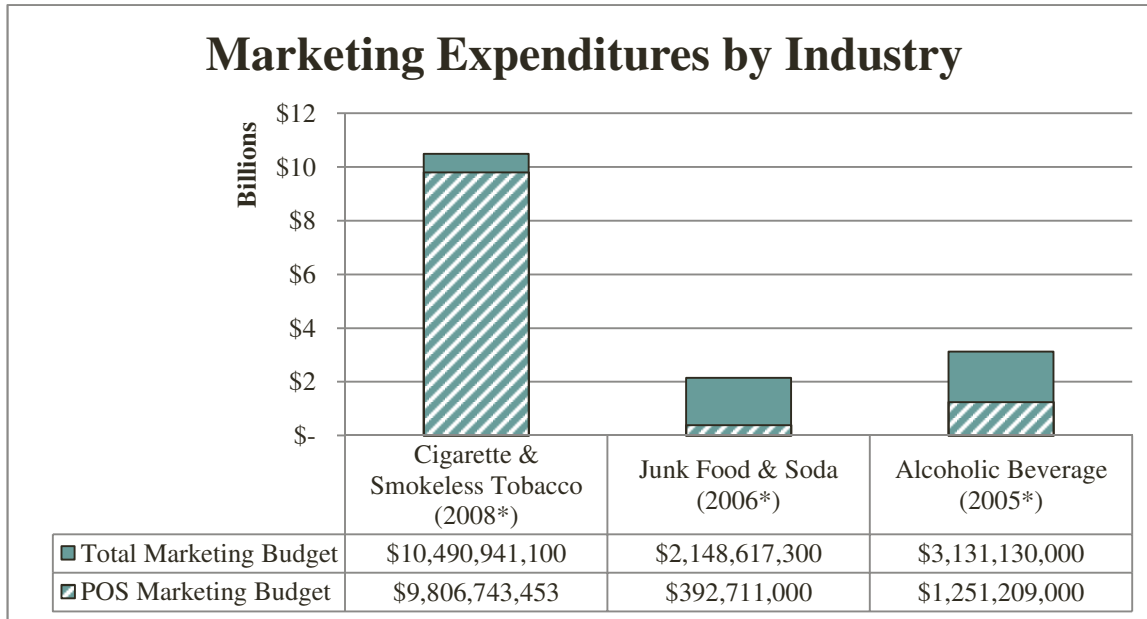


Center for Public Health & Tobacco Policy

NEW ENGLAND LAW  BOSTON

TOBACCO MARKETING FACT SHEET

Tobacco Companies Spend Far More on Marketing and Point-of-Sale Marketing than Junk Food, Soda and Alcohol Companies Spend - Combined.



*The most recent available FTC data.

- 93.5% (\$9.81 billion) of tobacco product manufacturers' \$10.49 billion marketing budget was spent on point-of-sale marketing.¹
 - Cigarette manufacturers spent 94% (\$9.36 billion) of their \$9.94 billion marketing budget on point-of-sale marketing;² and
 - Smokeless tobacco manufacturers spent 82% (\$.449 billion) of their \$0.55 billion marketing budget on point-of-sale marketing.³
- 18% (\$0.39 billion) of junk food and soda manufactures' \$2.15 billion marketing budget was spent on point-of-sale marketing⁴; and
- 40% (\$1.25 billion) of alcoholic beverage manufactures' \$3.13 billion marketing budget was spent on point-of-sale marketing.⁵

In sum:

- Tobacco product manufactures spent nearly twice as much on marketing (\$10.49 billion) as junk food, soda and alcoholic beverage manufactures combined (\$5.28 billion).
- Tobacco product manufactures spent over 83% more on point-of-sale marketing (\$9.81 billion) than junk food, soda and alcoholic beverage manufactures combined (\$1.64 billion).

¹ FED. TRADE COMM'N, CIGARETTE REPORT FOR 2007 AND 2008 (2011); FED. TRADE COMM'N, SMOKELESS TOBACCO REPORT FOR 2007 AND 2008 (2011). Tobacco Industry consists of the 5 largest cigarette manufacturers and 5 major smokeless tobacco companies.

² FED. TRADE COMM'N, CIGARETTE REPORT FOR 2007 AND 2008 (2011). Data obtained from the five leading cigarette manufacturers in the United States. The ultimate parent companies of these manufacturers are Altria Group, Inc., (the ultimate parent of Philip Morris); Commonwealth Brands, Inc.; Lorillard, Inc. (the ultimate parent of Lorillard Tobacco Co.); Reynolds American, Inc. (the ultimate parent of R.J. Reynolds Tobacco Co. and Santa Fe Natural Tobacco Company, Inc.); and Vector Group Ltd. "Point of Sale" expenditures are comprised of expenditures on "Coupons," "Point of Sale," "Price Discounts," Promotional Allowances – Retailers," Promotional Allowances – Wholesalers," "Retail Value Added – Bonus Cigarettes" and "Retail Value Added – Non-Cigarette Bonus" as defined in the report.

³ FED. TRADE COMM'N, SMOKELESS TOBACCO REPORT FOR 2007 AND 2008 (2011). Data obtained from the five major smokeless tobacco manufacturers in the United States. The ultimate parent companies of these manufacturers are North Atlantic Trading Company, Inc. (the parent of National Tobacco Company LP); Reynolds American, Inc. (parent of R.J. Reynolds Tobacco Company and Conwood Company, LLC); Swedish Match North America, Inc.; Swisher International Group, Inc. (the parent of Swisher International, Inc.); and UST, Inc. (the parent of United States Smokeless Tobacco Company). Also included is sales and expenditure data for a joint venture between Swedish Match North America and Lorillard Tobacco Company. "Point of Sale" expenditures are comprised of expenditures on "Coupons," "Point of Sale," "Price Discounts," Promotional Allowances – Retailers," Promotional Allowances – Wholesalers," "Retail Value Added – Bonus Smokeless Tobacco Product" and "Retail Value Added – Non-Smokeless Tobacco Bonus" as defined in the report.

⁴ FED. TRADE COMM'N, MARKETING FOOD TO CHILDREN AND ADOLESCENTS: A REVIEW OF INDUSTRY EXPENDITURES, ACTIVITIES AND SELF REGULATION (2008), *available at* <http://www.ftc.gov/os/2008/07/P064504foodmktngreport.pdf> and <http://www.ftc.gov/os/2008/07/P064504foodmktngreportappendices.pdf>. Data were obtained from the 44 primary food and beverage product marketers to children and/or adolescents. For the products in these food categories, the companies accounted for 60% to 90% of U.S. sales. "Junk food and soda" is comprised of **Snack Foods** (snack chips, pretzels, snack nuts, popcorn, snack bars, crackers, cookies, processed fruit snacks, gelatin and pudding), **Candy/Frozen Desserts** (chocolate and other candy bars, other chocolate candy, hard candy, chewy candy and sour candy, ice cream, sherbet, sorbet, frozen novelties, frozen yogurt and frozen baked goods), **Baked Goods** (snack cakes, pastries, doughnuts and toaster baked goods—*excludes bread, rolls, bagels, breadsticks, buns, croissants, taco shells and tortillas*) and **Carbonated Beverages** (all carbonated beverages, both diet and regular). Food categories not included are fruits and vegetables, restaurant foods, breakfast cereal, dairy products, fruit juice and non-carbonated beverages, and prepared foods and meals. "Point of Sale" expenditures are comprised expenditures for promotions "In-store" and on "Premiums," as defined in the report.

⁵ FED. TRADE COMM'N, SELF REGULATION IN THE ALCOHOL INDUSTRY (2008), *available at* <http://www.ftc.gov/os/2008/06/080626alcoholreport.pdf>. Data obtained from twelve major alcohol suppliers: Anheuser-Busch Companies, Inc.; Miller Brewing Co., Inc.; Molson Coors Brewing Co.; Heineken USA, Inc.; Diageo North America; Bacardi U.S.A., Inc.; Pernod Ricard USA; Brown-Forman Corp.; Constellation Brands; InBev USA; Absolut Spirits Company, Inc.; and Beam Global Spirits & Wine, Inc. "Point of Sale" expenditures are comprised of expenditures made on "Other Point-of-Sale Advertising and Promotions," "Promotional Allowances," "Retail Value-Added" and "Specialty Item Distribution," as defined in the report.