

Tobacco Industry Tactics.....



# Fatal Attraction



**The Story of Point-of-Sale  
in the Philippines, Thailand  
and Vietnam**

**Southeast Asia Tobacco Control Alliance (SEATCA)  
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# Introduction

It has been projected by Food and Agriculture Organization of the United Nations that tobacco consumption is expected to decrease in developed countries while developing countries could face an increase<sup>1</sup>. Across the globe, the comprehensive Framework Convention on Tobacco Control (FCTC) is restricting the tobacco industry's marketing activities. The impact on the industry is great and it has to defend its multi-billion dollar business in addicting the world.

With the ban in direct and indirect advertising, the industry has shifted its focus to the point-of-sale (POS), the principal remaining venue for marketing cigarettes to the population at large, particularly to the crucial teen age bracket. Display at point-of-sale is aimed at keeping cigarettes visible to the public and normalizing the product. When advertising using brand names at point-of-sale is banned, the industry started to invest heavily on elaborate point-of-sale displays with colors and symbols.

With display shelves decked with attractive cigarette packs, the point-of-sale is turned into a tobacco 'power wall'. Therefore, point-of-sale represents an effective advertising avenue for the industry to promote its products and increase its market.



POS display shelf served as a 'power wall' to cajole and entice potential customers to buy.

In countries where advertising at point-of-sale is allowed, posters and other indoor displays are also placed besides cigarette display shelves. If these are not permitted, tobacco industry uses brand colours and specific designs to communicate with the consumers as well as posting up price lists.

Except in Thailand where advertising at point-of-sale and display of cigarette packs have been banned, advertising at point-of-sale can be observed in most of the other ASEAN countries in one form or another.<sup>2</sup> With the ban in outdoor advertising in the Philippines and Vietnam, the tobacco industry in these countries has focused their marketing and advertising at the point-of-sale. The scenarios of these two countries and that of Thailand which has the best practice are presented here.

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**With the ban in direct and indirect advertising, the point-of-sale (POS) remains as the principal venue for marketing cigarettes to the population at large, particularly to the young.**

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# The Philippines: Moving Indoor

Moving indoors is one of the tobacco industry's marketing strategies introduced to anticipate the implementation of the FCTC. Currently only advertisements on television and radio are banned in the Philippines. However in July 2008, direct and indirect advertisements will be banned, with the exception of point-of-sale. Hence, point-of-sale is the most vulnerable to their advertising and promotional activities.

Thus, point-of-sale in the Philippines has moved ahead in anticipation of an eventual ban on display of cigarette packs and all forms of advertisements. The industry has painted entire shops with brand colours, accompanied with illuminated advertisements pertaining to the particular brand. This effort is to sensitise consumers to equate certain colour schemes with a particular brand.

While brand logos are permitted at point-of-sale, the industry is liberally displaying logos and having entire shops painted in associated brand colours. When logos are finally banned, consumers will still be able to recall a particular brand whenever they see familiar colours, even without the use of brand names.

## Snubbing the Law with Brand



Another ingenious way to circumvent the law is by having cigarette booths which can flaunt advertisements because they, too, are considered as point-of-sale !



Tobacco industry argued that the entire shop, including the exterior, is considered as point-of-sale and thus it has the right to put advertisements anywhere at the venue.



Shops became the place for illuminated and cigarette displays and other forms of advertisements.



Entire buildings in the Philippines have been painted brand colours to sensitise consumers to the colour schemes so that when brand logos and names are banned, the industry can continue to advertise through this means.



Parasols with brand names are also seen in the Philippines. These functional objects are sponsored by the tobacco industry.

## Vietnam: Stacking the Odds

Vietnam has banned direct and indirect advertising, sponsorship, and promotions, including at point-of-sale. Cigarette packs are not supposed to display more than one pack of a particular brand at point-of-sale.

However, through crooked ingenuity, retailers continued to display more than one pack of a particular brand by displaying different varieties - e.g. menthol, lights, regular, etc. However, it has been observed that there are occasions whereby more than one pack of one brand and type was displayed.

Such a strategy will lead to brands creating a variety of flavours or types so that, as in Vietnam, certain brands can dominate a large section of the display with just one pack of each kind. It also shows that in drafting legislation, regulations should be a blanketing one and not one that goes into specifics that allows the industry to dispute the fine details.



Display shelves with brand colours were used as advertising to promote its own brand.

## Various Tactics of Pack Display in Vietnam



Display from a glass-fronted pushcart with the brand colours to promote its own brand.



Display shelves with brand name sponsored by Vinataba cigarette company.



Parasols with Pall Mall logo.



A stainless steel display shelf occupying the central aisle of a convenience store.

One important marketing strategy is the use of well-designed advertisements and display cases. The reason is to give the consumer the impression that they are looking at a 'value-added product' and the brand communicates by setting "leadership directions which communities of people are both proud to identify with and contribute to".<sup>3</sup>

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**The point-of-sale is responsible for keeping cigarettes visible to the public and normalizing the product.**

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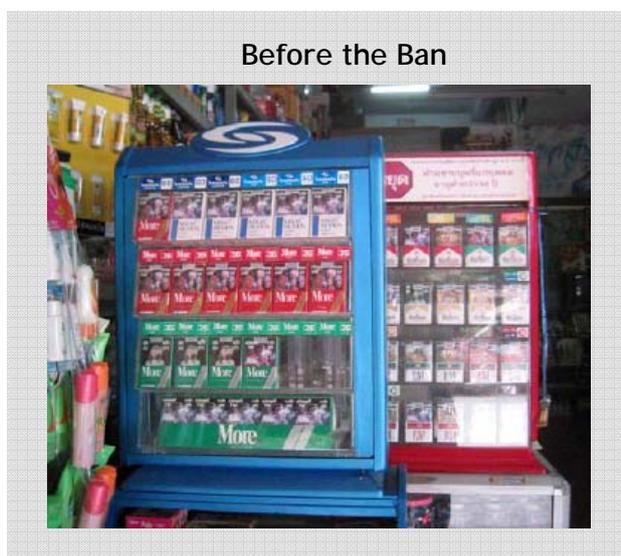
# Thailand: Setting the Benchmark

On 24 September 2005, the Public Health Ministry's ban on cigarette displays at points-of-sale came into force and shop owners face a prospect of a maximum fine of 200,000 Baht if they display tobacco products or if the products can be seen. About 500,000 cigarette retailers and wholesalers nationwide were ordered not to display cigarettes at POS and the new ban, imposed under the 1992 Tobacco Control Act, just allows shop owners to place a label which reads "Cigarettes are sold here" in Thai.<sup>4</sup>

## Penalties are in three stages:

- 1) First-time violators will be warned verbally
- 2) A second or repeat violation or otherwise non-compliant behaviour will result in a written warning.
- 3) A maximum fine of 200,000 Baht (US\$ 5,000) can be imposed for a third violation.

## Before and After the Ban on Display of Cigarette Packs at Point-of-Sale



Despite the tough stand on the display of cigarette packs, there were still occasional violations. In some cases, retailers have been observed to leave the door of their cigarette cabinets open. When approached by the authorities, the retailer would claim that he/she has forgotten to close the door.

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A ban on display of cigarette packs will reduce their visibility and denormalize smoking.

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# Best Practice Recommendations

With the implementation of the FCTC Article 13, the industry would have limited opportunities to advertise and promote tobacco products. As studies have shown, Point-of-Sale is an important avenue to advertise and market tobacco products.

Thus implementation of Article 13 should consider the following:

**Define 'advertisement' in the legislation as anything that informs or suggests a tobacco product.**

Legislation should have an all encompassing definition of what constitutes an advertisement, as the industry can make use of semiotics to circumvent the law as seen in Vietnam, the Philippines and many other countries.

Thailand has defined 'advertisement' in their 1992 Tobacco Products Control Act as "an act undertaken by any means to allow the public to see, hear or know the statement for commercial interest."<sup>5</sup> According to this definition and regulation, painting the entire store with cigarette brand colours, even without mentioning brand names, would be prohibited. This definition also does not allow the use of cigarette packs as a means to advertise.

**Complete ban on display of tobacco products.**

However, having learned the lesson from Thailand, tobacco products should not be kept above the counter level even if the cabinet doors are supposed to be closed. Keeping cigarettes stored below the counter level would prevent retailers who may just 'forget' to close the cabinet doors.

## References:

<sup>1</sup>Food and Agriculture Organization. Projections of tobacco production, consumption and trade to the year 2010, <ftp://ftp.fao.org/docrep/fao/006/y4956e/y4956e00.pdf>

<sup>2</sup>SEATCA. *Profiting from death: Exposing tobacco industry tactics in ASEAN Countries*, 2007.

<sup>3</sup> Macrae, C. What do communications do? AllAboutBranding.com, <http://www.allaboutbranding.com/index.lasso?article=81>.

<sup>4</sup>Xinhua News Agency, Thailand's ban on cigarette displays kicks off, 24 September 2005, <http://www.highbeam.com/doc/1G1-136585592.html>

<sup>5</sup>Group of Tobacco and Alcohol Consumption Control, Tobacco Products Control Act B.E. 2535 (1992), Non-Smoker's Health Protection Act B.E. 2535 (1992), 2007.

# **Fatal Attraction: The Story of Point-of-Sale in the Philippines, Thailand and Vietnam**

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