

# Cigarette Advertising

The Facts



500859112

**BATCo document for Province of British Columbia 19 April 1999**

C O N T E N T S

---

Executive Summary	page 1
Introduction	page 2
How Advertising Works... Competition in a 'Mature' Market	page 4
International Experience with Cigarette Advertising Bans	page 11

---

500859113

## Executive Summary

- A cigarette advertising ban would not affect tobacco product consumption by either adults or young people.
  - According to government health officials, the most forceful determinants of smoking by young people are parents, peers, and older siblings.
  - Anti-smoking advocates until recently acknowledged that advertising is not a significant determinant of smoking by young people or anyone else.
- Smoking generally appears to be highest in those countries where advertising is forbidden and lowest in those countries where advertising is allowed. Tobacco product consumption by young people is *declining* in many countries where advertising is permitted and *increasing* in many countries where advertising is prohibited.
- Advertising a 'massive' product like cigarettes or laundry detergent does not operate to increase overall demand for the product. Advertising instead operates to maintain or expand company market share within the industry.
- The successful brand advertiser must break through the commercial clutter that exists in the advertising marketplace. This can be done most effectively by employing eye-catching settings and by creating a distinct personality for the advertised brand.
- Smokers, like consumers of other products, are not an undifferentiated mass. Rather, individual consumers tend to cluster in distinctive 'taste cultures'. Cigarette manufacturers, like manufacturers in other highly competitive markets, tailor their brand messages to those who consume their products.
- Advertising bans and content controls are premised on an assumption antithetical to democratic values - that ordinary citizens should not be informed about the products they use or, if informed, cannot be trusted to make their own decisions.

500859114

## Introduction

"No one really pretends that advertising is a major determinant of smoking in this country or any other".

**Michael Pertschuk**

*Former Chairman  
Federal Trade Commission*

In many countries around the world, governments have been under pressure from anti-smoking activists to introduce legislation to ban cigarette advertising or to impose controls on the content of cigarette advertising that would be tantamount to a total advertising ban. The premise of this legislation is that cigarette advertising is a significant determinant of smoking by young people and adults and that banning cigarette advertising would reduce smoking. Anti-smoking advocates have issued a number of manifestoes attempting to justify legislation banning cigarette advertising on this basis.

This paper considers whether banning cigarette advertising in fact would advance the goal of reducing smoking. Relying principally on data reported by government agencies and by anti-smoking advocates themselves, the paper demonstrates that a cigarette advertising ban would not affect tobacco product consumption. Moreover, the paper demonstrates that an advertising ban would run contrary to all concepts of freedom of commercial speech, reduce the information available to consumers, stifle competition among the cigarette manufacturers, and trigger 'major cutbacks' in advertising, publishing and other industries.<sup>1</sup>

Anti-smoking advocates only recently have begun to proclaim that cigarette advertising is a major influence on the decision by young people to start smoking. Before banning cigarette advertising became one of their principal political goals, anti-smoking advocates (in agreement with government officials and other experts) emphasised family and peer influences as the key determinants of smoking, while advertising played little or no demonstrable role.

The contention that tobacco advertising influences people to smoke overlooks the function of advertising in a 'mature' product market such as the market for cigarettes. In a mature product market, where the product category is long-established and awareness of the product category is universal, advertising generally does not operate to increase overall demand. Advertising instead operates to maintain or expand market share within the product category - to maintain the loyalty of consumers who already use the brand being advertised and to switch consumers who use other brands. In a market such as the United

### REFERENCES

Tobacco Issues, Institute of Politics, Harvard University, Apr 17th, 1993, p. 11-12.

Price Economics Group, PEAT HAWKICK MAIN & CO., The Economic Consequences for Supplier Industries of a Ban on Cigarette Advertising and Promotion, p. 1, Dec 1993.

500359115

States, for example, where a single market-share point may be worth as much as \$400 million in sales (and where the market itself is shrinking), and one out of every four customers may switch among brands in any given year, it should come as no surprise that cigarette manufacturers are prepared to spend large sums to maintain their market share or to expand their market share by even a small increment.

To be successful, however, brand advertising must overcome two hurdles, it must attract the viewer's attention and it must distinguish the advertised brand from the multitude of others on the market. To break through the 'clutter' that exists in the advertising marketplace, advertisers must frequently employ vivid settings and employ bold graphic designs and memorable brand slogans. To separate the advertised brand from its competitors, an advertiser must create a distinct 'personality' for the brand. Manufacturers typically commit significant resources to sustain brand identification and loyalty to the brand personality.

Preventing the use of imagery, themes and slogans in cigarette advertising, as some proposed legislation would do, would be equivalent to no advertising at all. Such advertisements would not attract the attention of smokers or distinguish one brand from another.

If cigarette advertising were a significant factor in smoking, one would expect to find more smoking in those countries that allow such advertising than in those countries that do not. In general, however, one finds just the opposite. Whether considered from the standpoint of per capita consumption or the proportion of smokers, the level of smoking appears to be highest in those countries where advertising is forbidden and lowest in those countries where advertising is allowed. Even more significant, tobacco product consumption - including consumption by young people - is declining in many countries where advertising is permitted, and increasing where advertising is prohibited.

Advertising bans or content controls would not reduce smoking among young people or adults. They are premised - as are all government attempts to suppress information - on the dangerous assumption that ordinary citizens cannot be trusted to make their own decisions. Such a premise is antithetical to the principles of both a free market economy and an open, democratic society.

500859116