

POINT-OF-SALE: TOBACCO INDUSTRY'S LAST DOMAIN TO FIGHT BANS ON ADVERTISING AND PROMOTIONS

Introduction

With tobacco advertising and promotions being either totally or partially banned in the mass media in ASEAN, the tobacco industry has shifted its focus to the point-of-sale (POS), it is now the principal avenue for marketing and promoting cigarettes, particularly to vulnerable minors. Cigarette displays at POS are aimed at keeping cigarettes visible and normalizing the product in the public's mind. POS outlets are ubiquitous, and there is usually no control over their numbers as well as no regulations over what can be sold, which gives the tobacco industry an easy way to make cigarettes easily available. Most countries in the region allow cigarette advertising and promotions at POS. The Philippines and Thailand are licensing the POS outlets. And Thailand is the only ASEAN country that has a comprehensive ban of tobacco industry advertising and promotions at POS that includes a ban of cigarette packs display. Cigarette packs and cartons must be hidden under the cashier's counter and its display rack and shelves must be covered.

Country	Current law/regulation on POS	Remarks
Cambodia	Partial ban	Enforcement starts in August 2011 Except pack display
Indonesia	Partial ban	Except pack display
Lao PDR	Partial ban	Except pack display
Malaysia	Partial ban	Except pack display
Philippines	Partial ban	Except pack display
Thailand	Comprehensive ban	
Vietnam	Partial ban	Allows display of only 1 pack or 1 carton per brand

Regional industry tactics and trends in POS

Marketing channels

Cigarettes are sold in POS such as supermarkets, sundry shops, kiosks, newsstands, mobile vans, street vendors, market stalls, minimarts and convenience stores. There are about 70,000 POS in the Philippines; 90,000 in **Malaysia**; 120,000 in **Vietnam**; and 500,000 in **Thailand**. POS are usually located in neighborhoods, near factories, close to offices, and near schools. Furthermore, in recent years, sales of cigarettes and their advertising and promotions have extended to department stores/malls, gas stations, pharmacy stores, coffee shops, pubs and bars, and restaurants, where cigarette brands are even on the menu list. Shop owners and retailers or hotel associations become strong allies for the tobacco industry in fighting restrictions.



And buying patterns in most of ASEAN countries has shifted from traditional stores, which have limited operating hours and sometimes with unattractive displays, to 24-hour modern retail outlets. This has benefitted the tobacco industry, particularly its imported brands which are in attractive well-designed packaging. In **Thailand**, it is now estimated that there is at least one convenience store serving each community and by extension serving the smoking population of the country.

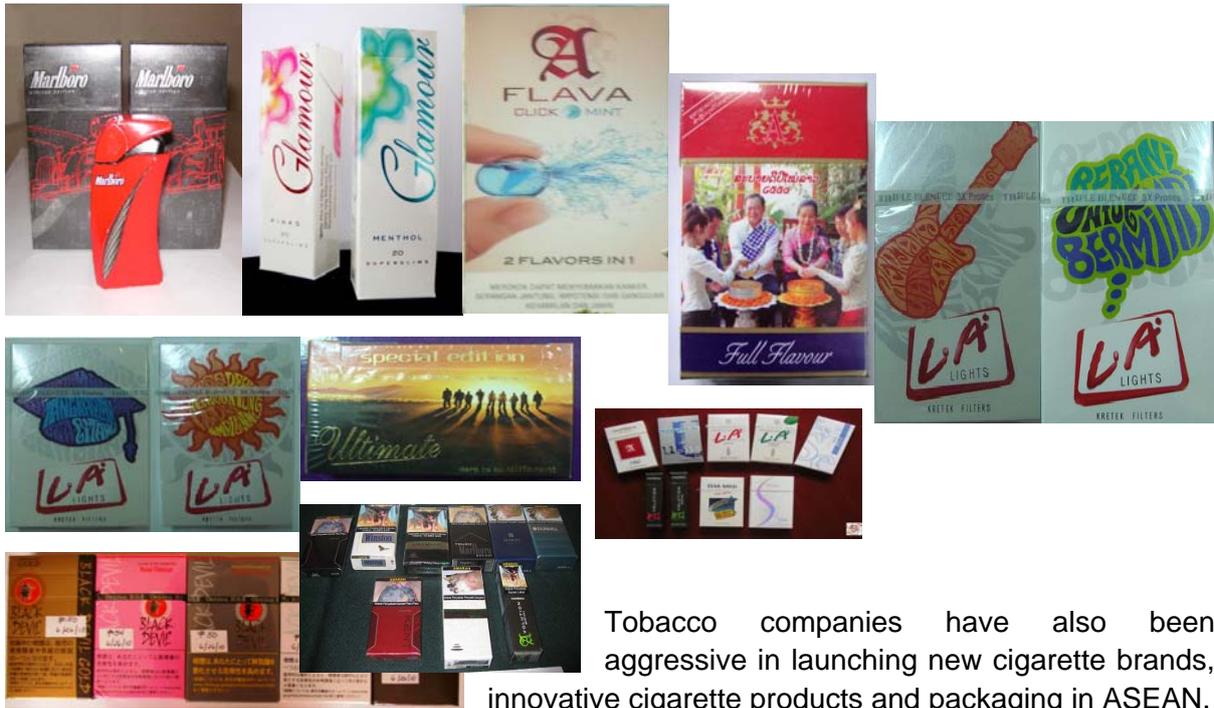


They don't just sell cigarettes; they normally stock and sell a variety of other products from food to toiletries and draw customers of all age groups including children.



They equip POS with elaborate display shelves, counters and stands to keep cigarettes visible and dispense them easily. Children who frequent these POS are exposed to cigarette advertising and promotions through these displays.





Tobacco companies have also been aggressive in launching new cigarette brands, innovative cigarette products and packaging in ASEAN.

Highlights of trends and innovations that have emerged in recent years at POS in ASEAN

POS Advertising

- Continued indirect advertising and brand stretching on clocks, umbrellas, shirts, jacket, hats, wallet, coffee mugs, lighters and ash trays. Cigarette brand name, logo and company names are used on non-tobacco functional products but tobacco companies hardly sue the manufacturers of these products for breaching their trademark law.
- Sponsored big tarpaulin and medium-sized billboards with prominent cigarette brand names are erected as part of POS and very visible from the street. In the Philippines outdoor billboard advertising is banned. However the tobacco industry exploits a loophole and has transformed the billboard into a shop display board inside or attached to the roof of the POS premises.
- Whole POS is painted and illuminated with cigarette brand color
- Tobacco company promo girls continue to market cigarettes
- Posters, stickers, leaflets, streamers are all around POS

- Use of promo girls or boys



Special Promotions

- Many new and cheap brands (US\$0.12 per pack for local brand, and only US\$0.35 for international brand) have emerged in all countries
- Single sticks sales continue in rural stores at even discounted price
- Free gifts (with cigarette brand name & logo) offered with purchase of packs or box (of 10 packs of cigarettes – lighter, t-shirt, jacket, headphone)
- Promotional discounts
- Prize for a contest
- Promotional leaflets of lottery distributed
- Lottery inside the packs
- Promotional items for retailers – umbrella, POS electronic billboard, display rack or counter, drop boxes

Cigarette packs display

- Pack sizes vary from single stick to 10's, 14's, 20's and 25's sticks per pack
- Same brand but in different colors has also become the trend
- Special display cases and counters are made for popular cigarette brands
- Cigarette kiosks are set up inside malls
- Smuggled, untaxed cigarettes and pack with no health warnings are also sold

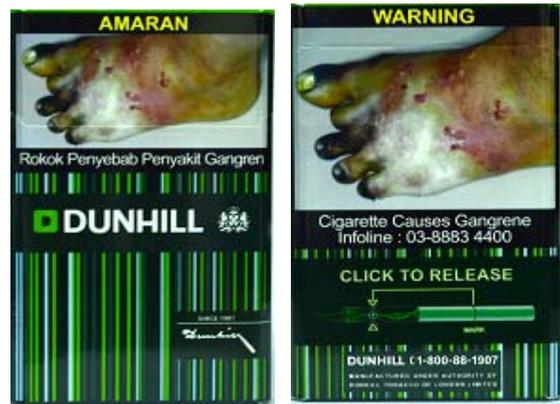
Innovative packaging

Cigarette casing and packaging is changing. The pack serves as advertising vehicle and to communicate the image of the brand. Smaller, slimmer and geometric packs have emerged to counter graphic health warnings on packs and they distort the warnings on the packs. Kiddie packs are still prominent as well as sachet packs (Philippines, Vietnam) to cater to poorer smokers and attract very young smokers.

- Super slim pack with 20 sticks (Esse)
- Lipstick pack with 16 slim cigarettes (A-volution, Vouge)
- Metal case



- Sachet pack (Marlboro, Philip Morris, Winston, Fortune, Craven A)
- Flip-top kiddie packs (Marlboro, Fortune)
- Different images of music or sports used on the packs to attract consumers
- Same brand but in different colors has also become the trend
- Re-sealable plastic pack inside (Dunhill Reloc)



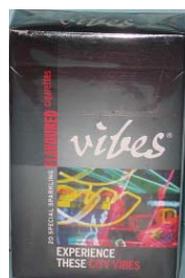
Product designs

To circumvent the ban on misleading descriptors as required by FTC Article 11, tobacco companies are replacing "Light" and "Mild" with other descriptors to make their cigarettes attractive and alluring to targeted customers. These new descriptors still target women and curious youth who are seeking to experiment.

- Use of pack design and color to communicate the impression of lower tar or milder cigarette
- Replace 'Light' and 'Mild' with cool, finest export quality, exceptional, deluxe, distinctively smooth
- Introduce new taste and flavors such as mint, citrus, orange, strawberry, vanilla, and chocolate



- Introduction of smokeless and electronic cigarettes
- Prominent brand names, some with foreign appeal – Angkor, Kansas, LA, Manchester, Texas 5, Panda, Camel, Champion, Fortune, Hope, Mighty, Liberation, National, Commodore, American Legend, Young Star, Seven Diamonds, Gem, Hero, Wonder, Mighty, Crown, Luxury, Vibes and SMS



Recommendations

- 1) Enact comprehensive ban on advertising and promotion at POS including pack display
- 2) Retailers should be regulated and licensed to sell tobacco
- 3) Ban misleading descriptors such as light, mild, smooth, premium, soothing and cool
- 4) Advocate for standardized packaging – ban kiddie packs (not less than 20 sticks)
- 5) Advocate for generic plain packaging
- 6) Conduct regular surveillance and monitoring at POS to record violations and trends
- 7) Monitor and document the trends in cigarette pack price, colors, designs, size, flavors and all innovations

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