

In this issue:

- Minneapolis Adopts Restrictions on Flavored Tobacco Products
- RJ Reynolds and Lorillard Merge
- Direct Mailing Project Updates

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TOBACCO MARKETING UPDATE

Reducing Youth Exposure to Tobacco Advertising and Promotion

Minneapolis Adopts Restrictions on Flavored Tobacco Products

By BETSY BROCK

The Minneapolis City Council voted unanimously on July 10 to restrict the sale of flavored tobacco products other than menthol to adult-only tobacco shops. The Council also increased the price of cigars to \$2.60 apiece. Several other cities in Minnesota, including Maplewood, Bloomington, Saint Paul, and Brooklyn Center, have adopted policies that regulate the price of cheap cigars. However, no other Minnesota cities have restricted the sale of flavored tobacco products. Nationally, New York City and Providence, RI, have similar policies in place that served as a model for the Minneapolis ordinance.

The new policy means that only about 15 of the city's 400-plus tobacco vendors will be allowed to sell candy-flavored tobacco products. In order to sell these products, the stores must derive at least 90 percent of their revenue from tobacco and be adult-only at all times.

Council Members Cam Gordon (Ward 2) and Blong Yang (Ward 5) co-authored the ordinance in response to an outcry from youth from



the Minneapolis Youth Congress and the Breathe Free North program at NorthPoint Health & Wellness, who said these products are appealing to young people.

"We heard loud and clear from Minneapolis youth that flavored tobacco products are what most kids use when they start smoking," Council Member Cam Gordon said. "We believe that limiting access to these products will help prevent youth from becoming addicted to nicotine and dramatically improve the health of future generations."

Opponents of the policy included convenience store owners and chains, such as Holiday, SuperAmerica, Bobby & Steve's, retailer associations, and Altria, the company that makes Marlboro cigarettes and Skoal. Proponents included health groups and groups who work with youth.

The policy takes effect on Jan. 1, 2016.





TOBACCO MARKETING UPDATE

RJ Reynolds and Lorillard Merge



By CHRIS FARMER-LIES

Reynolds American (RJR) and Lorillard have merged after nearly a year of negotiation, combining the second and third largest tobacco companies in a \$27 billion deal. British American Tobacco will remain the largest single

shareholder in the newly-merged company, which might threaten Altria's (formerly Philip Morris) decades-long dominance over the industry.

While the company will continue to market flagship products Camel and Newport, anti-trust concerns led to a \$7 billion divestment deal to Commonwealth-Altadis/ITG Brands that included smaller brands like Kool, Winston, Maverick, Salem, and blu eCigs. The divestment must be approved by a federal court per a 1999 Racketeer Influenced and Corrupt Organizations Act (RICO) suit by the Department of Justice.

Currently, Altria holds about 47 percent of the U.S. tobacco market, Reynolds American about 28 percent, and Lorillard about 12 percent. After the merger is complete, the top two companies may sell more than 80 percent of the cigarettes in the United States, with Imperial Tobacco in a distant third at around 10 percent.

Reynolds-Lorillard will likely remain the largest seller of menthol through Lorillard's Newport brand, which makes up about 35 percent of the menthol cigarette market. Though Altria holds the largest share of the overall cigarette market, it has long trailed in the critical menthol category with 18 percent. RJR's Camel Menthol and Camel Crush brands hold about 12 percent of the menthol market. Menthol cigarettes are disproportionately used by African-Americans, youth, and the LGBTQ community. Numerous studies have shown menthol is easier to start and more difficult to quit, due in part to a numbing effect that makes smoke feel less harsh.

Questions or Comments?

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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 marketing. The tobacco industry uses these types of marketing to build relationships with consumers.

Tobacco companies frequently send free giveaways to consumers on company mailing lists. These items help increase customer loyalty and brand awareness. Here are two recent examples of free giveaway items. First, the e-cigarette company blu gave away a set of darts. These darts were "purchased" with points that were earned by completing activities on the blu website. Second, Marlboro gave away this "dry bag" for a phone or iPod as a prize for playing a game on the company's website.

