

TORONTO STAFF REPORT

March 15, 2005

To: Board of Health
From: Dr. David McKeown, Medical Officer of Health
Subject: Point-of-Sale Promotion of Tobacco Products

Purpose:

This report outlines the influence of point-of-sale promotion of tobacco products on tobacco sales, and proposes the inclusion of a ban of point-of-sale promotion of tobacco products in the proposed Bill 164, Smoke-Free Ontario Act.

Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of the recommendations in this report.

Recommendations:

It is recommended that:

- (1) the Board of Health request the Ministry of Health and Long-Term Care to include a provision to ban all point-of-sale promotion of tobacco products in the newly introduced Bill 164, Smoke-Free Ontario Act; and
- (2) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The marketing of tobacco products through advertising and sponsorship, are prohibited in Canada, causing tobacco companies to increase their emphasis on retail displays as a marketing strategy. Studies conducted during the 1990s concluded that retail displays increase average tobacco sales in the order of 12% to 28%. Research on primary school students reporting at least weekly visits to small grocery and convenience stores in California showed that such visits were

associated with a 50% increase in the odds of ever smoking, after controlling for other social influences to smoke.(1).

Tobacco companies are known to pay for prominent displays in retail outlets, usually in the form of large behind-the-counter displays also known as “Power Walls”. In 2001, Saskatchewan became the first Canadian jurisdiction to ban the visible display of tobacco products in retail outlets accessible to minors. Manitoba and Nunavut have since enacted similar bans. The Saskatchewan retail display ban was in effect from October 2002 until March 2004 when the Saskatchewan Court of Appeals ruled in favour of tobacco manufacturer Rothmans, Benson & Hedges. However, in January 2005, the Supreme Court of Canada upheld the Saskatchewan law banning point-of-sale display of tobacco products. The Saskatchewan legislation and the Supreme Court ruling set a precedence for other provinces.

The proposed Bill 164, Smoke-Free Ontario Act, is presently before the Ontario legislature. It is anticipated that hearings will be held in April 2005. The proposed legislation would ban smoking in workplaces and most public places and institutions. It places some restrictions on retail displays of tobacco products but would not ban power walls.

Comments:

Tobacco Promotion and Advertising in Canada:

Canadian laws prohibit tobacco manufacturers from promoting their products through advertisements and sponsorship. As a result, the manufacturers have turned to other methods of promoting their products. A significant part of their marketing strategy is now point-of-sale promotion. This offers them the opportunity to promote their product to anyone who enters a store that sells tobacco, by way of large retail displays.

Most Canadian cigarettes are made from the same variety of tobacco and have virtually identical taste. However, smokers are known to have high brand loyalty; therefore the tobacco industry is interested in promoting its products to new smokers who are primarily teens and pre-teens. Further, despite the addictiveness of tobacco, more than 60% of tobacco purchases are impulse buys. This would include occasional smokers, adolescent smokers and daily smokers trying to quit (2). Prominent retail displays of tobacco products trigger impulse buying.

Other than point-of-sale, there are a few other marketing strategies, such as direct mail to adult smokers and bar promotions. However, these are expensive and less effective than point-of-sale displays in reaching the target audience.

Point-of-Sale Promotion/Advertising:

Under the Federal Tobacco Act, retailers are permitted to display tobacco products, accessories and price signs. There is no limit on the number of packs or price signs that may be displayed. Manufacturers pay retailers millions of dollars to have such displays and send sales representatives to maintain the displays as designed. They also make extensive use of counter-top displays that place the products very close to potential customers.

According to a news release on January 17, 2005, by Physicians for a Smoke-Free Canada, the average payment to retailers by each tobacco company has increased by more than 50% in the past three years. In the first half of 2004, the average tobacco company payment for the right to advertise cigarettes in retail stores was \$876.66, compared with \$563.42 paid in the first half of 2001. In 2003, tobacco manufacturers paid \$88 million to promote their products. This represents an increase of \$11 million from 2002. Also, the percentage of Ontario retailers carrying tobacco advertisements increased from 17% in 1996 to 41% in 2003 (3).

Point-of-Sale Displays are known to:

- (1) Contribute to spontaneous purchases.
- (2) Weaken the resolve of ex-smokers to remain smoke-free.
- (3) Send a message that tobacco is as socially acceptable as candy or newspapers.

Youth in some regions of the province have been conducting informal surveys of tobacco retailers. A recent study in London, Ontario counted 60,000 cigarette packages in point-of-sale displays in 30 local retail stores. They are colourful billboards placed at eye level right behind the cash register.

Current Status of Limits to Point-of-Sale Displays:

Although the federal government has the legal authority to ban retail display of tobacco products, they have not exercised this authority. However, the federal government has signed the International "Framework Convention on Tobacco Control" (FCTC) championed by the World Health Organization. This framework recommends a total ban on point-of-sale displays.

A report to the Minister of Health from the Expert Panel on the Renewal of the Ontario Tobacco Strategy in 1999, recommended that tobacco products be placed out of sight behind counters at point-of-sale (4). In its 2003 election campaign platform, the Ontario Liberal Party promised to "ban counter-top and behind-the-counter retail displays of tobacco."

The Ontario provincial government has introduced the Smoke-Free Ontario Act. The Bill received second reading in February 2005 and is scheduled for committee hearings in April 2005. Currently, this legislation includes a ban on counter-top displays, but not a ban on behind-the-counter "Power Wall" displays.

Conclusions:

A key component of any comprehensive tobacco control strategy includes "denormalization" of the industry and its products. Retail display bans remove tobacco products from one of the industry's most coveted advertising placements, point-of-sale displays that are in plain view of children and adults. There is overwhelming evidence that tobacco advertising and promotion, including point-of-sale displays increases overall tobacco consumption and that a ban on such advertising and promotion would decrease consumption. This is an opportune time for the

Ontario provincial government to take a lead role in reducing tobacco consumption by banning point-of-sale displays including Power Walls.

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References

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2. Point of Purchasing Advertising Institute, Consumer Buying Habits Study, 1995. Taken from <http://courses.coker.edu/dholliday/Previous%20PowerPoint%20Presentations/BA333PowerPoint/Chap017.ppt>
3. Percentage of Canadian retailers displaying cigarette promotions, 1996 - 2003 (by province). Taken from <http://www.smoke-free.ca/factsheets/pdf/retailpromo.pdf>
4. Actions will speak louder than words - Getting serious about tobacco control in Ontario. A Report to the Minister of Health from her Expert Panel on the Renewal of the Ontario Tobacco Strategy, February 1999.