



Federal Trade Commission

Report to Congress

For 1998

PURSUANT TO THE FEDERAL CIGARETTE
LABELING AND ADVERTISING ACT

ISSUED: 2000

I. INTRODUCTION

This report is the latest in a series on cigarette sales, advertising and promotion that the Federal Trade Commission ("the Commission") has submitted annually to Congress since 1967 pursuant to the Federal Cigarette Labeling and Advertising Act:¹

The Federal Trade Commission shall transmit a report to the Congress . . . concerning (1) the current practices and methods of cigarette advertising and promotion, and (2) such recommendations for legislation as it may deem appropriate.²

The statistical tables appended to this report provide information on domestic sales and advertising and promotional activity for U.S. manufactured cigarettes for the years 1963 through 1998. The tables were compiled from raw data contained in special reports submitted to the Commission pursuant to compulsory process by the five major cigarette manufacturers in the United States: Brown & Williamson Tobacco Corporation, Liggett Group, Inc., Lorillard Tobacco Company, Philip Morris Incorporated, and R.J. Reynolds Tobacco Company.

This report shows the last year of spending prior to the implementation of the tobacco industry's Master Settlement Agreement with the State Attorneys General. Although the report shows that cigarette sales fell during 1998 (by 4.2 percent), it also finds substantial increases in reported advertising expenditures, including significant increases in dollars spent for newspapers (up 73.4 percent from 1997 to 1998), magazines (up 18.7 percent), transit advertising (up 52.1 percent), public entertainment (up 27.3 percent) and distribution of coupons (up 13.0 percent).

¹ Pub. L. No. 89-92, 79 Stat. 282 (1965), *as amended* by Pub. L. No. 98-474, 98 Stat. 2204 (1984) and by Pub. L. No. 99-92, § 11, 99 Stat. 393, 402-04 (1985), *current version* at 15 U.S.C. § 1331 (1994) (hereafter "Cigarette Act").

² 15 U.S.C.A. § 1337(b).

II. COMMISSION ACTIVITY

In August 1999, the Commission gave final approval to a consent agreement with the R.J. Reynolds Tobacco Company that resolved charges that advertisements for Winston "no additives" cigarettes implied, without a reasonable basis, that Winston cigarettes are less hazardous than otherwise comparable cigarettes because they do not contain additives. The settlement requires Reynolds to include the disclosure "No additives in our tobacco does NOT mean a safer cigarette" in most advertising for Winston or any other tobacco products Reynolds advertises as having no additives. In addition, the disclosure must be included in all advertising for Winston no-additive cigarettes for one year, regardless of whether that advertising contains a "no additives" claim. Reynolds need not include the disclosure, however, if it has scientific evidence demonstrating that its "no additives" cigarette poses materially lower health risks than other cigarettes.

In April 2000, the Commission accepted settlement agreements with Santa Fe Natural Tobacco Company, Inc. and Alternative Cigarettes, Inc. to settle charges that, like Reynolds, their advertisements implied without a reasonable basis that their tobacco-containing cigarettes are safer to smoke than other cigarettes because they contain no additives. The proposed settlements would require the companies to disclose prominently in future ads that make a "no additives" claim the same disclosure that Reynolds is required to make. The Commission also alleged that Alternative Cigarettes falsely implied that smoking its herbal cigarettes did not pose the health risks associated with smoking tobacco cigarettes. Under the settlements, both companies would be required to disclose prominently on packages and in ads for herbal cigarettes that: "Herbal cigarettes are dangerous to your health. They produce tar and carbon monoxide."

The Commission has worked with the Department of Justice and the U.S. Customs Service recently to ensure that bidis cigarettes imported from India bear the appropriate Surgeon General's

warnings.³ Bidis, which consist of tobacco rolled in a dried “tendu” leaf and tied with a string, are reported to be increasingly popular, especially among young people. Of particular concern to the Commission were bidis being sold without any Surgeon General’s warnings. Ensuring that bidis are properly labeled with the same health warnings as other cigarettes is one way of correcting any consumer misimpressions that bidis are not dangerous.

The Commission is also concerned about the ability of minors to purchase bidis and other cigarettes over the Internet. A number of online cigarette retailers take no steps to verify the ages of their customers beyond requesting a credit card number or a self-certification of the buyer’s age. Commission staff has been assisting the Attorneys General of several States in their efforts to prevent the sale of cigarettes to minors over the Internet.

III. THE FTC CIGARETTE TEST METHOD

In its last Report to Congress, the Commission noted that because of concerns about the methodology currently used to determine cigarette ratings for tar, nicotine and carbon monoxide,⁴ it had asked the Department of Health and Human Services (“HHS”) to conduct a complete review of that

³ The Cigarette Act requires that cigarette manufacturers and importers rotate the four mandated Surgeon General’s warnings on cigarette packaging in accordance with a plan filed with and approved by the Commission.

⁴ For some time, the Commission has been concerned that the current test method may be misleading to individual consumers who rely on the ratings it produces as indicators of how much tar and nicotine they actually get from their cigarettes; in fact, the current ratings tend to be relatively poor predictors of tar and nicotine exposure. In addition, some public health agencies had expressed concerns that new studies may question the basic assumption underlying cigarette testing -- that cigarettes with lower machine-measured tar and nicotine ratings are less harmful than ones with higher ratings.

In May 2000, the Commission released a Consumer Alert entitled “Up In Smoke: The Truth About Tar and Nicotine Ratings” that provides consumers with important information about “low tar” cigarettes and the limitations of the tar and nicotine ratings.

methodology. That review is currently underway.

The Commission wishes to reiterate what it said in the 1997 Report concerning the importance of having a mechanism in place for implementing HHS's recommendations once that review is completed. Specifically, the Commission strongly recommends that Congress give cigarette testing authority to one of the Federal government's science-based, public health agencies, and that procedures for implementing HHS's recommendations be established to facilitate swift and broad implementation by that agency.⁵

IV. DISCUSSION OF CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES AND SALES DATA

Table 1 displays annual cigarette sales by manufacturers to wholesalers and retailers. In 1998, the major domestic cigarette manufacturers sold 458.5 billion cigarettes domestically, 20.1 billion fewer than the 478.6 sold in 1997. This 4.2 percent decrease from the 1997 level follows a 1.1 percent decrease in sales from 1996 to 1997.

Because the cigarette sales data that are reported to the Commission by the manufacturers are based on factory shipments, and thus can reflect changes in inventory holdings by cigarette wholesalers and retailers, the Commission has recently been including in its report to Congress information from the cigarette consumption series produced by the U.S. Department of Agriculture (USDA), which is based on an estimate of the number of cigarettes actually sold to consumers. USDA's cigarette consumption estimates for the years 1963 through 1998, which are also included in Table 1, show a decline from

⁵ The Commission previously recommended that Congress affirm FDA's authority to issue regulations to reduce the harm done by tobacco products. Prepared Statement of the Federal Trade Commission on Advertising, Marketing and Antitrust Issues in the Global Tobacco Settlement, Presented to the United States Senate Committee on Commerce, Science and Transportation (March 2, 1998). On March 21, 2000, the Supreme Court ruled that FDA lacks statutory authority to regulate tobacco products as drugs or devices. The Commission believes that Congress should provide a statutory basis for FDA's substantive jurisdiction over tobacco products.

480 billion cigarettes in 1997 to 465 billion in 1998.

Table 2 shows U.S. adult per capita cigarette sales per year, and is generated by dividing manufacturers' sales to wholesalers and retailers by the U.S. adult population. Based on the data reported to the Commission by the manufacturers, per capita sales fell from 2,416 in 1997 to 2,287 in 1998, a decline of 5.3 percent, or 129 cigarettes per person.

Tables 3 through 3F show the amounts spent on cigarette advertising and promotion for the years 1970, and 1975 through 1998.⁶ These tables list the amounts spent on the different types of media advertising (*e.g.*, newspapers and magazines) and sales promotion activities (*e.g.*, distribution of cigarette samples and specialty gift items) and also give the percentage of the total amount spent for the various types of advertising and promotion.

Table 3F shows that overall, \$6.73 billion was spent on cigarette advertising and promotion in 1998, the most ever reported by the major cigarette manufacturers. The \$6.73 billion represents an increase of 19.0 percent from the \$5.66 billion spent in 1997, and of 31.8 percent from the \$5.12 billion spent in 1996.

Newspaper advertising expenditures rose from \$17.0 million to \$29.4 million between 1997 and 1998, an increase of 73.4 percent; however, this advertising category still accounts for less than one-half of 1 percent of all expenditures. Although newspaper spending accounted for 23.1 percent of total expenditures in 1981, it has accounted for less than 1 percent of expenditures since 1992.

The manufacturers reported spending \$281.3 million on magazine advertising in 1998, an increase of 18.7 percent from 1997. Magazine advertising represented 4.2 percent of total spending.

⁶ The reported figures include all advertising, merchandising, and promotional expenditures related to cigarettes, regardless of whether such advertising would constitute "commercial speech" or would be protected from law enforcement action under the First Amendment. The Commission began requiring tobacco companies to include expenditures for such protected speech in 1989.

Spending on magazine advertising peaked in 1984, when the cigarette companies reported spending \$425.9 million (20.3 percent of total 1984 advertising and promotional expenditures).

Spending on outdoor advertising totaled \$294.7 million in 1998, a slight decrease from 1997, when \$295.3 million was spent. In 1998, outdoor advertising expenditures comprised 4.4 percent of total advertising and promotional spending.

Spending on transit advertising rose from \$26.4 million in 1997 to \$40.2 million in 1998, an increase of 52.1 percent. This growth contrasts with an 8.5 percent decrease from 1996 to 1997. Like newspaper advertising, however, transit advertising accounts for only about one-half of 1 percent of all expenditures.

Spending on point of sale promotional materials fell by \$14.6 million (4.8 percent) from 1997 (\$305.4 million) to 1998 (\$290.7 million). Point of sale advertising accounted for 4.3 percent of total advertising and promotion in 1998. These expenditures peaked in 1993 at \$401 million.

Promotional allowances were \$2.88 billion in 1998, up 18.1 percent from the \$2.44 billion spent in 1997. As it has been each year since 1994, this was the single largest category of advertising and promotional expenditures, accounting for 42.8 percent of all 1998 spending. Since 1988, spending on promotional allowances has tripled.

Money spent giving cigarette samples to the public ("sampling distribution") fell from \$22.1 million in 1997 to \$14.4 million in 1998, a decrease of 34.6 percent. Cigarette sampling distribution accounted for only 0.2 percent of the total spent on advertising and promotion in 1998; these expenditures accounted for 7.9 percent of the total spent on advertising and promotion in 1982.

In 1998, \$355.8 million was spent on specialty item distribution through the mail, at

promotional events, or by any means other than at the point-of-sale with the purchase of cigarettes.⁷ (Specialty items distributed along with the purchase of cigarettes were redesignated as retail value added expenses beginning in 1988.) Specialty item distribution expenditures declined \$156.8 million (30.6 percent) from 1997, and accounted for 5.3 percent of total advertising and promotional expenditures in 1998.

Spending on public entertainment increased by 27.3 percent (\$53.3 million) from 1997 to 1998. With expenditures reported at \$248.5 million, public entertainment accounted for 3.7 percent of total advertising and promotion expenditures in 1998.

The cigarette companies reported a total of \$57.8 million for direct mail advertising in 1998, 54.8 percent more than the \$37.3 million reported in 1997.⁸

All reporting companies indicated that no money had been spent on endorsements and testimonials for cigarettes in 1998. No expenditures have been reported in this category since 1988.

The industry reported spending \$624.2 million on coupons and \$1.56 billion on retail value added in 1998 (up from \$552.6 million and \$970.4 million, respectively, in 1997).⁹ If the two categories are combined for the purpose of comparing them to the expenditures reported in previous years, the \$2.18 billion total in 1998 represented an increase of \$656.7 million (43.1 percent) from

⁷ Specialty item advertising is the practice of branding items such as T-shirts, caps, sunglasses, key chains, calendars, lighters and sporting goods with a brand's logo, and then giving them away or selling them to consumers.

⁸ This category does not include direct mail containing coupons. Coupons sent via direct mail were reported in the coupon and retail value added category from 1988 to 1996, and, as noted below, were reported separately for the first time in the report to Congress for 1997.

⁹ From 1988 to 1996, the Commission collected information about spending on coupons and retail value added as a single expenditure category. This category, which included cents-off coupons, multiple pack promotions and retail value added offers, was the single largest category of expenditures from 1990 to 1993. Beginning with its report to Congress for 1997, the Commission reported information about expenditures on coupons and retail value added separately, to provide better information on industry marketing trends.

1997, and was the most spent on coupons and retail value added since 1993, when expenditures of \$2.56 billion were reported.

In 1998, the companies reported spending \$125,000 on Internet advertising,¹⁰ which is less than 0.002 percent of the year's total advertising and promotional expenditures. This category includes the Internet, World Wide Web, commercial online services and direct mail advertising using electronic mail messages.

In 1988, the Commission began requiring the cigarette companies to state separately the amount of money spent on sports and sporting events.¹¹ For 1998, the major domestic cigarette companies reported that they spent \$125.6 million on sports and sporting events,¹² up from \$121.4 million in 1997.

Cigarette manufacturers reported that they paid no money or other form of compensation to have any cigarette brand names or tobacco products appear in any motion pictures or television shows.¹³ This practice has been reported as unfunded since 1989.

The data on cigarette advertising and promotional expenditures reported in Tables 3 through 3E were not collected in their present form until 1975. Therefore, Tables 4 and 5, which report cigarette advertising expenditures from 1963 through 1974 and 1970 through 1974, respectively, have been

¹⁰ In 1996, the Commission began collecting data from the major domestic cigarette manufacturers on expenditures related to cigarette advertising on the Internet.

¹¹ The Commission collects expenditure information in two categories that do not appear as line items on the charts because they may span several categories.

¹² This includes expenditures for: (1) the sponsoring, advertising or promotion of sports or sporting events; support of an individual, group, or sports team; and purchase of or support for equipment, uniforms, sports facilities and/or training facilities; (2) all expenditures for advertising in the name of the cigarette company or any of its brands in a sports facility, on a scoreboard, or in conjunction with the reporting of sports results; and (3) all expenditures for functional promotional items (clothing, hats, etc.) connected with a sporting event.

¹³ In 1989, the Commission began requiring the cigarette companies to declare whether any money or other form of compensation had been paid to have any cigarette brand names or tobacco products appear in any motion pictures or television shows.

retained in the report for comparative purposes.

Tables 6 through 6D give the domestic market share of, and the percentage of total cigarette advertising expenditures devoted to, cigarettes with tar ratings of 15 milligrams (mg.) or less for the years 1967 through 1998. The data for the years since 1982 are further broken down into sub-categories according to tar ratings, *e.g.*, 3 mg. or less, 6 mg. or less, etc. (categories are presented cumulatively). Table 6C provides new data for 1997, which were not available when the Commission issued its previous report, and Table 6D provides 1998 data.

In 1997, 70.2 percent of the domestic cigarette market was cigarettes with tar ratings of 15 mg. or less. Cigarettes with tar ratings of 3 mg. or less -- the lowest rated portion of the market -- made up only 1.7 percent of the market. In 1998, those percentages were 81.9 percent and 1.6 percent, respectively.

As shown in Table 7, filtered cigarettes have dominated the market since the Commission began collecting this information in 1963. Filtered cigarettes held 98 percent of the market in 1998.

Table 9 provides the domestic market share of the various cigarette length categories. The King-size (79-88 mm) category continues to be the biggest seller, with 59 percent of the market. This category is followed by the Long (94-101 mm) group, which held 38 percent of the market in 1998. Regular (68-72 mm) and Ultra-Long (110-121 mm) cigarettes accounted for 1 percent and 2 percent, respectively, of the market in 1998.

Table 11 gives the market share of menthol and non-menthol cigarettes. In 1998, the market share of menthol cigarettes was 26 percent, while non-menthols held 74 percent of the market.

In 1994, the Commission began requiring the cigarette companies to indicate whether "tar" and nicotine ratings were displayed on cigarette packaging and advertising. Tables 12 and 12A show: (1) the percentage of the overall cigarette market represented by varieties with different tar ratings, and (2)

within each tar group, the market share of those varieties that disclose tar and nicotine ratings on their packs. Table 12A shows that cigarette varieties that printed tar and nicotine ratings on their packs represented only 5.8 percent of the overall market in 1997. In 1998, that figure slipped to 5.3 percent.

TABLE 1

DOMESTIC CIGARETTE SALES (BILLIONS OF CIGARETTES)*

DATA REPORTED BY CIGARETTE MANUFACTURERS

<u>YEAR</u>	<u>TOTAL SALES</u>	<u>UNIT CHANGE FROM PRIOR YEAR</u>	<u>% CHANGE FROM PRIOR YEAR</u>	<u>USDA CIGARETTE CONSUMPTION ESTIMATES**</u>
1963	516.5	---	---	523.9
1964	505.0	(11.5)	(2.2)	511.2
1965	521.1	16.1	3.2	528.7
1966	529.9	8.8	1.7	541.2
1967	525.8	5.9	1.1	549.2
1968	540.3	4.5	.8	545.7
1969	527.9	(12.4)	(2.3)	528.9
1970	534.2	6.3	1.1	536.4
1971	547.2	13.0	2.4	555.1
1972	561.7	14.5	2.7	566.8
1973	584.7	23.0	4.1	589.7
1974	594.5	9.8	1.7	599.0
1975	603.2	8.7	1.5	607.2
1976	609.9	6.7	1.1	613.5
1977	612.6	2.7	.4	617.0
1978	615.3	2.7	.4	616.0
1979	621.8	6.5	1.1	621.5
1980	628.2	6.4	1.0	631.5
1981	636.5	8.3	1.3	640.0
1982	632.5	(4.0)	(.6)	634.0
1983	603.6	(28.9)	(4.6)	600.0
1984	608.4	4.8	.8	600.4
1985	599.3	(9.1)	(1.5)	594.0
1986	586.4	(12.9)	(2.2)	583.8
1987	575.4	(11.0)	(1.9)	575.0
1988	560.7	(14.7)	(2.6)	562.5
1989	525.6	(35.1)	(6.3)	540.0
1990	523.7	(1.9)	(.4)	525.0
1991	510.9	(12.8)	(2.4)	510.0
1992	506.4	(4.5)	(.9)	500.0
1993	461.4	(45.0)	(8.9)	485.0
1994	490.2	28.8	6.2	486.0
1995	482.2	(8.0)	(1.6)	487.0
1996	484.1	1.9	.4	487.0
1997	478.6	(5.5)	(1.1)	480.0
1998	458.5	(20.1)	(4.2)	465.0

* Sales by manufacturers to wholesalers and retailers within the U.S. and to armed forces personnel stationed outside the U.S.

** USDA: Tobacco Situation and Outlook Report, Sept. 1999, TBS-244, Table 1, page 5.

TABLE 2

PER CAPITA DOMESTIC CIGARETTE SALES*

<u>YEAR</u>	<u>CIGARETTES</u>
1963	4,286
1964	4,143
1965	4,196
1966	4,197
1967	4,175
1968	4,145
1969	3,986
1970	3,969
1971	3,982
1972	4,018
1973	4,112
1974	4,110
1975	4,095
1976	4,068
1977	4,015
1978	3,965
1979	3,937
1980	3,858
1981	3,818
1982	3,733
1983	3,513
1984	3,497
1985	3,400
1986	3,288
1987	3,190
1988	3,073
1989	2,846
1990	2,827
1991	2,724
1992	2,680
1993	2,414
1994	2,546
1995	2,482
1996	2,467
1997	2,416
1998	2,287

* Total domestic cigarette sales, as reported by the manufacturers (from Table 1) divided by the number of U.S. residents 18 years of age and older and overseas military personnel. Source of population figure is the U.S. Department of Commerce, Bureau of Census.

TABLE 3

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1970, 1975-1977
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1970</u>	<u>% OF TOTAL</u>	<u>1975</u>	<u>% OF TOTAL</u>
Newspapers	\$14,026	3.9	\$104,460	21.3
Magazines	50,018	13.9	131,199	26.6
Outdoor	7,338	2.0	84,329	17.2
Transit	5,354	1.5	10,852	2.2
Point of Sale	11,663	3.2	35,317	7.2
Promotional Allowances	33,789	9.4	72,018	14.7
Sampling Distribution	11,775	3.3	24,196	4.9
Specialty Item Distribution	5,652	2.6	10,088	2.1
Public Entertainment	544	0.2	8,484	1.7
All Others*	<u>220,841</u>	61.1	<u>10,311</u>	2.0
Total**	\$361,000	100.0	\$491,254	100.0

<u>TYPE OF ADVERTISING</u>	<u>1976</u>	<u>% OF TOTAL</u>	<u>1977</u>	<u>% OF TOTAL</u>
Newspapers	\$155,808	24.4	\$190,677	24.5
Magazines	148,032	23.2	173,296	22.2
Outdoor	102,689	16.1	120,338	15.4
Transit	19,341	3.0	21,530	2.8
Point of Sale	44,176	6.9	46,220	5.9
Promotional Allowance	82,523	12.9	108,227	13.9
Sampling Distribution	40,390	6.3	47,683	6.1
Specialty Item Distribution	20,030	3.1	35,797	4.6
Public Entertainment	7,946	1.3	9,538	1.2
All Others*	<u>18,182</u>	2.8	<u>26,157</u>	3.4
Total**	\$639,117	100.0	\$779,463	100.0

* Includes TV and Radio advertising expenditures of \$207,324,000 and \$12,492,000, respectively, for 1970. Broadcast advertising was banned after January 1, 1971. Expenditures for direct mail, endorsements, testimonials, and audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

TABLE 3A

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1978-1981
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1978</u>	<u>% OF TOTAL</u>	<u>1979</u>	<u>% OF TOTAL</u>
Newspapers	\$186,947	21.4	\$240,978	22.2
Magazines	184,236	21.1	257,715	23.8
Outdoor	149,010	17.0	162,966	15.0
Transit	22,899	2.6	21,151	2.0
Point of Sale	57,384	6.6	66,096	6.1
Promotional Allowances	125,148	14.3	137,111	12.7
Sampling Distribution	47,376	5.4	64,286	5.9
Specialty Item Distribution	48,281	5.5	62,029	5.7
Public Entertainment	11,590	1.3	10,783	1.0
All Others*	<u>42,100</u>	4.8	<u>60,310</u>	5.6
Total**	\$874,971	100.0	\$1,083,425	100.0

<u>TYPE OF ADVERTISING</u>	<u>1980</u>	<u>% OF TOTAL</u>	<u>1981</u>	<u>% OF TOTAL</u>
Newspapers	\$304,380	24.5	\$358,096	23.1
Magazines	266,208	21.4	291,227	18.8
Outdoor	193,333	15.6	228,081	14.7
Transit	26,160	2.1	21,931	1.4
Point of Sale	79,799	6.4	98,968	6.4
Promotional Allowances	179,094	14.4	229,077	14.8
Sampling Distribution	50,459	4.1	81,522	5.3
Specialty Item Distribution	69,248	5.6	115,107	7.5
Public Entertainment	16,914	1.4	37,423	2.4
All Others*	<u>56,694</u>	4.6	<u>86,226</u>	5.6
Total**	\$1,242,289	100.0	\$1,547,658	100.0

* Expenditures for direct mail, endorsements, testimonials, and audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

TABLE 3B

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR THE YEARS 1982-1985
(THOUSANDS OF DOLLARS)

<u>TYPE% OF ADVERTISING</u>	<u>1982</u>	<u>% OF TOTAL</u>	<u>1983</u>	<u>% OF TOTAL</u>
Newspapers	\$282,897	15.8	\$200,563	10.6
Magazines	349,229	19.5	388,365	20.4
Outdoor	266,925	14.9	295,226	15.5
Transit	24,135	1.3	26,652	1.4
Point of Sale	116,954	6.5	170,059	8.9
Promotional Allowances	272,269	15.2	366,153	19.3
Sampling Distribution	141,178	7.9	125,968	6.6
Specialty Item Distribution	95,246	5.3	127,186	6.6
Public Entertainment	63,168	3.5	76,648	4.0
All Others*	<u>181,813</u>	10.1	<u>123,951</u>	6.5
Total**	\$1,793,814	100.0	\$1,900,771	100.0

<u>TYPE OF ADVERTISING</u>	<u>1984</u>	<u>% OF TOTAL</u>	<u>1985</u>	<u>% OF TOTAL</u>
Newspapers	\$193,519	9.2	\$203,527	8.2
Magazines	425,912	20.3	395,129	16.0
Outdoor	284,927	13.6	300,233	12.1
Transit	25,817	1.2	33,136	1.3
Point of Sale	167,279	8.0	142,921	5.8
Promotional Allowances	363,247	17.3	548,877	22.2
Sampling Distribution	148,031	7.1	140,565	5.7
Specialty Item Distribution	140,431	6.7	211,429	8.5
Public Entertainment	59,988	2.9	57,581	2.3
All Others*	<u>286,035</u>	13.7	<u>443,043</u>	17.9
Total**	\$2,095,231	100.0	\$2,476,441	100.0

* Expenditures for direct mail, endorsements, testimonials, and audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

TABLE 3C

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1986-1989
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1986</u>	<u>% OF TOTAL</u>	<u>1987</u>	<u>% OF TOTAL</u>
Newspapers	\$119,629	5.0	\$95,810	3.7
Magazines	340,160	14.3	317,748	12.3
Outdoor	301,822	12.7	269,778	10.5
Transit	34,725	1.5	35,822	1.4
Point of Sale	135,541	5.7	153,494	5.9
Promotional Allowances	630,036	26.4	702,430	27.2
Sampling Distribution	98,866	4.1	55,020	2.1
Specialty Item Distribution	210,128	8.8	391,351	15.2
Public Entertainment	71,439	3.0	71,389	2.8
Direct Mail	187,057	7.9	187,931	7.3
Endorsements and Testimonials	384	---	376	---
All Others*	<u>252,570</u>	10.0	<u>299,355</u>	11.6
Total**	\$2,382,357	100.0	\$2,580,504	100.0

<u>TYPE ADVERTISING</u>	<u>1988</u>	<u>% OF TOTAL</u>	<u>1989</u>	<u>% OF TOTAL</u>
Newspapers	\$105,783	3.2	\$76,993	2.1
Magazines	355,055	10.8	380,393	10.5
Outdoor	319,293	9.7	358,583	9.9
Transit	44,379	1.4	52,294	1.4
Point of Sale	222,289	6.8	241,809	6.7
Promotional Allowances	879,703	26.9	999,843	27.6
Sampling Distribution	74,511	2.3	57,771	1.6
Specialty Item Distribution	190,003	5.8	262,432	7.3
Public Entertainment	88,072	2.7	92,120	2.5
Direct Mail	42,545	1.3	45,498	1.3
Endorsements and Testimonials	781	---	---	---
Coupons and Retail Value Added	874,127	26.7	959,965	26.5
All Others*	<u>78,366</u>	2.4	<u>89,290</u>	2.5
Total**	\$3,274,853	100.0	\$3,616,993	100.0

* Expenditures for audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

TABLE 3D

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1990-1993
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1990</u>	<u>% OF TOTAL</u>	<u>1991</u>	<u>% OF TOTAL</u>
Newspapers	\$71,174	1.8	\$48,212	1.0
Magazines	328,143	8.2	278,110	6.0
Outdoor	375,627	9.4	386,165	8.3
Transit	60,249	1.5	60,163	1.3
Point of Sale	303,855	7.6	344,580	7.4
Promotional Allowances	1,021,427	25.6	1,156,280	24.9
Sampling Distribution	100,893	2.5	56,970	1.2
Speciality Item				
Distribution	307,037	7.7	184,348	4.0
Public Entertainment	125,094	3.1	118,622	2.6
Direct Mail	51,875	1.3	65,002	1.4
Endorsements/Testimonials	---	---	---	---
Coupons and Retail				
Value Added	1,183,798	29.6	1,882,905	40.4
All Others*	<u>62,917</u>	1.6	<u>68,758</u>	1.5
Total**	\$3,992,008	100.0	4,650,114	100.0

<u>TYPE OF ADVERTISING</u>	<u>1992</u>	<u>% OF TOTAL</u>	<u>1993</u>	<u>% OF TOTAL</u>
Newspapers	\$35,467	.7	36,220	.6
Magazines	237,061	4.5	235,253	3.9
Outdoor	295,657	5.7	231,481	3.8
Transit	53,293	1.0	39,117	.6
Point of Sale	366,036	7.0	400,943	6.6
Promotional Allowances	1,514,026	28.9	1,557,635	25.8
Sampling Distribution	49,315	.9	40,202	.7
Speciality Item				
Distribution	339,997	6.5	755,780	12.5
Public Entertainment	89,739	1.7	84,276	1.4
Direct Mail	34,345	.7	31,463	.5
Endorsements/Testimonials	---	---	---	---
Coupons and Retail				
Value Added	2,175,373	41.6	2,559,387	42.4
All Others*	<u>41,608</u>	.8	<u>63,680</u>	1.2
Total**	\$5,231,917	100.0	6,035,437	100.0

* Expenditures for audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

TABLE 3E

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1994 - 1996
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1994</u>	<u>% OF TOTAL</u>	<u>1995</u>	<u>% OF TOTAL</u>
Newspapers	\$24,143	.5	\$19,122	.4
Magazines	251,644	5.2	248,848	5.1
Outdoor	240,024	5.0	273,664	5.6
Transit	29,323	.6	22,543	.5
Point of Sale	342,650	7.1	259,035	5.3
Promotional Allowances	1,678,917	34.7	1,865,657	38.1
Sampling Distribution	6,974	.1	13,836	.3
Speciality Item				
Distribution	850,810	17.6	665,173	13.6
Public Entertainment	81,292	1.7	110,669	2.3
Direct Mail	31,187	.7	34,618	.7
Endorsements/Testimonials	---	---	---	---
Coupons and Retail				
Value Added	1,248,896	25.8	1,348,378	27.5
All Others*	<u>47,672</u>	1.0	<u>33,680</u>	.7
Total**	\$4,833,532	100.0	4,895,223	100.0

<u>TYPE OF ADVERTISING</u>	<u>1996</u>	<u>% OF TOTAL</u>
Newspapers	\$14,067	.3
Magazines	243,046	4.8
Outdoor	292,261	5.7
Transit	28,865	.6
Point of Sale	252,619	4.9
Promotional Allowances	2,150,838	42.1
Sampling Distribution	15,945	.3
Speciality Item		
Distribution	544,345	10.7
Public Entertainment	171,177	3.4
Direct Mail	38,703	.8
Endorsements/Testimonials	---	---
Coupons and Retail		
Value Added	1,308,708	25.6
Internet***	432	.0
All Others*	<u>46,696</u>	.9
Total**	\$5,107,700	100.0

* Expenditures for audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

*** 1996 was the first year the FTC identified the Internet as a separate category of expenditures.

TABLE 3F

DOMESTIC CIGARETTE ADVERTISING AND PROMOTIONAL EXPENDITURES
FOR YEARS 1997 - 1998
(THOUSANDS OF DOLLARS)

<u>TYPE OF ADVERTISING</u>	<u>1997</u>	<u>% OF TOTAL</u>	<u>1998</u>	<u>% OF TOTAL</u>
Newspapers	\$16,980	.3	\$29,444	.4
Magazines	236,950	4.2	281,296	4.2
Outdoor	295,334	5.2	294,721	4.4
Transit	26,407	.5	40,158	.6
Point of Sale	305,360	5.4	290,739	4.3
Promotional Allowances	2,438,468	43.1	2,878,919	42.8
Sampling Distribution	22,065	.4	14,436	.2
Speciality Item				
Distribution	512,602	9.6	355,835	5.3
Public Entertainment	195,203	3.4	248,536	3.7
Direct Mail	37,310	.7	57,772	.9
Endorsements/Testimonials	---	—	—	—
Internet	215	.0	125	.0
Coupons***	552,550	9.8	624,199	9.3
Retail Value Added***	970,363	17.1	1,555,391	23.1
All Others*	<u>50,207</u>	<u>1.0</u>	<u>61,584</u>	<u>.9</u>
Total**	\$5,660,014	100.0	\$6,733,157	100.0

* Expenditures for audio-visual are included in the "All Others" category to avoid disclosure of individual company data.

** Because of rounding, sums of percentages may not equal 100 percent.

*** 1997 was the first year the FTC required the cigarette companies to report separately their expenditures for coupons and for retail value added.

TABLE 4

DOMESTIC CIGARETTE ADVERTISING EXPENDITURES
BY MEDIA FOR YEARS 1963 - 1974*
(MILLIONS OF DOLLARS)

<u>YEAR</u>	<u>TV</u>	<u>NEWSPAPER MAGAZINES</u>	<u>RADIO</u>	<u>DIRECT</u>	<u>OTHER</u>	<u>TOTAL</u>
1963	\$151.7	45.6	31.6	13.2	7.4	249.5
1964	170.2	45.2	25.5	14.6	5.8	261.3
1965	175.6	41.9	24.8	14.7	6.0	263.0
1966	198.0	43.4	31.3	17.9	6.9	297.5
1967	226.9	41.2	17.5	20.3	6.0	311.5
1968	217.2	44.6	21.3	21.6	6.0	310.7
1969	221.3	48.7	13.6	13.4	8.9	305.9
1970	205.0	64.2	12.4	16.9	16.2	314.7
1971	2.2	157.6	0	27.0	64.8	251.6
1972	0	159.2	0	22.9	75.5	257.6
1973	0	157.7	0	15.2	74.6	247.5
1974	0	195.1	0	31.1	80.6	306.8

* The data reported in Tables 3 through 3E were not collected in their present form until 1975. Thus, Tables 4 and 5, which report cigarette advertising expenditures from 1963 through 1974 and from 1970 through 1974, respectively, have been retained in this report for comparative purposes.

TABLE 5

DOMESTIC CIGARETTE ADVERTISING EXPENDITURES
BY MEDIA FOR YEARS 1970 - 1974*
(MILLIONS OF DOLLARS)

<u>YEAR</u>	<u>TV</u>	<u>RADIO</u>	<u>NEWSPAPER</u>	<u>MAGAZINES</u>	<u>OUTDOOR/ TRANSIT</u>	<u>DIRECT</u>	<u>OTHER</u>	<u>TOTAL</u>
1970	\$205.0	\$12.4	\$14.7	\$49.5	\$11.7	\$16.9	\$4.5	\$314.7
1971	2.2	0	59.3	98.3	60.6	27.0	4.2	251.6
1972	0	0	63.1	96.1	67.5	22.9	8.0	257.6
1973	0	0	65.3	92.4	63.2	15.2	11.4	247.5
1974	0	0	80.5	114.6	71.4	31.1	9.2	306.8

* The data reported in Tables 3 through 3E were not collected in their present form until 1975. Thus, Tables 4 and 5, which report cigarette advertising expenditures from 1963 through 1974 and from 1970 through 1974, respectively, have been retained in this report for comparative purposes.

TABLE 6

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR CIGARETTES YIELDING
FIFTEEN MILLIGRAMS (mg.) OR LESS OF TAR
(1967 - 1981)

<u>YEAR</u>	<u>DOMESTIC MARKET SHARE CIGARETTES YIELDING 15 mg. OR LESS TAR</u>	<u>PERCENTAGE OF TOTAL EXPENDITURES* FOR ADVERTISING AND OTHER PROMOTIONAL ACTIVITIES DEVOTED TO CIGARETTES YIELDING 15 mg. OR LESS TAR</u>
1967	2.0%	5.5%
1968	2.5%	9.2%
1969	3.0%	12.7%
1970	3.6%	10.5%
1971	3.8%	9.3%
1972	6.6%	15.1%
1973	8.9%	17.8%
1974	8.9%	15.2%
1975	13.5%	19.6%
1976	15.9%	39.6%
1977	22.7%	49.4%
1978	27.5%	48.1%
1979	40.9%	66.9%
1980	44.8%	65.1%
1981	56.0%	70.8%

* Promotional activities, which the reporting companies did not consider to be "advertising," are not included in the data for years prior to 1975.

TABLE 6A

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR CIGARETTES YIELDING
FIFTEEN MILLIGRAMS (mg.) OR LESS OF TAR
(1982 - 1987)

	1982 MARKET <u>SHARE</u>	1982 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1983 MARKET <u>SHARE</u>	1983 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	52.2%	64.3%	53.1%	67.4%
12 mg. or less tar	43.8%	57.8%	44.9%	58.8%
9 mg. or less tar	27.8%	41.4%	27.9%	35.1%
6 mg. or less tar	8.9%	15.6%	9.4%	15.7%
3 mg. or less tar	2.9%	5.7%	3.1%	4.2%

	1984 MARKET <u>SHARE</u>	1984 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1985 MARKET <u>SHARE</u>	1985 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	51.0%	57.1%	51.9%	59.0%
12 mg. or less tar	43.4%	51.7%	43.1%	46.9%
9 mg. or less tar	26.3%	33.4%	25.3%	30.1%
6 mg. or less tar	9.4%	12.3%	8.4%	9.5%
3 mg. or less tar	2.9%	4.3%	2.3%	3.1%

	1986 MARKET <u>SHARE</u>	1986 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1987 MARKET <u>SHARE</u>	1987 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	52.6%	61.9%	55.4%	64.4%
12 mg. or less tar	44.5%	53.4%	47.8%	54.3%
9 mg. or less tar	22.3%	26.1%	20.2%	26.7%
6 mg. or less tar	9.9%	11.5%	10.0%	11.9%
3 mg. or less tar	2.6%	3.8%	2.5%	3.3%

TABLE 6B

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR CIGARETTES YIELDING
FIFTEEN MILLIGRAMS (mg.) OR LESS OF TAR
(1988 - 1993)

	1988 MARKET <u>SHARE</u>	1988 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1989 MARKET <u>SHARE</u>	1989 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	54.2%	60.7%	55.1%	62.6%
12 mg. or less tar	48.7%	54.4%	48.4%	53.6%
9 mg. or less tar	20.1%	26.1%	21.5%	27.2%
6 mg. or less tar	10.7%	12.9%	11.4%	13.0%
3 mg. or less tar	3.1%	4.2%	2.4%	2.8%
	1990 MARKET <u>SHARE</u>	1990 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1991 MARKET <u>SHARE</u>	1991 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	60.6%	68.6%	60.5%	64.0%
12 mg. or less tar	51.5%	55.4%	52.6%	53.9%
9 mg. or less tar	25.5%	30.3%	22.0%	23.7%
6 mg. or less tar	12.2%	12.6%	12.7%	12.8%
3 mg. or less tar	2.8%	2.5%	2.6%	2.6%
	1992 MARKET <u>SHARE</u>	1992 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1993 MARKET <u>SHARE</u>	1993 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	68.7%	71.3%	66.5%	65.9%
12 mg. or less tar	52.9%	55.7%	53.3%	54.8%
9 mg. or less tar	24.9%	27.3%	23.4%	20.8%
6 mg. or less tar	12.7%	13.3%	12.6%	12.4%
3 mg. or less tar	2.5%	2.3%	1.9%	3.7%

TABLE 6C

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR CIGARETTES YIELDING
FIFTEEN MILLIGRAMS (mg.) OR LESS OF TAR
(1994 - 1997)

	1994 MARKET <u>SHARE</u>	1994 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1995 MARKET <u>SHARE</u>	1995 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	71.2%	72.1%	72.7%	73.9%
12 mg. or less tar	53.7%	54.5%	53.6%	54.4%
9 mg. or less tar	23.1%	20.9%	27.1%	26.9%
6 mg. or less tar	12.3%	11.0%	12.2%	11.5%
3 mg. or less tar	2.1%	1.4%	2.2%	1.9%

	1996 MARKET <u>SHARE</u>	1996 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>	1997 MARKET <u>SHARE</u>	1997 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	67.4%	67.9%	70.2%	70.1%
12 mg. or less tar	55.5%	56.2%	55.6%	55.0%
9 mg. or less tar	22.3%	21.0%	21.9%	20.9%
6 mg. or less tar	11.9%	11.4%	11.5%	10.8%
3 mg. or less tar	1.9%	1.8%	1.7%	1.3%

TABLE 6D

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR CIGARETTES YIELDING
FIFTEEN MILLIGRAMS (mg.) OR LESS OF TAR
(1998)

	1998 MARKET <u>SHARE</u>	1998 PERCENTAGE OF TOTAL ADVERTISING <u>EXPENDITURES</u>
15 mg. or less tar	81.9%	80.8%
12 mg. or less tar	56.8%	56.1%
9 mg. or less tar	22.9%	21.7%
6 mg. or less tar	13.2%	11.9%
3 mg. or less tar	1.6%	1.1%

TABLE 7

DOMESTIC MARKET SHARE OF FILTER
AND NON-FILTER CIGARETTES

<u>YEAR</u>	<u>NON-FILTER</u>	<u>FILTER</u>	<u>CHARCOAL</u>	<u>NON-CHARCOAL</u>
1963	42%	58%	*	*
1964	39%	61%	*	*
1965	36%	64%	*	*
1966	32%	68%	*	*
1967	28%	72%	*	*
1968	26%	74%	6%	68%
1969	23%	77%	6%	71%
1970	20%	80%	6%	74%
1971	18%	82%	6%	76%
1972	16%	84%	6%	87%
1973	15%	85%	5%	80%
1974	14%	86%	5%	81%
1975	13%	87%	5%	82%
1976	12%	88%	4%	84%
1977	10%	90%	4%	86%
1978	10%	90%	3%	87%
1979	9%	91%	3%	88%
1980	8%	92%	3%	89%
1981	8%	92%	2%	90%
1982	7%	93%	2%	91%
1983	7%	93%	2%	91%
1984	7%	93%	2%	91%
1985	6%	94%	1%	93%
1986	6%	94%	1%	93%
1987	4%	96%	**	**
1988	5%	95%	**	**
1989	5%	95%	**	**
1990	5%	95%	**	**
1991	4%	96%	**	**
1992	3%	97%	**	**
1993	3%	97%	**	**
1994	3%	97%	**	**
1995	3%	97%	**	**
1996	3%	97%	**	**
1997	2%	98%	**	**
1998	2%	98%	**	**

* Figures for charcoal filter cigarettes for the years 1963 through 1967 were not obtained.

** Beginning with 1987, figures for charcoal filter cigarettes have no longer been reported.

TABLE 8

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING
AND OTHER PROMOTIONAL ACTIVITIES FOR FILTER CIGARETTES

<u>YEAR</u>	<u>DOMESTIC MARKET SHARE OF FILTER CIGARETTES</u>	<u>PERCENTAGE OF TOTAL EXPENDITURES FOR ADVERTISING AND OTHER PROMOTIONAL ACTIVITIES DEVOTED TO FILTER CIGARETTES*</u>
1963	58%	75%
1964	61%	78%
1965	64%	77%
1966	68%	75%
1967	72%	95%
1968	74%	95%
1969	77%	97%
1970	80%	98% **
1971	82%	98%
1972	84%	99%
1973	85%	98%
1974	86%	98%
1975	87%	98%
1976	88%	99%
1977	90%	99%
1978	90%	99%
1979	91%	99%
1980	92%	96%
1981	92%	96%
1982	93%	96%
1983	93%	96%
1984	93%	96%
1985	94%	96%
1986	94%	96%
1987	95%	97%
1988	95%	97%
1989	95%	96%
1990	95%	96%
1991	96%	96%
1992	97%	97%
1993	97%	97%
1994	97%	98%
1995	97%	98%
1996	97%	97%
1997	98%	97%
1998	98%	97%

* Promotional activities, which the reporting companies did not consider to be "advertising," are not included in the data for years prior to 1975.

** If the 1970 figure was recomputed from data received in 1978, the 1970 figure would be 96%. The change would be due primarily to the inclusion of promotional allowances in data received in 1978 for 1970 and not reflected in the computations resulting in the original 1970 figures.

TABLE 9

DOMESTIC MARKET SHARE OF CIGARETTES
BY LENGTH IN MILLIMETERS (mm)

<u>YEAR</u>	<u>68-72 mm</u>	<u>79-88 mm</u>	<u>94-101 mm</u>	<u>110-121 mm</u>
1967	14%	77%	9%	---
1968	12%	74%	13%	--- *
1969	11%	74%	16%	--- *
1970	9%	73%	18%	---
1971	8%	72%	20%	---
1972	8%	71%	21%	---
1973	7%	71%	22%	---
1974	6%	71%	23%	--- **
1975	6%	69%	24%	1%
1976	5%	69%	24%	2%
1977	5%	67%	26%	2%
1978	5%	65%	27%	2% *
1979	4%	65%	30%	2% *
1980	3%	63%	32%	2%
1981	3%	62%	33%	2%
1982	3%	61%	34%	2%
1983	3%	60%	34%	2%
1984	3%	59%	36%	2%
1985	3%	58%	37%	2%
1986	2%	58%	37%	3%
1987	2%	57%	38%	3%
1988	2%	57%	38%	2%
1989	2%	57%	39%	2%
1990	2%	57%	39%	2%
1991	2%	56%	40%	2%
1992	2%	56%	41%	2% *
1993	1%	55%	42%	2%
1994	1%	56%	41%	2%
1995	1%	57%	40%	2%
1996	1%	57%	40%	2%
1997	1%	58%	39%	2%
1998	1%	59%	38%	2%

* Because of rounding, the total of the individual percentages may not equal 100 percent in some instances.

** The 110-121 mm length was combined with 94-101 mm length.

TABLE 10

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING AND
OTHER PROMOTIONAL ACTIVITIES FOR LONGER (94-121 mm)
CIGARETTE VARIETIES
(1967 - 1981)

<u>YEAR</u>	<u>DOMESTIC MARKET SHARE OF LONGER CIGARETTES</u>			<u>PERCENTAGE OF TOTAL EXPENDITURES FOR ADVERTISING AND OTHER PROMOTIONAL ACTIVITIES DEVOTED TO LONGER CIGARETTES*</u>		
1967		9%			39%	
1968		13%			39%	
1969		16%			33%	
1970		18%			38%**	
1971		20%			30%	
1972		21%			32%	
1973		22%			29%	
1974		23%			46%	
1975	95-101mm	24%)		95-101mm	18%)	
	110-112mm	1%)	25%	110-121mm	11%)	29%
1976	95-101mm	24%)		95-101mm	19%)	
	110-121mm	2%)	26%	110-121mm	7%)	26%
1977	95-101mm	26%)		95-101mm	25%)	
	110-121mm	2%)	28%	110-121mm	3%)	28%
1978	95-101mm	27%)		95-101mm	32%)	
	110-121mm	3%)	30%	110-121mm	2%)	34%
1979	95-101mm	30%)		95-101mm	32%)	
	110-121mm	2%)	32%	110-121mm	2%)	34%
1980	94-101mm	32%)		94-101mm	34%)	
	110-121mm	2%)	34%	110-121mm	2%)	36%
1981	94-101mm	33%)		94-101mm	30%)	
	110-121mm	2%)	35%	110-121mm	5%)	35%

* Promotional activities, which the reporting companies did not consider to be "advertising," are not included in the data for years prior to 1975.

** If the above 1970 figure were recomputed from data received in 1978, the 1970 figure would be 27%. The change would be due primarily to the inclusion of promotional allowances in data received in 1978 for 1970 and not reflected in the computations resulting in the original 1970 figure.

TABLE 10A

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING AND
OTHER PROMOTIONAL ACTIVITIES FOR LONGER (92-121 mm)
CIGARETTE VARIETIES
(1982 - 1993)

<u>YEAR</u>	<u>DOMESTIC MARKET SHARE OF LONGER CIGARETTES</u>			<u>PERCENTAGE OF TOTAL EXPENDITURES FOR ADVERTISING AND OTHER PROMOTIONAL ACTIVITIES DEVOTED TO LONGER CIGARETTES</u>		
	92-101mm	110-121mm	Total	92-101mm	110-121mm	Total
1982	34%)	2%)	36%	39%)	2%)	41%
1983	34%)	2%)	36%	35%)	3%)	38%
1984	36%)	2%)	38%	40%)	3%)	43%
1985	37%)	2%)	39%	41%)	3%)	44%
1986	37%)	3%)	40%	42%)	3%)	45%
1987	38%)	3%)	41%	45%)	3%)	48%
1988	38%)	3%)	41%	43%)	2%)	45%
1989	39%)	2%)	41%	44%)	2%)	46%
1990	39%)	2%)	41%	43%)	2%)	45%
1991	40%)	2%)	42%	42%)	2%)	44%
1992	41%)	2%)	43%	44%)	2%)	46%
1993	42%)	2%)	44%	39%)	2%)	41%

TABLE 10B

DOMESTIC MARKET SHARE OF AND EXPENDITURES FOR ADVERTISING AND
OTHER PROMOTIONAL ACTIVITIES FOR LONGER (92-121 mm)
CIGARETTE VARIETIES
(1994 - 1998)

<u>YEAR</u>	<u>DOMESTIC MARKET SHARE OF LONGER CIGARETTES</u>			<u>PERCENTAGE OF TOTAL EXPENDITURES FOR ADVERTISING AND OTHER PROMOTIONAL ACTIVITIES DEVOTED TO LONGER CIGARETTES</u>		
	92-101mm	110-121mm	Total	92-101mm	110-121mm	Total
1994	41%)	2%)	43%	41%)	2%)	43%
1995	40%)	2%)	42%	40%)	2%)	42%
1996	40%)	2%)	42%	40%)	2%)	42%
1997	39%)	2%)	41%	40%)	2%)	41%*
1998	38%)	2%)	40%	38%)	2%)	40%*

* Because of rounding, the total of the individual percentages may not equal 100 percent.

TABLE 11

DOMESTIC MARKET SHARE OF MENTHOL
AND NON-MENTHOL CIGARETTES

<u>YEAR</u>	<u>MENTHOL</u>	<u>NON-MENTHOL</u>
1963	16%	84%
1964	16%	84%
1965	18%	82%
1966	19%	81%
1967	20%	80%
1968	21%	79%
1969	22%	78%
1970	23%	77%
1971	24%	76%
1972	24%	76%
1973	25%	75%
1974	27%	73%
1975	27%	73%
1976	28%	72%
1977	28%	72%
1978	28%	72%
1979	29%	71%
1980	28%	72%
1981	28%	72%
1982	29%	71%
1983	28%	72%
1984	28%	72%
1985	28%	72%
1986	28%	72%
1987	28%	72%
1988	28%	72%
1989	27%	73%
1990	26%	74%
1991	27%	73%
1992	26%	74%
1993	26%	74%
1994	25%	75%
1995	25%	75%
1996	25%	75%
1997	25%	75%
1998	26%	74%

TABLE 12

DISCLOSURE OF TAR AND NICOTINE RATINGS
ON CIGARETTE PACKS (1994 - 1996)**1994**

Overall market share of cigarette varieties that disclose ratings on the cigarette pack: 6.3 percent.

<u>tar rating of cigarette variety</u>	<u>market share of varieties in tar group</u>	<u>market share of varieties in tar group that disclose ratings on pack</u>
more than 15 mg. tar	28.8%	0.0%
12-15 mg. tar	19.3%	0.0%
8-11 mg. tar	38.6%	2.4%
4-7 mg. tar	11.2%	30.7%
3 mg. or less tar	<u>2.1%</u>	91.8%
	100%	

1995

Overall market share of cigarette varieties that disclose ratings on the cigarette pack: 6.3 percent.

<u>tar rating of cigarette variety</u>	<u>market share of varieties in tar group</u>	<u>market share of varieties in tar group that disclose ratings on pack</u>
more than 15 mg. tar	27.3%	0.0%
12-15 mg. tar	21.0%	0.1%
8-11 mg. tar	38.7%	2.8%
4-7 mg. tar	10.8%	30.1%
3 mg. or less tar	<u>2.2%</u>	89.1%
	100%	

1996

Overall market share of cigarette varieties that disclose ratings on the cigarette pack: 6.1 percent.

<u>tar rating of cigarette variety</u>	<u>market share of varieties in tar group</u>	<u>market share of varieties in tar group that disclose ratings on pack</u>
more than 15 mg. tar	32.7%	0.0%
12-15 mg. tar	15.3%	0.1%
8-11 mg. tar	39.2%	2.6%
4-7 mg. tar	10.9%	29.3%
3 mg. or less tar	<u>1.9%</u>	97.2%
	100%	

TABLE 12A

DISCLOSURE OF TAR AND NICOTINE RATINGS
ON CIGARETTE PACKS (1997 - 1998)**1997**

Overall market share of cigarette varieties that disclose ratings on the cigarette pack: 5.8 percent.

tar rating of cigarette variety	market share of varieties <u>in tar group</u>	market share of varieties in tar group that disclose <u>ratings on pack</u>
more than 15 mg. tar	29.8%	0.0%
12-15 mg. tar	16.7%	0.1%
8-11 mg. tar	41.0%	2.3%
4-7 mg. tar	10.8%	28.6%
3 mg. or less tar	<u>1.7%</u>	97.3%
	100%	

1998

Overall market share of cigarette varieties that disclose ratings on the cigarette pack: 5.3 percent.

tar rating of cigarette variety	market share of varieties <u>in tar group</u>	market share of varieties in tar group that disclose <u>ratings on pack</u>
more than 15 mg. tar	18.0%	0.0%
12-15 mg. tar	29.1%	0.1%
8-11 mg. tar	39.4%	3.2%
4-7 mg. tar	11.9%	20.7%
3 mg. or less tar	<u>1.6%</u>	97.4%
	100%	