

In this issue:

- ▶ St. Paul Increases Price of Cheap Cigars
- ▶ Impact of Minnesota Tobacco Tax
- ▶ Child Resistant Packaging: New Law in Minnesota
- ▶ Direct Mailing Project Updates

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TOBACCO MARKETING UPDATE

Reducing Youth Exposure to Tobacco Advertising and Promotion St. Paul Increases Price of Cheap Cigars

By CHRIS FARMER-LIES

In October 2014, St. Paul became the largest city in Minnesota to establish a minimum pack size for little cigars. Each single cigar in a pack of four or less must be sold for at least \$2.10 each. For example, a pack of three must retail for \$6.30. This policy does not apply to packs of five or more.

According to the 2014 Minnesota Youth Tobacco Survey, nearly 20 percent of high school students have used any form of tobacco in the past 30 days, which may include cigars. These products are typically flavored, colorful, and inexpensive,

According to data gathered by Project WATCH the average price of single cigars more than doubled in St. Paul after the



ordinance, increasing from \$0.97 to \$2.18. In September of 2014, single cigars were sold by 59 percent of the retailers surveyed. By December 2014, only 39 percent of retailers carried the same products.

This innovative policy was inspired by similar ordinances adopted by Boston, Mass., and surrounding communities. Despite opposition by the tobacco and convenience store industries, Brooklyn Center was the first municipality in Minnesota to adopt a similar ordinance in May 2014. Bloomington adopted a similar ordinance in November 2014. Bloomington sets the price per cigar at \$2.60.

Two New Studies Highlight Impact of Minnesota Tobacco Tax

By BETSY BROCK

Two recently published studies provide findings about the impact of the substantial 2013 Minnesota tobacco tax increase.

The first study measured the tobacco industry response to the tax increase. Results are published in *Tobacco Control* (Brock B, Choi K, Boyle RG, Moilanen M, & Schillo BA. January 6, 2015) in a paper titled “Tobacco product prices before and after a statewide tobacco tax increase.” This paper shares results from an observational study investigating tobacco product prices in a sample of 61 convenience stores in Minnesota, North Dakota, South Dakota, and Wisconsin before and after the tobacco tax increase. After the tax increase, tobacco prices in Minnesota increased significantly. Significant price changes were not observed in the comparison states. For cigarettes,

Minnesota prices increased by more than the amount of the tax increase, suggesting the tobacco industry increased its prices on top of the tobacco tax increase. This practice is called over-shifting. Other studies have observed over-shifting. It is thought that tobacco companies take advantage of tobacco tax increases by increasing their prices at the same time and blaming the entirety of the price increase on “the government.” Most often, they increase their prices by a small amount per pack. This small amount helps profits while not substantially impacting the overall price. In-store price promotions were commonly observed during the study period. However, even after accounting for these price promotions, cigarette prices still increased by more than the amount of the tax increase. This suggests that tobacco companies might be using in-store price promotions as a PR move rather than a mechanism for true price

savings.

For more information: <<http://tobaccocontrol.bmj.com/content/early/2015/01/06/tobaccocontrol-2014-052018.short>>

The second study measured consumer purchasing patterns after the tax increase. Results are published in *The American Journal of Public Health* (Amato MS, Boyle RG, & Brock B) in a paper titled “Higher price, fewer packs: Evaluating a tobacco tax increase with cigarette sales data.” This study found a significant decrease in the number of cigarette packs sold in Minnesota after the tax increase. The results provide contemporary evidence that tobacco tax increases remain an effective tobacco prevention strategy.

For more information: <<http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2014.302438>>



TOBACCO MARKETING UPDATE

Child-resistant Packaging: New Law in Minnesota



By *CHRIS FARMER-LIES*

A new Minnesota state statute went into effect on Jan 1, 2015 that requires electronic nicotine liquid (e-juice) to be sold in child-resistant packaging. Vermont and New York also require childproof packaging. E-juice is primarily comprised of propylene glycol and/or vegetable glycerin, flavorings, and nicotine. It usually comes in fruit and candy flavors.

The nicotine often contained in e-juice may be highly toxic, especially for children. According to the American Association of Poison Control Centers, poisonings related to electronic cigarettes more than doubled from 1,543 in 2013 to 3,957 in 2014. About half of poisoning cases involve children ages six and younger.

Enforcement of the new statute will be carried out through municipal tobacco licensing ordinances. In order to be classified as child-resistant, federal guidelines require packaging be “significantly difficult” for a child of five or younger to open. It is tested by giving children between the ages of 3.5 and 4.25 five minutes to open an empty package. If they cannot open the package they are given instructions and an additional five minutes. Eighty five percent of test subjects must fail in the first round and 80 percent in the second for the packaging to be considered significantly difficult. Licensed vendors of the e-juice are required to produce the results of the childproofing study at the request of the municipality. Violations of the childproof packaging requirements, including failing to produce a copy of the report, make the seller subject to administrative or criminal penalties.

Questions or Comments?

Please contact Betsy Brock at

651-646-3005 or betsy@ansrmn.org

Direct Mailing Project Updates

The Association for Nonsmokers-Minnesota (ANSR) conducts research on tobacco industry web and mail marketing with funding from ClearWay MinnesotaSM. The project began in 2010. Today, the ANSR archive contains thousands of examples of these types of marketing. The tobacco industry uses these types of marketing to build relationships with consumers. By building relationships, tobacco companies can secure consumer loyalty. One study found those who received mail from the tobacco industry were more likely to have favorable views of tobacco companies. This is not surprising given the tobacco industry uses direct mail marketing to send free gifts and value-saving coupons. Two recent examples of free gifts are shown below.

Source: Choi K, Hennrikus DJ, Forster JL et al. Receipt and redemption of cigarette coupons, perceptions of cigarette companies and smoking cessation. *Tob Control* 2012;00:1-5.



Left: A branded mug received from the blu electronic cigarette company. Tobacco companies that were part of the tobacco settlements are not allowed to brand items like this. However, electronic cigarettes companies can. In order to “win” this mug, consumers were required to complete a variety of activities, such as read articles about blu, like the blu Facebook page and earn points. These points could be redeemed for a variety of different items.



Above: The cigar brand Black & Mild sent these slippers as a holiday gift to those on the Black & Mild mailing list. The packaging read, “Time to slip into something smooth. Happy Holidays and thanks for choosing Black & Mild.”