TOBACCO COMPANY MARKETING TO KIDS

From the 1950s to the present, different defendants, at different times and using different methods, have intentionally marketed to young people under the age of twenty-one in order to recruit 'replacement smokers' to ensure the economic future of the tobacco industry.

U.S. District Court Judge Gladys Kessler
Final Opinion, *United States v. Philip Morris*[1]

The major cigarette companies, alone, now spend about $12.5 billion per year (or more than $34.2 million every day) to promote their products; and many of their marketing efforts directly reach kids.[2] In fact, cigarette company spending to market their deadly products increased by more than 85 percent from 1998 to 2006 (the most recent year for which complete data is available).[3] Moreover, tobacco industry documents, research on the effect of the cigarette companies' marketing efforts on kids, and the opinions of advertising experts combine to reveal the intent and the success of the industry's efforts to attract new smokers from the ranks of children.

Tobacco Industry Statements & Actions

Numerous internal tobacco industry documents, revealed in the various tobacco lawsuits, show that the tobacco companies have perceived kids as young as 13 years of age as a key market, studied the smoking habits of kids, and developed products and marketing campaigns aimed at them.[4] As an RJR Tobacco document put it, "Many manufacturers have 'studied' the 14-20 market in hopes of uncovering the 'secret' of the instant popularity some brands enjoy to the almost exclusion of others. . . . Creating a 'fad' in this market can be a great bonanza."[5] The following are just a few of the many more internal company quotes about marketing to kids:

Philip Morris: *"Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens…The smoking patterns of teenagers are particularly important to Philip Morris."* [6]

RJ Reynolds: *"Evidence is now available to indicate that the 14-18 year old group is an increasing segment of the smoking population. RJR-T must soon establish a successful new brand in this market if our position in the industry is to be maintained in the long term."* [7]

Brown & Williamson: *"Kool's stake in the 16- to 25-year-old population segment is such that the value of this audience should be accurately weighted and reflected in current media programs . . . all magazines will be reviewed to see how efficiently they reach this group."* [8]

Lorillard Tobacco: *"[T]he base of our business is the high school student."* [9]

U.S. Tobacco: *"Cherry Skoal is for somebody who likes the taste of candy, if you know what I'm saying."* [10]

In August 2006, U.S. District Court Judge Gladys Kessler released her final opinion in the U.S. Government's landmark case against tobacco companies, meticulously describing how the tobacco companies target youth with sophisticated marketing campaigns. According to Judge Kessler, tobacco companies intimately study youth behavior and use their findings to create images and themes attractive to youth. Judge Kessler found that "Defendants spent enormous resources tracking the behaviors and preferences of youth under twenty-one…to start young people smoking and to keep them smoking."[11] Tobacco companies knowingly placed advertisements in magazines popular with youth, despite the Master Settlement Agreement, and often sent direct mail pieces to youth without verifying their age. Judge Kessler's conclusion is very straightforward, "The evidence is clear and convincing – and beyond

any reasonable doubt – that Defendants have marketed to young people twenty-one and under while consistently, publicly, and falsely denying they do so."[12]

Tobacco Companies Still Market Their Products to Kids

The cigarette companies now claim that they have finally stopped intentionally marketing to kids or targeting youths in their research or promotional efforts. But they continue to advertise cigarettes in ways that reach vulnerable underage populations. For example, the cigarette and spit-tobacco companies continue to advertise heavily at retail outlets near schools and playgrounds, with large ads and signs clearly visible from outside the stores. In fact, cigarette companies increased their spending on point-of-sale marketing by more than $60 million between 2005 and 2006, and spent the bulk of their marketing dollars (90 percent, or $11.2 billion) on strategies that facilitated retail sales, such as price discounts and ensuring prime retail space.[13]

Further, a comprehensive report on the media and tobacco use, released by the National Cancer Institute (NCI) in June 2008, describes how tobacco company advertising targets specific population groups, such as youth and young adults, employing themes and messages that resonate with them. For example, tobacco company advertisements suggest that smoking can satisfy adolescents' need to be popular, feel attractive, take risks and avoid or manage stress.[14]

In addition:

- A 2008 study of retail outlets in California found that the average number of in-store cigarette ads in California increased between 2002 and 2005, from 22.7 to 24.9 ads per store. The proportion of stores with at least one ad for a sales promotion also increased between 2002 and 2005, from 68.4 percent to 79.6 percent.[15]
- A recent survey of 184 retail stores in Hawaii found 3,151 tobacco advertisements and promotions, most of which were for RJ Reynolds' Kool, the cigarette brand most heavily smoked by teenagers in Hawaii.[16]
- A 2002 survey in a Californian community found that stores where adolescents shop most often have more than three times more cigarette advertisements and promotional materials outside of the stores and almost three times more materials inside compared to other stores in the community.[17]
- A 2001 study in the *New England Journal of Medicine* found that the 1998 MSA had little effect on cigarette advertising in magazines. In 2000, the tobacco companies spent $59.6 million in advertising expenditures for the most popular youth brands in youth oriented magazines. The settlement has not reduced youth exposure to advertisements for these brands. Magazine ads for each of the three most popular youth brands (Marlboro, Newport, and Camel) reached more than 80 percent of young people in the United States an average of 17 times in 2000.[18]
- A Massachusetts Department of Health study found that cigarette advertising in magazines with high youth readership actually increased by 33 percent after the November 1998 Master Settlement Agreement, in which the tobacco companies agreed not to market to kids.[19] An American Legacy Foundation study found that magazine ads for eight of the top ten cigarette brands reached 70 percent or more of kids five or more times in 1999.[20]
- In June 2002, a California judge fined the RJ Reynolds cigarette company for advertising in magazines with high youth readerships in ways that violated the state tobacco settlement agreement's prohibition that forbids the cigarette companies from taking any action directly or indirectly to target youth in the advertising, promotion, or marketing of tobacco products.[21]
- In July 2000, a study revealed that after tobacco billboards were banned by the Master Settlement Agreement the cigarette companies increased their advertising and promotions in and around retail outlets, such as convenience stores.[22]
- According to a study conducted by the Massachusetts Department of Health, United States Smokeless Tobacco Company (UST), the country's largest smokeless tobacco manufacturer, spent

$9.4 million advertising in magazines with high youth readership in 2001, compared to the average $5.4 million spent in 1997 and 1998, the two years before the settlement. Nearly half of the company's advertising (45 percent) continued to be in youth-oriented magazines after the settlement.[23]

At the same time, major cigarette companies vigorously oppose reasonable efforts to make it more difficult for kids to obtain cigarettes – such as raising tobacco excise taxes, eliminating cigarette vending machines in locations accessible by children, requiring that tobacco products be sold from behind the counter, forbidding sales of single cigarettes or "kiddie packs" (packs of fewer than 20 cigarettes), or prohibiting sales of cigarettes via the Internet or through the mail. In her final opinion, Judge Kessler noted, "Defendants continue price promotions for premium brands which are most popular with teens."[24]

In fact, the cigarette companies are addicted to underage smoking. Almost 90 percent of all regular smokers begin smoking at or before age 18, and hardly anybody tries their first cigarette outside of childhood.[25] In other words, if kids stopped smoking, the cigarette companies market of smokers would shrink away to almost nothing. But thanks, in large part, to cigarette company marketing efforts, each day more than 3,500 kids try smoking for the first time, and about 1,000 other kids become regular daily smokers.[26]

Empirical Evidence of the Impact of Tobacco Marketing to Kids

Beyond the industry's own statements, there is compelling evidence that much of their advertising and promotion is directed at kids and successfully recruits new tobacco users. The 2008 NCI Monograph, noted previously, reflects a comprehensive examination of how mass media is used to encourage and discourage tobacco use. The NCI report found that "the evidence base indicates a causal relationship between tobacco advertising and increased levels of tobacco initiation and continued consumption" and that even brief exposure to tobacco advertising influences adolescents' attitudes and perceptions about smoking as well as their intentions to smoke. The NCI report also found that exposure to depictions of smoking in the movies is causally related to youth smoking initiation. [27]

The 2008 report adds to the findings from an earlier NCI report which reviewed the research on tobacco advertising and promotion and its impact on youth smoking and concluded that there was a causal relationship between tobacco marketing and smoking initiation.[28]

Numerous studies have demonstrated the relationship between tobacco marketing and youth smoking behavior:

- A study published in the May 2007 issue of *Archives of Pediatrics and Adolescent Medicine,* the first national study to examine how specific marketing strategies in convenience stores and other retail settings affect youth smoking, concluded that the more cigarette marketing teens are exposed to in retail stores, the more likely they are to smoke, and that restricting these retail marketing practices would reduce youth smoking. Specifically, the study found that retail cigarette advertising increased the likelihood that youth would initiate smoking; pricing strategies contributed to increases all along the smoking continuum, from initiation and experimentation to regular smoking; and cigarette promotions increased the likelihood that youth will move from experimentation to regular smoking.[29]

- A study published in the December 2006 issue of *Archives of Pediatrics and Adolescent Medicine* found that exposure to tobacco marketing, which includes advertising, promotions and cigarette samples, and to pro-tobacco depictions in films, television, and videos more than doubles the odds that children under 18 will become tobacco users. The researchers also found that pro-tobacco marketing and media depictions lead children who already smoke to smoke more heavily, increasing the odds of progression to heavier use by 42 percent.[30]

- 78.2 percent of middle school smokers and 86.5 percent of high school smokers prefer Marlboro, Camel and Newport – three heavily advertised brands.[31] According to a 2005 survey, Marlboro, the most heavily advertised brand, constitutes almost 50 percent of the youth market but only about 40 percent of smokers over age 25.[32]

- A June 2007 study from the American Legacy Foundation found that 40 percent of youth smokers (ages 13-18) recalled seeing advertisements for flavored cigarettes. Eleven percent of youth smokers have tried flavored cigarettes and more than half of youth smokers who had heard of flavored cigarettes were interested in trying them, with almost 60 percent believing that flavored cigarettes would taste better than regular cigarettes.[33]

- A study in the *American Journal of Public Health* showed that adolescents who owned a tobacco promotional item and named a cigarette brand whose advertising attracted their attention were twice as likely to become established smokers than those who did neither.[34]

- A survey released in March 2008 showed that kids were almost twice as likely as adults to recall tobacco advertising. While only 24 percent of all adults recalled seeing a tobacco ad in the two weeks prior to the survey, 47 percent of kids aged 12 to 17 reported seeing tobacco ads.[35]

- A study in the *Archives of Pediatric and Adolescent Medicine* found that receptivity to tobacco advertising had a significant impact on each step of the progression from non-smoking to established regular smoking, even when exposure to smoking in the home and by peers was controlled. The biggest impact was on influencing non-susceptible youth to becoming susceptible to smoking.[36]

- A study in the *Journal of the National Cancer Institute* found that teens are more likely to be influenced to smoke by cigarette advertising than they are by peer pressure.[37]

- A study in the *Journal of Marketing* found that teenagers are three times as sensitive as adults to cigarette advertising.[38]

- A longitudinal study of teenagers in the *Journal of the American Medical Association* showed that tobacco industry promotional activities influenced previously non-susceptible non-smokers to become susceptible to or experiment with smoking.[39]

- An *American Journal of Preventive Medicine* study found that youth who were highly receptive to tobacco advertising were 70 percent more likely to move from being experimental smokers to established smokers compared to those who had a minimal receptivity to tobacco advertising. The study also found that youth who believed that they could quit smoking anytime were almost twice as likely to become established smokers compared to those who did not think they could quit any time.[40]

- According to the U.S. Centers for Disease Control and Prevention, the development and marketing of "starter products" with such features as pouches and cherry flavoring have switched smokeless tobacco from a product used primarily by older men to one used mostly by young men.[41] More than 13 percent of high school boys are current smokeless tobacco users.[42]

- Between 1989 and 1993, when advertising for the new Joe Camel campaign jumped from $27 million to $43 million, Camel's share among youth increased by more than 50 percent, while its adult market share did not change at all.[43]

- A report in the *Journal of the American Medical Association* found that six years after the introduction of Virginia Slims and other brands aimed at the female market in the late 1960s, the smoking initiation rate of 12-year-old girls had increased by 110 percent. Increases among teenage girls of other ages were also substantial.[44]

- A December 1996 survey of advertising industry executives found that roughly 80 percent believed that advertising for cigarettes reaches children and teenagers in significant numbers and makes smoking more appealing or socially acceptable to kids. And 71 percent believed that tobacco advertising changes behavior and increases smoking among kids; and 59 percent believe that a goal of tobacco advertising is marketing cigarettes to teenagers who do not already smoke.[45]

As a commentator in the *Advertising Age* trade journal put it, "Cigarette people maintain peer pressure is the culprit in getting kids to start smoking and that advertising has little effect. That's like saying cosmetic ads have no effect on girls too young to put on lipstick."[46]

Campaign for Tobacco-Free Kids, September 22, 2009 / Meg Riordan

More information on tobacco company marketing to kids is available at http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=23.

---

[1] *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf.
[2] U.S. Federal Trade Commission (FTC), *Cigarette Report for 2006*, 2009, http://ftc.gov/os/2009/08/090812cigarettereport.pdf. See also, FTC, *Smokeless Tobacco Report for the Years 2006*, 2009, http://ftc.gov/os/2009/08/090812smokelesstobaccoreport.pdf. Data for top 5 manufacturers only.
[3] See, e.g., Fairclough, G, "Corporate Focus R.J. Reynolds Lowers Forecasts -- Cigarette Price War, Generic Competition to Take Toll on Earnings," *Wall Street Journal*, September 9, 2002; the companies' periodic reports to the U.S. Securities and Exchange Commission at www.sec.gov/edgar/searchedgar/webusers.htm; and Campaign for Tobacco-Free Kids Factsheet, *Increased Cigarette Company Marketing Since the Multistate Settlement Agreement Went into Effect*, http://www.tobaccofreekids.org/research/factsheets/pdf/0128.pdf.
[4] See, also, Perry, CL, "The Tobacco Industry and Underage Youth Smoking: Tobacco Industry Documents from the Minnesota Litigation," *Archives of Pediatric and Adolescent Medicine* 153:935-941, September 1999.
[5] RJ Reynolds, "NFO Preference Share Data – 'Youth' Market," March 8, 1973.
[6] Philip Morris, Special Report, "Young Smokers: Prevalence, Trends, Implications, and Related Demographic Trends," March 31, 1981, Bates No. 1000390803.
[7] RJ Reynolds, "Planned Assumptions and Forecast for the Period 1977-1986," March 15, 1976, Bates No. 502819513 -9532
[8] Brown & Williamson, Memo by RL Johnson, Brand Manager, to Executive Vice President Pittman, February 21, 1973, Bates No. 680135996.
[9] Lorillard, Memo from executive TL Achey to former Lorillard President Curtis Judge re Newport brand, August 30, 1978, Bates No. TINY0003062.
[10] Freedman, A, "Juiced up: How a tobacco giant doctors snuff brands to boost their 'kick,'" *Wall Street Journal*, October 26, 1994 [quoting former UST sales representative].
[11] *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf. Paragraph 2717.
[12] *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf. Paragraph 3296.
[13] FTC, *Cigarette Report for 2006*, 2009, http://ftc.gov/os/2009/08/090812cigarettereport.pdf.
[14] National Cancer Institute, *The Role of the Media in Promoting and Reducing Tobacco Use,* Smoking and Tobacco Control Monograph No. 19, NIH Pub. No. 07-6242, June 2008, http://cancercontrol.cancer.gov/tcrb/monographs/19/m19_complete.pdf.
[15] Feighery, EC, et al., "An examination of trends in amount and type of cigarette advertising and sales promotions in California stores, 2002-2005," *Tobacco Control* (published online), February 26, 2008.
[16] Glanz, K, Sutton, NM, & Jacob Arriola, KR, "Operation Storefront Hawaii: Tobacco advertising and promotion in Hawaii stores," *Journal of Health Communication* 11(7):699-707, 2006.
[17] Henriksen, L, et al., "Reaching youth at the point of sale: Cigarette marketing is more prevalent in stores where adolescents shop frequently," *Tobacco Control* 13:315-318, 2004.
[18] King, C & Siegel, M, "The Master Settlement Agreement with the Tobacco Industry and Cigarette Advertising in Magazines," *New England Journal of Medicine* 345(7):504-511, August 16, 2001.
[19] Bowker, D & Hamilton, M, "Cigarette Advertising Expenditures before and After the Master Settlement Agreement: Preliminary Findings," May 15, 2000, http://tobaccofreekids.org/reports/addicting/magazines/connolly.pdf.
[20] "Tobacco Brand Magazine Advertising to Teens," American Legacy Foundation, May 17, 2000.
[21] Girion, L & Levin, M, "R.J. Reynolds Fined for Ads Aimed at Teens: Tobacco: Judgement of $20 million for magazine pitches is first financial penalty for violation of 1998 national settlement," *Los Angeles Times,* June 7, 2002; Statement of Decision, *People of the State of California v. R.J. Reynolds Tobacco Co.*, Superior Court of California, County of San Diego, Case No. GIC 764118, June 6, 2002, http://ag.ca.gov/newsalerts/release.php?id=863&year=2002&month=6.
[22] 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.
[23] Massachusetts Department of Health, "Smokeless Tobacco Advertising Expenditures Before and After the Smokeless Tobacco Master Settlement Agreement," May 2002, http://www.tobaccofreekids.org/Script/DisplayPressRelease.php3?Display=503.
[24] *U.S. V. Philip Morris USA, Inc., et al.*, No. 99-CV-02496GK (U.S. Dist. Ct., D.C.), Final Opinion, August 17, 2006, http://www.tobaccofreekids.org/reports/doj/FinalOpinion.pdf.
[25] Calculated based on data in Substance Abuse and Mental Health Services Administration (SAMHSA), *Results from the 2005 National Survey on Drug Use and Health (NSDUH)*, 2006, http://www.oas.samhsa.gov/nsduh/2k5nsduh/tabs/Sect4peTabs10to11.pdf. See also, U.S. Department of Health and Human Services (HHS), *Preventing Tobacco Use Among Young People: A Report of The Surgeon General,* 1994.
[26] SAMHSA, *Results from the 2008 National Survey on Drug Use and Health (NSDUH): Detailed Tables*, 2009, http://www.oas.samhsa.gov/NSDUH/2K8NSDUH/tabs/Sect4peTabs10to11.pdf
[27] National Cancer Institute, *The Role of the Media in Promoting and Reducing Tobacco Use,* Smoking and Tobacco Control Monograph No. 19, NIH Pub. No. 07-6242, June 2008, http://cancercontrol.cancer.gov/tcrb/monographs/19/m19_complete.pdf.
[28] National Cancer Institute, *Changing Adolescent Smoking Prevalence,* Smoking and Tobacco Control Monograph No.14, NIH Pub. No. 02-5086, November 2001, http://cancercontrol.cancer.gov/tcrb/monographs/14/index.html.

[29] 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.
[30] Wellman RJ, et al., "The extent to Which Tobacco Marketing and Tobacco Use in Films Contribute to Children's Use of Tobacco: A Meta-Analysis," *Archives of Pediatrics and Adolescent Medicine* 160(12):1285-96, 2006.
[31] U.S. Centers for Disease Control and Prevention (CDC), "Cigarette Brand Preference Among Middle and High School Students Who Are Established Smokers—United States, 2004 and 2006," *Morbidity and Mortality Weekly Report (MMWR)* 58(05):112-115, February 13, 2009, http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5805a3.htm.
[32] SAMHSA, *Results from the 2005 National Survey on Drug Use and Health, NSDUH: Detailed Tables*, 2006, http://www.oas.samhsa.gov/nsduh/2k5nsduh/tabs/Sect7peTabs58to67.pdf.
[33] American Legacy Foundation, "Cigarette Preferences Among Youth – Results from the 2006 Legacy Media Tracking Online (LMTO)," *First Look Report 17*, June 2007, http://americanlegacy.org/Files/FINAL_FL17_singles.pdf.
[34] Biener, L & Siegel, M, "Tobacco Marketing and Adolescent Smoking; More Support for a Causal Inference," *American Journal of Public Health* 90(3):407-411, March 2000.
[35] National telephone survey of 507 teens aged 12-17 and 1,008 adults was conducted March 5-10, 2008, by International Communications Research and has a margin of error of plus or minus 4.4 percentage points for the teen survey and 3.1 percentage points for the adult survey.
[36] Kaufman, N, et al., "Predictors of Change on the Smoking Uptake Continuum Among Adolescents," *Archives of Pediatric and Adolescent Medicine,* 156:581-587, June 2002.
[37] Evans, N, et al., "Influence of Tobacco Marketing and Exposure to Smokers on Adolescent Susceptibility to Smoking," *Journal of the National Cancer Institute* 87(20):1538-45, October 1995.
[38] Pollay, et al., "The Last Straw? Cigarette Advertising and Realized Market Shares Among Youth and Adults," *Journal of Marketing* 60(2):1-16, April 1996.
[39] Pierce, J. et al, "Tobacco Industry Promotion of Cigarettes and Adolescent Smoking," *Journal of the American Medical Association (JAMA)* 279(7):511-505, February 1998 [with erratum in *JAMA* 280(5):422, August 1998].
[40] Choi, W, et al., "Progression to Established Smoking, The Influence of Tobacco Marketing," *American Journal of Preventive Medicine*, 22(4):228-233 (2002).
[41] CDC, "Surveillance for Selected Tobacco-Use Behaviors – United States, 1900-1994," *MMWR Surveillance Summaries* 43(SS-3), November 18, 1994, http://www.cdc.gov/mmwr/preview/mmwrhtml/00033881.htm.
[42] CDC, "Percentage of students who used chewing tobacco, snuff, or dip on one or more of the past 30 days, United States 2005," Youth Behavioral Risk Survey, http://apps.nccd.cdc.gov/yrbss/QuestYearTable.asp?path=byHT&ByVar=CI&cat=2&quest=Q36&year=2005&loc=XX.
[43] CDC, "Changes in the Cigarette Brand Preference of Adolescent Smokers, U.S. 1989-1993," *MMWR* 43(32):577-581, August 19, 1994, http://www.cdc.gov/mmwr/preview/mmwrhtml/00032326.htm.
[44] Pierce JP, Lee L, & Gilpin EA, "Smoking initiation by adolescent girls, 1944 through 1988: An association with targeted advertising," *JAMA* 271(8), 1994.
[45] Telephone survey of 300 advertising executives in agencies with billings of more than $10 million, commissioned by the New York advertising firm of Shepardson, Stern, and Kaminsky, December 1996.
[46] Rance Crain, *Advertising Age*, October 20, 1995.