

THE BIG PICTURE

THE REAL COST OF TOBACCO

Smoking is the number one preventable cause of death in the United States. Every year, over 400,000 people die from smoking cigarettes.¹ If current trends continue, over 6,000,000 children alive today will die as a result of cigarette smoking.

Smoking does not just affect the people who use cigarettes. More than 26,000 adult nonsmokers die each year as a result of exposure to secondhand smoke.²

Smoking costs American taxpayers over \$96 billion dollars a year in government health care costs.³

The top six cigarette companies spend over \$13 billion per year to hook new smokers and keep others from quitting. The vast majority of this money is spent on ads and promotions in retail stores⁴ – the same places where you buy your milk, gas up your car, and fill your prescriptions.

TOBACCO PRESENCE IN RETAIL STORES

FACT: Cigarette companies spend over \$13 billion a year to market their products. 75% of that total – \$9.8 billion – directly impacts retail outlets.

What does that money buy?

Product displays. Tobacco companies pay store owners to put their products in the most visible locations in the store. Other kinds of companies (like those that make candy and soda) also use this marketing strategy, ***but the tobacco industry is far and away the leader in spending more money in this area than other industries.***⁵ In exchange for these payments, tobacco companies dictate the selection of products and branded items that are available in the stores and their placement within the store.

Reduced prices. Cigarette companies reduce the cost of cigarettes to the store owners so they can lower prices for the customer. In order to offer the sale, the store must use special displays and signage provided by the cigarette company.

Another way stores can get reduced prices from cigarette companies is based on volume discounts. If a store meets a sales goal, they are allowed to purchase cigarettes from the company at a reduced price. This savings may not always be passed on to the consumer. Often, stores must also agree to accept certain company marketing tools (such as ads and displays) in order to receive volume discounts.

Free gifts for the customer. The tobacco industry spends a lot of money giving away small gifts that are tied to the purchase of cigarettes. Gifts such as lighters, calculators, or cameras are often accompanied by splashy ad campaigns.

How does this impact your store environment?

Industry programs affect and even control the type and amount of cigarette displays, ads, functional objects, and promotional offers in your stores. Stores that have agreements with the tobacco companies have nearly twice as many branded items as stores that do not participate in marketing agreements. Big corporations that own hundreds or thousands of convenience stores, gas stations or other retail sites benefit greatly from these tobacco industry programs, while local shop owners struggle to compete with corporate stores that can offer lower prices, more advertising and more stock.

THE BIG PICTURE

Cigarette companies will often compete with each other for lower prices. Price wars cause the stores to become overloaded with tobacco marketing items as the store advertises sales and special offers on many different brands of cigarettes.

What does this mean for your local store? Consider this:

FACT: Store owners who cooperate with cigarette companies can receive payments of up to \$3,000 per quarter.⁶

FACT: Nearly two-thirds of stores that sell tobacco products participate in industry marketing programs with one or more cigarette companies.⁶

FACT: 92% of retail stores have at least one tobacco branded marketing item, such as an ad or display.⁶

FACT: The typical retail store has more than 12 tobacco promotional items on display.⁶

FACT: Studies from the Point of Purchase Institute show that point of sale advertising (advertising located where the consumer buys the product, i.e. in the store) can boost tobacco sales anywhere from 12% - 28%.⁷

How does this impact your community? Consider this:

FACT: Kids consume over 800 million packs of cigarettes per year.⁸

FACT: Each day 4,000 kids try their first cigarette, and each day, 1,000 more kids will become hooked.⁹

FACT: 81.3% of youth (12-17) smokers prefer Marlboro, Camel and Newport – three heavily advertised brands. Marlboro, the most heavily advertised brand, constitutes almost 50 percent of the youth market but only about 40 percent of smokers over age 25.⁹

FACT: Of the approximately 750,000 kids who will become new regular, daily smokers this year, almost a third will die from tobacco use.^{9, 10}

FACT: Kids are three times more sensitive than adults to tobacco advertising.¹¹

FACT: Kids are almost twice as likely as adults to recall tobacco advertising.¹²

FACT: Retail cigarette advertising increases the likelihood that youth will initiate smoking; and cigarette promotions increased the likelihood that youth will move from experimentation to regular smoking. Reducing or eliminating these retail marketing practices would significantly reduce youth smoking.¹³

FACT: Kids are more influenced to smoke by tobacco advertising than by peer pressure.¹⁴

FACT: 80% of teens said they are likely to visit a convenience store at least once a week¹⁵, and more than 60% of all 7th graders recall seeing cigarette advertising in stores.¹⁶

FACT: 16.8% of tobacco retail outlets have tobacco products displayed at or below three feet high (a young child's eye level). 18.8% of stores have tobacco advertisements at or below three feet.¹⁷

THE BIG PICTURE

What can be done?

You can help rid retail stores of tobacco clutter. The first step is to use the Store Alert Report Card in your local stores. The next step is to use the results from your Store Alert Report cards to call for action! Share your Store Alert results with your neighbors, your schools, your media, your city council, and others who want to limit our exposure to retail tobacco.

Don't forget your local stores. Ask owners and managers to keep all cigarettes behind the counter, reduce the amount of advertising that children can see from the street and the parking lot and restrict the placement of interior ads to the area behind the counter. Support stores that are doing a good job of limited tobacco marketing.

Explore the Store Alert website to learn more about taking action in your community. The Store Alert Report Card is a first step towards cleaner, healthier stores that protect the community, especially our children, from tobacco.

Footnotes:

1. CDC, "Annual Smoking-Attributable Mortality, Years of Potential Life Lost, and Economic Costs -- United States 1997-2001," *MMWR* 54(25):625-628, July 1, 2005.
2. California EPA, *Proposed Identification of Environmental Tobacco Smoke as a Toxic Air Contaminant*, June 24, 2005, <http://repositories.cdlib.org/tc/surveys/CALEPA2005C/>. See also, CDC, "Factsheet: Secondhand Smoke," September 2006, http://www.cdc.gov/tobacco/data_statistics/Factsheets/SecondhandSmoke.htm.
3. CDC, *State Data Highlights*, 2006, http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/index.htm.
4. U.S. Federal Trade Commission (FTC), *Cigarette Report for 2004 and 2005, 2007* [data for top five manufacturers only], <http://www.ftc.gov/reports/tobacco/2007cigarette2004-2005.pdf>
5. Feighery EC, Ribisl KM, Achabal DD, Tyebjee T. Retail trade incentives: how tobacco industry practices compare with those of other industries. *Am J Public Health*. 1999; 89 (10):1564-1566.
6. Feighery, EC, Ribisl, KM, Schleicher, N, Clark, PI. Retailer participation in tobacco company incentive programs is related to increased levels of cigarette advertising and cheaper cigarette prices in stores. *Prev Med*. 2004 Jun; 38(6):876-84.
7. The Point of Purchase Advertising Institute. *The Point of Purchase Advertising Industry Fact Book*. Englewood, NJ: The Point of Purchase Advertising Institute; 1992.
8. J. DiFranza & J. Librett, "State and Federal Revenues from Tobacco Consumed by Minors," *American Journal of Public Health* 89(7): 1106-1108, July 1999; Economic Research Service, U.S. Department of Agriculture, Tobacco Briefing Room, Table 8, <http://www.econ.ag.gov/Briefing/tobacco/>. See, also, Cummings, et al., "The Illegal Sale of Cigarettes to US Minors: Estimates by State," *American Journal of Public Health* 84(2): 300-302, February 1994.
9. Substance Abuse and Mental Health Services Administration, U.S. Dept of Health and Human Services (HHS), "*Results from the 2006 National Survey on Drug Use and Health*," 2007.
10. CDC. Projected smoking-related deaths among youth-United States. *MMWR*. 1996; 45(44): 791.
11. Pollay R. The last straw? Cigarette advertising and realized market shares among youths and adults. *Journal of Marketing*. 1996; 60(2):1-16.
12. National telephone survey of teens aged 12 to 17 and adults conducted by International Communications Research (ICR), March 2007.

THE BIG PICTURE

13. 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.
14. Evans N, Farkas A, Gilpin E, Berry C, Pierce JP. Influence of tobacco marketing and exposure to smokers on adolescent susceptibility to smoking. *J Natl Cancer Inst.* 1995; 87(20):1538-1545.
15. Turett Ross W, Chanil D. 1997 Convenience store news proprietary foodservice study. *Convenience Store News.* March 24, 1997.
16. Schooler C, Feighery E, Flora JA. Seventh graders' self-reported exposure to cigarette marketing and its relationship to their smoking behavior. *Am J Public Health.* 1996; 86(9):1216-1221.
17. Business Practices and & Minors' Access To Tobacco Study Group. Unpublished data.

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