The Tobacco Industry Spends $29 Million Per Day on Advertising;

How to Win on a Whole Lot Less

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Agenda

• Regulation of Tobacco Marketing
• Promotion $$$
• Web Marketing
• Facebook
• Events
• Print Ads
• Direct Mail
• Coupons/in-store price promotions
• Community events/festivals
Regulation of Tobacco Advertising and Promotion

- MN Tobacco Settlement (1998)

These settlements are legal agreements between the largest tobacco companies and Attorneys General across the country; they restrict the type of marketing that these companies can engage in.
Despite these restrictions, the tobacco industry’s marketing budget has grown by 52% since the settlements were put into place!
Cigarette Promotion

- From 1998 to 2008, the U.S. cigarette advertising and promotions budgets grew by from $6.7 billion to $9.9 billion

Smokeless Promotion

• From 1998 to 2008, the U.S. smokeless tobacco advertising and promotions budgets more than tripled growing from $145.5 million to $547.9 million

• In 2008, the tobacco companies spent $10.5 billion marketing cigarettes and smokeless tobacco products
  – That is $29 million dollars per day!

Campaign for Tobacco-Free Kids, 2011
How are the tobacco companies spending the majority of advertising and promotion dollars?

The vast majority is spent at the **point-of-sale on price promotions**.
What Are Point-of-Sale Price Promotions?

- Price promotions:
  - Value-added (buy-one-get-one free, etc.)
  - “Buy-downs”
    - Retailers sell products at discounted rate, tobacco company cuts a check for the amount “lost” by retailer at the end of buy-down period

*We will talk more about this later...*
What is Point-of-Sale Promotion?

• Promotional allowances paid to retailers
  – Allowances given to retailers to facilitate sales
    • Shelving
    • Stocking
    • Displaying merchandise
    • Volume rebates
Point-of-Sale Advertising Signs
Web Marketing

• All of the largest tobacco companies operate “brand websites”
  – Marlboro
  – Newport
  – Camel
  – Skoal

• These websites are restricted to people who are 21 years or older
WARNING: This product is not a safe alternative to cigarettes.
WARNING: This product can cause gum disease and tooth loss.
WARNING: This product can cause gum disease and tooth loss.

April, 2011
WARNING: This product is not a safe alternative to cigarettes.
Now you can visit BlackandMild.com from your iPhone® or Android™ mobile device. Stop by The Club when you're out & about to enjoy free tunes, special offers and more of all things enjoyable—and the best part is, you're already a member.
BLACK & MILD COUPONS

SELECT A COUPON

Below are all the coupon offers available to you at this time. Simply check the box of the coupon you wish to print. When you have selected your coupon, click CONTINUE to prepare for printing.

ROYALE
$1.25 OFF ONE 5-PACK

ANY VARIETY
$1 OFF ONE 5-PACK

CONTINUE >>
• This is somewhat of a gray area.
• Tobacco companies seem to be avoiding Facebook...for the most part.
Seguí invitando a más amigos, para completar la figura

Cuadros completados: 0
Te faltan completar: 50

Estos son los amigos que ya forman parte de tu figura

Seguir Invitando
Photos from Camel Paraguay Facebook Page

Access Party, 2011
Attendees had the opportunity to enter a contest to win a trip to China.
Marlboro Roadhouse Night
July 29, 2010

Bootleggers Bar
Minneapolis, MN
Community Events/Festivals

• Tobacco companies often use community events and festivals as a way to promote new tobacco products.
  – Cinco de Mayo Fiesta, St. Paul, Minnesota, May 2010 and May 2011
    • Tobacco Companies offered the Fiesta thousands of dollars for the right to distribute tobacco coupons along the parade route. Fiesta organizers said “no.”
  – Moondance Jammin’ Country Fest, Northern Minnesota, Summer 2010
    • Camel SNUS bus was onsite
Print Ads

• Not as common as they once were, those ads that do run are often for newer generation tobacco products
Camel SNUS Mint Ad which was published in free arts and entertainment magazines and LGBTQ publications in the Minneapolis, MN area (April, 2011).

SNUS Mint is being test-marketed in Minnesota.
Camel SNUS ad that appeared in NYC free publications as well as the Wall Street Journal and USA Today.

These ads ran as the City was implementing their outdoor smoke-free policy (May, 2011).
Direct Mail Marketing

• Important promotion strategy
  – Used to create and maintain customer loyalty
  – Vehicle for distribution of tobacco coupons
Free gift from Copenhagen: Camouflage hat and coupons.

June, 2010.
Free gift from Black & Mild: Smoking Jacket T-Shirt.

July, 2010
Free gift from Black & Mild: Cigar box, ashtray, and Zippo lighter.

May, 2011
HAPPY-ier HOLIDAYS

GOOD MORNING SUNSHINE
Wake up your morning ritual with a Camel SNUS. It makes enjoying your coffee that much more pleasurable.

HOLIDAY CHEERS
This holiday party, pop in a Camel SNUS and make any seasonal shindig more fun.

HAPPY SNUS N’ SPREE
Enjoy holiday shopping without the hassle or the hurry!

UN-common COMMUTE
Drive time needs a detour. So give the green light to Camel SNUS.

WARNING: Smokeless tobacco is addictive.
Copenhagen Mailing and Coupons: Feb, 2011
$4.25 in value
Camel mailing and coupons- $9 in value
Tobacco Coupons

• An important tobacco company strategy, which is used to manipulate the price of tobacco products.
• Often coupons are used to encourage tobacco users to try a new tobacco product or brand extension.
Starting price of Camel SNUS as advertised: $4.04
- “Get SNUS for $1” manufacturer coupon

= FINAL PRICE: $1.00
Starting price of Camel cigarettes: $7.07
- $2.91 off in-store promotions
- $1.50 off manufacturer coupon

= FINAL PRICE: $2.66
Starting price of American Spirit cigarettes: $6.16
- $5.00 off manufacturer coupon

= FINAL PRICE: $1.16
Starting price of Camel cigarettes + Camel SNUS: $11.10
- $1.91 off in-store discount on Camel cigarettes
- Free SNUS with any Camel purchase manufacturer coupon
- $2.00 off Camel cigarettes manufacturer coupon

= FINAL PRICE: $3.46
Observation

• Tobacco coupons can make a real impact on tobacco prices, especially when combined with in-store price promotions
  – Price promotions account for the bulk of tobacco industry marketing dollars
Policy Solutions
Price Promotions & Coupons Policy Options

• Policies aimed at reducing the impact of tobacco coupons and price promotions are possible.
  – Local ordinances that prohibit the redemption of tobacco coupons
  – Policies that set a “floor” price?
  – Strong minimum price laws?
Point-of-Sale Policy Options
Tobacco advertising and median household income
Tobacco advertising and African American population
Tobacco advertising and poverty

Tobacco Advertisement
Ramsey County, Minnesota

Total Tobacco Ads by Block Group
- 1 - 21
- 22 - 38
- 39 - 60
- 61 - 102
- 103 - 252

Over 20% of the Total Population Living in Poverty
Regulation of Signage

• Cannot regulate content (First Amendment)
• Can regulate time, place, and manner
• Voluntary policies are time consuming and not worth the effort (in our experience)

• Sign codes = complicated but worth exploring!
Sign Code

• Nearly all cities have a sign code (part of zoning law)
• Sign code is a set of laws that govern how businesses and other groups can use signage
• Commonly, sign codes will include items such as:
  – Restriction of temporary signs
  – Restrictions on how much signage is allowed
  – Where signs can and cannot be placed
St. Paul Sign Code

• In looking at St. Paul city sign code, we found a loophole in the current ordinance...
Changes to St. Paul Sign Code

A coalition composed of multiple community groups proposed sign code changes to allow no more than 25% of the total window area can be covered with signs in order to promote:

- Safety (Crime Prevention through Environmental Design)
- Beautify the community
- Reduce overall advertising
Before & After

Reduce overall advertising
Youth presenting to one of St. Paul’s 17 District Councils

Youth are powerful messengers!
Coalition Presentations
Sign Code Changes: Status

• Public Hearing: May, 2011
• Issue was laid over until November, 2011 (at the latest)
• If the changes are not adopted at the city level, there is a “Plan B”
  – Approach the District Councils and ask them to adopt the sign code changes for their own districts; 4 District Councils already regulate interior window signs
Questions

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