THE NEW FACE OF CIGARETTE ADVERTISING: CIGARETTE MARKETING STRATEGIES EMERGING AFTER THE MSA

by

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ABSTRACT

WILLIAM ALEXANDER: The New Face of Cigarette Advertising: Cigarette Marketing Strategies After the Master Settlement Agreement
(Under the direction of Tom Linden, M.D.)

This thesis explores new advertising and promotional strategies cigarette manufacturers have developed and augmented since the 1998 Master Settlement Agreement (MSA). A literature review examines recent academic research on cigarette advertising strategies and smoking behavioral patterns. Three stories, written in the style of in-depth newspaper articles, each cover one new development. The first article discusses the growth of cigarette advertising and promotions at the point of sale, as well as how these promotions have affected how some retailers run their businesses. The second article explores cigarette promotions in bars and nightclubs and tells the story of one cigarette promotion in a Raleigh bar. The third article discusses flavored cigarettes and the legal challenges that they have faced since entering the mass market.

DEDICATION

For Jessica, my Love.

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CHAPTER I

INTRODUCTION

The health consequences of smoking are severe and well-documented, yet people continue to smoke. Not only do current, possibly addicted smokers continue their habit, but every day thousands of non-smokers start smoking, replacing the smokers whose habits killed them. Most smokers start as teenagers, an age when tobacco control experts say they are vulnerable to the effects of advertising and promotions. Meanwhile, cigarette manufacturers spend more than $10 billion a year on advertising and promotions. While cigarette manufacturers maintain that their advertisements only target established adult smokers, it does not take a cynic to connect these two dots and to draw a line.

The Clinton years were tumultuous years for cigarette manufacturers and for tobacco control. In 1996 the FDA asserted the right to regulate tobacco, but four years later the Supreme Court ruled in *FDA v. Brown & Williamson Tobacco Corp*. that it did not. Massachusetts and California enacted tobacco control laws that sharply limited cigarette advertising and sales, but in the 2001 case *Lorillard v. Reilly Tobacco Corp.,* the Supreme Court ruled that the Massachusetts law conflicted with existing federal advertising restrictions, and lawmakers from both states had to eliminate their new regulations. State attorneys general sued cigarette manufacturers to pay for state medical costs incurred by smoking. While the original "global" settlement fell apart, the subsequent Master Settlement Agreement (MSA) in 1998 forced cigarette manufacturers to pay states $206 billion, restricted advertising techniques found to be especially effective on children, and made public thousands of internal tobacco company documents.

Yet the tobacco industry has been nothing if not adaptable. Just months after the MSA took effect, cigarette manufacturers increased their marketing budgets and developed new forms of advertising and greatly expanded existing forms that had been only minor parts of their overall marketing strategies. These developments were not prohibited by the MSA, yet they reached an audience that was, and still is, both vast and young. The popular media has largely ignored or under-covered these changes. My thesis project will discuss three of these new advertising strategies: advertising and promotions at point of sale, the increased use of advertising and promotions in bars and nightclubs, and the introduction of flavored cigarettes.

Tobacco control efforts will neither work nor receive popular support unless people know how cigarette advertising and promotions work. Studies have found evidence that, before the MSA, cigarette manufacturers knowingly created marketing materials that appealed especially to children and teenagers. Many tobacco-control advocates believe that manufacturers continue to do so, yet evidence for this charge is still unclear.

These new advertising methods also bring up interesting First Amendment issues. The Supreme Court struck down recent state efforts at restricting cigarette advertising on the grounds that they limit manufacturers' First Amendment rights to communicate about their product. However, current trends in cigarette advertising appear to be moving away from formats that communicate information about their product; in 2003 the tobacco industry spent $2 billion on traditional advertising and $13 billion on promotional strategies. Point-of-sale advertisements saturate consumers' environment with brand names and logos and promotional deals encourage them with discounts and giveaways to buy again and again. Promotions at bars and nightclubs spread no objective information, but encourage consumers to make smoking a regular part of their lifestyle. If flavored cigarettes, which have their own advertising, are being used to sell and generate good feeling towards more "normal" versions of cigarettes, they may be the least communicative advertising form of all.

CHAPTER II:

LITERATURE REVIEW

This literature review explores the academic research addressing the 1998 Master Settlement Agreement (MSA) as well as three developments in cigarette advertising and promotions that have emerged in response to the agreement. In particular, this review focuses on how these new developments have affected smoking rates and habits among young adults and teenagers.

The health consequences of smoking are severe and well-documented. The Centers for Disease Control and Prevention (CDC) estimate that tobacco use is responsible for 440,000 U.S. deaths each year and that 8.6 million U.S. citizens have a serious smoking-related illness (Schroeder, 2004). While older, chronic smokers feel the greatest medical impact of smoking, smoking rates among young adults and teenagers are at least as important. Minors are more vulnerable than adults to the effects of advertising, including advertisements for cigarettes (Connolly, 2004). Most smokers start smoking before they reach the age of 18 (Lee et al, 2004); people who reach the age of 24 without smoking are unlikely to start. Smoking is an addictive habit; the teenager who starts smoking today may be the heart attack victim or lung cancer patient thirty years from now.

The MSA, the largest settlement in the United States to date and the most influential national tobacco-control expansion in the past twenty years, developed after the failure of a more expansive tobacco control proposal named the global settlement. The global settlement began in 1996 when state attorneys general, who had been individually suing cigarette manufacturers to reimburse state medical costs incurred due to smoking, grouped together and met with cigarette manufacturers to find a compromise. The global settlement called for legislation to provide cigarette manufacturers with immunity from their past actions, to have cigarette manufacturers reimburse states for medical costs due to smoking, and to enact a broad range of restrictions on tobacco sales and advertising (Schroeder, 2004). This legislation failed to overcome a filibuster in the U.S. Senate and was ultimately scrapped.

In 1998 the four largest cigarette manufacturers (R. J. Reynolds, Brown & Williamson, Philip Morris, and Lorillard) and the attorneys general of 46 states reached a new compromise that became known as the Master Settlement Agreement (Sloan et al., 2004). Attorneys general from the four remaining states did not participate because they had previously reached separate agreements. The 46 attorneys general agreed to drop suits against the manufacturers, and manufacturers agreed to pay states $206 billion over 25 years (Viscusi, 2002). Because the MSA was an act of litigation, not legislation, Congress cannot amend the MSA. While the global settlement ultimately called for legislation to enact changes, the MSA contains no such requirement.

The MSA imposed ideological and practical limits on how cigarette manufacturers could market their products. The MSA forbade cigarette manufacturers to "take any action, directly or indirectly to target youth…or to initiate, maintain or increase the incidence of youth smoking" (MSA, 1998). Cigarette manufacturers agreed to stop using billboard advertising and cartoon characters in advertisements and to limit promotional deals and giveaways to "adult oriented" establishments and events (MSA, 1998). Cigarette manufacturers have also since agreed to limit magazine advertisements to magazines with "high youth readerships" (Lee et al, 2004). The MSA also stipulated that cigarette manufacturers release thousands of internal documents concerning company strategies and marketing practices; these documents are now available online at the manufacturers' websites and on several University archives (Viscusi, 2002). However, the MSA did not include several tobacco-control provisions that had been in the global settlement, such as FDA jurisdiction over tobacco, stronger cigarette warning labels, and stronger enforcement of bans against sales to minors (Schroeder, 2004).

Advocates for the tobacco companies argue that the MSA's imposed payments are unfair and excessive. Legal analyst W. Kip Viscusi (2002) argued that states used exaggerated and ill-defined methods to estimate state medical costs due to smoking and that MSA advertising restrictions violate cigarette manufacturers' First Amendment rights to discuss their products.

But a growing consensus from tobacco control advocates and the public health community has been that the MSA was at best modestly effective at reducing underage smoking rates. In a 2000 interview, the president of the non-profit Center for Tobacco-Free Kids said the settlement "had nowhere near the impact that was hoped for" in reducing underage smoking (Shane, 2000). While the $206 billion payment was the largest in legal history, Shane (2002), Sloan et al. (2004) and others have argued that the tobacco industry could easily afford the settlement costs.

Because the MSA imposes settlement payments based on the number of cigarettes sold rather than an absolute number, cigarette manufacturers have been able to shift the burden of MSA payments to smokers by increasing cigarette prices (Sloan et al., 2004). After the MSA, cigarette prices increased by about forty-five cents a pack (Schroeder, 2004), and domestic cigarette sales fell by about 10 percent (Daynard et al., 2001). The price increase resulting from the MSA appears to have been the agreement's most successful achievement towards reducing youth smoking, especially since teenage and young adult smokers are more price sensitive than older smokers (Schroeder, 2004).

Despite the payments and imposed restrictions, the MSA appears to have had little impact on the tobacco industry's economic health. Examinations of cigarette manufacturers' stock prices before and after the MSA found no significant changes (Sloan et al., 2004). Sloan et al. (2004) speculate that the MSA has even insured the long-term health of these industries by making states dependent on settlement revenues: states may now be reluctant to enact tobacco-control laws or to file lawsuits against tobacco companies when reduced cigarette sales will result in less revenue.

MSA payments have not resulted in their stated goal of providing effective tobacco control. Although the MSA was an agreement made between cigarette manufacturers and state attorneys general, control over settlement funds went to state governments (Schroeder, 2004). States have used an increasing percentage of their MSA funds to help their overall budgets and have only spent a small percentage on tobacco prevention or cessation efforts. The Centers for Disease Control and Prevention (CDC) recommended that states spend 20-25 percent of their MSA funds on tobacco prevention programs, but by 2002, most states had allocated less than half of this amount. Only three states (Maine, Minnesota, Mississippi) had allocated funds for tobacco prevention programs at the CDC's recommended level, and three (Michigan, Missouri, and Tennessee) had allocated no funds at all (Clegg Smith et al., 2003).

In response to the MSA's restrictions, the tobacco industry increased its budget for advertising and promotions. In 1999, the year the MSA took effect, the major cigarette manufacturers spent $8.24 billion on advertising and promotions, 22.3 percent more than they did in 1998 (Lee et al., 2004). By 2001, total marketing expenditures had jumped to a level 53 percent greater than their 1998 levels, even after adjusting for inflation (Sloan et al., 2004).

Cigarette advertisers have also radically changed the way they market their products, adopting methods that are just starting to be explored by the public health community and that have received relatively little attention in the popular media. This literature review does not intend to discuss the full breadth of cigarette advertising. This review will not examine cigarette advertising and sales over the Internet, though it is a new and worthy area of study (see Hrywna et al., (2004), and Ribisi et al., (2001), among others). While the importance of magazine advertisements has diminished since the MSA, Chung et al. (2002) and King and Siegel (2001), among others, have uncovered evidence that cigarette advertisements in magazines continue to reach an underage audience. The following three sections will discuss the existing literature surrounding what I believe are three of the most important new developments in cigarette advertising and promotion since the MSA: in-store and point-of-sale advertising and promotions, promotions and advertisements in bars and nightclubs, and the introduction of flavored cigarettes.

Point-of-Sale Advertising and Promotions

If you walk into any store in the United States, chances are that you will immediately be able to tell if the store sells cigarettes. A 2001 examination of retail stores in California found an average of 17.2 cigarette advertisements and promotional materials per store that sold cigarettes (Feighery et al. 2001). These advertisements were placed to be seen; 85 percent were located within four feet of the sales counter (Feighery et al., 2001). A year later, another study based in California observed an average of 22.6 advertisements or promotions per store (Henriksen et al. 2004). National surveys of stores selling cigarettes have found similar levels of advertising prominence (Henriksen et al. 2004).

Seven kinds of stores are responsible for the vast majority of U.S. cigarette sales: convenience stores, gas stations, large pharmacies, large supermarkets, liquor stores, small markets and pharmacies, and tobacco stores (Feighery et al., 2001). Cigarette advertisements were most common in liquor stores and least common in large pharmacies. Common ad formats include signs inside or outside the store, cigarette displays, cigarette packages placed behind glass at sales counters, and branded functional items such as ashtrays, shopping baskets or clocks. Individual manufacturers also offer customers discounts, gifts, or free cigarettes through in-store promotional discounts (Feighery et al., 2001).

Cigarette manufacturers had used advertisements and promotions in retail stores throughout the eighties and nineties, but this marketing style became especially important after the MSA. Cigarette manufacturers responded to the MSA by dramatically increasing advertising spending, and the largest proportion of this increase went towards in-store advertisements and promotions (Lee et al., 2004). The year after the MSA took effect, cigarette manufacturers increased spending on in-store advertising by 43 percent (Lee et al., 2004). That same year, spending on in-store promotions increased by 65 percent (Lee et al., 2004). A national survey of almost 3,500 stores that sold cigarettes found that the percentage of stores offering in-store promotional discounts or giveaways had jumped from 43 percent just before the MSA took effect to 52 percent three months later (Wakefield et al., 2002).

Because cigarette sales have become essential to many businesses, cigarette manufacturers are able to exert considerable control over how stores sell cigarettes. Feighery et al (2003) interviewed owners of gas stations, liquor stores, and convenience stores and found that tobacco companies generally require three stipulations in return for offering wholesale discounts: a minimum price at which cigarettes of all brands must be sold, a percentage of available storefront space that must be dedicated to a company's particular brand of cigarettes, and placement of the company's brand of cigarettes in a prominent position, typically at eye level.

Some public health experts believe that advertising at the point of sale has allowed cigarette manufacturers to legally counter the MSA's restrictions on billboard and magazine advertising. Celebucki and Diskin (2002) found that cigarette advertisements outside stores in Massachusetts were significantly more common in 2001 than in 1998. Before the MSA, promotional discounts and offers for cigarettes were primarily used in magazine advertising (Pucci & Siegel, 1999). Now promotional discounts and offers for cigarettes are primarily used at the point of sale.

Regardless of cigarette manufacturers' true intent, cigarette advertising and promotions at the point of sale encourage underage smoking. Studies have thoroughly established that cigarette advertising in general appeals to teenagers (Wakefield et al. 2002). Teenagers under 18 who are heavily exposed to point-of-sale advertising and promotions are more likely to smoke than those who are not exposed; cigarette advertising in stores is now so ubiquitous that virtually all U.S. teenagers have some exposure (Henriksen et al., 2004). One study found that high school students were more likely to buy Marlboro cigarettes when nearby stores had a greater number and overall proportion of Marlboro advertisements and promotions (Wakefield et al., 2004); however, the same study found inconsistent results when examining the relationship between choice of Camel cigarettes and in-store advertising.

Cigarette manufacturers may be deliberately exploiting teenagers' vulnerability to these forms of advertising. Researchers examining stores in one California community found that stores popular among adolescents had more than three times as many cigarette advertisements than stores not popular (Henriksen et al., 2004). The three advertised brands responsible for the difference were the three top-selling brands among underage smokers (Henriksen et al., 2004). When examining trends in cigarette advertising before and after the MSA, Celebucki and Diskin (2002) observed the largest increase in outdoor advertising near gas stations, a location where underage smokers most often purchase cigarettes. In this same period, cigarette advertising decreased in liquor stores, which tend to more strictly verify the ages of their customers.

Promotional Events

Cigarette manufacturers first realized the potential of bar and nightclub promotions in the late 1980s. In memos from this decade, released after the MSA, tobacco executives note that bars and nightclubs had enormous potential to reach young men and women who had not settled on specific brands of cigarettes (Sepe et al., 414). By the beginning of the 1990s, R. J. Reynolds, Brown & Williamson, and Philip Morris ran detailed promotional campaigns with music, cigarette and branded item giveaways, and contests (Sepe et al., 2002). These promotions encouraged nonsmokers to try cigarettes, encouraged occasional smokers to smoke more often, and discouraged regular smokers from quitting or smoking less (Rigotti et al., 2005).

Cigarette promotions at bars and nightclubs became increasingly complex and methodical during the 1990s. Marketers surreptitiously collected personal data from smokers and created separate campaigns tailored to African-Americans (Sepe et al., 2002). Marketers also identified “social leaders,”—young, attractive, and fashion-savvy men and women whose behavior influenced other patrons—and paid them to chat with other bar patrons and hand out free cigarettes (Sepe et al., 2002). During a sponsored event, cigarette brand names were often ubiquitous, appearing on napkins, neon signs, ashtrays, coasters, towels, and giveaway t-shirts as well as the cigarettes themselves (Sepe et al., 2002).

The primary audience of bars and nightclubs consists of young adults, who, in theory, are all over 21. Cigarette manufacturers found this audience especially appealing after the MSA. The MSA's restrictions on cigarette giveaways do not apply to events where all attendants are 21 or older, and relatively few states and local governments have clean air laws that restrict smoking in bars (Rigotti et al., 2005).

Today, cigarette promotions reach a huge young audience. A California survey by Gilpin et al. (2005) found that 58 percent of young adults (ages 18 to 29) who attended bars or clubs and about 20 percent of young adults as a whole reported seeing some form of cigarette promotion or advertising in bars. About 10 percent of young adults had attended a bar or club event sponsored by a tobacco company, with smokers and non-smokers vulnerable to starting to attend more often than committed non-smokers (Gilpin et al., 2005). Because California's clean air laws prohibit smoking in bars and clubs, the study's authors believe their estimates underrepresent national exposure.

Bar and nightclub promotions are also turning up on campus. Rigotti et al. (2005) conducted a national survey of more than 10,000 students from 119 colleges. Students at 118 of the 119 colleges reported exposure to cigarette advertising or promotion at a bar or club, and students at 109 reported exposure to cigarette advertising or promotion at an on-campus event. Students who started college as nonsmokers were almost twice as likely to become smokers if they were exposed to cigarette promotions or advertising while they were students.

Regardless of what advertising is present, alcohol is psychologically and physiologically conducive to tobacco use. In the 2002 California Tobacco Survey, 75 percent of young adult smokers reported enjoying smoking while drinking (Gilpin et al., 2005). McKee et al. (2004) found that college students who smoked occasionally reported enjoying smoking more on nights when they drank then on nights when they stayed sober. This additional enjoyment may influence many uncommitted smokers who drink to become habitual smokers (McKee et al., 2004). In another study, subjects who drank alcohol reported greater enjoyment of a nicotine cigarette than subjects who drank a placebo that tasted like alcohol (Rose et al., 2004).

Flavored Cigarettes

Flavored cigarettes entered the mass market in 1999, when R. J. Reynolds introduced “Exotic Blends” Camel cigarettes that contained mint, vanilla and citrus flavors. Blue pellets embedded in filters of the cigarettes provided the flavors. Camel’s “Exotic Blends” brands were an economic success; sales of Camel cigarettes, which had fallen by 15 percent since the MSA, rose after their introduction, while sales of rival brand Marlboro fell (Connolly, 2004). R. J. Reynolds increased flavored cigarette production in 2002 and introduced four new flavors of Camel cigarettes, two marketed for a summer release, and two marketed for a winter release, in 2004. In the same year, R. J. Reynolds and Brown & Williamson introduced pellet-containing flavored versions of Salem and Kool, their lines of mentholated cigarettes (Connolly, 2004). Smaller tobacco companies, who sold flavored tobacco products to a niche market before the MSA, have recently expanded their flavored lines, introducing flavored cigarette wrapping papers, flavored liquids that smokers can add to cigarettes themselves, and flavored cigars as well as dozens of new flavors, from brandy to blueberry to fudge (Beirne, 2004).

Because flavored cigarettes have only recently entered the tobacco market, most journal authors have only discussed potential, rather than their empirically measured impact. At the end of January 2006, only one article in major public health journals had objectively analyzed the topic of flavored cigarettes, and this study relied on cigarette manufacturers' internal documents rather than flavored cigarettes themselves.

Flavored cigarettes can act as an unusual form of advertising if they encourage smoking of unflavored cigarettes at a later age. Many members of the public health community believe that cigarette manufacturers are marketing flavored cigarettes to an underage audience who then would be likely to become lifetime smokers and graduate to regular brands. To illustrate this point, many journal articles emphasize the fact that many of the new cigarette flavors are sweet. One journal article discussing the emergence of flavored cigarettes was titled "Lung Candy"(Lung Candy, 2005). Several articles used the word "candy" as an adjective to describe the cigarettes. The public health community has often reacted to flavored cigarettes with contempt. In the cover essay of a 2004 issue of

Tobacco Control the author wrote that "using candy flavors in cigarettes is like adding a sachet of sugar to a side of rancid meat" (Connolly, 2004). Tobacco manufacturers do not favor the word "candy" as a description of their product and have described their targeted audience as affluent adults in their 20s and 30s who place a high value on quality and choice (Weirder, 2004).

However, internal tobacco industry documents have revealed that young adults are flavored cigarettes' most receptive and targeted audience (Carpenter et al., 2005). Carpenter et al. found that major cigarette manufacturers considered the potential for flavored cigarettes as early as 1984 and had experimented with dozens of flavors, including brandy, tropical fruit, chocolate and mint. Industry documents also revealed that flavored cigarettes held the most appeal to young adult smokers from the ages of 18 to 24. Among other reasons, young adult smokers enjoyed the idea of better-smelling smoke, preferred stronger tastes in their cigarettes and were more likely to feel excited or curious about trying a flavored cigarette (Carpenter et al., 2005). None of the examined documents specifically mention or target smokers under the age of 18, so there is no direct evidence that flavored cigarettes have been marketed to minors. However, many public health advocates say that the tobacco industry has used the word "young adults" as a code to refer to teenagers under 18 (Cummings et al., 2002). Personally, I have noted that the definition of "young adults" is elastic in American society; the "young adult" section of bookstores typically feature books at a fifth- through ninth-grade reading level.

While public health journals have treated flavored cigarettes as a new development, trade magazines for the tobacco industry have described them as a logical development of previous trends. An article in *World Tobacco* noted that flavors for pipe tobaccos have existed for decades (Baxter, 2004). Another article drew two parallels, one between flavored cigarettes and the recent growth of flavored coffees and alcoholic drinks marketed to young (but legal) adults, and another between distinctly labeled cigarette flavors and flavoring agents already added to almost all major cigarette brands (*Flavors,* 2005).

CHAPTER III

METHODS

Medium

I will be writing a series of three in-depth articles in the style of the *News & Observer* for my thesis project. These articles will focus on North Carolina but will occasionally relate to national and other local issues. I plan on using a combination of traditional newswriting and narrative, storytelling approaches. I intend my articles to be read by a general audience whose members may have a high school or college degree but who are not experts in public health or advertising law.

The first of the three articles describes how cigarette advertisements and promotions at the point of sale have changed in North Carolina since the MSA and how these promotional discounts have affected how many retailers run their business. The second article examines a cigarette promotional event in Raleigh. The third article discusses the emergence of flavored cigarettes into the tobacco market and the legal challenges that they face.

Resources

In the course of my research I have found the names of many tobacco control advocates, some of whom teach at UNC-Chapel Hill. I also found the names of smoking-rights activists and members of tobacco-retailer and advertising associations. I will start by speaking with these experts and visit them in person whenever possible. I will also attempt to contact representatives from the cigarette manufacturers themselves.

I would also like to get in touch with experts on how cigarettes are marketed and sold in North Carolina. This will involve interviewing local tobacco control groups in state government and non-profits, owners of local retail chains that sell cigarettes, and smokers'-rights advocacy groups in the state.

I will also visit the places where cigarettes are bought and sold in North Carolina, such as gas stations, convenience stores, groceries and pharmacies as well as promotional events within bars and clubs. I will interview customers, store owners, bartenders, bar patrons, smokers and nonsmokers. Talking to young smokers and getting their personal stories will be essential for the narrative success of my second and third stories. If these smokers are underage, I will also request their parents' permission for interviews. I will also do my best to describe these environments to readers who may not have visited them before. Finally, I would like to examine and describe several stores, bars and clubs in the area. I hope to document how well local stores and bars are following the MSA and to see how local advertising techniques compare with what has been observed naturally.

Committee

Three professors at UNC-Chapel Hill will act as the faculty committee for this thesis project. Thomas Linden, M.D., Glaxo Wellcome Distinguished Professor of Medical Journalism at the School, is the committee chairman. The other committee members are

Jane Brown, Ph.D., James L. Knight Professor at the School, and Edward Brooks, Dr. P.H., Clinical Associate Professor of Health Policy and Administration at the School of Public Health.

CHAPTER IV

ARTICLE 1: DISCOUNTS AND PROMOTIONS AT THE POINT OF SALE

That plastic rack behind the counter of the local convenience store is probably more important—and more contentious--than you think. It's not only the location where cigarette manufacturers spend the vast majority of their advertising budgets, but it's also at the center of a struggle that often pits cigarette manufacturers against retailers.

Discount programs run by Philip Morris and R. J. Reynolds, the country's two biggest cigarette manufacturers, give retailers steep discounts, as much as 50 cents a package, on the cigarettes that bring stores an essential part of their revenue. But these discounts come with strings attached. To get the biggest discounts, retailers have to allow the manufacturers significant control over how retailers run their businesses.

The tobacco industry has relied on in-store advertisements and promotions for decades. Every year since 1985, cigarette manufacturers have spent more advertising dollars in the convenience stores, gas stations, liquor stores and other stores that sold cigarettes than in any other area, according to reports by the FTC. In-store advertisements and promotions in the 1980s and 1990s took many forms, including indoor and outdoor signs, coupons, branded souvenirs that customers could redeem by sending in proofs-of-purchase, and direct discounts to customers and retailers.

But in 1998, the landscape of cigarette advertising and promotions changed. Attorneys general of 46 states and the four largest cigarette manufacturers, Phillip Morris, R. J. Reynolds, Lorillard, and Brown & Williamson, reached a deal known as the Master Settlement Agreement (MSA). The attorneys general agreed to drop lawsuits stemming from state medical costs incurred from smoking. In return, cigarette manufacturers agreed to pay states $206 billion over 25 years. The MSA prohibited cigarette manufacturers from advertising on billboards and from using cartoon characters in their advertisements. The MSA also limited distribution of free cigarettes and branded products.

Cigarette manufacturers responded to the MSA's restrictions by increasing their marketing budgets and by investing this money in the retail environment. From 1998 to 2003, cigarette manufacturers increased their annual advertising and promotions from $6.7 billion to $15.2 billion, the FTC reported. The vast majority of this money has been spent on promotional discounts and deals in the retail environment.

Cigarette manufacturers have increased advertising and promotional spending at the point of sale every year since the MSA took effect. As total spending grew, so did the proportion of spending at the point of sale, while spending on billboard advertising ended and spending on print advertising dropped. The FTC reported that cigarette manufacturers spent 84 percent of their total advertising budget, nearly $13 billion, at the point of sale in 2003. The vast majority of this sum went to programs providing discounts to consumers.

Two features of retail stores make them especially appealing to cigarette manufacturers as advertising and promotional sites. First, retail stores are one of the best locations to find smokers. More than two-thirds of domestic cigarettes sold in the U.S.

are purchased in convenience stores and gas stations, according to the National Association of Convenience Stores (NACS). Second, retail stores also tend to be friendly to the tobacco industry because of the revenue its products bring. More than one-third of the $132 billion U.S. convenience stores make annually comes from cigarette sales, about as much as the next three best-selling sales categories combined, the NACS estimates. Selling cigarettes additionally improves total sales levels in convenience stores and gas stations by attracting smokers who then purchase other products along with their cigarettes, according to the NACS.

Kurt Ribisl, an associate professor of health behavior and education at UNC-Chapel Hill, has studied the strategies that the tobacco industry uses at the point of sale. He said that cigarette manufacturers' in-store advertising and promotions complement traditional advertising campaigns, creating a "push and pull" effect.

Traditional cigarette advertising pushes cigarettes into the hands of customers by increasing the desire to smoke, Ribisl said. Promotions at the point of sale, on the other hand, make cigarettes cheaper, more convenient, and seemingly ubiquitous, pulling them from shelves into consumers' hands.

Philip Morris and R. J. Reynolds, the manufacturers that pioneered this discount-based strategy, are also the biggest companies in the business. Together, these two manufacturers command roughly three-quarters of the domestic market for cigarettes. In 2002, 49 percent of all cigarettes made in the U.S. were made by Philip Morris, and 23 percent were made by R. J. Reynolds.

Philip Morris and R. J. Reynolds are secretive about the details of their marketing strategies. Representatives from both companies declined requests for interviews. But tens of thousands of previously confidential cigarette manufacturer documents are available in an online database at http://legacy.library.ucsf.edu. These internal documents, which the manufacturers agreed to make public as part of the MSA, provide insight into their planning and reveal how these sophisticated national retail discount programs evolved.

Philip Morris launched its Retail Leadership program in 1998. Participating retailers allotted Philip Morris its market share of the space available for cigarettes. Retailers could choose from three levels of cigarette discounts based on the level of Philip Morris promotions that they allowed in their store. In 1999, R. J. Reynolds introduced its own retail discount plan, the Every Day Low Price program. Both manufacturers have expanded their programs every year since.

The Retail Leadership and Every Day Low Price programs are complex and undoubtedly expensive to administrate. Searches of the MSA database reveal that the details of each participation level take pages to discuss and include diagrams, clauses and specific payment rates. Retailers participating in the 2006 Retail Leaders program, details of which were obtained from one local store owner, receive five different payment options, one of which changes on a monthly basis.

So why do Philip Morris and R. J. Reynolds have such complicated discount programs when it would be much simpler to spend the same money on an across-the-board price reduction?

Paul Bloom, a marketing professor at the Kenan-Flagler Business School at UNC-Chapel Hill, said that the main advantage of offering price promotions is that cigarette manufacturers can sell their products at a price that exactly fits local market demands. An area with a depressed demand for a manufacturer's sales could receive a relatively high discount to encourage sales, while a neighboring area that already has high sales could receive a relatively lower discount without reducing sales, Bloom said.

Ribisl, however, theorized that manufacturers also use price reduction programs to exert control over retailers. "If [cigarette manufacturers] offer a price reduction with no strings attached, they have no leverage over a retailer," Ribisl said. Offering the same discount on a conditional basis gives R. J. Reynolds and Philip Morris the power to negotiate terms like more brand-name signage and prime product placement, Ribisl said.

The discount programs also allow manufacturers to dictate how participating retailers run their businesses. One of these manufacturer requirements may have helped to reduce underage cigarette purchases: both Philip Morris and R. J. Reynolds encouraged retailers to move cigarettes behind store counters and to display signs warning young customers that they would be carded. Philip Morris also required retailers to train their employees in age-verification laws and techniques. But other requirements allow manufacturers to manipulate the ways stores sell cigarettes in ways that give the manufacturers an advantage over their competitors.

By 2000, the Every Day Low Price program stipulated that Doral cigarettes, R. J. Reynolds' budget brand, had to be the cheapest cigarettes in the store, a company memo revealed. Retailers that sold other cigarettes below the set price for Dorals could face payment penalties or be barred from the Every Day Low Price program.

Meanwhile, Philip Morris has asked for an increasing proportion of the total space stores devote to cigarette displays. Retail Leader participants have to allot a proportion of their total space for cigarettes to Philip Morris' brands based on Philip Morris' share of the cigarette market, typically around 50 percent. Two other requirements of the Retail Leader program also give the manufacturer an added advantage in securing in-store cigarette space.

First, Philip Morris demands the best space for its brands. To receive all but the lowest discount levels, retail leader participants have to allot the center rack, the space most easily visible to customers, to Philip Morris cigarettes; the space on the edges and bottom of the rack, which is often obscured by a store counter, is left for other brands.

Secondly, rules for calculating market share round upwards in Philip Morris' favor. A store that sells an above-average proportion of Philip Morris cigarettes devotes a proportion of rack space to the manufacturer based on that store's sales rate, while stores that sell a below-average proportion have devote proportions based on how well Philip Morris cigarettes sell in surrounding stores.

No law forces retailers to participate in Philip Morris' or R. J. Reynolds' discount programs. Retailers who want greater freedom over how they market cigarettes can choose to participate in lower tiers of either program or can opt out entirely. But the economic reality that Philip Morris and R. J. Reynolds cigarettes make up the majority of domestic cigarette sales often makes the choice to resist the marketing programs difficult for retailers.

Ed Wazney, the marketing director of Cruiser's, a chain of 19 North Carolina gas stations and convenience stores, said that he must participate in both the Retail Leaders and Every Day Low Price programs if he wants his stores to make a profit. Wazney said that he briefly opted out of the Every Day Low Prices program but reluctantly rejoined it after some customers took their business down the road. Rejoining the program has already had consequences.

Cruiser's stores now sell only two "tiers" of cigarettes—the top tier, which consists of Philip Morris' and R. J. Reynolds' premium brands such as Marlboro and Camel, and the second tier, which consists of the same manufacturers' cheaper brands, such as Philip Morris' Basic and R. J. Reynolds' Doral. R. J. Reynolds' Every Day Low Price program prohibits stores from selling any cigarette brand cheaper than Doral.

This requirement crushed in-store sales of third- and fourth- tier cigarettes, brands made by small manufacturers that relied on low prices to sell, Wazney said. Sales of Bailey's, the stores' best-selling lower-tier cigarette dropped from more than 6 percent to less than 1 percent in months, Wazney said.

Wazney said that he believes he made the right choice. "Let's just say that Camel is 20 percent of your business. Are you going to take care of the 20 percent or the 6 percent?" he asked. But Wazney said that sometimes he just wishes that things were different. "I like selling cigarettes, but they can be just a big nasty ugly evil business," Wazney said.

CHAPTER V

ARTICLE 2: BAR AND NIGHTCLUB CIGARETTE PROMOTIONS

It's 11:30 on a Saturday night at the Pour House, a bar and music hall in downtown Raleigh, and the rockabilly band The Recipe is about 45 minutes into their set. Charles, a 26-year-old Raleigh resident who asked that his last name not be used, is here with his girlfriend to have a few drinks and listen to the band.

Charles says he's been smoking every now and then since he was 16. "If I see [cigarettes], I get them. I don't go out of my way," he says.

Charles didn't have to go far out of his way tonight. He received the Camel cigarette he's smoking now from one of the R. J. Reynolds representatives across the room. R. J. Reynolds regularly sponsors bar and nightclub promotional events across the country. At tonight's sponsored event, which paid for The Recipe to come to the Pour House, bar patrons who visit the Camel booth on the second floor receive a free pack of Camel cigarettes as well as other giveaways ranging from a t-shirt to temporary tattoos.

Across the United States, smoking rates have fallen over the past decade. This March, a study by the Association of State Attorneys General found that cigarette sales in 2005 fell by 4 percent compared to 2004 and were 21 percent lower than sales in 1998.

But experts say that smoking rates among young adults continue to be a public health concern. According to the Centers for Disease Control and Prevention's (CDC) most recent estimates, 24 percent of adults aged 18 to 24 were smokers, compared to 21 percent of the general population. New behavioral studies have also found that while most smokers try their first cigarettes as adolescents, the time from when a person turns 18 until their early-to-mid twenties may be most important in determining whether or not that person becomes a lifetime smoker.

Cigarette manufacturers have made the same young-adult age group their top marketing priority. Young adults are a common target for many advertisers. Additionally, because smokers often remain loyal to a brand for years or even decades, it is in manufacturers' interests to target those smokers who have yet to decide on a favorite brand.

The tobacco industry may focus on young adults in part because of the most influential tobacco-control reform of the past decade, the 1998 Master Settlement Agreement (MSA), an agreement between Attorneys General of 46 states and the four largest cigarette manufacturers. The states agreed to drop lawsuits against the cigarette manufacturers for states' smoking-related medical payments, and in return, the manufacturers agreed to pay states $206 billion over 25 years. Other stipulations included a ban on billboard advertising and cartoon characters in cigarette advertisements, two advertising formats especially influential among underage audiences, and a partial ban on sponsored events, with the exception of "adult only" establishments.

Since the MSA, many tobacco-control efforts have focused on reducing youth access or exposure to cigarettes. North Carolina state law requires convenience store owners to check the identification of young customers who wish to purchase cigarettes and to keep the cigarettes behind the counter where they can't be easily shoplifted. Philip

Morris and R. J. Reynolds, the country's two biggest manufacturers, agreed to limit advertising in magazines with high youth readerships, and now say they only aim advertisements at smokers 21 and older. These efforts and others do seem to have had an impact. Data from the North Carolina Youth Tobacco Survey indicate that cigarette-smoking rates among high school students and middle school students dropped from 31.6 percent and 15 percent, respectively in 1999, to 20.3 percent and 5.8 percent in 2005.

But the MSA's focus on underage audiences may have made efforts to control smoking among other age groups all the more difficult. Kurt Ribisl, an associate professor of health behavior and education at UNC-Chapel Hill has studied cigarette advertising and promotions since the MSA. He says "the problem with framing tobacco control as just a youth issue is that anytime the tobacco industry aims at 18 to 24 year-olds you don't have anything to go on."

Smoking rates among young adults ages 18 to 24 grew rapidly during the 1990s. Although young-adult smoking rates have declined slightly since then, that age group is most likely to smoke cigarettes. In 2004, according the Centers for Disease Control and Prevention, 23.6 percent of young adults in the United States smoked—significantly above the national adult average of 20.9 percent.

As part of the MSA, cigarette manufacturers agreed to make public thousands of previously confidential internal documents, which are available online at http://legacy.library.ucsf.edu. Studies examining these documents have traced the growth and development of bar and nightclub promotions since the early 1990s. These promotions begin as a deal between a specific manufacturer and a bar or nightclub owner. Manufacturers typically offer owners money to pay for a musical performance and merchandise. In return, the owners allow manufacturers to put up cigarette advertising and booths staffed by manufacturer representatives for the night. In a 2000 contract, released as part of the MSA, Philip Morris offered a bar called the "Luckystar Tavern" a $5,000 payment, 24,000 napkins a month for three months, and 128 ashtrays.

On the first floor of the Pour House tonight, signs of the Camel promotion are relatively unobtrusive. The ashtrays and napkins all have the Camel name and logo, but it's easy to miss these signs in the dim light and loud music. Upstairs, it's a different story. There, two five-by-seven foot canvas signs announce that tonight's performance is "a Camel Event." Five R. J. Reynolds representatives, all young men and women, dressed casually but smartly, run a booth on the balcony that overlooks the band playing below. Smokers who visit the booth can choose a free package of one of six varieties of Camel cigarettes. The representatives also hand out free matches, the latest issue of Camel's *Swagger* magazine, temporary tattoos with a Las Vegas theme ("what happens in Vegas washes off after 72 hours") and Pour House t-shirts.

Many of these promotions appear to be simple and harmless on the surface—who would refuse a free t-shirt?—but a sophisticated machinery lurks underneath. Many of the free gifts have a larger purpose. The t-shirt and matches encourage loyalty among Camel smokers. In previously confidential documents released as part of the MSA, cigarette manufacturer employees discussed the importance of giving customers "items of perceived value." Other giveaway items serve to connect bar patrons with a steady stream of Camel advertising. The cigarettes come with "Camel Cash," coupons that smokers can collect and turn in for DVDs, lighters, or even a pinball machine. *Swagger* and plastic flyers at the bar promote the Camel website (www.Camelsmokes.com), where smokers, after verifying their ages, can log in to read more articles, participate in contests and look up future Camel events. Finally, the promotions are also used to subtly collect demographic information from millions of potential customers.

"Can I see your ID for a sec?" one of the women running the Camel booth asks a person waiting to get a free package of cigarettes. Using a hand-held machine, she captures an image of the bar patron's driver's license. But she doesn't actually need to check his age—a bouncer at the front door already stops anyone who's younger than 21 from entering the bar.

What the R. J. Reynolds representative is really doing is collecting demographic data for what some public health experts say is one of the world's largest private customer databases. Internal R. J. Reynolds documents reveal that the manufacturer has used "age-checking" at promotional events to capture demographic data since 1994. A Philip Morris memo reveals that this and other techniques resulted in 1.3 million names being added to their database in 1993 alone. Here at the Pour House, the driver's license images save each patron's name, age and address, which the company will use to track demographic trends and to expand its mailing list for Camel advertisements, discounts and coupons. The attractive representative asks for patrons' e-mail addresses too. These will also be added to mailing lists. Lastly, she collects information on the patrons' cigarette brand preferences.

Cigarette manufacturers maintain that bar and nightclub promotions serve two purposes--to encourage other manufacturers' smokers to try their brands and to encourage their existing customers to stay loyal. The manufacturers say that they don't encourage nonsmokers to start.

The Camel representatives at the Pour House tonight are friendly to everyone but they don't approach anyone, instead waiting for people to come to the booth. Before giving anyone a package of cigarettes, they ask the person first if he or she is a smoker.

But studies of smoking behavior reveal that, especially for young adults, the distinction between smokers and non-smokers isn't always black and white. A study released in the journal *Tobacco Control* in 2005 examined the behavior of more than 9,000 young adult smokers and found two distinct types: full-time smokers who light up on a daily basis and "social smokers" who only smoke in the presence of other smokers. Twenty-two percent of the college students and graduates in the study admitted to being social smokers—twice the percentage of full-time smokers.

Bars and nightclubs are where much of this social smoking takes place. In the previous study, social smokers were more likely than any other group of young adults to visit bars or nightclubs, the locations where they were most likely to smoke. A study published in the journal *Nicotine and Tobacco Research* in 2002 studied drinking and smoking behavior patterns of two groups of smoking college students: regular smokers and "experimental" smokers who smoked only occasionally. Both groups were more likely to smoke when they drank, but experimenters were much more likely to do so; experimenters had been drinking on almost 90 percent of the occasions they reported smoking.

Studies have also found that young adults' smoking habits are considerably more plastic than those of their elder counterparts. A 2005 study in the journal *Addictive Behaviors* followed up on college students who had smoked at low levels four years earlier. Of the group, 44 percent had quit, 33 percent smoked occasionally, and 20 percent smoked on a daily basis. But even if mere nicotine exposure didn't guarantee addiction, it clearly played a role in determining whether a habit formed. A student's level of smoking at baseline strongly predicted his or her smoking habits four years later; the students who were most likely to quit or smoke less were the ones who smoked only a little to begin with.

So far, no study has found a smoking gun that proves that bar and nightclub promotions cause nonsmokers to start smoking. But one study has come close. A team of researchers at the Harvard School of Public Health last year examined the smoking and drinking behavior of a national sample of college students. They found that while being exposed to bar and nightclub promotions had no effect on the smoking frequency of students who already smoked, non-smoking students who were exposed to bar and nightclub promotions were 64 percent more likely to end up as smokers than students who weren't exposed. Some unknown factor related to bar promotions could have caused the smoking increase, but the bar promotions themselves remain a likely culprit.

From a legal perspective, targeting young adults with cigarette marketing is an entirely different matter than targeting children: one strategy is legal and the other isn't. But for Ribisl and others who work to improve the overall health of society, any action that increases smoking rates is an important concern. After all, a person's lungs are vulnerable to cigarette smoke at any age.

The most effective way to get a person to stop smoking is by raising the price of cigarettes, Ribisl said. Cigarettes have a low level of what economists call "elasticity"—the ability of a product to maintain demand in the face of price change. Price will have some effect on the demand for any product, but it tends to have an especially strong influence on luxury goods. Health economists estimate that every 25 percent increase in cigarette price will result in a 10 percent drop in sales. Adolescents and young adults tend to be more price-sensitive than smokers in older age groups.

But cigarette prices increases are often politically difficult to implement, being strongly opposed by cigarette manufacturers, retailers, and by smokers' rights advocates. Some progressive analysts see cigarette tax increases as a tax on the poor, since people of lower economic classes are more likely to smoke.

In November, North Carolina made an effort the more specific group of smokers who wanted to quit. Drawing from a combination of federal funds and MSA settlement payments, North Carolina launched a toll-free quit line, 1-800 QUIT-NOW (784-8669), to help smokers who wanted to quit. The hotline has received roughly 1,000 calls so far, said Jana Johnson, who helped launch the service. The hotline provides help that has proven to be effective for adults of all ages, Johnson said. The difficulty with young adult smokers will be getting them to actually call, she said.

Back at the Pour House, Charles says he doesn't like his smoking habit and that he's wanted to quit almost since he started. "Right now, it's been good," he says. The cigarette Charlie's smoking this Saturday night is the first one he's smoked all week, he says. If people hadn't been handing out free cigarettes, he wouldn't have smoked this week at all.

CHAPTER VI

ARTICLE 3: THE FIGHT OVER FLAVORED CIGARETTES

Smokers wanting to purchase a pack of cigarettes may now face a wider range of choices than a person waiting in line at Starbucks. Cigarette manufacturer R. J. Reynolds and a plethora of smaller independent tobacco companies now offer cigarettes with distinctive fruit and other food-based flavors, from mint to bourbon. These companies say their flavored cigarettes are responses to the demands of adult consumers for unique, high-end products. Many tobacco-control advocates, however, say manufacturers use flavored cigarettes to market to underage customers.

Flavored cigarettes make up a sizeable part of cigarette sales at TJ's Convenience Store in downtown Carrboro. Store manager Walter McFall said that the specialty cigarette category, which includes flavored and imported cigarettes as well as smokeless tobacco and cigars, is usually the third or fourth best-selling tobacco product, sometimes outselling big names such as Newport, Doral, or unflavored Camels. Tobacco sales account for about 70 percent of the store's total business, McFall said.

Similarities in taste between flavored cigarettes and candy are one reason why some tobacco-control advocates think manufacturers are targeting underage smokers. In 1998, the Master Settlement Agreement, a deal struck by major cigarette manufacturers and state Attorneys General, made it illegal for cigarette manufacturers to target consumers under 18.

One year later, R. J. Reynolds introduced flavored cigarettes into the mass market with its “Exotic Blends” line of Camel cigarettes. Since then R. J. Reynolds has offered five Exotic Blend flavors on a regular basis, and has sold 13 other flavors seasonally or for holidays. In 2004, R. J. Reynolds and Brown & Williamson launched versions of Salem and Kool, the manufacturers’ major mentholated brands, with berry, coffee and mint flavors, but neither manufacturer has continued these cigarette lines. Independent tobacco companies, which had offered flavored tobacco products in to niche markets before the MSA, have also expanded their flavored offerings in recent years.

The flavor in a flavored cigarette typically comes from a pellet embedded in its filter. The Exotic Blends line has included fruit flavors like citrus and berry, spices like cinnamon, sweet flavors like toffee and vanilla, and alcohol flavors like bourbon and gin. Small tobacco companies offer an even wider variety of flavored tobacco products.

Companies manufacturing flavored cigarettes say that they market their products to adult smokers interested in high-quality cigarettes. In the words of one R. J. Reynolds spokesman, “instead of smoking two packs of mainstream cigarettes daily, we want them to only smoke a few of our cigarettes, but to enjoy them more.”

TJ’s carries cigarettes and chewing tobacco with mint and cherry flavors, wrapping paper that gives hand-rolled cigarettes a blueberry taste, and a variety of flavored cigars. “I got cigars in peach, vanilla, mango, berry, sour apple, honey, chocolate, peach, whatever,” McCall said, reading the names from one shelf behind the counter.

TJ's cashier Lee Mundis, 31, said smoking a flavored cigarette can be an entirely new experience for a smoker. Mundis said he normally smokes unflavored cigarettes, but sometimes chooses a premium mint cigarette from a small independent tobacco company.

Mint crystals inside the cigarettes create a cool, sweet sensation when a smoker drags on the cigarette, and the wrapping paper imparts a slight chocolate taste, Mundis said. The combined effect is "like smoking a Peppermint Patty," Mundis said.

Groups such as the American Lung Association argue that food-like flavors make cigarettes more palatable to non-experienced smokers and that manufacturers target underage smokers in advertising campaigns for flavored cigarettes. Some groups have taken to calling the flavored cigarettes "candy cigarettes" or "candy-flavored cigarettes" to underscore this idea.

Candy may be the last thing that the advertising campaigns for flavored cigarettes bring to mind. Instead, the advertisements suggest sophistication, excitement, and indulgence, according to a study in the February issue of *American Journal of Public Health*. The study's authors analyzed advertisements for Camel, Kool, and Salem's flavored cigarettes. Images of those advertisements, which appeared in print media and in direct-mail promotions sent to smokers, are available online at www.trinketsandtrash.org.

The most recent advertising campaign for Camel Exotic Blends, "The Roaring 2000s," has a 1920s theme that ties into the new alcohol-themed flavors like "Back Alley Blend." One magazine advertisement set in a bar features attractive blonde flappers selling cigarettes while a man in a zoot suit sings in the background; another features an attractive young woman smoking while leaning against a vintage Rolls Royce.

The sophisticated design scheme extends down to the products themselves. The Exotic Blends and Silver Label lines are packed in collectable tins rather than paper packaging, and the Smooth Fusion packages opened along the middle like a book. The actual cigarettes carry brand logos and have decorated wrapping papers.

In a 2005 interview in the trade journal *Tobacco Retailer*, R. J. Reynolds representative Fred McConnell said that the Exotic Blends line is a natural development of increased adult demand for premium-flavored products such as coffee, beer and spirits. McConnell noted that some of these drinks that are the most popular among adults often have sweet and fruity flavors, such as peach or raspberry, that superficially resemble candy flavors.

McConnell insisted that the Exotic Blends line was designed for adult consumers. "We make every effort to ensure that all of our actions are guided by a basic belief: minors should not smoke," McConnell said. This intent is reflected in flavored cigarettes' above-average prices, he said. McConnell noted that studies of cigarette sales have found that underage smokers are more price-sensitive than older smokers. A pack of Camel Exotic Blends sells for $5.39 at TJ's, almost $2 more than a regular pack of Camels and almost $3 more than a pack of budget Dorals. A pack of ten Nat Sherman mint-flavored cigarettes sells for $5, more than many packs of 20 cigarettes.

As a TJ's manager, McFall said that he encounters underage customers trying to buy cigarettes almost every day. Sometimes they'll ask for cigarettes themselves hoping that they won't get carded, and sometimes, McFall suspects, they find homeless people out of sight of the store and pay them to purchase cigarettes and to bring them back.

When underage or suspicious customers purchase cigarettes, they tend to ask for common brands such as unflavored Camels or Marlboros, McFall said.

TJ's cashier Mundis agreed. "The people that smoke [flavored cigarettes] are generally your weekenders," Mundis said. Smokers purchasing flavored cigarettes are typically professionals in their late 20s to early 30s, who don't smoke on a regular basis but tend to light up at the end of a week, Mundis said.

There is a connection between youth and flavored cigarettes. Research conducted with smokers as young as 17 found that the younger smokers are, the more likely they are to smoke flavored cigarettes. A 2004 telephone survey conducted by the Roswell Park Cancer Institute in New York found that 11 percent of smokers from the ages of 17 to 25 had smoked a flavored cigarette in the past month—twice the percentage of smokers 25 and older, and five times the percentage of smokers 55 or older. Within the young adult age group, smokers from the ages of 17 to 19 were twice as likely to have smoked flavored cigarettes than smokers in their 20s.

Market research conducted by cigarette manufacturers also found a connection between flavored cigarette preference and young adults. A 2005 study examined internal cigarette manufacturer documents, which have been released since the MSA. Survey results uncovered in the study found that 18 to 24-year-old smokers enjoyed flavored cigarettes more than other age groups. Young-adult smokers were more interested in trying flavored cigarettes and were more likely to enjoy the taste and smell of flavored cigarettes.

Creating and marketing a product for young adults may be one of the most effective ways to attract an underage audience, said M. Jane Lewis, the lead author of the study in the *American Journal of Public Health*. “Even if you accept that they’re marketing toward young adults, it’s still a bad thing. The tobacco industry understands that people under 18 want to do what older people are doing,” Lewis said.

Concern about youth smoking has also created a political movement to ban flavored cigarettes. In 2004, the U.S. Senate passed legislation that would ban cigarettes with fruit and candy flavors, though the House of Representatives blocked the bill. As of July 2005, nine states, including North Carolina, had introduced bills that would ban or limit the sale of flavored cigarettes, a report by the American Lung Association found.

The North Carolina bill, introduced by Sen. Charles Albertson (D), stalled in the Senate Commerce Committee last year. The bill would have banned the sale or distribution of cigarettes with any added flavor other than tobacco or menthol. In a telephone interview, Albertson said he sponsored the bill because flavored cigarettes were attracting an underage audience. “I don’t think we need to do anything that encourages our younger people to begin smoking,” Albertson said.

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