

FTC news

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FTC RELEASES 1984 ANNUAL REPORT ON CIGARETTE ADVERTISING

Cigarette advertising expenditures increased in 1984, while per capita cigarette consumption continued to decline, according to the Federal Trade Commission's annual report to Congress on smoking data released today.

Congress requires the FTC to report annually on cigarette sales and promotional activities.

Per capita cigarette consumption declined to 3,497 cigarettes per person in 1984 from a high of 4,286 cigarettes per person in 1963, according to the report.

The data the Commission collected indicated that total domestic cigarette sales increased less than one percent in 1984 to 608.4 billion cigarettes, after declining for three consecutive years.

Advertising and promotional expenditures for cigarettes reached nearly \$2.1 billion in 1984, up from \$1.9 billion in 1983, according to the report. The largest category of expenditures in 1984 was for magazine ads, which accounted for about 20 percent of the total.

The second largest category of cigarette advertising expenditures in 1984 was promotional allowances paid to retailers and others. Those expenditures dropped slightly in 1984 to \$363 million, accounting for about 17 percent of total expenditures, according to the report. However, the report stated that before 1984, expenditures on promotional allowances had increased each year since 1972.

The report includes information from trade sources indicating that in 1984 discount-priced cigarettes, including non-branded generic cigarettes, increased in popularity. According to trade sources, they accounted for 5.7 percent of the market, about twice the share held in 1983. Most of the total was attributed to generics. The report also noted that, according to trade sources, the industry test-marketed the country's first premium-priced cigarettes.

The 1984 report also contains revised data for 1982 and 1983. Copies of the 1984 cigarette report are available from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave. N.W., Washington, D.C. 20580; 202-523-3598; TTY 202-523-3638.

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