



COALITION QUÉBÉCOISE  
POUR LE CONTRÔLE DU TABAC

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**Arguments and Counter-arguments:  
Banning Point-of-Purchase Promotions (POP)**  
(December 2007)  
(Translation provided by the Ontario Coalition for Action on Tobacco)

**ECONOMIC ARGUMENTS**

**1. Banning displays will reduce sales and lead to layoffs and closures among convenience stores.**

- Banning displays does not prevent the sale of cigarettes: **retail outlets will remain the principal suppliers of cigarettes to smokers.** The only difference will be that the former can not display cigarette packages to their customers.
- **Québec convenience stores and grocers recently acquired a large new client base** as a result of modifications to the 2005 tobacco law which banned tobacco sales in restaurants, bars, vending machines and cultural and sporting establishments. This requirement led to a **reduction in the number of tobacco sales outlets from 20,000 in 2005<sup>1</sup> to 7,100 in 2007,<sup>2</sup>** which has greatly concentrated the tobacco clientele for convenience retailers, grocery stores and gas stations. (They also inherited all the customers that purchased their cigarettes in pharmacies after the ban in 1998.)
- **Every new tobacco control measure has been accompanied by cries of alarm about disastrous economic impacts.** They were heard from festival organizers in the face of tobacco sponsorship bans (2003), from pharmacists faced with a ban on tobacco sales in their establishments (1998), from retailers faced with new package warnings (2000), and from bars in the face of a ban on smoking in public places. **In none of these cases has catastrophe occurred,** just as will be the case with convenience stores. This time, even the tobacco industry seems to be in agreement. To the question "Will the ban on (tobacco) displays put businesses into bankruptcy?" Derek Guile, vice-president of sales at Rothmans Benson & Hedges himself stated, "The answer is a resounding no".<sup>3</sup>
- Tobacco use has been progressively declining for 40 years, a trend not only accepted but supported by society at large. This progressive decline, encouraged by a range of policies, programs and education campaigns, is part of the environment in which all businesses are operating. **The display ban is simply a logical next step in a broader social movement.** It is up to convenience stores to strengthen their business by finding their own solutions to increase revenues, and end their "addiction" to the revenues from the sale and promotion of a product destined (we hope) to disappear.
- **Following implementation of a total POP ban in Saskatchewan in 2002,** federal inspectors reported that practically all retailers were in compliance with the law (98%), with minimal costs, and with neither employee layoffs nor store closures.<sup>4</sup> In fact, convenience stores and **convenience and grocery stores say a 20% increase in sales in 2006<sup>5</sup>** the year following final implementation of the law.<sup>6</sup>

<sup>1</sup> **Ministère de la Santé et des Services sociaux**, "Pour notre progrès, Développement de la législation québécoise contre le tabagisme – Document de consultation" page 28, <http://publications.msss.gouv.qc.ca/acrobat/f/documentation/2004/04-006-07.pdf>

<sup>2</sup> **Ministère de la Santé et des Services sociaux**, Registre des points de vente du Québec, November 2007.

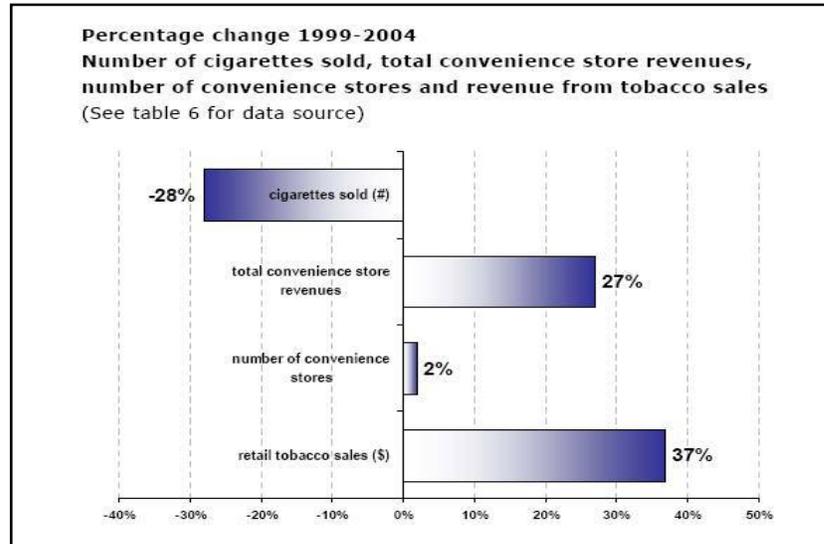
<sup>3</sup> **Your Convenience Manager** (YCM Magazine). "Bloodied but unbowed: C-retailers balance display bans with tobacco profits." January/February 2006. [http://www.conveniencecentral.ca/images/cretail\\_heading.pdf](http://www.conveniencecentral.ca/images/cretail_heading.pdf)

<sup>4</sup> **Canadian Cancer Society**, "What do people say about Saskatchewan's tobacco display ban" [http://www.cancer.ca/ccs/internet/standard/0,3182,3702\\_76524294\\_77074367\\_langld-en,00.html](http://www.cancer.ca/ccs/internet/standard/0,3182,3702_76524294_77074367_langld-en,00.html); and **Saskatchewan Coalition for Tobacco Reduction**, "Tobacco enforcement Officers with Health Canada are involved in ongoing inspections of tobacco retail establishments". Presentation to the Law Amendments Committee, Manitoba, 8 August 2002.

<sup>5</sup> **Statistics Canada**, "Retail Trade: How the Provinces Fared in 2006", Chart 5 - Over a third of the trade groups in Saskatchewan attained double digit sales growth in 2006. <http://www.statcan.ca/english/research/11-621-MIE/2007057/charts/chart5.htm>

<sup>6</sup> Implementation was suspended in October 2003 in light of the industry's court challenge. The law was finally implemented following the Supreme Court judgment which upheld the law in January 2005.

- There is no proof that banning displays will suddenly reduce revenues, but **as is the case for all anti-tobacco measures, the hoped for and desired result is the gradual reduction in tobacco use.**
- **Retailers have already shown they can easily adapt to the substantial decline in tobacco use.** In fact, **reduction in tobacco sales in recent years** (of 28% between 1999 and 2004 in Canada) **was not accompanied by a reduction in total revenues** among Canadian retailers. On the contrary, this sector of the economy increased in profitability (increase of 27% in sales).<sup>7</sup>



- It should also be noted that the percentage of revenue from tobacco sales (32% of sales in convenience stores<sup>8</sup>) is much higher than the percentage of the gross profit margin (23% of total gross profits), tobacco products being among their most expensive items and the profit margin being among the lowest due to the importance of taxes in the price of tobacco<sup>9</sup> (the margin lies between 5 and 13%)<sup>10</sup>.

## 2. The display ban will cause convenience stores to lose crucial revenue.

- When displays, display units and tobacco promotion signs disappear, **the space will be available for other products and promotion.** This includes space on counters where sealed cigarette package display cases are found. It is true that tobacco companies pay a lot of money for this space<sup>11</sup> (this being one of the last promotional vehicles available to the industry). But **the space vacated by tobacco will continue to represent a significant commercial benefit for other products or promotion.**



<sup>7</sup> **Statistics Canada**, cited in **Physicians for a Smoke-free Canada**, "Transforming Cigarette Retailing", June 2007.

<sup>8</sup> **Your Convenience Manager**, "What kind of C-Retailer Are You?" May/June 2007, [http://www.conveniencecentral.ca/images/profiles\\_7th.pdf](http://www.conveniencecentral.ca/images/profiles_7th.pdf).

<sup>9</sup> Taxes represent between 65% (premium brands) and 80% (economy brands) of the total price; **Imperial Tobacco**, "Average Cigarette prices per carton by province". [http://www.imperialtobacco.com/onewebca/sites/IMP\\_5TUJVVZ.nsf/vwPagesWebLive/DO5Z5PKB/\\$FILE/medMD6GXHQL.pdf?openelement](http://www.imperialtobacco.com/onewebca/sites/IMP_5TUJVVZ.nsf/vwPagesWebLive/DO5Z5PKB/$FILE/medMD6GXHQL.pdf?openelement) (premium), and [http://www.imperialtobacco.com/onewebca/sites/IMP\\_5TUJVVZ.nsf/vwPagesWebLive/DO5Z5PKB/\\$FILE/medMD6GXHTE.pdf?openelement](http://www.imperialtobacco.com/onewebca/sites/IMP_5TUJVVZ.nsf/vwPagesWebLive/DO5Z5PKB/$FILE/medMD6GXHTE.pdf?openelement) (economy)

<sup>10</sup> Several estimates: **National Convenience Stores Distributors Association of Canada** suggests a margin of 5% for convenience stores and distributors combined ([www.nacda.ca](http://www.nacda.ca)). In the impact study for Bill 112, available information suggests a profit margin of 7% based on data from Prince Edward Island ([http://www.gov.pe.ca/photos/original/leg\\_01-15-04\\_1.pdf](http://www.gov.pe.ca/photos/original/leg_01-15-04_1.pdf)): **Pierre Ouellette** and colleagues, "Étude d'impact des modifications proposées à la Loi sur le tabac", au compte du Ministère de la Santé et des Services sociaux", page 32, 21 March 2005. The business publication YCM evaluates it at 13%: **Your Convenience Manager**, "What kind of C-Retailer Are You?" May/June 2007, [http://www.conveniencecentral.ca/images/profiles\\_7th.pdf](http://www.conveniencecentral.ca/images/profiles_7th.pdf). The latter shows that the profit margins on cigarettes is among the lowest of all products sold in convenience stores, third lowest after lottery tickets (6%) and calling cards (10%). The profit margin of all other products lies between 20% and 40%.

<sup>11</sup> \$32,846,069 per year in Québec, **Canadian Cancer Society** citing **Health Canada** reports "Tobacco Manufacturer Payments to Retailers to Display Tobacco Products and Signs, Canada, 2001-2006", based on tobacco industry reports.

- Convenience stores are paid for display cases, for promotional space (“power walls”) and for other aspects related to inventory (e.g. volume and timing of orders<sup>12</sup>). Even if display cases and displays disappear, **certain practices, such as those related to inventory will likely continue to be compensated**. Some companies will also no doubt try to set up new marketing strategies, such as sales pitches for their products by sales personnel<sup>13</sup>, whereas others have suggested the need for “exclusivity” agreements<sup>14</sup>. Imperial Tobacco is no doubt referring to these kinds of “programs” when it says: “Yes, the display money is gone, but there will be other programs developed between manufacturers and retailers. The amount from these programs could range from a few hundred dollars to a few thousand dollars, depending on the size of the store and its traffic.”<sup>15</sup> **In fact, in Saskatchewan, amounts paid to retailers have scarcely changed before and after the implementation of the total POP display ban**, moving from \$808,089 in a six month period in 2001 to \$857,963 (six months) in 2005.<sup>16</sup>
- It should also be noted that most cigarettes are bought from financially-stable businesses: supermarkets and big grocery stores (41% of the market<sup>17</sup>), convenience store chains (about 13.6%<sup>18</sup>) and gas service stations (7.4%).<sup>19</sup> In other words, **for the majority of tobacco sales outlets, the loss of revenue from displays and display cases will have a minimal impact on their overall profits**. Couche-Tard, oil companies and grocery stores such as Métro-Richelieu, Loblaws-Provigo and Sobey’s-IGA are multi-million dollar (if not billion dollar) businesses.

### 3. Small independent stores are family businesses and their revenue are needed to support their families. They do not have the resources of large chains.

- **The only economically-fragile businesses which could be affected by these measures (that is, if tobacco companies were to completely cut off their “premiums” to businesses) are small independent convenience stores**, which represent 20.3% of the market.<sup>20,21</sup> (\*This percentage also includes independent convenience stores that operate under a chain brand name). We are deliberately leaving out independent grocers because they have very little tobacco promotion<sup>22</sup>). Nevertheless,

<sup>12</sup> “The rebate criteria to get the lower cost product require some management on the part of the retailers – inventory requirements, advanced order preparation, and pre-authorized payments” drawn from the article “Contraband, DSD, DARK MARKETS”, **Your Convenience Manager** (YCM magazine), January/February 2007.

<sup>13</sup> According to **David Hurst**, retail consultant, “Rethinking the business model: convenience channel reacts to Imperial Tobacco’s DSD more”, [www.conveniencecentral.ca](http://www.conveniencecentral.ca), November/December 2006.

<sup>14</sup> “We probably need to develop a RJR exclusive program and have it ready for total non self service situation...” **RJ-Reynolds**, memos concerning observations from a trip in Australia, 12 February 1997.

<sup>15</sup> **Rahul Prakash**, head of trade marketing and distribution for Imperial Tobacco Canada. “Bloodied but unbowed: C-retailers balance display bans with tobacco profits”. **Your Convenience Manager** (YCM Magazine), January/February 2006. [http://www.conveniencecentral.ca/images/cretail\\_heading.pdf](http://www.conveniencecentral.ca/images/cretail_heading.pdf)

<sup>16</sup> **Health Canada** consultation document, “A Proposal to Regulate the Display and Promotion of Tobacco and Tobacco-Related Products at Retail”, p. 13, December 2006. [http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/commun/consultation/\\_tob-ret/tab\\_e.html](http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/commun/consultation/_tob-ret/tab_e.html)

<sup>17</sup> **Pierre Ouellette** and colleagues, “Étude d’impact des modifications proposées à la Loi sur le tabac”, au compte du Ministère de la Santé et des Services sociaux”, page 31, 21 March 2005.

<sup>18</sup> (our translation) According to Ouellette (**Pierre Ouellette** and colleagues, “Étude d’impact des modifications proposées à la Loi sur le tabac”, au compte du Ministère de la Santé et des Services sociaux”, page 31, 21 March 2005), the convenience store/small grocery store portion of the market is 47%. The Association des marchands dépanneurs et épiciers du Québec estimate that of this number, the proportion of businesses which are not independent is 33% (l’**Association des marchands dépanneurs et épiciers du Québec**, Report presented to the parliamentary commission on Bill 112, 31 May 2005). Therefore: 33% x 40.7% = 13.6%.

<sup>19</sup> **Pierre Ouellette** and colleagues, “Étude d’impact des modifications proposées à la Loi sur le tabac”, au compte du Ministère de la Santé et des Services sociaux”, page 31, 21 March 2005.

<http://mssa4.msss.gouv.qc.ca/fr/document/publication.nsf/4b1768b3f849519c852568fd0061480d/02568ec518d75c59852570120053c7eb?OpenDocument>

<sup>20</sup> Convenience stores and grocery stores represent 40.7% of the tobacco market in Québec (**Pierre Ouellette** and colleagues, “Étude d’impact des modifications proposées à la Loi sur le tabac”, au compte du Ministère de la Santé et des Services sociaux”, page 31, 21 March 2005); among convenience stores and small groceries, we estimate that about half (49.8%) are independent convenience stores (according to the sample of Nielson and Health Canada “*Evaluation of Retailers’ Behaviour Towards Certain Youth Access-to-Tobacco Restrictions (Final Report of Findings: 2006)*”, Table ii - Sample Dispersion by Class of Trade – 2006). [http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/table/table\\_ii\\_e.html](http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/table/table_ii_e.html). Another estimate of the number of independents is 40.7%, that is the percentage of independent businesses among all businesses (convenience stores, small grocers and grocery stores). (**Banque de données des statistiques officielles du Québec des statistiques officielles du Québec, Gouvernement du Québec**, [http://www.bdso.gouv.qc.ca/pls/ken/Ken263\\_Liste\\_Total.p\\_tratr\\_reslt?p\\_iden\\_tran=REPER4BGF3713139176125844\\$nk7R&p\\_modi\\_url=1206024426&p\\_id\\_rapp=1368](http://www.bdso.gouv.qc.ca/pls/ken/Ken263_Liste_Total.p_tratr_reslt?p_iden_tran=REPER4BGF3713139176125844$nk7R&p_modi_url=1206024426&p_id_rapp=1368)).

We use the highest estimate (49.8%) as a conservative figure: 40.7% x 49.8% = 20.3%.

<sup>21</sup> We estimate the number of independent convenience stores (with or without name brand) is approximately 3,300, according to a calculation of the **Boîte du Comm.** based on multiple sources (available on request).

<sup>22</sup> Only 4.6% of food stores utilized tobacco promotions, and the promotion itself is minimal: **Health Canada** “*Evaluation of Retailers’ Behaviour Towards Certain Youth Access-to-Tobacco Restrictions (Final Report of Findings: 2006)*”. [http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/app-ann\\_e.html](http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/app-ann_e.html)

independent convenience stores in general use substantially less promotion than non-independent name brand convenience stores (chains): they put up 41% fewer promotional elements than their name brand competition.<sup>23</sup> As a result, they receive amounts which are proportionately much less important than the average of payments provided by tobacco companies for tobacco displays. **The average value of these payments is estimated to be \$2723 per year.<sup>24</sup> Seventy-two percent of these retailers receive an amount less than \$2000 (barely \$5.50 per day),** less than one in five receive more than \$3000, and all those that receive more than \$5000 have a gross revenue of at least \$750,000.<sup>25</sup>

#### 4. Small businesses do not make enough money to renovate, build and manage new structures which meet governmental requirements.

- **The only legal requirement is that packages will no longer be visible.** Opponents of restrictions want convenience stores to think that the elimination of displays is an expensive and complicated measure.<sup>26</sup> Any sales counter in a convenience store permits stocking of product beneath it. At worst, reorganization of existing space in order to place tobacco products underneath the counter will be necessary. For example, **in Manitoba, reorganization of displays and storage space cost retailers on average \$1700 per store.** This is a one-time cost which represents barely a twentieth of a percent of their average annual revenue.<sup>27</sup>
- **If tobacco companies are worried about alleged financial losses among small retailers, they could simply reduce the per-package price by eight cents<sup>28</sup>** and transfer this profit margin to retailers (maintaining the same price for consumers), which represents the equivalent of average payments for POP. Tobacco products in Quebec will still be the cheapest in Canada. In fact, nothing prevents retailers from raising themselves the sales price of cigarettes by a few cents.
- **If businesspeople are concerned about the welfare of their children, they should inevitably want to protect them from tobacco.** Their children are just as vulnerable as others to tobacco company marketing strategies. POP promotion is recognized as an effective means to encourage the initiation of tobacco use. Omnipresent tobacco displays next to candy and gum normalize tobacco instead of communicating its true destructive nature. The new measures are cost-effective means of dissuading generations of children and adolescents from trying tobacco, which in turn will leave more money in the pockets of taxpayers, because costs paid by the state which are attributable to tobacco will be reduced. These costs rose to \$17 billion in 2002<sup>29</sup>, or \$656 per citizen.

#### 5. The government should financially compensate businesses for revenue losses linked to POP promotion, as the Quebec government did with tobacco farmers (2004) and festivals (2003).

- There are significant differences between retailers, tobacco growers and cultural events. For example, **tobacco growers live only off the sale of tobacco, and the production and sale of tobacco leaf should completely stop,** whereas convenience stores sell a wide selection of products, not to mention the continued sale of cigarettes. **Compensation for Québec festivals was available to assist non-profit organizations who provided free events for the public, events that were mostly supported**

<sup>23</sup> An average of 4 different promotional vehicles are present in independent convenience stores in Québec, compared to 6.8% in name brand convenience stores. Advertising measured includes display signs of all types, posters, display cases and others. **Health Canada** "Evaluation of Retailers' Behaviour Towards Certain Youth Access-to-Tobacco Restrictions (Final Report of Findings: 2006)". [http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/app-ann\\_e.html](http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/app-ann_e.html)

<sup>24</sup> \$2723 = the average payment paid to independent businesses (section 5.2), as estimated from a poll of 160 independent Québec convenience stores in fall 2007 by the **Boîte du Comm.**

<sup>25</sup> 72% receive less than \$2000, of which 26% receive nothing, 32% between \$0 and \$1000, and 14% from \$1000 to \$2000 (section 5.2). 17% of independent convenience stores receive payments of more than \$3000 (section 7.1). 13% receive more than \$5000, and among these, all have gross revenues above \$750,000 (section 5.2), as estimated from a survey of 160 independent Québec convenience store operators by the **Boîte du Comm.**

<sup>26</sup> **Canadian Convenience Store Association**, campaign document in opposition to restrictions in Nova Scotia, February 2007.

<sup>27</sup> The average cost of \$1681 divided by average revenue: \$2,616,917 = \$0.06%. **Corporate Research Associates Inc.** "Manitoba Follow-up Survey on the Tobacco Retail Environment: 2006", prepared for **Health Canada**, February 2007.

<sup>28</sup> In 2006, there were 32.648 billion cigarettes sold in Canada, including roll-your-own tobacco at 1 gram per cigarette ([http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/recherche-recherche/indust/sales-ventes\\_e.html](http://www.hc-sc.gc.ca/hl-vs/tobac-tabac/recherche-recherche/indust/sales-ventes_e.html)), which is equivalent to 1.3 billion packages of 25. In 2005, the industry paid \$100 million to retailers. \$100 million divided by 1.3 billion = \$.077 cents per pack of 25 on average.

<sup>29</sup> **Rehn, J** et al, "The Costs of Substance Abuse in Canada 2002", March 2006

[http://www.ccsa.ca/CCSA/EN/Research/Costs\\_of\\_Substance\\_Abuse\\_in\\_Canada/TheCostsofSubstanceAbuseinCanada.htm](http://www.ccsa.ca/CCSA/EN/Research/Costs_of_Substance_Abuse_in_Canada/TheCostsofSubstanceAbuseinCanada.htm)

by sponsorships, whereas convenience stores are profit-making businesses which do not offer community activities with multiple benefits for society and its citizens (family activities, tourism, cultural life, etc.): they sell and will continue to sell convenience products.

- **Should compensation for all persons profiting from tobacco be advocated** while reducing the most significant cause of death and preventable disease? All those who benefit from the sale of tobacco have never “compensated” the enormous burden carried by the public health care system due to tobacco (a financial burden which is in fact paid by all taxpayers).

## “PROCESS” DISAGREEMENTS

### 6. There has not been enough consultation. Retailers want to be consulted.

- In January 2005, Health Minister Phillippe Couillard launched a consultation on the strengthening of the tobacco law in Québec. The consultation document referred to the need to limit point-of-sale promotion of tobacco. Couche-Tard, the ADAQ, the AMDEQ, the ANDPSA and the FEI all participated in this consultation. In May/June 2005, a parliamentary commission received submissions and heard witnesses on the draft bill which resulted from the consultation. Convenience stores were also very well represented.

### 7. Everything is happening too quickly. Retailers do not have the time to comply. Implementation of the display ban should be delayed.

- The display ban was adopted on 16 June 2005. Retailers have therefore known for 2 ½ years that displays will disappear on 31 May 2008.
- **Implementation of requirements banning POP promotion happened swiftly without significant difficulty in Nova Scotia (1 September 2007) just as in Ontario**, where the implementation has been progressive (no promotion or decorative elements since May 2006, and disappearance of all displays of cigarette packages as of 31 May 2008).

## MARKETING ARGUMENTS

### 8. In any case, POP promotion does not make anyone smoke. Banning POP accomplishes nothing.

- Just like all point of purchase promotions, tobacco POP significantly influences the behaviour of customers. POP in effect **fulfills most traditional advertising functions. It allows informing, persuading, reminding, branding, and generally reinforcing a company’s other marketing efforts**<sup>30</sup> – although in the case of tobacco, the “information” function should be replaced instead by “disinformation” concerning the true nature of the product.
- **In the case of tobacco, the most perverse effect of promotion is the trivialization of a deadly product.** Cigarette packages cover entire walls. They can be found in display cases located among candy and other treats. They are inserted in lit, multi-colour wall displays. A strong message derives from all this positive presentation: tobacco is a normal, anodyne and socially acceptable product, of which the risks “can’t be as bad as all that”.
- **Promotion in sales outlets, especially the high visibility of cigarette packages, creates a strong temptation for smokers who are trying to quit.** In other words, simply entering a store is an occasion to make ex-smokers relapse, as well as for those who are in the process of quitting. According to an Australian study, 34% of those who recently stopped smoking felt a strong desire to buy cigarettes when they saw cigarette displays in a retailer.<sup>31</sup> The large majority of smokers (82%) want to stop

<sup>30</sup> Point-of-Purchase Advertising International (POP AI), “Marketing’s Powerful Weapon: Point-Of-Purchase Advertising”, p. 62-63, published in 2001.

<sup>31</sup> (33.9%) Wakefield, M et al. “The effect of retail cigarette pack displays on impulse purchase”, Addiction 2007.

smoking, but most do not succeed.<sup>32</sup> It is worse for young people: ¾ of those who smoke try to stop at least once, but nearly all (90%) fail.<sup>33</sup>

- **POP sends a message that tobacco is much more popular than it actually is in reality<sup>34</sup>** (ironically POP promotion is increasing in Quebec while tobacco use is falling<sup>35</sup>). Youth in particular have a tendency to overestimate the extent of tobacco use.<sup>36</sup> This false perception of the popularity of tobacco use among one's peers is a more important predictor to future use than the actual use among one's friends.<sup>37</sup> Environmental cues should reflect the reality on this point, and the elimination of displays will help correct any erroneous perception on the popularity of smoking.
- **Recent studies confirm the power of POP promotion amongst youth.** An Australian study showed that POP promotion of tobacco products can create by itself a positive perception of tobacco, or of a particular brand of tobacco, even among young people.<sup>38</sup> In fact, the association of positive images with the product justifies the desire for it and facilitates purchase and use.<sup>39</sup> Another study concludes that POP promotion influences students by weakening their intention to not smoke in the future.<sup>40</sup> A final study demonstrates that POP marketing practices increase the probability that a young person will begin to smoke, and suggest that POP restrictions can reduce tobacco use among young people.<sup>41</sup>

## 9. POP promotion is the last remaining form of communication available to the industry to inform its consumers about its brands. Banning displays would limit its freedom of expression.

- Unfortunately, **POP is not the last form of promotion available to the tobacco industry. In Québec, it can still advertise in print publications** (newspapers, journals, magazines) to communicate “intrinsic characteristics of its products and brands”. The law also still permits signs on the availability and price of tobacco products in sales outlets.
- **Apart from price, what the industry tends to “communicate” to consumers has absolutely no use.** Images, logos, colours and package graphics, as well as misleading descriptors (formerly “mild” and “light” – now “prestige” and “silver”) have absolutely no significance with respect to the product itself. This is simply marketing that aims to convey a “personality” for to brand (in order to differentiate the ones from the others) or to confer a false sense of security to smokers (by making them think one cigarette may be less harmful than another).



## 10. Customers will be confused about what brand to buy. They will have to ask questions to clerks, which will significantly slow down customer service.

- **It is still permitted to post a list of products and their prices, which is more than sufficient to meet the needs of the large majority of smoking customers.** A neutral list of products/prices is different from promotional walls, display cases, multi-coloured signs and all the special effects which draw attention to cigarette packages and normalize these deadly products.
- **The only “customers” who don't know the different products are “beginners”, that is usually minors,** and it is not only illegal to sell them tobacco, but eminently desirable that they do not buy any.

<sup>32</sup> **Canadian Cancer Society.** News release quoting an Environics survey (carried out between 11-29 December 2003 among 2002 Canadians), 16 January 2004.

<sup>33</sup> **Fiore, MC,** “Trends in Cigarette Smoking in the United States: The Epidemiology of Tobacco Use”, *Med Clin North Am* 1992; 76: 289-303.

<sup>34</sup> **Dewhirst, T,** “POP goes the wall? Taking aim at tobacco promotional strategies utilized at retail”. *Tobacco Control* 2004; 13: 209-210

<sup>35</sup> In Québec: increase in three of four Québec cities evaluated (31.8%, 12.8% and 23%); reduction of 1.9% in the fourth: **Health Canada,** “Evaluation of Retailers' Behaviour Towards Certain Youth Access-to-Tobacco Restrictions (Final Report of Findings: 2006)”. [http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/part-b\\_section1\\_e.htm#t22](http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/part-b_section1_e.htm#t22) an increase of 34.1% in money spent between 2001 and 2005: **Canadian Cancer Society,** “Tobacco Manufacturer Payments to Retailers to Display Tobacco, 2001-2005”, source: **Health Canada** (based on tobacco industry reports), 4 May 2006.

<sup>36</sup> **Institut de la statistique du Québec,** “Enquête québécoise sur le tabac, l'alcool, la drogue et le jeu chez les élèves du secondaire, 2006”, [http://www.stat.gouv.qc.ca/publications/sante/pdf2007/tabac\\_alcool2006c3.pdf](http://www.stat.gouv.qc.ca/publications/sante/pdf2007/tabac_alcool2006c3.pdf)

<sup>37</sup> **Tyas, SL and LL Peterson,** “Psychosocial factors related to adolescent smoking: a critical review of the literature”, *Tobacco Control* 1998; 7: 409-420.

<sup>38</sup> **Donovan R, Jancey J, Jones S.** “Tobacco point of sale advertising increases positive brand user imagery”. *Tobacco control* 2002; 12: 191-194.

<sup>39</sup> **Ogden, J** “Retailing and Consumer Behaviour” (Chapter 2) in “Marketing's Powerful Weapon: Point-of-Purchase Advertising”. Point-of-Purchase Advertising International, Washington, DC, 2001.

<sup>40</sup> **Wakefield, M et al.** “An experimental study of effects on schoolchildren of exposure to point-of-sale cigarette advertising and pack displays”, Health Education Research, Oxford University Press, 2006; is expected to be published the journal *Addiction* in 2007.

<sup>41</sup> **Slater, SJ et al.** “The Impact of Retail Cigarette Marketing Practices on Youth Smoking Uptake”, *Arch Pediatric Adolescent Medicine.* 161:440-445, 2007. <http://archpedi.ama-assn.org/cgi/content/full/161/5/440>

**11. The law won't stop young people from smoking. They'll get cigarettes from their parents or obtain contraband cigarettes.**

- **The objective of this measure is to denormalize tobacco and to reduce its attractiveness.** A young person who is determined to smoke will always find a way of obtaining cigarettes.
- Contraband is just as problematic as the presence of tobacco POP promotion, and we should fight it in any way we can. (One measure doesn't prevent the other.) But it should be noted that that **7 of 10 cigarettes still originate from retailers and 100% of the industry's promotion is located in these outlets.**
- Convenience stores themselves are relatively easy-going concerning youth access to tobacco products. Although the law bans sales to minors, Québec convenience stores hold the worst record year after year for illegal sales to minors in Canada.<sup>42</sup> In 2006 in Québec, more than a third of underage students who smoke bought their cigarettes themselves in a business, and of these youths, 45% declared that they were never refused a purchase of cigarettes.<sup>43</sup>

## GENERAL ARGUMENTS

**12. Tobacco is a legal product. Why hide it? Are we also going to hide chocolate bars because of problems of obesity? And why don't we hide alcohol?**

- **If tobacco were a new product being introduced to the market, it would be banned on the spot,** which is not the case for any of the other products named above. There is no product which can be legally consumed, which involves a level of mortality and suffering anywhere close to the harm caused by tobacco. Tobacco kills half of its users when used exactly as intended by its manufacturers. In Québec, tobacco is responsible for 1 in 4 deaths.<sup>44</sup> There is an enormous difference between tobacco and other legal but potentially dangerous products: cigarettes kill when consumed as intended, and this consumption is maintained by the biological slavery to nicotine which develops rapidly, even under occasional use conditions. **On the other hand, alcohol, fast food and soft drinks can be safely consumed from time-to-time.** Problems linked to these products (alcoholism, obesity, dental cavities, etc.) result from repeated over-consumption.

**13. Hiding packages of cigarettes risks increasing thefts or assaults of the clerk because he/she has to lean over or turn his/her back to pick up a package.**

- **When one wishes to protect one's money, one hides it.** You don't display it on a bulletin board behind you.<sup>45</sup> Hidden merchandise attracts less attention from thieves than that which is on display.
- Presently, clerks need to turn their back to take packs of cigarettes from displays behind them and no one is concerned about this. On the other hand, if tobacco was under the counter, clerks would remain facing the client. Wouldn't this be better?

**14. The requirement to hide tobacco products will encourage the sale of contraband cigarettes: some businesses will profit from this by adding illegal products to their inventory.**

- **Nothing stops retailers from hiding illegal products under counters at present. Some in fact already do this, in parallel with the sale of their visible inventory.** It has been estimated that 11 to 16% of convenience stores sell contraband tobacco.<sup>46</sup>
- Strong measures are needed to combat contraband at source. Banning displays will not change anything in this regard.

<sup>42</sup> 31.7% of Québec convenience stores sell tobacco to minors: **Health Canada**, "Evaluation of Retailers' Behaviour Towards Certain Youth Access-to-Tobacco Restrictions (Final Report of Findings: 2006)". [http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/table/table\\_7\\_e.html](http://www.hc-sc.gc.ca/hl-vs/pubs/tobac-tabac/eval-2006/table/table_7_e.html)

<sup>43</sup> **Institut de la statistique du Québec**, "Enquête québécoise sur le tabac, l'alcool, la drogue et le jeu chez les élèves du secondaire, 2006", [http://www.stat.gouv.qc.ca/publications/sante/pdf2007/tabac\\_alcool2006c3.pdf](http://www.stat.gouv.qc.ca/publications/sante/pdf2007/tabac_alcool2006c3.pdf)

<sup>44</sup> Deaths in Québec in 1998: 54,004, **Institut de la statistique du Québec**, "Naissances, décès et mariages par mois, Québec, 1995-2003: January 2004.

<sup>45</sup> Quote from **Rob Cunningham**, Canadian Cancer Society, Truro Daily News, 2 August 2007.

<sup>46</sup> **Gfk Research Dynamics**, "New information on illegal tobacco sales", for the Canadian Tobacco Manufacturers' Council, 2 August 2007.