In the November 1998 multi-state Master Tobacco Settlement Agreement (MSA), the major cigarette companies and U.S. Smokeless Tobacco, Inc. (the biggest smokeless tobacco company) agreed not to “take any action, directly or indirectly, to target youth. . . in the advertising, promotion, or marketing of tobacco products.” These companies claim they have fully complied with the settlement and stopped marketing to youth, but studies show that tobacco companies spend more on marketing now than they did before the settlement, and the bulk of spending is on strategies that reach and appeal to kids.

In August 2006, U.S. District Court Judge Gladys Kessler released her final opinion in the U.S. Government’s landmark case against tobacco companies, describing how the tobacco companies continue to target youth with sophisticated marketing campaigns. According to Judge Kessler, “…Defendants continue to engage in many practices which target youth, and deny that they do so. Despite the provisions of the MSA, Defendants continue to track youth behavior and preferences and market to youth using imagery which appeals to the needs and desires of adolescents.” In 2014, the U.S. Surgeon General reasserted this finding, stating that, “…the tobacco industry aggressively markets and promotes lethal and addictive products, and continues to recruit youth and young adults as new consumers of these products.”

**Increased Tobacco Industry Spending on Advertising and Promotion**

In 1999, the first year after the MSA, the tobacco companies spent $8.4 billion on advertising and promotions, an increase of $1.5 billion (22%) and, at the time, the largest one-year increase since the U.S. Federal Trade Commission (FTC) began tracking tobacco-industry marketing expenditures in 1970. By 2003, tobacco industry marketing had more than doubled to a record high spending of $15.4 billion. Much of this increase was in categories effective at reaching kids, including price discounts paid to cigarette retailers or wholesalers that reduce the price of cigarettes to consumers, two-for-one promotions that make cigarettes more affordable to kids and in-store advertising.
In 2017 (the most recent year for which data are available), tobacco companies spent $9.4 billion to market their products—nearly $26 million each day. These tobacco marketing expenditures don’t even include spending to market and promote products like e-cigarette and cigars because unlike cigarette and smokeless tobacco companies, other tobacco product companies are not currently required to report their marketing and promotional expenditures to the FTC. However, according to the Surgeon General’s Report, *E-Cigarette Use Among Youth and Young Adults*, that e-cigarette advertising expenditures have increased dramatically, from $12 million in 2011 to $125 million in 2014. Other studies have also documented this significant increase in spending. These figures underestimate total industry spending since they don’t capture expenditures like retail marketing, social media, and sponsored events.

In 2017, over $8.6 billion was spent on cigarette marketing alone. The majority of those expenditures (96.5% or $8.3 billion) still go to price discounts, point of sale advertising and promotional allowances that make cigarettes more affordable and ensure prime retail space.

After increasing for four years in a row, smokeless tobacco marketing expenditures declined slightly in 2017. Tobacco companies spent $718.3 million on smokeless tobacco marketing in 2017, a 5 percent decrease from 2016. This is still the second highest spending on record, and nearly five times the amount spent in 1998 ($145.5 million) and nearly three times the amount spent in 2005 ($250.8 million), the year before some cigarette companies entered the smokeless tobacco market.

Since 2006, the two top cigarette companies, R.J. Reynolds (RJR) and Philip Morris USA, have made a notable change in their strategies by entering into the smokeless tobacco market and releasing snus, a spitless, smokeless tobacco product, and other smokeless tobacco products under their most popular cigarette brand names (Camel and Marlboro, respectively). The parent companies of both RJR and Philip Morris USA both also own major smokeless tobacco companies. Cigarette sales continue to decline, while smokeless tobacco sales have been rising.

**Tobacco Company Advertising Still Attracts Youth**

In 2014, the U.S. Surgeon General reported that, “tobacco industry advertising and promotion cause youth and young adults to start smoking, and nicotine addiction keeps people smoking past those ages.” This finding reiterates the conclusions of the 2012 Surgeon General’s Report, which declared that tobacco company advertising and promotions cause the onset and continuation of smoking among adolescents and young adults. The 2008 National Cancer Institute monograph, *The Role of the Media in Promoting and Reducing Tobacco Use*, which reviewed the research on how mass media channels have been used to encourage and discourage smoking, also concluded that tobacco company advertising and promotion is causally linked to increased tobacco use and youth smoking initiation. The monograph details how tobacco companies are using non-traditional communication channels, such as the Internet and viral or stealth marketing, to sidestep restrictions on traditional marketing venues, like magazine and billboard ads.

Not surprisingly, cigarettes that are the most popular among kids are those that are also heavily advertised. Data from the 2015 National Survey on Drug Use and Health found that among youth 12-17 years of age, 47.4 percent prefer Marlboro, 21.1 percent prefer Newport and 12.9 percent prefer Camel. Similarly, another national survey, the 2016 National Youth Tobacco Survey, found that 78.7% of high school students prefer these three brands.

**In-Store Tobacco Marketing Strategies Reaching Kids**

Tobacco companies spend the bulk of their marketing money at the retail stores with price discounts, prime product placement to attract buyers and, of course, advertisements. In 2017, of the $9.4 billion spent by tobacco companies on advertising and promotional expenditures, 96 percent ($9 billion) was spent on point-of-sale advertisements and price-related marketing, including point-of-sale ads, price discounts, promotional allowances, consumer engagement, coupons and special deals such as buy-one-get-one-free offers.

---

1 In 1999, the FTC released a report, “Cigar Sales and Advertising and Promotional Expenditures for Calendar Years 1996 and 1997,” but FTC has not released subsequent reports on cigars.
In 2012, the Surgeon General reported that tobacco marketing at the point of sale is associated with youth tobacco use. This makes the pervasiveness of tobacco promotion in retail outlets, which has few restrictions and has been documented in multiple studies, significant to tobacco prevention efforts.

- According to data from the National Youth Tobacco Survey, 81.5 percent of middle school students and 86.9 percent of high school students were exposed to tobacco advertisements in stores in 2011.

- The 2011 California Tobacco Advertising Survey found that stores contained nearly 20 tobacco marketing materials, on average. There were more ads for Marlboro than for Camel and Newport cigarettes, which is consistent with the market share of these brands.

- The 2011 California Tobacco Advertising Survey also found that the proportion of stores with tobacco advertising at or below three feet increased significantly from 2008 to 2011. Nearly half of convenience stores (47%) had at least one tobacco advertisement at or below three feet, and one in ten had tobacco advertisements near candy. Similarly, a survey of tobacco retailers in Philadelphia found that 29 percent of retailers with indoor tobacco ads displayed at least one of them in close proximity to products targeted toward kids.

- Another study showed that, despite the 1998 MSA, 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.

The issue of advertising in retail outlets is important because nearly half of teenagers visit a convenience store at least once a week; and research shows that the more cigarette marketing teens are exposed to in retailer stores the more likely they are to smoke. For example, a 2007 study published in the Archives of Pediatrics and Adolescent Medicine concluded that the more cigarette marketing teens are exposed to in retail stores, the more likely they are to smoke, and that restricting these retail marketing practices would reduce youth smoking. Specifically, the study found that retail cigarette advertising increased the likelihood that youth would initiate smoking, tobacco company 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 2012 Surgeon General Report added to the evidence base regarding the tobacco industry’s pricing strategies, concluding that “…the industry’s extensive use of price-reducing promotions has led to higher rates of tobacco use among young people than would have occurred in the absence of these promotions.”

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. Advertising for these brands in youth-oriented magazines (at least 15% 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. Philip Morris entirely stopped advertising in magazines in 2001, but RJR did not stop until it was found guilty in a court of law of violating the MSA by marketing to kids. 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.
Although RJR claimed to have curtailed its advertising in magazines, it aggressively targeted girls and young women in promotions for its new product Camel No. 9. Camel No. 9 was launched in January 2007 with a large campaign that cost an estimated $25 to $50 million and included full-page ads in women’s magazines with high youth readership such as Glamour, Cosmopolitan, Marie Claire, InStyle and Vogue. In addition to magazine advertising, RJR saturated stores and bodegas with heavy point-of-sale marketing for Camel No. 9 in New York City and other cities around the country.

A 2010 study found that, in the year after the Camel No. 9 campaign began, 44 percent of teenage girls reported having a favorite cigarette ad, up from 34 percent before the Camel No. 9 campaign began. Moreover, almost half of the teen girls who had specified Camel as their favorite cigarette ad had not indicated any favorite ad previously. Because it successfully lead to brand identification and ultimately increased RJR’s market share, the Camel No. 9 campaign targeted adolescent girls just as the Joe Camel campaign effectively targeted youth. This study also confirmed that having a favorite cigarette ad increases the risk smoking initiation by 50 percent.28

Also in 2007, despite a prohibition in the 1998 state tobacco settlement on the use of cartoons to market cigarettes, RJR ran a giant, multi-page ad for The Farm, the company’s new “collaboration between Camel and independent artists and record labels,” in Rolling Stone magazine, whose readers include more than 1.5 million youth. Four pages of the fold-out ad featured numerous cartoon drawings of animals, monsters and images from outer space. The cartoon foldout is not the only aspect of the spread that clearly appeals to kids. Another page features an image of a spiral-bound notebook similar to those often carried by high school students with the title “Indie Rock Universe;” doodles of a guitar, spaceships and other images a bored student might draw; as well as the phrase, “an alternate dimension where everyone wears Black Converse.” Only after public health groups raised objection and eight state attorneys general sued the company did RJR remove the ad and suspend The Farm campaign. Shortly thereafter, RJR announced that it would stop advertising RJR-brand cigarettes in magazines, but it continued to advertise other cigarette and tobacco product brands—including the RJR-brand smokeless product Camel Snus—under other Reynolds American subsidiaries, such as Natural American Spirit cigarettes and Grizzly smokeless tobacco.

In April 2013, after a five-year hiatus, RJR resumed placing cigarette ads in magazines popular with youth to promote its Camel Crush cigarettes. Publicly available data from GfK MRI, a consumer research firm, shows a total teen readership (12-17 years old) of 12.9 million for just nine of the 24 magazines involved at that time—Entertainment Weekly, ESPN the Magazine, Sports Illustrated, Rolling Stone, People, Glamour, InStyle, US Weekly and Vogue. The total teen readership for all 24 magazines would be millions more.

Campaign for Tobacco-Free Kids, March 5, 2019 / Laura Bach

More information on tobacco company marketing to kids is available at https://www.tobaccofreekids.org/fact-sheets/tobacco-industry-activities/tobacco-marketing-to-kids.

1 Full copies of the Master Settlement Agreements are available at http://www.naag.org/settlement_docs.php.
FTC. Cigarette Report for 2017, 2019 [Data for top 5 manufacturers only].

8 FTC. Smokeless Tobacco Report for 2017, 2019 [Data for top 5 manufacturers only.


