOS tobacco sticks are marketed as 'Heat-Sticks'. PMI also uses 'Marlboro HeatSticks' as formal product name in its FDA MRTP application. In Europe and Korea, the tobacco sticks are marketed as 'HEETS'.



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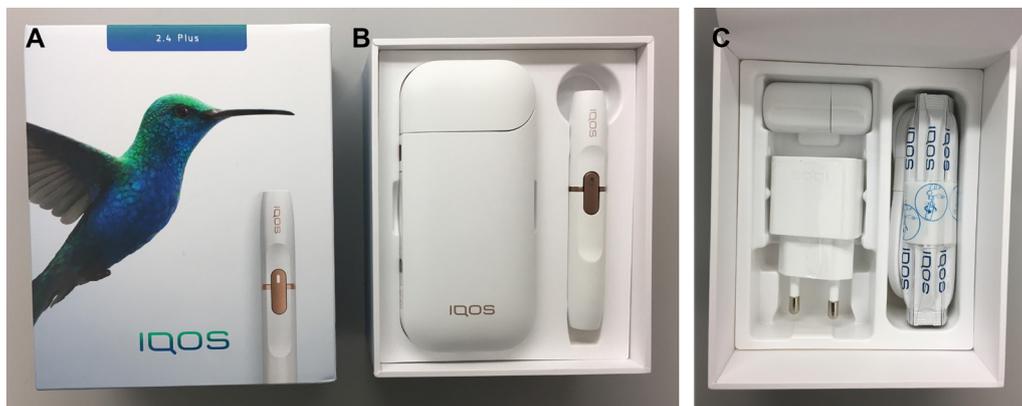


Figure 2 IQOS packaging. B: top part of the box (charger and holder); C: bottom part of the box (from top left, clockwise—a cleaning brush, individually wrapped cleaning sticks, a charging cable (below cleaning sticks) and a 220V adaptor. Picture taken by the author.

used to screen out minors (aged <20 years, which applies to all tobacco products including electronic cigarettes and heat-not-burn products in Korea), as browsing the website requires a Korean cell phone number. Customers are required to submit their cell phone number and other personal information including their name, gender and birthday, which are cross-validated with the phone's registration information from the mobile carrier; this is a common authentication procedure used by Korean websites.

All IQOS store customers take part in a 15 min information session before buying their first IQOS device. A trained agent called an 'IQOS coach' leads the session with one to three customers at a time, showing them how to use and clean the device. When the author visited Sinsa-dong store

on a weekday morning 3 weeks after the initial launch, purchasing IQOS and HEETS took about 45 min, including a 20 min wait; during the first week of sales the queue was reportedly much longer.¹¹ Both the polished designs of the store, device and packaging, and the purchasing process give the impression that IQOS is a high-demand, upscale product for tech-savvy users.

CURRENT POLICY AND PMI'S RESPONSE STRATEGY

IQOS is currently classified as a variant of electronic cigarettes in Korea, permitting IQOS some comparative advantages in the market. For example, while cigarette packs in Korea are required to feature graphic warning labels showing various negative consequences of smoking with explicit colour pictures,¹² HEETS packs bear only a black-and-white warning label about nicotine addiction required for electronic cigarettes (figure 3). As of October 2017, the tax on HEETS is only half of that on regular cigarettes: 37% of retail price for HEETS as opposed to 74% for cigarettes.¹³ Currently, the Korean Congress is considering increasing the tax rate for HEETS,^{13 14} while PMI argues that the tax rate should be lower as IQOS is safer than regular cigarettes.¹⁵ However, recent studies found that aerosols from heat-not-burn tobacco contain toxic chemicals.^{1 16}

IQOS marketing materials state that IQOS is marketed 'for adult smokers who want to continue enjoying tobacco products', and is 'not risk-free or a safe alternative to cigarettes but it is a much better choice than smoking'. PMI additionally claims that they do 'not offer IQOS to people who have never smoked or who have quit smoking'. IQOS stores do not allow minors or non-smokers to enter. In the author's experience, at the Gwanghwamun store, staff questioned customers on their smoking status and then asked non-smokers to leave unless accompanied by a smoker. However, checking one's smoking status relies entirely on self-report, and staff at the Sinsa-dong store did not ask customers about their smoking status a day later. In CU convenience stores, marketing materials and a mock device are displayed above the aisles. A photo ID is required to legally purchase tobacco products, but it is unclear whether there is routine check of customers' smoking status.

While heat-not-burn products are marketed as a reduced-harm product, it is not known if the availability or marketing of these new products will reduce motivation to quit using tobacco products or encourage non-smokers to start using



Figure 3 HEETS (modified cigarettes for IQOS) sold in Korea. From the top, three flavours are shown: silver (mild), green (menthol) and amber (stronger). Silver and amber packs are shown front side up; green pack is back side up. The warning labels on the front and back of the pack include an image of a needle with text 'caution for addiction'. Smaller texts next to the needle read 'Electronic tobacco causes nicotine addiction. Quitline 1544-9030'. Picture taken by the author.

tobacco products. In order to better understand the impact of new tobacco products, researchers and tobacco control authorities should understand the industry's marketing strategies in countries where IQOS or other heat-not-burn products are already available, in addition to reviewing scientific evidence about the health effects of these products.

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