



# Federal Trade Commission Report to Congress for the Years 1996 and 1997

PURSUANT TO THE COMPREHENSIVE  
SMOKELESS TOBACCO  
HEALTH EDUCATION ACT OF 1986

Issued in 1999

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## INTRODUCTION

This report on smokeless tobacco is the seventh in a series that the Federal Trade Commission has submitted biennially to Congress pursuant to the Comprehensive Smokeless Tobacco Health Education Act of 1986 (15 U.S.C. §§ 4401-4408) (“Smokeless Tobacco Act”). Section 8(b) of the Smokeless Tobacco Act requires that:

The Federal Trade Commission shall transmit a report to the Congress no later than January 11, 1987, and biennially thereafter, containing (1) a description of the current sales, advertising, and marketing practices associated with smokeless tobacco products, and (2) such recommendations for legislation and administrative action as it deems appropriate.

Section I of this report discusses the status of the Commission’s regulations implementing the Smokeless Tobacco Act.

Section II discusses the report’s statistical tables. These tables contain historical information on smokeless tobacco sales and advertising and promotion for 1985 through 1995 and new information for 1996 and 1997.

Section III of the report discusses trends in the advertising and marketing of smokeless tobacco products based on information gathered from marketing publications and the general press.

### I. COMMISSION ACTIVITIES WITH RESPECT TO THE SMOKELESS TOBACCO ACT

The Smokeless Tobacco Act directed the Commission to issue implementing regulations governing the format and display of the statutory health warnings on packaging and in advertising for smokeless tobacco products.<sup>1</sup> On October 24, 1986, the Commission promulgated regulations

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<sup>1</sup> 15 U.S.C. § 4402.

specifying requirements as to the size, color, typeface, placement and rotation of those warnings.<sup>2</sup> The Commission's regulations also require manufacturers, packagers and importers to submit plans to the Commission providing for the periodic rotation of the three warnings.

The Commission has no recommendations to Congress for additional legislation at this time. As part of its ongoing review of the costs and benefits of all its regulations, the Commission plans to review its smokeless tobacco regulations this year to determine what revisions, if any, should be made.

The Commission also has a pending rulemaking proceeding on the question of whether the Smokeless Tobacco Act's health warning requirement applies to sponsored racing vehicles and other event-related objects that display the brand name, logo or selling message of smokeless tobacco products.<sup>3</sup> The Commission will review this issue as part of its overall review of the regulations implementing the Smokeless Tobacco Act.

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<sup>2</sup> 15 Fed. Reg. 40,005 (1986).

<sup>3</sup> Work on the rulemaking was suspended in light of the Food and Drug Administration's promulgation of rules that would have prohibited sponsorship of such events and teams in the brand names of cigarettes and smokeless tobacco products. FDA's rules were held invalid. *Brown & Williamson Tobacco Co. v. FDA*, No. 97-1604 slip op. at 14 (4th Cir. Aug. 14, 1998). The United States has announced that it intends to file a petition for review of that decision by the Supreme Court.

## II. STATISTICAL DATA

This section discusses the report's statistical tables, which provide numerical information for domestic smokeless tobacco sales and advertising and promotional activity.<sup>4</sup> Commission staff prepared these tables using information collected, pursuant to compulsory process, from the five major manufacturers of smokeless tobacco products in the United States.<sup>5</sup>

### A. Total Smokeless Tobacco Sales and Advertising and Promotional Expenditures

The figures in Table 1 indicate that the total number of pounds of smokeless tobacco sold by manufacturers to wholesalers and retailers was relatively stable from 1993 (115.89 million pounds) to 1996 (116.40 million pounds) but fell to 113.98 million pounds in 1997, the lowest level since 1985.

In contrast to sales in terms of pounds sold, sales revenues received by the manufacturers of smokeless tobacco products from wholesalers and retailers increased steadily from 1993 to 1997. Those revenues reached \$1.79 billion in 1996 and \$1.82 billion in 1997.

The total amount spent on advertising and promotion by the five major manufacturers declined slightly from 1995 to 1996 (from \$127.32 million to \$123.88 million), then rebounded to an all time high of \$150.43 million in 1997.

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<sup>4</sup> Some 1985 data are included. The 1985 data are less detailed than those from 1986 forward because: (a) they were collected retrospectively; (b) they covered a time period before the Smokeless Tobacco Act was in effect; and (c) they were meant to serve as baseline data.

<sup>5</sup> Sales data are presented in terms of dollars and pounds, but not units sold. In contrast to cigarettes, there is no consistent unit for different types of smokeless tobacco products, such as loose leaf chewing tobacco (which is generally sold in pouches) and moist snuff (which is usually packaged in small cans). Moreover, the unit size may vary widely, even for the same type of smokeless tobacco. For example, loose leaf chewing tobacco is commonly sold in pouches, but the pouches may contain from 3.5 to 5 ounces of tobacco.

B. Smokeless Tobacco Advertising and Promotional Expenditures by Category

In both 1996 and 1997, the two top advertising and promotional categories were public entertainment (e.g., sponsorship of concerts, auto racing, and fishing tournaments) and retail value added (offers such as “buy one, get one free” or “buy three, get free hat,” where the smokeless tobacco product and the bonus item often are packaged together as a single unit).

Spending on advertising in newspapers increased from \$142,562 in 1995 to \$236,765 in 1996, and then rose to \$1.64 million in 1997.

Magazine advertising reached an all time high of \$13.36 million in 1996, then declined in 1997 to \$11.87 million. The highest amount previously reported for magazine advertising was \$11.53 million in 1995.

Spending on outdoor billboard advertising rose from \$1.47 million in 1995 to \$3.54 million in 1996, and then to \$4.99 million in 1997. The highest amount ever reported for outdoor advertising was \$8.32 million in 1987.

As they had each year since 1987, the companies reported no expenditures for audio visual advertising. They also reported no expenditures for transit advertising, as they had each year since 1986.

Point of sale advertising, which had risen steadily from \$4.23 million in 1986 to \$15.17 million in 1995, fell to \$13.57 million in 1996, but then rose to \$14.71 million in 1997.

Spending for promotional allowances was \$12.72 million in 1996 and \$14.69 million in 1997. The highest amount ever reported for promotional allowances was \$14.77 million in 1991.

Spending to distribute free samples of smokeless tobacco products declined from \$15.75 million in 1995 to \$12.64 million in 1996, and then to \$11.16 million in 1997.

Spending to provide consumers with specialty promotional items (such as shirts and hats bearing the name or logo of a smokeless tobacco product) elsewhere than at the point of sale increased from \$9.92 million in 1995 to \$11.73 million in 1996 and \$18.00 million in 1997.<sup>6</sup>

The amount spent on direct mail advertising rose in 1996 and 1997, but remained well below the amounts spent just a few years earlier. The companies reported spending \$314,599 in 1996 and \$808,247 in 1997 -- above the \$253,000 reported for 1995 but substantially less than the \$1.29 million and \$1.10 million reported in 1992 and 1993, respectively.

Spending on public entertainment declined from \$26.75 million in 1995 to \$22.74 million in 1996. Public entertainment expenditures then rose in 1997 to \$28.94 million, the most ever spent for this category since the Commission began collecting information from the industry.

Spending on endorsements rose slightly, increasing from \$160,000 in 1995 to \$162,500 in 1996 and to \$165,000 in 1997.

In past years, the category of coupons and retail value added was the single largest category of expenditures. For this latest report, the Commission collected information about expenditures on coupons and retail value added separately for the first time in order to provide better information on industry marketing trends. The industry reported spending \$3.45 million on coupons in both 1996 and 1997; expenditures of \$22.39 million and \$34.94 million for retail value added were reported in 1996 and 1997, respectively. If the two categories are combined for the purpose of comparing them to the expenditures reported in previous years, the \$25.84 million total in 1996 shows a substantial drop from the \$33.70 million reported in 1995 for the combined

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<sup>6</sup> This expenditure category -- which is called "distribution bearing names" -- does not include specialty items provided at retail with smokeless tobacco products (e.g., "buy three, get free hat"), which are considered retail value added.

category, while the \$38.39 million total in 1997 would set a new record for spending in these categories.

This report also marks the first time the Commission has required reporting of the smokeless tobacco manufacturers' expenditures related to advertising on the Internet. The companies reported no expenditures on Internet advertising in either 1996 or 1997.

Since 1992, the Commission has required the manufacturers to report the amount of their spending specifically associated with sports or sporting events.<sup>7</sup> Expenditures for sports and sporting events increased each year until 1995, when they reached \$25.86 million, decreased to \$19.78 million in 1996, and then returned to their 1995 level in 1997 (\$25.75 million).

C. Smokeless Tobacco Sales and Advertising and Promotional Expenditures by Tobacco Type

As noted above, there are several types of smokeless tobacco products, including dry snuff, moist snuff, and loose leaf chewing tobacco. Tables 3A through 3D present details on sales and advertising and promotional expenditures by type of smokeless tobacco.

Since 1986, the number of pounds of moist snuff sold has increased, while the number of pounds of all other kinds of smokeless tobacco sold has fallen.

The sales revenues reported by the smokeless tobacco manufacturers show that moist snuff has consistently generated more revenue than any other type of smokeless tobacco. In 1996 and 1997, the difference in revenues between moist snuff and the second largest type of smokeless

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<sup>7</sup> These expenditures are also reported in the appropriate individual advertising and promotional categories (e.g., a newspaper advertisement for a sponsored sporting event is included in the newspaper category). Accordingly, to avoid double-counting, sports and sporting event expenditures are not included in the calculation of total advertising and promotional expenditures.

tobacco (leaf chewing tobacco) continued to grow: total dollar sales for loose leaf chewing tobacco were \$325.53 million and \$330.90 million in 1996 and 1997, respectively, compared to \$1.38 billion and \$1.40 billion for moist snuff.

Tables 3A through D also indicate that moist snuff continued to receive the greatest advertising and promotional support. In 1986, advertising and promotional expenditures for moist snuff totaled \$43.35 million, compared to expenditures of \$32.25 million for loose leaf chewing tobacco. The difference in the amount spent on advertising and promotion for loose leaf chewing tobacco and moist snuff has increased over the intervening years. In 1996 and 1997, the five major manufacturers spent \$86.40 million and \$103.65 million, respectively, on advertising and promotion for moist snuff, compared to \$36.39 million and \$45.57 million for loose leaf chewing tobacco.

### III. SIGNIFICANT EVENTS IN THE SMOKELESS TOBACCO PRODUCTS MARKET

According to industry sources, of the five major domestic manufacturers of smokeless tobacco, U.S. Tobacco continues to lead the industry with a 38.8% share in 1997.<sup>8</sup> Published reports also indicate that Conwood's 1997 market share was 22.4%, Pinkerton's was 21.5%, National's was 8.9%, and Swisher's was 7.2%.<sup>9</sup> U.S. Tobacco reportedly controlled 78% of the moist snuff market in 1997, compared to its closest competitor, Conwood, which reportedly had 14% of that market.<sup>10</sup>

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<sup>8</sup> John C. Maxwell, *Smokeless Slides All Categories Except Moist Snuff Lose Ground*, Tobacco Reporter, October 1998 at 64.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 66.

In November 1998, U.S. Tobacco, the largest domestic smokeless tobacco company, entered an agreement with 48 state Attorneys General, the District of Columbia, and several territories. The agreement includes a number of restrictions on U.S. Tobacco's advertising and promotion of its smokeless tobacco products. Among other things, the agreement will prohibit U.S. Tobacco from using outdoor and transit advertising, ban its distribution and sale of apparel and merchandise with brand-name logos, limit it to one brand name sponsorship per year, and bar it from distributing free samples except in a facility or enclosed area where the operator ensures no underage person will be present.

#### IV. CONCLUSION

The Commission is pleased to provide the Congress with this update of the sales and advertising and promotional practices of the smokeless tobacco industry. Commission staff will continue to monitor compliance with the Smokeless Tobacco Act and smokeless tobacco advertising, promotion and sales to determine what Commission action, if any, may be appropriate.

**TABLE 1**  
**TOTAL SMOKELESS TOBACCO SALES**  
**AND ADVERTISING AND PROMOTIONAL EXPENDITURES**  
**FOR 1985 - 1997**

<u>Year</u>	<u>Sales in Pounds</u>	<u>Sales in Dollars</u>	<u>Advertising and Promotional Expenditures</u>
1985	121,449,115	\$730,618,970	\$80,068,229
1986	118,778,334	\$797,777,885	\$76,676,706
1987	116,540,281	\$852,717,347	\$67,777,044
1988	114,433,782	\$901,654,382	\$68,223,671
1989	116,440,365	\$981,637,304	\$81,200,611
1990	117,415,326	\$1,091,170,201	\$90,101,327
1991	120,110,686	\$1,237,961,670	\$104,004,040
1992	118,372,693	\$1,361,360,729	\$115,346,708
1993	115,888,785	\$1,475,460,518	\$119,230,826
1994	115,495,201	\$1,612,098,989	\$125,972,408
1995	116,387,464	\$1,735,840,489	\$127,323,282
<b>1996</b>	<b>116,404,222</b>	<b>\$1,790,406,160</b>	<b>\$123,877,458</b>
<b>1997</b>	<b>113,975,148</b>	<b>\$1,817,508,055</b>	<b>\$150,426,310</b>

**TABLE 2A**  
**SMOKELESS TOBACCO ADVERTISING**  
**AND PROMOTIONAL EXPENDITURES**  
**BY CATEGORY**  
**FOR 1985**

Television & Radio Advertising	\$26,584,731
Total Print	\$8,719,379
<u>All Other</u>	<u>\$44,764,119</u>
<b>Total</b>	<b>\$80,068,229</b>

**TABLE 2B**

**SMOKELESS TOBACCO ADVERTISING  
AND PROMOTIONAL EXPENDITURES  
BY CATEGORY  
FOR 1986 AND 1987**

	<b>1986</b>	<b>1987</b>
Newspapers	\$626,979	\$1,452,710
Magazines	\$6,226,654	\$9,237,988
Outdoor	\$2,722,557	\$8,321,315
Television & Radio <sup>11</sup>	\$16,067,211	\$0
Audio, Visual	\$2,579,268	\$0
Transit	\$0	\$0
Point of Sale	\$4,234,207	\$5,789,436
Promotional Allowances	\$8,231,580	\$7,554,592
Sampling	\$13,699,156	\$13,877,923
Distribution Bearing Names	\$2,353,816	\$4,312,094
Direct Mail	\$20,844	\$48,979
Public Entertainment	\$13,823,266	\$14,844,425
Endorsements	\$435,710	\$245,105
<u>All Other</u>	<u>\$5,655,458</u>	<u>\$2,092,477</u>
<b>TOTAL</b>	<b>\$76,676,706</b>	<b>\$67,777,044</b>

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<sup>11</sup> Expenditures allocated for television and radio advertising on electronic media subject to Federal Communication Commission ("FCC") regulations cover approximately six months of 1986 because the statutory broadcast ban became effective on August 28, 1986.

**TABLE 2C**

**SMOKELESS TOBACCO ADVERTISING  
AND PROMOTIONAL EXPENDITURES  
BY CATEGORY  
FOR 1988 - 1991**

	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>
Newspapers	\$940,256	\$449,918	\$880,629*	\$1,109,503*
Magazines	\$5,778,582	\$6,410,401	\$10,214,280*	\$9,652,958*
Outdoor	\$4,801,955	\$2,913,074	\$2,650,471	\$1,644,287
Audio, Visual	\$0	\$0	\$0	\$0
Transit	\$0	\$0	\$0	\$0
Point of Sale	\$7,436,270	\$9,693,996	\$10,320,657	\$10,749,602
Promotional Allowances	\$6,360,041	\$8,327,225	\$9,936,022	\$14,771,597
Sampling	\$12,345,180	\$15,019,174	\$13,461,932	\$13,959,101
Distribution Bearing Names	\$4,055,180	\$4,611,457	\$2,854,289	\$3,866,263
Direct Mail	\$623,731	\$935,370	\$78,000	\$893,000
Public Entertainment	\$17,501,791	\$19,638,397	\$20,272,355	\$21,116,095
Endorsements	\$260,539	\$292,290	\$264,484	\$344,000
Coupons & Retail Value Added	\$4,655,429	\$9,689,049	\$16,438,440	\$23,306,499
<u>All Other</u>	<u>\$3,463,919</u>	<u>\$3,220,210</u>	<u>\$2,729,768</u>	<u>\$2,591,135</u>
<b>TOTAL</b>	<b>\$68,223,671</b>	<b>\$81,200,611</b>	<b>\$90,101,327</b>	<b>\$104,004,040</b>

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\* These figures have been revised from the amounts previously reported, to reflect company revisions submitted to the Commission in 1998.

**TABLE 2D**  
**SMOKELESS TOBACCO ADVERTISING**  
**AND PROMOTIONAL EXPENDITURES**  
**BY CATEGORY**  
**FOR 1992 - 1995**

	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
Newspapers	\$269,032*	\$274,738*	\$128,849*	\$142,562*
Magazines	\$9,258,297*	\$8,040,702*	\$10,261,201*	\$11,533,093*
Outdoor	\$694,388	\$855,643	\$1,112,524	\$1,474,121
Audio, Visual	\$0	\$0	\$0	\$0
Transit	\$0	\$0	\$0	\$0
Point of Sale	\$12,133,489	\$13,465,302	\$13,555,569	\$15,170,713
Promotional Allowances	\$11,397,882	\$13,073,381	\$10,244,241	\$8,304,066
Sampling	\$15,975,134	\$15,794,391	\$14,279,127	\$15,748,393
Distribution Bearing Names	\$2,609,348	\$4,246,353	\$10,368,596	\$9,915,589
Direct Mail	\$1,289,000	\$1,099,000	\$103,000	\$253,000
Public Entertainment	\$21,511,594	\$22,912,765	\$25,397,969	\$26,749,679
Endorsements	\$155,000	\$215,000	\$160,000	\$160,000
Coupons & Retail Value Added	\$31,524,486	\$32,297,431	\$36,687,092	\$33,701,379
<u>All Other</u>	<u>\$8,529,058</u>	<u>\$6,956,120</u>	<u>\$3,674,240</u>	<u>\$4,170,687</u>
<b>TOTAL</b>	<b>\$115,346,708</b>	<b>\$119,230,826</b>	<b>\$125,972,408</b>	<b>\$127,323,282</b>
Sports & Sporting Events	\$20,970,580	\$22,742,986	\$24,521,715	\$25,863,187

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\* These figures have been revised from the amounts previously reported, to reflect company revisions submitted to the Commission in 1998.

**TABLE 2E**  
**SMOKELESS TOBACCO ADVERTISING**  
**AND PROMOTIONAL EXPENDITURES**  
**BY CATEGORY**  
**FOR 1996 AND 1997**

	<b>1996</b>	<b>1997</b>
Newspapers	\$236,765	\$1,642,347
Magazines	\$13,362,100	\$11,874,395
Outdoor	\$3,544,994	\$4,991,256
Audio, Visual	\$0	\$0
Transit	\$0	\$0
Point of Sale	\$13,568,572	\$14,712,560
Promotional Allowances	\$12,722,615	\$14,692,865
Sampling	\$12,640,816	\$11,155,411
Distribution Bearing Names	\$11,728,976	\$17,999,555
Direct Mail	\$314,599	\$808,247
Public Entertainment	\$22,736,345	\$28,940,337
Endorsements	\$162,500	\$165,000
Coupons	\$3,446,225	\$3,447,124
Retail Value Added	\$22,390,838	\$34,938,115
Internet	\$0	\$0
<u>All Other</u>	<u>\$4,397,683</u>	<u>\$5,059,097</u>
<b>TOTAL</b>	<b>\$123,877,458</b>	<b>\$150,426,310</b>
Sports & Sporting Events	\$19,784,813	\$25,751,503

**TABLE 3A**  
**SMOKELESS TOBACCO SALES**  
**AND ADVERTISING AND PROMOTIONAL EXPENDITURES**  
**BY TOBACCO TYPE**  
**FOR 1986 - 1997**

**LOOSE LEAF/CHEWING TOBACCO**

<u>Year</u>	<u>Pounds Sold</u>	<u>Dollar Sales</u>	<u>Advertising and Promotional Expenditures</u>
1986	65,697,634	\$255,668,419	\$32,249,750
1987	64,634,524	\$267,766,776	\$28,403,536
1988	60,648,126	\$264,298,268	\$26,198,078
1989	61,869,625	\$281,701,402	\$34,057,050
1990	60,896,991	\$295,462,446	\$35,194,561
1991	62,177,203	\$321,458,416	\$38,190,095
1992	58,850,933	\$320,085,975	\$42,820,544
1993	55,912,562	\$319,672,867	\$46,032,905
1994	54,242,322	\$316,888,405	\$44,807,716
1995	54,605,149	\$323,156,639	\$43,842,237
<b>1996</b>	<b>54,204,655</b>	<b>\$325,533,391</b>	<b>\$36,387,774</b>
<b>1997</b>	<b>51,831,834</b>	<b>\$330,903,053</b>	<b>\$45,573,616</b>

**TABLE 3B**

**SMOKELESS TOBACCO SALES  
AND ADVERTISING AND PROMOTIONAL EXPENDITURES  
BY TOBACCO TYPE  
FOR 1986 - 1997**

**PLUG/TWIST CHEWING TOBACCO**

	<u>Pounds Sold</u>	<u>Dollar Sales</u>	<u>Advertising and Promotional Expenditures</u>
1986	8,835,200	\$44,870,900	\$896,821
1987	8,351,803	\$44,267,561	\$559,597
1988	7,282,206	\$40,429,972	\$868,954
1989	6,308,415	\$35,132,105	\$1,787,775
1990	6,557,216	\$41,316,133	\$1,655,886
1991	5,913,172	\$42,379,173	\$1,326,216
1992	5,389,336	\$42,625,799	\$1,722,361
1993	4,778,107	\$40,702,849	\$1,367,877
1994	4,410,333	\$39,102,541	\$936,993
1995	4,156,158	\$37,996,428	\$1,032,856
<b>1996</b>	<b>3,096,708</b>	<b>\$29,469,575</b>	<b>\$653,511</b>
<b>1997</b>	<b>2,800,859</b>	<b>\$27,434,794</b>	<b>\$682,887</b>

**TABLE 3C**

**SMOKELESS TOBACCO SALES  
AND ADVERTISING AND PROMOTIONAL EXPENDITURES  
BY TOBACCO TYPE  
FOR 1986 - 1997**

**SCOTCH/DRY SNUFF**

	<u>Pounds Sold</u>	<u>Dollar Sales</u>	<u>Advertising and Promotional Expenditures</u>
1986	8,110,168	\$58,951,001	\$181,977
1987	7,255,296	\$56,709,742	\$263,482
1988	7,069,754	\$57,221,662	\$501,543
1989	7,244,911	\$62,155,826	\$654,591
1990	6,185,410	\$56,601,390	\$472,404
1991	5,833,210	\$56,881,288	\$517,145
1992	5,623,404	\$57,657,911	\$354,774
1993	4,996,957	\$54,302,829	\$313,659
1994	4,814,130	\$55,574,320	\$272,038
1995	4,490,094	\$53,885,040	\$486,280
<b>1996</b>	<b>4,218,705</b>	<b>\$53,858,106</b>	<b>\$437,339</b>
<b>1997</b>	<b>4,063,630</b>	<b>\$54,725,929</b>	<b>\$522,260</b>

**TABLE 3D**  
**SMOKELESS TOBACCO SALES**  
**AND ADVERTISING AND PROMOTIONAL EXPENDITURES**  
**BY TOBACCO TYPE**  
**FOR 1986 - 1997**

**MOIST SNUFF**

	<u>Pounds Sold</u>	<u>Dollar Sales</u>	<u>Advertising and Promotional Expenditures</u>
1986	36,135,332	\$438,287,565	\$43,348,158
1987	36,298,658	\$483,973,268	\$38,550,429
1988	39,433,696	\$539,704,480	\$40,655,096
1989	41,017,414	\$602,647,971	\$44,701,195
1990	43,775,709	\$697,790,232	\$52,778,476
1991	46,187,101	\$817,242,793	\$63,970,584
1992	48,509,020	\$940,991,044	\$70,449,029
1993	50,201,159	\$1,060,781,973	\$71,516,385
1994	52,028,416	\$1,200,533,723	\$79,955,661
1995	53,136,063	\$1,320,802,382	\$81,961,909
<b>1996</b>	<b>54,884,154</b>	<b>\$1,381,544,888</b>	<b>\$86,398,835</b>
<b>1997</b>	<b>55,278,825</b>	<b>\$1,404,444,279</b>	<b>\$103,647,547</b>

## APPENDIX A

Newspapers:	Newspaper advertising, excluding expenditures in connection with sampling, distribution of items bearing names, and public entertainment.
Magazines:	Magazine advertising, excluding expenditures in connection with sampling, distribution of items bearing names, and public entertainment.
Outdoor:	Outdoor advertising, excluding transit advertising, sampling, distribution of items bearing names, and public entertainment.
Audio, Visual:	Audio, visual or video advertising on any medium of electronic communication not subject to the Federal Communication Commission's jurisdiction, including screens at motion picture theaters, video cassettes, and monitors in stores.
Transit:	Advertising on public transportation, excluding sampling, distribution of items bearing names, and public entertainment.
Point of Sale:	Point-of-sale advertisements, excluding promotional allowances, sampling, distribution of items bearing names, and public entertainment, and retail value added and cents-off coupons.
Promotional Allowances:	Promotional allowances paid to retailers and any other persons (other than employees) to facilitate the sale of any smokeless tobacco product, excluding newspapers, magazines, outdoor, audio visual, transit, and direct mail.
Sampling:	Distribution of free samples of smokeless tobacco products, including the cost of the products and the cost of organizing, promoting, and conducting sampling.
Distribution Bearing Name:	All costs of distributing items (other than smokeless tobacco products) including the cost of items distributed (whether the items are sold, redeemed by coupon, or otherwise distributed) that bear the name or depict any portion of the logo of a smokeless tobacco product; any payments received are subtracted; expenditures in connection with sampling are reported in that category; and expenditures on retail value added and cents-off coupon offers are excluded.
Direct Mail:	Direct mail advertising, excluding sampling, distribution of items bearing names, public entertainment, and costs associated with retail value added and cents-off coupons.

Public Entertainment:	Public entertainment events bearing or otherwise displaying the name of a company or a smokeless tobacco product, excluding sampling, and distribution of items bearing names.
Retail Value Added:	All expenditures and costs associated with the value added to the purchase of smokeless tobacco products, including buy one get one free and buy one get x (promotional item) free.
Cents-off Coupons:	All costs associated with cents-off coupons, whether redeemed at the point-of-sale or by mail, including costs of advertising, design, printing, distribution, and redemption.
Endorsements:	Endorsements and testimonials, excluding newspapers, magazines, outdoor, audio visual, transit, direct mail, point-of-sale, and public entertainment.
Internet:	Internet advertising, including on the World Wide Web, on commercial on-line services, and through electronic mail messages.
All Other:	Advertising and promotional expenditures not covered by another category.
Sports and Sporting Events:	All costs associated with sponsoring, advertising or promotion of sports or sporting events, including football, weight lifting, sailing, rodeo, automobile, race car, funny car, motorcycle, bicycle, truck, monster truck, tractor-pull, fishing, and hunting events, competitions, tournaments and races. This category is <u>duplicative</u> of expenditures for other categories.