

Restricting the Sales and Marketing of Tobacco Products to Reduce the Public Health Burden of Tobacco

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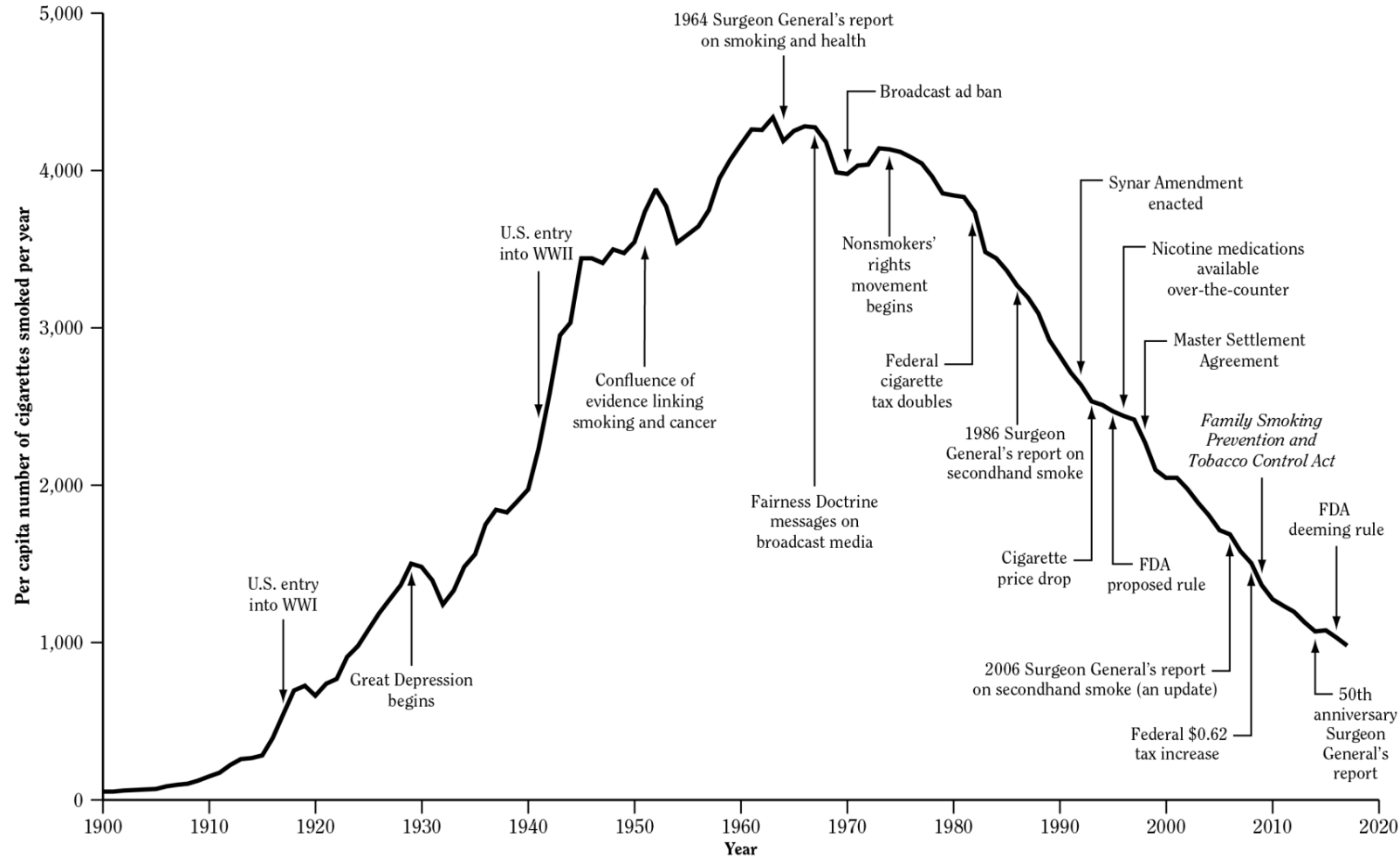
Disclosures

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No tobacco industry funding.

Adult per capita cigarette consumption, United States, 1900-2017



>8,000,000
Premature Deaths
averted since 1964

Source: Adapted from Warner (1985) with permission from Massachusetts Medical Society, © 1985; as cited in USDHHS (2014).

Smoking Cessation. A Report of the Surgeon General. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Ctr for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2020.

Overview

- Impact of pictorial health warning labels
- Increasing tobacco product prices while restricting price promotions

Health warnings on product packaging

High reach, cost effective
once implemented

Information at time of
purchase and use

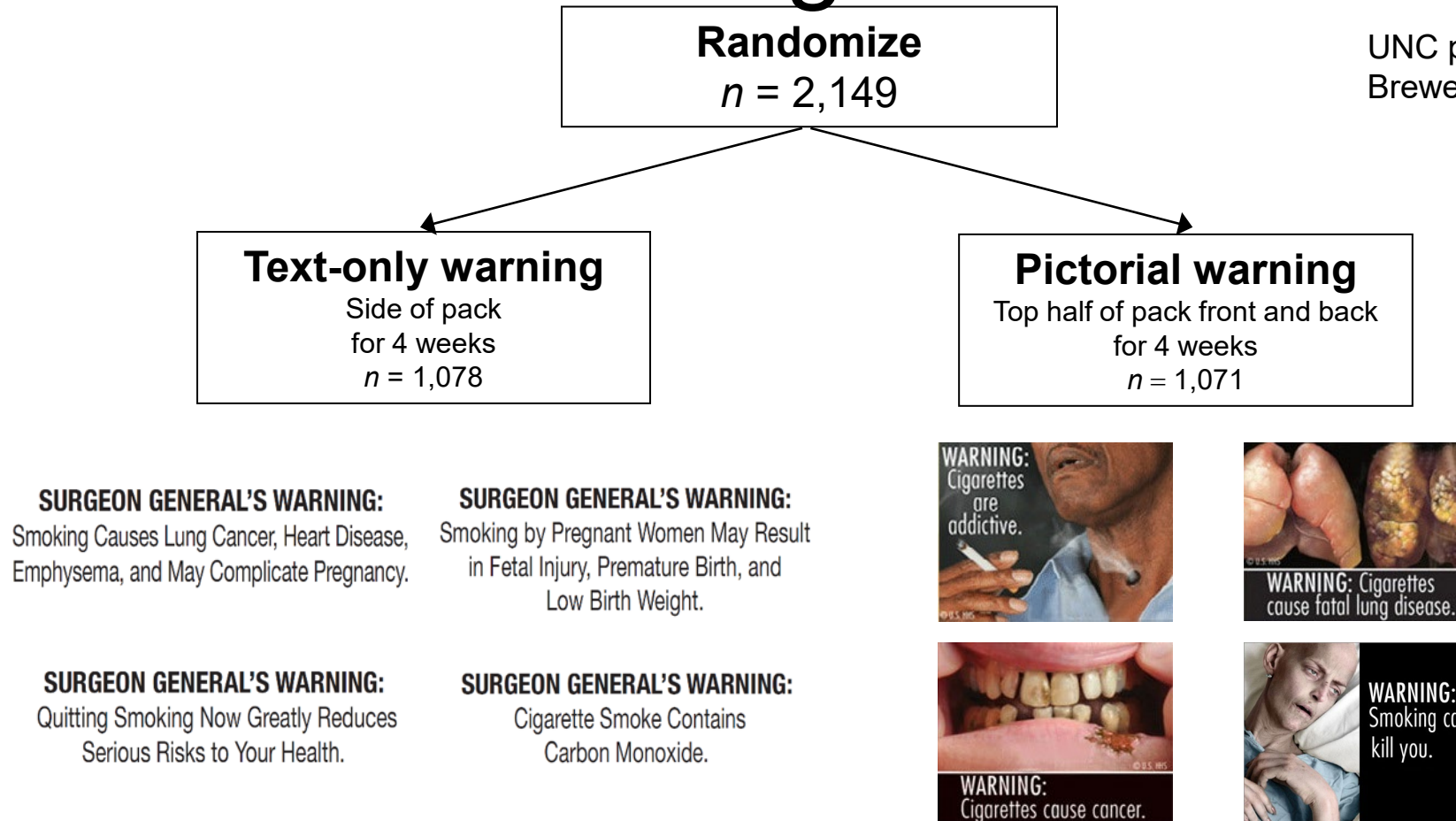
Legal and political feasibility

Health equity impacts



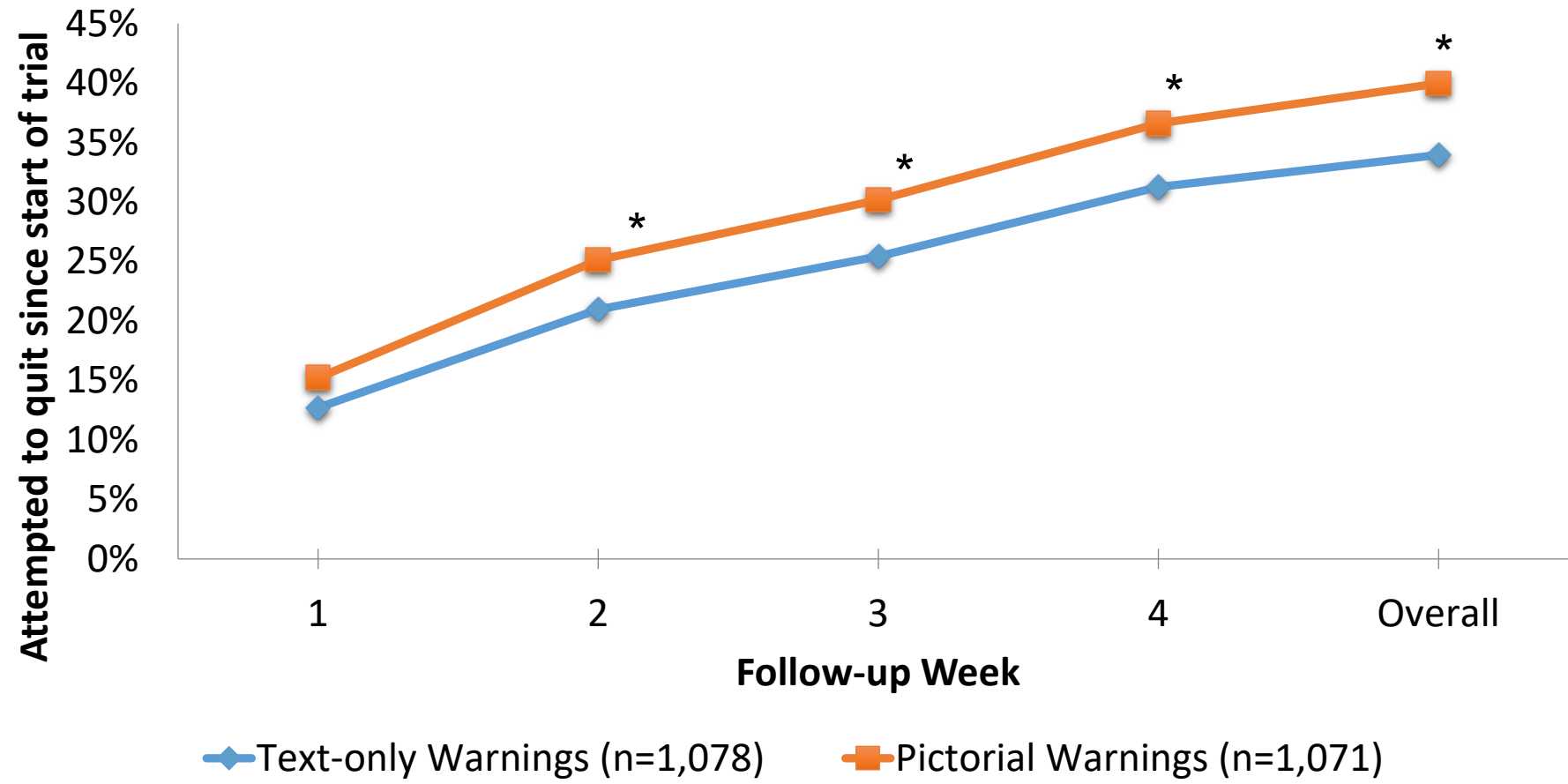
RCT: Tobacco Warnings

UNC pack carrying protocol
Brewer et al., 2015



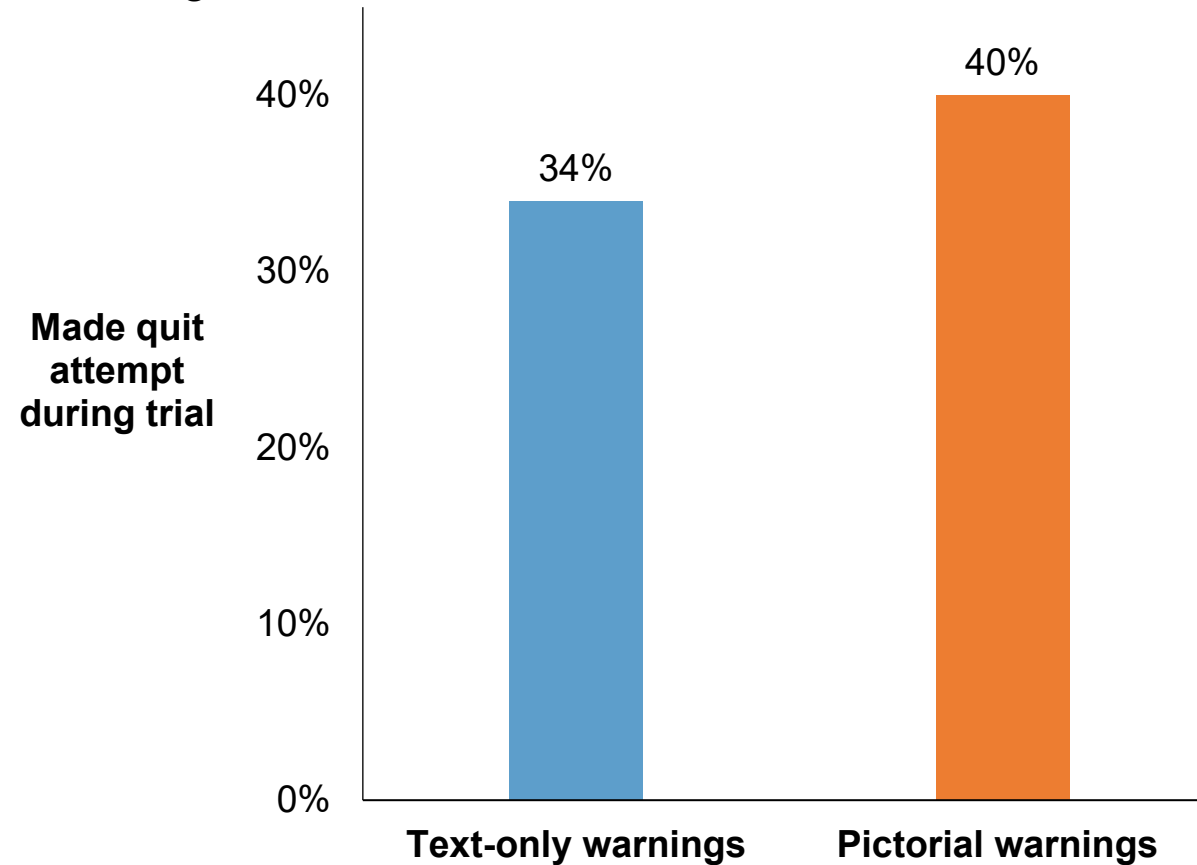
Demographics did not differ by trial arm

Quit attempts over time



Pictorial warnings increased quit attempts

At any time during trial



OR (95% CI) =
1.29 (1.09-1.54)



Real World Impact

Social Science & Medicine 164 (2016) 118–129



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Social Science & Medicine

journal homepage: www.elsevier.com/locate/socscimed



Review article

The impact of strengthening cigarette pack warnings: Systematic review of longitudinal observational studies



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Strengthened Warnings

Text to strengthened text
(Australia, 1995)



Text to pictorial
(Uruguay, 2006)



Pictorial to strengthened pictorial
(Australia, 2012)



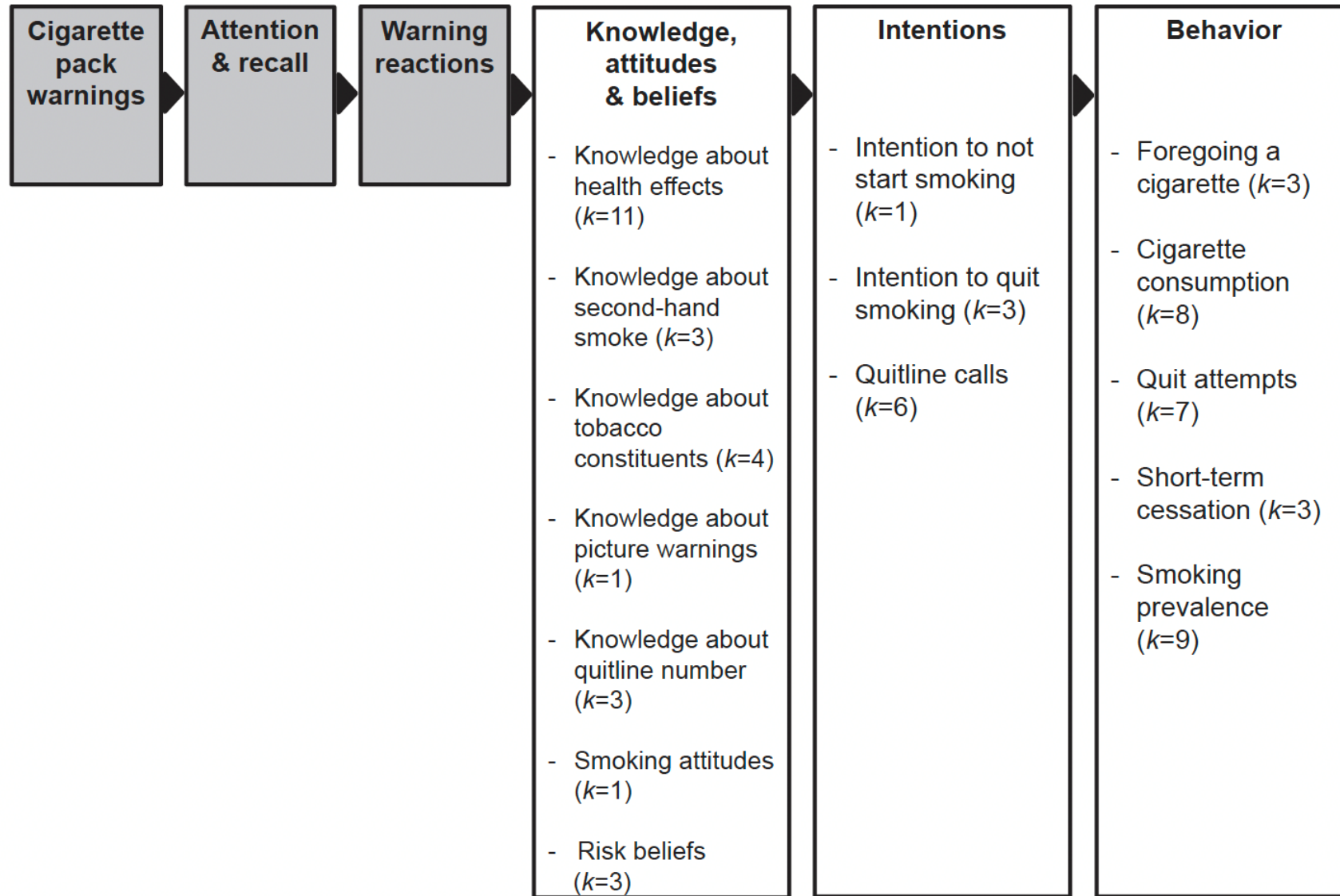


Fig. 2. Message impact framework showing outcomes assessed in the set of studies.

Increased Knowledge

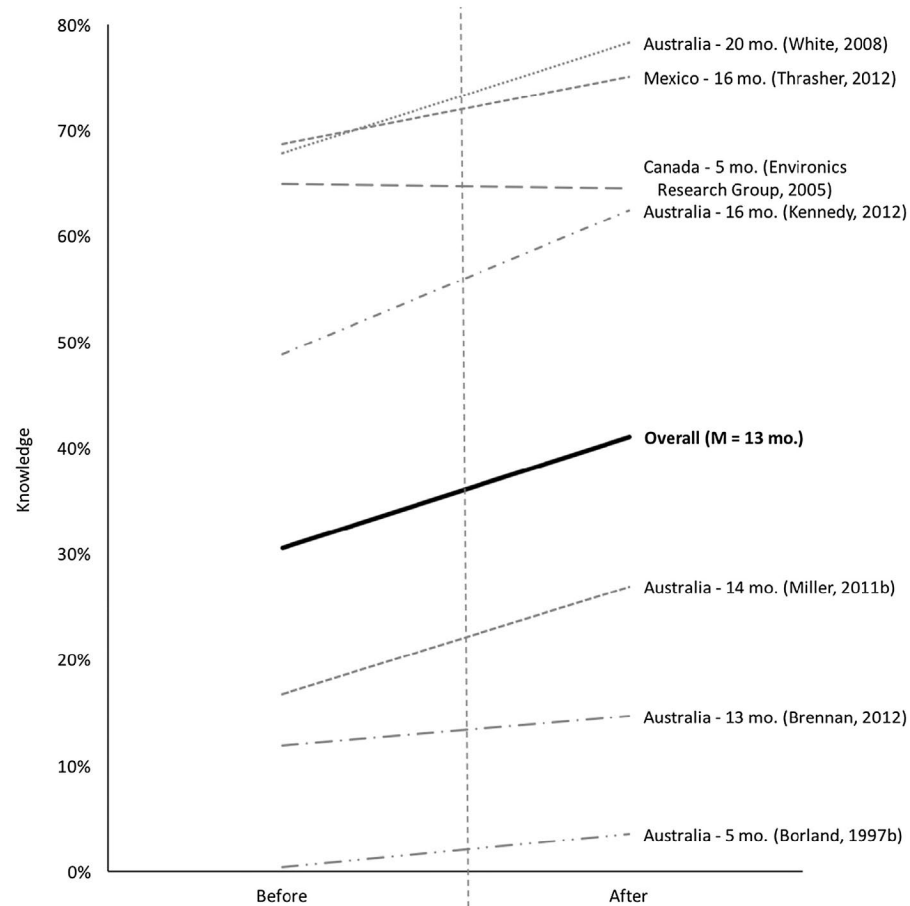


Fig. 4. Knowledge about novel health effects of smoking before and after implementation of strengthened warnings.

Increased Quit Attempts

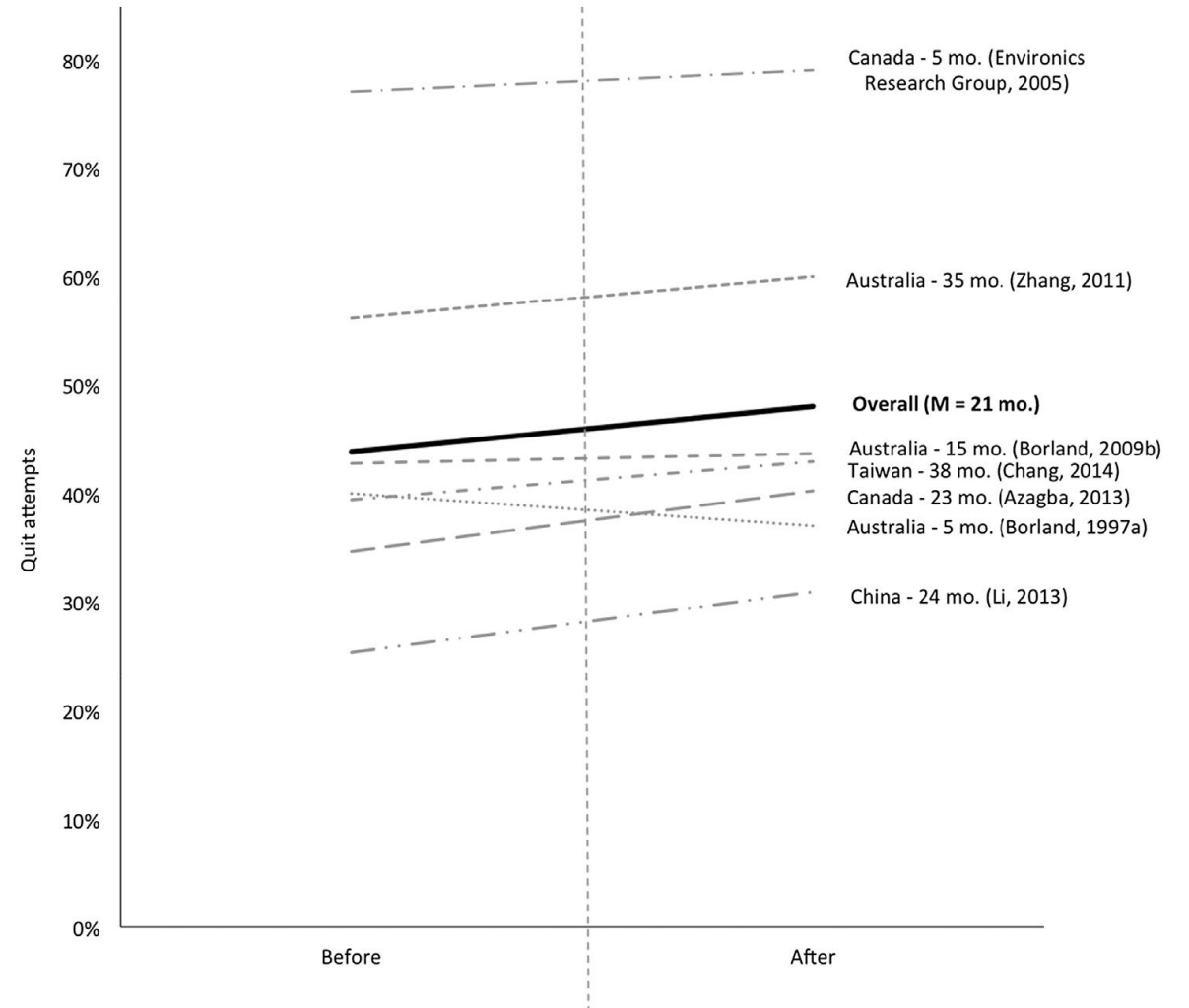


Fig. 5. Quit attempts before and after implementation of strengthened warnings.

Reduced Prevalence

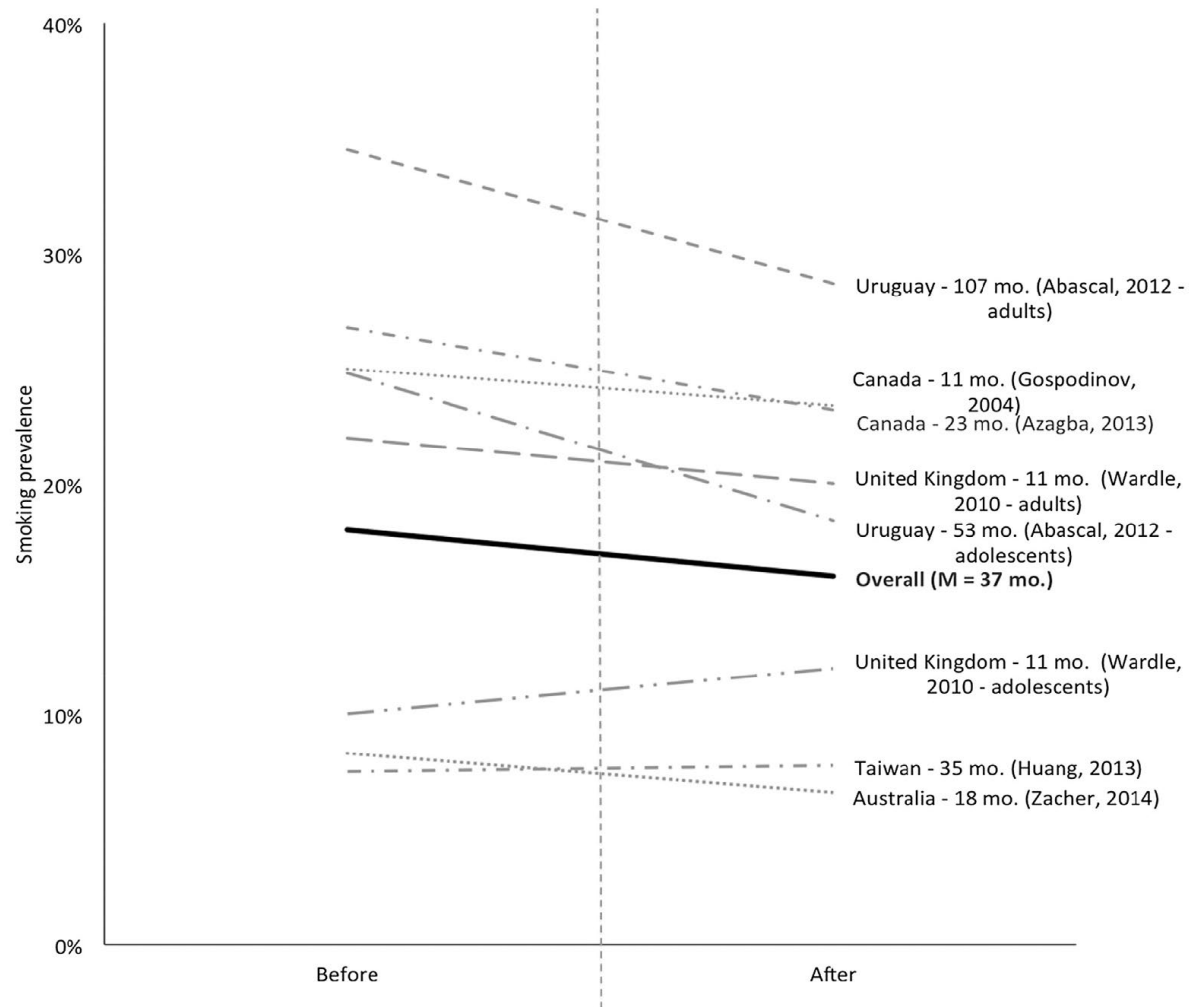


Fig. 6. Smoking prevalence before and after implementation of strengthened warnings.

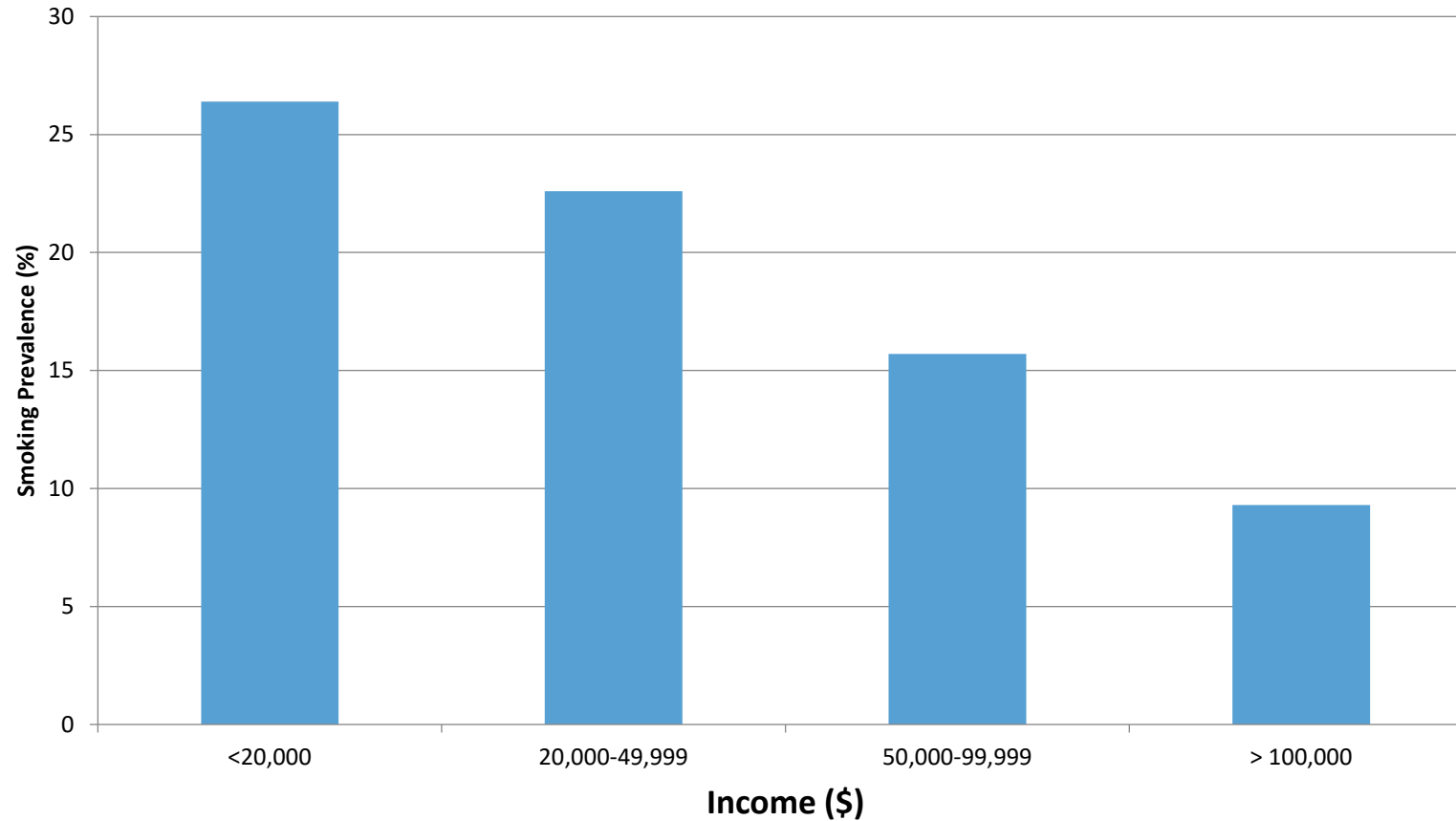
Summary

Pictorial health warnings:

- Increase knowledge
- Promote quitting
- Reduce prevalence

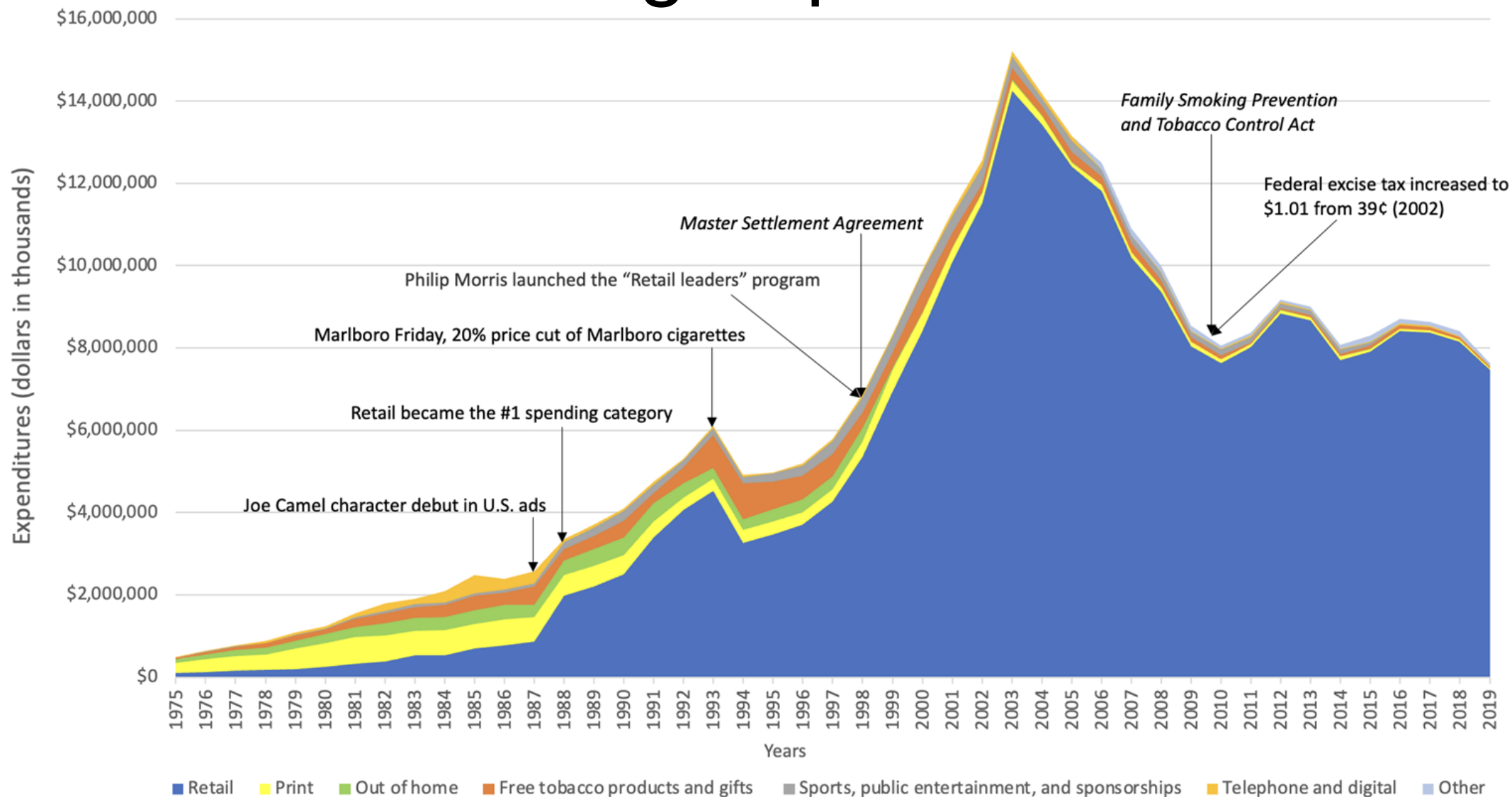
Policy to Increase Tobacco Prices

Disparities in Current smoking by income (U.S.)

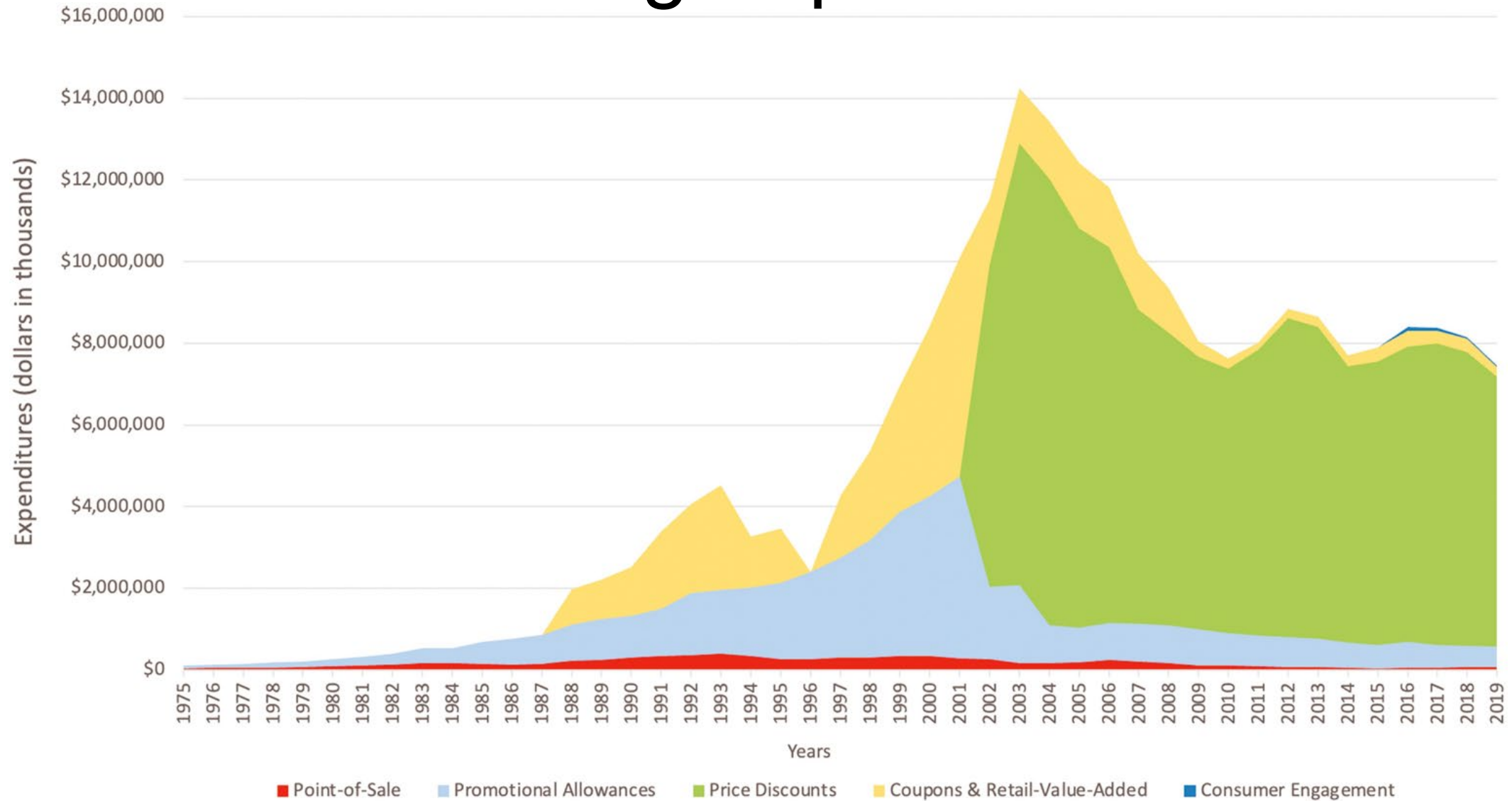




Tobacco Marketing Expenditures



Tobacco Marketing Expenditures





Price

RAI TRADE MARKETING SERVICES COMPANY ("RAITMS")

RETAIL PARTNERS MARKETING PLAN CONTRACT 2017 MENTHOL OUTLET PLAN – AMENDED 04/02/2018

Consumer Pricing Fairness Program (Applicable to all Contracts)

- Retailer must comply with all provisions of the Consumer Pricing Fairness Program ("CPF Program").
- **Retailer will maintain prominent and accurate pricing communication** on and off the merchandising set as determined by RAITMS.
- Retailer will not engage in deceptive or misleading price communications.
- Retailer will ensure that the price charged to consumers is not greater than communicated prices.
- **Retailer will prominently and accurately communicate prices on all discounted (off-invoice and/or retail discounts) and/or otherwise promoted brand styles.**
- **The ability to advertise price for the Products will be no less than parity with other tobacco companies.**
- Retailer will perform price changeovers, and execute all pricing changes at the beginning date of all price promotion timeframes, as determined by RAITMS.
- **RAITMS may offer price reductions or promotions to meet reductions or promotions made by competitors. [...]**
- **Retailer shall price all RAITMS tobacco products competitively with other tobacco products.**
- **Retailer must pass through to purchasers no less than the full amount of all RAITMS discounting (whether provided by RAITMS through monthly or pulse discounting).** Retailer must pass through the discounting regardless of unit configurations (e.g. packs, multi-pack specials, cartons, tins, sleeves) or loyalty/frequent shopper programs. Retailer must apply the discounting on a product by product, brand style-by-brand style, outlet-by-outlet, value-by-value basis.



Cigarette prices

- Considered a key contributor to consumer demand for cigarettes
- Raising the price of tobacco products has been shown to:
 - Prevent initiation (especially among youth)
 - Increase cessation
 - Reduce total amount consumed
 - Reduce tobacco-related morbidity and mortality
- Higher prices may reduce socioeconomic disparities:
 - Low income groups (and youth) may be particularly sensitive to price changes

Contreary et al (2015), Chaloupka et al. (2011)

Hill et al. (2014), CDC (1998), Farrelly et al. (2001)



Impact of tobacco control interventions on socioeconomic inequalities in smoking: review of the evidence

Sarah Hill,¹ Amanda Amos,² David Clifford,³ Stephen Platt³



Intervention	TCS weighting*	Likely equity impact†
Price increases	30	Positive
Smoke-free environments	22	Mixed
Educational media campaigns	15	Mixed
Advertising bans	13	—
Health warnings	10	—
Smoking cessation support	10	Negative
Multi-faceted (community-based)	NA	No clear effect

Maximum score on 100-point Tobacco Control Scale.^{17 18} †That is, whether the intervention is associated with a decrease (=positive) or increase (=negative) in the SES gradient in smoking. SES, socioeconomic status; TCS, Tobacco Control Scale.

Addressing lower-priced cigarette products through three-pronged comprehensive regulation on excise taxes, minimum price policies and restrictions on price promotions

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ABSTRACT

The prices that smokers pay out-of-pocket for their tobacco products ultimately influence their smoking behaviour. Although cigarette excise taxes are arguably the best and most used policy to increase cigarette prices, taxes are only one component of retail cigarette prices. The persistence of lower-priced products, disproportionately purchased by lower-income smokers, in jurisdictions with high excise taxes is an Achilles heel for tobacco tax policy. When governments raise excise taxes, the tobacco industry responds. The industry reduces tax pass-through to minimise the price increases for lower-priced brands and offers price discounts to retailers and coupons to consumers. In addition, smokers who do not quit after tax increases may downshift brands, purchase in bulk or substitute lower-priced tobacco product types. This may be particularly true for price-sensitive smokers, including those with lower incomes. We propose that raising excise taxes will be more effective in reducing the persistence of lower-priced products and income-based smoking disparities when taxes are designed to raise prices frequently and

illustrates the mechanisms through which excise taxes operate to impact income-based smoking inequities, including ways the industry maintains market segmentation.

Tobacco companies have considerable control over the pricing of their products. They can readily offset the impact of excise taxes by using price-reducing strategies and varying tax pass-through based on price segments. The tobacco industry's price-reducing strategies include coupons, price discounts and other strategies aiming to directly reduce the price that smokers pay out-of-pocket for their tobacco products. Coupons are typically collected by some consumers, whereas the price promotions are managed by the retailer and offered to all customers. In 2019, cigarette manufacturers in the USA spent \$5.7 billion on price discounts, representing their largest category (74.7%) of advertising and marketing expenditures.⁸ Data from the Population Assessment of Tobacco and

Figure 1: Proposed model of how tobacco excise taxes influence income-based tobacco-use disparities (Panel A) and the potential impact of a comprehensive three-pronged pricing approach (Panel B)

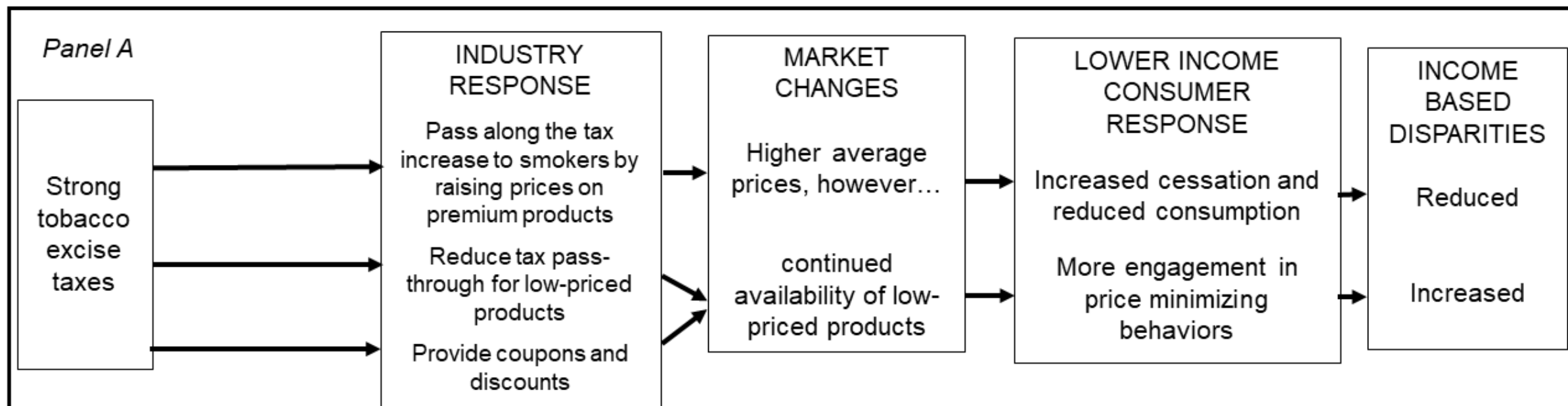


Figure 1: Proposed model of how tobacco excise taxes influence income-based tobacco-use disparities (Panel A) and the potential impact of a comprehensive three-pronged pricing approach (Panel B)

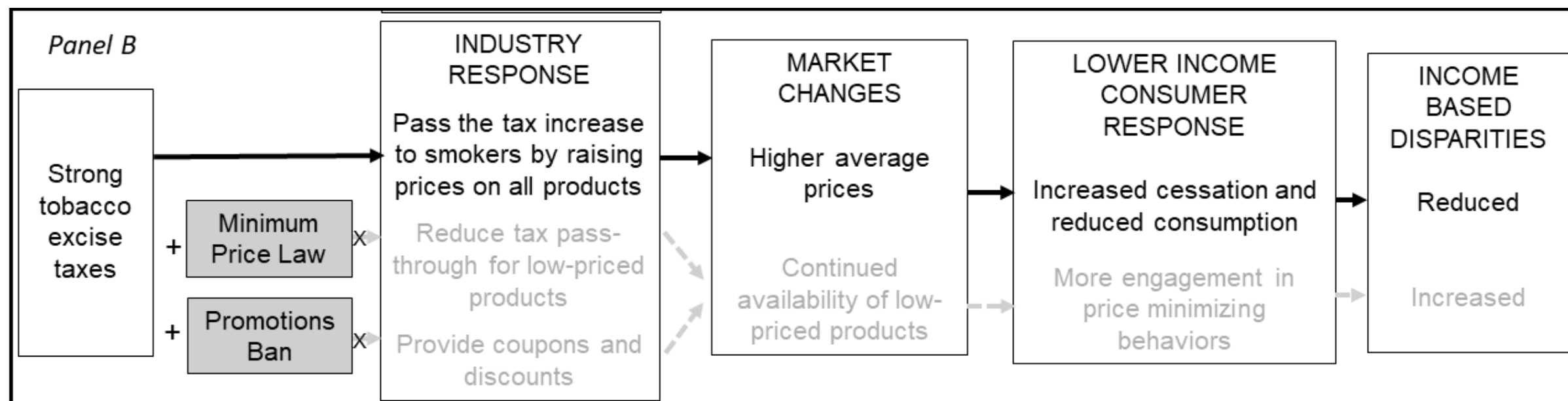


Table 1 Advantages of tobacco control policies that raise cigarette prices

Factors for assessing pricing policies	Large increases in excise duty	Large increase in duty plus harmonisation (across products and places)	Minimum pricing	Minimum excise tax	Ban on price promotion	Three policies combined	Three policies plus harmonisation
Administrative simplicity and ease of implementation and enforcement	✓✓✓	✓✓✓	✓✓	✓✓	✓	✓	✓
Reduced capacity for industry price manipulation	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓
Effectiveness in reducing availability of very cheap products	✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓✓
Additional revenue for government which can be directed to cessation services for low-income smokers	✓✓	✓✓✓		✓✓		✓✓✓	✓✓✓
Overall potential effectiveness in reducing inequities between low and high-income groups	✓	✓✓	✓	✓	✓	✓✓✓	✓✓✓
Overall potential effectiveness in reducing smoking	✓✓	✓✓	✓	✓	✓	✓✓	✓✓✓

✓=slightly addresses this issue; ✓✓=moderately addresses; ✓✓✓=strongly addresses.

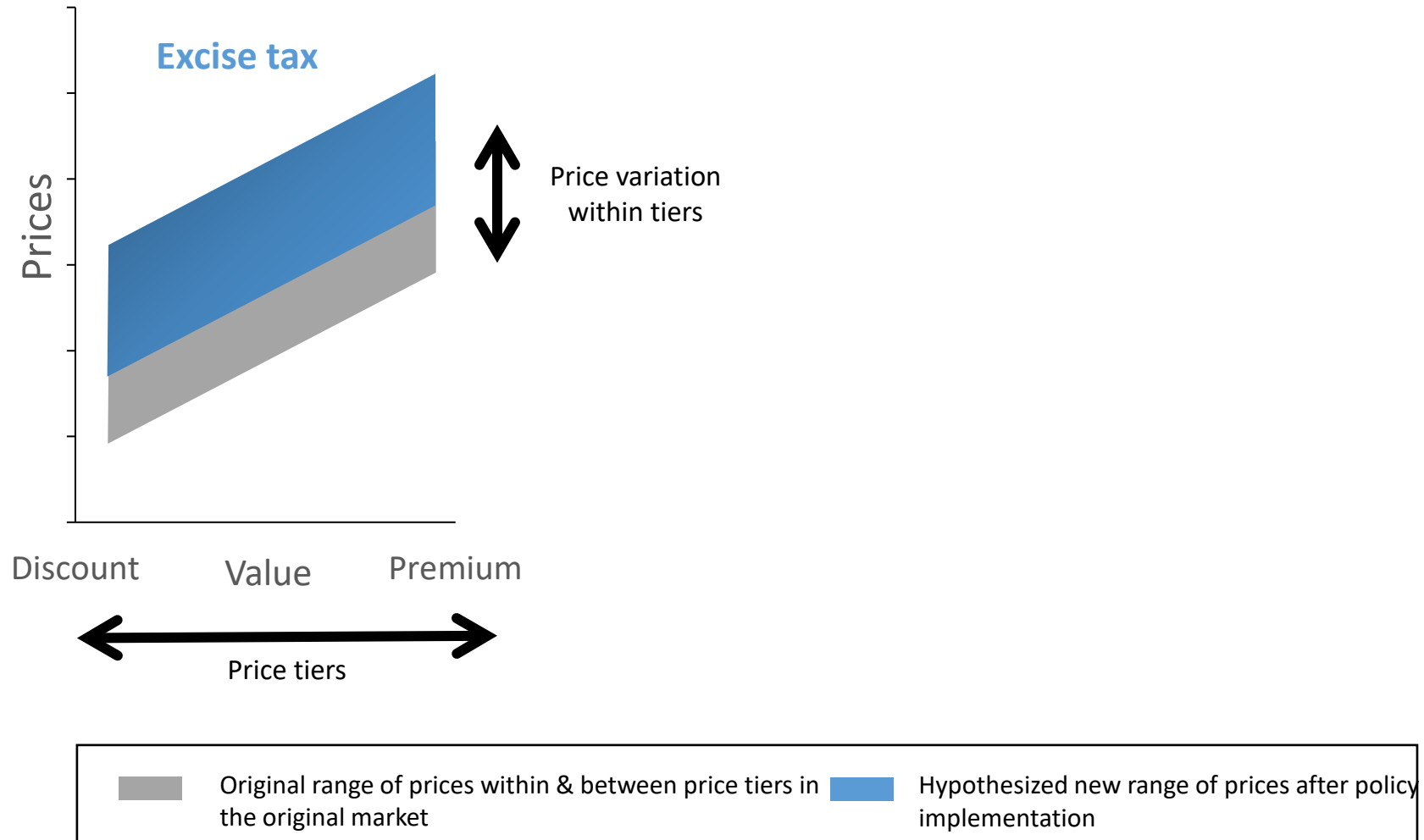
State Cigarette Minimum Price Laws — United States, 2009

Cigarette price increases reduce the demand for cigarettes and thereby reduce smoking prevalence, cigarette consumption, and youth initiation of smoking (1,2). Excise tax increases are the most effective government intervention to increase the price of cigarettes (1), but cigarette manufacturers use trade discounts, coupons, and other promotions to counteract the effects of these tax increases (3) and appeal to price-sensitive smokers (4). State cigarette minimum price laws, initiated by states in the 1940s and 1950s to protect tobacco retailers from predatory business

the minimum retail price to consumers. Allowing trade discounts can partially reduce the price increases from taxes and minimum markups, which leads to a lower minimum price (Table 1).

To conduct this survey, CDC researchers first reviewed eight known cigarette minimum price statutes (6) for Boolean search terms that would identify all other such statutes in a database of current statutes for all 50 states and DC. Identified statutes were then analyzed to determine 1) the minimum percentage markup that must be applied to cigarette prices by

Comparing excise taxes and minimum price laws



Hypothesis: An MPL will reduce consumption disparities MORE than an excise tax increase, even if the average price increase resulting from both policies was the same.

Projection (simulation) study:

1. Construct state-specific MPL floor price options
2. Construct state-specific excise taxes **designed to raise average prices by the same amount**
3. For each option:
 - Project new prices
 - Use estimates of price elasticity to project changes in cigarette consumption for high and low income groups

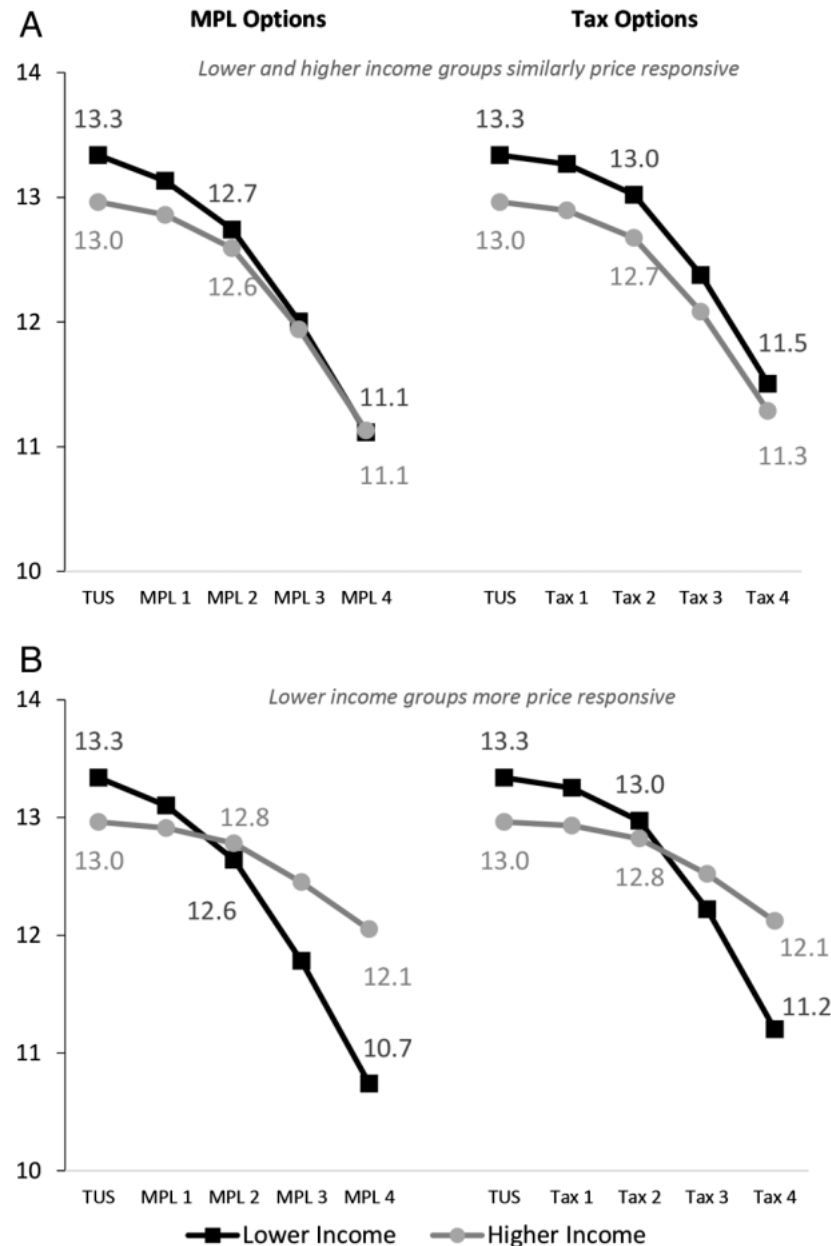


Figure 2 Projected changes in per capita daily cigarette consumption by income. MPL, minimum price law; TUS, Tobacco Use Supplement.

23,733 smokers in the 2010-2011 Tobacco Use Supplement (TUS) of the Current Population Survey

“We predict that MPLs with floor prices set at or above average state prices could reduce disparities in the prices low-income and high-income smokers report paying for cigarettes.”

Golden et al. (2016) Comparing projected impacts of cigarette floor price, *Tob Control*

New York City raises minimum price



- Minimum sales price for a pack of cigarettes is \$13.00
- Requires retail license fee for sellers of electronic cigarettes
- Doubles the licensing fee for tobacco retailers (to \$200)
- Pharmacies prohibited from selling tobacco
- Places cap on number of tobacco retailers (will cut by 50% # of licences])
- All apartments with 3+ units must create smoking policies

Goldman & Kaplan. (2017). NYC Boosts Cigarette Prices to \$13, Bans Sales by Pharmacies. Retrieved from <https://www.bloomberg.com/news/articles/2017-08-28/nyc-boosts-price-of-cigarettes-to-13-bans-sales-by-pharmacies>

Questions?

