



Tobacco Marketing, Advertising and Promotions at the Point of Sale

Tobacco companies spend more of their advertising and promotional dollars at the Point of Sale (POS) than anywhere else. The store is the sales engine. The six largest tobacco manufacturers spent \$8.6 billion in 2008 to sell, advertise and promote their products in the retail environment according to the Federal Trade Commission Cigarette Report for 2007 and 2008. That is 85.3% of their total sales, advertising and promotional expenditures.

How much do they spend?

The Federal Trade Commission has been preparing reports on cigarette sales, advertising and promotions since 1967, using data gathered from the five major tobacco companies, including the two largest today, Philip Morris (Camel) and RJ Reynolds (Marlboro). Reports are issued every few years, and give tobacco control advocates detailed advertising and promotion spending reports in more than two dozen categories.

In the United States in 2008, 85.3% of their \$9.94 billion promotional budget went to retail, mostly (\$8.6 billion) in the form of price discounts paid to retailers that reduce the price of cigarettes for consumers.¹ Another \$163.7 million was spent on advertisements, merchandising and display units, value-added bonus items, and other branded accessories such as shelving units, change trays, counter mats and shopping baskets.¹ All told, the average store features 15 to 25 tobacco product advertisements^{2,3} and multiple shelving units full of cigarette cartons and packs to create a “powerwall” of branded imagery right at the register.⁴⁻⁶

In Minnesota in 2008, the tobacco industry spent an estimated \$157 million on marketing.⁷



Why it matters: “Eye level is buy level”

What is the impact of point of sale advertising and promotion? Tobacco industry documents note that “eye level is buy level”⁷ and they are exactly correct. With POS marketing, tobacco brands are not just competing with one another for market share, instead, the signage works together to increase total cigarette sales.^{8,9} Every cigarette brand benefits from POS advertising. Even worse, POS signage builds brand recognition, creates positive feelings towards tobacco brands, and gives people of all ages – heavy or light smokers and even experimenters – a reason to “Buy Now”, which encourages tobacco use and undermines quit attempts.¹⁰

Replacement Smokers: Strong impact on youth

Adolescents are vulnerable targets of POS advertising, as the tobacco companies perceive them as the next generation of smokers.¹¹ A National Cancer Institute (NCI) monograph, *The Role of the Media in Promoting and Reducing Tobacco Use*, summarizes significant research and concludes that a cause and effect relationship exists between exposure to tobacco advertisements and youth smoking



initiation. According to a 2004 study, more than two-thirds of U.S. teenagers shop at convenience stores at least once a week¹², where POS marketing is the most visible. In short, youth who see more advertisements are more likely to start smoking, and the store

where young people shop are also the ones where the highest quantity of tobacco advertisements and promotions are found.

Exposure to tobacco advertising distorts adolescent's perceptions about the availability, use and popularity of cigarettes, thereby promoting smoking.¹³ Higher smoking initiation rates have been found among students who are more frequently exposed to POS tobacco marketing^{13,14} and who attend schools where a high proportion of nearby stores advertise cigarette promotions.¹⁴ Youth who visit stores with tobacco advertising at least two times a week are twice as likely to try smoking compared to youth who visit stores less frequently.¹⁵

References

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