



# Educating Community Members on Tobacco Retailer Marketing

Dr. Allison Myers, Executive Director, Counter Tools  
Dr. Kurt Ribisl, Chief Science Officer, Counter Tools



# Your Presenters



**Dr. Allison Myers**  
Executive Director, Counter Tools;  
Co-Founder, Counter Tobacco and  
Counter Tools



**Dr. Kurt Ribisl**  
Co-Founder, Counter Tobacco  
and Counter Tools; Professor,  
Health Behavior, UNC-Chapel  
Hill, Cancer Prevention and  
Control

# Today's Agenda

1. Why POS Matters Review
2. Review of Retailer Contracts
3. Discuss Community Education and Message Framing
4. Questions





# Why POS Matters – Quick Review





**PREMIUM NATURAL**  
**\$2.79**  
WARNING: This product is not a safe alternative to cigarettes.

**krave**  
ELECTRONIC CIGARETTES

**\$279**

**\$2.89**

**Black Milk**  
**69¢**

**ALY**  
**T.GOOD**  
Mollet Snuff  
Alternative to cigarettes.  
**PRICE**  
**PER**

**CAMEL**  
SQUEEZE & CLICK  
CHANGE  
**\$504**  
**FRESH MINT**  
WARNING: This product can cause mouth cancer.  
**\$305**  
**Winston**  
**\$504**  
**429**

**LASTS LONGER**  
**LASTS LONGER**

**Marlboro**  
**5.49**  
**8.64**

**72s**  
**5.49**

**LOWER PRICE**

**5.49**  
**5.49**

**\$390**

**Special Blend**  
**5.49**

**5.49**

**504**

**CHESTERS**  
**\$2 ONLY**  
**CHESTERS**  
**\$2 ONLY**  
**CHESTERS**  
**\$2 ONLY**  
**CHESTERS**  
**\$2 ONLY**  
**BAKEN-ETS**  
**\$2 ONLY**  
**BAKEN-ETS**  
**\$2 ONLY**  
**BAKEN-ETS**  
**\$2 ONLY**

**COUNTER TOBACCO**



# What are the 4 P's of marketing?

- Product
- Placement
- Price
- Promotion



# The retail store is where tobacco enters your community!

**\$1  
million/  
hour at  
point of sale**



# What are they spending money on?

Price discounts and promotional allowances to retailers

\$8.1 Billion/YR



Coupons

\$240 Million/YR



Signs, functional items, displays, shelving units

\$68 Million/YR







# Review of the Retailer Contract: Research and Requirements

# Breakdown of the Retailer Contract

## Product

What is being sold in the store?

## The Retailer Contract

## Place/Placement

Where is tobacco being sold? Where is it placed in the store?

## Promotion

How are products being advertised (through discounts, ads, couponing, etc.)

## Price

How much does it cost per unit?

## Other

Requirements, incentives, etc.

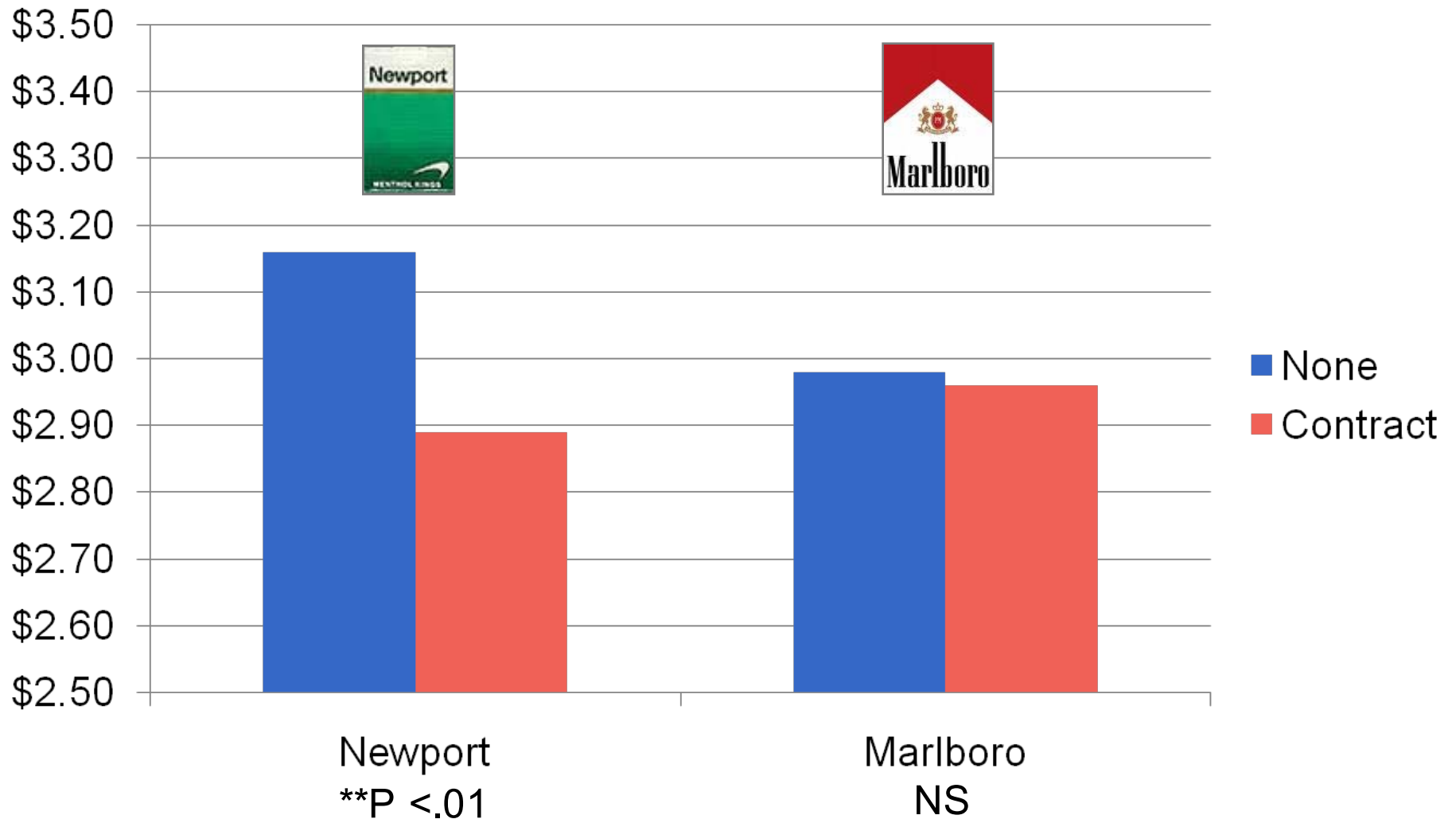


# Marketing Materials and Incentive Payments

- NCI Retailer – national sample – 468 stores
- Trained raters audited stores for marketing materials and price
- **65% of stores in an incentive program** – which predicts # materials & placement for that company
- Number of marketing materials
  - Stores participating in program: 14.0
  - Stores not participating in program: 7.4

**2/3rds**  
**of all tobacco**  
**retailers have a**  
**contract with**  
**big tobacco.**

# Cigarette prices in stores by contract status





# Retailer Interviews

"They come in and say I want 45% of your space, if that is the market share they command in the area. They say, 'I will provide the rack/bin and I will pay you 35 cents a pack for a year' . . . . You have to maintain the right percentage of their product, put up signage and keep track of your cartons which they pay you for." (Independent convenience store manager)



"The tobacco companies have the displays and they were trying to outbid each other . . . They are trying to get the space right behind the counter where the racks are . . . . They want the customer to see the cigarettes and the price right behind the cashiers." (Manager of franchise convenience store with gas)

"Bigger companies want their product at eye level. The smaller companies, Brown and Williamson, usually only offer contracts for temporary displays." (Independent convenience store co-owner)

# Most small retailers receive allowances from tobacco companies

Received Slotting/Display Allowance	No. (%)
Candy	2.3%
Snack Foods	6.9%
Soft Drinks	16.5%
Beer and wine	9.1%
<b>Cigarettes and tobacco</b>	<b>62.4%</b>

“The data show that all 5 industries use retailer-oriented “push” strategies to sell their products; however, **tobacco spending dwarfs the other 4 categories**. These survey results suggest that tobacco companies use generous incentives and aggressive marketing programs to motivate retailers to prominently display, promote and advertise their products to ensure the high visibility of their products and marketing materials.” (Feighery, et al. 1999)



# The Push-Pull Factor of Contracts

## PUSH:

### Sell to Consumers

volume discounts for retailers and wholesalers  
merchandising payments

## PULL:

### Encourage consumers to buy

Image advertising  
coupons  
2-for-1 gift w/purchase

#### Marlboro "Buy a Carton, Get 2 Packs Free"

In September, you can offer adult smokers 2 free packs of Marlboro with a carton purchase. Specially designed "jumbo packs" that look like large Marlboro packs should help you maximize visibility.

If you want to take advantage of these enhancements, you'll need to sign on to Retail Leaders Level E. Your Philip Morris account manager will contact you soon to review these Level E enhancements and the Retail Leaders 2000 program. Can't wait? Call us at 1-877-YOU-LEAD (877-968-5323).

Thank you for your continued support.

PHILIP MORRIS USA

2076483893

#### POINT-OF-PURCHASE



# How do buydowns work?

1.



Tobacco company chooses a brand and the amount of discount.  
(\$1.00 off Marlboro packs)

2.



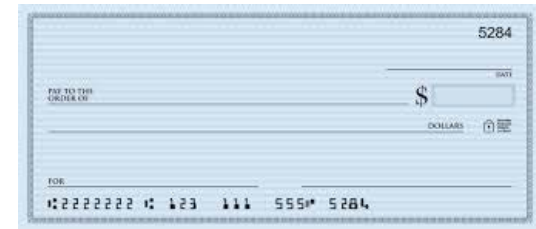
Retailer has normal selling price and discounts.  
(\$4.55 a pack - \$1.00 off = \$3.55 a pack plus tax)

3.



Retailer submits paperwork for quarterly sales.

4.



Retailer receives check based on number of packs sold.



# Expenditures at POS in 2012 (FTC)

Advertising and Promotional Expenditure Spending Category	Cigarettes		Smokeless	
	\$	% of total	\$	% of total
Price Discounts	7,802,044,000	85.1	212,057,800	48.7
Promotional Allowances – Retailers	335,129,000	3.7	22,333,820	5.1
Point of Sale	67,877,000	0.7	31,710,979	7.3
Retail-Value Added – Bonus Tobacco Products	0	0	7,645,000	1.8
Coupons	239,618,000	2.6	36,968,837	8.5
<b>RETAIL POS TOTAL</b>	<b>\$8,444,668,000</b>	<b>92.1%</b>	<b>\$310,716,436</b>	<b>71.3%</b>
All Other *	723,156,000	7.9	124,955,654	28.7
<b>All Advertising &amp; Promotion Total</b>	<b>\$9,167,824,000</b>	<b>100</b>	<b>\$435,672,090</b>	<b>100</b>

91% of the \$9.5 billion in expenditures was spent exclusively or predominantly at retail.

Source: Federal Trade Commission Cigarette Report for 2015

# RJR Planogram Required by Contract

51869 5107

## POINT-OF-PURCHASE





# Community Education



# Topics in this section

1. Why
2. How
3. Key Messages
4. Framing

**WHY DO COMMUNITY  
EDUCATION?**

# Why do community education?



1. Educate community on tobacco marketing methods



# Why do community education?



2. Make the connection between marketing, retailer locations, and behavior

# Why do community education?



3. Give your coalition members meaningful work

# Why do community education?



4. Expand and strengthen coalitions with new members



# Why do community education?



5. Build momentum for creating healthier retail environments among the general public

# Why do community education?



6. Build a pro-public health political environment

**HOW TO DO COMMUNITY  
EDUCATION?**



# How to do community education

- **Methods:** presentations, radio spots, letters to the editor, op-eds, earned TV coverage, social media, newsletters
- Use [countertobacco.org](http://countertobacco.org) **videos** to introduce POS marketing
- Use **store assessment data** to make it relevant to your local community
- Use earned media from other localities to **compare** to your own; create some healthy competition

# Getting Started with Community Education

## POS Glossary

The screenshot shows the Counter Tobacco.org website with the 'POS Glossary' article selected. The navigation bar includes 'RETAIL TOBACCO & HEALTH', 'POLICY SOLUTIONS', 'RESOURCES & TOOLS', 'MEDIA GALLERIES', 'NEWS', and 'ABOUT US'. The article title is 'GLOSSARY' and it includes a search bar and social media sharing options. The main content area lists various POS-related terms and their definitions, such as 'Ad valorem excise tax' and 'Cigarette'.

## FDA Tobacco Control Act

The screenshot shows the Counter Tobacco.org website with the 'FDA Tobacco Control Act' article selected. The navigation bar is the same as the previous page. The article title is 'FDA TOBACCO CONTROL ACT AND POS' and it includes a search bar and social media sharing options. The main content area discusses the 2009 Family Smoking Prevention and Tobacco Control Act, its impact on the retail environment, and lists 'ACT PROHIBITS' such as self-service cigarette displays and vending machines.

## War in the Store

The screenshot shows the Counter Tobacco.org website with the 'War in the Store' article selected. The navigation bar is the same as the previous pages. The article title is 'THE WAR IN THE STORE' and it includes a search bar and social media sharing options. The main content area features a photograph of a store's tobacco display with various brands like Winston and Camel. The text explains that a 'War in the Store' started twenty years ago and discusses the industry's marketing strategies and the impact of the 1993 Philip Morris discount.

[www.countertobacco.org](http://www.countertobacco.org)

# Media Galleries



[www.countertobacco.org](http://www.countertobacco.org)





**KEY MESSAGES TO SHARE**

# Key Messages

- #1 Tobacco is not finished.



# Key Messages

- #2 The retail environment is where tobacco enters our community.





# Key Messages

- #3 Tobacco marketing at the point of sale directly affects behavior.



# Key Messages

- #4 Tobacco marketing is not evenly distributed throughout our communities. We see disparities.



# Key Messages

- #5 Improving the retail environment is key to creating a culture of health and making the healthy choice the easy choice.





# **FRAMING FOR THE AUDIENCE AND BUILDING SUPPORT**

# Message Factors

## Frame

- Health
- Economic
- Rights/Freedoms
- Regulation
- Youth

## Source

- Number
- Type

Who is the messenger?

## Evidence structure

- Data
- Story
- Neither
- Both

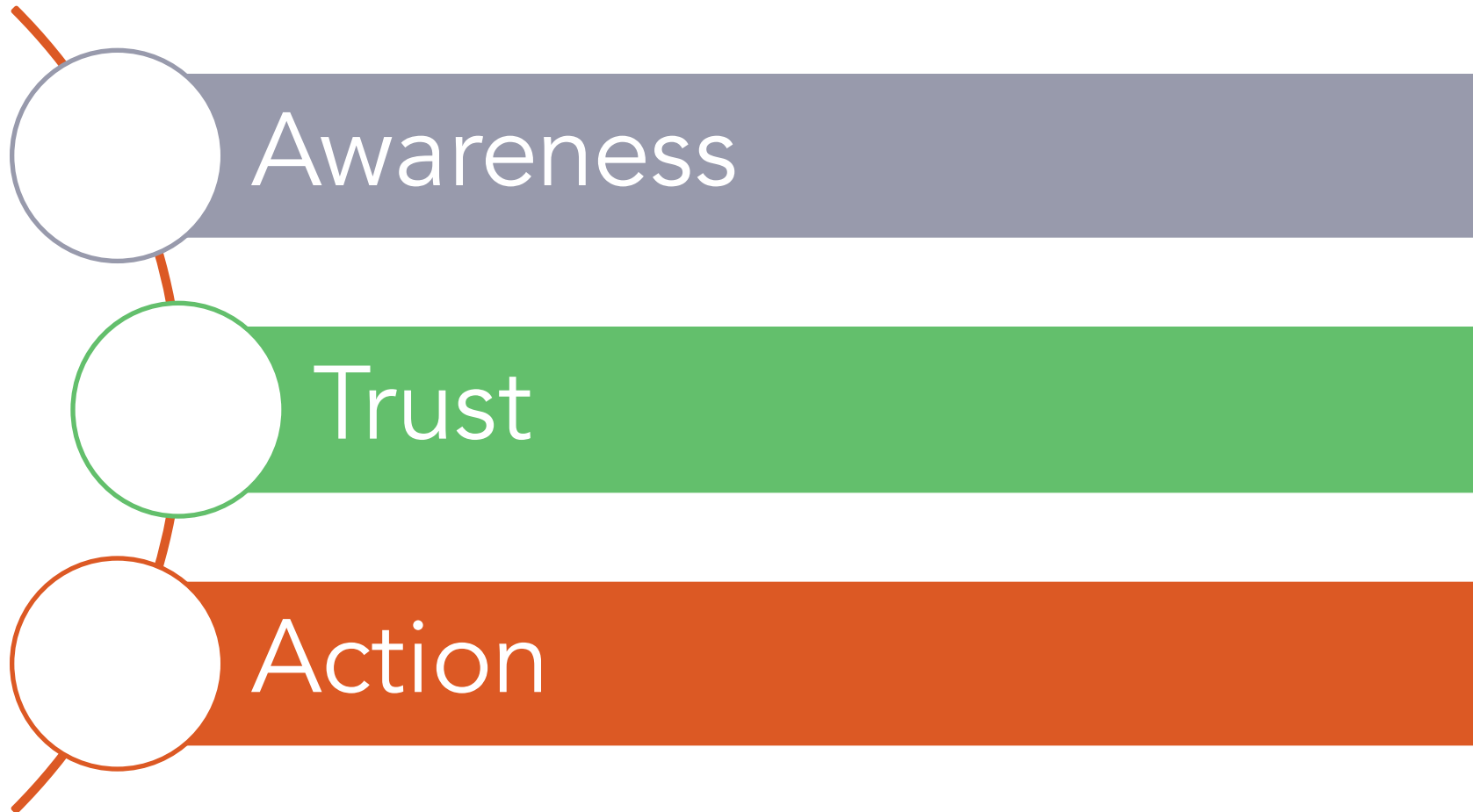
## Localization

- Local Story
- Local Source
- Neither
- Both

## Slant

- Pro-control
- Anti-control
- Mixed
- Neutral

# Building Support





# Audience Segments

**Community/  
Coalition  
Members**

**Policy Decision  
Makers**

**Enforcement/  
Policy  
Compliance**

**Peers/  
Managers**

**Opponents**

# Frame Examples

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Figure 2: Sample Categories of Concern

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1. Health and Safety
2. Ecological
3. Economic
4. Quality of Life
5. Equity/Fairness
6. Cultural and Symbolic
7. Legal and Regulatory
8. Basic Informational -- Who, What, Where, When, Why, Wow
9. Openness, Transparency, and Access to Information
10. Accountability
11. Options and Alternatives
12. Control
13. Voluntariness
14. Benefits
15. Trust

# Message House

**FRAME**

Key Message

Core  
Message #1

Core  
Message #2

Core  
Message #3

Evidence, Proof, Support



# Community/Coalition Members

## PROTECTING YOUTH

The tobacco industry is targeting our children in our neighborhood stores.

Tobacco retailers with ads and cheap sweet products are present within walking distance of every middle and high school in our town.

Cheap, sweet tobacco is available in x% of our stores near schools, for less than \$1.00 or cheaper than an ice cream bar.

We need your help to make this change. You can help us by meeting with Ms. A on the City Council and inviting a friend to our next coalition meeting.

The Surgeon General and science says, exposure to tobacco-industry marketing causes youth tobacco use initiation and makes quit attempts more difficult.

# Policy Decision Makers

## PROTECTING YOUTH

The tobacco industry is spending 90% of their marketing budget to target children via stores in our county.

Our county has the highest youth tobacco use rates in our 8-county region. We also have more retailers per person than any other county in the state.

We could protect youth by restricting flavored tobacco products to tobacco-only store; this is a win-win for youth and retailers and would keep businesses operating.

We need you as a champion. Stronger local tobacco retailer licensing would give us the power to protect our youth.

The Surgeon General and science says, exposure to tobacco-industry marketing causes youth tobacco use initiation and makes quit attempts more difficult.

# Peers/Managers

## IOWA AS A LEADER

Making progress on local POS policies would curb youth initiation, make quit attempts easier, and help Iowa regain leadership in tobacco control nationwide.

Engaging youth and community members in POS store assessments can re-energize our movement towards raising the excise tax.

Our successes have squeezed the tobacco industry into the store: this is where we need to act, now.

Help me pave the way for success by ensuring support, providing funding, helping me problem solve.

Our smoke-free and youth engagement strategies were very successful; we are building on past work and ready to make impactful change.

# Take Aways

- Tobacco retailer marketing works and is focused on keeping tobacco cheap and accessible.
- **Retailer contracts** are a method used by the industry to maintain control over retailers.
- **Educating your community** about these issues brings us closer to a healthy future.
- **Key messages framed for the audience** will help build a supportive community.



# What questions can I answer?





The Next Webinar:  
**Painting the Complete  
Picture with the Store  
Mapper Assessment Tab**  
June 15<sup>th</sup> at 10am Central

**Thank you!**



Contact Allison at:  
[allison@countertools.org](mailto:allison@countertools.org)  
Your Iowa Project Director