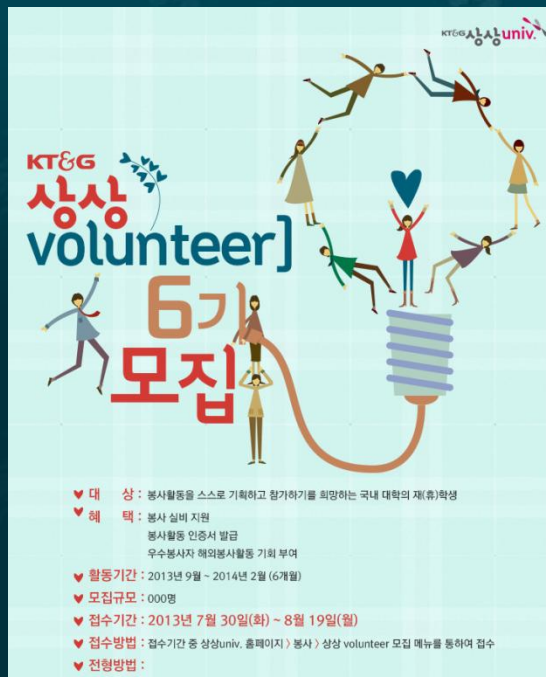


(Industry Watch)

# ‘KT&G Sangsang Univ.’ employs CSR for MARKETING



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# KT&G

## **Office of Monopoly** (1948-1988)

– A part of the Ministry of Finance

## **Korea Tobacco & Ginseng Corporation** (1988-2002)

– A state-owned company



## **KT&G** (2002-present)



**Sales: 2000' – 6.1 billion cigarettes**  
**2012' – 45.1 billion cigarettes**  
**(739% increase)**

# TAPS in Korea

## under Korea's National Health Promotion Act

- ◆ Korea prohibits outdoor signage and free sampling outdoors, and bans advertisements in TV, radio, and newspapers.

However,

- ◆ Korea allows cigarette promotions within cigarette retail shops and magazines (**except magazines directed at women or youth**), and sponsorship of social, cultural, musical, athletic, and other specific events (**except events directed at women or youths**).

# KT&G 상상 Univ.

- ◆ In 2003, KT&G created “KT&G Sangsang Univ.”  
(KT&G 상상 Univ.)
- ◆ The word, “Sangsang,”(상상) means “imagination.”
- ◆ Even though it is called a “Univ.”, KT&G Sangsang Univ. is not a university.
- ◆ It appears to be a part of KT&G.



# KT&G Sangsang Univ. targets young adults

- ◆ KT&G Sangsang Univ. reinforces KT&G's CSR activities.
- ◆ The activities approach Korean college students aged 18-29 who belong to the highest smoking rate group and potential customers for tobacco business.

# Case: KT&G's Marketing School

- ◆ KT&G Sangsang Univ. runs six or seven weeks marketing class highlighting KT&G's tobacco marketing strategies and its particular tobacco brands as teaching exemplars.
- ◆ The participants receive a formal certificate from KT&G Sangsang Univ., potentially increasing their post-college marketability.
- ◆ The marketing class of KT&G Sangsang Univ. enjoys unregulated use of company brand images.

천리 길도 만걸음부터... 브랜드에 대한 명확한 개념을 이해하라  
 이트 브랜드를 어떻게 정의할까?



# Tobacco industry's CSR

◆ Previous research found that tobacco industry CSR activities are used :

- to overcome the social unacceptability of tobacco and smoking;
- to re-build company credibility;
- to improve employee morale;
- and to secure access to policymakers



# CSR in the industry internal document

“[CSR] will not only help British American Tobacco achieve a position of recognised responsibility but also **provide ‘air cover’ from criticism** while improvements are being made. Essentially, it **provides a degree of publicly-endorsed amnesty**”

Michel Prideaux, BAT (1999)



**Michael Prideaux, Director, Corporate and Regulatory Affairs**

Michael was appointed Director, Corporate and Regulatory Affairs in 1998 following the demerger of B.A.T Industries. He had previously joined B.A.T Industries in 1989 from Charles Barker, a leading financial and corporate public relations, advertising and design agency, where he was Chief Executive. Michael is to retire at the end of June 2012 when he will be succeeded by Kingsley Wheaton.

# Conclusion: KT&G's CSR

- ◆ In addition to the CSR's functions, KT&G Sangsang Univ. has expanded the scope of CSR activities to supporting KT&G marketing, including brand promotion.
- ◆ Because the place of the marketing course is not a cigarette retail shop and many of the “students” in KT&G Sangsang Univ. are women, its activities appear as a loophole in Korea's National Health Promotion Act.



Thanks!