Tobacco industry involvement in children’s sugary drinks market

Kim H Nguyen and colleagues examine how tobacco companies applied their knowledge of flavours, colours, and child focused marketing to develop leading children’s sugar sweetened drink brands. These techniques continue to be used by drinks companies despite industry agreement not to promote unhealthy products in this way.

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Sugar sweetened beverages are a risk factor for obesity and cardiometabolic disease.¹¹ Young children are particularly susceptible to the persuasive influence of adverts for sugary drinks,²⁻⁷ and the World Health Organization has urged governments to tighten food and drink marketing restrictions to protect children.³

Marketing of sugary drinks to children by multinational corporations, and the need to regulate it, have been public concerns since the 1970s.⁸⁻¹¹ In 1974 the Better Business Bureau created the Children’s Advertising Review Unit to promote “responsible” children’s advertising through industry self policing. In 2006, in response to calls for government regulation, industry created its Children’s Food and Beverage Advertising Initiative (CFBAI).¹² CFBAI members pledge “to shift the mix of advertising primarily directed to children (‘child-directed advertising’) to encourage healthier dietary choices,” to “devote 100% of their child-directed advertising to better-for-you foods, or not to engage in such advertising,” and to “limit the use of third-party licensed characters, celebrities and movie tie-ins.”³

Comparisons have been made between the tobacco and soft drink industries,¹⁶⁻¹⁷ including similarities in aggressive activities to oppose taxation and marketing restrictions, leading some to ask, “Is sugar the new tobacco?”¹⁸⁻¹⁹ Internal tobacco industry documents show that many of today’s leading children’s drink brands were once owned and developed by tobacco companies (table 1; see supplementary data on bmj.com for document sources and research methods).

R J Reynolds and Philip Morris, the two largest US based tobacco conglomerates, began acquiring soft drink brands in the 1960s and were instrumental in developing leading children’s drink brands, including Hawaiian Punch, Kool-Aid, Capri Sun, and Tang. Tobacco executives transferred their knowledge of marketing to young people and expanded product lines using colours, flavours, and marketing strategies originally designed to market cigarettes. They eventually sold these brands to globalised food and drink corporations, which, despite the CFBAI pledge to which most had committed, were continuing in 2018 to implement some of the tobacco companies’ integrated marketing campaigns to reach very young children.

R J Reynolds and Hawaiian Punch

Until the 1960s, the sugary drink industry was dominated by Coca-Cola and Pepsi, which marketed brands without prioritising children over adults.²² During the 1960s, both firms began experimenting with new products: Coca-Cola launched Fanta, Tab, and Sprite while Pepsi launched Teem, Mountain Dew, and Diet Pepsi, but none was exclusively aimed at children.²³⁻²⁶

In 1962, the vice president of R J Reynolds Industries authorised the company’s laboratories to develop powdered and fizzy tablet forms of sugary drinks and to carry out market research with them on children (see table A on bmj.com).²⁷ In 1962 a memorandum to the director of research, Reynolds’ manager of biochemical research wrote, “It is easy to characterise R J Reynolds merely as a tobacco company. In a broader and much less restricting sense, however, R J Reynolds is in the flavour business.”²⁸⁻²⁹ He noted that, “many flavourants for tobacco [would] be useful in food, beverage and other products” producing “large financial returns.”²⁹ In 1963, Reynolds’ “idea of compressing effervescent powder on a stick” became the King Stir Stick, allowing children to create a sugary...
drink by stirring the stick in water. That year, Reynolds scaled up production to one million sticks a month.

In 1963, as part of its effort to diversify beyond tobacco, Reynolds purchased Pacific Hawaiian Products, which made Hawaiian Punch. At the time Pacific Hawaiian sold Hawaiian Punch in two flavours as an at-home cocktail mixer for adults. From 1966 to 1977, Reynolds conducted at least 34 market research studies with children and housewives, including taste tests evaluating the sweetness, flavours, and colours for Hawaiian Punch product line extensions (table B on bmj.com).

Children’s preferences were prioritised. A taste test for an apple flavour found that housewives preferred amber colour whereas children preferred red, resulting in the recommendation to “discontinue further development of the Amber Apple product and… to introduce Red Apple.” These tests led Reynolds to expand from two to at least 16 flavours and 24 products.

Hawaiian Punch’s cartoon mascot, PUNCHy, first appeared in 1962, just before Reynolds bought the brand. Reynolds made PUNCHy the focus of a total marketing approach. A 1985 analysis by Reynolds’ creative director said: “Kids want something of their own” and Kool-Aid’s brand image was “wacky and wild and fun and just for kids. The drink that’s just for kids.”

Collaboration with Mattel and Nintendo led to branded toys, including Barbie and Hot Wheels. The Wacky Warehouse loyalty programme allowed children to redeem Kool-Aid purchases for gifts and sweepstakes. The director of Philip Morris’s beverage division described it as “our version of the Marlboro Country Store,” a 1972 cigarette loyalty programme. A 1992 Philip Morris analysis called the Kool-Aid Wacky Warehouse the “most effective kid’s marketing vehicle known.”

Between 1986 and 2004, Philip Morris developed at least 12 new products of liquid and frozen Kool-Aid and 11 new flavour lines (supplementary tables C and D). Philip Morris added around 36 child tested flavours to the Kool-Aid line, with names such as Cherry Cracker and Kickin’ Kiwi Lime. Some integrated colours with cartoon characters, such as the “Great Bluedini,” sold under an octopus magician mascot. A Philip Morris executive noted: “A lot of adults may go, ‘Oh my God’ but the kids are really excited about it;” in market research, “kids simply say blue is cool.”

Magic Twists and Mad ScienTwists featured colours that changed when mixed into water, about which Philip Morris’s category director noted, “Kids love colors and ‘twisted up’ flavour blends.”

Philip Morris held “synergy” meetings to coordinate direct marketing across cigarette and other subsidiaries.

Demographics, including children’s ages and household purchasing patterns, were compiled into a comprehensive consumer database used by all subsidiaries. Children were sent

be it canned or frozen. In our view, the successful companies of the future will develop brands with line extensions and merchandise them in all aisles of the store.

Reynolds sold Hawaiian Punch to Procter & Gamble in 1990. The brand is currently owned by Dr Pepper Snapple, which continues to market the drink using PUNCHy.

Philip Morris in the sugary drinks market Kool-Aid

General Foods purchased the Kool-Aid brand in 1953 from Perkins Products, which had marketed it as an inexpensive alternative to soda for families. In 1985, as part of its effort to diversify into the food and drink industry, Philip Morris acquired General Foods, including its Kool-Aid drink. A year later Philip Morris executives reported that marketing “has been pretty well balanced between appeals to mom and to the kids. We’ve decided to focus our marketing on kids, where we know our strength is the greatest. This year, Kool-Aid will be the most heavily promoted kids trademark in America.” Philip Morris cut Kool-Aid’s 1986-87 media spending on mothers in half (from $20.1m to $10.7m) and doubled the budget for children’s marketing (from $2.8m to $6m).

The following year Philip Morris launched the $45m “Wacky wild Kool-Aid style” campaign featuring a redesigned Kool-Aid mascot—a giant anthropomorphic glass pitcher. The campaign was developed by Grey Advertising and aimed at 6-12 year olds. A Grey executive noted: “We discovered that if we had adults doing these slapstick reactions, falling on banana peels, wigs falling off, if we made adults look silly because they saw Kool-Aid Man and were shocked and frightened—the kids loved it because they were in control.” In 1993, Grey’s executive creative director said: “Kids want something of their own” and Kool-Aid’s brand image was “wacky and wild and fun and just for kids. The drink that’s just for kids.”

In 1993, Philip Morris sponsored cross-promotions and product tie-ins with toy manufacturers Mattel, Nintendo, and others to achieve the “ultimate kids’ promotion,” according to a senior brand manager. By 1998-2000, a multimillion dollar integrated promotion with Nickelodeon targeting 2-11 year olds promoted “noggle goggles” (3-D glasses) and “smell-o-vision” (smell release cards), allowing children to engage with Kool-Aid man cartoon scenes on the television and internet.

An integrated marketing campaign included simultaneous in-store displays, mailings, package inserts, and sponsorships (eg, Macy’s Thanksgiving parade) in a “fully integrated event across all the touch-points in a kid’s world,” according to Philip Morris’s marketing services director. She viewed smell-o-vision “as a benchmark to ‘raise the bar’ for future kids’ events” when it reached 95% of targeted 6-12 year olds.

**Capri Sun**

In 1991, Philip Morris’s Kraft Foods subsidiary licensed the North American rights to Capri Sun—a European fruit drink in a foil pouch with a straw insert that had been marketed in the US since 1981. Philip Morris rebranded it as an “all natural drink for kids in a cool pouch,” targeting 6-14 year olds. Philip Morris added bright colours and beach scenes on packaging to evoke “California cool.” In 1994, Philip Morris repositioned Capri Sun as a lunchbox drink, adding it to a Lunchables “fun pack” of prepackaged foods. Lunchables sales increased by 34% in 1994 and in 1998, exceeded $500m.

Philip Morris’s 1995 campaign promoting Capri Sun featured surfers and skateboarders, along with in-pack premiums such as soccer magazines, mountain bike stickers, and in-store sweepstakes through collaborations with Trek (bicycles) and RollerBlade (in-line skates). New pouches carried sports themed holographic images. A 1995 article in Philip Morris’s *Globe* magazine credited “the brand’s growing success to a combination of unique packaging and imagery” because it “has a unique, leading edge image—very cool, sporty and outdoor active.” An 11 oz (325 mL) pouch, 67% larger, “aimed at teenagers” was launched in 2000.

**Tang**

General Foods developed Tang in 1957. The orange flavoured drink powder, containing sugar, artificial colour, and vitamin C, was marketed to families for breakfast. Tang was popularised through its association with the US space programme. In 1992, under Philip Morris ownership, Tang products were repackaged from canister powder to foil pouches to “broaden their appeal by moving away from their image as ‘only’ a breakfast drink.” Tang’s media strategy had focused on mothers through daytime television, but after sales dropped 14% in 1995, Philip Morris executives refocused the brand on children aged 9-14 (teens).

Tang was positioned as “a kick in the glass” for tweens deemed to be “too old for Kool-Aid, but too young for orange juice.” Promotions recast Tang as an “Extreme orange breakfast drink for today’s extreme tweens” in an innovative campaign starring live orangutans. Tang was relaunched in 1997 through media collaborations with DC Comics’ *MAD Magazine*, *Sports Illustrated Jr*, and in-store supermarket sweepstakes. Sports sponsorship by Major League Soccer and Schwinn bicycles helped “build credibility with teens and pre-teens.” A 2000 “dream room” loyalty campaign included sweepstakes for Sony giveaways, which Philip Morris’s category business director said aimed to “reach out to tweens in a cool relevant way.”

Philip Morris developed its sugary drink brands until 2007, when it spun off Kool-Aid, Capri Sun, and Tang under Kraft. Kool-Aid and Capri Sun remain with Kraft-Heinz in the US, but Tang is now licensed by Mondelez worldwide and Kool-Aid by Coca-Cola in Europe. Kool-Aid and Capri Sun are both using the products and marketing campaigns (Kool-Aid Jammers, Capri Sun’s foil pouch with sports imagery) that Philip Morris developed.

In 2017, Mondelez was still developing and selling new “fun filled” flavours in individual packets. The Mondelez International website advertises a Mumbai launch of a new Tang flavour sold with a convenient sipper bottle so that “Every child can quench his thirst this summer.”

**Policy implications**

Both Reynolds and Philip Morris used cartoon mascots, child sized packaging technologies, and advertising messages found to appeal to children’s desire for autonomy, play, and novelty. Product lines included toy-like swizzle sticks, fizz tablets, fun bottles, and drinks that changed colour. New flavours with names like Purplesaurus Rex and Blastin’ Berry Cherry were formulated through numerous product tests on children. Marketing campaigns used cartoon characters that appealed to children’s aspirations, an approach also used to create brand loyalty to cigarettes—for example, Reynolds’ use of Joe Camel to recruit young people to smoking. Tobacco companies also promoted their drinks using integrated marketing strategies that had been originally designed to sell cigarettes, surrounding children with consistent product messages in the home, store, school, sports stadium, and theme park.

Litigation in the US resulted in the end of Joe Camel and legislation in 2009 prohibited use of cartoon characters to promote cigarettes. The 2003 World Health Organization Framework Convention on Tobacco Control commits parties to prohibit or severely restrict marketing and to implement strong health warnings on tobacco products. In 2016, Chile became a global leader with its federal law introducing similar warning labels and strict marketing restrictions on child focused unhealthy foods and drinks. The law stipulates that food and drinks cannot be promoted to children with commercial “hocks” such as cartoon mascots. The re-negotiated North American Free Trade Agreement, signed in November 2018 by Canada, Mexico, and the US but not yet ratified, includes provisions that could be used to pre-empt (or at least delay and weaken) national and subnational measures to follow Chile’s model for front-of-package labelling within Canada, Mexico, and the US.

With the exception of Dr Pepper Snapple, all current owners of the children’s beverage brands studied here have pledged participation in industry led voluntary agreements to limit the selective marketing of unhealthy drinks to children under 12. The industry argues that some of the marketing strategies developed by tobacco companies—including brand character toys, brand licensing on toys, and cartoon characters on packaging—are not actually targeting children and are therefore excluded from the agreement. The evidence cited here shows that these marketing techniques, which remain prevalent, were specifically designed to attract children by blurring advertisement with entertainment content in a way that is now at odds with the terms of industry led agreements. Voluntary
industry codes are therefore unlikely to provide an adequate solution to the problem and we need well enforced government regulations.

Key messages
Tobacco companies acquired soft drink brands to diversify
Industry documents show they applied marketing strategies aimed at children to develop the brands
Child friendly colours, flavours, and packaging and cartoon characters were used to promote products
Although the brands have been sold to food companies, the marketing techniques remain in use despite voluntary agreements not to advertise unhealthy products to children

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Table

Table 1 | Ownership of large brands of children's sugary drinks

<table>
<thead>
<tr>
<th>Brand</th>
<th>Tobacco corporation ownership</th>
<th>Ownership in 2018</th>
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<tbody>
<tr>
<td>Hawaiian Punch</td>
<td>R. J Reynolds, 1963-89</td>
<td>Dr Pepper Snapple (USA)</td>
</tr>
<tr>
<td>Tang</td>
<td>Philip Morris, 1985-2007*</td>
<td>Mondelēz International</td>
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<tr>
<td>Kool-Aid</td>
<td>Philip Morris, 1985-2007*</td>
<td>Kraft-Heinz</td>
</tr>
<tr>
<td>Capri Sun</td>
<td>Philip Morris, 1991-2007*</td>
<td>Kraft-Heinz (North America), Coca-Cola Enterprises (Netherlands, UK, Belgium, Ireland, and France) and Mondelēz International (Mexico, Philippines, and Indonesia)</td>
</tr>
</tbody>
</table>

* In 2001, Philip Morris sold 280 million Kraft shares, retaining an 88.1% stake in the company. As of 2007, Philip Morris (now Altria) sold its stake in Kraft foods and the two companies were no longer affiliated.20
Figure

<table>
<thead>
<tr>
<th>Year</th>
<th>Advertisement</th>
<th>Description</th>
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<tbody>
<tr>
<td>1950s-60s</td>
<td>Hawaiian Punch</td>
<td>Before the brand was acquired by R J Reynolds in 1963, Hawaiian Punch advertisements display recipes for cocktails and images of adults enjoying Hawaiian Punch (right)</td>
</tr>
<tr>
<td>1970s</td>
<td>Hawaiian Punch</td>
<td>Evolution of integrated marketing for Hawaiian Punch during the 1970s, with products featuring the Punchy cartoon mascot and Punchy comic strips promoting prizes</td>
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<tr>
<td>2018</td>
<td>Hawaiian Punch</td>
<td>Images of Hawaiian Punch in 2018 under ownership by the Dr. Pepper Snapple</td>
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Fig 1 Evolution of advertising for Hawaiian Punch