**Big Tobacco’s Focus on Kids**

**Kids: the future market**

* Tobacco companies know that their industry is heavily dependent on addicting kids to tobacco products: they call them “replacement smokers.” (Surgeon General Report 2012, Legacy Tobacco Documents)
* 88 percent of smokers start smoking before they turned 18 years-old. (SGR ,2012)
* The earlier someone starts smoking, the harder it is to quit later. (Legacy)
* The Tobacco Industry is spending more on advertising now than they were before they were regulated: Big Tobacco spent $137 million in Oregon last year. (Federal Trade Commission Report, 2013. Ratio of Oregon consumption to US consumption)
* They may no longer be allowed to advertise cigarettes on T.V. or in billboards, but they are in our convenience and grocery stores.
* Tobacco companies know exactly where in the stores they need to be for kids to see them, and what kind of products will appeal to kids.

**Marketing: Point-of -Sale**

* Big Tobacco reaches both current and future customers by advertising and promoting their products in stores.
  + About 7 in 10 Oregon teenagers report seeing tobacco advertising in stores and storefronts. (OHT, 2013)
  + In a recent Oregon youth assessment, more than half of stores selling tobacco had advertising on the exterior of the store, and three out of four had tobacco ads inside.
* Most tobacco ads are strategically placed around checkout counters to ensure maximum exposure—regardless of age.
  + 96 percent of money spent on cigarette marketing and advertising was done at point of sale where kids are more likely to see it. (Federal Trade Commission Report, 2013)
  + Displays of packages in retail outlets, commonly referred to as “powerwalls,” are high visibility to kids and help establish brand imagery and make smoking seem normal at an early age.
* Tobacco industry executives pay for products and advertising to be placed at eye level of potential buyers.
  + In a recent, Oregon county youth tobacco retail assessment, 40 percent of retailers have branded tobacco signs displayed below 3 feet (in line of sight of children) inside the store.
  + A little more than half (51 percent) of retailers had tobacco products placed at child’s eye level.
  + 65 percent of retailers had tobacco products displayed within 12 inches of candy, mints, or gum inside the store.
* There is strong and consistent evidence that marketing influences adolescent smoking behavior, including selection of brands, initiation of smoking, and overall consumption of cigarettes.
  + A systematic review of eight cross-sectional studies on the impact of tobacco promotion at the point of sale consistently found significant associations between exposure to point-of-sale tobacco promotions and initiation of smoking or susceptibility to that behavior. (SGR, 2012)
  + 74 percent of Oregon’s teenagers who smoke, smoke the brand of their favorite cigarette ad. (OHT, 2013)

**Marketing: Location**

* Convenience stores have more tobacco advertising and promotions than any other types of stores because that is where the “replacement smokers” are.
  + 70 percent of teens shop in convenience stores at least weekly. (SGR, 2012)
  + In a study of retail outlets in 163 school catchment areas in the U.S., stores close to schools were found to have more exterior tobacco advertising than stores further away, and stores where adolescents shop frequently have been found to have more cigarette marketing than other stores in the same community. (SGR, 2102)
  + Research on the location of retail outlets selling cigarettes indicates that experimental smoking among kids is related to the density of tobacco outlets both in high school neighborhoods and in neighborhoods where kids live. (SGR, 2012)

**Flavors**

* The Tobacco Industry knows that kids are more likely to try tobacco products if they offer them in fruit, candy, and menthol flavors.
* While cigarettes are no longer allowed to contain flavors other than menthol, today’s tobacco market consists of addictive products that vary widely in sizes, shapes, flavors, and prices—making them appealing to youth and young adults.
* While cigarette sales have been declining, little cigars and e-cigarette sales—which are largely unregulated—have been increasing significantly.
  + Sometimes called “little cigars,” candy-flavored cigarillos are often sold one-at-a-time for about the same price as a candy bar.
  + Nationally, more than 40 percent of middle and high schoolers who smoke use flavored little cigars or flavored cigarettes. (CDC article in Journal of Adolescent Health form 2011 National Youth Tobacco Survey---don’t have an Oregon number)
  + Little cigars have become more popular in recent years; sales have increase 240% from 1997 to 2007, with flavored brands making up almost 80% of the market share. (The Maxwell Report; FTC Report to Congress)
* E-cigarettes are also growing in popularity among kids.
  + CDC data from the National Youth Tobacco Survey showed that e-cigarette use doubled among U.S. middle and high school students during 2011-2012.
  + E-cigs are available in a wide array of flavors, including candy-and fruit-flavored cartridges.
* Menthol-flavored cigarettes are no different than other flavored tobacco products: menthol cigarettes are often the first kind of cigarette a teenager smokes.
  + Menthol reduces the harshness of cigarette smoke, which appeals to young, inexperienced smokers (SGR, 2012).
  + In Oregon, 44% of eighth grade smokers and 48% of eleventh grade smokers smoked menthol cigarettes, compared to 7.4% of adult smokers 26 years and older in the U.S. (OHT, 2013 & The NSDUH Report: Recent Trends in Menthol Cigarette Use)

**Price**

* Because kids don’t have much money, when tobacco is cheap, they can buy it.
* If the price of a pack of cigarettes in Oregon was the same as a pack in New York—i.e. roughly $10 a pack—teen smoking in Oregon would decrease by 40 to 50 percent. (Calculation based upon price elasticity of tobacco)
* Right now, Oregon ranks 29th among states for its per pack price of tobacco.
  + Oregon’s per tobacco tax is $1.18.
* Tobacco company marketing expenditures is increasingly concentrated on reducing the prices of tobacco products. Such expenditures accounted for approximately 84% of cigarette marketing and more than 77% of the marketing of smokeless tobacco products in 2008. (2012 Surgeon General Report)
* When tobacco products are displayed and featured with a price cut, sales increase by up to 30%. (2012 Surgeon General Report)
* Given the greater price sensitivity of smoking among young people, the industry’s targeted pricing and price-reducing promotion strategies will have their greatest impact on kids and young adults.

**Access (AMH)**

* As you know, NYC recently raised the legal age to buy tobacco to 21. Strengthening access laws can be effective, especially when linked with highly priced tobacco, which NYC has.
  + We are watching to see how NYC’s policies play-out .
* Oregon Public Health Division views access as one component to a comprehensive tobacco control approach that includes: raising the price, flavor bans, reducing the exposure to marketing, and strengthening access laws.
  + Evidence shows that raising the price of tobacco is the most effective method to reducing youth initiation.
* IF ASKED ABOUT SYNAR:
  + We are working closely with Addictions and Mental Health and Oregon State Police to ensure that our access laws work.
  + We will be jointly applying for an FDA enforcement contract to help Oregon enforce current laws.

**What can be done**

* Raise the price of tobacco: when tobacco is expensive, kids are less able to buy it.
* Ban flavored tobacco products—fruit and candy-flavored cigars and menthol cigarettes exist to get kids hooked.
* Limit kids’ exposure to Big Tobacco marketing, especially in the retail environment.
* Strengthen laws that protect youth and kids from acquiring tobacco products.
* Create more smoke and tobacco-free environments to reinforce a nonsmoking norm.

**Surgeon General’s Report**

U. S. Department of Health and Human Services, Office of the Surgeon General, *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012* (Washington, D.C., 2012), 5, http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/index.html.

“**Replacement smokers”**

“The Importance of Younger Adults” (Legacy Tobacco Documents Library, December 16, 1996), 1, http://legacy.library.ucsf.edu/tid/eyn18c00.

**Tobacco industry spending**

Federal Trade Commission, *FTC Cigarette Report for 2011* (Federal Trade Commission, 2013), http://www.ftc.gov/os/2013/05/130521cigarettereport.pdf.

Federal Trade Commission, *FTC Smokeless Tobacco Report for 2011* (Federal Trade Commission, 2013), http://www.ftc.gov/os/2013/05/130521smokelesstobaccoreport.pdf.

Maxwell, JC. The Maxwell Report: Cigar industry 2007; Richmond, VA: John C. Maxwell; 2008 (cited in the Journal of Adolescent Health Flavored Tobacco article)

Federal Trade Commission (FTC). Federal Trade Commission report to Congress on cigar sales and advertising and promotional expenditure for calendar years 1996 to 1997. Washington, DC: Federal Trade Commission. (cited in the Journal of Adolescent Health Flavored Tobacco article).

**Price Elasticity Formula**

Jidong Huang and IV Frank J. Chaloupka, *The Impact of the 2009 Federal Tobacco Excise Tax Increase on Youth Tobacco Use*, Working Paper (National Bureau of Economic Research, April 2012), <http://www.nber.org/papers/w18026>.

"A 10% increase in cigarette price will reduce the smoking prevalence among youth by about 4.4% to 6%."