



TOBACCO MARKETING THAT REACHES KIDS POINT-OF-PURCHASE ADVERTISING AND PROMOTIONS

The tobacco industry currently spends more than \$13.4 billion to promote their products throughout the United States.¹ Studies show that such point-of-purchase advertising and promotion directly influences what products and brands kids buy and use. Point-of-purchase advertising and promotions target and attract shoppers right at the places where they can immediately buy the specific products or brands. More specifically, point-of-purchase tobacco advertising and promotions may have a direct impact not only on what brands of cigarettes kids buy but also on the number of kids who buy cigarettes.

Tobacco Company Point-of-Sale Advertising

Point-of-purchase tobacco advertising consists of cigarette and spit tobacco ads and functional items (such as counter mats and change cups) located inside, outside, and on the property of convenience stores, drug stores, gas stations, and other retail sales outlets. The tobacco companies significantly increased their point-of-sale advertising after the state tobacco settlements' ban on tobacco billboards went into effect in April 1999.² In 2005 (the latest year for which data are available), the cigarette companies spent over \$182 million on point-of-sale advertising, an increase from 2003 and 2004. In 2005, spit tobacco companies spent over \$20.7 million on this type of advertising.³

- Eighty percent of retail outlets have interior tobacco advertising, 60 percent have exterior advertising, and over 70 percent have tobacco functional items. Forty percent of the stores that sell gas have parking lot tobacco advertising.⁴
- A study of retail outlets in California found that California stores, on average, have 24.9 pieces of in-store cigarette advertisements. In addition, eighty percent of retail outlets in California have at least one ad for a sales promotion.⁵ An earlier study of California stores found that nearly 50 percent of the tobacco retailers had tobacco ads at young kids' eye level (three feet or lower), and 23 percent had cigarette product displays within six inches of candy.⁶
- A survey of 184 retail stores in Hawaii found 3,151 tobacco advertisements and promotions, most of which were for RJ Reynolds' Kool, the cigarette brand most heavily smoked by teenagers in Hawaii.⁷

Tobacco Point-of-Purchase Promotional Efforts

In addition to advertising, tobacco company point-of-purchase promotional expenditures and "retail value added" expenditures include coupons, multi-pack discounts (e.g., buy two packs get one free) for which retailers are reimbursed, providing free gifts with cigarette or spit tobacco purchases, and other tobacco discounts and merchandizing given to customers at the sales outlets. Point-of-purchase promotional expenditures also include company payments to retailers to display the company's brands, ads, and related materials prominently or in specific store locations. Retailers are often paid to keep special tobacco-product self-serve display racks on or in front of the counter, paid to put tobacco products on 'good' shelving space (slotting allowances), and given other promotional items for the store (i.e. open/closed signs, counter mats).⁸ These materials are often coordinated with current advertising campaigns to promote the images and appeal of specific tobacco products.⁹

- In 2005, promotional allowances made up 81 percent of the domestic cigarette advertising and promotional expenditures, totaling \$10.6 billion. The "promotional allowance" category was separated into four categories: price discounts, promotional allowances paid to retailers, promotional allowances paid to wholesalers, and other promotional allowances. Price discounting (e.g., off-invoice discounts, buy downs and voluntary price reductions to reduce the price of cigarettes to consumers) was by far the largest category, accounting for 74.6 percent of total cigarette company marketing expenditures. Promotional allowances by smokeless tobacco companies made up 46 percent of all marketing spending in 2005, with price discounts accounting for almost 40 percent of all marketing expenditures.¹⁰

- A study of retail outlets in Santa Clara County, California, found that 62.4 percent of stores had received slotting/display allowances from tobacco makers. This is higher than allowances received for candy, snack foods, and soft drinks. These incentives motivate retailers to display, promote, and advertise tobacco products.¹¹

Point-of-Purchase Tobacco Advertising and Promotions Affects Kids

According to the trade association Point of Purchase Advertising International, point-of-purchase advertising and promotions target consumers at the place where they will actually buy the product, attract the attention of the shopper, and remind them of previously seen selling messages.¹² It is also clear that such promotions – including the enormous amount done by the cigarette and spit tobacco companies – have an especially powerful impact on kids as three out of four teenagers shop at a convenience store at least once a week.¹³

- A study published in the May 2007 issue of *Archives of Pediatrics and Adolescent Medicine* found that retail cigarette advertising increased the likelihood that youth would initiate smoking; pricing strategies contributed to increases all along the smoking continuum, from initiation and experimentation to regular smoking; and cigarette promotions increased the likelihood that youth will move from experimentation to regular smoking. The researchers also found that reducing or eliminating these retail marketing practices would significantly reduce youth smoking.¹⁴
- A 2004 study of 6th, 7th, and 8th graders concluded that those students who visited a convenience, liquor or small grocery store at least weekly, and therefore were more exposed to retail tobacco marketing, had a 50 percent greater odds of ever smoking. This effect is approximately the equivalent to the effect a smoking parent or household member has over youth ever smoking.¹⁵
- Point-of-purchase advertising and displays have been found to increase average tobacco sales by 12 percent.¹⁶
- A 1999 study in the *U.S. Distribution Journal* found that teens are more likely than adults to be influenced by promotional pieces in convenience stores (73 percent to 47 percent).¹⁷ The same study also found that more than half of all teenagers say they are influenced by in-store displays; 47 percent are influenced by banner/window signs; and 44 percent are influenced by in-store promotional signage.¹⁸
- A 2002 study in *Tobacco Control* comparing photographs of stores with no tobacco advertising and stores with advertising found students perceived easier access to tobacco products at the stores with tobacco advertising.¹⁹
- A study of 7th graders found that more than 99 percent reported seeing tobacco advertising and promotions and that 70 percent indicated a level of receptivity to tobacco marketing materials more than just being aware of the advertising and promotions.²⁰
- A 2004 study in *Tobacco Control* found that stores that teens shop at the most contained more point-of-purchase advertising than stores less frequented by teens. There were three times more cigarette ads on windows of stores popular among adolescents than stores that were not as popular. In addition, more than three times more marketing materials and two times more shelf space in the stores popular among adolescents were for Marlboro, Camel, and Newport, the three most heavily smoked brands by teenagers.²¹
- A study published in the *Journal of Health Communications* determined that the choice of Marlboro as their usual brand among high school smokers was associated with a Marlboro promotional item with purchase and more Marlboro interior and exterior advertising in local convenience stores. There was a 54 percent increase in the odds of choosing Marlboro as a usual brand when a “gift-with-purchase” promotion was present, a 33 percent greater odds with each percentage increase in brand share of interior advertising and a 27 percent greater odds with each percentage increase in brand share of exterior advertising.²²
- A longitudinal 1999 study published in the *American Journal of Public Health* showed that adolescents who owned a tobacco promotional item and named a cigarette brand whose advertising

attracted their attention were twice as likely to become established smokers as those who did neither.²³

- Despite tobacco industry claims that promotional items are meant for smokers over age 21, one study found that 30 percent of all kids (12 to 17 years old) owned at least one tobacco promotional item, such as T-shirts, backpacks, and CD players.²⁴
- A 1996 *American Journal of Public Health* study found a strong association between youth awareness of and involvement with tobacco promotions and being at risk of tobacco use.²⁵
- According to a 1994 U.S. Surgeon General's report, the use of value-added or coupon promotions makes cigarettes appear more affordable, especially to those with less financial resources, including kids. Coupons also affect new users by encouraging them to smoke more, moving from the trial stage to being a regular smoker.²⁶
- Self-service displays make it easier for kids to purchase cigarettes or even steal them; and studies indicate that roughly five percent of young smokers steal cigarettes.²⁷
- A 1996 study found that Marlboro "gift with purchase" promotional items were significantly more common in states with comprehensive tobacco control programs than in states without programs. States with comprehensive tobacco control programs had 22 percent more interior tobacco advertisements and 49 percent more exterior tobacco advertisements than states without programs.²⁸
- A 1994 study found that youth who have experimented with smoking are more likely than other respondents to report seeing tobacco advertising in stores.²⁹

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Additional Campaign Factsheets on Tobacco Company Marketing to Kids are available at

<http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=23>

¹ U.S. Federal Trade Commission (FTC), *Cigarette Report for 2004 and 2005, 2007* [data for top 5 manufacturers], <http://www.ftc.gov/reports/tobacco/2007cigarette2004-2005.pdf>. FTC, *Smokeless Tobacco Report for the Years 2002 and 2005, 2007*, <http://www.ftc.gov/reports/tobacco/02-05smokeless0623105.pdf> [data for top 5 manufacturers].

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³ FTC Reports, 2007 <http://www.ftc.gov/reports/tobacco/2007cigarette2004-2005.pdf>, <http://www.ftc.gov/reports/tobacco/02-05smokeless0623105.pdf>.

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