



TOBACCO INDUSTRY CONTINUES TO MARKET TO KIDS

In the November 1998 multi-state tobacco settlement, the major cigarette companies and UST (the biggest spit tobacco company) promised not to “take any action, directly or indirectly, to target youth. . . in the advertising, promotion, or marketing of tobacco products.”¹ These companies claim they have fully complied with the settlement and stopped marketing to youth. But studies show that tobacco-industry marketing spending has almost doubled since the settlement, with much of the increase in strategies that reach and influence kids.

Increased Tobacco Industry Spending on Advertising and Promotion

In 1999, the first year after the Master Settlement Agreement (MSA), the tobacco companies spent a record \$8.4 billion on advertising and promotions, an increase of \$1.5 billion, or 21 percent – and the largest one-year increase since the U.S. Federal Trade Commission (FTC) began tracking tobacco-industry marketing expenditures in 1970.² Then, in 2000, tobacco companies spent over \$9.8 billion on marketing, another increase of more than 16 percent. Much of this increase was in categories effective at reaching kids, including high-visibility store shelf displays, two-for-one promotions that make cigarettes more affordable to kids, giveaways such as hats and lighters, and in-store advertising. In 2001, the major cigarette and smokeless companies increased their marketing expenditures to more than \$11.5 billion and then again in 2002 to more than \$12.7 billion. In 2003, they reached a record high spending of \$15.4 billion. From 1998 to 2003, tobacco industry marketing increased by almost 125 percent. Since then, tobacco marketing spending has decreased slightly, to \$14.4 billion in 2004, then to \$13.4 billion in 2005, but is still at historically high levels and has nearly doubled since the 1998 state tobacco settlement.³

In 2005, cigarette companies spent more than \$182 million on advertising at retail stores, an increase from the two years before. Smokeless tobacco companies spent \$20.7 million on advertising at retail stores in 2005.⁴

Increased Cigarette Ads in Magazines with High Youth Readership

In August 2001, a *New England Journal of Medicine* study showed that the cigarette companies increased their advertising in youth-oriented magazines after the MSA was signed, especially for the three brands most popular with youth – Philip Morris’ Marlboro, R.J. Reynolds’ Camel, and Lorillard’s Newport.⁵ Advertising for these brands in youth-oriented magazines (at least 15 percent youth readership or two million youth readers) increased from \$58.5 million in 1998, before the MSA, to \$67.4 million in 1999. Cigarette company spending for magazine ads declined from 1999 to 2000 but still remained above 1998 levels. And the ads for each of the top kid brands still reached more than 80 percent of U.S. youth an average of 17 times – which greatly exceeds what the advertising industry considers adequate for effective reach.

Moreover, the decline in the companies’ magazine advertising after 1999 occurred only after National Association of Attorneys General charged the cigarette companies with violating the MSA by increasing their ads in magazines with large youth readerships. In response, most of the major companies sharply curtailed their magazine advertising that reaches kids, but R.J. Reynolds did not stop until it was found guilty in a court of law of violating the MSA by marketing to kids.⁶ The state attorneys general enforcement efforts were primarily based on a May 2000 study which revealed that after the settlement cigarette advertising in magazines with high youth readership increased by 33 percent, with four of the five leading youth brands (Marlboro, Camel, Kool and Newport) increasing their advertising spending in youth-oriented publications.⁷

In-Store Tobacco Marketing Strategies Reaching Kids

Tobacco companies are spending more marketing money at the retail stores with price discounts, prime product placement to attract buyers, and of course, advertisements. Of the \$13.1 billion spent by cigarette companies on overall promotions in 2005 (the most recent available), \$11.5 billion, or 88 percent, was spent on point of sale advertisements, price discounts, promotional allowances, or special deals such as buy-one-

get-one-free offers.⁸ One study showed that, despite the 1998 Master Settlement Agreement, 80 percent of retail outlets had interior tobacco advertising, 60 percent had exterior tobacco advertising, 52 percent had tobacco promotions such as price discounts and gifts with purchase, and 73 percent had functional items (such as clocks, display racks, and doormats) marked with cigarette brands.⁹ A 2008 study in *Tobacco Control* found that in California, the number of in-store cigarette advertisements increased from 22.7 to 24.9 between 2002 and 2005.¹⁰ 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.¹¹ The issue of advertising in retail outlets is important because 75 percent of teens visit a convenience store at least once a week and point-of-purchase advertising and displays have been found to increase average tobacco sales by 12 percent.¹²

Cigarette Advertising Still Attracts Youth

A 2001 study by the University of Pennsylvania Annenberg School for Communication found that exposure to cigarette ads leads youth to identify smoking with popularity and relaxation, which counters any perceived risks from anti-smoking ads.¹³ Adolescents exposed to cigarette ads also perceived higher smoking levels among their friends, which increases the likelihood that they will smoke, themselves. And youth and young adults were also more likely to recall cigarette ads than 30-year-olds. Other research studies have also specifically found that kids are three times as sensitive to tobacco advertising than adults; that kids are more likely to be influenced to smoke by cigarette marketing than by peer pressure; and that a third of underage experimentation with smoking is attributable to tobacco company advertising and promotion.¹⁴

Not surprisingly, other studies have repeatedly found that the most popular cigarettes among kids are those that are also heavily advertised.¹⁵ For instance, a 2007 report released by the American Legacy Foundation found that 78 percent of youth (ages 13-18) usually smoke the three most marketed brands – Marlboro, Newport, and Camel. This breakdown in brand preference also followed race/ethnic lines. More African American youth (32 percent) usually smoke Newport compared to other races (whites, 13 percent; Hispanics, seven percent); and more Hispanic (62 percent) and white (53 percent) youth smoke Marlboro than African American youth (12 percent).¹⁶

A study published in the May 2007 issue *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.¹⁷

U.S. Tobacco Company Marketing To Youth in Foreign Countries

In August 2001, *The New York Times* reported that in foreign countries, Philip Morris hires minors as “Marlboro girls” to hand out free packs of Marlboros and other Philip Morris brands, with some of the free packs going to kids.¹⁸ A global survey of teenagers found that in some countries as many as 25 percent had been offered free cigarettes by tobacco-company reps.¹⁹

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¹ Full copies of the Master Settlement Agreements are available at http://www.naag.org/settlement_docs.php.

² U.S. Federal Trade Commission (FTC), *Cigarette Report for 2003, 2005* [data for top six manufacturers only] <http://www.ftc.gov/reports/cigarette05/050809cigrpt.pdf>. FTC, *Federal Trade Commission Smokeless Tobacco Report for the Years 2000 and 2007*, August 2003, <http://www.ftc.gov/os/2003/08/2k2k1smokeless.pdf> [top five manufacturers].

³ FTC, *Cigarette Report for 2004 and 2005, 2007*, <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 only.

⁴ FTC Reports, <http://www.ftc.gov/reports/tobacco/2007cigarette2004-2005.pdf>, <http://www.ftc.gov/reports/tobacco/02-05smokeless0623105.pdf>.

⁵ King, C & Siegel, M, “The Master Settlement Agreement with the Tobacco Industry and Cigarette Advertising in Magazines,” *New England Journal of Medicine* 345(7):504-511, August 16, 2001.

⁶ Statement of Decision, *People of the State of California v. R.J. Reynolds Tobacco Co.*, Superior Court of California, County of San Diego, Case No. GIC 764118, June 6, 2002, <http://ag.ca.gov/newsalerts/release.php?id=863&year=2002&month=6>.

⁷ Bowker, D & Hamilton, M, "Cigarette Advertising Expenditures before and After the Master Settlement Agreement: Preliminary Findings," Massachusetts Department of Public Health, <http://tobaccofreekids.org/reports/addicting/magazines/connolly.pdf>, May 15, 2000. See also, TFK Factsheet, *Tobacco Marketing That Reaches Kids Point-Of-Purchase Advertising and Promotions*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0075.pdf>.

⁸ 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>

⁹ 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.

¹⁰ Feighery, EC, et al., "An examination of trends in amount and type of cigarette advertising and sales promotions in California stores, 2002-2005," *Tobacco Control* (published online), February 26, 2008.

¹¹ Feighery, E, et al., "Cigarette advertising and promotional strategies in retail outlets: results of a statewide survey in California," *Tobacco Control* 10L:184-188, 2001.

¹² *The 1999 annual report of the promotion industry, a PROMO magazine special report*, Overland Park, 1999; Feighery, E, et al., "Cigarette advertising and promotional strategies in retail outlets: results of a statewide survey in California," *Tobacco Control* 10L:184-188, 2001.

¹³ Slovic, P (ed), *Smoking Risk Perception & Policy*, 2001.

¹⁴ Pollay, R, et al., "The Last Straw? Cigarette Advertising and Realized Market Shares Among Youths and Adults," *Journal of Marketing* 60(2):1-16, April 1996; Evans, N, et al., "Influence of Tobacco Marketing and Exposure to Smokers on Adolescent Susceptibility to Smoking," *Journal of the National Cancer Institute* 87(20):1538-45, October 1995; Pierce JP, et al., "Tobacco Industry Promotion of Cigarettes and Adolescent Smoking," *Journal of the American Medical Association* 279(7):511-505, February 1998 [with erratum in *JAMA* 280(5):422, August 1998].

¹⁵ Substance Abuse and Mental Health Services Administration, HHS, *Summary findings from the 2005 National Survey on Drug Use and Health (NSDUH)*, Detailed Tables, 2006.

¹⁶ American Legacy Foundation, "Cigarette Preferences Among Youth – Results from the 2006 Legacy Media Tracking Online (LMTO)," *First Look Report 17*, June 2007, http://americanlegacy.org/Files/FINAL_FL17_singles.pdf.

¹⁷ Slater, SJ, et al., "The Impact of Retail Cigarette Marketing Practices on Youth Smoking Uptake," *Archives of Pediatrics and Adolescent Medicine* 161:440-445, May 2007.

¹⁸ Winte, G, "Big Tobacco Is Accused of Crossing an Age Line," *The New York Times*, August 24, 2001.

¹⁹ Warren, C, et al., *Tobacco Use by Youth: A Surveillance Report from the Global Youth Tobacco Survey Project*, Bulletin of the World Health Organization, 78(7), 2000.