

Tobacco Industry Tactics .....



## Targeting the Poor



Casualties  
in Cambodia, Indonesia  
and Laos



# Introduction

The poor is one of the best targets for tobacco product marketing because they form the largest group of smokers worldwide and in developing countries, the largest group in the population. They are less educated and more likely to underestimate their habit's actual impact on their health. World Health Organization (WHO) stated that 84% of smokers live in developing and transitional economy countries.<sup>1</sup> It also highlighted that it is 'the poor who consumed tobacco the most and who bear most of the economic and disease burden of tobacco use'.<sup>2</sup>

According to Martin Bobak et al., international comparisons show that smoking contributes to higher morbidity and mortality rates among the poor particularly in countries such as Cambodia and Laos where majority of the poor reside in rural areas.<sup>3</sup> For the poor, money spent on tobacco is money not spent on basic necessities such as food, shelter, education and health care.

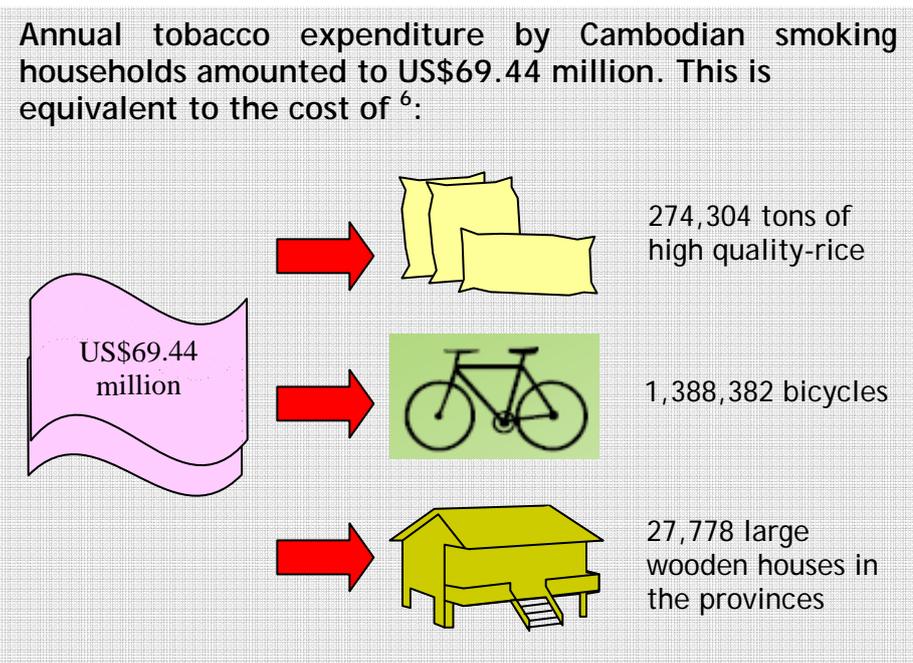
Poverty stricken Cambodians are spending between 8 to 11% of their meager income on cigarettes which could have been put to better use in buying food or other necessities.<sup>4</sup>

Smoking has been one of the biggest scourges for Indonesian poor because "hunger and malnutrition remained the most devastating problems facing the majority (especially the poor)".<sup>5</sup> The expenditure on cigarettes could have been used for food.



Smoking affect the poor most.

The industry devised ways to entrap this segment of the population. Lets look at how the tobacco industry is marketing its products to the poor in Cambodia, Indonesia and Laos.



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# Cambodia: Seducing the Young and the Poor

It is estimated that 35% of the country's population<sup>7</sup> of about 14 million live in poverty.<sup>8</sup> Despite the poverty level, 60% of the population smokes and the habit has killed at least 73,500 Cambodians from 1997 to 2007.<sup>9</sup>



Cigarette promoters go from one rural village to another to promote cigarette with lucky draw to win bicycle, raincoat and other gifts.

The industry has been using posters and conducting lucky draws and this is attractive to those with low education or the illiterate who want to win a motorcycle, a radio, or whatever prizes there are. All a smoker needs to do is to buy a pack of cigarette, fill his/her particulars, drop it into a box and wait for the announcement of the results. This method of lucky draw has many purposes to the industry: the industry can collect data about its customers, entice new smokers, and enhance brand loyalty (through greed of winning).



Cigarette company entices smokers to participate in lottery.

It is frightening and yet a British American Tobacco spokesman was reported saying, "The fact is, there are adults who like to smoke our product."<sup>4</sup> However, the fact remains that poverty stricken Cambodians are spending between 8% to 11% of their meager income on cigarettes which could be spent on food or other necessities.

As Cambodia has only a draft law for tobacco control, the tobacco industry has used the situation to its fullest advantage with 30-foot billboards, outdoor and indoor advertisements, promotions and Corporate Social Responsibility activities.



A tobacco company conducting a lucky draw to win a motorcycle.

The other method used is by collecting a certain number of empty cigarette packs to exchange for various items such as jackets and torch lights. This encourages smokers to smoke more and non-smokers to take up smoking as it is easy to obtain these items without having to take part in a competition that adds an element of uncertainty of winning.

The industry also goes to provinces bringing concerts for free or for a token sum, knowing well that such concerts will attract large audiences. It is during these events that promoters will boast tobacco products, glamorize smoking habit give out cigarette samples.

# Indonesia: Romancing with Death

With a population of 234 million, its poverty line stands at 17.8% and unemployment rate at 12.5%.<sup>10</sup> Despite the situation, Indonesians consumed 220 billion cigarettes in 2005 alone.<sup>11</sup> Their high consumption is attributed to the fact that 69.1% of men aged 20 and above are regular smokers.<sup>12</sup>

Indonesia is experiencing a free-for-all situation whereby there is virtually no tobacco control regulations. There are no ban on tobacco advertising, promotion and sponsorship. As it is a Muslim country, no game of chance such as lucky draws has been reported. However, entire families have been lured to attend free concerts or game shows where cigarettes will be promoted. For a country that is bogged in poverty, such entertainments help to divert attention from pain and hunger.

Tobacco industry sponsored events is varied and cater for every youth and for the general community's interest. They ranged from music festivals, sports, Broadway movies, television reality shows, arts and cultural to religious events.<sup>13</sup>

Romantic movies are sponsored by the industry particularly by Clas Mild, LA Lights and A Mild is the observed trend in recent years. There are also activities organised in conjunction with Islam's important days such as Isra Mi'raj, Maulid Nabi, and Ramadan. It was found that from January to October 2007, there were 47 religious activities sponsored by the industry. At many of these events, cigarettes are sometimes distributed free to the spectators, including youth.<sup>13</sup>



Sampoerna A booth having a brisk sale to youth.



Enticing youth through fun-filled tobacco sponsored activities.



Movie and music events sponsored by tobacco industry are other forms of marketing tactics.



A free pack of cigarette is given away at a concert sponsored by tobacco industry.

# Laos: Courting the Poor

According to the United Nations Development Programme (UNDP), Laos is within the ranks of the least developed country.<sup>14</sup> Its poverty level was over 30.7% in its 6.5 million population.<sup>15</sup> Despite the situation, the smoking prevalence among adults stood at 40.3% as Lao Health Survey 2003 showed.<sup>16</sup> Poverty did not deter people from smoking as it can be seen that smoking rate is in fact higher in rural areas (44.8%) as compared to urban areas (27%).<sup>17</sup>

Laos had an official agreement from the Prime Minister Office in 1994 on tobacco advertising ban on billboards and all direct tobacco-related advertising but excluded indirect advertising. The agreement is not a law. The Ministry of Health and Ministry of Culture and Information have, however, drafted decree for tobacco advertising, promotion and sponsorship ban and the draft is currently with the Ministry of Justice. It will be sent to the Prime Minister's Office for approval before coming into force.

While Laos has a partial advertising ban, almost the same strategies as used in Cambodia such as exchanging empty packs for gifts were also been adopted in Laos. Before the issuance of the agreement, only imported cigarettes had a heavy promotion of their products and functional items such as parasols bore both the brand logo and brand name. After 2000, local tobacco companies joined in the turf war but mostly focusing on the point-of-sale (POS) in small stores. They provided these POS with glass-and-wood cabinets. In addition to POS, the industry also aggressively market its products using pretty young girls in both urban and rural areas. Smokers can also exchange empty cigarette packs for gifts as well as participate in lucky draws.



Person-to person sale using young girls that comes with lucky draw.



Using gold bars to attract smokers to participate in the lucky draw contest.

The watershed was in year 2000 when local tobacco companies increased their advertising expenditure by providing many retailers with parasols as well as illuminated advertisements with brand logos. Beauty contests were also held and the photographs of the contestants were used in calendars or on glossy cards to be accompanied with cigarette packs.



A calendar depicting a Laotian beauty contestant sponsored by tobacco industry.

# Best Practice Recommendations

It is best practice for governments to:

**1. Implement Article 13 of the Framework Convention on Tobacco Control (FCTC) with a comprehensive ban on all forms of advertising, promotion, and sponsorship.**

As we have observed, the industry is using various forms of advertising, promotion and sponsorship to promote to the less educated, the poor and the young. A comprehensive ban on all these forms of marketing tactics of the tobacco industry would be an effective way to reduce the consumption of tobacco products and thus reduce the economic and disease burden of tobacco use.

**2. Define 'advertisement' in the broadest terms to prevent the industry from exploiting the legal loopholes.**

Thailand defines 'advertisement' as 'an act undertaken by any means to all the public to see, hear or know the statement for commercial interest' under the Tobacco Products Control Act 1992. With such definition, it encompasses virtually anything that can trigger off an association with a commercial purpose, from brand or company names, logos, taglines or even colour schemes.

**3. Implement Article 6 of the FCTC which recommends the use of price and tax measures to reduce tobacco demand.**

It is found that price and tax measures are still the best way to reduce tobacco consumption because most poor smokers are more sensitive to price increase. Frank J. Chaloupka stated a "10% price increase reduces probability of any initiation by about 3%, but reduces probability of daily smoking by nearly 9% and reduces probability of heavy daily smoking by over 10%" among youth.<sup>18</sup>

**4. Governments should impose 'sin tax' and use this money for tobacco control.**

'Sin tax' is an additional tax (in Thailand, it is 2% surcharged tax of tobacco excise tax) paid by the tobacco industry and is channeled for tobacco control and health promotion activities.

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