Case Study – JUUL LABS

Isabella Roy

The iPhone of E-Cigs

**Overview**

In July 2017 JUUL Labs was created by co-founders and ex-smokers Adam Bowen and James Monsees with hopes to end adult cigarette smoking and design a true alternative for cigarettes. Their mission essentially summarizes as eliminating any reason to cigarettes and utilize JUUL products in place of the cigarette addiction.[[1]](#footnote-1) After just one year in the market, JUUL became America’s number one selling e-cig.[[2]](#footnote-2) JUUL Labs quickly had support from prestigious investors like Tiger Global and Fidelity Investments to help the organization continue its mission. JUUL’s success even earned them the term “the iPhone of e-cigs.”[[3]](#footnote-3)JUUL Lab’s exponential success also created a platform for refutation from different activist publics that opposed JUUL’s mission. The Food and Drug Administration, the Federal Trade Commission and programs such as the Truth Initiative all negatively responded to JUUL’s prosperity with hostile campaigns and statistics with hopes to specifically stop JUUL distribution completely. At the end of 2017, the FDA released data revealing a 75% increase of teen vaping in America in the past year, and how more than three million middle and high schoolers reported using e-cigarettes.[[4]](#footnote-4) Both the FDA and FTC issued 13 warning letters outlining reasons why JUUL Lab’s ‘intentionally’ appealed to the younger population and sent the letters to distributers, manufacturers and retailers of JUUL products to discourage the distribution of the e-cig.[[5]](#footnote-5) In the letters, the FDA accused JUUL Labs with “misleadingly labeled or advertised nicotine containing e-liquids as kid-friendly food products as juice boxes, candies and cookies.”[[6]](#footnote-6) Regulators and activist publics against JUUL assume the high peaks in teen vaping are due to the readily available fruity flavors of the nicotine JUUL END and the casualness JUUL products brought to smoking nicotine.

Researchers assume JUUL’s popularity is based on the scentless vapor that is almost perfume-like, the USB shaped nicotine end Pods and the fruity END flavors.[[7]](#footnote-7) From the three million high and middle schoolers that reported using JUULs, about one-third of the participants said the fruity flavors were “a big factor in their choice.”[[8]](#footnote-8) The fruity END flavors were the basis of a 60- day ‘ultimatum’ FDA enforced regulation that required JUUL Labs to produce tangible tactics on how to decrease and stop teen and young adults from purchasing and using JUULs. The Truth Initiative Study, JUUL’s other top activist publics, released data outlining how out of 15-17 year old’s, 18-21 year old’s and college students, the 15-17 year old age group was at 16x greater odds to be JUUL users compared to the 25-34 year old age groups.[[9]](#footnote-9) Although JUUL Labs followed federal regulations, the ‘unintended’ consequence of teen vaping proved to be too much of an ethical issue.

JUUL Lab’s upper management finally understood the negative and addictive impacts the organization currently still has/had on teen vaping and concluded to encourage youth nicotine prevention. JUUL Labs generated solutions to the necessary regulations distributed to JUUL to not only help its overall public opinion but to ethically make a choice. Initially, JUUL Labs disagreed with the FDA’s statement in that JUUL did not ‘intentionally’ advertise to the young population but did not realize the impact from the JUUL products in teens and young adults.[[10]](#footnote-10) JUUL halted in-store retailers from selling mango, fruit, crème and cucumber end flavors, stopped being involved on the U.S. JUUL Lab’s Facebook and Instagram accounts, and created 21+ age verification technology on the JUUL website so underusage use would be more restrictive.[[11]](#footnote-11) JUUL Lab’s continues to support the Tobacco 21 law, which requires all purchases of tobacco or vapor products be done by someone 21+.[[12]](#footnote-12) Only a few states currently enforce and support Tobacco 21 but more states have at least proposed the bill to state congresses.[[13]](#footnote-13) Even with all the regulations imposed, and the assumed 45% loss of sales from regulation of fruity pods in instore retail stores, at the end of the 2018 JUUL managed to generate over $1 billion in revenue.

**JUUL Labs**

When controversy arose for JUUL Labs, the organization quickly responded to regulations with solutions on how to stop young consumers from buying the product. JUUL’s FDA and FTC regulations halted some aspects of sales, but JUUL created the 21+ verification technology on the website so adults can still enjoy fruity JUUL ENDS.[[14]](#footnote-14) JUUL Labs also promoted its Youth Prevention efforts on the JUUL website to further push and highlight the organization’s work to stop youth vaping. The Youth Prevention information is under the “Our Responsibility” tab on the website. Just JUUL Lab’s choice to call the tab “Our Responsibility” shows that JUUL is utilizing the Accountability Principle. Also under the “Our Responsibility” tab, JUUL has “Educational Resources,” “Regulation and Public Policy,” and “Marketing and Social Media Code.”[[15]](#footnote-15) The Youth Prevention tab is a fantastic start to the efforts JUUL will continue to make with its publics. JUUL continued to sell tobacco, mint and menthol in retail stores and planned to renew retail sales of fruity flavor ENDs once stores invested in 21+ age verification technology.[[16]](#footnote-16) All of JUUL’s advertising and photos only displays adults trying to quit cigarettes and discourages young vaping.[[17]](#footnote-17) JUUL currently pledged over $30 million to independent research, youth and parent education and community engagement, while also highlighting its compliance with FDA regulations.[[18]](#footnote-18) JUUL has further pushed the warning label on all JUUL products about the amount of nicotine inside Pods to deter customers from buying JUULs. JUUL conducts random compliance in store checks to confirm no youth can buy the product.[[19]](#footnote-19) JUUL Labs pushed more internet and environmental scanning to better understand public perception and attitude toward JUUL Labs and products and even restricts bulk fruity Pod orders online.[[20]](#footnote-20) Soon, JUUL will implement product traceability to identify where youth buy contraband JUUL products and is prepared to share the information with the FDA.[[21]](#footnote-21) And finally, in the future JUUL Labs will release the “user-authenticated JUUL device that can prevent those underage from using the product.”[[22]](#footnote-22) All of JUUL Lab’s efforts on Youth Prevention show the organization is actively attempting to reduce youth use and eventually halt all youth use with JUUL products.

JUUL Labs has done a great job at identifying publics and activist publics. The organization clearly understands why creating an open platform for two-way communication is essential to keep positive public opinion. JUUL Lab’s efforts have worked because of its quick response time and utilization of a spokesperson for JUUL through the CEO, Kevin Burns. Efforts have made differences with different publics but some activist publics still refuse to accept JUUL Lab’s presence.

**Public Perception**

When there are nicotine companies, activist publics are not far behind. In March 2019, the city of San Francisco proposed legislation to completely halt the sales of e-cigs online and offline, targeting JUUL Labs.[[23]](#footnote-23) The United Kingdom’s government actively disapproved of JUUL Lab’s products altogether to stop potential youth addiction to nicotine.[[24]](#footnote-24) The president of UK’s Campaign for Tobacco-Free Kids, Matt Myers, was a prominent influencer on the UK government’s decision for JUUL regulation.[[25]](#footnote-25) While some UK influencers encouraged JUUL Lab’s distribution of products because of JUUL’s mission, most UK government officials attempted to nullify JUUL products entirely. The regulations the UK imposed on JUUL Labs were stricter than the US regulations by forcing JUUL to only launch Pods with 1.7% nicotine inside them. Israel’s High Court of Justice banned JUUL products completely in August 2018 because of JUUL’s “grave risk to public health.”[[26]](#footnote-26)

JUUL Labs appealed the ban Israel’s High Court of Justice enforced because the proposed legislation was “invalid at any administrate standard… and violated all the rules and obligations imposed on a governmental authority.”[[27]](#footnote-27) JUUL Lab’s upper management believed the regulations were “aimed solely at JUUL” and “it leaves the door wide open for competitors to sell products similar to those of the petitioner and to do whatever they like.”[[28]](#footnote-28) By attempting to appeal the ban, JUUL Labs continues to accepts its mission and responsibility to stop adult cigarette smokers from wanting cigarettes. India’s Ministry of Health and Family Welfare also banned JUUL products but will have another hearing about the JUUL issue on May 17, 2019. India’s endeavor to create a healthy atmosphere for its citizens backfires because JUUL products are available through the Indian Black Market, where starter pack for JUULs are grossly inflated due to regulation.[[29]](#footnote-29) Black market JUUL starter packs begin at $100 compared to America’s regulated, $29.[[30]](#footnote-30) The ban India imposed is not believed to stay in place because of the high volume want for JUUL Lab products.

Ironically, even JUUL Labs CEO, Kevin Burns, banned vaping inside the JUUL offices on December 11, 2018 “to comply with legal requirements.”[[31]](#footnote-31) Public perception of JUUL products are skewed, especially in the youth demographic, because of the positive social perceptions about JUUL. But, JUUL currently owns 70% of the e-cigarette market in the United States.[[32]](#footnote-32) JUUL products have created a way for smoking to be social and accepted.

The Truth Initiative nonprofit organization is dedicated to terminating JUUL Labs with statistics and reports over the negative effects JUUL has on the environment, health and more.[[33]](#footnote-33) The Truth’s mission is “creating the first tobacco-free generation” through counter-marketing campaigns targeting the Millennial and Generation Z generations.[[34]](#footnote-34) The Truth focuses on youth and minority support through termination of tobacco completely. JUUL Labs sales increased more than 600% during the year of 2018, which the Centers of Disease Control and Prevention believed is a “danger to youth” and skyrocket sales “threatens [the CDC’s] progress in reducing youth e-cigarette use.”[[35]](#footnote-35) Many other activist publics released statistics, reports and data over the harmful effects of JUUL products including the FDA and FTC.

**Suggestions**

JUUL Labs needs to continue its open, two-way forms of communication to keep all publics adequately happy with the organization. Although there are obviously many activist publics against JUUL Lab’s mission, it is essential for upper management of JUUL Labs to quickly and properly react to all public scrutiny. Activist groups against tobacco and vaping will never stop their opposition to JUUL Labs, but JUUL Labs can aim to help activist publics understand why its mission has sustenance. If JUUL Labs released more statistics about the historic decline of cigarette sales and data over JUUL’s Youth Prevention efforts. By highlighting the good, mission and values of JUUL Labs, it creates a neutral zone for different publics to decide attitudes over JUUL products.

JUUL Labs should provide a detailed layout and action plan of the $30 million youth prevention strategy displayed on the website, and disperse the plans in high teen-vaping regions across America. By utilizing the disclosure principle, JUUL Labs can keep all publics up to date on JUUL statistics, regulations and possible harmful side effects. JUUL should be symmetrically communicating with publics focus on JUUL’s responsibility for the public interest and that its mission is attainable. By continuing to conduct environmental scanning over all publics, JUUL Labs can be more aware of issues and facilitate good standing, long-term relationships with publics through the relationship principle. With conditionally constructive methods of communication, JUUL Labs would highlight how much the organization cares for and will do whatever is best for its future relationships with activist publics, even if JUUL Labs has to give up more potential sales.

JUUL Labs has a diverse staff and upper management, which gives the organization more insights to understanding and perception. JUUL could use the remaining social media it has to spotlight different and unique adult staff members to further push JUUL’s dedication to the public, both internally and externally.

1. JUUL Labs. “JUUL FAQ.” 2019. [↑](#footnote-ref-1)
2. Keller and Heckman LLP. “The Continuum of Risk.” (2019). [↑](#footnote-ref-2)
3. Kaplan, Shelia and Hoffman, Jan. “Juul Suspends Selling Most E-Cigarette Flavors in Store.” *The New York Times,* 2018. [↑](#footnote-ref-3)
4. Hanbury, Mary. “Flavored Juul pods will no longer be sold in retail stores – but here’s where you can buy them.” *Business Insider*, 2018. [↑](#footnote-ref-4)
5. “Juul, The E-Cigarette Brand, Is Shutting It’s Facebook and Instagram Accounts.” *Ad Age,* 13, Nov. 2018, *Bloomberg News.* [↑](#footnote-ref-5)
6. Keller and Heckman LLP. “The Continuum of Risk.” (2019). [↑](#footnote-ref-6)
7. Kaplan, Shelia and Hoffman, Jan. “Juul Suspends Selling Most E-Cigarette Flavors in Store.” *The New York Times,* 2018. [↑](#footnote-ref-7)
8. Hanbury, Mary. “Flavored Juul pods will no longer be sold in retail stores – but here’s where you can buy them.” *Business Insider*, 2018. [↑](#footnote-ref-8)
9. The Truth. “About Truth” 2019. [↑](#footnote-ref-9)
10. “Juul, The E-Cigarette Brand, Is Shutting It’s Facebook and Instagram Accounts.” *Ad Age,* 13, Nov. 2018, *Bloomberg News.* [↑](#footnote-ref-10)
11. *Ibid.* [↑](#footnote-ref-11)
12. JUUL Labs. “JUUL News.” 2019. [↑](#footnote-ref-12)
13. *Ibid.* [↑](#footnote-ref-13)
14. “Juul, The E-Cigarette Brand, Is Shutting It’s Facebook and Instagram Accounts.” *Ad Age,* 13, Nov. 2018, *Bloomberg News* [↑](#footnote-ref-14)
15. JUUL Labs. “JUUL Youth Prevention.” 2019. [↑](#footnote-ref-15)
16. JUUL Labs. “JUUL News.” 2019 [↑](#footnote-ref-16)
17. JUUL Labs. “Youth Prevention.” 2019 [↑](#footnote-ref-17)
18. *Ibid.* [↑](#footnote-ref-18)
19. *Ibid.* [↑](#footnote-ref-19)
20. *Ibid.* [↑](#footnote-ref-20)
21. *Ibid.* [↑](#footnote-ref-21)
22. *Ibid.* [↑](#footnote-ref-22)
23. Ho, Catherine. “’We don’t want them in our city’ – SF officials seek Juul crackdown.” *San Francisco Chronicle,* 2019. [↑](#footnote-ref-23)
24. Boseley, Sarah. “Stop ‘super-cool’ e-cigarette from taking off among kids, UK told.” *The Guardian,* 2018. [↑](#footnote-ref-24)
25. *Ibid.* [↑](#footnote-ref-25)
26. Linder-Ganz, Ronny. “Juul asks Israel’s Top Court to block ban on E-cigarettes.” *Haaretz,* 2018. [↑](#footnote-ref-26)
27. *Ibid.* [↑](#footnote-ref-27)
28. *Ibid.*  [↑](#footnote-ref-28)
29. Khatri, Bhumika. “E-Cigarettes and vapes are not drugs to be regulated: Delhi HC.” *Inc42,* 2019. [↑](#footnote-ref-29)
30. *Ibid.*  [↑](#footnote-ref-30)
31. Mikel, Betsy. “Well, this is awkward. Juul, the E-Cig Company, Just had to ban vaping in its own offices.” *Inc.,* 2018. [↑](#footnote-ref-31)
32. Boseley, Sarah. “Stop ‘super-cool’ e-cigarette from taking off among kids, UK told.” *The Guardian,* 2018. [↑](#footnote-ref-32)
33. The Truth. “About Truth.” 2019. [↑](#footnote-ref-33)
34. *Ibid.* [↑](#footnote-ref-34)
35. The Truth Initiative. “Juul sales increase more than 600% in a year, underscoring popularity among teens.” *The Truth,* 2018. [↑](#footnote-ref-35)