

COMMENTS TO THE FEDERAL TRADE COMMISSION REGARDING TOBACCO INDUSTRY MARKETING REPORTS

Submitted by:

The Colorado Tobacco Education and Prevention Alliance

1780 S. Bellaire #402

Denver, CO 80222

303-756-6163

1. Who uses the cigarette and smokeless tobacco reports? For what purposes do they use them?

The Colorado Tobacco Education and Prevention Alliance (CTEPA) uses the cigarette and smokeless tobacco reports for a number of purposes. We have used the data to estimate how much the industry is spending in our state compared to the money available for tobacco prevention programs. This has shown that the industry is outspending the prevention programs by a factor of 15. This is vital data to show our legislators that the settlement allocation for prevention MUST remain at least at current levels if we have any hope of countering the industry's marketing efforts. Additionally, we have used the data to show that after the master settlement agreement in 1998, the industry has increased marketing expenditures by over 22%. This has served to remind people not to become complacent after the settlement. The industry is still very active in attracting customers.

2. What are the costs to the industries to provide the FTC with the data included in the cigarette and smokeless tobacco reports?

While we have no information on the costs to the industries of generating these reports, we strongly suspect that it is very small in relation to their overall advertising expenditures of \$8.24 billion per year. Also, let us not forget how profitable the tobacco industry is. Requiring them to provide these data is a very small price for them to pay.

3. Should the FTC continue to collect and publish data regarding cigarette and smokeless tobacco sales, advertising and promotion? Why or why not?

We strongly believe the FTC should continue to collect and publish data regarding cigarette and smokeless tobacco sales, advertising and promotion. Marketing expenditures for tobacco products are among the highest for any product sold in the United States. It is also the only heavily marketed product that when used as intended, kills the customer. The tobacco industry has demonstrated many times that it cannot be trusted to regulate itself. Having the marketing data available helps the American people to monitor that the industry is in compliance with any marketing restrictions that it is operating under. Additionally, as described above under question #1, the data make it very clear that the prevention community must not let its guard down in the face of extremely aggressive marketing.

4. What data or other information contained in the reports are useful and should be continued in any future reports? Why? What data or other information in previous reports are of little or no use, and could be omitted in future reports? Why?

CTEPA believes that all of the data in the current reports should be continued. As described in responses above, the data allow us to monitor the industry's marketing expenditures, particularly as they relate to funding available to prevention programs.

5. Is there information about cigarette and smokeless tobacco sales, advertising and promotion that has not been included in the reports, but that would be of use? If so, what additional information would be of use, and why would it be useful?

We request that the FTC require additional information, as follows:

- Include a state-by-state breakdown of the reported marketing expenditures. This will allow us to have truly accurate data on how much the industry is spending in Colorado.
- Include company-specific or even brand-specific marketing expenditure data. Some brands are more heavily promoted than others. Those data are essential in showing the correlation between company/brand expenditures and the market share for those companies/brands.
- Provide subtotals for marketing expenditures for regular versus "reduced-risk" tobacco products. We believe that the industry wants to promote "reduced risk" products as a way to keep smokers from quitting. Having access to these data would show how heavily the industry is marketing those products.
- Include a breakdown of the different types of expenditures the companies make within the existing promotional-allowance and retail-value-added expenditure categories (which account for the vast majority of all promotional spending by the companies).

6. If the FTC decides to continue issuing reports, how frequently should they be issued (e.g., annually, biennially)? Why?

Annual reports should be sufficient to provide us with the information we need. We oppose less frequent reports. Expenditures have changed drastically from year to year. Annual reports are essential to keep our information up-to-date.