

# Legislative/Regulatory Environment

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## EPA Ruling

- A 1998 U.S. District Court ruling regarding ETS invalidated the EPA's classification of second-hand smoke as a "Group A" carcinogen

## OSHA Activity

- OSHA Workshops

## Impact of State/Local Bans

- California Bar Ban: 59% lost business, average sales decline of 26%
- Mesa: Overall sales declined by 5.2%
- National bowling study:
  - Revenues would drop by up to half a billion dollars, a 16% decline
  - Up to nearly 15,000 people would lose their jobs
  - Up to nearly \$25 million in lost sales taxes

### Sources:

- 1: The American Beverage Institute, by KPMG Peat Marwick, LLP, April 1998
- 2: Economic Impact of the City of Mesa Smoke-Free Ordinance: Working Paper 2, City of Mesa Finance Department, October 1996, funded with a grant courtesy of Philip Morris Management Corporation
- 3: Bowling Proprietors' Association of America, by ETC Institute, Fall 1997, funded with a grant courtesy of Philip Morris' Accommodation Program

# **Ventilation Options**

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## **Business owners are interested in ventilation\* ...**

- Separate sections may not be enough
- Smoke is a frequent customer complaint
- A complete ban would cost more than what it would cost to make changes to accommodate
- Are willing to consider ventilation systems as a competitive advantage

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998

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# **Ventilation Options**

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**But, ventilation can be perceived as\* . . .**

- Complex
- Costly
- Confusing
- Benefits?

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998

# Ventilation "In Action"

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## The Hitching Post\*

Richmond International Airport/Richmond, VA

Post-installation survey of customers showed:

- Over seven out of ten adults (65% of non-smokers and 81% of smokers) said the air quality is better than in most restaurants
- Close to nine out of ten adults (84% of non-smokers and 88% of smokers) said the air quality is better than in most bars
- Almost all non-smokers (80%) and smokers (95%) agreed that ventilation technology is an effective approach to accommodating non-smokers and smokers
- Over nine out of ten adults (91% of non-smokers and 98% of smokers) said that they would visit again

## Dog House Saloon

Muskegon, MI

Post-installation survey of customers showed improved ratings for the following:

- Food -- up 7%
- Service -- up 35%
- Air Quality -- up more than 50%
- Enjoyability -- up more than 20%

• Source: The Hitching Post Satisfaction Study, 1998, by Active Knowledge Incorporated, funded by Philip Morris USA

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# Ventilation -- A Viable Option

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- Ventilation technology can play a vital role in helping to comfortably accommodate non-smokers and smokers by enhancing indoor air quality in hospitality establishments.
- Application of ventilation technology can be a cost-effective, practical investment that pays for itself over time through increased customer satisfaction and lower energy and maintenance costs.
- There is not a "one-size-fits-all" approach to accommodation and ventilation options. Business owners need to decide what approach will work best for them and their customers.



# **Our Commitment**

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We will stimulate discussion and facilitate a marketplace that employs practical approaches . . .

- Communicate what is possible
- Facilitate discussion
- Encourage experts and expertise
- Educate, based on experience
- Stimulate innovation

# **PM "Options" Initiative**

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Ventilation improvements can help create comfort . . .

- Educate business owners on the benefits of ventilation as an accommodation option
- Motivate business owners to proactively invest in ventilation to meet their own business objectives and help create a comfortable environment for both non-smokers and smokers
- Bridge the gap between the hospitality and HVAC industries to enhance the technical options marketplace for business owners
- Demonstrate to public policy makers that the hospitality industry is proactively managing the accommodation of non-smokers and smokers



# Options

— PHILIP MORRIS USA —

*Finding balance and comfort for both non-smokers and smokers*

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# PM "Options" Initiatives

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## The Accommodation Program

- Nationwide Program
- Restaurants, Hotel/Motels, Bowling Centers
- 40,000 Businesses
- Education
  - "How To" Materials
  - Technical Guidebooks
  - Technology Option Seminars
  - Case Studies
- Communication
  - Quarterly Newsletter: *Sign of the Times*
  - Issue Alerts/Late Breaking News
- Signage: Non-Smokers & Smokers Welcome

**The Accommodation Program continues to work with national hospitality associations, including the:**

- American Hotel & Motel Association (AH&MA)
- Bowling Proprietors' Association of America (BPAA)
- Club Managers Association of America (CMAA)
- Distinguished Restaurants of North America (DRNA)
- National Association of Pizza Operators (NAPO)
- International Society of Hotel Association Executives (ISHAE)
- International Society of Restaurant Executives (ISRAE)
- Educational Foundation of the National Restaurant Association (NRA EF)

The Accommodation Program is also supported by 112 state and regional hospitality associations that offer it to their members.

**Restaurant, Lodging & Travel Associations**

- Alabama Restaurant Association
- Alabama Hospitality Association
- Alaska Cabaret, Hotel, Restaurant & Retailers Association
- Alaska Hotel & Motel Association
- Arizona Restaurant Association
- Arkansas Hospitality Association
- California Business and Restaurant Alliance
- Connecticut Lodging & Attractions Association
- Connecticut Restaurant Association
- Florida Central Florida Hotel & Motel Association
- Florida-Greater Miami Convention & Visitors Bureau
- Florida-Jackson and the Beaches Convention & Visitors Bureau
- Florida-Orlando/Orange County Convention & Visitors Bureau, Inc.
- Florida-Tallahassee Area Convention & Visitors Bureau
- Florida-Tampa/Hillsborough Convention & Visitors Association, Inc.
- Georgia Athens Convention & Visitors Bureau
- Georgia-Atlanta Convention & Visitors Bureau
- Georgia-Clayton County Convention & Visitors Bureau
- Georgia-Cobb County Convention & Visitors Bureau
- Georgia-Columbus Convention & Visitors Bureau
- Georgia-Henry County Convention & Visitors Bureau
- Georgia-Macon Convention & Visitors Bureau
- Georgia-Savannah Convention & Visitors Bureau
- Hawaii Hotel Association
- Hawaii Restaurant Association
- Indiana Hotel & Motel Association
- Indiana Restaurant and Hospitality Association of Indiana
- Illinois Restaurant Association
- Hotel & Motel Association of Illinois
- Iowa Hospitality Association
- Iowa Lodging Association
- Kansas Restaurant & Hospitality Association
- Kentucky Hotel & Motel Association
- Kentucky Restaurant Association
- Los Angeles County Hotel and Motel Group

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- Louisiana Restaurant Association
- Maine Restaurant Association
- Michigan Hotel, Motel & Resort Association
- Michigan Restaurant Association
- Minnesota Licensed Beverage Association
- Mississippi Hotel & Motel Association
- Mississippi Restaurant Association
- Missouri Hotel & Motel Association
- Missouri Restaurant Association
- Nebraska Hotel & Motel Association
- Nebraska Restaurant Association
- Nevada Restaurant Association
- Nevada Hotel & Motel Association
- New Hampshire Lodging & Restaurant Association
- New Mexico Hotel/Motel Association
- New Mexico Restaurant Association
- New York State Restaurant Association
- The Empire State Tavern & Restaurant Association
- North Carolina Restaurant Association
- North Carolina Hotel & Motel Association
- North Dakota Hospitality Association
- Ohio Hotel & Motel Association
- Ohio-Greater Columbus Hotel & Motel Association
- Ohio-Resturant Association
- Ohio-Central Ohio Restaurant Association
- Ohio-Licensed Beverage Association
- Oklahoma Hotel & Motel Association
- Oklahoma Restaurant Association
- Oklahoma State Bowling Proprietors Association
- Pennsylvania Greater Pittsburgh Bowling Proprietors Association
- South Dakota Bowling Proprietors Association
- Texas Restaurant Association
- Texas Hotel & Lodging Association
- Vermont Lodging & Restaurant Association
- Vermont Restaurant & Business Coalition

**Bowling Associations**

- Virginia Hospitality & Travel Industry Association
- Restaurant Association of Metropolitan Washington, Inc.
- Washington State Hotel & Motel Association
- Wisconsin Restaurant Association
- Tavern League of Wisconsin
- West Virginia Hospitality & Travel Association
- Wyoming Lodging & Restaurant Association
- Alabama-Mississippi Bowling Proprietors Association
- Arizona State Bowling Proprietors Association
- California-Northern California Bowling Proprietors Association
- Bowling Proprietors Association of the Carolinas
- Connecticut State Bowling Proprietors Association
- Bowling Centers Association of Florida
- Idaho Bowling Proprietors Association
- Illinois State Bowling Proprietors Association
- Indiana Bowling Proprietors Association
- Iowa Bowling Proprietors Association
- Kentucky Bowling Proprietors Association
- Louisiana State Bowling Proprietors Association
- Bowling Proprietors Association of Minnesota
- Missouri State Bowling Proprietors Association
- Nebraska State Bowling Proprietors Association
- North Dakota Bowling Proprietors Association
- Bowling Proprietors Association of New Jersey, Inc.
- New York State Bowling Proprietors Association
- Bowling Proprietors Association of Ohio
- Ohio-Columbus Bowling Centers Organization
- Oklahoma Bowling Proprietors Association
- Oklahoma-Greater Tulsa Bowling Proprietors Association
- Oregon State Bowling Proprietors Association
- Pennsylvania-Greater Pittsburgh Bowling Proprietors Association
- South Dakota Bowling Proprietors Association
- Bowling Proprietors Association of Tennessee
- Texas Bowling Centers Association
- Washington State Bowling Proprietors Association
- Bowling Proprietors Association of Wisconsin

# PM "Options" Initiatives

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## The Accommodation Program: Association Resources

- Ventilation Educational Seminars
- Educational Materials: Case Studies, IAQ Fact Sheets, Common Questions
- Newsletter Columns: "Ask the HVAC Expert"
- Research and Studies
- Educational Grants and Sponsorships
- Ventilation Telephone Consulting Service
- Technical Consultant Referrals

# PM "Options" Initiatives

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- ***atmospherePLUS***, a licensed beverage industry initiative
  - National Licensed Beverage Association
- Hospitality and HVAC Industry Forums

## **Air Conditioning Contractors Association of America (ACCA)**

- National Conference, February 24 - 26
- Massachusetts Restaurant Association (Peter Christie)
- National Licensed Beverage Association (Deborah Leach)
- Ohio Hotel & Lodging Association (Howard Nusbaum)

## **Hotel & HVAC Industry Roundtable: Lodging Magazine (Fall '98)**

## **Restaurant & HVAC Industry Roundtable: HPAC Magazine/NRA Show (May '99)**

- Selective support and funding of state-of-the-art ventilation models
  - The Hitching Post, Richmond International Airport
  - The Aviators' Club, Denver International Airport
  - Coral Reef Yacht Club, Florida

**Working together, we can find  
balance and comfort for both  
non-smokers and smokers**

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# ● ● ● Ventilation & Indoor Air Quality

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- IAQ principles
  - Ventilation technologies
  - Common IAQ challenges
  - Case studies
  - Current standards, codes and ordinances
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**George Benda**  
**Chairman & CEO**  
**Chelsea Group, Ltd.**

# Ventilation Options

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**We asked business owners what would help\* ...**

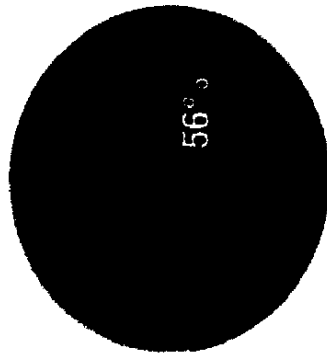
- Cost, cost, cost
- Benefits to business
- Technology options
- Easy-to-understand
- Technological expertise (from HVAC professionals)

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998

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# NATIONWIDE CONSUMER SUPPORT FOR ACCOMMODATION

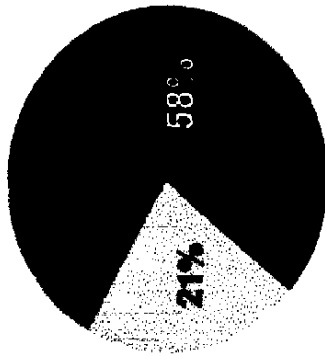
According to a poll conducted for the Distinguished Restaurants of North America by Roper Starch Worldwide\*, the public overwhelmingly supports accommodation:



Total (N=1000)

**We Should Find a Way to Accommodate Both Non-Smokers and Smokers in Hospitality Establishments**

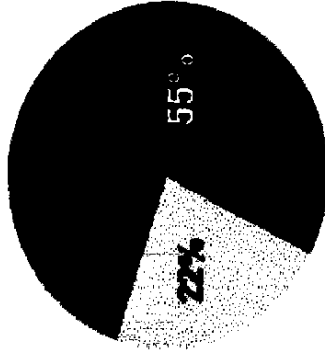
- Strongly Agree
- Somewhat Agree



Total (N=1000)

**Impact Good Ventilation can Have on Smoking Issues**

- Not Very Much or None
- Some
- A Lot



Total (N=1000)

**Who Should be Primarily Responsible for Setting Smoking Policies in Most Hospitality Establishments?**

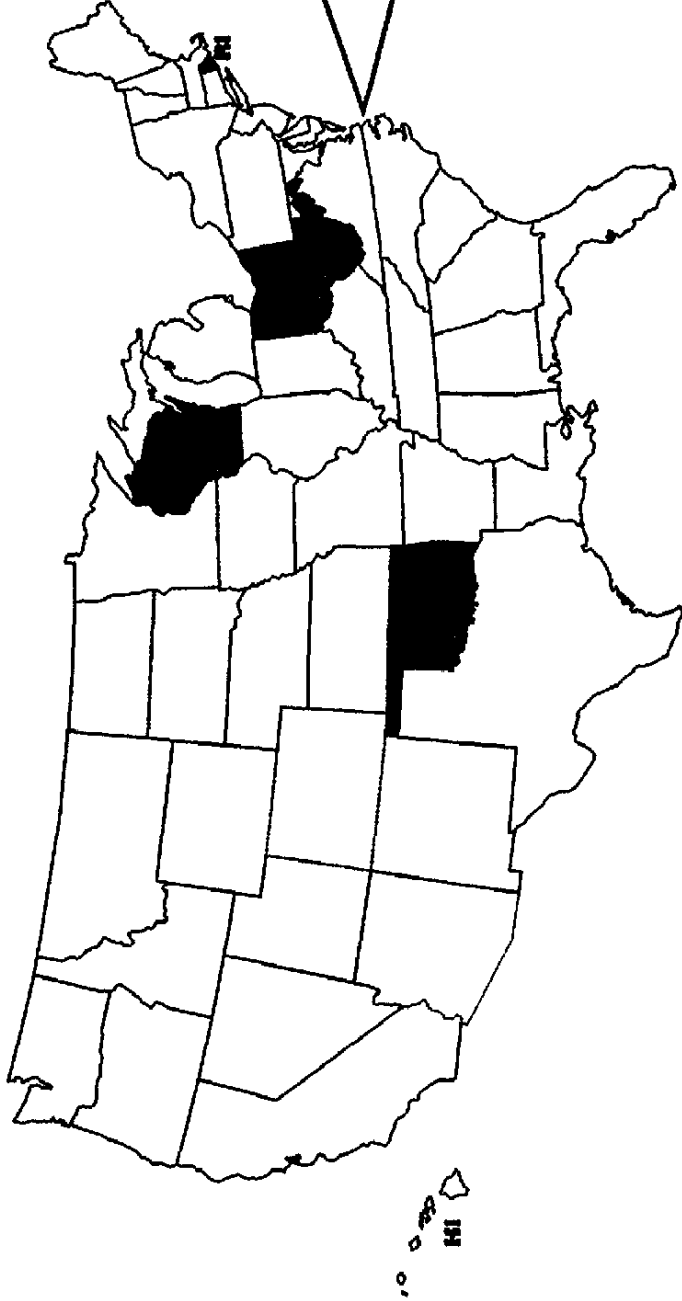
- Customers
- Business Owners
- Government

\*Funded with a grant from The Accommodation Program, courtesy of Philip Morris U.S.A.

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# WHAT CONSUMERS ARE SAYING ABOUT ACCOMMODATION



- In RI, OH, OH and WI, between 78%-83% of consumers favor accommodation
- In WI, WV, RI and OH, between 79%-84% of consumers believe proper ventilation can have a positive impact on smoking issues
- In RI, OK, OH, WV, and WI, between 57%-85% of consumers favor designated smoking areas

Smoke surveys prepared for Rhode Island Restaurant Association by Advantage Marketing Information; OH surveys prepared for Ohio Restaurant Association by Superstate Associates, Inc.; Wisconsin survey prepared for Wisconsin Restaurant Association by Championship Research Consultants; West Virginia Restaurant and Bar Survey prepared for Ohio Association of West Virginia by the Craig Group.

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 TX, LA

**REGION 11**  
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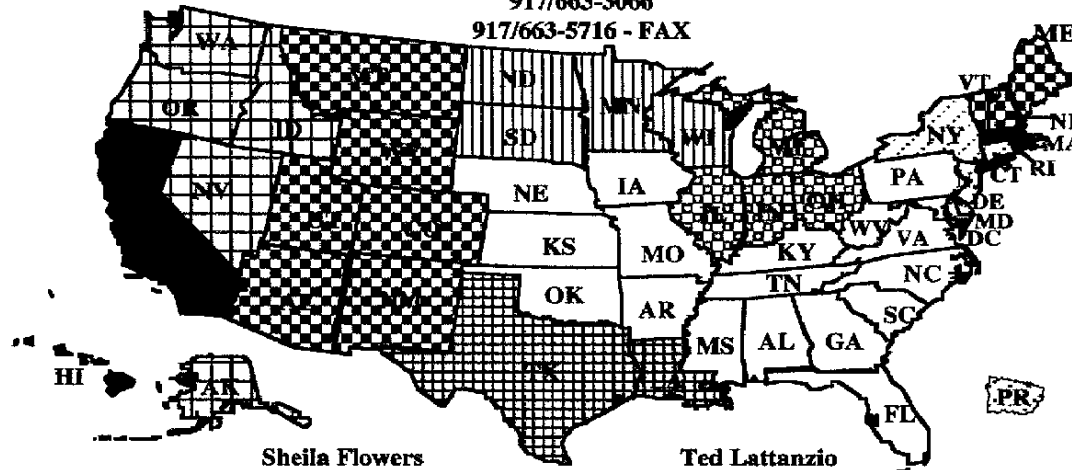
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# Changing Accommodation Environment

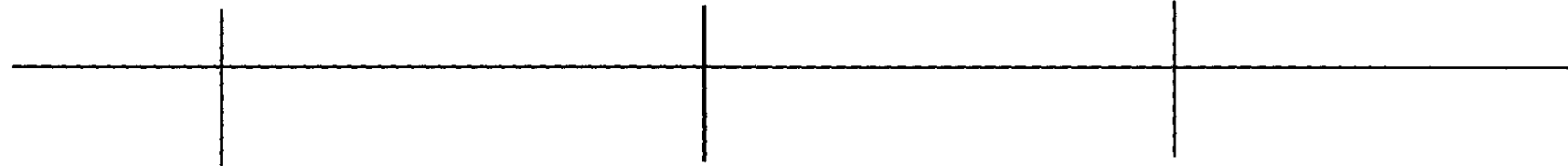
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The environment has shifted to one where the business owner's decision-making ability has become increasingly restricted:

**Pre-1990/Early '90s**

**Mid '90s**

**Late '90s**



*Initial Restrictions:*

- Designated Areas

*Increasing Restrictions/Bans:*

- Designated Areas
- Separate Rooms
- Total Ban

*Intensified Restrictions/Bans:*

- Total Bans
- Separate Rooms/  
Separate Ventilation
- Ventilation Requirements
- Designated Areas

# **Our Belief**

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- **Everyone's choice should be respected . . . .**
  - **Non-smokers should be able to enjoy an environment where smoke and odor do not bother them**
  - **At the same time, adults who choose to smoke should be able to do so in a pleasant and comfortable environment**
  - **Business owners should be able to choose the smoking policy that best suits the needs of their business and preferences of their employees and customers**
- **Public policies should respect these choices and achieve balance**
- **Smoking bans are not a reasonable solution and can result in negative economic and social impact for businesses, employees and customers**
- **There are many options to provide comfort and balance: Ventilation improvements. Separate areas. Separate rooms. No separation.**

# Managing Accommodation Today

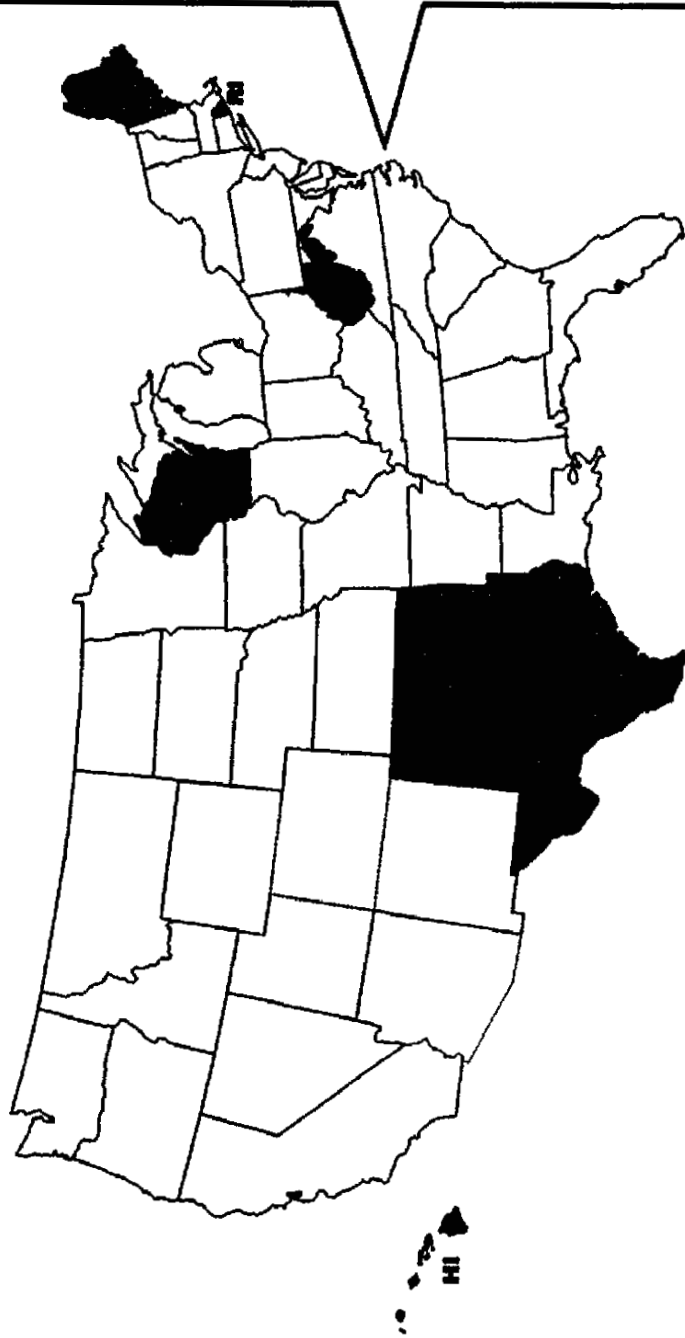
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Despite intensified restrictions and bans on the accommodation of both non-smokers and smokers, the marketplace appears to be receptive to an options-based approach.

- Business Owner & Consumer Attitudes
- Legislative/Regulatory Environment

# WHAT BUSINESS OWNERS/MANAGERS ARE SAYING ABOUT ACCOMMODATION

- In RI, OK, ME, TX, HI and WI, between 72%-88% of hospitality business owners favor accommodation
- In RI, OK, ME, WV, WI, TX and HI, between 84%-88% of hospitality business owners believe that smoking policies should be set by business owners and managers or customers
- In TX, HI, WI, ME and RI, between 74%-79% of hospitality business owners agree that ventilation can have a positive impact on smoking issues
- In WI, HI, TX, WV, ME and RI, between 35%-60% of hospitality business owners would have to lay off employees if smoking bans were enacted
- In OK, WV, HI, TX, WI and RI and ME, between 44%-64% of hospitality business owners believe there would be a negative sales impact or loss of business if a smoking ban were enacted



Rhode Island surveys prepared for Rhode Island Hospitality and Tourism Association by Advantage Marketing International; Oklahoma surveys prepared for Oklahoma Restaurant Association by Cole Hargrave Smokegrass & Associates; Maine survey prepared for Maine Restaurant Association by Maine Focus; West Virginia Restaurant and Bar Survey prepared for Club Association of West Virginia by The Craig Group; Texas survey prepared for Texas Restaurant Association for Estabac Group; Hawaii survey prepared for Hawaii Restaurant Association by Quantit Research & Polling; Wisconsin survey prepared for Wisconsin Restaurant Association by Chamberlain Research Consultants.  
 Funding for all surveys provided by grants from The Accommodation Program, courtesy of Philip Shewitt, U.S.A.

- PM is in the cigarette business, but we're also in the business of finding reasonable solutions to issues associated with our product
- My job is to find reasonable solutions to public place smoking issues and we believe there are Options to find balance and comfort for both non-smokers and smokers
- We have worked with the hospitality industry for more than a decade through our accommodation program to find options to create comfort for both non-smokers and smokers
- When you think about it, it's clear that business owners have known all along -- without government telling them -- that creating comfortable environments for non-smokers, smokers and employees is key to a successful business
- But, the ability of business owners to make those decisions is becoming increasingly restricted.
- Our mission is to support initiatives in the marketplace that help businesses, public policy makers and the general public find effective ways to find balance and comfort for both non-smokers and smokers.
- That means we want to help the marketplace proactively manage public place smoking in a reasonable way to negate the need for government intervention.
- But , we recognize that local and state legislative initiatives will continue to escalate and we want to help find reasonable alternatives to complete smoking bans that will allow business owners as much flexibility as possible.
- In that context, it's becoming increasingly clear from the local and state legislative initiatives that we're seeing around the country, that ventilation requirements or standards can be an alternative to bans and a middle ground for the hospitality industry.

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① ~~And that's why we're here today~~ while the BO/sg. consist has

Some more not noticed -> when you think about it, it's pretty clear  
that BO have known all along -- you see that then -- that

credit conf. emv. for UTS + employees is the key to successful ~~business~~  
accommodation policy USP

② And that's why we're here today ... SCFAR

USP  
USP  
USP

- AM CO US / also in the bus. of find reasonable solutions  
to assoc of our product. And, we think my options to  
find before + input for both UTS

③ Label with keep in bus. for many years + cost bus. owners in find  
option that work best for them to accommodate everyone --

USP  
USP  
USP

Send in our efforts to find options, it's clear that utilization  
in ply is critical role in help bus. owners create capital --  
to reduce cost of service + for employees, not for the  
own choice to allow smoky -- + that should be his own

decision



# Discussion Overview

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- Evolving Accommodation Environment
- Philip Morris' Position
- Business Owners Perspectives
- Consumers Perspectives
- Technical Options
- Philip Morris' Commitment & Resources
- Open Forum: Working Together

① What we know

②

~~And, that's why we're here today~~

As you probably know, however, for ~~Scott~~ <sup>my</sup> Sus. owner, cut. cir  
appear to be ~~total~~ proposition as a said then done.

5) The purpose of our meeting today is to share with you what we're doing  
about Sus + ~~concerns~~ particulars + specifications of your system specific  
to accom. particular for owners particular

in IAD consult firm

6) ~~Sus for the next 2 to 3 hours.~~ We're also invited George And Don the  
Albec group to talk about app. for Sus owners to enhance IAD in

cost-effective, practical way

you will get the best of both worlds  
of both worlds of both worlds

7) Ultimately, we hope to have the best of both worlds

8) Finally, IAD for cost of both worlds with the best of both worlds  
intention

9) At some times recognize that both of both worlds may combine to create  
that some times to provide you with an understanding of both worlds  
ground never is complex

1 Dinner

2) TY Vent

SO Lorraine to def to talk about ventilation

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Accommodation program

that includes

in public places

reasonable alternatives to find comfort for everyone in host - rest

- Goal - so to not

But

At times

substitutes

be think the number needed in a smoking ban is 50% in 100% +

In that context, it's becoming increasingly clear from the local and state legislative initiatives that we're seeing around the country, that ventilation requirements or standards can be an alternative to bans and a middle ground for the hospitality industry.

But 7 wanted + standard

Our soul today

1)

both in

proactive

reasonable

(1) At the same time, we all recognize that best of strategies will be to take some of the issues and address solutions to it.

What's your big picture?  
It will allow you to plan in six months.

But when you think about it's clear that business owners have known all along - without the law - that they can't do anything. So in his talks - that rights are available (rights for non-smokers & smokers is the same).

# Accommodation & Ventilation

And, from your point of view, the best solution would be to work together.

Sub choice: to be successful accommodation policy.

(2) And, that's why we invited you here today.

AM in the end of the cigarette ban, but we are also in the end of jobs. reasonable solutions to issues in the end of jobs. what's the problem?

It seems to be a lot of work for you to have for you. SM however, you find options for accommodation. And you can't do it. the challenge is to find options for accommodation.

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(1) Purpose of our meeting today is to show you what we've learned about ventilation & so on and so on. specific requirements & specifications for specific accommodations.

- (A) - just eye boogies.
- (B) - [unclear] what we're doing about it.
- (C) - some of the things we're not doing yet.
- (D) - [unclear] to the extent that we have.
- (E) - [unclear] to the extent that we have.

(3) And, second on our [unclear] to find options, it's clear that ventilation can play a role in the process. role in helping you to find options. And you can't do it. the challenge is to find options for accommodation. But you probably know for sure that ventilation is a key to find options for accommodation.

5) ~~Finally, then we go ahead with~~

Finally, we cut + bind together with you on sort of these

- scarcities
- positive education (out of the issues)
- finds middle ground (second solutions below)

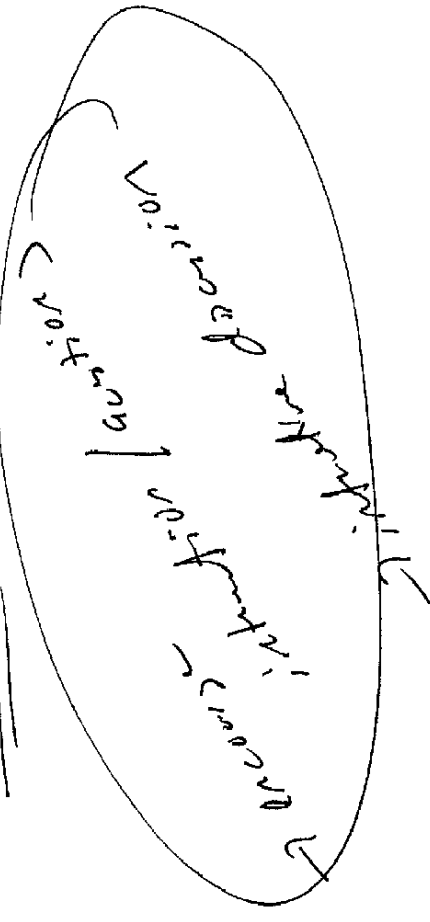
100% both  
- middle ground

5) we do not try to take it with you don't the way forward

6) we try to find a new way to move forward

over the  
- how we  
- try to find a new way to move forward

open for discussion on your propositions on accommodation, utilization, and how to move forward.



# Changing Accommodation Environment

The environment has shifted to one where the business owner's decision-making ability has become increasingly restricted:

Pre-1990/Early '90s

Mid '90s

Late '90s

Initial Restrictions:

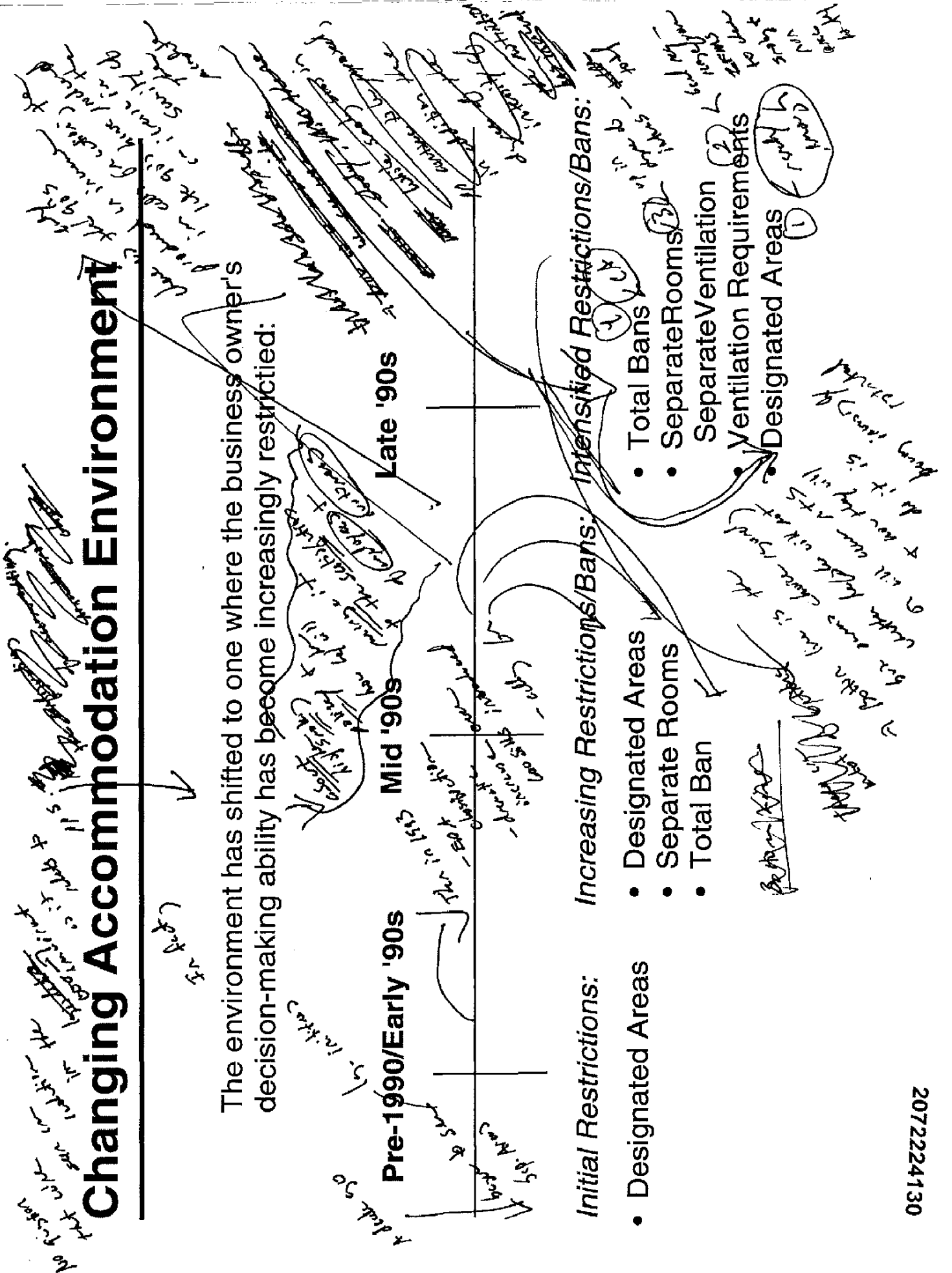
- Designated Areas

Increasing Restrictions/Bans:

- Designated Areas
- Separate Rooms
- Total Ban

Intensified Restrictions/Bans:

- Total Bans
- Separate Rooms
- Separate Ventilation
- Ventilation Requirements
- Designated Areas



# Our Belief

① UK PM position

PM USA

• Everyone's choice should be respected . . . .

② - divvies money in the science related to ETS, however - one indisputable fact is that it is a - cost

-- Non-smokers should be able to enjoy an environment where smoke and odor do not bother them

-- At the same time, adults who choose to smoke should be able to do so in a pleasant and comfortable environment

Business owners should be able to choose the smoking policy that best suits the needs of their business and preferences of their employees and customers

x that includes voluntary bans or policies that accommodate employees

• Public policies should respect these choices and achieve balance

that includes all our society (business) neither respect these choices nor achieve balance

Smoking bans are not a reasonable solution and can result in negative economic and social impact for businesses, employees and customers

There are many options to provide comfort and balance: Ventilation improvements. Separate areas. Separate rooms. No separation.

the is not a one size fits all approach + the separate areas + separate rooms + separate rooms in the circumstances the A/E responsible for the environment everyone's choice + preferences so

③ - to cure... 45m... who choose to smoke  
④ - V. (M) ...  
⑤ - how to...  
⑥ - ...  
⑦ - Best place...  
⑧ - ...

# Managing Accommodation Today

Despite intensified restrictions and bans on the accommodation of both non-smokers and smokers, the marketplace appears to be receptive to an options-based approach.

- Business Owner & Consumer Attitudes
- Legislative/Regulatory Environment

Because we are committed to stimulate discussion & health  
 → AM only with hosp. assoc. & conduct our own research  
 in accommodation & STD file & file

5 minutes to show with you what we heard

1  
2

about 500,000 are critical paths in the 5015.com.

As a result, the people starts to be receptive to an options-based approach.

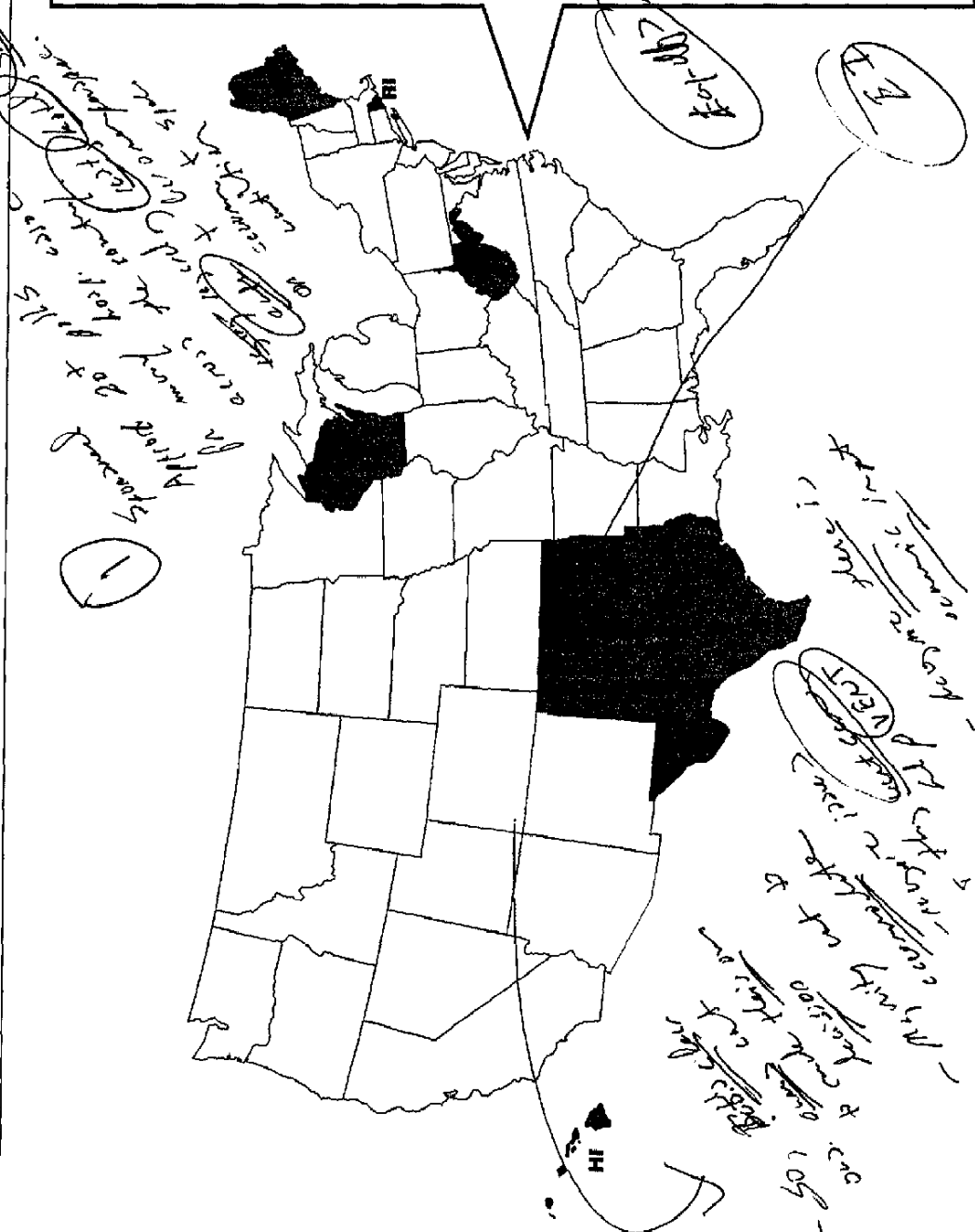
let's also know

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# WHAT BUSINESS OWNERS/MANAGERS ARE SAYING ABOUT ACCOMMODATION

*44. 8/10/87*



- In RI, OK, ME, TX, HI and WI, between 72%-88% of hospitality business owners favor accommodation - choice
- In RI, OK, ME, WV, WI, TX and HI, between 84%-88% of hospitality business owners believe that smoking policies should be set by business owners and managers or customers
- In TX, HI, WI, ME and RI, between 74%-79% of hospitality business owners agree that ventilation can have a positive impact on smoking issues
- In WI, HI, TX, WV, ME and RI, between 35%-60% of hospitality business owners would have to lay off employees if smoking bans were enacted
- In OK, WV, HI, TX, WI and RI and ME, between 44%-64% of hospitality business owners believe there would be a negative sales impact or loss of business if a smoking ban were enacted

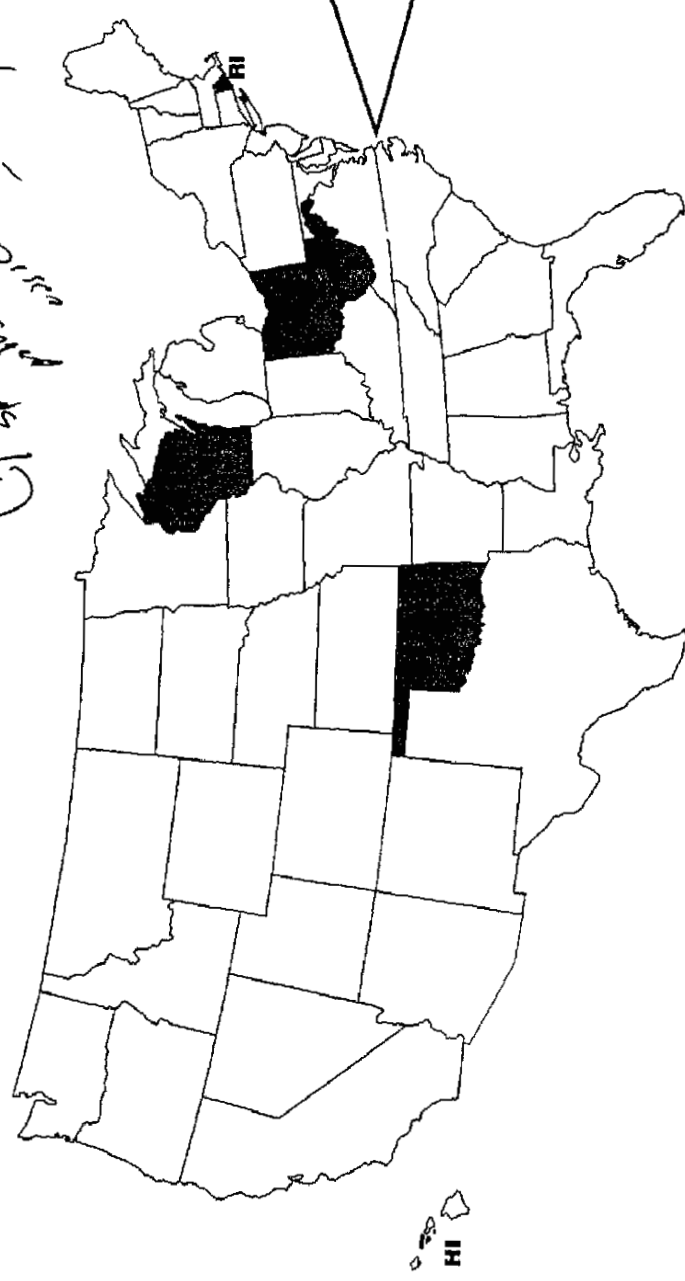
Rhode Island surveys prepared for Rhode Island Hospitality and Tourism Association by Advantage Marketing Information; Oklahoma surveys prepared for Oklahoma Restaurant Association by Cole Hargrave Snodgrass & Associates; Maine survey prepared for Maine Restaurant Association by Maine Focus; West Virginia survey prepared for West Virginia Bar Survey prepared for Club Association of West Virginia by The Craig Group; Texas survey prepared for Texas Restaurant Association by Epstein Group; Hawaii survey prepared for Hawaii Restaurant Association by Qmark Research & Polling; Wisconsin survey prepared for Wisconsin Restaurant Association by Chamberlain Research Consultants. Funding for all surveys provided by grants from The Accommodation Program, courtesy of Philip Morris, U.S.A.

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# WHAT CONSUMERS ARE SAYING ABOUT ACCOMMODATION

*Handwritten notes:*  
 - 100% of consumers favor accommodations  
 - 80% of consumers favor accommodations  
 - 70% of consumers favor accommodations  
 - 60% of consumers favor accommodations  
 - 50% of consumers favor accommodations  
 - 40% of consumers favor accommodations  
 - 30% of consumers favor accommodations  
 - 20% of consumers favor accommodations  
 - 10% of consumers favor accommodations  
 - 0% of consumers favor accommodations

*Handwritten notes:*  
 - We do so  
 - 60% of consumers favor accommodations  
 - 50% of consumers favor accommodations  
 - 40% of consumers favor accommodations  
 - 30% of consumers favor accommodations  
 - 20% of consumers favor accommodations  
 - 10% of consumers favor accommodations  
 - 0% of consumers favor accommodations



- In RI, OK, OH and WI between 78%-83% of consumers favor accommodation
- In WI, WV, RI and OH, between 79%-84% of consumers believe proper ventilation can have a positive impact on smoking issues
- In RI, OK, OH, WV, and WI, between 57%-85% of consumers favor designated smoking areas

*Handwritten notes:*  
 - 100% of consumers favor accommodations  
 - 80% of consumers favor accommodations  
 - 70% of consumers favor accommodations  
 - 60% of consumers favor accommodations  
 - 50% of consumers favor accommodations  
 - 40% of consumers favor accommodations  
 - 30% of consumers favor accommodations  
 - 20% of consumers favor accommodations  
 - 10% of consumers favor accommodations  
 - 0% of consumers favor accommodations

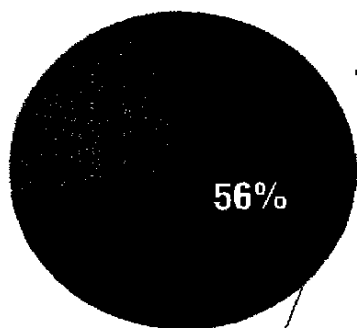
Rhode Island surveys prepared for Rhode Island Hospitality and Tourism Association by Advantage Marketing Information; Oklahoma surveys prepared for Oklahoma Restaurant Association by Cole Hargrave Shodgrass & Associates; Ohio survey prepared for Ohio Restaurant Association by Superstein Associates, Inc.; Wisconsin survey prepared for Wisconsin Restaurant Association by Chamberlain Research Consultants; West Virginia Restaurant and Bar Survey prepared for Club Association of West Virginia by the Craig Group.  
 Funding for all surveys provided by grants from The Accommodation Program, courtesy of Philip Morris, U.S.A.

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① All 1200 nice attitudes about on issue 50% probably mt. 9/11 - Roper Starch Worldwide - Commission by RMA - Survey of Staff - what is coming out of the staff (finds)

# NATIONWIDE CONSUMER SUPPORT FOR ACCOMMODATION

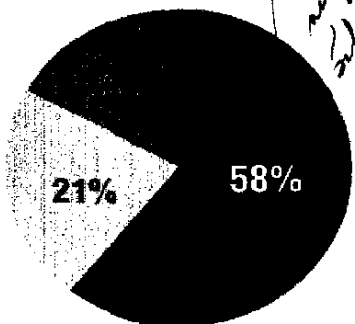
According to a poll conducted for the Distinguished Restaurants of North America by Roper Starch Worldwide, the public overwhelmingly supports accommodation:



Handwritten notes: "nearly 50% no than 1/2 strong"

**We Should Find a Way to Accommodate Both Non-Smokers and Smokers in Hospitality Establishments**

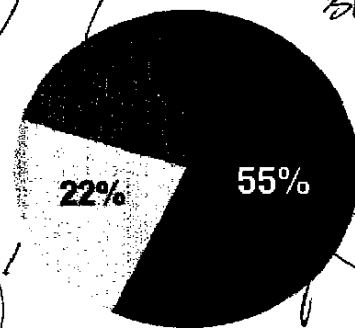
Legend for the first chart:  
 ■ Strongly Agree  
 ■ Somewhat Agree



Handwritten notes: "21% only 95% no silver part + some people that will stand"

**Impact Good Ventilation can Have on Smoking Issues**

Legend for the second chart:  
 ■ Not Very Much or None  
 ■ Some  
 ■ A Lot



Handwritten notes: "22% 20% silver 50% + custom should set policy", "22% 20% silver 50% + custom should set policy", "22% 20% silver 50% + custom should set policy"

**Who Should be Primarily Responsible for Setting Smoking Policies in Most Hospitality Establishments?**

Legend for the third chart:  
 ■ Customers  
 ■ Business Owners  
 ■ Government

\*Funded with a grant from The Accommodation Program, courtesy of Philip Morris U.S.A.

# Legislative/Regulatory Environment

## EPA Ruling

- 1 A 1998 U.S. District Court ruling regarding ETS invalidated the EPA's classification of second-hand smoke as a "Group A" carcinogen

## OSHA Activity

- 2 OSHA Workshops

## Impact of State/Local Bans

- 3 California Bar Ban: 59% lost business, average sales decline of 26%
- Mesa: Overall sales declined by 5.2%
- National bowling study:

- Revenues would drop by up to half a billion dollars, a 16% decline
- Up to nearly 15,000 people would lose their jobs
- Up to nearly \$25 million in lost sales taxes

### Sources:

- 1: The American Beverage Institute, by KPMG Peat Marwick, LLP, April 1998
- 2: Economic Impact of the City of Mesa Smoke-Free Ordinance: Working Paper 2, City of Mesa Finance Department, October 1996, funded with a grant courtesy of Philip Morris Management Corporation
- 3: Bowling Proprietors' Association of America, by ETC Institute, Fall 1997, funded with a grant courtesy of Philip Morris' Accommodation Program

*Handwritten notes:*  
- Give some...  
- cost...  
- the...  
- EPA...  
- distribute...  
- occurred...  
- part...  
- State...  
- 1996...  
- 1997...  
- 1998...  
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- 2022...  
- 2023...  
- 2024...  
- 2025...

# Philip Morris Research Findings\*

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Focus groups conducted among hospitality owners, managers and patrons to gauge perceptions about ventilation and accommodation reveal:

- Separate sections may not be enough
- Smoke is a frequent customer complaint, so keeping customers comfortable is key
- Different levels of understanding about HVAC
- Do not recognize the business benefits of improved ventilation but are willing to consider ventilation systems as a competitive advantage
- A complete ban would cost more than what it would cost to make changes to accommodate
- Believe ventilation can help solve a lot of the issues related to smoke

• Based on Focus Group Research conducted by the Holm Group for Philip Morris USA

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# Ventilation Options

## Business owners are interested in ventilation\*...

- Separate sections may not be enough
- Smoke is a frequent customer complaint
- A complete ban would cost more than what it would cost to make changes to accommodate
- Are willing to consider ventilation systems as a competitive advantage

↳ (odor + smoke) drift

↳ could rather invest in options taken due to choice to accommodate

↳ give more thought

START

①

PM conducted it's own research - questionnaire - audit by 15+ hosts - about 1/3 of hosts be + bar owners - be former

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998

# Ventilation Options

But, ventilation can be perceived as\* . . .

- Complex *open*
  - Costly *particular dry the unit is not really all up there to give a on a higher + various*
  - Confusing *topic is confusing*
  - Benefits? *not clear in the*
- to be in a system - not really*  
*with system - not really*

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998

# Ventilation Options

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We asked business owners what would help\*...

- Cost, cost, cost
- Benefits to business
- Technology options
- Easy-to-understand
- Technological expertise (from HVAC professionals)

Cost, cost, cost, cost  
Benefits to business  
Technology options  
Easy to understand  
Technological expertise  
Have the budget  
I know my options  
Make it easy to understand

IT needs to know who they need & understand the industry & understand the challenges of commercial HVAC systems  
Skill set to understand the HVAC industry & understand the challenges of commercial HVAC systems  
No one wants to be a technician

\*Source: Focus group findings, The Holm Group for Philip Morris USA, 1998







# Ventilation -- A Viable Option

50% down

→ conduct IAQ

• Ventilation technology can play a vital role in helping to comfortably accommodate non-smokers and smokers by enhancing indoor air quality in hospitality establishments.

• Application of ventilation technology can be a cost-effective, practical investment that pays for itself over time through increased customer satisfaction and lower energy and maintenance costs.

- in 1980's it cost \$1000 to install a unit

• There is not a "one-size-fits-all" approach to accommodation and ventilation options. Business owners need to decide what approach will work best for them and their customers.

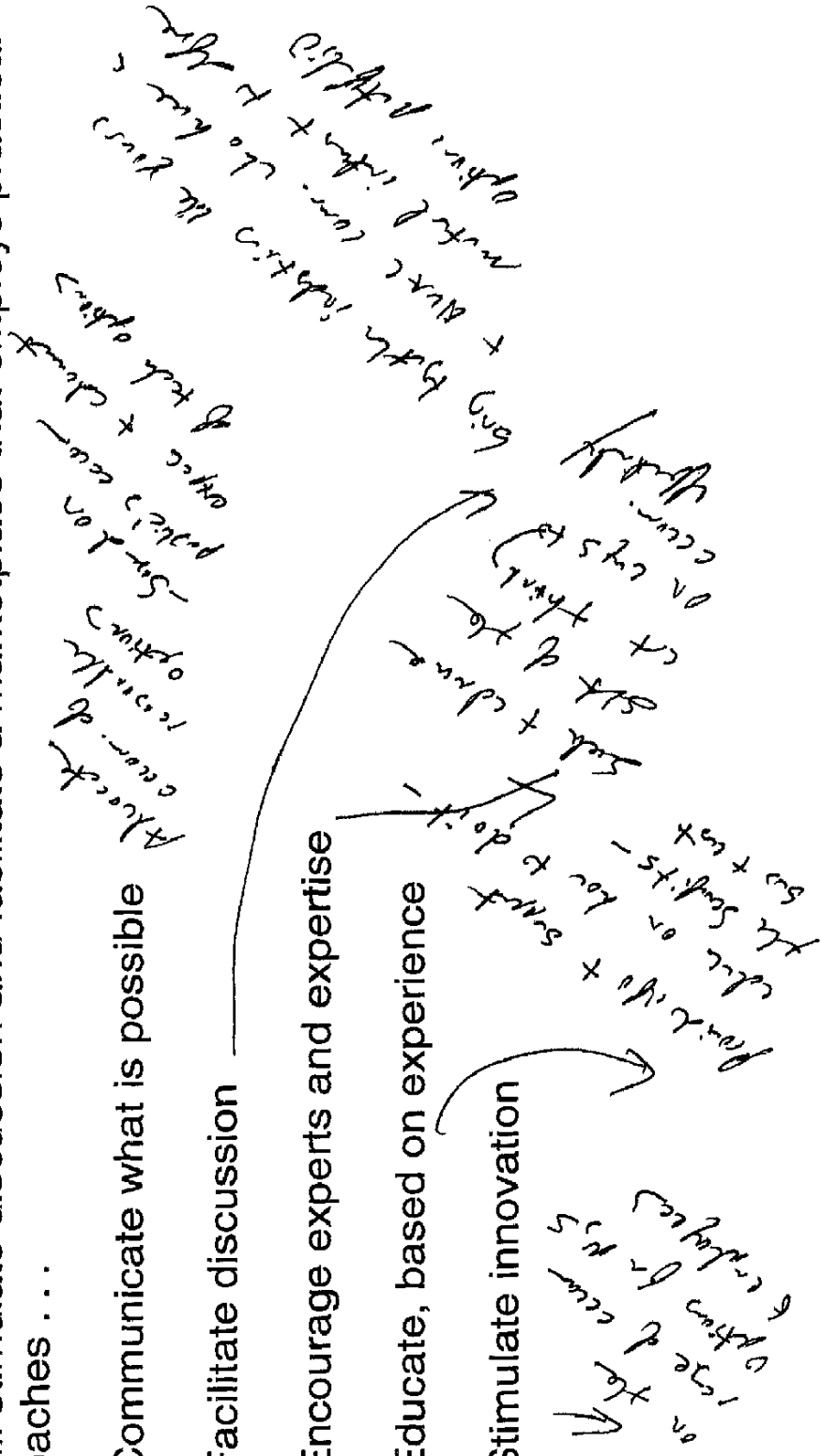
not over 50% down  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%  
- 10%

# Our Commitment

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We will stimulate discussion and facilitate a marketplace that employs practical approaches . . .

- Communicate what is possible
- Facilitate discussion
- Encourage experts and expertise
- Educate, based on experience
- Stimulate innovation



# **PM "Options" Initiative**

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Ventilation improvements can help create comfort . . .

- Educate business owners on the benefits of ventilation as an accommodation option
- Motivate business owners to proactively invest in ventilation to meet their own business objectives and help create a comfortable environment for both non-smokers and smokers
- Bridge the gap between the hospitality and HVAC industries to enhance the technical options marketplace for business owners
- Demonstrate to public policy makers that the hospitality industry is proactively managing the accommodation of non-smokers and smokers

# PM "Options" Initiatives

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## The Accommodation Program

- Nationwide Program
- Restaurants, Hotel/Motels, Bowling Centers
- 40,000 Businesses
- Education
  - "How To" Materials
  - Technical Guidebooks
  - Technology Option Seminars
  - Case Studies
- Communication
  - Quarterly Newsletter: *Sign of the Times*
  - Issue Alerts/Late Breaking News
- Signage: Non-Smokers & Smokers Welcome

# **PM "Options" Initiatives**

## **The Accommodation Program: Association Resources**

- Ventilation Educational Seminars
- Educational Materials: Case Studies, IAQ Fact Sheets, Common Questions
- Newsletter Columns: "Ask the HVAC Expert"
- Research and Studies
- Educational Grants and Sponsorships
- Ventilation Telephone Consulting Service
- Technical Consultant Referrals

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Insert: Association Ally Chart

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# PM "Options" Initiatives

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- ***atmospherePLUS***, a licensed beverage industry initiative
  - National Licensed Beverage Association
- Hospitality and HVAC Industry Forums

## **Air Conditioning Contractors Association of America (ACCA)**

- National Conference, February 24 - 26
- Massachusetts Restaurant Association (Peter Christie)
- National Licensed Beverage Association (Deborah Leach)
- Ohio Hotel & Lodging Association (Howard Nusbaum)

## **Hotel & HVAC Industry Roundtable: Lodging Magazine (Fall '98)**

## **Restaurant & HVAC Industry Roundtable: HPAC Magazine/NRA Show (May '99)**

- Selective support and funding of state-of-the-art ventilation models
  - The Hitching Post, Richmond International Airport
  - The Aviators' Club, Denver International Airport
  - Coral Reef Yacht Club, Florida

# **Types of Activities**

- Media Interviews
- Seminar Presentations to Hospitality & HVAC Communities
- Supporting Hospitality Associations Technical Needs

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# **Ventilation & Indoor Air Quality**

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- **IAQ principles**
- **Ventilation technologies**
- **Common IAQ challenges**
- **Case studies**
- **Current standards, codes and ordinances**

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**George Benda**  
**Chairman & CEO**  
**Chelsea Group, Ltd.**

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# Options

# Ideas on Local Opportunities

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Activities you may want to consider to enhance your members' options in exploring ventilation:

- Consider partnerships with local chapters of:
  - Air-Conditioning Contractors Association (ACCA)
  - Association of Energy Engineers (AAE)
- Create mutually-beneficial programs:
  - Discount Programs
  - Lists of HVAC Suppliers
  - Increased Allied Membership Base
- Develop speaker exchange programs
- Explore mutually-beneficial ventilation model development

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**Working together, we can find  
balance and comfort for both  
non-smokers and smokers**

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# Discussion Overview

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- Evolving Accommodation Environment
- Philip Morris' Position
- Business Owners Perspectives
- Consumers Perspectives
- Technical Options
- Philip Morris' Commitment & Resources
- Open Forum: Working Together

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