



IMPERIAL TOBACCO  
CANADA

# CORA AIT Strategy

Raising Public Awareness &  
Demanding Government Action

August 2012

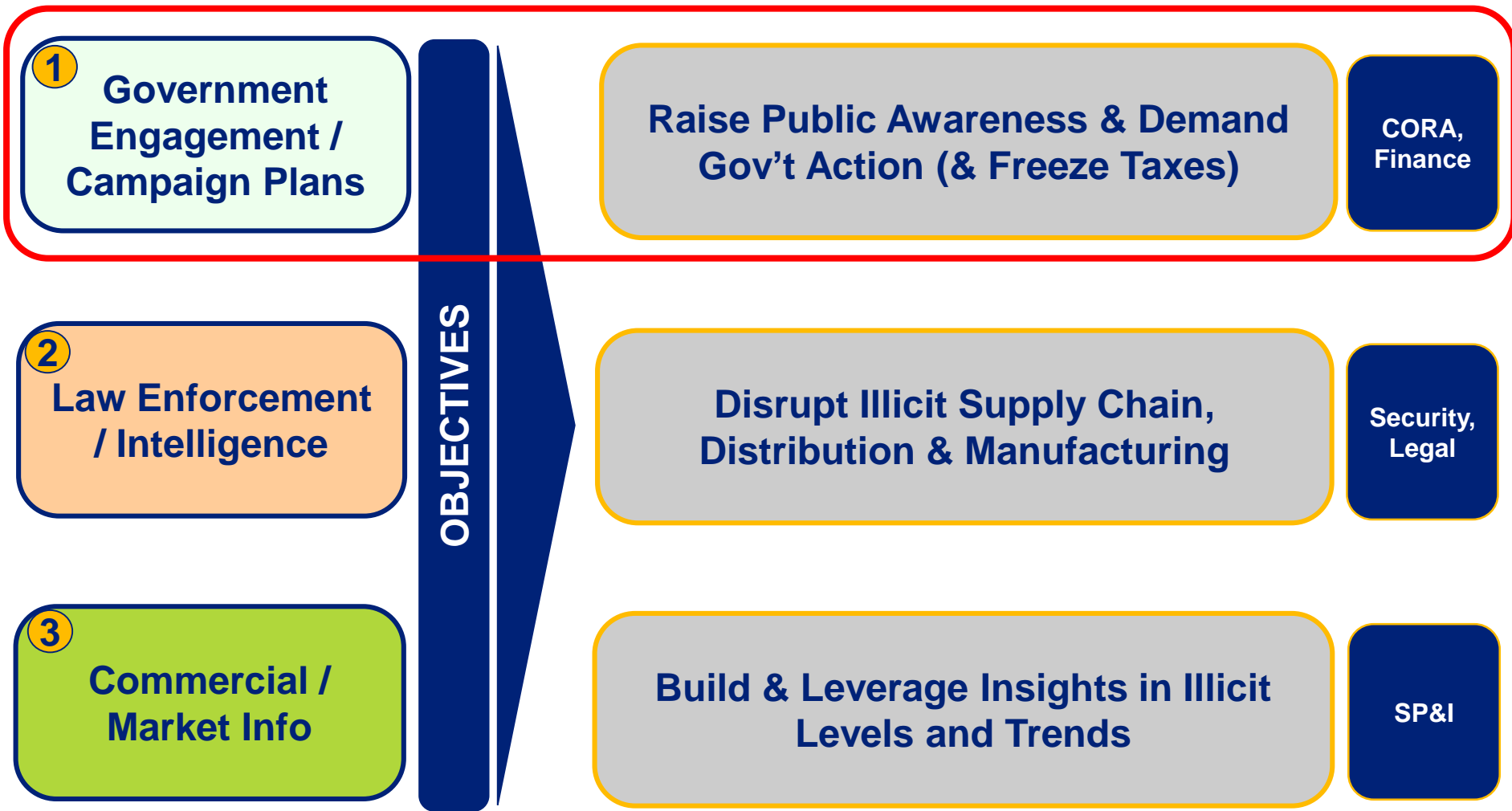


# AGENDA



- CORA AIT strategy
- Previous advocacy efforts
- 2012 Activities

# Reducing Illicit Trade In Canada: Three-Pronged Strategy – Key Focus Areas



# But First – A Look Back At Past Campaigns

2009 - 2011



IMPERIAL TOBACCO  
CANADA

Messages

### Cash

Cheap, illegal, contraband cigarettes cost \$2 Billion in lost Tax Revenues

CRIME | Posted By: Marc Simon | Tags: contraband cigarettes, Crime, etc

Cigarette prices if there are no excise tax is free to cannot be shown as just an increase. Even with the slight increase in price each pack and the repercussions to them, smoking is

### Crime

Black-market cigarettes could fund terrorism, RCMP fear

By Steve Barlow and Jack Blumenthal, Canadian News Service  
Published Tuesday, October 27, 2009

More On This Story  
More Excitement: The growing police are bringing in  
More Ontario, Quebec teens buy contraband cigarettes, study

Related Topics  
Michael Himes  
Timothy Whelan  
Indigenous issues  
International relations

### Children

Kids get illegal cigarettes too easily: coalition

Published Tuesday, April 6, 2010 1:01 PM ET | Comments 111 | Recommended # 21  
CBC News

More needs to be done to stop children and teens from smoking contraband cigarettes, a coalition of health-care groups in Ontario say.

The Ontario Campaign for Action on Tobacco estimated more than 60,000 students in the province in grades seven through 12 are using contraband cigarettes.

### Convenience

Contraband killing convenience stores

Voices



2009

2010

2011

Campaigns

### ITCAN Paid Advertising Campaigns

How much did the failure to act on illegal tobacco cost the Canadian taxpayer in 2009?

In 2009, the failure to act on illegal tobacco cost Canadian taxpayers over...

\$24 Billion

More much will it be in 2009?

What is one of the easiest ways for criminal gangs to make money in Canada?

Contraband Tobacco

### Grassroots Retailer Mobilization Campaign

10%

CLOSED DUE TO CONTRABAND.

THANKS FOR NOTING...

### NCACT Campaign On Social Consequences Of Contraband

Federal Government Report Card: Action on Contraband Cigarettes

Overall Grade: D

Public education: F

Keeping cigarettes from kids: A - Legal, F - Contraband

Resources for law enforcement: D

Border security: C

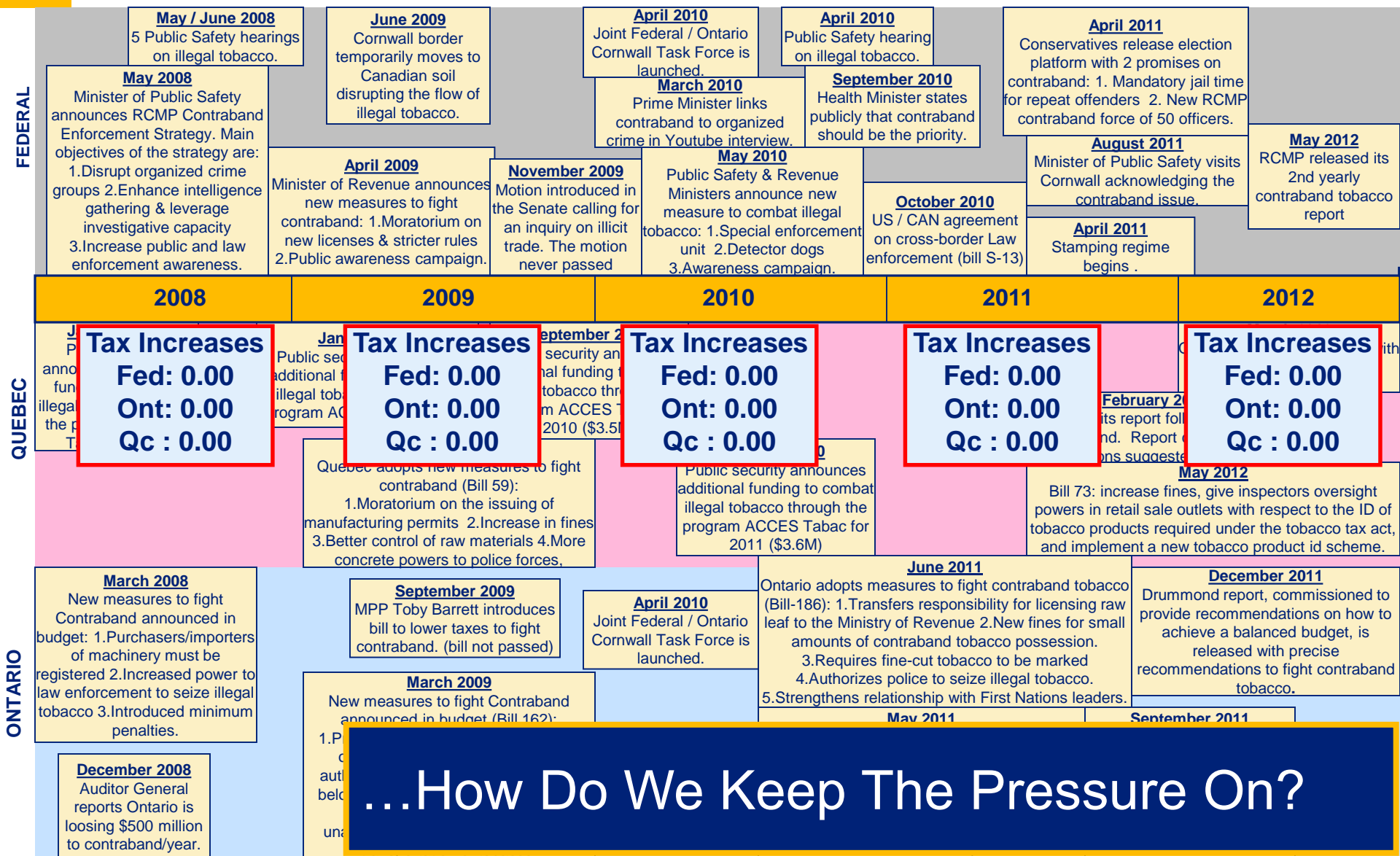
LET'S NOT FORGET THE 40,000 KIDS SMOKING CONTRABAND TOBACCO.

THIS WORLD-NO TOBACCO DAY.

# Our Campaigns Have Delivered Some Success...



IMPERIAL TOBACCO  
CANADA



...How Do We Keep The Pressure On?

# 2012: Expanding On Previous Campaigns By Adding A New Voices & Message



IMPERIAL TOBACCO  
CANADA

Messages

### Cash

Cheap, Illegal, Contraband Cigarettes Cost \$2 Billion in lost Tax Revenues

CRIME | Posted By: Marc Simon | Tags: contraband cigarettes, Crime, ...

Cigarette prices there are increase in free so cannot be advertised is just an increase with the stig each pack and its repercussions to them, smoking co

### Crime

Black-market cigarettes could fund terrorism, RCMP fear

Peter Burrows and Jack Brantford, Canadian News Service  
Published Tuesday, October 27, 2009

More On This Story  
More On This Story  
More On This Story  
More On This Story

### Children

Kids get illegal cigarettes too easily: coalition

April 24, 2012, Thursday, April 26, 2012 4:01 PM EDT | Comments (17) | Recommended (31) | 24 News

More needs to be done to stop children and teens from smoking contraband cigarettes, a coalition of health-care groups in Ontario say.

The Ontario Campaign for Action on Tobacco estimated more than 40,000 students in the province in grades seven through 12 are using contraband cigarettes.

### Convenience

Contraband killing convenience stores

### Community

Illegal Smokes Flooding Windsor

April 19th, 2012 - Blackburn News

Voices

IMPERIAL TOBACCO  
CANADA

### Convenience Store Association

CCSA  
CANADIAN  
CONVENIENCE STORES  
ASSOCIATION

### Coalitions

NATIONAL  
COALITION  
AGAINST  
CONTRABAND  
TOBACCO

Stopping the sale of illegal cigarettes in Canada

### Project M&M

Using Small Government To Call For Big Government Action

2009

2010

2011

2012

Campaigns

### ITCAN Paid Advertising Campaigns

How much did the failure to act on illegal tobacco rob the Canadian taxpayer in 2008?

\$2.4 Billion

What is one of the easiest ways for criminal gangs to make money in Canada?

Contraband

### Grassroots Retailer Mobilization Campaign

10%

CLOSED DUE TO CONTRABAND.

THANKS FOR NOTING.

### NCACT Campaign On Social Consequences Of Contraband

Federal Government Report Card: Action on Contraband Cigarettes

Overall Grade: D

Public education: F

Keeping cigarettes from kids: A - Legal, B - Contraband

Penalties for law enforcement: D

Border security: C

### OCSA Billboard Campaign

DON'T BE FOOLED! ILLEGAL SMOKES COME IN BAGGIES... AND PACKS.

IF YOU'RE CAUGHT, YOU'LL BE FINED!

BEING CONTRABAND IS ILLEGAL AND HARMS THE COMMUNITY.

### Quebec Election Campaign

Parti Québécois

# 2012 – 6 Activities Targeting Supply & Demand



## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment

# Project M&M: Mobilizing Municipalities To Pressure For Big Government Action

①

**Urge Local Governments to Pass Resolution**  
'Small Gov't Pressuring Big Gov't'

②

**Mobilize local retailers  
To Speak Out**

**NORTH BAY PARRY SOUND DISTRICT HEALTH UNIT  
BOARD OF HEALTH**

③

**Keep issue alive in  
local media**

**Illegal Smokes Flooding Windsor**

April 19th, 2012 . Blackburn News

RESOLUTION

**CONTRABAND  
SMOKES BUTT  
OUT BUSINESS**

**Leverage local pressure with  
provincial & federal politicians**

Ontario  
Gov't  
**Liberal**

Federal Gov't  
**Conservative**

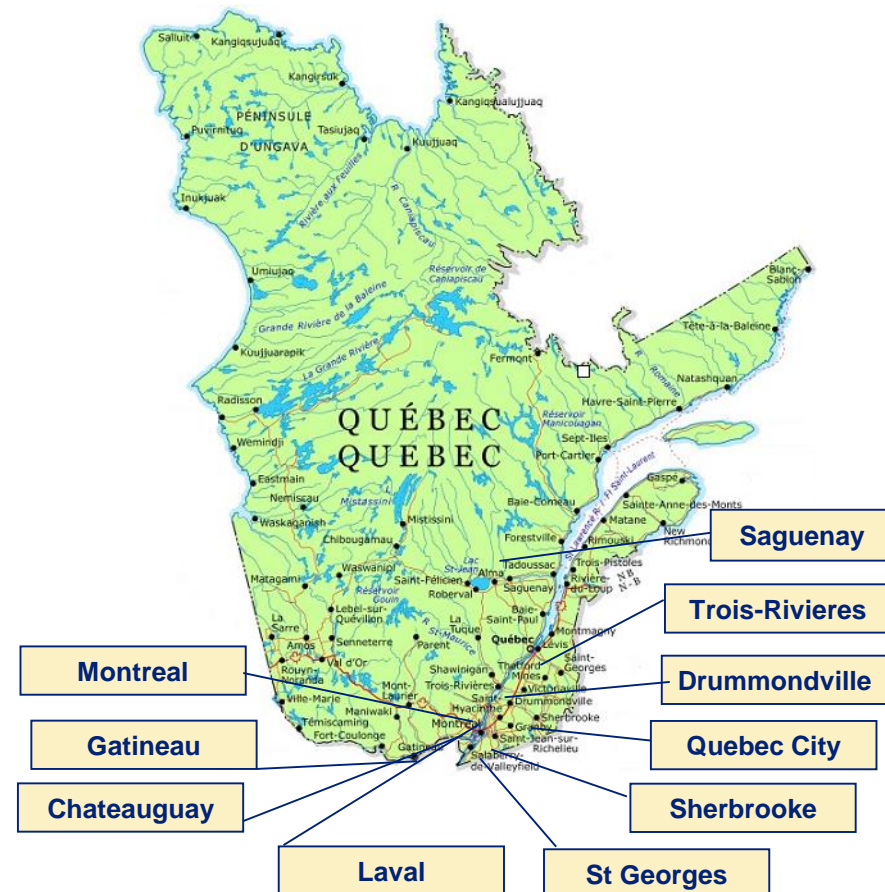
Quebec  
Gov't  
**Liberal**



# Engage In Strategic Municipalities In Ontario & Quebec



IMPERIAL TOBACCO  
CANADA



- Criteria:**
- Proximity to illicit
  - Seizure activity
  - Internal sales data
  - Political weight
  - Likelihood of buy in

# M&M In Action - Mobilizing Local Pressure

Example: Windsor Ontario



IMPERIAL TOBACCO  
CANADA

Council urges government to  
step up  
contrab

## Windsor City Council Commits to Fighting Contraband Tobacco

In Canada, one town formalizes its fight against illegal tobacco, with OCSA offering strong support.

Share:

Posted: May 11, 2012

Email Print Print ALL Comm

Windsor, Ont., leads province in illegal cigarette busts

Convenience store association says illegal smokes are causing stores to close

[CBC News](#)

Posted: Apr 19, 2012 9:04 AM ET

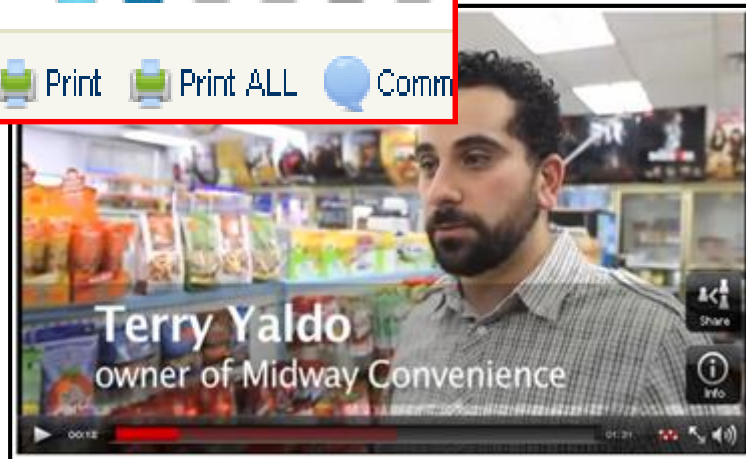


Home News Opinion Business Sports Entertainment Life Health Technology Travel Jobs

### With Vid: Contraband smokes butt out business in Windsor

Black market luring patrons, group says

BY DOUG SCHMIDT, THE WINDSOR STAR APRIL 12, 2012 8:22 AM



1 Resolution Passed

8 Media Hits

6 Retailers Speaking Out

1

# Results

## Local Government's Are Signing On



IMPERIAL TOBACCO  
CANADA

**Ontario: 8**

### **NOTICE OF COUNCIL DECISION**

**Windsor City Council adopted the following resolution at its meeting held May 8, 2012**

Moved by Councillor Jones, seconded by Councillor Maghnieh,  
**M226-2012** That **Report No. 26 of the Public Safety Standing Committee** of its meeting held April 18, 2012 regarding Contraband Tobacco and Community Safety **BE ADOPTED** as presented.  
Carried.

**Quebec: 70**

**RÉSOLUTION NUMÉRO : 153-0412**

#### **APPUI ENVERS LE PREMIER CONSENSUS QUÉBÉCOIS ET CANADIEN DE LUTTE À LA CONTREBANDE DE TABAC**

**CONSIDÉRANT** que le Comité des Finances publiques de l'Assemblée nationale a déposé en février 2012 un rapport unanime sur les mesures à prendre pour combattre la contrebande de tabac;

**CONSIDÉRANT** que la première recommandation proposée se lit comme suit (extrait) : *Que le gouvernement du Québec fasse des représentations auprès du gouvernement canadien, du gouvernement américain, du gouvernement ontarien et de la nation mohawk en vue de créer une commission mixte formée de 5 parties consacrées à la lutte à la contrebande de tabac. Son objectif premier serait de proposer un plan d'action intégré qui porterait, entre autres, sur une entente « gagnant-gagnant » entre les gouvernements et les Autochtones afin que cesse la vente de tabac sans taxe<sup>3</sup> à grande échelle aux non-autochtones;*

2

# Results

## Retailers Eager To Speak Out



IMPERIAL TOBACCO  
CANADA

45+ Vocal Retailers in Ontario

50+ Vocal Retailers in Quebec



# 3 Results

## Local Media Coverage In Both Provinces



IMPERIAL TOBACCO  
CANADA

**Ontario**  
**35+ Media Hits**

**Quebec**  
**40+ Media Hits**

**northumberlandnews.com**  
Northumberland News • The Independent

**Governments must take a stand against contraband tobacco sales, distribution**

May 28, 2012

**Illegal smokes infiltrate**

**CONTRABAND SMOKES BUTT OUT BUSINESS**

Black market luring patrons, group says

— people come to and see what is the cheapest brand you have?" said Auer, adding these retailers will continue until the best 22-cent cigarette arrives in town.

There's been a lot of that in the store lately lately.

to their shops' street fronts over the past three months, the RCMP in Windsor seized 1,300 packs and 1,300 "loaves" of contraband cigarettes, he said.

Douglas Schmidt  
The Windsor Star

Tobacco consumption rose 133 percent last Wednesday's report.

**Black market cigarettes cost just \$20 for 200 in Durham**

By Lindsey Col

Jillian Follett  
May 24, 2012

DURHAM — In Oshawa, 40 per cent of all cigarettes consumed are illegal — so are about 20 per cent of those found in local high schools.

Those are some of the statistics a group representing convenience store owners brought to local politicians in the hope of spurring renewed action on the black market tobacco problems.

Dave Ryans, president of the Ontario

**Faire la lutte aux contrebandiers du tabac**  
*L'Association canadienne des dépanneurs en alimentation somme le gouvernement d'agir*

Denis Villeneuve

CHICOUTIMI - Fort d'un premier appel obtenu d'une municipalité, en l'occurrence Saguenay, l'Association canadienne des dépanneurs en alimentation (ACDA) lance un appel aux députés fédéraux de la région afin d'inciter le gouvernement fédéral à créer une commission mixte sur la

sources principales du problème concerne la production sur les réserves autochtones d'Akwasasne et de Kanastota en la crise organique d'est-ce que de l'industrie. Il se trouve que ces réserves autochtones sont à cheval entre le Canada et les États-Unis, ce qui rend difficile au contrôle.

L'ACDA rappelle qu'en février dernier elle a obtenu un gain important lorsque la Commission des finances

qu'ils déclarent les revenus tirés de la vente de cigarettes et que ces revenus leur soient remis pour leur développement. «Ce n'est pas vrai de penser que parce que ça ne passe sur une réserve autochtone qu'on ne peut régler le problème», affirme-t-il.

Les représentants de l'ACDA ont mentionné que la contrebande de cigarettes cause des dommages très importants aux dépanneurs qui voient leur établissement subir une

Ca fait sept ans qu'on se bat. Entre 2005 et 2012, un total de 100 millions de dollars a fallu.

Yvelin Gravel et Carmen Gravel, copropriétaires de Dépanneur Banquet de Chicoutimi, restaurant Michel Gauthier, vice-président principal de l'ACDA.



Actualités

**Députés fédéraux interpellés sur la contrebande**



# Phase 2: Bringing It All Together

Leveraging The Results On Parliament Hill

November

- **Event on Parliament Hill**
  - 3 Convenience store association presidents
  - Councilmen & mayors
  - Local retailers from QC & Ont
  - Key account representatives
  - 100+ resolutions
  - One call to action on behalf of the municipalities

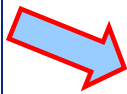
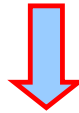


**Using Small Government to Call for Big  
Government Action**

# Project M&M: Adding An Additional Voice To The Debate



Council urges government to step up efforts to end contraband smokes



## Business Partners



## Convenience Store Association



## Coalitions



## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment



# Quebec Election

Leverage Project M&M & Launch Targeted QCSA Tour In Targeted Ridings



IMPERIAL TOBACCO  
CANADA

Objective: Make contraband a priority issue during election

- Tight race
- Finance Committee recommendations on contraband
- 70 municipalities have called for action (M&M)

CRUNCHING NUMBERS

In Quebec election, three-way races could make the difference

ÉRIC GRENIER

The Globe and Mail



Liberal Party - 31%



Coalition Avenir Quebec - 21%



Parti Québécois 33%



## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment

# Public awareness campaign

50%

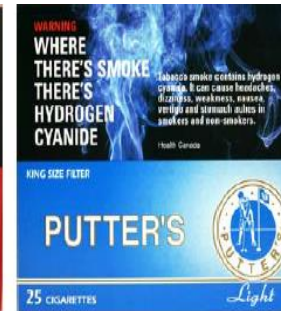


June 2012

75%



**RISK**



Limit consumer down-trading to illegal market

# Strategy

**Roll-out awareness campaign aimed at educating illicit tobacco consumers and legal consumers**

**What:** Billboard campaign

**Where:** Targeted locations across Ontario

38 boards across Ontario, 20 located in Toronto

**When:** 1<sup>ST</sup> Billboard - July 16th – for 10 weeks

**Who:** Signed by the Ontario Convenience Store Association

**Cornwall  
Niagara Falls  
Thunder Bay  
Toronto East  
Belleville  
Kingston**



- All MPs will be back in their districts for the summer!
- Post GFK study

**BONUS**

# Execution

1

**DON'T BE FOOLED!**  
**ILLEGAL SMOKES COME IN**  
**BAGGIES... AND PACKS.**

**IF YOU'RE CAUGHT, YOU'LL BE FINED!**



Buying contraband is illegal and harms the community.

2

**DON'T BE FOOLED!**  
**CONTRABAND CIGARETTES**  
**CAN COST YOU MORE**  
**THAN YOU THINK.**

**UP TO \$500 FOR POSSESSION OF 1 BAGGIE\***

\*[http://www.fin.gov.on.ca/en/tax/tu/faq\\_illegal.html#fn1](http://www.fin.gov.on.ca/en/tax/tu/faq_illegal.html#fn1)



Buying contraband is illegal and harms the community.



# Measurement



**GCS – Call  
Back Survey**

**Internal  
Shipments vs  
Target  
Shipments**

**Pricing on  
Reserve**

**In-store POS  
Data**

**Does speaking directly to consumers have an  
impact?**

## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment

# The Contraband Watchdog



IMPERIAL TOBACCO  
CANADA

<p>NATIONAL COALITION AGAINST <b>CONTRABAND</b> TOBACCO</p> <p>Stopping the sale of illegal cigarettes in Canada</p>		<p>LA COALITION NATIONALE CONTRE LE TABAC DE <b>CONTREBANDE</b></p> <p>Enrayer la vente de cigarettes illégales au Canada</p>
--	--	---



THE CANADIAN  
CHAMBER  
OF COMMERCE

LA CHAMBRE  
DE COMMERCE  
DU CANADA



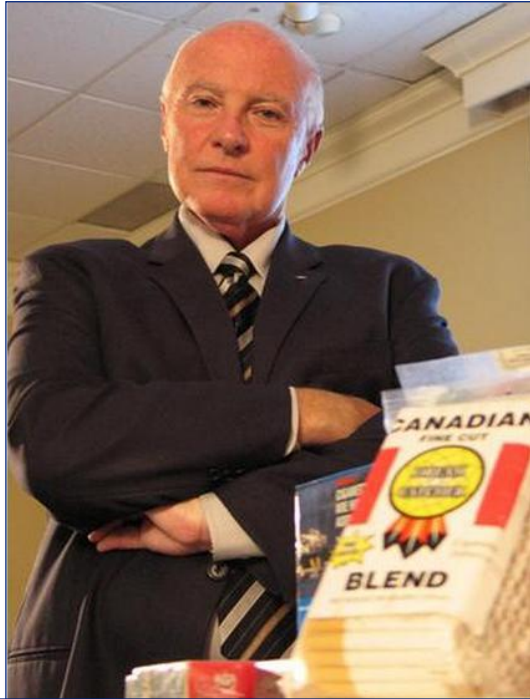
CANADIAN TOBACCO  
MANUFACTURERS'  
COUNCIL



**Not just “big tobacco”!**



# One issue – Two angles



**Gary Grant – Official spokesperson**  
Retired police officer and current director and founder of Toronto Crime Stoppers



**Jacqueline Bradley – Executive Director of the NCACT**  
Concerned mother of two, married to a police officer

**The credible voice for contraband tobacco**



IMPERIAL TOBACCO  
CANADA

# Tactics and techniques



**Federal Government Report on Action on Contraband**

Overall Grade	<b>D</b>
Public education	<b>F</b>
Keeping cigarettes from kids	<b>A</b> - Legal <b>F</b> - Contraband
Resources for law enforcement	<b>D</b>



**Stop Illegal Tobacco**  
 @StopContraband  
 National organization fighting against spread of contraband tobacco in Canada  
 Canada <http://www.stopcontrabandtobacco.ca>

Follow  
 408 TWEETS  
 381 FOLLOWING  
 258 FOLLOWERS

Activities with Impact and Staying Power

# The vigilant watchdog



**THE RECORDER & TIMES**  
Serving the residents of Burlington, Lenoir, Greeneville, Lenoir and South Shields since 1921

### Illegal smokes cost us all

By Nick Gardiner The Recorder and Times  
Posted 14 days ago

Think your contraband smoking doesn't hurt anyone but yourself?

Think again, says Gary Grant, the national spokesperson for the National Coalition Against Contraband Tobacco.

"People who smoke contraband tobacco know it's wrong and it's against the law, but they see it as victimless.

"There are many victims. That's what I would tell people," Grant said during an interview at The Recorder and Times.

Grant, who is touring from Cornwall to Oshawa this week to make the coalition's case, said Canadian and Ontario taxpayers are among the victims because they are robbed of the services that could be provided with \$2.4 billion in lost tax revenues.

He said that money would be better used to support other government initiatives such as health care or law.



NICK GARDINER The Recorder and Times Gary Grant, national spokesperson for the National Coalition Against Contraband Tobacco, says people should think twice if they believe it is a victimless crime.



**Keeping contraband front and center**

# 2012 – 6 Activities Targeting Supply & Demand



## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment

# Cornwall Overview



IMPERIAL TOBACCO  
CANADA

**July, 2009**

Cornwall port of entry moves to Canadian side cutting off main smuggling route.

**2010**  
CRTF  
created

**December, 2011**



**March, 2012**



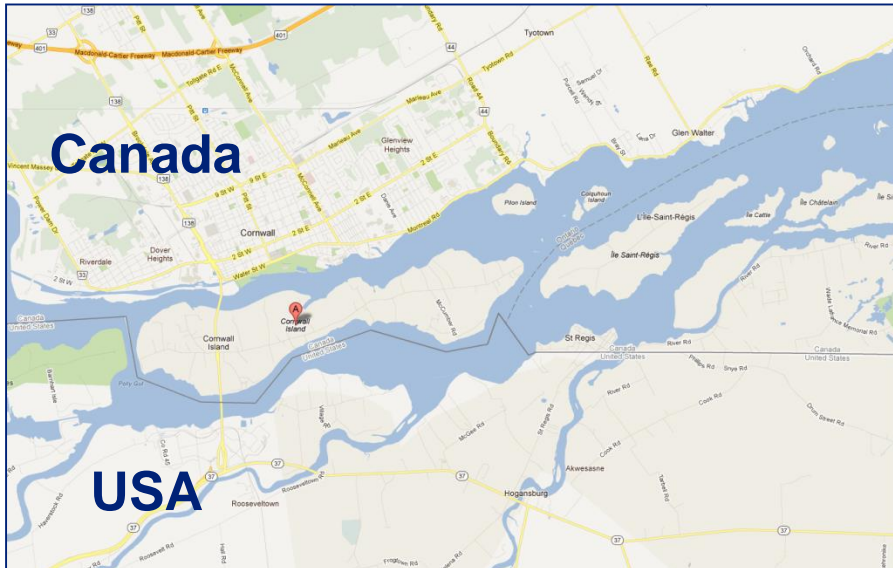
NCACT meets with Cornwall CAO

**Q1, 2013**

Earliest the new bridge could open

**Q1 – Q2, 2013**

Port of entry moved to Massena, NY



## NEXT STEPS

- Identify potential business risks
- Use opportunity to engage government



## Strategic Imperative

Raise Public Awareness & Demand Gov't Action (& Freeze Taxes )

### 2012 TACTICS / ACTIVITIES

#### **PROJECT M&M**

Mobilizing Local Governments To Pressure Big Government

#### **QUEBEC ELECTION**

Rallying Retailers To Keep Contraband A Political Issue

#### **AWARENESS CAMPAIGN**

Educating Consumers On The Effects Of Contraband

#### **National Coalition Against Contraband Tobacco**

Ensuring Contraband Is Front And Center In The Media

#### **CORNWALL**

Mitigating The Potential Impacts Of A New Border Location

#### **INT'L ENGAGEMNT**

Engaging Canadian Government To Ensure Global Alignment

# Keeping The Contraband Issue Alive

Q1

## Windsor City Council Commits to Fighting Contraband Tobacco

In Canada, one town formalizes its fight against illegal tobacco, with OCSA offering strong support.

REGULATION



Q2

Kids can get a baggie of illegal cigarettes for less than the cost of a movie ticket. To make matters worse, the RCMP has identified over 175 criminal gangs involved in the contraband trade.



When it comes to keeping contraband tobacco away from our kids, there is serious work to do. May 31<sup>st</sup> is World No Tobacco Day. The time is now to remind our government to take meaningful action and keep criminals and contraband away from our kids. Join the fight and visit [www.stopcontrabandtobacco.ca](http://www.stopcontrabandtobacco.ca)

## Illegal Smokes Flooding

April 19th, 2012 . Blackburn News



TAXATION



**DON'T BE FOOLED!  
ILLEGAL SMOKES COME IN  
BAGGIES... AND PACKS.**

IF YOU'RE CAUGHT, YOU'LL BE FINED!



Buying contraband is illegal and harms the community.



➤ QCSA Election Plan



Q3

Q4



IMPERIAL TOBACCO  
CANADA

THANK YOU