

Virtual Characters Push Cigarettes in New Vending Machine

Cleveland

EVEN AMID THE colored lights and pulsing music of the nightclub Traffic in this city's gentrified warehouse district, the new cigarette vending machine stood out like an alien spaceship bathed in a blue-green backlight.

Many of the patrons ignored it—they were too busy dancing—but two executives from Brown & Williamson Tobacco Corp. watched carefully, tensing up every time somebody approached to take a look. Sales of its cigarette brands, including Kool, Lucky Strike, Pall Mall and Misty, have been lagging, and the company hopes its high-tech machine, also being tested in Los Angeles, will help reverse that trend.

ADVERTISING

By Christopher Lawton

The machines look nothing like the mechanical clunkers of yore. Gone is the slot for quarters and the hard-plastic pulls. In their place is a credit-card swiper and a cast of virtual characters that appear on a video screen. The machines, which sell cigarettes from several vendors, can scan the driver's licenses of purchasers to make sure they are of legal age, and attempt to get them to buy a B&W brand. For instance, smokers who try to buy a pack of Marlboros, made by rival Philip Morris Cos., get a come-hither offer to change their mind. "Lucky Strikes are delicious," says a brown-



*Brown & Williamson is testing a vending machine with **virtual video characters** to promote its brands*

haired virtual vixen—officially known as Kool Vending Female—with vivid red lipstick and a sultry voice. "Toasted and delicious, and I'll give you a pack for 75 cents off."

B&W, a unit of British American Tobacco PLC of London, hopes its talking vendor will help it better compete with Philip Morris, which sells more than half of all cigarettes smoked in the U.S. Since the 1998 multistate tobacco settlement, B&W's market share

has fallen, dropping last year to 10.9% from 15%. What its executives call the "Marlboro monopoly" has made it more difficult to find shelf space at retailers. The company is desperate to find alternate ways to connect with smokers, especially in an environment where most traditional marketing options, such as TV and outdoor advertising, are now prohibited.

Vending machines, it reasons, are due for a

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Brown & Williamson Tests New Machine To Sell Its Smokes

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comeback. In 1990, vending machines accounted for 5% of total cigarette sales by volume in the U.S. But over the past 10 years, antitobacco advocates have lobbied to get rid of the machines, saying they allow minors easy access to cigarettes. As a result, vending sales today amount to only 1% of total sales volumes.

B&W argues that kids won't be able to get smokes from its new machines, since they read the magnetic strips or bar codes on driver's licenses. The machines then ask for payment by credit card, verifying that the card and the license belong to the same person and that the person is at least 18 years old (so underage smokers would have to borrow both their Dad's credit card and license.) The machines don't accept cash.

Steve Rogers, distribution and vending director for B&W, said the machines' age verification is more effective than a face-to-face check in a retail store because everybody gets carded. "This is the most significant innovation in the U.S. cigarette-vending business in a lifetime, because it solves the age-old problem of youth access" says Mr. Rogers.

Matthew L. Myers, president of the Washington-based Campaign for Tobacco-Free Kids, counters that teenagers today have access to false identification, and that kids will inevitably buy cigarettes from the new machines. "The most important thing is an individual who can make a judgment as to whether the person is really over 18, and an individual or establishment that can be held responsible if appropriate," he says.

The B&W machine, designed by Marconi Online Systems, a unit of Marconi PLC of London, provides prime real estate to its own brands. The top three rows of selections feature Kool, Lucky Strikes, Pall Mall and Misty. R.J. Reynolds Tobacco Holdings Inc.'s Camels, Newports from Loews Corp.'s Lorillard Tobacco Co. and Philip Morris's Marlboros are consigned to the bottom row.

Designers equipped the machines with five personalities. One, a bald man of color with a black goatee, talks users through the age-verification procedures, and then jokes with the customer throughout the transaction. "The packs in here are the freshest around, kinda like that girl behind you." He smiles while customers make their choice. "Is that your girlfriend?" he asks. "Oh, she's not. Then move out the way man, I'm tryin' to look!"

The machines also collect information about customers and the brands they buy, though they don't record names. B&W says it won't use the data to put smokers on a mailing list. But each customer is assigned a number that allows the machine to recognize them if they return and offer them deals, much as Web pages record a user's visit without knowing his or her name. Loyal B&W smokers will be rewarded with discounts and buy-one-get-one-free deals.

One customer who used the machine at Traffic was Dawn Heuschel, a 24-year old masters-degree student who bought a pack from the virtual woman with red lipstick. Ms. Heuschel skipped the intro, because she couldn't hear what the woman was saying over the blaring dance music. Still, she said, "It was cool. I was looking her in the eyes, even though they were fake." The bad news: She bought Marlboro Lights.

How other smokers will respond isn't clear. Several times during the night, people walked up to the machine with money in their hands looking for a slot to stick it in. In most cases, they walked away either frustrated or indifferent. B&W's Mr. Rogers says that customers will need time to get used to it. "It's a 21st-century vending machine," he says.