Tobacco Retail Advertising Fact Sheet

About Tobacco Retail Advertising

• The Federal Trade Commission (FTC) issues reports on annual cigarette and smokeless tobacco marketing expenditures, which are based on data from the major tobacco manufacturers. These reports show that the point of sale is by far the tobacco industry’s dominant marketing channel, and that it has grown in importance since the 1998 tobacco settlement.¹

• In 2010, cigarette companies spent the majority of marketing dollars – about $7.3 billion² – on strategies that facilitated retail sales.³

• Retail advertising and point of sale are so important that stores are even paid well for it.⁴,⁵ According to a Philip Morris sales manual, “we pay the retailer for performance on our behalf.”⁶

• In one survey, 80 percent of retail outlets had interior tobacco product advertising, 60 percent had exterior tobacco product advertising, and over 70 percent had tobacco product functional items, such as display racks, counter mats, entrance and exit signs, and change cups.⁷

• Articles in the convenience store trade publications confirm that saturating the convenience store with tobacco ads and highly visible tobacco products continues to be an important tobacco industry strategy. One article on smokeless tobacco stated: “C-store [convenience store] operators should also look to increase the visibility of their smokeless products, Bishop suggested. ‘Presentation along the back bar has become more critical, especially since June of last year when self-service merchandising displays were restricted or banned in non-age-regulated environments,’ he said. ‘Finding good visible space on the back bar is also important because out of sight is out of mind. If the customer doesn’t see it, they aren’t likely to buy it or even ask for it. It also helps speed of service.’”⁸

The Issue

• About 9 out of 10 smokers start by age 18.⁹

• Each day more than 4,000 kids try smoking for the first time, and an additional 1,000 other kids become regular daily smokers.¹⁰

• Studies show that teens are much more likely than adults to be influenced by promotional pieces in convenience stores.¹¹

• Two out of 3 kids visit a convenience store at least once a week.¹²

• Stores where adolescents shop most often have more than three times the amount of cigarette advertisements and promotional materials outside of the stores and almost three times more materials inside, compared to other stores in the community.¹³

• A 2010 study in the journal Pediatrics 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.¹⁴
• A 2009 review of point-of-sale promotions found that among youth, there is a significant association between exposure to point-of-sale advertising and smoking initiation, susceptibility to smoking, beliefs about the availability of tobacco and beliefs about smoking prevalence.\textsuperscript{xv}

• A 2008 study in *Preventive Medicine* found that current smoking was significantly higher at schools in neighborhoods with the highest density of tobacco retailers than the smoking rate at schools in neighborhoods without any tobacco retailers.\textsuperscript{xvi}

• A 2007 study in the *Archives of Pediatrics and Adolescent Medicine* found that the more cigarette marketing teens are exposed to in retail stores the more likely they are to smoke.\textsuperscript{xvii}

• Pricing strategies used to make tobacco products cheaper lead to increases in youth initiation, experimentation, and regular smoking.\textsuperscript{xviii}

• Studies have shown that for every 10 percent increase in the price of cigarettes, youth smoking declines by approximately seven percent, smoking among pregnant women falls at a similar rate, and overall consumption declines by about four percent.\textsuperscript{xix}

• There was more than double the amount (2.6 times more) of tobacco advertisements per person in areas with an African-American majority compared to white-majority areas, according to a comprehensive review of the literature, published in 2007.\textsuperscript{xx}

• Point-of-sale ads in minority communities are more likely to advertise a cheaper price on cigarettes or provide better buy-one, get-one deals than in more affluent white communities.\textsuperscript{xvi}

**The Tobacco Industry’s Role**

• One industry documents states: "It is important to know as much as possible about teenage smoking…"\textsuperscript{xviii} "base of our business is the high school student."\textsuperscript{xxiii}

• A June 29, 1983 report . . . listed “beginning ideas” to be implemented at convenience stores to encourage purchase of RJR’s cigarette brands, including “activity booklet appealing to young people – things to do,” “develop a bike rack for kids with bikes -- create ad space,” “hook-up cigarettes with other youth purchases,” “have a video game token given away with purchase,” “create a music channel that is closed-circuited into C.S. [convenience store] that is on-target to youth market,” and “some kind of game or contest . . . via proof of purchase -- with a weekly winner. Could be video game – high school sports quiz.”\textsuperscript{xxiv}

• According to an R.J. Reynolds internal document: “Simply stated, the point of purchase is where the action is – it’s the retail environment, it’s a specific location in a store, it’s a product display and its in-store advertising. Importantly, and perhaps not so obviously, the point of purchase is also in the mind of the prospective consumer.”\textsuperscript{xxv}

• Tobacco industry documents note that “eye level is buy level” so companies pay careful attention and spend large sums of money to ensure that tobacco products are placed where they will be seen.\textsuperscript{xxvi}

• A 1990 R.J. Reynolds memo stated: "those stores can be in close proximity to colleges or high schools or areas where there are a large number of young adults frequenting the store."\textsuperscript{xxvii}
• Tobacco companies target lower-income, minority communities with point-of-sale marketing.

###

7 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


Lorillard memo on sale of Newport cigarettes, 1978 Bates No. 03537131-03537132EXHIBIT101


McMahon, JP, Young Adult Market, R.J. Reynolds memo, January 10, 1990, Bates No. 507341884.


