



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

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The tobacco industry currently spends \$10.5 billion to promote their products throughout the United States.<sup>1</sup> 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. In 2008 (the latest year for which data are available), the cigarette companies spent over \$163 million on point-of-sale advertising and smokeless tobacco companies spent over \$55 million on this type of advertising. Point-of-sale advertising for smokeless tobacco represents an 88 percent increase over what they spent in 2007 and more than double what they spent in 2006.<sup>2</sup> Several studies have documented the increasing pervasiveness of tobacco promotion in retail outlets.

- 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.<sup>3</sup>
- A study of retail outlets in California found that, on average, California stores have 25 pieces of in-store cigarette advertisements. In addition, 80 percent of retail outlets in California have at least one ad for a sales promotion.<sup>4</sup> 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.<sup>5</sup>
- A 2006 study of stores in Hawaii found more than 3,000 cigarette advertisements in just 184 stores, with nearly one-third of those stores being within 1,000 feet of a school.<sup>6\*</sup>

### **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).<sup>7</sup> These materials are often coordinated with current advertising campaigns to promote the images and appeal of specific tobacco products.<sup>8</sup>

- In 2008, promotional allowances made up 81 percent of the domestic cigarette advertising and promotional expenditures, totaling \$8.1 billion. The "promotional allowance" category was separated

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\* The point-of-purchase tobacco marketing landscape is changing significantly because of the many provisions of the Family Smoking Prevention and Tobacco Control Act that went into effect on June 22, 2010 or before. The law has already eliminated the preexisting Federal Cigarette Labeling and Advertising Act's preemption of any state or local government restrictions on the time, place, and manner of cigarette advertising done for smoking and health purposes. But First Amendment constraints to government restrictions on tobacco product ads still apply. The new law's requirement that all cigarettes and smokeless tobacco ads not in adult-only facilities consist only of black text on a white background is currently being held up in court, and the provisions on outdoor advertising have been delayed.

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 72.1 percent of total cigarette company marketing expenditures.<sup>9</sup> Promotional allowances by smokeless tobacco companies made up 63.8 percent of all marketing spending in 2008, with price discounts accounting for 59.2 percent of all marketing expenditures. Since 2005, the amount spent on price discounts for smokeless tobacco has more than tripled (from \$99.7 million to \$324.6 million).<sup>10</sup>

- 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.<sup>11</sup>

### **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.<sup>12</sup> 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.<sup>13</sup>

- 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.<sup>14</sup>
- The frequency of exposure to in-store displays can also influence kids' smoking. A 2009 study in *Tobacco Control* found that more frequent visits to stores selling tobacco and greater awareness of cigarettes sold in stores increased the likelihood of teenagers being susceptible to initiating, experimenting, or becoming current smokers.<sup>15</sup> A 2010 longitudinal study in *Pediatrics* similarly found that more visits to stores per week increased the odds of teens initiating smoking, even over time. In fact, the study found that the odds of initiation more than doubled for teens who visited a store with point-of-sale tobacco ads at least twice a week.<sup>16</sup>
- A 2008 study in *Preventive Medicine* found that current smoking was 3.2 percentage points higher at schools in neighborhoods with more than five tobacco-selling retailers than the smoking rate at schools in neighborhoods without any tobacco-selling retailers.<sup>17</sup>
- Studies from Australia indicate that point-of-purchase cigarette displays act as a form of advertising and provide cues to smoke. A 2008 study in *Addiction* found that cigarette pack displays stimulate impulse purchases among smokers and that those trying to avoid smoking commonly experience urges to purchase cigarettes when confronted with these displays, suggesting that cigarette pack displays at the point-of-purchase may undermine intentions to quit among established smokers.<sup>18</sup> Similarly, a 2009 study based on interviews with persons having just bought cigarettes at retail outlets with point-of-purchase displays found that more than one out of five of the purchases were unplanned.<sup>19</sup>
- A 2004 study of 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> 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.<sup>20</sup>
- Point-of-purchase advertising and displays have been found to increase average tobacco sales by 12 percent.<sup>21</sup>
- 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.<sup>22</sup>

- 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.<sup>23</sup>
- 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.<sup>24</sup>
- 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).<sup>25</sup> 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.<sup>26</sup>
- 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.<sup>27</sup>
- 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.<sup>28</sup>
- 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.<sup>29</sup>
- 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.<sup>30</sup>
- 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.<sup>31</sup>
- 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.<sup>32</sup>

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**Additional Campaign Factsheets on Tobacco Company Marketing to Kids are available at [http://www.tobaccofreekids.org/facts\\_issues/fact\\_sheets/toll/tobacco\\_kids/marketing/](http://www.tobaccofreekids.org/facts_issues/fact_sheets/toll/tobacco_kids/marketing/).**

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<sup>1</sup> U.S. Federal Trade Commission (FTC), *Cigarette Report for 2007 and 2008*, 2011, <http://www.ftc.gov/os/2011/07/110729cigarettereport.pdf>. See also, FTC, *Smokeless Tobacco Report for 2007 and 2008*, 2011, <http://www.ftc.gov/os/2011/07/110729smokelesstobaccoreport.pdf>. Data for top 5 manufacturers only.

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<sup>3</sup> Wakefield, M, et al., “Changes at the point of purchase for tobacco following the 1999 tobacco billboard advertising ban,” University of Illinois at Chicago, Research Paper Series, No. 4, July 2000.

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