

Tobacco Marketing in Lower-Income Communities 2017 – Reynolds American Inc.

WHEREAS, the Centers for Disease Control and Prevention states that people of low socioeconomic status have higher rates of cigarette smoking than the general population. The Campaign for Tobacco-Free Kids cites research in several cities finding that tobacco is advertised more aggressively in black communities.

In Philadelphia, a city analysis of licenses found that lower-income zip codes had two-thirds more tobacco retailers per capita than higher-income zip codes and three-quarters more within 1,000 feet of a school. This led Philadelphia's Health Commissioner to declare of the tobacco companies involved: "They are not just selling them. They are marketing them, and marketing them to our children." He added: "I think that people should be quite unhappy and even outraged about the amount of marketing of this killer product in low-income neighborhoods by companies who want nothing more than to make a profit off people getting sick."

The Philadelphia Inquirer (July 26, 2016) showed that the tobacco industry spent 93 percent of its nearly \$9 billion in 2013 marketing expenditures at point of sale sites, including ads and price discounts. \$54 million of it was in Philadelphia. "Philadelphia is among the highest of major cities [with its smoking rates]. Disparities by neighborhood—27 percent in low-income zip codes vs. 17 percent in more affluent areas—roughly mirror differences in tobacco retailer density and advertising."

A reader of the online version of the above Inquirer article commented: "The only people who buy smokes in Philly are too poor to have a car or too stupid to drive a few miles and avoid the taxes, so of course they're advertising more in these neighborhoods."

Certain tobacco products have been priced lower in African American communities, making them more appealing, particularly to price-sensitive consumers. A 2011 study of cigarette prices in retail stores across the U.S. found that Newport cigarettes are significantly less expensive in neighborhoods with higher proportions of African Americans (Resnick, EA, et al., "Cigarette Pricing Differs by U.S. Neighborhoods," Institute for Health Research and Policy, University of Illinois at Chicago, 2012, www.bridgingthegapresearch.org).

The 1998 Master Settlement Agreement between tobacco companies and state attorneys general banned many advertising practices; however, as of now, tobacco companies still are allowed signage in windows and storefronts.

RAI and its main competitor insist they do not market to youth. However, they do not respond to concerns that such displays outside such stores in minority neighborhoods are marketing efforts. Few, if any such displays are evidenced at supermarkets outside such demographic areas.

In order to have a balanced approach to selling its tobacco products between poorer and richer neighborhoods . . .

RESOLVED, Reynolds American Inc. voluntarily commit itself that, by August 15, 2017, it will not allow any images of its logo or products be placed anywhere outside any store, in store windows or anywhere else inside any store selling its tobacco products and will stop incentives to any retailer for such placements.