

Tobacco industry marketing: an analysis of direct mail coupons and giveaways

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ABSTRACT

Background Despite marketing prohibitions, tobacco company marketing expenditures in the USA have continued to grow with tobacco companies shifting focus towards point-of-sale-marketing and direct marketing to consumers through the mail and on the web. The purpose of this observational study was to investigate the content of direct marketing sent in response to registrations on select industry websites.

Methods An analysis of 659 tobacco company direct mail marketing pieces received between July 2011 and June 2012 was conducted. Mailings were coded for type and value of tobacco coupons, type of tobacco products promoted with coupons and number and type of giveaways offered.

Results The most common type of mailing was tobacco coupon distribution; 86.5% of the mailings contained at least one coupon. Mailings with coupons had an average estimated coupon value of \$4.17. The total coupon value of each mailing varied by the type of coupon offer and product promoted. The Camel and Marlboro coupon mailings heavily promoted snus, with over half of Camel coupon mailings (60.9%) and nearly half (44.8%) of Marlboro coupon mailings promoting snus alone. In addition, 47.9% of Marlboro coupon mailings and 11.4% of Camel mailings promoted snus alongside cigarettes.

Discussion Tobacco companies use direct mail marketing to communicate with consumers and provide valuable tobacco coupons. More research is needed to understand the content of these mailings and how they are used by tobacco consumers in order to develop effective policy solutions.

INTRODUCTION

As a result of the 1998 Master Settlement Agreement (MSA), US tobacco companies are prohibited from engaging in most traditional forms of product marketing. The MSA marked the end of tobacco billboards, tobacco advertisements in many magazines, merchandise branded with tobacco logos and any other form of marketing targeting youth.¹ Despite these restrictions, annual cigarette marketing expenditures increased 25% in the USA from \$6.7 billion in 1998 to \$8.4 billion in 2011.²

Responding to these restrictions, tobacco companies shifted their focus, and point-of-sale marketing, which is now where the bulk of marketing dollars are spent, has expanded. Direct marketing, while a smaller fraction of tobacco marketing dollars overall, has also grown.² In 2011, the largest US cigarette companies spent over \$250 million on direct marketing strategies including direct mail materials, tobacco coupons, company websites and giveaway items.²

Direct marketing strategies focus on personalised, promotional efforts designed to build relationships and brand loyalty with consumers.³ Studies estimate that between 35.2% and 49.9% of current smokers receive direct mail marketing and 21.3–39.9% of those use the coupons.^{4–5} These types of price promotions appear to be most appealing to smokers who are younger, female, African-American, price sensitive and heavier smokers.^{6–7}

Although distinct, direct mail and web marketing are linked by the tobacco industry. One way that tobacco consumers enrol in direct mail marketing programmes is through registration on industry websites. They enter personal information and become part of the consumer databases maintained by tobacco companies. Once part of the database, consumers receive coupons, giveaways and sweepstakes materials tailored to their brand and lifestyle preferences.⁸ In 2005, the Philip Morris database alone contained over 37 million consumer names.⁹

This form of tobacco marketing operates largely under the radar of tobacco control and there have only been a handful of studies published on the topic. These have focused on the percentage of smokers who have received direct mail from the tobacco industry, how these direct mail pieces are viewed by smokers and how they impact on decisions on continued tobacco use.^{4–5–10} Understanding how direct marketing works and its potential to undermine tobacco control efforts is essential to countering this form of promotion. The purpose of this study was to investigate the content of direct marketing materials sent as a result of registrations on select industry websites. To the best of our knowledge, this is the first study to analyse a large sample of tobacco company mailings for total coupon value, type of tobacco products promoted and type of giveaways sent.

METHODS

Direct mail pieces were collected as part of an ongoing surveillance of tobacco industry marketing for the following tobacco brands: Black and Mild, Camel, Marlboro, Newport, Skoal, Copenhagen, General, Grizzly, American Spirit, Longhorn and USA Gold. These brands were chosen based on their collective market share accounting for over 60% of the US cigarette market, 30% of the cigar market and nearly 90% of the smokeless tobacco market.^{11–14} Data analysis was limited to the mailing pieces received between July 2011 and June 2012 as a result of 69 registrations on the tobacco industry websites for these nine tobacco brands. These registrations resulted in a total of 659 mailings that were sent to Minnesota addresses (see table 1). Email marketing pieces collected



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Table 1 Registrations and mailings by brand, July 2011 to June 2012

Brand	Number of registrations	Per centage of registrations	Number of mailings	Average mailings per registration	Range of mailings per registration	Per centage of mailings
American Spirit	2	2.9	6	3	2–4	0.9
Black & Mild	12	17.4	40	3.3	2–6	6.1
Camel*	11	15.9	199	18.1	4–28	30.2
Copenhagen	4	5.8	52	13	3–25	7.9
General Snus	1	1.5	1	1	–	0.2
Grizzly	1	1.5	9	9	–	1.4
Longhorn	1	1.5	1	1	–	0.2
Marlboro*	13	18.8	304	23.4	20–26	46.1
Newport	12	17.4	41	3.4	1–21	6.2
Skool	11	15.9	3	0.3	0–1	0.5
USA Gold	1	1.5	3	3	–	0.5

*Registrations for these brands resulted in mailings for both cigarettes and snus.

during the same period were not analysed as email was used primarily to drive traffic to tobacco company websites rather than for coupon distribution.

The following variables were coded for each direct mailing received: mailing type, type and value of coupons, type of tobacco products promoted with coupons and number and type of giveaways offered. Coupons were coded as either straight discount, buy-one-get-one free or floor price. Straight discount coupons specify a certain amount off a given product (eg, '\$1 off a pack of Marlboro cigarettes'). Buy-one-get-one free coupons offer a free tobacco product with the purchase of another (eg, 'Get a free tin of Camel Snus with the purchase of another Camel product'). Finally, floor price coupons set the price at which a tobacco product should be sold (eg, 'get a tin of Camel Snus for \$1'). Many mailings contained multiple coupons from each of the three different coupon categories.



Figure 1 Examples of direct mail giveaway items that are subtly branded with tobacco company colours and imagery. The water bottle was sent by Marlboro in the company's signature brand colour. Copenhagen, a brand that is heavily associated with outdoor sports including hunting and fishing, gave away a camouflage hat.

The value of buy-one-get-one free and floor price coupons was estimated using the monthly average price values for each tobacco product from Nielsen market data collected during the study period for the Minneapolis convenience store market (a region that includes 38 of Minnesota's 87 counties and eight counties in western Wisconsin). A total coupon value was computed for each mailing by summing the value of all straight discount, buy-one-get-one free and floor price offers.

RESULTS

While some mailings were used to provide free giveaways (13.8%) and promote contests and sweepstakes (2.0%), the most common mailing was for coupons, with 86.5% of the mailings containing at least one. These categories were not mutually exclusive. Of those mailings that promoted contests and sweepstakes, 30.8% of them also contained at least one tobacco coupon and 18.7% of the free giveaway mailings also contained at least one coupon.

Of the 659 mailings, 570 contained at least one coupon, with a total of 1345 coupons received. The average number of coupons per mailing (among those with at least one) was 2.4 (range 1–10). The most common type of coupon mailing was straight discount coupons only (72.6% of all coupon mailings). Fifty-eight (10.2%) of the coupon mailings combined a straight discount coupon with either a buy-one-get-one free or a floor price coupon. An additional 98 (17.2%) offered a combination of buy-one-get-one-free coupons with floor price coupons or offered floor price coupons alone. There were no mailings in the sample that included only buy-one-get-one free coupons.

Overall, the mailings that included coupons had an average estimated coupon value of \$4.17. The average total value per mailing for straight discount coupon only mailings was \$3.38 (range \$0.75–\$12.00). Mailings with a combination of straight discount coupons and buy-one-get-one free or floor price coupons had an average value of \$8.41 (range \$1.50–\$20.56). Finally, mailings with a combination of buy-one-get-one free and floor price coupons had an average value of \$7.07 (range \$6.50–\$7.56). The total coupon value per mailing changed with the type of coupons offered and the product(s) promoted. The average total coupon value of cigarette only coupon mailings (n=116) was \$4.42. For snus only mailings (n=223), the average total value was \$3.94. For coupon mailings including both cigarette and snus coupons (n=140), the average total coupon value was \$5.38. Non-snus smokeless tobacco coupon

mailings (n=62) had an average total coupon value of \$2.86, while cigar coupon mailings (n=29) had an average total value of \$1.98.

The Camel and Marlboro coupon mailings heavily promoted snus, with over half of Camel coupon mailings (60.9%) and nearly half (44.8%) of Marlboro coupon mailings promoting snus alone. In addition, 47.9% of Marlboro and 11.4% of Camel coupon mailings promoted snus alongside cigarettes. Camel and Marlboro were alone in their promotion of multiple tobacco products under a single brand name and in a single mailing.

Of all mailings received, 91 (13.8%) contained a free giveaway item. Some of these giveaways were solicited through participation in online games and contests and others were not. Examples of giveaway items included: a customised hat, a customised phone 'skin,' a lighter, a \$25 VISA gift card and a flask. In compliance with the tobacco settlement agreements, none of these giveaway items were branded with company logos; however, many were subtly branded with tobacco company logo colours and imagery. For example, Marlboro items included a water bottle in the company's signature colour of red, and Copenhagen, a brand that is heavily associated with outdoor sports including hunting and fishing, gave away a camouflage hat (see figure 1).

DISCUSSION

This analysis of the content of direct marketing materials is important given that tobacco marketing is causally linked to tobacco use in youth and adults.^{15 16} The study highlights three key findings about how direct mail marketing serves the tobacco industry. First, discount coupons offer significant monetary value, reducing the cost of tobacco products and the public health benefit of tobacco tax increases. Second, tobacco coupon mailings promote the dual use of cigarettes and snus. During the study period, Camel and Marlboro mailings heavily promoted the use of snus to those who registered to receive cigarette mailings. The Marlboro Snus slogan 'When you choose not to smoke, reach for Marlboro Snus' clearly articulates that this product is designed for dual use by those who already smoke. Dual use of cigarettes with smokeless tobacco is associated with a lower likelihood of tobacco cessation, higher risk of acute myocardial infarction and higher risk of morbidity and mortality resulting from tobacco use.^{17–19} It is possible that, by sending coupons, cigarette smokers are encouraged to use a new product that they might not otherwise try. A recent study of smokers' perceptions of snus found that almost all participants used coupons on their initial snus purchase.¹⁰ Third, we observed free giveaways as a consistent component of direct mail marketing. Nearly one in seven of the mailings contained a free gift. These giveaway items are generally carefully packaged. While of relatively low monetary value, they most likely help tobacco companies build brand loyalty and contribute to recipients feeling more positive about tobacco companies. This is supported by findings from a study that found that those who received direct mailings were likely to hold favourable views of the tobacco industry.⁵

This study has limitations. First, registrations were not randomly selected but were based on brand market share and strategically selected for surveillance purposes. Thus, results may not generalise to the broader universe of mailings. Second, coupons were coded by a single coder; however, given the straightforward nature of the content being coded, we are confident about the accuracy of the coding. Despite these limitations,

we believe that this study presents useful information about a form of tobacco marketing that is largely unnoticed.

Further research is needed to more clearly understand how these mailings and coupons are received and used by consumers and how tobacco companies tailor their direct marketing messages based on demographic and lifestyle characteristics. As the industry continues to evolve, an understanding of how tobacco companies are leveraging direct marketing tactics to develop brand loyalty and lifelong relationships with their consumers is needed to advance tobacco control.

What this study adds

- Direct marketing of tobacco products has increased since the 1998 Master Settlement Agreement (MSA). In 2011, the largest US cigarette companies spent over \$250 million on direct marketing strategies including direct mail materials, tobacco coupons, company websites and giveaway items. This form of tobacco marketing operates largely under the radar of tobacco control and there have only been a handful of studies published on the topic. In order to counter this form of promotion, it is essential to understand how direct marketing works and how it potentially undermines tobacco control efforts.
- The purpose of this study was to investigate the content of direct marketing materials sent as a result of registrations on select industry websites. To the best of our knowledge, this is the first study to analyse a large sample of tobacco company mailings for total coupon value, type of tobacco products promoted and type of giveaways sent.
- Results show that tobacco coupons sent as part of direct mail marketing campaigns can have significant monetary value. This can offset the public health impact of tobacco tax increases. Further, mailings often contain coupons for more than one type of tobacco product, which could encourage dual use.

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Contributors BB developed the study design, oversaw data collection, conducted the analyses and led the development and writing of the manuscript. BAS provided input on study design, data analysis and manuscript development and was involved in the writing and review of the manuscript. MM assisted with the study design and implementation and review of the manuscript. All authors have reviewed the final version of the submitted manuscript. BB is responsible for the overall content.

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