

How Juul's reputation went from high-tech cool to hazardous

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The pendulum swing in the reputation of Juul Labs — from a less-harmful cigarette alternative to a [public danger](#) — has engulfed the vaping company in crisis.

The company [ousted its CEO on Wednesday](#), suspended advertising and committed to back the Trump administration's eventual regulations on e-cigarettes.

Taken together, the developments underscore how Juul is scrambling to preserve its core business, not long after the company was flying high based on targeted marketing and flavored liquids that are now facing a potential federal ban.

The company is expected to lose about 75% of its sales due to the Food and Drug Administration's crackdown on e-cigarettes, estimated CFRA Research senior equity analyst Garrett Nelson, who tracks Juul investor and tobacco giant Altria Group, the company that makes Marlboro cigarettes.

But Nelson said Juul will "probably not" go out of business.

"What we think is going to happen is they're going to pull all flavored e-cigarettes from shelves and there's going to be a process where they're going to have to reapply and get approval from the FDA," Nelson said.



In this Monday, June 17, 2019, file photo, a cashier displays a packet of tobacco-flavored Juul pods at a store in San

Francisco. (Photo: Samantha Maldonado, AP)

Critics also expect Juul to emerge from the crisis intact by following a similar playbook used by cigarette companies, which also agreed to advertising restrictions to assuage public concerns.

"The fear that I think exists and should exist is that they will be successful in navigating this crisis to somehow cement themselves as the legal leader in permissible electronic cigarettes," said Jonathan Gdanski, a trial attorney for Schlesinger Law Offices in Fort Lauderdale, Florida, who has sued Juul and tobacco companies. "This is just Juul literally copying what Philip Morris did."

Vaping crisis: [How patchwork regulations on e-cigarettes led to health crisis](#)

Juul shakeup: [Juul CEO resigns, vaping company suspends advertising as crisis continues](#)

In response to questions on whether the company could collapse, Juul spokesman Josh Raffel pointed to a statement released Wednesday by the company's new CEO, K.C. Crosthwaite.

"I have long believed in a future where adult smokers overwhelmingly choose alternative products like JUUL. That has been this company's mission since it was founded, and it has taken great strides in that direction," Crosthwaite said.

"Unfortunately, today that future is at risk due to unacceptable levels of youth usage and eroding public confidence in our industry. Against that backdrop, we must strive to work with regulators, policymakers and other stakeholders, and earn the trust of the societies in which we operate. That includes inviting an open dialogue, listening to others and being responsive to their concerns."

Here's how Juul's reputation has shifted:

1. Some hoped it would replace smoking

Smoking tobacco cigarettes cause cancer and many other diseases. But while e-cigarettes still contain addictive nicotine, just like regular cigarettes, they don't contain the thousands of harmful chemicals found in tobacco.

Further research is needed to fully understand the scope of health consequences from e-cigarette use, but "vaping is less harmful than traditional smoking," [according to Michael Blaha](#), director of clinical research at the Johns Hopkins Ciccarone Center for the Prevention of Heart Disease.

Some, however, dispute that because so much is unknown about the long-term effects of vaping nicotine.

2. Juul design, flavors were tantalizing

Soon after Juul launched its vaping products, the company took off, in large part because of its technology and enticing flavors like mango, fruit, crème brûlée and cucumber.

The Campaign for Tobacco-Free Kids said Juul's products are "sleek, high tech and easy to hide," particularly because they "look like USB flash drives and can be charged in the USB port of a computer."

In other words, they don't look like a typical cigarette. They've even got their own naming convention, with terms ranging from e-cigs to cigalikes to e-hookahs to vape pens.

The company followed a similar playbook used by Big Tobacco by designing its products for mass appeal, said attorney and Juul critic Gdanski.

"Juul has, was, is and always will be Big Tobacco," Gdanski said. "They exist only because of the opportunity to addict users to nicotine."

3. Teens began vaping

Marketing experts say Juul's ads were tailored for years to appeal to younger buyers.

"The advertising reached the wrong people — especially the younger generation," said Vamsi Kanuri, assistant professor of marketing in the University of Notre Dame's Mendoza College of Business, who has studied e-cigarette issues. "Because of how the messaging was designed, I think it drew the wrong audience."

In that sense, he said, it's a classic case of history repeating itself. The tobacco industry, he noted, tailored ads to appeal to kids decades ago.

"Historically speaking, this is not new," Kanuri said.

Outgoing Juul CEO Kevin Burns recently apologized for the nation's youth vaping crisis. And the company [has pledged to combat the crisis](#) through a series of measures, including shutting down its U.S.-based Facebook and Instagram accounts, removing "listings featuring our products that were published by unaffiliated third parties" and verifying the age of online buyers.

"We have no higher priority than combating youth use," the company said in August.

But critics say the company has reaped massive financial benefits by selling to youth. While e-cigarette sales, in general, have soared, Juul has captured most of the growth. The company accounts for about 70% of U.S. e-cigarette sales, [according to the Campaign for Tobacco-Free Kids](#).

For youth, the vaping trend risks "creating a new generation of Americans who are at risk of nicotine addiction," the surgeon general [warned](#) in 2016.

But simply halting marketing efforts won't necessarily reduce the appeal to youth, Gdanski said.

"Once you have such an amazing, really cutting-edge marketing campaign that captures such a robust percentage of youth smokers, you don't need to do it

anymore," he said. "The children who smoke Juul now become the marketers for the next generation. It's too little, too late."

4. Studies showed a path to tobacco

As vaping gained momentum, research piled up showing that e-cigarettes often led users to smoke.

"Scientific studies have not shown that e-cigarettes help people quit smoking combustible cigarettes. In fact, the opposite is often true," [according to the American Academy of Family Physicians](#).

The National Academies of Sciences, Engineering and Medicine [reported](#) that there's "moderate evidence from observational studies that more frequent use of e-cigarettes is associated with increased likelihood of cessation" of traditional smoking.

But "for youth and young adults, there is substantial evidence that e-cigarette use increases the risk of ever using combustible tobacco cigarettes," NASEM reported.

5. A new health crisis is brewing

Reports of vaping-related illnesses have surged in recent months, sparking serious concerns about the broader health ramifications of the technology, beyond nicotine addiction.

There have been at least nine vaping-related deaths, and last week the Centers for Disease Control and Prevention reported 530 cases of vaping-related lung injury. Many more cases are expected to be announced when new numbers are released Thursday.

Federal and state investigators are focusing on vape cartridges that likely contained contaminated tetrahydrocannabinol (THC), the psychoactive ingredient in marijuana. But they are also looking at all substances used in electronic cigarettes, including those with nicotine.

"It seems like a lot of the issues are coming from other brands (than Juul), black market and other generic brands of e-cigarettes," said CFRA's Nelson. But the company's reputation still could be hurt, he noted.

The reports underscore the fact that vaping is relatively new and not well understood scientifically.

"Despite their popularity, little is known about the health effects of e-cigarettes," NASEM reported in 2018.

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