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Countering tobacco industry tactics on the economic costs of restricting menthol tobacco

Kristen Ackert ,[1] Betsy Brock,[1] Samantha C Friedrichsen,[2] Jeanne Weigum,[1] Molly Moilanen,[3] Raymond Boyle,[4] Jodie Briggs,[5] Barbara Schillo[5]

[1]Association for Nonsmokers-Minnesota, Saint Paul, Minnesota, USA
[2]Professional Data Analysts, Minneapolis, Minnesota, USA
[3]ClearWay Minnesota, Minneapolis, Minnesota, USA
[4]Tobacco-Related Disease Research Program, University of California System, Oakland, California, USA
[5]Truth Initiative Schroeder Institute, Washington, District of Columbia, USA

Correspondence to
Mrs Kristen Ackert, Association for Nonsmokers-Minnesota, Research, Saint Paul, MN 55114, USA; kristenlwerner@gmail.com

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Localities around the country have begun to restrict the sale of menthol tobacco products, which are easier to start, disproportionately used by young people and are more difficult to quit.[1] In 2017, Minneapolis and Saint Paul City Councils overcame significant opposition by the tobacco industry to restrict the sale of menthol tobacco to adult-only tobacco and liquor stores. Prior to the cities' actions, the tobacco industry warned of catastrophic financial losses of between US$36.7 and US$39.9 million, as well as a loss of 630 jobs.[2] In order to examine the potential economic cost of a menthol ordinance and the impact on the tobacco retailer market since implementation, researchers examined national and regional sales and profit trends for top retail categories as well as online convenience industry sources and the number of tobacco retailers in each city.

FAR LESS SEVERE FINANCIAL IMPACT

Since menthol reflects about one-quarter of cigarette sales in Minnesota, we calculated a loss of US$1519/month per store and projected annual profit losses of US$6 233 976 for Minneapolis and US$4 737 280 for Saint Paul, respectively (figure 1). These projections contrast sharply with tobacco industry estimates of financial losses of at least six times greater. Industry claims of an immediate and detrimental cost to retailers from not only loss of tobacco sales but of other items shoppers purchase when buying tobacco, like chips and soft drinks, appear to be greatly overstated. Our research found that convenience stores profit more from prepared foods and packaged beverages than tobacco. We summarised our findings into an infographic (figure 1) and shared it with decision-makers during the policy campaign. Although we could not definitively determine the impact on jobs, the number of tobacco retailers in both cities remained largely the same as it was prior to implementation, suggesting economic stability. Federal statistics support this notion, with both overall employment and retail employment in the Minneapolis-Saint Paul metro area either increasing or remaining relatively steady since 2018.[3 4] Tobacco and alcohol retailer exemptions did create some unintended consequences in the form of 'hybrid' stores with additional tobacco-only rooms designed to get around restrictions. Both cities have mitigated these actions by limiting the number of tobacco shops and/or enforcing tobacco retailer density requirements.

SUPPORT FOR MENTHOL RESTRICTIONS

Despite industry projections of significant financial and job loss under menthol restrictions, the Minneapolis and Saint Paul examples suggest that it is possible to successfully implement flavour regulations without an overwhelmingly negative economic impact. States and localities considering

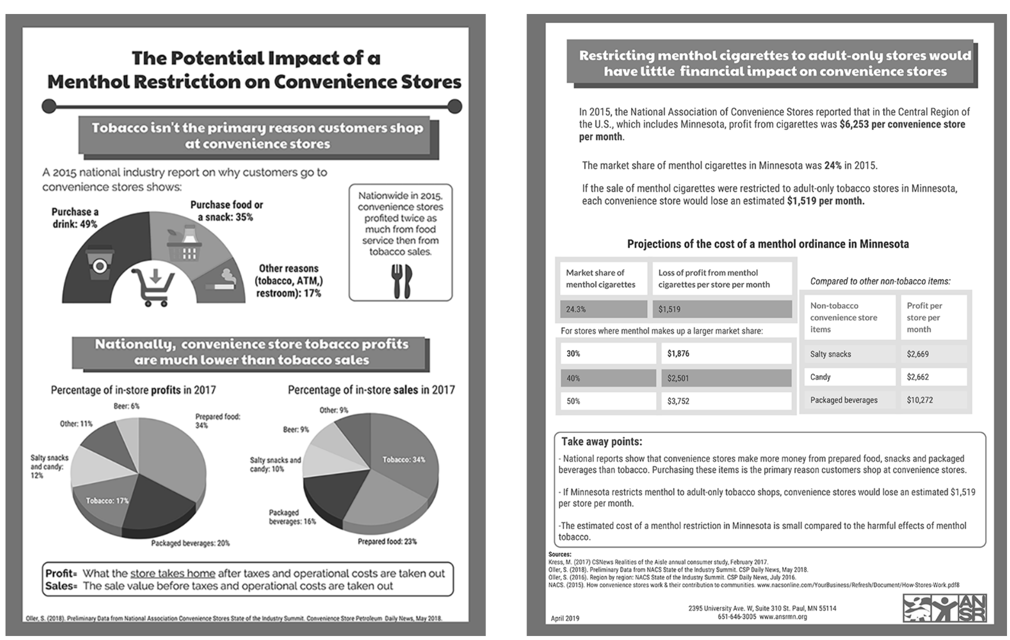

Figure 1 The potential impact of a menthol restriction on convenience stores.

such policies may encounter strident opposition but, along with their communities, should investigate possible financial impacts themselves and be prepared to counter industry-sponsored talking points. Using convenience retail data is a quick, cost-effective method to inform decision-makers and can be easily replicated by those advocating for menthol regulation. The cost of tobacco use is much higher than the economic impact of most flavour restrictions and advocates and policy-makers must not be afraid to take action to protect public health.

Twitter Betsy Brock @BetsyBrock82

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ORCID iD

Kristen Ackert http://orcid.org/0000-0002-4446-5761

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