Evidence and arguments on tobacco retail displays: marketing an addictive drug to children?

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Abstract

Aims To investigate arguments for and against a ban on tobacco displays in New Zealand shops.

Methods Analysis of evidence from international experience and research studies, for the arguments used to oppose and support display bans; and 27 qualitative interviews with New Zealand ex-smokers, smokers, and retailers.

Results The main arguments used to oppose display bans identified were: (1) Fears of financial losses for retailers, particularly for small stores; (2) Claims that tobacco is a ‘normal’ product; (3) ‘Lack of evidence’ about effectiveness of display bans; and (4) Fears of increased theft and risks to staff.

The counter-arguments include: (1) The lack of evidence of significant short term adverse economic effects on retailers (including small stores) where display bans have been implemented; (2) Tobacco is a highly abnormal and hazardous retail product; (3) Evidence that tobacco displays influence initiation of smoking among children, increase impulse purchases, and are crucial to tobacco companies’ marketing strategies; (4) Lack of evidence that display bans increase thefts and risks to staff.

The qualitative interviews supported the counter arguments. Smokers and ex-smokers interviewed indicated that tobacco displays tempt smokers trying to quit. There was widespread support for a display ban among interviewees (including some retailers) mainly because it might reduce smoking uptake among children.

Conclusions Arguments for tobacco displays are contradictory, flawed, and unsupported by local and international research evidence, and by the overseas experience of tobacco-free display policies.

In New Zealand, the primary tobacco retailers are the four main oil companies (Shell, BP, Mobil, Caltex), the two supermarket chains (Foodstuffs, Progressive Enterprises), and smaller independent convenience stores.

Every day, thousands of children go into one or more of the 5000 plus retail outlets that feature prominent tobacco displays, where they are exposed to an array of tobacco products. These displays are typically located immediately behind the sales counter, in full view of customers paying for their purchases.

Health researchers, health professionals, and others in many countries have raised concerns about these displays, which they believe undermine restrictions on tobacco promotion, and encourage children to start smoking.

Because tobacco is an addictive product that kills half of those who use the product lifelong as intended, the New Zealand Smokefree Environments Act 1990 banned most
advertising and marketing of tobacco products to ‘reduce the social approval of tobacco use, particularly among young people.’ The Smoke-free Environments Amendment Act 2003 introduced limited restrictions on tobacco displays in shops, but these measures did not allay public health concerns that displays functioned as a form of advertising.

In response to these concerns, and to a Ministry of Health discussion document on retail displays, a group named Stay Displays developed a website that first appeared in November 2007. The site states that retailers ‘have joined together to inform retailers about this important issue.’ To date, investigations have not been able to reliably identify the website funders.

Currently, the New Zealand government is analysing submissions on proposals to further restrict or ban display of tobacco products in retail settings. A complete display ban would mean that shoppers would only see the products when they were handed to a customer. This article discusses some of the arguments for and against bans of tobacco displays in shops.

The public health arguments—the dangers from tobacco displays

International evidence

Preliminary findings from a systematic review of the evidence of the impact of point of sale (PoS) tobacco marketing found that although there were some limitations in the evidence, most of the eight published quantitative studies support an association between PoS marketing (including displays), and smoking susceptibility, experimentation, and uptake among children.

Recent US quantitative studies have documented these associations, using a variety of measures of exposure to PoS displays and advertising. In a particularly strong study, Feighery et al investigated the relationship between smoking-related outcomes and exposure to PoS displays and advertising using four different measures of exposure among 11–14 year old children in California. They found statistically significantly increased odds (adjusted ORs 1.46–2.01) of ever smoking for all four measures of exposure, and increased odds (adjusted ORs 1.31 to 1.64) of smoking susceptibility among never-smokers for three out of four measures of exposure. The results were adjusted for demographic factors, smoking by family and friends, and amount of unsupervised time.

Australian and US research in experimental settings indicates that the high visibility of tobacco products in retail outlets also normalises tobacco use for children, by increasing their perceptions of the prevalence of smoking among peers and adults, and creates the perception that cigarettes are easily obtainable in these stores.

Evidence about the impact of PoS advertising and displays on established smokers is more limited. However, a recent study of Australian adult smokers found that most reported noticing tobacco PoS displays ‘often or more frequently’; a quarter ‘sometimes or more often’ reported buying cigarettes due to seeing PoS displays; and 31% thought that removal of PoS displays would help them quit.

The research evidence is supported by the findings of reviews of formerly secret tobacco industry documents which reveal that the tobacco industry uses PoS tobacco
displays to recruit new smokers, retain existing ones and cue impulse purchases.\textsuperscript{15,16}
This documentary evidence is supported by the industry’s investment in PoS promotion, particularly in countries where other forms of advertising and marketing are restricted or banned.\textsuperscript{14,16–18}

**New Zealand evidence**

Quantitative evidence on the impact of PoS displays on children is not yet available from New Zealand, though some data collection is underway. However, there is no reason to believe that the impact will differ from findings reported in other countries. Recent evidence reveals that the current partial restrictions in New Zealand on tobacco displays are widely ignored; 64\% of stores in a recent survey breached at least one PoS regulation. Stores in areas with a high proportion of children were more likely to display tobacco products nearby children’s products.\textsuperscript{2}

We conducted 20 qualitative interviews in 2007 with New Zealand ex-smokers, and smokers who had made a recent quit attempt. All had been smokers in the previous 8 months. They were recruited from Quitline users and from local networks in the Manawatu and Whanganui regions.\textsuperscript{19}

The findings suggest that displays were both very salient (one of the first things noticed on entering a store) and a source of temptation.\textsuperscript{19} Participants indicated they would strongly support a government initiative to ban retail displays, because they thought this would increase the likelihood that children would stay smokefree (as well as removing temptation for those trying to quit smoking).

Having experienced the difficulty of multiple quit attempts, participants were adamant that they did not want their children and grandchildren to take up smoking:

They don’t have to be on display, even if you smoke, you know you can get them there…I would probably be thinking more about my grandchildren…and [them] not being able to…see them'  
I don’t think it’s right that those cigarettes are where they are…that children should be exposed to cigarettes…I don’t think it’s something that should be put in front of them.'\textsuperscript{19}

These findings support the public health arguments for restricting or banning tobacco displays in shops. They also substantiate claims that displays are an effective form of tobacco marketing that imply smoking is widespread (particularly to children), and encourage experimentation and smoking uptake. The findings also suggest that those who have quit smoking find displays tempt them to start smoking again. However, while the public health evidence is clear and growing in strength, retailers and the tobacco industry have argued against further display restrictions. These arguments focus on the alleged economic implications and moral arguments. We turn now to explore these issues.

**Retailer and tobacco industry arguments**

Pro-display arguments worldwide were analysed; these arguments were sourced from tobacco industry documents, media coverage, trade and official websites, and official and parliamentary documents (including industry submissions). Five health advocates and five officials (from Australia, Canada, and Ireland) were also interviewed to explore the industry and health arguments advanced in those countries.\textsuperscript{20} Five main arguments against tobacco retail restrictions were identified.\textsuperscript{20}
**Argument 1: Financial losses for retailers**

A principal argument against restrictions is that retailers would suffer financial losses resulting from reduced sales, and reduced sales incentives from tobacco companies. In addition, retailers argue they would incur capital costs needed to create new enclosures for tobacco products.

Because some small retailers in New Zealand depend on tobacco products for about 40% of their revenue, and up to a quarter of their gross profits, some retailers have argued that display restrictions would reduce the viability of their business. However, overseas experience indicates that tobacco display bans have had little short term effect on store profitability.

Retail display bans have been implemented in Iceland (2001) and Thailand (2005). The Canadian province of Saskatchewan adopted a ban in 2002, but allowed displays during court appeals from October 2003, before re-imposing the ban in January 2005. Five other Canadian provinces and territories have banned displays since August 2005—and bans are planned in further Canadian provinces as well as in Ireland and the Australian state Tasmania.

In Canada, retailers predicted their profits would be eroded. However, the evidence reveals that any initial financial impacts resulting from tobacco display bans were minor, even for small stores reliant on tobacco sales. Crucially, payments made by tobacco companies to retailers have continued beyond the introduction of display bans.

In 2006, the director of the Western Convenience Stores Association stated that the Saskatchewan display ban ‘has not impaired sales’. The spokesperson of Rothmans Benson & Hedges (one of Canada’s top three tobacco companies) reportedly said ‘I do not believe the display ban will have a significant effect on total sales’.

Prevalence and consumption data indicate that Saskatchewan tobacco sales fell only slightly more than national sales, during 2000-2005. This is predictable from a marketing perspective, since changes in smoking experimentation, initiation and addiction will only be evident over several years, during which time retailers will have had many opportunities to diversify their product range.

As in New Zealand, the Canadian tobacco industry makes payments to retailers. In the July–December period before the Saskatchewan 2002 ban, the total payments for a 6-month period were over $C800,000; this reduced to $C450,000 for July–December 2002. However, the payments increased to $874,000 for the same period in 2004 (when displays were permitted, pending the court ruling), and did not drop significantly after the resumption of the ban in January 2005. Tobacco company reports to Health Canada show that annual payments to Saskatchewan retailers from tobacco companies dropped only 3% between 2004 and 2005, and then 8% between 2005 and 2006. These figures imply that tobacco companies are now paying retailers to handle and sell their products, rather than to display them. From a marketing point of view, this explanation is logical, since tobacco companies will want retailers to maintain the same range of brands and brand variants as they did prior to the display ban.
While retailers’ anxieties about display bans are understandable, the available evidence does not support their concerns. Because tobacco companies depend on their products being widely available, they will have strong (and continuing) incentives to assist retailers to change their storage systems, as this will help ensure the on-going availability of their brands. For the same reasons, they are likely to continue to provide payments and services to retailers.

Evidence from Canadian provinces (that have moved from displays to enclosed storage) suggests that New Zealand retailers:

- Are likely to receive assistance from tobacco companies to change their storage systems;
- Are likely to continue to receive incentives from tobacco companies who want to ensure that their products remain widely available;
- Could generate new income from other suppliers who want to use the display space currently used by tobacco products;
- Could increase the mark-up on tobacco products slightly to compensate for any change; and
- Could change or expand their product range to ensure that as spending on tobacco products decreases, customer spending moves to other products that they stock.

**Argument 2: Economic disadvantages for small stores**

Small retailers in New Zealand, Australia, and Canada have argued that the introduction of display regulatory measures would particularly disadvantage them. In 2003, one New Zealand trade report noted, ‘Behind the uneasiness felt by small retailers [about new display restrictions] is a fear that they will lose money and perhaps be forced to close their source of livelihood’. In 2004, British American Tobacco New Zealand (BATNZ) suggested that the demands of the new 2003 legislation ‘will impact on the little owner/operator who doesn’t have much display space’.

Arguments about disproportional disadvantage to small retailers have suggested that they would lose sales, since smokers could not be sure they would stock tobacco products, or a full range of tobacco brands. As a result, smokers would be more likely to purchase from supermarkets or service station chains, where they could arguably be more certain that tobacco products would be available. This argument suggests smaller retailers would have reduced profits, which could result in their demise.

Business failures would increase unemployment and reduce the services available in the suburban and rural areas where smaller retailers are located. The New Zealand website Stay Display sums up the perceived problem: ‘A ban would distort free competition because consumers could perceive bigger retail outlets have a wider range of products…[and] could easily result in less income for smaller, locally owned retailers, many of who already struggle and work very hard to keep their businesses viable’.
However, evidence from Saskatchewan reveals that small stores have adjusted to display bans without suffering the adverse effects outlined above. In August 2002, the six Health Canada tobacco enforcement officers in Saskatchewan reported they had found ‘minimal cost to retailers’ from compliance; no stores had closed and no staff had been laid off.’³³ Similarly, the Saskatchewan Coalition for Tobacco Reduction reported in April 2005 that the costs retailers had incurred from the introduction of the display ban appeared to be minimal. They also reported that no stores had closed as a result of the display ban, and found no evidence that staff had been laid off.³⁴

Logically, a display ban would simplify compliance for small shops, particularly when compared to the current situation, where small shops are less knowledgeable about their obligations, typically less compliant, and therefore at greater risk of prosecution.² ³¹ A ban on tobacco displays would reduce the current burden of interpreting and applying complicated rules relating to the siting and size of tobacco displays, and would minimise the risks of non-compliance.

**Argument 3: Tobacco is a normal product. ‘Legal to sell, legal to display’**

Some retailers argue that tobacco is a ‘normal’ and ‘legal’ product, and thus display restrictions are unjustified.³⁵ This argument extends to a related claim, that tobacco retailers are responsible and legitimate businesses that should be allowed to continue operating in a ‘responsible’ manner.

Tobacco products differ from other consumer products, which typically are neither addictive nor fatal to around half those who use them long-term. Tobacco thus has more in common with inherently dangerous products such as ammunition and some pharmaceuticals, than it does with the consumer goods alongside which it is sold. Dangerous products are subject to considerable controls; for example, many pharmaceuticals and chemicals in New Zealand are stored securely and out of sight from retail customers in shops.

The New Zealand Government has recognised the dangerous and addictive nature of tobacco products and explicitly aims to reduce smoking initiation by imposing controls on marketing and advertising.³⁶ Although controls now cover tobacco advertising, sponsorship, and price promotions, tobacco retailing is (by comparison) under-regulated and thus has the potential to undermine government efforts to improve health.

Consumers, particularly children, appear to be inadequately protected from the effects the displays. The adoption of the precautionary principle suggests that restrictions on tobacco retail displays are justifiable and necessary.

**Argument 4: Lack of evidence for effectiveness of display bans**

A common argument against proposed regulation is that there is a ‘lack of evidence’ about the health gains that will result. Variations on this argument include assertions that displays have no effect on anyone but smokers (only affect choice of tobacco product brand and not overall consumption), do not affect children, do not increase sales, and do not constitute ‘advertising’.² ³⁴ ³⁵ ³⁷
The New Zealand website Stay Display states:

There is currently no reliable evidence showing a ban would be effective – There is no proven link between tobacco displays and reduced levels of smoking, particularly among youth...The display itself has no real effect on people’s buying patterns...Similar bans are already in place in other countries, including Canada and Iceland. It is too early to say if it works, but early evidence suggests it does not.\(^{21}\)

These arguments are inconsistent with the research evidence detailed above for the impact of PoS displays on smoking among children. The notion that PoS displays only affect brand choice is difficult to reconcile with evidence from Australia that adult smokers either never (90%) or rarely (4%) use retail displays to decide which cigarette brand to purchase.\(^{38}\) These arguments are also inconsistent with retailers’ concerns that they will lose sales following the introduction of display bans (see Argument 1). They are also contradicted by tobacco company documents, which clearly explain the important role retail displays play in their marketing strategies.\(^{16–18}\)

The Stay Display claims are at odds with tobacco companies’ use of retail displays to increase impulse purchases.\(^{39}\) For example, BAT’s ‘Project Insight’ included research on impulse buying and associated shop layouts.\(^{40}\) New Zealand evidence also documents payments that tobacco companies have made to retailers to maximise display effects.\(^{28–30}\)

Overall, the “lack of evidence” argument is logically flawed on several grounds, not least of which is the retail industry’s concern over lost sales. Within the wider marketing and retailing literature, the importance of retail displays in promoting purchase has been well documented.\(^{41–43}\) Suggestions that retailing principles known to apply to other products may not apply to tobacco products appear to lack logic, credibility, and empirical support.

**Argument 5: Staff safety and product security**

Retailers have also argued that the ‘distraction’ of using out-of-sight tobacco storage would increase in-store theft and pose greater risks to staff. The New Zealand website Stay Display suggests that a display ban could cause ‘a higher risk of shoplifting. If we have to spend longer turning our backs on customers, we believe the shoplifting rate will increase.’\(^{21}\)

We suggest that a display ban can reduce theft and risks to staff. If products are stored under the counter rather than in large displays behind the counter, the time spent by shop assistants with their backs turned to customers would be reduced rather than increased. A display ban could also reduce opportunities for theft of tobacco products, as these would be less accessible and visible.

The Saskatchewan Coalition for Tobacco Reduction reported in April 2005 that there had been no thefts due to the display ban there.\(^{34}\) Furthermore, eliminating tobacco displays would increase the external visibility of in-store activities, thus providing an additional safety benefit.
The views of retailers in New Zealand

There is currently little evidence that the views held by Stay Display advocates are shared by other retailers, and this question requires further examination before widespread retailer opposition can be assumed.

Initial data from in-depth qualitative interviews with three senior managers from New Zealand retail organisations, and four current or former owners or managers of local convenience stores and dairies, suggests some awareness that tobacco displays encourage children to smoke:

[A display ban would] be bad for cigarette companies…[but] good for the people that are young and impressionable, that are thinking of smoking. If they don’t see it then they probably won’t think about it the same.\textsuperscript{44}

None of the interviewees strongly supported selling tobacco, but many saw it as either an economic imperative, or were neutral, viewing it as similar to other products. One senior manager described tobacco as a ‘sunset’ category, which was in permanent decline:

…the sooner that we can stop selling tobacco then the better…we are actually doing a disservice to our consumers by advocating tobacco in the fact that we are selling it.\textsuperscript{44}

Although the level of support for further restrictions on retail tobacco displays was mixed, we found no evidence of unanimous opposition to display bans.\textsuperscript{44}

So what sort of regulation is needed for tobacco retailing in New Zealand?

The tobacco industry has a well-documented history of circumventing regulatory initiatives, and evolving new marketing efforts in response to controls. Because of this, a display ban needs to be part of a comprehensive, planned, and timetabled tobacco control strategy. This should include visually informative warnings, and plain packaging for tobacco products.\textsuperscript{45}

A complete display ban should ensure that tobacco products cannot be displayed in retail or other commercial areas, or be seen by any consumers when storage areas are opened. Products should only be visible when handed to customers after the sale has concluded. Regulations should also ensure that closed storage containers for tobacco products cannot be used for other tobacco marketing purposes, such as brand positioning via colours, lighting, or shapes.

We suggest that a ban on tobacco displays would be more effective if complemented by a requirement that tobacco retail outlets display large and effective health warnings that clearly communicate the risks of smoking. A start to this would be the display of large government-designed graphic health warnings (we suggest at least 1 square metre in size). Such warnings would need to include the Quitline telephone number, be at eye height, immediately next to the point of purchase, and completely unobstructed.

Another complementary ‘best practice’ measure would be the licensing of tobacco retailers.\textsuperscript{46}
The advantages of retailer licensing have been summarised as:

- Facilitating the enforcement of regulations on tobacco retailing, due to the better tracking of retailers, and the power of licence revocation, and;
- Enabling better communication by health authorities with retailers.\(^\text{47}\)

Introducing regulations to ban tobacco displays also provides a rare and important opportunity to improve other aspects of tobacco retailing. The supply of tobacco where alcohol is served presents a particular danger to smokers trying to quit.\(^\text{48,49}\) The new legislation should therefore prohibit tobacco sales in licensed premises; the Quebec and Nova Scotian tobacco retailing laws provide exemplars of this.\(^\text{22,50}\)

In summary, national and international research evidence suggests point of sale displays influence smokers and non-smokers, particularly children. Arguments from retailers and retail lobby groups have not successfully countered this evidence, or challenged empirical findings from public health researchers. Indeed, detailed analyses of retailers’ arguments reveal these are contradictory and flawed, and unsupported by actual experience from international jurisdictions.

New Zealand has an opportunity to create retail environments that better support smokefree living as a norm to those most vulnerable to marketing manipulation: children. New Zealanders can help protect children from addictive drugs, by encouraging government to require tobacco-free shop displays.

In addition, New Zealand also has a legal duty to ‘undertake a comprehensive ban of all tobacco…promotion’ within 5 years of its January 2004 ratification of the Framework Convention on Tobacco Control (FCTC).\(^s.13.2\) The evidence indicates that retail displays fulfil an important role in continuing to promote tobacco in New Zealand. So to honour the FCTC obligations, the displays need to be gone by January 2009.

**Competing interests:** Edwards and Thomson have previously worked for NGOs and the Ministry of Health on tobacco control issues.

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