

# The tobacco industry plays price games to make it even tougher to quit smoking

November 8 2018, by J. Robert Branston, Anna Gilmore And Rosemary Hiscock

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Cash tray. Credit: [Shutterstock](#)

It is thought about [two in three smokers](#) want to kick their deadly habit, and with good reason – the same proportion of them [are believed to die](#)

[prematurely](#) because of smoking. Around the world, the habit [kills more than 6m](#) people a year.

Yet quitting is notoriously difficult. Smoking tobacco is an [addictive habit](#) that the UK Royal College of Physicians [has likened](#) to heroin and cocaine addiction.

But this doesn't mean there is nothing we can do. The [evidence suggests](#) that increases in tobacco taxation are the most effective means of reducing tobacco use. These taxes, [recommended by the World Health Organization](#) and the [World Bank](#), increase the price of tobacco products in shops, reducing their affordability – a situation which encourages [smokers](#) to quit, and deters others from starting in the first place.

Taxation is particularly important because [lower income smokers are less likely to respond](#) to many other anti-tobacco campaigns and regulations intended to encourage quitting. Yet such smokers, including many young people, are the most sensitive to price increases.

If addiction alone wasn't enough, an added challenge for kicking the habit is that tobacco companies simply don't want smokers to quit. They don't want to lose their customers and the substantial profits they provide.

It is therefore unsurprising that the [tobacco industry](#) has a [well-documented history](#) of undermining regulations that seek to control the use and sale of tobacco for the benefit of public health. For instance, the largest [tobacco companies](#) have continued to [market cigarettes to children across the globe](#) despite claiming not to do so, and often in places where [advertising is banned](#). In the UK, where [tobacco advertising](#) is banned, Philip Morris International has effectively circumvented the ban with its [recently launched "stop smoking" campaign](#) which actually still promotes its tobacco products.

## Paying a heavy price

While many of these tactics are obvious, some are harder to detect. Our [latest research](#) exposes another – how the tobacco industry's pricing tactics in the UK minimise the intended public health impact of tobacco tax increases.

Tobacco companies offer a range of cheaper products to help keep people smoking (and entice new consumers to start) while also offering a suite of higher priced brands to really cash in on those unable or unwilling to quit.

When [tobacco taxes](#) are increased, they play with their pricing to undermine the impacts of the tax increases on smoking. They absorb the tax increases, particularly on the cheapest brands, delaying and staggering the intended tobacco price rises. In this way, price increases are applied gradually to their portfolio of brands to ensure smokers never face a sudden quit-inducing price jump when the government increases taxes.

Further tactics adopted by the industry include [shrinkflation](#) – cutting the number of cigarettes in a pack to disguise price rises and prevent the cost of a packet of tobacco being tipped over certain psychological levels.

Reducing the number of cigarettes in a pack from 20 to 19, 18 or even 17, while keeping the price stable means the higher cost per cigarette isn't immediately obvious to most smokers – and the producer can make greater profits.

The industry also used price marked packaging to limit the ability of retailers to increase their small mark-up on tobacco sales as a further way of keeping tobacco cheap. Sales of ten-cigarette packs increased and very small packs of loose tobacco (10g or less) were introduced.

These small packets appeal to the most price sensitive smokers as they cost less to buy.

Such tactics and small packs [have recently been banned in the UK](#) with the [introduction of standardised packaging](#) (where tobacco has to be sold in a standardised format with drab packaging) but are still available elsewhere. The [UK has also introduced](#) a new minimum excise tax which puts the average price at [over £10 for a packet of 20 cigarettes](#) stopping the sale of ultra cheap mainstream [tobacco products](#).

Ultimately the tobacco industry wouldn't be manipulating price if it wasn't so effective in ensuring young people take up smoking and in preventing existing smokers from quitting. So what more can we do?

## **Stubbing it out**

Further restricting industry use of pricing tactics would be a good option. Companies could be limited in the number of brands and brands variants they sell to cut down on the range of [prices](#) on offer, and in the number of times they can change prices in order to remove their ability to smooth prices and directly undermine the public health benefits of tax increases.

There is even a [case for directly regulating](#) tobacco prices in the same way that prices for public utility services, [such as water](#) and electricity are often determined by independent government agencies. Public utilities are important services, which is why the government looks to protect the public from company pricing choices – but then tobacco is a very addictive and deadly product where price matters too.

Meanwhile, Bloomberg Philanthropies [recently announced](#) a US\$20m investment to create [STOP](#) (Stopping Tobacco Organisations and Products) – a global [tobacco](#) industry watchdog to help expose more of

these practices. The [Tobacco Control Research Group](#) at the University of Bath is one of three partners funded to lead this initiative.

The public can cannot afford to let the industry operate under the radar when the product they make kills two out of three long-term users. This new partnership will serve as a necessary watchdog to expose their deadly tactics.

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Provided by The Conversation

Citation: The tobacco industry plays price games to make it even tougher to quit smoking (2018, November 8) retrieved 16 March 2023 from <https://medicalxpress.com/news/2018-11-tobacco-industry-price-games-tougher.html>

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