

American Medical Association

Physicians dedicated to the health of America



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Office of the Secretary
Federal Trade Commission
Room 159
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Sir/Madam:

The American Medical Association (AMA) is pleased to submit a statement on the notice published in the *Federal Register* April 10, 2001, requesting public comment on cigarette and smokeless tobacco reports issued by the Federal Trade Commission (FTC).

Over the years, the FTC report on tobacco industry advertising and promotion expenditures has helped governmental agencies, scientists and researchers follow the paid outreach activities of the tobacco industry. Because the industry is not required to release this information through other forums, dropping these important FTC reports would deprive the health community of information that would otherwise be impossible to obtain. In addition, the data assists researchers in tracking tobacco industry expenditures based on the type of media outlet, allows an analysis of the shift from advertising to promotional categories, and informs the public about how much the tobacco companies spend to attract customers to their deadly products.

The most recent FTC reports showed, for example, that the tobacco industry spent more than \$8.4 billion (\$22.5 million per day) nationwide on marketing cigarettes in 1999, a sum that dwarfs state and federal spending on tobacco use prevention. The FTC report demonstrates that the tobacco companies increased their marketing expenditures by more than 22% since 1998, while claiming that they had significantly restricted their marketing activities.

The AMA believes the aggregate data currently collected is extremely useful and should continue to be reported. We request the FTC to continue collecting this data and to consider collecting and publicly reporting the following information:

1. Company and brand-specific data on expenditures for advertising and promotion.

This would be useful in tracking the shift from one brand to another within a company, such as increased advertising for "low tar" or "light" cigarettes or for a brand that might be targeted toward a particular ethnic, racial, or gender group. It would also help track new company expenditures (Star Tobacco, Vector Tobacco) as well as those of established companies. As new brands that imply lower risk are introduced, this information would be particularly useful.

2. A category for advertising at the point of purchase, and another for Internet advertising.

The tobacco industry is moving more resources into point-of-purchase advertising and promotion than ever before. This is a critical category to understand. Much more is spent here than is evident from the posters and logos that are placed at the convenience stores. For example, store owners are

paid "slotting fees" to encourage prominent placement of a brand and its logos in convenience stores and gas stations. How much the tobacco industry spends in this kind of promotion, and in which categories, would assist in configuring counter-advertising and in negotiating with store owners about reducing the ubiquity of in-store ads. In addition, knowing how much the industry spends on "two for the price of one" offers would help understand their ability to circumvent efforts to reduce consumption by increasing excise taxes on cigarettes and other tobacco products.

The Internet is the public's new marketplace. Without a mandated report on Internet advertising, the use of the Internet by the tobacco industry could elude public health advocates. Although some tobacco companies claim that they will not use the Internet for advertising or sales, this promise may not be followed by all, particularly by foreign tobacco companies doing business in the United States.

3. Ad/promotion data reports by the industry for each state and territory.

State/territory data will help state health departments, state and local tobacco control advocates, and the federal health agencies understand how the industry responds to strong tobacco control campaigns in specific states. This would assist the public health community in responding appropriately. In addition, state health data could be compared directly with tobacco industry expenditures instead of by inference from national data as is now the case.

4. Subtotals for "light" and "mild" cigarette categories.

More women are smoking these products than ever, with a resultant rise in lung cancer deaths. However, it is unclear how much the industry devotes to the "light" category versus "regular" cigarettes. In addition, it is difficult to estimate how industry advertising campaigns influence uptake of these products. Specific data would allow the health community to demonstrate the effects of category-specific spending. It would also allow use of this information in creating counter-advertising campaigns. It would also aid in tracking the link between such advertising, consumption data, and the resultant mortality in the target population.

We strongly urge the FTC to continue to release its advertising and promotion reports and to give serious consideration to further expanding the scope of these reports. This information would be extremely helpful to the public health community as it attempts to counteract the messages that are being transmitted to our nation's youth by the tobacco industry.

The AMA thanks you for your consideration of our request.

Sincerely,



E. Ratcliffe Anderson, Jr., MD