



Still Seeking Replacements: How Big Tobacco Targets Kids Today

Summary

Despite legal settlements and laws that have curtailed their marketing, tobacco companies still spend huge sums – \$8.8 billion a year – to market their deadly and addictive products, and they continue to entice and addict America’s kids.

The 2012 U.S. Surgeon General’s report, *Preventing Tobacco Use Among Youth and Young Adults*, concluded that scientific evidence “consistently and coherently points to the intentional marketing of tobacco products to youth as being a cause of young people’s tobacco use.”¹

Tobacco marketing is less prominent in the United States today because of restrictions imposed by federal laws and the 1998 legal settlement between the tobacco companies and the states. The tobacco industry has also been shamed into retiring Joe Camel and the Marlboro Man, the notorious marketing icons that lured kids for so long.

But tobacco marketing is far from gone. Tobacco companies keep finding new ways to circumvent restrictions and aggressively market their products. Their strategies often have the greatest impact on kids – the “replacement smokers” (as one tobacco company document put it) for the more than 480,000 Americans who die each year from tobacco-related diseases.²

Tobacco companies spend \$8.8 billion a year – that’s \$24 million each day, \$1 million every hour – to market cigarettes and smokeless tobacco products in the U.S., according to the latest Federal Trade Commission reports on tobacco marketing (for 2011).³ Here are some of the marketing strategies they currently use to entice kids:

Heavy marketing and discounting in stores

Tobacco companies now spend more than 94 percent (\$8.3 billion) of their total marketing budget to advertise and promote their products in convenience stores, gas stations and other retail outlets.⁴ Big Tobacco pays billions to ensure that cigarettes and other tobacco products are displayed prominently, advertised heavily and priced cheaply to attract kids and retain current users. This marketing is effective at reaching kids because two-thirds of teenagers visit a convenience store or other neighborhood retailer at least once a week.⁵ Studies have shown that exposure to tobacco marketing in stores and price discounts increase youth smoking.⁶

Slick ads in magazines with large youth readerships

Tobacco companies continue to advertise their products – including cigarettes, smokeless tobacco and electronic cigarettes – in magazines with large youth readerships, such as *Sports*

Illustrated, ESPN the Magazine, Rolling Stone, Glamour and People. In fact, several of the most popular tobacco brands among youth have recently returned to advertising in magazines after several years' absence, including Camel cigarettes and the Skoal and Copenhagen smokeless tobacco brands. Echoing themes the industry has long used to target kids, current ads portray smoking and other tobacco use as fun, glamorous, sexy, masculine and rebellious.

Flavored tobacco products – cigars, smokeless tobacco and e-cigarettes

While a 2009 federal law banned candy and fruit-flavored cigarettes, this prohibition didn't include cigars, smokeless tobacco and e-cigarettes. Tobacco companies now market an array of cheap, sweet and colorfully packaged cigars, which often look and are smoked just like cigarettes. These cigars come with flavors such as chocolate, strawberry, peach and cherry and names such as "Swisher Sweets." Market research has found that flavored products also make up more than half of smokeless tobacco sales.⁷ And a 2014 study found that e-cigarettes come in over 7,000 flavors, with names such as gummy bear and cotton candy that clearly appeal to kids.⁸

E-cigarette marketing that re-glamorizes tobacco use

In recent years, tobacco companies have greatly increased their marketing of e-cigarettes, often using the same tactics long used to market regular cigarettes to kids. While cigarette ads have been banned on television since 1971, e-cigarette ads began airing in 2011, subjecting American kids to the first TV ads for tobacco products in their lifetimes. Celebrity endorsements, magazine ads, sponsorships of race cars and concerts, and sweet flavors further promote e-cigarettes. Portraying e-cigarettes as fun, rebellious and the cool new thing, this marketing threatens to re-glamorize tobacco use and reverse the progress in reducing youth tobacco use. Recent surveys have shown that youth e-cigarette use has skyrocketed and now exceeds youth use of regular cigarettes.⁹

Why Tobacco Companies Target Kids

It's no surprise that tobacco companies continue to target kids because their business model depends on it: They know that 90 percent of adult smokers start at or before age 18.¹⁰

Numerous internal tobacco industry documents, revealed in lawsuits against the industry, show that the tobacco companies have long perceived adolescents as a key market, studied their smoking behavior and developed products and marketing campaigns aimed at them.

An R.J. Reynolds document infamously referred to young people as "**the only source of replacement smokers**" for those who quit smoking or die from tobacco-related disease.¹¹ One Philip Morris document stated, "Today's teenager is tomorrow's potential regular customer."¹² Similarly, a Lorillard Tobacco document stated, "[T]he base of our business is the high school student."¹³

In August 2006, U.S. District Court Judge Gladys Kessler issued a landmark ruling that the tobacco companies have violated civil racketeering laws and defrauded the American people by

lying for decades about the health risks of smoking and their marketing to children. Judge Kessler’s final opinion found that, from the 1950s to the present, the tobacco company defendants “have intentionally marketed to young people under the age of twenty-one in order to recruit ‘replacement smokers’ to ensure the economic future of the tobacco industry.”¹⁴

Based on numerous scientific studies, public health authorities including the U.S. Surgeon General and the National Cancer Institute (NCI) have concluded that tobacco marketing causes youth tobacco use.

The most recent U.S. Surgeon General’s report, issued in January 2014, found that “the evidence is sufficient to conclude that advertising and promotional activities by the tobacco companies cause the onset and continuation of smoking among adolescents and young adults.” Furthermore, this report stated:

...the root cause of the smoking epidemic is also evident: 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.¹⁵

The 2012 Surgeon General’s report found that, while the tobacco industry has stated that its marketing only promotes brand choices among adult smokers, this marketing actually encourages underage youth to smoke: “Tobacco companies have long argued that their marketing efforts do not increase the overall demand for tobacco products and have no impact on the initiation of tobacco use among young people; rather, they argue they are competing with other companies for market share. In contrast, the weight of the evidence from extensive and increasingly sophisticated research conducted over the past few decades shows that the industry’s marketing activities have been a key factor in leading young people to take up tobacco, keeping some users from quitting, and achieving greater consumption among users.”¹⁶

A comprehensive 2008 NCI report, *The Role of the Media in Promoting and Reducing Tobacco Use*, also concluded that tobacco company advertising and promotion is causally linked to increased tobacco use and youth smoking initiation. This report described how tobacco advertising targets specific populations, such as youth and young adults, by employing themes and messages that resonate with them. For example, tobacco advertisements suggest that smoking can satisfy adolescents’ need to be popular, feel attractive, take risks and avoid or manage stress.¹⁷

Marketing Restrictions – And Industry Efforts to Circumvent Them

This evidence that tobacco marketing causes young people to use tobacco has led to significant restrictions on tobacco marketing. A federal law banned cigarette ads on television and radio in 1971. Additional restrictions were imposed by the 1998 Master Settlement Agreement (MSA) that ended the states’ lawsuits against the major tobacco companies and by a 2009 federal law, the Family Smoking Prevention and Tobacco Control act, which gave the U.S. Food and Drug Administration (FDA) the power to regulate tobacco products and marketing.

Between them, the 1998 settlement and the 2009 law eliminated several forms of tobacco marketing, including billboard and transit advertising, tobacco-brand sponsorships of sports and entertainment events, and distribution of non-tobacco merchandise, such as hats and t-shirts, with tobacco brand names or logos.

The 2009 law also banned the sale of candy and fruit-flavored cigarettes, sales of cigarettes in so-called “kiddie packs” of less than 20, vending machine and self-service sales of cigarettes and smokeless tobacco except in adult-only facilities, and the use of misleading terms such as “light” and “low-tar” that imply some cigarettes are less harmful.

These are positive steps that make it more difficult for tobacco companies to target children. But these actions have far from eliminated tobacco marketing that entices kids. As they have long done, tobacco companies exploit gaps and loopholes in regulations and continue to find new ways to market their products to youth.

Cigarette and smokeless tobacco marketing expenditures have increased significantly since the 1998 settlement, according to the FTC’s tobacco marketing reports. Between 1998 and 2011 (the most recent year for which data is available), cigarette marketing expenditures increased from \$6.7 billion to \$8.4 billion, while smokeless tobacco marketing increased from \$145 million to \$452 million (a more than three-fold increase for the latter).¹⁸

These massive marketing expenditures allow the tobacco companies to saturate the market with messages and images that portray tobacco use as normal and appealing, and youth are more likely to notice it than adults. In 2011, 91 percent of middle school students and 93 percent of high school students were exposed to tobacco ads in stores, in magazines, or on the internet.¹⁹ A 2012 national survey found that youth (ages 12 to 17) were significantly more likely than adults to recall seeing a tobacco advertisement within the last two weeks (45 percent versus 25 percent, respectively).²⁰

The more tobacco advertising kids see, the more likely they are to try smoking and become regular smokers.²¹ Not surprisingly, more than 85 percent of youth smokers (ages 12 to 17) prefer Marlboro, Newport, and Camel – three of the most heavily advertised brands – compared to only 60 percent of smokers ages 26 and older.²²

This report highlights several of the marketing strategies tobacco companies currently use to entice youth.

Industry Marketing Strategies: Stores

Since the 1998 tobacco settlement, tobacco marketing in convenience stores, gas stations and other retail outlets has soared. In 2011, the most recent year for which tobacco marketing data is available, tobacco companies spent more than 94 percent (\$8.3 billion) of their total marketing budget to promote their products in the retail environment. This point-of-sale marketing ensures that tobacco products are displayed prominently, advertised heavily and priced cheaply to attract kids and retain current users. Tobacco companies use their marketing dollars to:

- Saturate the inside, outside and even the property of stores with tobacco advertising and place their brand names on shelving units, counter mats and shopping baskets.
- Pay retailers to prominently display a company's brands in the most visible locations and shelving. Tobacco company documents note that "eye level is buy level," so they pay careful attention and spend large sums of money to ensure that tobacco products are placed where they will be seen.
- Discount the price of tobacco products through promotional allowances paid to retailers, coupons and special deals such as buy-one-get-one-free offers, all of which makes tobacco products cheaper and more appealing to consumers, especially kids.

This marketing is effective at reaching kids because two-thirds of teenagers visit a convenience store or other neighborhood retail outlet at least once a week.²³ Convenience stores are where children and adolescents buy candy, soda and afterschool snacks, and as a result are regularly exposed to tobacco advertising and promotions. The volume of tobacco brand imagery and product placement in convenience stores helps make harmful tobacco products appear normal and appealing to kids, and price discounts make them affordable to kids.

In 2012, the Surgeon General reported that tobacco marketing at the point of sale is associated with youth tobacco use.²⁴ Studies have demonstrated both the pervasiveness of tobacco marketing in stores and the impact on kids:

- 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 2011.²⁵
- 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.²⁶
- 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 percent) had at least one tobacco advertisement at or below three feet, and one in ten had tobacco advertisements near candy.²⁷ Similarly, a 2013 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.²⁸

Research shows that the more cigarette marketing teens are exposed to in retailer stores the more likely they are to smoke.²⁹ 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.³⁰ 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."³¹

Industry Marketing Strategies: Magazines

For decades, tobacco companies have relied on magazine advertising to reach their target markets, including kids.

Philip Morris' Marlboro Man, long a staple of magazine advertising, helped make Marlboro the best-selling cigarette brand among youth. The notorious Joe Camel cartoon character, launched by R.J. Reynolds in 1988, significantly boosted Camel's market share among youth smokers and was so successful that, at one point, Joe Camel was nearly as recognizable to 6-year-olds as Mickey Mouse.³² Philip Morris marketed Virginia Slims to women with themes of independence and empowerment, using slogans like "You've come a long way, baby" and "It's a woman thing." Six years after the introduction of Virginia Slims and other brands aimed at the female market, the rate of smoking initiation among 12-year-old girls increased by 110 percent.³³

The MSA includes a provision that prohibits tobacco companies from taking "any action, directly or indirectly, to target Youth within any Settling State in the advertising, promotion or marketing of Tobacco Products" and has helped to curb some tobacco advertising in magazines. However, it has not eliminated it. Today, tobacco companies continue to advertise their products in magazines, often pushing the limits of the MSA restrictions by placing ads in publications with high youth readership.

In fact, several of the most popular tobacco brands among youth have recently returned to advertising in magazines after several years' absence, including Camel cigarettes and the Skoal and Copenhagen smokeless tobacco brands. In addition, manufacturers of e-cigarettes, which are not subject to the MSA, have taken advantage of a lack of regulations and placed their ads in magazines popular among youth. Consequently, ads for a variety of products continue to lure a new generation of tobacco users with the all-too-common themes of masculinity, sex, fun, glamor and rebellion.

Current examples of tobacco magazine advertising include:

Camel cigarettes: In December 2007, R.J. Reynolds suspended its cigarette magazine advertising amidst intense public and congressional scrutiny and lawsuits by nine states for engaging in marketing that targeted kids. In April 2013, the company returned to magazines with ads for Camel Crush, a cigarette containing a crushable menthol capsule in the filter. The ads appeared in at least 33 magazines, including several with large teen readerships. Publicly available data from GfK MRI, a consumer research firm, showed a total teen readership (12 to 17 years old) of 12.9 million for just nine of the magazines involved – *Entertainment Weekly*, *ESPN the Magazine*, *Sports Illustrated*, *Rolling Stone*, *People*, *Glamour*, *InStyle*, *US Weekly*, and *Vogue*.³⁴ The total teen readership for all magazines would be millions more. Reynolds since has

continued to place magazine advertising for Camel, which is the third most popular cigarette brand among youth.³⁵

Newport cigarettes: Tobacco companies have a long history of targeting African Americans and youth with advertisements for menthol cigarettes, and the best-known menthol cigarette is Lorillard's Newport. For decades, magazine advertisements have associated Newport with a youthful lifestyle and having a good time. Today, Newport magazine ads continues to appeal to young people with its slogan of "pleasure!" and images of healthy, beautiful people engaging in youthful activities, such as dancing and playing sports. Newport is the second most popular cigarette brand among youth smokers, after Marlboro.³⁶

Smokeless tobacco: Even while Reynolds suspended cigarette ads, magazine ads continued and even increased for Grizzly smokeless tobacco, made by a Reynolds subsidiary. Grizzly ads use themes of masculinity and sex that attract young male users. One Grizzly ad carried the slogan, "May cause the urge to act like a man," sending a message to adolescent boys that you can't be a real man without using smokeless tobacco. The Grizzly campaign has been a success, boosting sales and helping to make it one of the most popular smokeless tobacco brands among youth and young adults today (preferred by 38.2 percent of smokeless tobacco users ages 12 to 17 and 37 percent of those ages 18 to 25).³⁷

In the past two years, Copenhagen and Skoal – the first and third most popular smokeless tobacco brands among youth – have returned to advertising in magazines, also emphasizing themes of masculinity and male bonding. Skoal ads have featured young men relaxing by a campfire or taking thrill rides on ATVs. Both brands are made by the U.S. Smokeless Tobacco Company (a subsidiary of Altria/Philip Morris USA).

In addition to these traditional smokeless tobacco products, R.J. Reynolds has heavily advertised its Camel Snus product in magazines. Moreover, R.J. Reynolds and Philip Morris have marketed their snus products – Camel Snus and Marlboro Snus – as extensions of their most popular cigarette brands, allowing them to build awareness of these brands in general. Thus, even while Reynolds was not placing magazine ads for Camel cigarettes, the unmistakable Camel icon continued to be seen by magazine readers because of Camel Snus ads.

E-cigarettes: Many e-cigarette brands, including Lorillard's blu, Philip Morris' MarkTen, FIN and NJOY, have placed advertisements in magazines with high youth readership, such as *Rolling Stone*, *ESPN The Magazine* and *Sports Illustrated*. The ads often feature images of rugged men and glamorous women, providing the e-cigarette equivalents of the Marlboro Man and the Virginia Slims woman. Themes of sex and rebellion are common, with slogans such as "Take Back your Freedom" (blu) and "Rewrite the Rules" (FIN). A blu ad in the 2014 *Sports Illustrated* swimsuit issue placed the blu logo in the center of a skimpy bikini bottom.

Industry Marketing Strategies: Flavored Products

As noted previously, a 2009 federal law prohibited cigarettes with candy and fruit flavors. But this flavor ban did not apply to other tobacco products, allowing tobacco companies to market an array of sweet-flavored cigars, smokeless tobacco products and now e-cigarettes.

Although tobacco companies claim to be responding to adult tobacco users' demand for variety, they know that flavored tobacco products serve to lure new users, particularly kids. An industry publication stated, "While different cigars target a variety of markets, all flavored tobacco products tend to appeal to younger consumers."³⁸ Tobacco industry documents reveal that they have long recognized that flavors attract kids and make tobacco more palatable to new users.³⁹ A former U.S. Smokeless Tobacco Company sales representative once stated, "Cherry Skoal is for somebody who likes the taste of candy, if you know what I'm saying."⁴⁰

Current examples of flavored tobacco products include:

Cigars: In recent years, the tobacco industry has introduced a growing number of small cigars, called little cigars or cigarillos, with sweet flavors, colorful packaging and cheap prices, all of which make them appealing to kids. These products often can be bought individually or in small packs (compared to a pack of 20 cigarettes), and some are taxed at lower rates than cigarettes, adding to their affordability and appeal to kids.

The most popular cigar brands among youth, including Black & Mild, Swisher Sweets and White Owl, come in a variety of sweet flavors. Swisher International, Inc., offers a variety of chocolate, strawberry, peach, grape and other flavored cigars under the name Swisher Sweets. John Middleton, Inc., a subsidiary of Altria, sells Black & Mild brand cigars in flavors that include apple, wine and cream. The explosive growth in cigar flavors led the vice president of one distributor to comment, "For a while it felt as if we were operating a Baskin-Robbins ice cream store."⁴¹

National and state youth tobacco surveys confirm that flavored cigars are popular with kids. Nationally in 2011, more than one-third (38.4 percent) of high school cigar smokers used flavored cigars.⁴² Research has documented the widespread availability of flavored cigars in stores and that such cigars are more available in predominantly African-American neighborhoods and cheaper in African-American and some young adult neighborhoods, demonstrating the tobacco industry's ongoing targeting of specific populations.⁴³

Smokeless tobacco: Smokeless tobacco users have a long history of using flavors to attract new youth users. In 2012, flavored products made up more than half (58 percent) of all smokeless tobacco sales. Menthol and mint flavors are most popular, followed by fruit flavors.⁴⁴ Skoal comes in the widest variety of flavors, including cherry, apple and peach. Novel smokeless tobacco products, including snus and dissolvable tobacco products that resemble breath strips and mints, also have been marketed in various flavors.

E-cigarettes: Although these products are relatively new to the market, the variety of e-cigarette and liquid nicotine flavors has grown exponentially. A June 2014 study published in the journal *Tobacco Control*, found 7,700 flavors of liquid nicotine used in e-cigarettes, with hundreds more added each month.⁴⁵ In addition to the more traditional candy and fruit flavors like cherry and chocolate, the liquid nicotine solutions are being sold in such kid-friendly options as gummy bear, cotton candy, root beer float and banana split.

Industry Marketing Strategies: E-cigarettes

In recent years, tobacco companies have greatly increased their marketing of e-cigarettes, often using the same tactics – some now banned – that have been used to market regular cigarettes to kids. The magazine ads and sweet flavors described above are two examples. There are many more, including:

- Television advertising: While cigarette ads have been banned on television since 1971, e-cigarette ads began airing in 2011, subjecting American kids to the first TV ads for tobacco products in their lifetimes. NJOY ads have even aired during the Super Bowl and the Academy Awards, events with huge audiences including children. A July 2014 study published in the journal *Pediatrics* found that youth exposure to e-cigarette ads on television, measured by target rating points, increased 256 percent from 2011 to 2013, exposing 24 million U.S. kids to these ads.⁴⁶
- Celebrity endorsements: Like old cigarette ads, e-cigarette ads have featured celebrity endorsers, including actor Stephen Dorff and TV personality Jenny McCarthy for blu and rock musician Courtney Love for NJOY.
- Event sponsorships: While cigarette brands are prohibited from sponsoring events, e-cigarette brands have sponsored auto racing, music festivals and other events.

Portraying e-cigarettes as fun, rebellious and the cool new thing, this marketing threatens to re-glamorize tobacco use and reverse the progress in reducing youth tobacco

Recent surveys have shown that youth e-cigarette use has skyrocketed and now exceeds youth use of regular cigarettes. The 2013 National Youth Tobacco Survey, conducted by the Centers for Disease Control and Prevention, found that current (past-month) use of e-cigarettes among high school students tripled between 2011 and 2013.⁴⁷ The government-sponsored Monitoring the Future survey subsequently found that teen use of e-cigarettes surpassed use of regular cigarettes in 2014. This survey found that 17.1 percent of 12th graders, 16.2 percent of 10th graders and 8.7 percent of 8th graders reported using an e-cigarette in the past 30 days (compared to 13.6 percent, 7.2 percent and 4 percent in each grade who reported using a regular cigarette).⁴⁸

Conclusion

The United States has made enormous progress in reducing youth smoking and has cut the high school smoking rate by more than half, from a high of 36.4 percent in 1997 to 15.7 percent in 2013.⁴⁹ However, tobacco use remains the nation's number one cause of preventable death, killing more than 480,000 Americans and costing about \$170 billion in health care bills each year. According to the most recent Surgeon General's report, 5.6 million kids alive today will die prematurely from tobacco-related diseases without urgent action now to prevent it.⁵⁰

As this report demonstrates, the tobacco industry's products and marketing remain an ever-present threat to this nation's children and health. In fact, there is considerable evidence that the industry's latest strategies – especially its efforts to counter cigarette smoking declines by

promoting other tobacco products – have had a harmful impact. In addition to the increase in youth e-cigarette use, recent surveys have shown little progress in reducing youth cigar and smokeless tobacco use, even as cigarette smoking continues to decline. According to the CDC’s 2013 Youth Risk Behavior Survey:⁵¹

- High school boys now smoke cigars at the same rate as cigarettes (16.5 percent for cigars and 16.4 percent for cigarettes), and an alarming 23 percent of male high school seniors smoke cigars (compared to 19.6 percent who smoke cigarettes). Among all high school students, 12.6 percent were current (past-month) cigar smokers in 2013, with little change in recent years.
- Rates of smokeless tobacco use have not declined since 1999. In 2013, 8.8 percent of all high school students and 14.7 percent of high school boys were current users of smokeless tobacco.

To continue making progress, elected officials at all levels must redouble efforts to implement proven strategies to reduce tobacco use – and apply these strategies to all tobacco products. These strategies include higher tobacco taxes, well-funded tobacco prevention and cessation programs that include mass media campaigns, comprehensive smoke-free workplace laws and effective FDA regulation of all tobacco products and marketing.

There is an especially urgent need for the FDA to finalize its proposed rule to regulate all tobacco products, including cigars and e-cigarettes. The Campaign for Tobacco-Free Kids and other public health organizations have called on the FDA to issue a final rule by April 25, 2015 – one year after issuing its proposed rule – and to strengthen the rule by restricting marketing and flavors that appeal to kids.

The nation’s enormous progress shows that the fight to eliminate tobacco-related death and disease is an entirely winnable battle. But the battle won’t be won unless elected officials are as aggressive in fighting tobacco use as the tobacco industry continues to be in promoting it.

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